

A large, stylized orange chevron pointing to the right, serving as a background for the text "High performance. Delivered."

High performance. Delivered.

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Video transcript

How digital is remodelling the upstream energy industry.

How can upstream companies meet continued pressure to cut costs?

In the current environment of lower and volatile oil prices, oil companies have implemented a series of cost cutting measures. They have delayed and cancelled capital projects, announced headcount reductions, and taken many other more tactical cost cutting measures to try to reduce costs. These actions, although required and necessary, aren't going to be enough for oil companies to thrive in this volatile market. We're already seeing pressure on upstream companies to maintain dividend payments, struggling to keep their credit ratings, and struggling to invest the degree they need to, to be successful in the long term. So what

can oil companies do? One thing they can do is look at their operating model and look at redesigning their operating models to be radically lower cost and more efficient.

What are the operating model changes you're seeing in other industries?

If you look at lean start-ups today and digital natives, they have embraced some of the new models around as-a-service, design thinking, agile, and continuous innovation. They have leveraged digital technologies like cloud, mobility, social, automation and cognitive computing across the operating model, and embraced the new ecosystem of new partners and of new digital platforms that weren't available a few years ago.

What are the benefits of these new operating models?

These new operating models are radically lower cost, hyper efficient, and hyper agile. And if upstream companies were to embrace these new models, technologies and platforms, they too can achieve some of the same benefits that these digital native companies have, and this would help upstream companies manage through these volatile times. More than that, this next generation operating model would position oil companies to be able to take advantage of other opportunities such as looking at different asset and portfolio strategies, like getting into other adjacent business opportunities. So we believe that these new next-generation operating models are required for oil companies to be successful in the long term.