

SERVICEMAX

FIELD FX

Doubling Down in an Upcycle

# DIGITAL PRIORITIES FOR OILFIELD SERVICES



# INTRODUCTION

The oilfield services industry is on the cusp of a “strong multi-year upcycle,” according to industry executives. Schlumberger CEO Oliver Le Peuch believes demand growth will surpass the pre-covid peak in 2022. Le Peuch predicts that this demand rebound, combined with tight supply and declining inventories, will cause an increase in capital spending—20% in North America, low to mid-teens internationally—in 2022, reinforcing his belief in “robust, multi-year market growth.”<sup>i</sup>

Despite such optimism, this cautious recovery is, in addition to its longer duration and slower pace, different from its predecessors in several respects. Beyond the expected resurgence of demand and oil prices, we see a changed landscape—with important

implications for oilfield services companies and their digital strategies. According to industry experts at Deloitte:

“The oilfield service (OFS) sector had slashed costs and optimized operations to stay afloat even before the pandemic. With margins at the mercy of another price cycle and reduced spending, many OFS companies are crafting a new strategy for the future of energy.”<sup>ii</sup>

In our view, OFS firms face four broad digital imperatives to navigate the new recovery.

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# 1. Compete in a capital-constrained landscape

Today's oilfield service companies face different dynamics, in which exploration and production operators— their customers—are under pressure to demonstrate capital discipline. Even as oil prices recover, growth in rig counts has been slower than otherwise expected. While oil producers are increasing capital spending from 2021 levels, investor expectations of prudent capital spending are unlikely to go away.

With operators facing more capital spending scrutiny, OFS firms must further intensify their focus on operational efficiency. Shortening quote-to-cash cycles, reducing DSO, capturing unbilled revenue: investing in these improvements today will yield dividends through the upcycle. Digital investments will play a key role: tools to handle field-ticketing, quotes, and price books can give firms a competitive advantage in a more capital-constrained context.

# 2. Differentiate to attract talent

Another unique aspect of the current recovery is that OFS firms are confronted with worker shortages. Employment remains well below pre-covid levels. As work returns, companies are challenged to fill positions, with the result that OFS firms are forced to turn away jobs.<sup>iii</sup>

**50%**

OPERATIONAL O&G ROLES WILL REQUIRE **DIGITAL ACUMEN** TO RUN DIGITAL INITIATIVES AROUND DATA-DRIVEN DECISION MAKING

Meanwhile, as its workforce ages the industry must increasingly compete for a new generation of talent based on its ability to innovate in digital and other areas. OFS firms increasingly need digital talent. In fact, according to IDC, by 2024, 50 percent of operational O&G roles will require “digital acumen” to run digital initiatives around data-driven decision making.<sup>iv</sup>

In addition to its efficiency benefits, digital transformation can be an important recruiting tool for OFS firms—for older and younger generations alike. Modern mobile apps with timecard capabilities are an example of innovation that can enhance employee experience and business performance—making life easier for the field worker while improving productivity.

# 3. Manage supply chain challenges

The OFS industry has not been immune to the global pandemic's effect on supply chains. Industry executives warn that rising input costs threaten to offset improved pricing.<sup>v</sup> Weaknesses in asset and inventory management—not always a focus during periods of high growth—have been exposed.

A silver lining of the supply chain crunch is that investing to improve asset and inventory management will contribute to profitability well after near-term supply disruptions have abated. Accurate, real-time asset data visibility can help firms manage inventory costs amid uncertain and changing supply dynamics. Enterprise Asset Management solutions can be a valuable add-on to the previously-mentioned field ticketing and mobile solutions, supporting the tracking of assets in addition to preventive maintenance—limiting inventory as well as maintenance costs.

## 4. Adapt to new business models

With a broadening decarbonization mandate across industries, companies have an opportunity to lead the way for customers by fully reengineering traditional OFS business models and solutions outside the traditional “oilfield” services and to other industries.<sup>vi</sup>

Methane leak capture by plugging abandoned wells, carbon capture and sequestration, hydrogen production—OFS firms are exploring a range of ways to participate in the energy transition and diversify beyond their oil-and-gas cores.

Baker Hughes, for example, is investing in hydrogen and carbon capture and storage, as well as in the management of methane emissions from venting and flaring.<sup>vii</sup> Schlumberger has created a separate business, Schlumberger New Energy, with a focus on sectors such as carbon capture and sequestration, hydrogen as an energy carrier, and sustainable battery-grade lithium.<sup>viii</sup>

New OFS business investments and units necessitate new operating processes and additional requirements.

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OFS firms should therefore place a premium on digital investments that can be adapted to evolving business models. Examples include digital forms and business analytics that, can be applied—and drive improvements—across business units old and new.

### About FieldFX

LiquidFrameworks’ FieldFX® product suite is a complete mobile field operations management solution, providing companies in the oilfield, industrial and environmental services industries with the ability to organize and manage jobs, quotes, field ticketing, equipment, contracts, price books, and labor, along with customer-specific electronic forms such as safety incidents, inspections and other operational data reports. LiquidFrameworks was acquired by ServiceMax in November 2021. For more information, visit: <http://www.liquidframeworks.com>.

### About ServiceMax

ServiceMax’s mission is to help customers keep the world running with asset-centric field service management software. As a recognized leader in this space, ServiceMax’s mobile apps and cloud-based software provide a complete view of assets to field service teams. By optimizing field service operations, customers across all industries can better manage the complexities of service, support faster growth, and run more profitable, outcome-centric businesses. For more information, visit: [www.servicemax.com](http://www.servicemax.com).

- i Mark Passwaters, “Increased confidence: Schlumberger bullish on multi-year surge for oilfield service,” Upstream Online, 21 January 2022.
- ii Deloitte, 2022 Oil & Gas Industry Outlook, December 2021.
- iii Darren Barbee, Oil & Gas Investor Outlook 2022: The Great Price Hike, 3 January 2022.
- iv Andrew Meyers, Gaurav Verma, and Leif Eriksen, IDC FutureScape: Worldwide Oil and Gas 2022 Predictions, October 2021.
- v Ibid.
- vi Op. cit. note ii.
- vii BakerHughes, “Energy Transition,” <https://www.bakerhughes.com/energy-transition>.
- viii Schlumberger, “Schlumberger New Energy,” <https://newenergy.slb.com>.