

CASE STUDY: CHEVRON: THE COURAGE TO CHANGE



Client Profile

Chevron is one of the world's largest integrated energy companies, engaged in every aspect of the oil and natural gas industry. In 2007 the company produced 2.62 million barrels of oil-equivalent per day: 70 percent outside the United States, in more than 20 different countries.

Headquartered in San Ramon, California and employing over 60,000 people in more than 100 countries, Chevron delivers superior, world-class performance in the energy sector – in operations, cost reduction, capital stewardship and profitable growth.



“To mitigate project risks, Chevron is taking a more active role in its growing portfolio of capital projects. Coreworx gives us the means to standardize processes and improve oversight across all projects while rapidly tailoring the solution to each individual project.”

Ed Fry, Major Capital Projects Manager

The Challenge

Over the past decade, projects at Chevron have grown significantly in number, size and complexity. In the last four years alone, capital programs have increased by \$15 billion.

Chevron needed to ensure consistency in specifications, procedures and workflows across all global project environments. The lack of a standard information control solution was starting to have a real impact on the company's bottom line. Specifically:

- Missing Document Liability – Settlement against Chevron, resulting in a \$ 40 million cost and a failed internal audit.
- Change Order Confusion, Lack of Clarity – cost to Chevron, \$ 17.5 million
- Contractor with Superior Document Control – \$70 million claim honored against Chevron

This level of exposure to corporate risk was clearly unacceptable. And, not only was Chevron losing disputes, it was experiencing inadequate sharing of best practices and an ongoing costs to rework existing software for project information control.

It was clear that modifying enterprise software had not yielded the necessary results.

Something had to be changed.

The Solution

The first step: Chevron brought together its engineering and document control experts to define the vital documents and deliverables required for major capital projects.

Document control standards and exchange procedures were clearly identified, both internally and externally. At this point, the company knew it was ready to begin an extensive review process, one that encompassed workflow, document control, transmittal management, view/markup, integration, scalability, total cost of ownership and ease of use.

After months of review and testing, Coreworx was the clear choice.

In 2008, Chevron officially selected Coreworx to be part of its "Major Capital Projects Information Management" (MCPIM) system.

The Results

The MCPIM initiative is a visionary combination of best practices, business processes and a technology solution specifically created by Chevron to accelerate project timelines, control costs and mitigate risk.

Using a Coreworx technology platform, this unique, Chevron-standardized solution eliminates the need for various existing systems and associated up-keep costs.

Rapidly configurable by project, the Coreworx solution provides intelligent routing, identification, version control and authorization of vital major capital project information and data for project teams, contractors and partners. The built-in audit and security capabilities more than satisfied all applicable requirements – legal, information protection, and regulatory – allowing Chevron to take greater control of projects and increase oversight and interaction with contractors.

(Also satisfying to Chevron managers was new information that a rival company had undertaken a similar venture, choosing the

“Chevron needed a solution that would support the propagation of best practices and standards across the enterprise, without sacrificing the ability to quickly and easily reconfigure to meet the unique needs of individual projects”

Ray Simonson, CEO Coreworx

“safe” option of modifying ECM software, but finding instead: costs 7 times higher than the Coreworx solution and taking an estimated 5 times longer to deploy.)

Summary

As global energy consumption continues to rise, Chevron’s commitment to technology strategies helps build their sustainable competitive advantage.

Chevron project staff continue to work closely with Coreworx to define ongoing requirements and enhance system efficiency and ease of use. Since its initial engagement, exposure to risk has been substantially lowered and costs are well under control.

Chevron is moving forward with Coreworx. Project information control now extends to several initiatives including Big Foot (Gulf of Mexico) Chuandongbei (China), South Malongo Area Development (Angola), Singapore Mogas (Singapore) and TCO Future Growth (Kazakhstan).

About Coreworx Inc.

Coreworx Inc. provides integrated project information and cost control solutions for large capital projects in the oil & gas, power and mining sectors. The Coreworx solution is a proven web-based enterprise software system that enables engineering and construction contractors and owner/operators to automate best practices, mitigate business risks and improve performance to budget throughout the entire project lifecycle. Coreworx services a portfolio of projects valued at over \$500 billion across more than 50 countries, on more than 500 capital projects with nearly 70,000 users. Coreworx has offices in Houston, Baton Rouge, Calgary, Victoria and Waterloo.