BlackLine Solutions for SAP Oil & Gas Customers

Industry Solution Brief

BLACKLINE
As the world’s population continues to grow, emerging economies continue to evolve and overall standards of living continue to improve. While expanding prosperity drives global energy demand, consumers expect energy efficient technologies and regulators require compliance with climate policies.

As a result, oil and gas companies are being challenged to transform their business models and invest in innovative strategies to produce safe, reliable, and sustainable energy products and services. Companies in this industry have undertaken new strategies, such as:

- Modernizing land management to streamline operations and reduce costs
- Deploying digital platforms to improve refueling services and provide real-time operational insights
- Harnessing artificial intelligence to provide better prediction capabilities in demand forecasting and asset management in their transition to renewable energy

These approaches bring into focus the power of digital transformation and innovation for oil and gas companies. Whether upstream, midstream, or downstream, having the right digital ecosystem allows companies to enable faster, flexible, more efficient processes that are critical to secure competitive advantage and deliver shareholder value.
Reality for Oil & Gas Accounting Organizations

Despite the oil and gas industry embracing the shift to digital, many of their accounting organizations continue to rely heavily on traditional manual processes. To support the evolving strategic priorities of their companies, accounting teams in this industry must also adapt and reduce the cost of Finance. This means moving away from the way they’ve always done it.

Traditional manual processes take too long, introduce unnecessary risk, are 3.5x more costly, and negatively impact morale. Simply put, they are not sustainable.

These issues, when not prevented or identified in a timely manner, result in more than just financial statement errors. Inaccurate or incomplete information can drive poor or uninformed business decisions. Oil and gas accounting leaders need to re-imagine the traditional, spreadsheet-heavy ways their teams work by moving to modern accounting.

Challenges that accounting organizations in the oil and gas industry face include:

- Manual reconciliation of:
  - Partner Joint Interest Billing (“JIB”) statements
  - Joint Venture Gross Ledger to Net Ledger
  - Joint venture (“JV”) accounting activity, such as partner receivable statements and payable transactions

- Incorrect allocation of recoverable expenses to JV partners leads to inaccurate billing and financial statement errors

- Financial close processes are time and resource intensive and lead to higher cost of Finance as a percentage of revenue

- Audits are time consuming and yield unexpected findings and control deficiencies

- Top accounting talent spends too much time on repetitive work, impacting development and retention
Modern Oil & Gas Accounting

F&A technology is not new to the oil and gas industry. In fact, companies already have many source systems—from their ERPs like SAP ECC or SAP S/4HANA, to terminals, OMS, and others.

These systems of record capture business transactions as they occur. Likewise, SAP oil and gas customers often use solutions like SAP Group Reporting or SAP BPC to streamline consolidation and reporting processes.

The oil and gas accounting technology whitespace rests in the “middle” of the record-to-report process where source data is manipulated in spreadsheets, workflows, and validations, key controls are manual, and information is stored in shared drives or email.

Leading automation solutions are transforming these processes and changing how Accounting works. Cloud technology can be deployed rapidly, allowing accounting teams to shift their focus from data manipulation and exception management, provide consistency and control, and navigate new challenges.

Solutions like SAP’s cloud solution extensions by BlackLine help accounting teams save time, reduce risk, and create capacity to support their organizations strategic objectives. SAP oil and gas customers are leveraging BlackLine’s solutions in the financial close for activities like ensuring completeness and accuracy of inventory and sales data.
Successful applications of SAP’s solution extensions by BlackLine for oil and gas companies include:

- Automated reconciliation of:
  - Partner JIB statements to all allocated expenses
  - Gross to net ledger
  - GL joint venture receivables and payables to subledger activity

- Automated cost allocations to JV partners using division of interest codes

- Proactive variance analysis of projected expenses to actual field expenses, by authorization for expenditure (“AFE”) number

- Centralization and automation of journal entry processes

- Proactive analysis of account balance and transaction trends

- Standardization and monitoring of distributed and global close tasks

- Governance and automation of intercompany transactions, including trade and non-trade

- Management of audit PBCs and self-service approach to testing and supporting documents
Advancing Accounting in an SAP Environment

BlackLine Solutions for SAP oil and gas customers provide multiple fully integrated functionalities that connect directly to your SAP and non-SAP sources to maximize data integrity and automation and strengthen controls.

By harnessing the power of technology, you can:

Automatically import files (Excel, SCV, TXT, bank formats) to ensure completeness and accuracy

Handle complex matching scenarios (three-way matching, one-to-many, and many-to-many) within minutes

Identify exceptions as they occur, linking them to balance sheet reconciliations or correcting them with journal entries

Report on close status, unsubstantiated balances, unrecorded adjustments, and other KPIs

Seamless Integration with SAP sources

Whether you're running SAP ECC or SAP S/4HANA, BlackLine has secure and pre-configured connectors to ensure seamless and real-time data transfer between your ERP environment and cloud accounting platform.

Open Item Clearing Automation

Use business rules and logic to automatically match open items and post corresponding clearing documents to SAP. Clear millions of open items rapidly, reducing risk and saving hundreds of hours monthly.

Centralized Audit Trails & Support

Capture and automate certifications, time stamps, and other audit trails in the cloud. Store supporting documents and PBC requests, and collaborate from anywhere, reducing time spent on audits and improving transparency between clients and auditors.
Success for SAP Oil & Gas

SAP’s solution extensions by BlackLine have helped oil and gas companies unify data and processes to unlock global visibility, automate repetitive work so you can focus on what matters most, and deliver continuous insights and analysis.

SAP & BlackLine
Better Together at British Gas

A Centrica subsidiary, British Gas is a leading supplier of energy, delivering to almost 7 million homes and more than 400,000 businesses.

“"We have full visibility into non-compliance with the process, including late recs, missed recs, and rejected recs.”"

—John Dickens, Head of Finance Operations

COMPANY SIZE:
20,000 EMPLOYEES

Results achieved in the oil and gas industry with our leading solutions include:

66% process automation
Shorten Time to Close

60% rate of auto-certification
Auto Certification

50% reduced time spent on reconciliations
Process Standardization

BUSINESS CHALLENGES

- Inefficient, expensive close processes
- Manual work bogged down resources
- Delayed insight into results
- Limited visibility into errors, completeness

BENEFITS WITH BLACKLINE

- Dramatically improved efficiency
- Saved time of many FTEs
- Emphasis on analysis, quality, and control
- Dashboard visibility into status and issues
BlackLine is an SAP platinum partner offering cloud solution extensions for the financial close. Our solutions for SAP, SAP Account Substantiation and Automation by BlackLine, and SAP Intercompany Financial Hub by BlackLine complement other SAP software as a part of an end-to-end offering for Finance.
Our financial close solutions for SAP consist of multiple, integrated BlackLine functionalities, including:

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<th>Functionality</th>
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<td><strong>Account Reconciliations</strong></td>
<td>Automates and standardizes the substantiation process by providing accountants with embedded best practices to verify balance sheet completeness and accuracy, complementing your SAP ERP.</td>
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<td><strong>Task Management</strong></td>
<td>Manages your close from end to end with centralized visibility and control for a variety of task types. Replaces spreadsheets and provides task dependencies, role-based workflows, and real-time dashboards that complement SAP Advanced Financial Closing.</td>
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<td><strong>Variance Analysis</strong></td>
<td>Automates the calculation and identification of account balance and activity fluctuations. Flags unusual variances for follow up.</td>
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<td><strong>Compliance</strong></td>
<td>Organizes and streamlines control documentation, testing, and risk assessments, complementing your SAP Process Control and other SAP GRC solutions.</td>
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**PREMIER EDITION**

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<td><strong>Transaction Matching</strong></td>
<td>Streamlines and automates detailed reconciliations by matching any type of data from multiple sources and identifying unmatched transactions requiring follow up.</td>
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<td><strong>Journal Entry</strong></td>
<td>Centralizes creation, review, and approval of journals and related supporting documentation across all SAP and non-SAP ERPs. Automates recurring and adjusting entries and posts transactions to SAP, including the Universal Journal.</td>
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<td><strong>Intercompany Financial Hub</strong></td>
<td>Proactively governs and automates the entire lifecycle of an intercompany transaction across all systems, augmenting your SAP solutions, most notably in the areas of workflow, invoicing, substantiation, and auditability.</td>
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