

International Association of Drilling Contractors



Supply Chain Committee Meeting

22 July 2015

11:00 am – 1:00 pm

IADC

10370 Richmond Ave., Suite 760
Houston, TX 77042

Minutes

Call to Order: Co-Chairmen (Jorge Lebrija & Andy Poosuthasee) welcomed everyone in attendance at the Supply Chain Meeting, and reviewed agenda for the meeting.

Safety Briefing/ Anti – Trust Guidelines/Administration

John Pertgen (IADC) provided the emergency response information including muster points. He also reviewed the Anti-Trust Guidelines; wherein he emphasized the core of anti-trust law, and refrain from discussing pricing, dividing, allocating or boycotting suppliers or potential suppliers. He mentioned the locations of the restrooms and detailed the use of the restroom tags for the newcomers.

General Introductions

Formal introductions were conducted by all, including new participants and those on the phone.

Review and approval of minutes from previous meeting

The Co-Chairmen jointly provided a brief overview to the new attendees on what was achieved at the last Supply Chain Committee meeting.

Update from Previous Meeting

The Co-Chairman (L) shared with the Committee the presentation that was given to the IADC Leadership Team on June 9th.

- Emphasized that the following initiatives were approved:

1. Supplier Performance Subcommittee

- a. Abhishek Vyas (Pacific) selected as chairman, Brad Green (EnSCO) selected as vice-chairman
- b. The Subcommittee will focus on:
 1. Create standard KPIs for vendors
 2. Create a standardized supplier performance scorecard

2. Trade Compliance Subcommittee

- a. Joe Turner (Maersk) is the chairman of the Subcommittee
- b. The Subcommittee will focus on:
 1. Document country specific rig import/export requirements
 2. Document country specific cargo import/export requirements

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Update of Sub-Committees:

1. **Trade Compliance Subcommittee** – Joe Turner provided an update
 - a. Joe stated that the team has met twice since the last meeting.
 - b. Joe introduced the rest of the sub-committee members.
 - c. Informed the group that the sub-committee is initially developing a template using the requirements for rig entry into the GOM.
 - d. He reviewed/shared the minutes from their last meeting. He discussed the two open actions from that meeting.
 - i. Jim Upchurch/Stephany Marcucci – consolidate the import compliance requirements with Kirk Hoffman
 - ii. Kirk Hoffman will finalize the draft for review.
 - e. Once finalized, the document will be shared with Customs agents (*i.e.*, CDI) for their feedback.
 - f. Mr. Turner was asked if he felt that he had enough members in the subcommittee. Joe responded that they have more members now than previous, and so he is currently happy with the participation.

2. **Supplier Performance Subcommittee** – Abhishek Vyas provided an update
 - a. Abhishek announced the list of members of the team.
 - b. Reviewed the current situation and the proposed solution which is the development of standard metrics and a supplier scorecard.
 - c. Reviewed how the scorecard and metrics were developed, and stated that the focus is on the really important metrics.
 - d. The team followed the below process:
 - i. Documented the Procure-to-Pay Process: Quotation → PO Acknowledgement → Delivery → Post-delivery support/invoice issues
 - ii. Developed potential metrics within each phase of the process. Abhishek shared the 13 metrics that the team discussed for the four sections.
 1. One member made a comment that we need to consider Trade Compliance in the Quotation Process.
 2. Mr. Turner stated that the document that was created last year by the Trade Compliance workgroup also recommends including the Trade Compliance requirements in the quotation phase.
 3. Mr. Turner also mentioned that we may want to consider HTS classification.
 - iii. Shared the “Customer Support” or internal survey slide which captures the more subjective requirements.
 1. Another member asked if anyone was able to objectively measure delivery reliability of documentation. A few drilling contractors responded that they use a separate PO line, with a separate material # for documentation.
 - iv. Reviewed the team’s methodology for selecting which metrics to focus on: Matrix comparing positive IMPACT to Supply Chain versus MEASURABILITY.
 1. The Co-Chairman (P) asked if the ease of measurability was on the drilling contractors or the suppliers. Abhishek responded it was based on ease for the drilling contractors.
 2. The other Co-Chairman(L) asked Abhishek to clarify the metric comparing the acknowledgement date vs. the delivery date.

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3. Another member asked Abhishek to explain how the team ranked invoice accuracy so high in impact.
4. The Co-Chairman (L) questioned that % PO acknowledgement should be included. A lot of discussion ensued surrounding the impact and measurability for this metric.
- v. Abhishek shared the weightings that the team assigned to each metric (remaining 6 metrics).
 1. One member suggested that we measure on-time-delivery by PO Acknowledgement, and if not, by PO issued date. Everyone agreed.
 2. Another member asked how important it is to measure PO acknowledgement lead time vs. quote lead time. Suggests we remove if we are looking to reduce one metric.
 3. One member suggested we look at +/- 7 days for on-time-delivery. We all agreed we would keep it to >7 days, and change the guidance from > 14 days to >7 days.
 4. The Co-Chairman(L) asked if IADC would have any concerns with having a pricing increase metric in the scorecard. Mr. Pertgen stated this should not be a problem since we are not sharing the results amongst drilling contractors.
 5. Another member suggested we look at removing the price increase metric, or reduce the weighting from 15% to 5%.
 6. The Co-Chairman(L) suggested we use weighted average when measuring the price increase instead of average and qty.
- vi. Abhishek discussed next steps.
 1. Provide guidance on each measurement.
 2. Provide performance guidance that can be used as a benchmark for each measurement.
 3. Review the draft with key suppliers and customers (both internal and external).
 - a. The Co-Chairman (L) suggested we bring suppliers to the Committee meeting to obtain their feedback once the document is ready for review. This suggestion was supported by two attendees.
 - b. One member stated that it is critical we bring in the right individuals including the suppliers' heads of supply chain as they will be dealing with similar issues.
 - c. Discussed not bringing in external customers, but we can share with our own respective internal customers for feedback.
 - d. This same member suggested that Abhishek may want to reach out to APQC to benchmark with other industries. Andy Poosuthasee stated PIDX International is another good resource.
 - e. It was suggested by a member that we look into other industries such as healthcare and aviation.
 4. Present final scorecard and metrics to IADC for approval.

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Open discussion and comments

Mr. Lebrija mentioned that his company's lead in Dubai is interested in setting up a chapter in that part of the world. If there is any interest from other drilling contractors, please reach out to Jorge.

Mr. Poosuthasee stated that the intent was to hold these Committee meetings quarterly (sub-committees will have more frequent meetings) in which the intent is two-fold:

- Sub-committees to provide updates on their progress to the group.
- Give the Committee an opportunity to provide feedback and guidance on the Sub-committee initiatives.

Everyone was in agreement with this approach. The Co-Chairman (P) then asked the group if there was anything else they would like to achieve in these meetings. One member suggested possibly bringing in guest speakers (*i.e.*, suppliers) to provide feedback to Supply Chain. The group collectively agreed that this may be able to be done for future meetings.

Next Meeting Date and Venue:

11:30 AM – 1:30 PM Thursday, October 22nd 2015, IADC Crown Center 1 & 2 Conference Rooms

Lunch Sponsor: TBD

Attendance:

Name		Company Name
Boris	Kos	ENSCO PLC
Jorge	Lebrija	ENSCO Plc
George	Reynolds	ENSCO PLC
Brad	Green	ENSCO PLC
John	Pertgen	IADC
Joseph	Turner	MAERSK DRILLING USA INC
Andrea	Jones	MAERSK DRILLING USA INC
Steve	Sagerian	NOBLE DRILLING SERVICES INC.
Brian	Wolf	NOBLE DRILLING SERVICES INC.
Jim	Upchurch	NOBLE DRILLING SERVICES INC.
John	Pons	OCEAN RIG
Abhishek	Vyas	PACIFIC DRILLING
Jason	Casper	ROWAN COMAPANIES
Andy	Poosuthasee	VANTAGE DRILLING COMPANY