Next-generation business process outsourcing for Natural Resources
Australia’s mining, petroleum, and LNG companies across the Natural Resources sector have experienced unprecedented growth in recent years due to the world’s increasing demand for Natural Resources.

According to the Reserve Bank of Australia, the Natural Resources sector could soon account for every second job created in Australia, as our economy undergoes major structural adjustments. This surge in demand for workers would not be limited to those on the front line, but would extend to accounting, construction, legal services, project management and human resources.*

Analyst firm IDC states, ICT spending by Australia’s primary industry sector (dominated by Natural Resources but also including farming, forestry and fishing) is expected to grow by 3.8% a year to reach AU$2,911.5 million in 2015, the sector outstripping the growth of the rest of the economy.**

The dynamic changes in the Natural Resources industry are generating new levels of complexity. To grow sustainably and remain competitive, companies must overcome a range of major challenges.

Concerns about the medium to long-term trajectory of the global economy, continuing high exchange rates, weakening commodity prices and changes in commodity purchasing patterns are causing uncertainty within the Natural Resources sector. In addition all players are facing increasing government regulations, safety and environmental obligations and scrutiny from community groups.

**IBM Global Process Services:**

The partner you need

IBM® Global Process Services enables you to focus on your core operational imperatives whilst IBM delivers flexible, responsive and scalable back office services. Our seamless solutions recognise the challenges of safety, talent management, major capital projects, remote operations and production optimisation facing Natural Resources companies. IBM provides business process solutions for the Natural Resources sector through the exploration, development and production phases. We intelligently combine people, process, insights and technology to deliver robust services including human resources, finance and administration, and supply chain management.

**Partnering for innovation**

External partnering is at an all-time high. Almost all CEOs we interviewed for IBM’s 2012 Global CEO Study said they were partnering with external organisations to address escalating complexity and create greater business value. We found that successful organisations are more inclined than underperformers to partner for innovation.
Address the skills shortage with IBM’s Smarter Workforce solutions

A huge demand for labour has made the shortage of skilled workers a key issue. Companies need employees with diverse skills and often rely on a fly-in fly-out workforce. Living and working conditions are often tough, which adds to the challenge of securing the right people.

Challenges for Natural Resources companies
- It is becoming harder to manage fly-in fly-out rosters and staff availability
- You would like to focus on developing front-end expertise, however it is also a challenge to staff back-end functions such as human resources, payroll, finance, administration and logistics
- Recruitment costs are blowing out and your recruitment team is expanding
- Higher staff turnover has resulted in more training time and rising training costs
- Certification and skills requirements are increasing, however your response to this may help you attract and retain top talent

How can IBM Global Process Services help?
IBM integrates experienced HR, recruitment and learning specialists with proven processes and technology to manage your company’s relationships with its employees. Our Smarter Workforce solution enables you to manage and deploy critical skills at the right time and place by providing the following services:
- Human resources administration including onboarding, travel and relocation expenses, and payroll including:
  - Matching hours worked by employees and a contingent workforce with payroll records
  - Fly-in fly-out management
  - Expense management
- Talent management including recruitment, learning, performance management, compensation and succession planning including:
  - Permit for work creation or cessation and ongoing management
  - Safety compliance (including legislative, industry, company and employee)
- Employee productivity management, including total absence management (integrated with disability and workers’ compensation) and health/life management (healthcare and disease management)
- Self-service portals and contact centres
- HR process redesign and standardisation for employees and contingent workforce
- Contingent labour vendor administration and management
- End-to-end workforce recruitment process outsourcing.

How do you benefit?
With IBM's human resources business process outsourcing, your business will gain significant benefits, including fixed workforce costs, global reach for sourcing talent, improved productivity, rapid deployment of new HR processes and simple technology connectivity without the need to invest in new systems. This can help you address skills shortages, minimise risks, reduce downtime and better manage resources. In fact many of IBM's services include training on the use of hand-held devices and social media tools.

Success story
IBM Global Process Services worked with an automotive company facing intense competition in attracting specialised employees. After evaluating the automaker’s current and future needs, IBM developed an innovative human resources strategy (a recruitment process outsourcing solution) to attract and retain top talent. As a result, the company halved the time it took to fill positions, significantly cut recruitment agency costs, and hired new, high-quality talent.

IBM implemented a number of new processes. For example, instead of writing requisitions, our recruiting team conducted interviews with the company’s hiring managers to understand its critical requirements for the roles, composed talent requisitions and drove the recruitment process. Instead of reviewing up to 50 applications per vacant position, hiring managers were presented with the top five candidates.
Enhance flexibility and scalability with IBM’s Supply Chain solutions

Companies are looking for ways to increase operational flexibility to effectively manage their many concurrent projects. To enable growth, they need to scale up operations and scale down to reduce costs when projects are at end-of-life.

Challenges for Natural Resources companies

- You want to achieve production more quickly, often earlier than the project date
- You need business models that scale to support growth, yet have short-term options for operations and infrastructure, built in to provide a competitive edge
- Planning is complicated in the constrained Natural Resources sector
- Limited contractor capacity affects timelines and requires forward planning
- Project budgets often run over
- Environment and safety considerations can add time and cost
- You want to reduce downtime and increase reliability to ensure you achieve business goals
- You are looking for ways to optimise your assets to maximise return on investment.

How can IBM Global Process Services help?

IBM Global Process Services can manage your company’s relationships with its vendors to optimise your supply chain. Our substantial buying power means you get more value for your dollar.

IBM offers a full range of services to optimise your supply chain and procurement function, including:

- Asset management
- Direct and indirect procurement
- Engineering and technology services
- Logistics and trade management
- Product lifecycle management (PLM)
- Source-to-pay management
- Expenditure management
- Strategic and tactical sourcing
- Supply chain visibility (using IBM’s BusinessTone solution) and collaboration.

Success Stories

A global telecommunications provider sought a partner to help it ensure its supply chain operations were agile and delivering value to the business. Increasing compliance, reducing costs and streamlining processes were key requirements. The procurement model IBM Global Process Services developed gave the company improved visibility across its supply chain, enabling greater innovation and a better customer experience.

Five years later, this partnership has delivered annual savings of $200 million and increased the telco’s ratio of savings from 3.3 to 9.5. The company streamlined its procurement processes and greatly improved internal purchasing compliance and visibility of expenditure. The business has also improved inventory management and its repairs and logistics processes.

A spokesperson from the company said: “Our supply chain was once seen as just a back-office function, but is now a competitive advantage.”
Improve decision making with IBM’s Finance and Administration services

Due to mergers and acquisitions, volatile commodity prices and currency fluctuations, Natural Resources companies are looking for dynamic pricing and cost models.

Challenges for Natural Resources companies

- You are looking to reduce costs as new markets are emerging in lower-cost countries
- To control costs, you need flexible employment models and infrastructure that reflect usage and business outcomes
- You are seeking ways to outsource non-core functions so you can focus on your core business
- You need improved visibility of costs across all projects
- You need to reduce business and financial risk.

How can IBM Global Process Services help?

Whether your organisation wants to streamline operations across various business units, unleash capital to invest in projects or simply bring invoicing costs under control, IBM can help you cut the complexity of your financial operations and become more scalable, agile and efficient. This will help your business reduce risk, make better decisions and improve results for all stakeholders.

IBM’s services integrate transactions processing, recording and reporting; performance management; and reporting for decision making. They include:

- Accounts payable management
- Business performance management
- Cash and treasury management
- Financial and external reporting
- General accounting
- Planning, budgeting and forecasting
- Project accounting
- Revenue cycle accounting (including collections credit and billing management)
- Tax and compliance
- Travel and expense processing.

Success Stories

A refining company engaged IBM Global Process Services to manage its finance and administration activities for its Europe, Middle East and Africa refining and marketing business and its North American exploration and production business. To support its aggressive growth strategy based on mergers and acquisitions, the company wanted to increase its focus on core business initiatives. The company sought a partner to help it improve the efficiency of its finance and administration processes while minimising the risks associated with outsourcing.

From our global delivery centres, IBM provides services to the refining company including accounts payable, accounts receivable, cash and banking, general ledger and oil revenue accounting. IBM streamlined the company’s processes based on the six sigma methodology. This enabled the company to consistently meet its monthly and quarterly accounting obligations and support value-added projects, such as software roll-outs and process standardisation. IBM also helps the company integrate acquisitions and provides accounting services for and transitioning of divestitures.
Whether you want to improve a specific business function, provide strategic flexibility or implement a broader solution, IBM can tailor services to your needs, allowing you to choose the type of partnership that works best for you. As the industry and your needs evolve, so will the expertise and capabilities we provide, helping to secure your long-term success.

Our experience managing complex, asset-intensive processes in remote regions makes IBM the partner of choice for mining, petroleum and LNG companies.

IBM Natural Resources Solution Centre is supported by IBM’s well-established Natural Resources Solution Centre in Perth. This is IBM’s sixth Centre of Excellence to develop solutions for LNG and upstream petroleum operations and the first to focus on the mining industry.

Through this centre, IBM helps Natural Resources companies develop and adopt innovative technologies and business strategies. We run executive and architecture workshops, conduct industry research, and provide technology proofs of concept and demonstrations.

By collaborating with clients and the industry, the IBM Natural Resources Solution Centre has developed solutions to help your business:

- Reduce exploration and operational costs
- Enhance the efficiency of financial and operational processes
- Improve workplace health and safety.

The Natural Resources Solution Centre works closely with IBM’s global network of research and development centres in Abu Dhabi, Canada, China, Norway, Russia and Singapore to create groundbreaking solutions for Australia’s Natural Resources sector.
Find out how IBM Global Process Services can benefit your business

When you partner with IBM Global Process Services, you gain access to our business process expertise and deep knowledge of the Natural Resources industry. We can help Natural Resources companies address today's challenges and prepare for tomorrow's growth.

To learn more about IBM Global Process Services, please contact your IBM representative.

Website:  ibm.com/bpoutsourcing/au
Email:  askbpo@au1.ibm
Phone:  1800 557 343 (Australia) or 0508 275 426 (New Zealand)