Oil and Natural Gas Corporation: Fueling Efficiency with SAP NetWeaver® Process Integration

When you're a Fortune Global 500 company, working efficiently with customers and partners drives productivity and competitiveness. This is why India's Oil and Natural Gas Corporation Limited (ONGC) chose the SAP NetWeaver® Process Integration (SAP NetWeaver PI) offering. Now ONGC collaborates in real-time – **gaining vast efficiencies** in production and accounts payable.

Executive overview

Company
Oil and Natural Gas Corporation Limited

Headquarters
Dehradun, India

Industry
Oil and gas

Products and Services
Exploration and production of crude oil and gas in India and abroad

Employees
33,273

Revenue
US$27.3 billion

Web Site
www.ongcindia.com

Partner
SAP® Consulting

BUSINESS TRANSFORMATION

The company's top objectives:
- Improve supply chain visibility via efficient customer and partner communication
- Cut cycle time for accounts payable and receivable
- Boost productivity of production facility employees

The resolution:
- Deployed the SAP NetWeaver® Process Integration (SAP NetWeaver PI) offering to interact in real time with customers and partners, share production dispatches, and receive instant goods receipts
- Automated communications with banks and vendors to make immediate payments
- Centralized processing for production dispatches, payments, and related information

The key benefits:
- Improved efficiency and visibility in the supply chain process
- Higher satisfaction for customers, partners, and vendors
- Reduced manpower costs

Read more

"We have drastically reduced the time required for sharing despatch data, generating invoices, and getting goods receipts with SAP NetWeaver PI."

Laxman Vonkdavat, Project Manager, Oil and Natural Gas Corporation Limited

TOP BENEFITS ACHIEVED

60%
Reduction in manpower costs

80%
Improvement in ship-to-GR (goods receipt) cycle time

80%
Faster accounts payable processing time

See more metrics

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Maintaining a pipeline to India – and the world

Serving as a flagship company in India, Oil and Natural Gas Corporation Limited (ONGC) is something of a national jewel for the country. ONGC owns and operates more than 22,000 kilometers of pipelines in India, where it contributes 77% of the country's crude oil production and 81% of its natural gas production. It's also one of Asia's largest energy companies.

ONGC's operations, however, are not limited to India. With 40 oil and gas projects in 15 countries – run through its wholly owned subsidiary, ONGC Videsh Limited – the company is India's largest multinational corporation. To sustain operations on such a scale, ONGC employs over 33,000 people – many of whom work directly with ONGC's partners and customers all over the world.

Working with these partners and customers in an efficient manner is a key driver for ONGC's global competitiveness. Recognizing this, ONGC set out to streamline partner and customer communication regarding key areas such as the way it shares daily crude oil dispatch data, sends invoices, manages goods receipt information, and receives payments. In the past, the company had shared such data using physical couriers. Payment information, for example, would be sent to banks on compact disks a few times each week. This created high inefficiencies with extended process cycle times and prolonged dispute resolution.

"SAP NetWeaver PI has allowed us to tie processes together more effectively and has opened up new avenues for collaboration with customers and partners."

C. M. Tripathi, General Manager, Oil and Natural Gas Corporation Limited

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Drilling for greater business efficiency

ONGC began its transformation by talking to its customers and partners about the need to automate communication processes and methods. Gaining buy-in, the company then set out to identify solutions that could help. At the technical level, it needed a tool that could bridge the gap between disparate systems and processes of ONGC and its partners. A long-time SAP customer, ONGC took a close look at SAP NetWeaver PI, which emerged as the preferred tool. The company liked the ability of the software to handle heterogeneous protocols and connect to different systems across the extended IT landscape. It also chose to work with the SAP® Consulting organization for the implementation – which instilled confidence and helped move the project forward.

Today, with SAP NetWeaver PI in place, the company instantly generates and transmits delivery documents at the moment crude oil–carrying trucks pass the weighing balance. The customer, in turn, sends the goods receipt through the same channel instantly. This makes for a far more efficient supply chain process, one that allows greater visibility throughout the transaction cycle.

Similarly, ONGC now electronically transfers vendor payments to the bank immediately after approval. This eradicates costly and timely manual processes involving paper documents, compact disks, and couriers. With the automated processes proving successful, ONGC also set up a centralized team to manage related activities and disputes.

> "SAP NetWeaver PI impressed us with its ability to handle a very large heterogeneous set of protocols and connect with a variety of systems."
>
> Laxman Vonkdavat, Project Manager, Oil and Natural Gas Corporation Limited

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Hitting pay dirt

The shift from manual to electronic transmission of dispatch data has reduced ship-to-GR (goods receipt) time from one week to one day.

With better collaboration and faster dispute resolution, customer and partner satisfaction has improved. Satisfaction has also increased for vendors such as banking partners, who now benefit from faster realization of revenues.

With its newly automated processes, ONGC has also refocused the energies of employees involved in the production of oil and gas. Freed from the burdens of manual processes, these employees can now dedicate themselves to higher-value activities. The result is increased productivity and a low total cost of ownership for the new automated processes that have helped ONGC.

KEY BENEFITS

60%
Reduction in manpower costs

80%
Faster accounts payable processing time

80%
Improvement in ship-to-GR cycle time

30%
Improvement in dispute resolution

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Resolution

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Exploring new opportunities

ONGC has introduced the new processes based on SAP NetWeaver PI at three of its major landing points, with a fourth coming online soon. Eventually all its major dispatch centers will come online. Based on feedback thus far, ONGC is now working with its base of customers and partners to look for additional ways to increase collaboration.

ONGC plans to bring other major partners into the fold as well – partners such as Schlumberger, which provides expert drilling services. In addition, it wants to move all employee fund transfers to a similar automated process. This will substantially accelerate the pace at which employees can get paid and reimbursed for job-related expenses.

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