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more valuable work that is critical today as a result of oil price volatility. Software that can generate reports or handle other activities performed on a regular basis is ...

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The current pandemic is shining a harsh light on the antiquated financial processes hindering oil and gas operators. The production side of oil and gas has always been quick to implement the latest technologies. However, investments for the back office

have not kept pace, so accounting and operational teams rely primarily on paper-

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Almost overnight, companies transitioned to a largely remote workforce to comply with regulations requiring that nonessential employees isolate at home. Finance and accounting teams accustomed to pushing paper and processing documents in the office were suddenly scrambling to get the information they needed to keep the business running.

Major challenges with remote work

In a [survey](#) of 200-plus O&G companies in April revealed the magnitude of the problem. When accountants were asked to identify their operational challenges, the results were eye-opening:

- 55% said paying invoices and writing checks was their biggest challenge
- 24% cited the difficulty of distributing revenue and statements
- 15% found it hard to generate departmental and financial reports
- 6% reported processing payroll as a main problem.

That's only scratching the surface. Other hurdles in a work-at-home world include processing hard-copy checks that were mailed to the office; responding to paperwork from other divisions, government agencies and outside operators; scanning documents into company systems; and unearthing data locked away in physical file cabinets and on-site storage.

The situation has never been more urgent: Only 27% of O&G employees are working full-time in the office, and many might not return any time soon. It's difficult, if not impossible, for remote staff to function with a paper trail, but it's imperative that they operate efficiently given the turmoil in the oil and gas market. Companies need immediate access to accurate production data so they can revise operational strategies and protect profitability. At the same time, top management, lenders, partners, suppliers and customers are all demanding more reporting and up-to-date

financial data. With companies remote, this makes it even harder to share with their

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with an internet connection. They can share information, communicate, and collaborate with remote colleagues and outside partners in real time, facilitating faster, more informed decision making.

Eliminating manual processes is important so accountants can instead focus on more valuable work that is critical today as a result of oil price volatility. Software that can generate reports or handle other activities performed on a regular basis is essential. For example, there are programs that can handle the monthly close if an employee simply changes the dates. Automating the accruals process to improve consistency and accuracy provides clear visibility to the financial well-being of the business. Moving from spreadsheets with vulnerable formulas to an automated process can eliminate the need for duplicated data entry.

In addition, going digital can offer more in-depth analytics and deeper reporting capabilities that don't take hours or days to complete, enabling finance to provide detailed insights to the entire company. The complexities of the O&G business make these capabilities especially valuable. For example, operators have to manage extensive holdings with dozens or even hundreds of owners, so they need to create, approve or suspend budget decisions and Authority for Expenditures (AFE) on the fly. Manual AFEs are time consuming and confusing to track, which can hamper decision making. Digitizing this workflow saves employees hours of work on emails, phone calls and PDF documents.

Open systems and integration are critical

In order to realize this new digital reality, companies must commit to open systems that can communicate with each other. Incompatible systems and those lacking native integration can bring workflows to a halt. If there are related transactions in two parts of the business, the technologies used to manage them must be in sync so essential details are available to all departments. One example: Paying property

owners via check or electronic payments requires coordination between the Land,

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back to the office, they will be more efficient, with less reliance on huge file rooms of documents and paper-based information.

Until recently, this type of technology was limited to big companies with big budgets. That's changed. Costs have decreased, there are more software tools and vendors, and cloud and mobile-first technologies have matured, so virtually any company can now automate its operations. It's high time the industry as a whole modernized the financial side of their business. Helping all segments of the industry move away from the manual and paper-based processes they've used for so long and stepping up to digital technology and automation must be a major focus.

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Accounting • Technology

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