



Accelerating Our Transformation

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Schlumberger

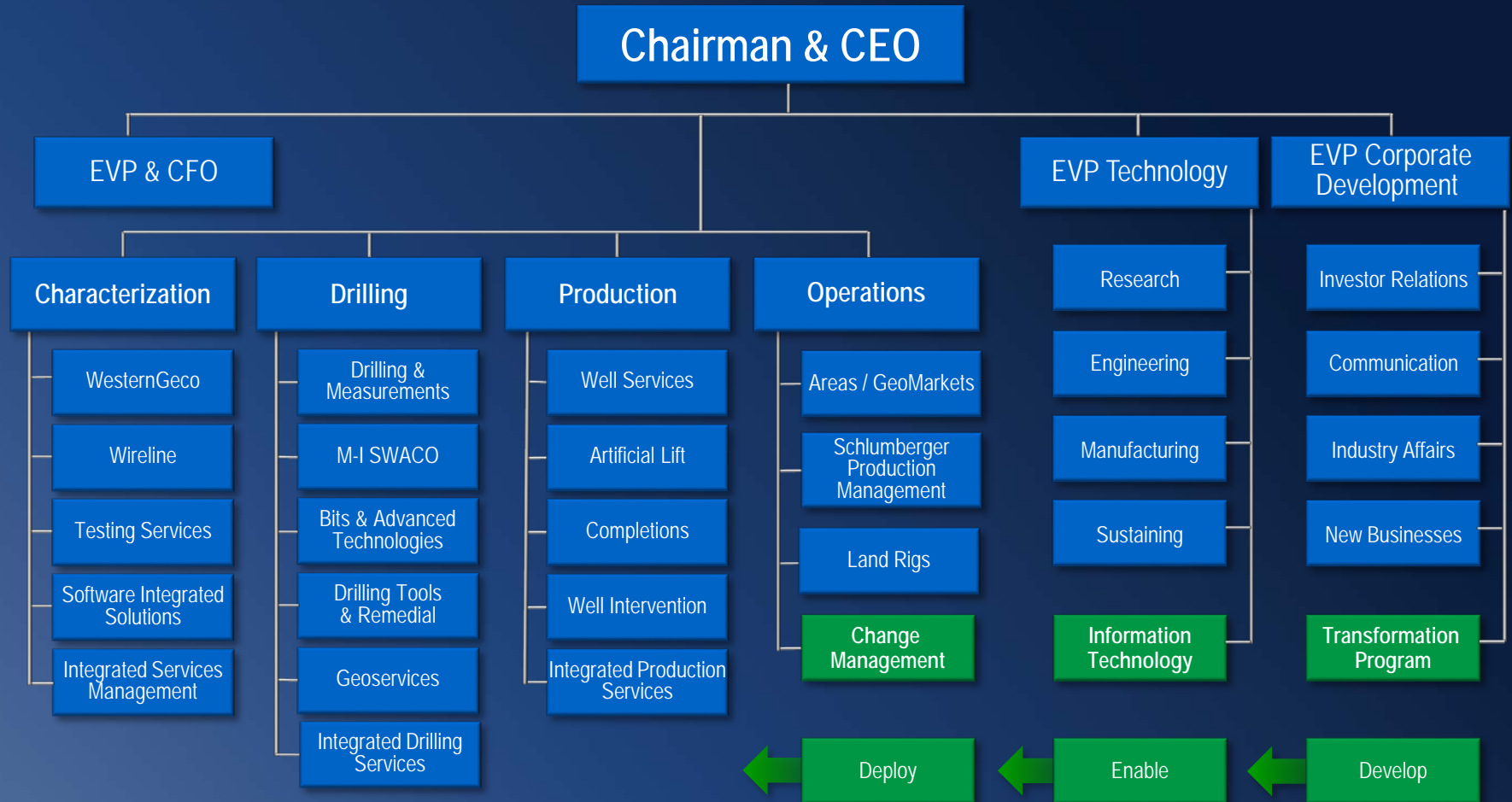
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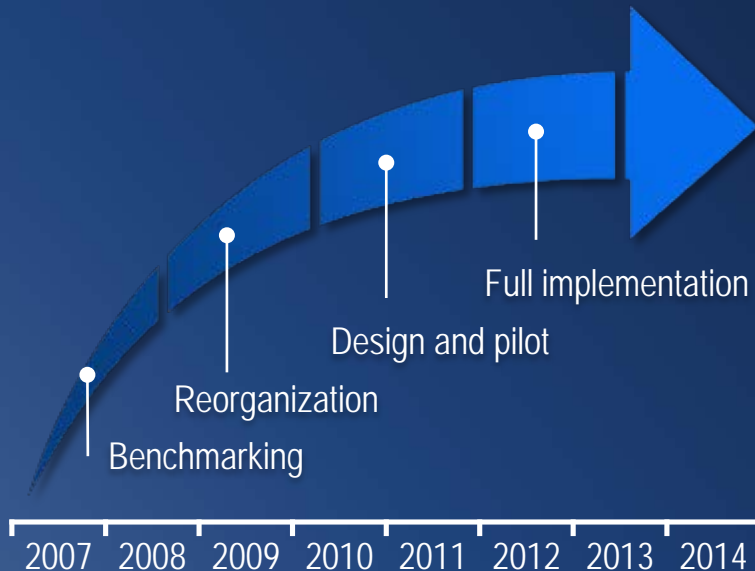
Agenda

- Transformation Overview
- Transformation Rationale and Goals
- Transformation Method
- Early Results
- Critical Factors for Success

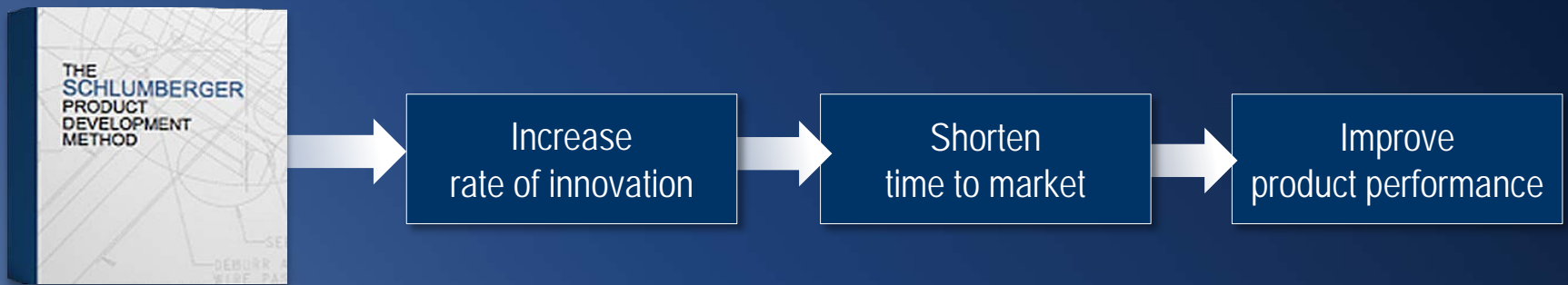
Schlumberger Management Structure



The Foundations – R&E Transformation



- Total restructuring of R&E organization
- Total redesign of R&E operating system
- 8 years and over \$350 million of investment



Impact on Product Performance – 2014 versus 2011

Quanta Geo



PowerDrive/TeleScope ICE



Infinity



- > 60% increase in high impact technology introductions per R&E dollar spent
- > 80% reduction in customer Non-Productive Time attributed to manufacturing defaults
- > 225% improvement in reliability of 28 key technologies across 5 product lines

Transformation – Industry Challenges



Technology

Extending technical performance with game-changing technology



Reliability

Learning from other industries and adopting new ways of working



Efficiency

Optimizing the support platform and leveraging scale



Integration

Aligning technical and commercial interests across the E&P value chain

- The E&P industry is facing greater technical and commercial challenges.
- It is seeking new ways of working, to reduce costs and create more project value

Leveraging Scale, Managing Complexity



108,000 women and men
140 nationalities



1.1 million operating hrs/mo
5.8 million feet drilled/mo



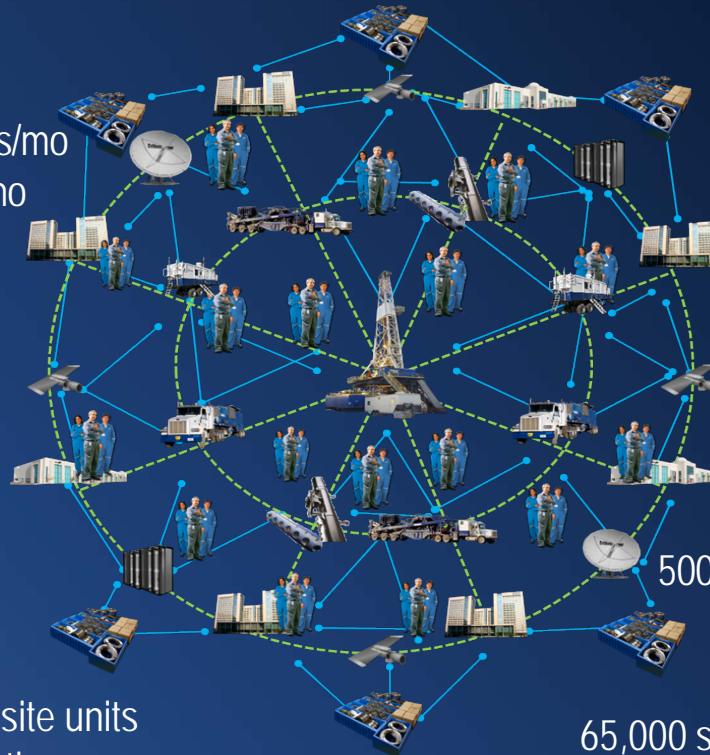
150,000 mobile assets



2,350 facilities
90 REM centers



700 IT connected wellsite units
30 petaflops of computing power



6,500 customers



85 countries



4,000 drilling rigs
1,200 workover rigs



58,000 suppliers
500,000 transactions/mo



65,000 shipments per month



Challenging What We Do

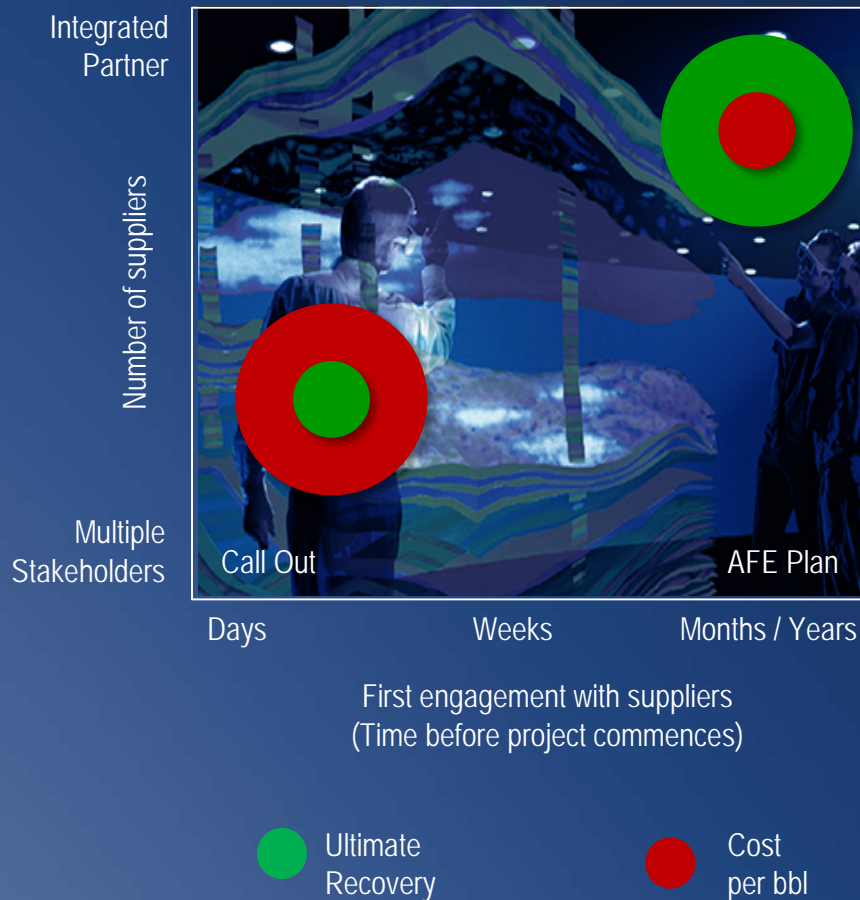
- In-depth reflection on operational processes
- Best practices from other industries
- Upgrade the management system and IT
- Optimize the organization and roles
- Evolve the company culture

Schlumberger Transformation Goals



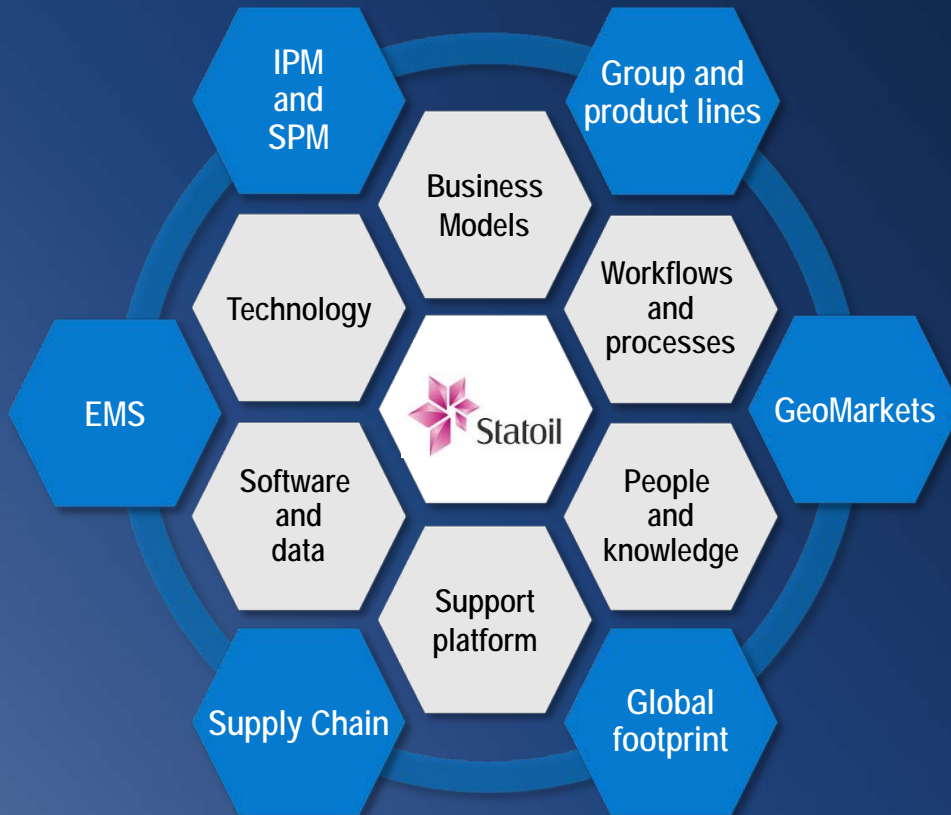
Our goal is to deliver a step change in *technology*, *reliability*, *efficiency* and *integration*, to support our customers in overcoming industry challenges

Challenging What Our Industry Does



- Fully integrated technology and systems
- Leveraged knowledge and expertise
- Reduced stakeholders in the value chain
- Commercial alignment

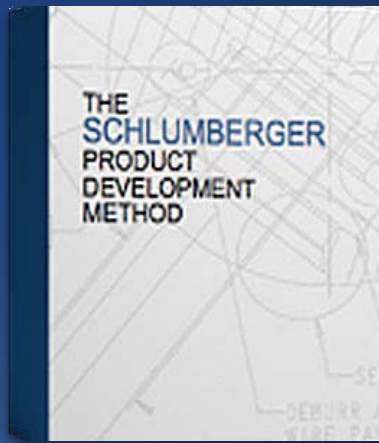
Statoil – Mariner Project



- Project and Asset Management delivery process
- Integrated Technology development and deployment
- Unique Collaboration model with fully integrated and collocated teams
- Access to the Schlumberger knowledge and delivery base
- Commercial Alignment which creates a common purpose to deliver Mariner

Schlumberger Transformation Method

Schlumberger
Product Development Method



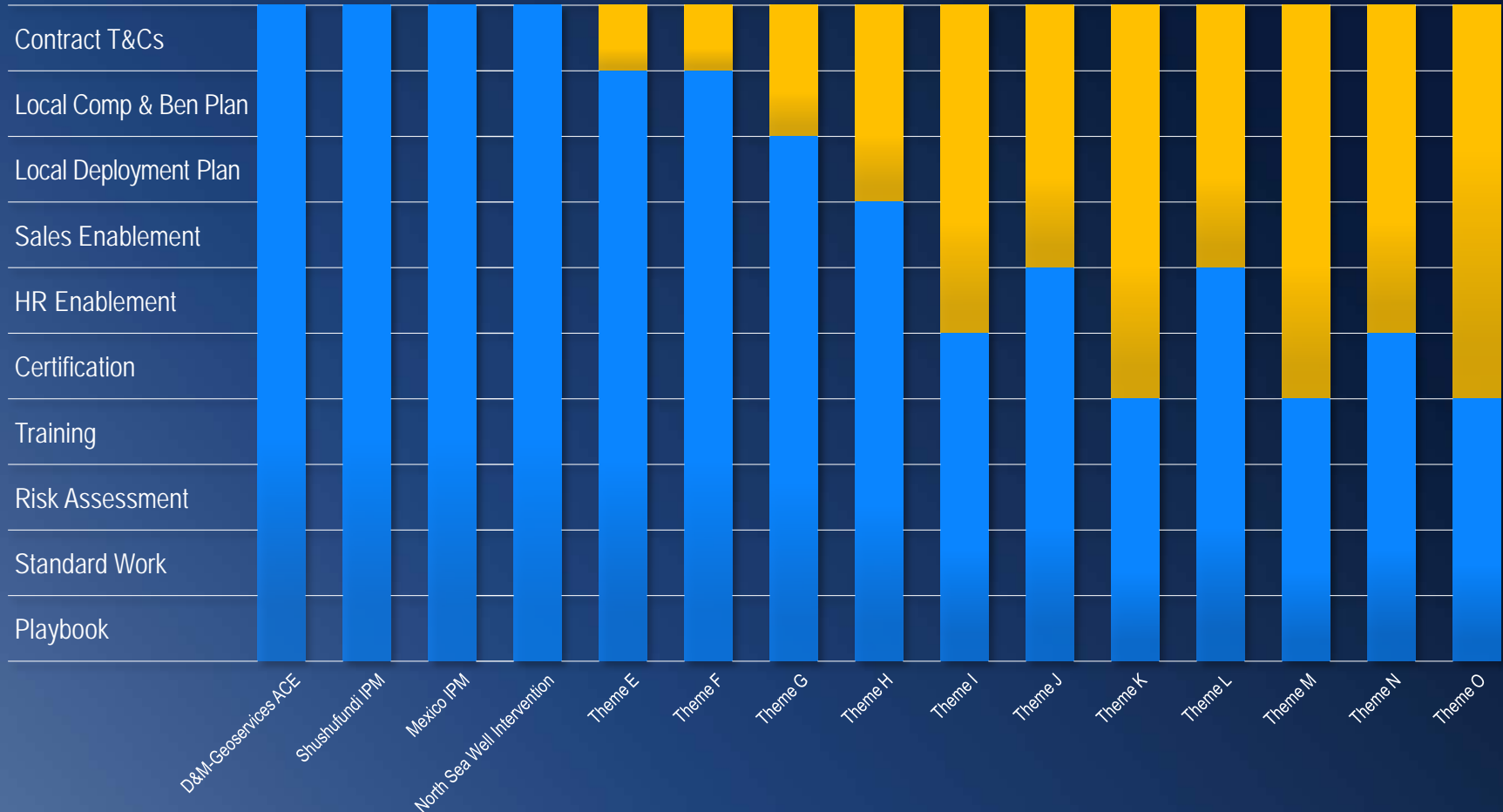
Schlumberger
Transformation Method



- Based on experience from R&E transformation and ongoing business initiatives
- Change management best practices and lessons from other company transformations
- Proprietary methodology for industrializing and accelerating Schlumberger transformation

Industrializing Change – Multiskilling Examples

Requirements for Deployment - Multiskilling



Accelerating Our Transformation

Operational
Reliability
10x

Implementation of standard work standards and processes to lower customer NPT

Inventory
Levels
25%

Centralization of distribution to lower inventory days and obsolescence costs

Asset
Utilization
100%

Centralization of trackable assets to decrease Field NBV and lower depreciation

People
Productivity
20%

Improved workforce efficiency through multiskilling, remote operations and crew modularity

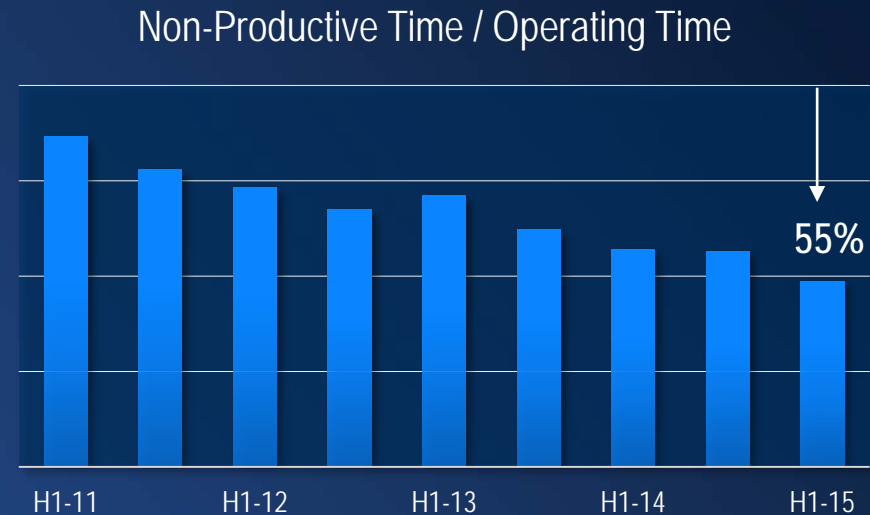
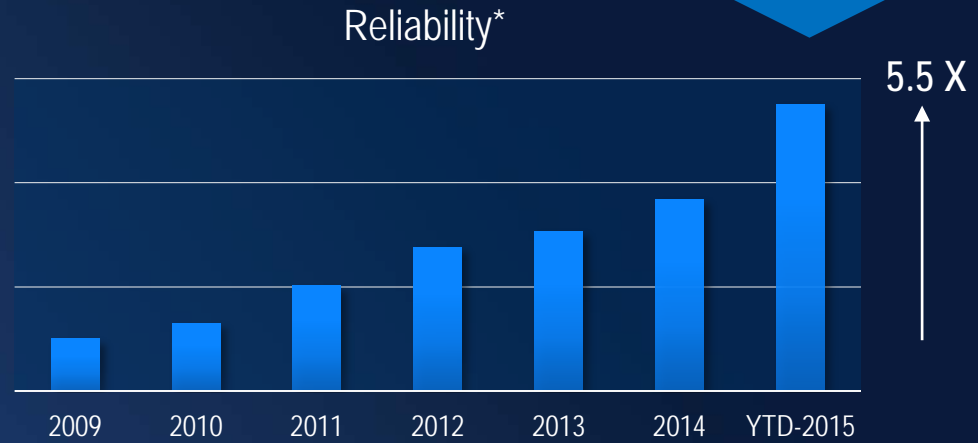
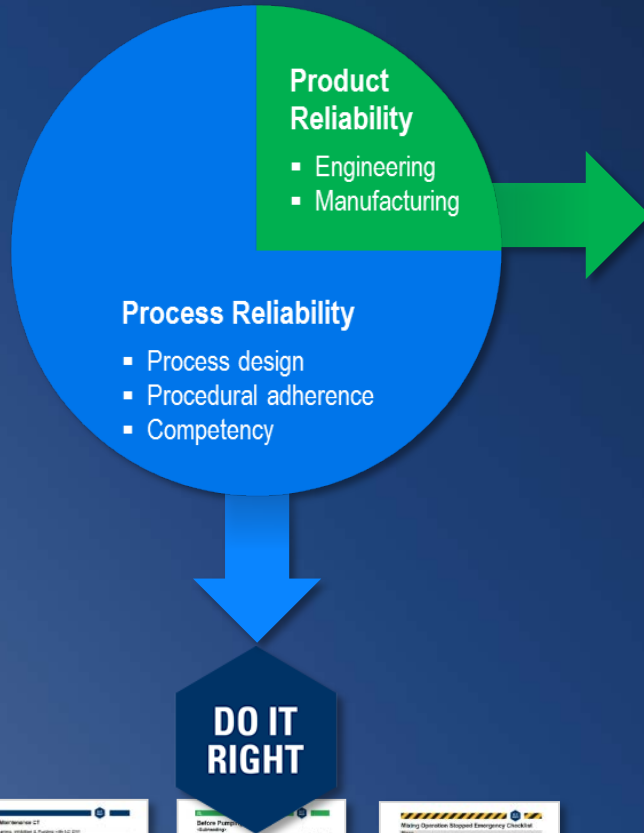
Unit Support
Costs
10%

Support cost reductions in response to market conditions



Operational Reliability

Operational Reliability
10x

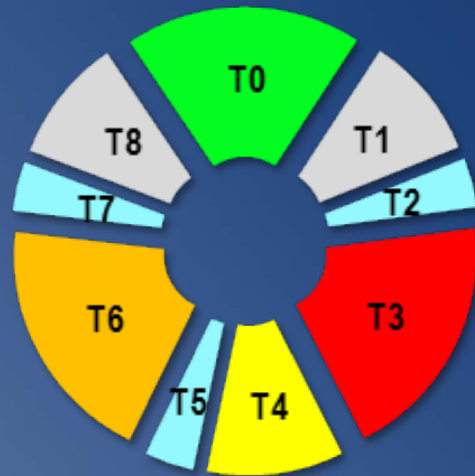


Asset Utilization

Asset
Utilization
100%

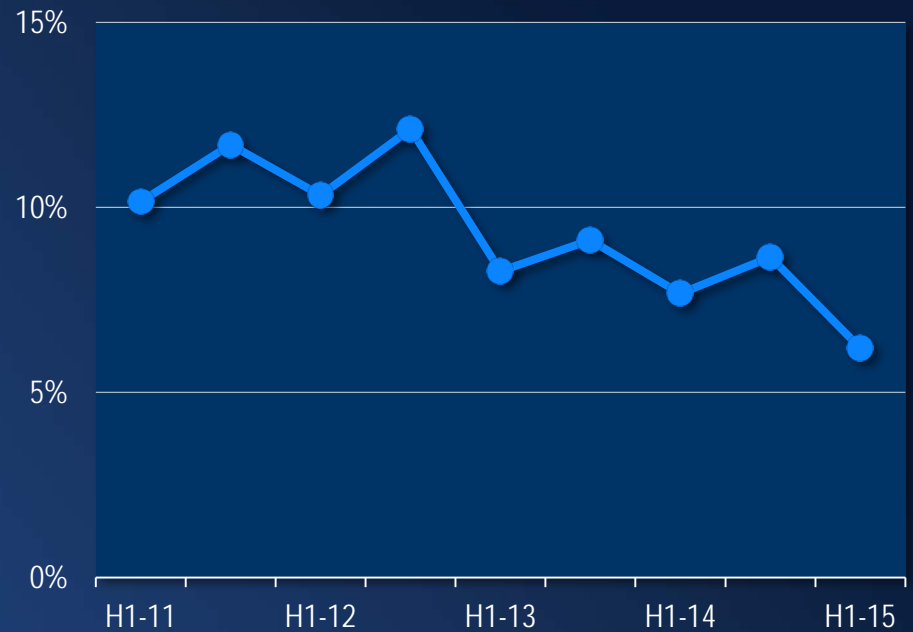


Asset
Traceability



Asset
Management
Model

Capex / Revenue



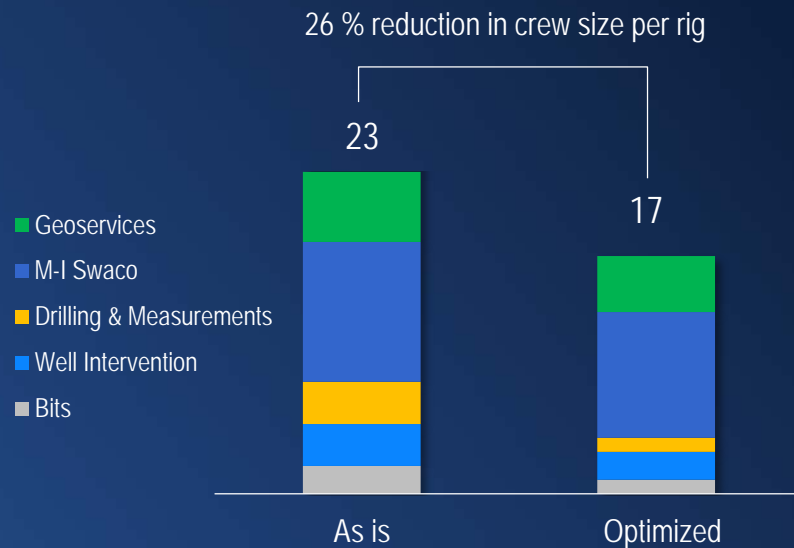
People Productivity

People
Productivity
20%

Remote Operations—D&M Mexico



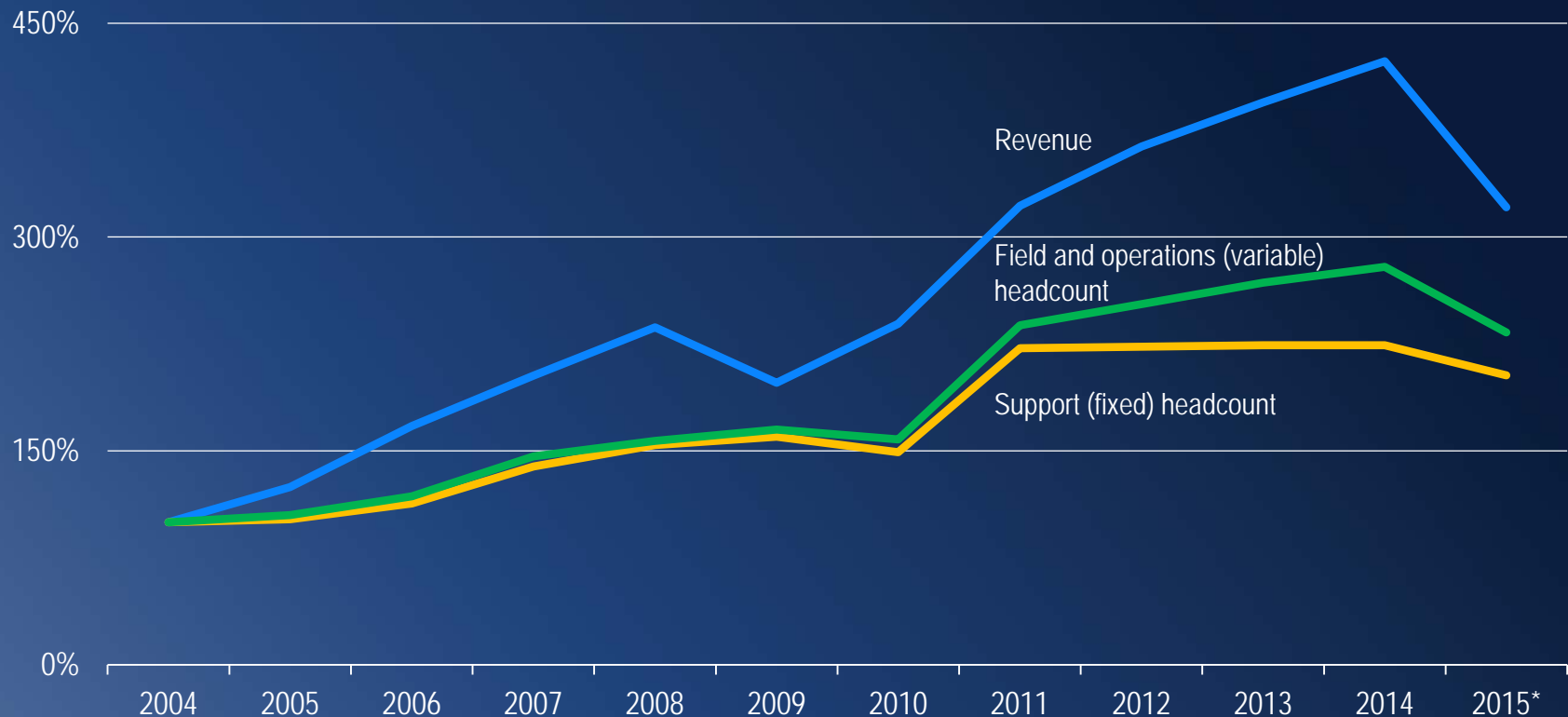
Remote Operations—IPM Ecuador



Support Cost Optimization

Unit Support
Costs
10%

Revenue and Headcount trend relative to 2004



Creating and Capturing Value



Customer Benefits

- Successful execution, ahead of plan
- Lower NPT
- Reduced rig-site personnel
- Lower HSE impact

Schlumberger Benefits

- Increased revenue per operating day
- Lower operating costs
- Optimized rig-site and support personnel
- Improved HSE and service delivery

Years of Incremental Performance Improvement



Critical Factors for Success

- Mature organization with effective management structure
- High levels of technology and process integration
- Investment in R&E transformation since 2007
- Proprietary method based on years of experience
- Strong culture with companywide appetite to transform
- Aligned with customers and industry fundamentals



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