



BP AGT Region

– Total Hose Management

Customer

BP AGT Region

Location

Azerbaijan, Georgia and Turkey

Customer Requirement

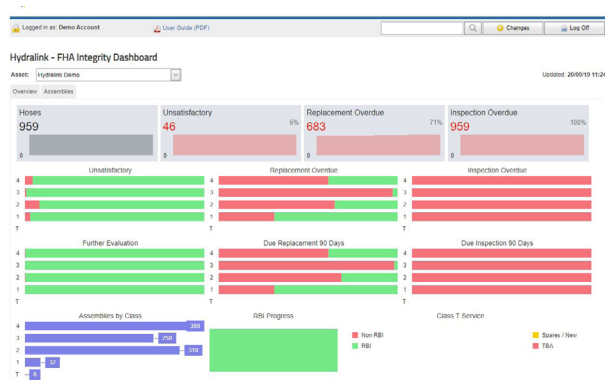
Inefficiencies in the integrity assurance, management and procurement of FHA's leading to a lack of compliance and heightened HSE risks across their operations.

Hydrasun Solution

A new Integrated Management Services contract integrating three value drivers – Integrity Management, Managed Inventory and Order Management – providing a Total Hose Management Service to overcome the existing challenges in managing FHA's.

Benefits

- Ensure Compliance with Legislative Requirements and BP Internal Standards Production Loss
- Reduced Potential Hydrocarbon Loss of Containment and Improved Asset Performance
- Reduced HSE Risks
- Procurement Efficiencies
- Significant Cost Savings



Background

BP AGT has approximately 40,000 Flexible Hose Assemblies (FHAs) in service across 8 number of offshore platforms, 2 onshore terminals and 14 no. block valve / pumping stations on the export pipelines in Azerbaijan and Georgia.

A Hose Management Strategy has been in place since 2005, implemented through a Hose Integrity Management Services Contract, delivered by Hydrasun Rapid Solutions LLC.

Customer Requirement

Lack of compliance with the hose management strategy, delays in the contract tendering process and complexities in ordering replacement FHAs had resulted in an unusually high level of non-compliance.

More specifically replacement FHAs were ordered through Ariba, often with significant delays due to challenges for End Users identifying the correct replacement specification.

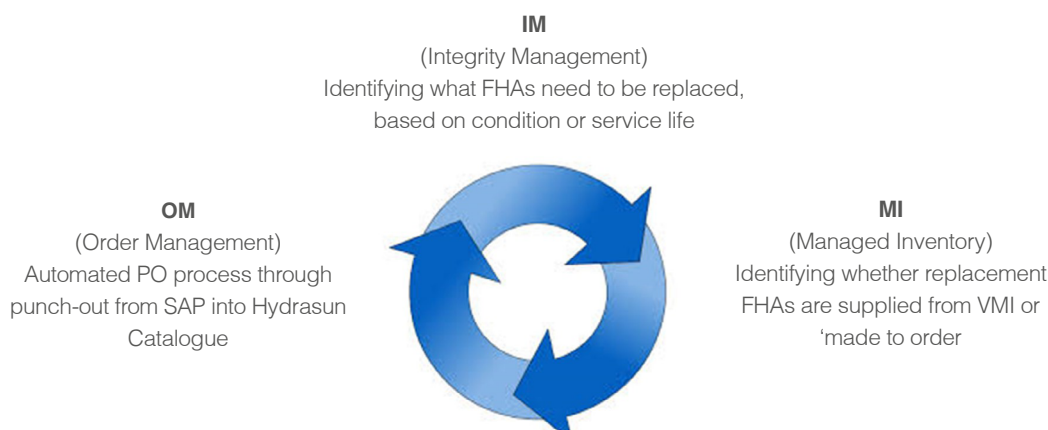
The Material Mastering of 40,000 FHAs in Backbone and creating a BP catalogue was identified as a huge task by BP and a team was formed to identify a more efficient process.

A further issue identified was that BP AGT managed a significant number of FHA spares, predominately from the various greenfield project construction phases.

Ongoing problems were encountered in finding these spares and in storing them in the correct condition resulting in multi-million USD disposal of spares.

Hydrasun Solution

Within a new Integrity Management Services contract proposal Hydrasun provided a plan that integrated the following three value drivers to deliver a Total Hose Management Service, overcoming the existing challenges in managing FHAs:



Integrity Management - which would see:

- Integrity assurance of FHAs managed through a comprehensive Hose Management Strategy, detailing an inspection and replacement regime for different hose groups.
- Risk based inspection programme delivered by a fully nationalised Hydrasun inspection team.
- Current hose condition captured with photographs and uploaded to Hydralink to communicate critical integrity concerns to BP End Users.
- Updated Integrity Management Performance Dashboard (Hydralink) capable of tracking the status of closing out work orders for replacement FHAs, providing up to date data to BP Management Team Functional Testing.
- Focus on replacing overdue hoses to prevent potential LOPCs, results tracked through performance dashboard.
- Contract KPIs used to measure contract performance and compliance.
- Focus on improved product specification extending the operational life of bulk transfer hoses to 3 years across offshore assets.
- Future FHA replacement planning, stock profiling and budget capability when linked to a Product Catalogue.

Managed Inventory - which would see:

- Implementation of Vendor Managed Inventory Strategy to eliminate lost and damaged in-storage stock issues at BP warehouse.
 - All BP FHA spares transferred to Hydrasun dedicated warehouse.
 - Min / Max levels established in Hydrasun ERP System and BP Backbone for order replenishment.
 - A Strategy to manage down the number / value of non critical VMI spares and over stocking of critical spares over life of contract.
 - A Strategy that would deliver Multi-million USD savings from eliminating unnecessary stock write-offs.
- New replacement FHAs supplied on DDP basis with Hydrasun managing freight and customs clearance.
- Forward stock profiling by Hydrasun based on agreed FHA change-out frequencies in BP Hose Management Strategy will significantly reduce lead-time for replacements.
- Critical spares held for all class 3 and 4 FHAs, ensuring minimal operational down-time caused from any critical hose failures.
- Clear decision making process for supplying from VMI or make new from Hydrasun stock.

Order Management – which would see:

- Punch out from SAP into a Hydrasun managed catalogue created.
- Vendor managed catalogue eliminating the need for BP to manage product catalogue and material master 40,000 FHAs.
- All 40,000 FHAs being catalogued and added to contract price book.
- Automated PO system being established delivering significant order management savings.
- Work orders currently 'stuck' in SAP due to specification clarifications eliminated.
- Part Number / description discrepancies between BP PO and Hydrasun delivery tickets and invoices eliminated.
- Lead-time and cost for preparing and managing ARIBA events for replacement FHAs eliminated through automated PO's.
- Price agreement enables more accurate budget forecasting and cost control.

The Result

This transforms the order management process from complex Ariba events into automated POs', delivering significant savings in a contract where the average order value is less than \$3K per transaction.

Group Headquarters:
Gateway Business Park
Moss Road, Aberdeen AB12 3GQ
United Kingdom

Tel: +44 (0)1224 618618
Email: info@hydrasun.com

www.hydrasun.com

