



Energy & Commodities – Pipeline Operation Management Case Study U.S. MIDSTREAM NATURAL GAS PROCESSOR, PRODUCER AND MARKETER

Driving Midstream Business Growth with End-to-End Pipeline Operations Management

The company

As one of the leading full-service midstream providers in the U.S., this natural gas processor, NGL producer and marketer operates gathering systems and pipelines across the major producing regions. The company owns and operates more than 50 assets comprised of gas gathering systems as well as regulated and non-regulated gas pipelines. The company had strategically invested to cross-connect assets to leverage synergies for itself and its customers. They were well positioned for growth via a strong asset strategy.

The challenge

With oil and natural gas prices trending toward historical lows and impacting margins, the company realized it needed to:

- Renegotiate older, less favorable contracts to more favorable contemporary pricing and term structures
- Reduce costs by streamlining administrative activities in contracts, logistics and accounting functions
- Stabilize IT spend on aging software and hardware
- Maintain regulatory compliance
- Implement a new gathering and pipeline management system that would position the company to grow without requiring additional staff for each new deal won

To accomplish these objectives, the company needed to replace its highly-customized, 20 year-old gas management system, which was inhibiting margin, growth and potentially future revenues. With each year of its use, the cost and effort to support the aging system continued to increase unpredictably. The company also needed to make expensive system updates to meet recent Federal Energy Regulatory Commission (FERC) and North American Energy Standards Board (NAESB) regulatory changes.

THE OBJECTIVES

- Replace the customized legacy system with a future-ready, integrated platform that supports the company's unique contract terms and business growth targets
- Optimize business processes through standardization, automation, and new technology
- Reduce IT expenses, complexity and risk
- Mitigate current and future regulatory compliance issues associated with the gas management system
- Simplify contract administration, logistics, imbalance monitoring and invoicing

THE SOLUTION

- Flexible, vendor-supported gathering and pipeline management platform capable of integrating with multiple systems
- Standardized, configurable solution that eliminates costly customizations and add-ons
- Effective monitoring of capacity, wellhead and interconnect imbalances as well as complex logistics required by gas processing plants
- Compliant with regulatory requirements as a key precept of the system
- Proven and modern technology solutions underlying the software, database and operating system

The solution

The company needed an end-to-end solution to manage its gas contracts, scheduling and accounting process for its assets. This included handling complex contract terms associated with gas gathering, as well as NAESB compliance for its regulated pipelines. The company's IT organization wanted a vendor-supported application on top of a modern cybersecurity software platform.

After a comprehensive evaluation of several vendors, the midstream provider selected FIS' Align Pipeline Operations (PipeOps), an integrated pipeline management solution. Align PipeOps supports the unique aspects of moving physical commodities and their associated contract terms, specifically in the midstream market. One of the key differentiators was Align's ability to improve flexibility, scale and performance for the business while meeting the stringent standards of its IT organization.

The results

FIS' Align PipeOps provides this midstream provider with greater flexibility in modeling more than 50 assets of various types across regions, business models and rules, enabling the company to manage business processes across multiple office locations.

The solution also supports the company's physically cross-connected gathering and transportation systems, enabling shippers to utilize and optimize capacities across their assets. This gives shippers more flexibility and value in accessing premium markets.

In addition, the company was successful in renegotiating less favorable contracts, which they can now effectively administer with less effort via the streamlined processes that Align PipeOps provides. Align's ability to help the company reduce IT complexity, risk and spend ultimately positions it to achieve business growth targets.

FIS Solutions for Energy & Commodities

FIS solutions for energy and commodities help utilities and retailers, pipeline and storage operators, marketers and traders as well as integrated energy companies compete efficiently in global markets by streamlining and integrating the trading, risk management and operations of physical commodities and their associated financial instruments. Through real-time data, connectivity and analysis, FIS solutions help you achieve transparency and regulatory compliance, optimize end-to-end transaction and operational lifecycles, and meet time-to-market needs with flexible deployment options. As your technology partner, we can help take advantage of the latest innovation and explore new opportunities.

About FIS

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