



# Business Success Case Study

## Halliburton Looks to Contract Management for Better Visibility

### Executive Summary

Halliburton (Globally) has been streamlining the entire lifecycle of oil and gas reservoirs in over 70 countries, starting with exploration and development and moving through production, operations, maintenance, conversion and refining, to infrastructure and abandonment.

With such success in providing an array of products and services to upstream oil and gas customers around the globe, as with a number of global enterprises, Halliburton found that their contract management system was rooted in largely manual processes.

With their goal of continuing success in providing upstream service for the development of global oil and gas assets, Halliburton needed to reevaluate their contract management processes and systems in order to gain a higher level of visibility into their procurement activities and supplier relationships.

### Business Challenge

One of Halliburton's (Norway) biggest business challenges were rooted in their past: there were no personnel with responsibility and oversight of contracts prior to the team that is in place today. Not only was there a major gap in visibility into supplier relationships and agreements, the enterprise's old system was based on largely manual and labor intensive process.

The organization used Excel spreadsheets to manage their contract database and a contract repository consisted of paper contracts stored in filing cabinets. Often finding multiple contracts for a single supplier, Halliburton's (Norway) contract management system was overburdened with foggy visibility and an abundance of paper. The Halliburton team was eager to gain full control over their contracts through technology enablers and an effective strategy to transform their manual

### Company Name

Halliburton

### Solution Provider

CMA Contiki

### Business Challenge

With a lack of contract management personnel before the current team was hired, Halliburton relied on manual processes such as Excel spreadsheets and a paper filing system.

### Strategy

Create central electronic repository for all contracts

Deploy supplier relationship management strategy

Automate contract management processes

### Value Achieved

Improved overall visibility into contracts

Access contract data in real-time

Maintain complete control over contracts and contract language/terms

Track all contracts for milestones, expiration and validity

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contract management program into one that would allow them to achieve momentous results.

### Contract Management Strategy

The core tenets of Halliburton's (Norway) new contract management solution include:

- Contract repository for data and storage management
- Supplier relationship management
- Automated contract management processes

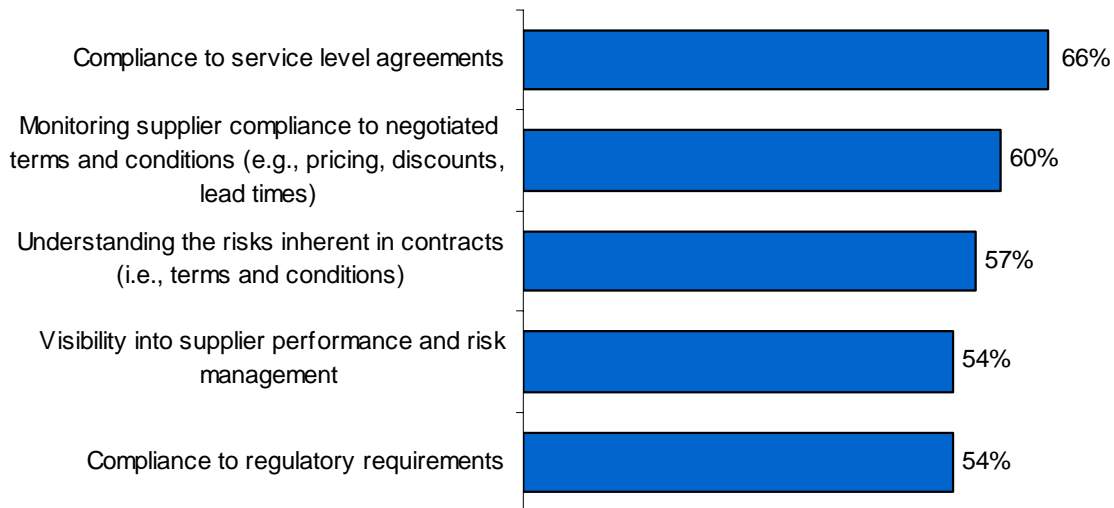
As Rolf Axelsen, Subcontract Manager, reiterated, "The most important factor of a new strategy and solution would be 100% control over contracts, contract language, payment terms and data/storage."

In April 2007, Aberdeen completed a study entitled *Contract Management and the CFO*, where it was uncovered that one of the biggest driving factors to improve contract management is to better assess and mitigate risks.

To that end, Aberdeen researched the benefits that contract management solutions can bring to managing compliance and risk. Figure 1 shows the percentage of respondents that believe contract management to be 'very beneficial' for the monitoring, assessment and overall management of compliance and risk.

**Figure 1: Benefits of Contract Management Solutions in Monitoring/Assessing Compliance and Risk**

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Source: AberdeenGroup, April 2007

The team's intent was to not only revamp their contract lifecycle process (CLM) processes but also ensure that everyone in the enterprise would have easy access to supplier contracts and contract data. Contract automation at Halliburton has previously been focused on the

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buy-side, however, the company is in the process of deploying a solution on the sell-side (enterprise wide).

### Contract Management Deployment

Halliburton (Norway) looked to contract management solution provider CMA Contiki to assist them in overhauling their previously manual system.

One of the main objectives that Halliburton attacked was the storage and management of important contract data. The deployment involved storing nearly 600 of the company's contracts on an internal network (240 currently active). Halliburton's contract management team wanted the ability to not only look at negotiated prices for various items within the contracts, but also have the ability to check various milestones as well as gain visibility into certain options before the expiry date.

This functionality was installed on-site, allowing Halliburton's employees to easily learn how the solution works. The implemented version has a very similar look and feel to Microsoft Outlook, which encouraged new employees to become familiar with the contract management system. According to Axelsen, "Being able to store emails with contracts is extremely valuable, after all, a lot of negotiation is via email." He continues to add, "We can go back 3 years and see the interaction between Halliburton and a specific supplier."

This contract management technology helped to sort and manage all facets of Halliburton's contracts, from gardening and real estate management to larger suppliers that involved complex contracts with complicated terms and conditions.

### Results

With the full range of its contracts in a central repository, Halliburton (Norway) has been able to improve its ability to search for important contract data when needed, manage highly complex contracts, and increase visibility into their spend. The company has achieved the following benefits to date:

- Access company-wide supplier contract management data
- Maintain control over contracts and contract language/terms
- Track timing of contracts for expiration and validity

Their ERP system combined with contract data that is captured, Halliburton achieved greater visibility into their \$200 million of spend and are able to better monitor details within their supplier agreements.

### Lessons Learned

Halliburton not only has the tools in place to effectively manage all of their contracts, they've also learned some valuable lessons that will help them maintain a progressive CLM program in the years to come:

- *No matter how many contracts an enterprise manages, they all can be stored in such a way that data can easily be found when needed.* Halliburton found that it was

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important to get contract data out of inboxes and hard drives and put it into a database that can be viewed across the enterprise.

- *Every little detail is important when creating and executing a contract.* Halliburton believes that it is always valuable to look back to older contracts to see the agreements that were made in the past. Analyzing past costs and tenders can help garner new discounts.

### Future Outlook

By knowing their current processes and where they needed improvements, Halliburton was through various technology enablers able to revamp their contract management process. The contract management system also provided the enterprise with a completely searchable electronic repository for all contract data. The company appreciates how the system has performed since implementation, generating a large amount of valuable information within their contract repository.

Halliburton is currently undergoing an initiative to gain visibility into and control of sell-side contracts globally.

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