

## E-PROCUREMENT

# Universal spares site enjoys boost from BP inventory initiative

SPARESFINDER, a website that matches spare parts inventory with industrial customers worldwide, was selected by BP Exploration last year to organise a pilot scheme to minimise the costs of looking after its spares inventory.

The web site allows participating companies to upload their list of spare parts on to the SparesFinder database. Once the data is loaded, members can search their own inventory, the inventory of sister plants within their own company, or the inventories of other participants around the globe, using web-based search engines.

Members can also show their complete parts inventory to the world, or block the view of certain strategic parts from all but those at their own or subsidiary plants.

The BP Exploration pilot scheme covers about 20% of the inventory held as part of BP's North Sea operations based in Aberdeen and has made the spare parts for all BP's North Sea assets visible at the same time, making it much easier for supply chain and inventory managers to keep track of what is needed and what is surplus to immediate needs.

The scheme uses only four of the total vendor maintenance companies out of a total 20 or so that BP uses for inventory, although others may soon be added.

Those which have uploaded the inventory they hold for BP on to the site are Score, Camco/Schlumberger, Sulzer Wood and Baker Oil Tools.

By Helena Wisden

Nick Duck, e-supply chain team leader with BP Exploration, said SparesFinder was picked because: "They did what they promised in terms of being flexible in coping with a variety of different inventory systems.

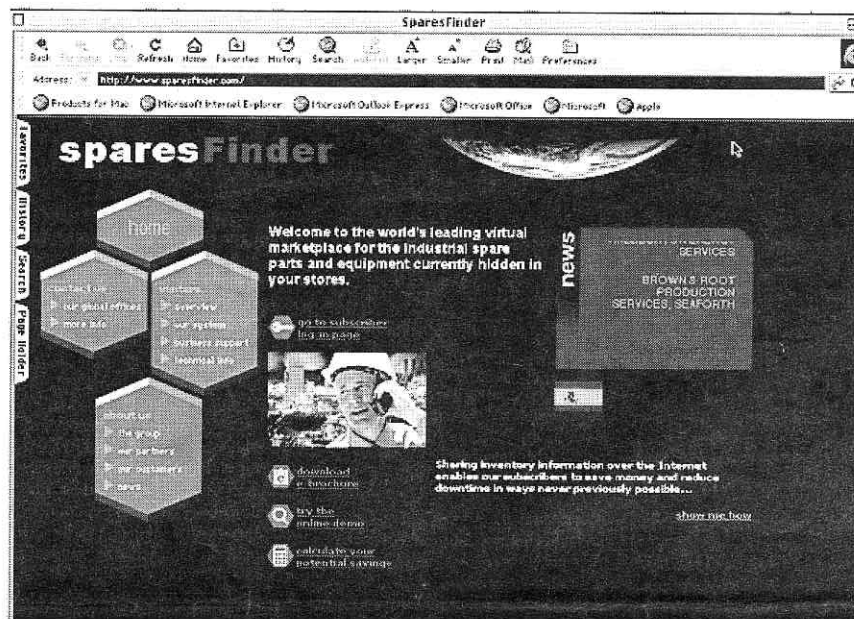
"Previously our inventory was held by about 20 outside companies and we had access to only one of their paper-based lists of our inventory. The only people who could see what we had were in the supply team, so there was a barrier between them and the engineering teams and others who needed to see what we held.

"We weren't sure these companies were using the inventory sensibly and efficiently, especially given the other 'artificial barriers'."

One of these is the joint venture system so prevalent on the UKCS. Millions of pounds' worth of spare inventory is held by around 40 joint ventures in different ownership shares.

If one asset needs a part, the supplier looks into the inventory held for that asset only. If it is not there a new one will be bought, even though that same part might be sitting next door unused while it waits to be utilised. And if that part is held by a joint venture in which the purchaser holds a 30% stake, for example, the part would cost 30% less than the same part on the open market.

"SparesFinder simply provided



SPARESFINDER SITE: The endgame for BP was an internal drive to reduce the group's spares inventory

an efficient way to get visibility," said Duck, whose team has uploaded \$30m-worth of inventory on to the site.

"Our suppliers have come back to us and shown us all our inventory and more.

"There was one case where a supplier produced £1m worth of surplus inventory that we didn't know we had and have now reclaimed."

Duck estimates the value of internal transactions on SparesFinder has reached £500,000.

SparesFinder itself reckons BP has saved between £100,000 and £500,000 since embarking on the pilot, simply by moving existing inventory around to make better use of it.

John King, key account manager at SparesFinder, visualises a future where all the oil and gas com-

panies in the world could open their spare inventory to other users via the SparesFinder website.

"The endgame for BP was that they had an internal initiative to reduce the spares inventory — the next thing is to start optimising this with TotalFinaElf's inventory, or ExxonMobil's.

Ultimately, we hope to get to one big warehouse with everyone sharing inventory," he said.