Kuwait National Petroleum Company

Kuwait National Petroleum Company (KNPC) manages one of the world's largest oil complexes. The company is responsible for Kuwait's entire domestic refining, gas liquefaction and petroleum goods distribution, and manages three refineries and 37 local petrol stations across the country. KNPC is a subsidiary of the state-owned Kuwait Petroleum Company (KPC), one of the world's top ten oil conglomerates.

"The process of defining what we wanted from a strategic partner was intense, but selecting the right company to work with was surprisingly simple. We chose to partner with JAGGAER because they demonstrated a clear understanding of our business, satisfi ed the extremely high expectations of our Commercial and IT departments, and set out exactly how they could support our future growth ambitions."

– Abdulaziz Al-Duaij, IT Manager

KNPC has two mega projects underway that are a major component of the government's national development plans; the Clean Fuel Project and the Al-Zour Refinery Project. The projects will see KNPC investing more than $30 billion to meet the diversified requirements of the world oil market and reach a projected Refinery capacity of 1.45 million barrels per day.

Challenges

As the country's sole Refinery, KNPC needs to continually operate at maximum capacity. Many aspects of the process are reliant on parts and services from external suppliers, and therefore any bottlenecks in the sourcing and procurement process can have a significant impact on output – and ultimately profitability.

With a large volume of day to day procurement activities and two mega projects in the pipeline, it was critical for KNPC to implement an effective procurement solution. KNPC has always been an early adopter of technology and was already utilizing a number of different applications to manage its interactions with suppliers.

JAGGAER

KNPC had concerns relating to these applications' security, and out of a desire to introduce more advanced and automated functionality, approached the market in search of a strategic partner.

The assessment criteria of this partnership was tightly defined: in addition to meeting the Commercial department's needs, any new application would have to seamlessly integrate with KNPC's Enterprise Asset Management System, and the solution would need to comply with strict IT security protocols dictated by KNPC and its government owners.

Solution

To streamline existing procurement processes and to support the on-time/on-budget delivery of its critical mega projects, KNPC partnered with JAGGAER to implement a fully managed, private cloud (on premise) solution that would handle all sourcing related activities. This included:

- Supplier Registration, Authentication and Pre-Qualification
- Tender Creation, Monitoring, Messaging, and Advanced
- Evaluation
- Reverse Auctions
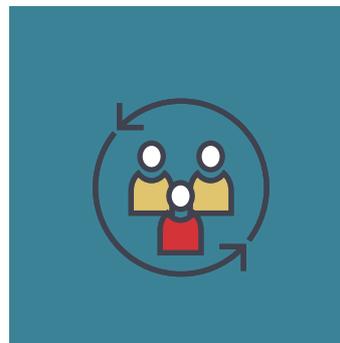- Workflow and Tender Board Meeting Management

The solution also integrates seamlessly with KNPC's Enterprise Asset Management System and, as per KNPC's security requirements, provides an exceptionally secure and stable IT infrastructure. The modular solution offered by JAGGAER also allows KNPC to adopt Contract Management, Supplier Performance Management, and Spend Analytics.

The Benefits

The newly implemented eSourcing portal facilitates and streamlines all strategic interactions between KNPC and its supply base, transforming the organization's procurement capability.

Complete Control

To provide KNPC with greater control and governance, the portal drives users through a set of standardised best practice processes. These pre-defined workflows, tailored to KNPC's requirements, also ensure a fair and transparent process for suppliers. The portal's advanced evaluation and negotiation capabilities ensure supplier bids are objectively evaluated in a structured mechanism, resulting in optimized sourcing decisions being made swiftly and easily.

"Having access to smart and intuitive technology has allowed us to communicate and analyze offers from the supplier community in a more advanced and efficient manner. The JAGGAER team and technology has really helped us drive procurement best practice."

– Jamil Alawadi,
Team Leader Commercial Support

Smart Tools

The introduction of bid comparison tools at KNPC has led to a significant reduction in tender evaluation timescales as the administrative burden usually associated with tender responses has been completely removed. The advanced negotiation tools (Best & Final Offer, Reverse Auction, New rounds etc.) also allow for quick and effective negotiations to take place with suppliers.

Integration & Synchronisation

A critical component of the new eSourcing portal was its ability to seamlessly integrate with existing applications such as KNPC's Enterprise Asset Management System. By doing so, the platform allows complete automation and streamlining of routine and strategic activities. Full supplier synchronisation also ensures that key data is captured once but is available in both systems.

The implementation of the eSourcing portal also permitted several legacy applications, and their associated operating costs, to be phased out. The functions of these applications have been consolidated into the eSourcing portal, and as the appliance is fully managed by JAGGAER this enables KNPC's IT staff to focus on other strategic projects.

Mobility & Accessibility

To expedite procurement timescales project stakeholders can now access the KNPC eSourcing portal from anywhere in the world. The introduction of the JAGGAER application allows users to remotely access real-time information, reports and provide approvals via their mobile device. Stakeholders can therefore provide timely decisions whilst remaining operational in the field, ensuring sourcing cycles are not delayed.

Scalability

The eSourcing system contains a full suite of strategic sourcing modules that can be switched on or off as required. This scalable approach has allowed KNPC to save costs on the initial software investment, adding modules only as and when required. This has also enabled KNPC to pilot modules and calculate ROI before making a decision to implement.

Stability

The exceptional stability and high performance of the eSourcing portal was of critical importance to KNPC. Significant internal IT resources had previously been required to manage sourcing applications but through JAGGAER's fully managed solution this was not required. JAGGAER is responsible for the stability and performance of the system and this has freed up IT resources to focus on other strategic activities.

The solution provided is extremely reliable and has no performance or security issues. This ensures the Commercial department is always operational and can carry out all their procurement activities effectively.

Security

Security is of paramount importance to KNPC – and its government owners – and hence a private cloud solution, hosted on premise in the KNPC data centre, allows KPNC to keep data under explicit management control. One of the few JAGGAER customers worldwide to request such a setup, KPNC's private cloud provides the highest levels of management visibility, control, security, privacy and physical proximity to data.

JAGGAER's fully managed service guarantees availability and performance, while KNPC remains in control of physical and remote access to the appliance. Third party

monitoring tools provide real time alerts on database activities, and strict protocols provide access for patching, bug fixing and upgrades. Sub-systems of the application used to deliver technical support are restricted to the KNPC network and are only accessible to specific IPs.
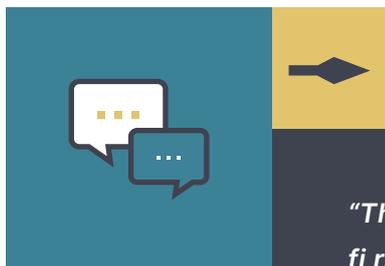
During a recent cyber security attack aimed at the Kuwait Oil Sector, a number of applications were proactively taken down by KNPC to ensure the protection of data.

During this period the eSourcing portal remained fully operational and successfully managed incoming attacks with no impact on performance, providing KNPC with additional assurances that the product is robust and secure.

The Future

Having successfully deployed and adopted a number of JAGGAER modules, KNPC has turned its attention to Big Data and is currently piloting JAGGAER's Spend Analytics tool. KNPC has a wealth of supplier and spend data stored within multiple systems and is looking to identify sourcing opportunities and monitor contract compliance.

KNPC also intends to focus on Supplier Performance Management. KNPC would like to use smart tools to assess suppliers' output against key performance indicators so that trends can be tracked, supply chain risks can be proactively identified, and appropriate mitigation plans can be established.
The next step will be to combine supplier performance data with spend data so that KNPC can reduce its exposure to risk by ensuring business is channelled away from poor performing suppliers.

"The deployment of JAGGAER's eSourcing portal represented KNPC's fi rst engagement with cloud technology. From an IT perspective there were some concerns around security when adopting cloud technology but the on-premise solution provided by JAGGAER has more than met expectations."

– Bassam Al-Shammari, Team Leader, Corporate Applications

"JAGGAER has successfully demonstrated their capability and fl exibility in providing tailored solutions to the challenges we face. Supplier Performance Management is a hot topic and we look forward to leveraging JAGGAER's tools and expertise to maximise value in our supply chain."

– Ahmad Al-Tabtabai, Commercial Manager

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