

How to Save Money Through Compliance and Records Management?



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Paris, 9 November 2006

Origin of the CRONOS Project

- Suggested an opportunity study about ECM end 2004
- The IT *Project Office* received requests for “electronic archival”, each of them with its suggested technology
- Missing was a global vision about the archiving of electronic documents
- The CIO asked to investigate, since archiving is a subset of ECM
- A team of 4 external consultants is composed in Feb. 2005
 - Expert in Archiving / Records Management (RM)
 - Business process consultants
 - Then in 2006
 - Technical consultant in RM
 - Change Management Consultant
 - System Integrator





Project owners

- The first Sponsor: the CIO
- Each functional group has nominated a Subject Matter Expert (17 SMEs): Finance, Legal, HR, etc.
- Five representatives GeoMarkets have nominated SMEs: NGA, ING, USL, NSG, SRG
- Two other sponsors after the Feasibility phase: the OFS Controller and the Director of Corporate Legal



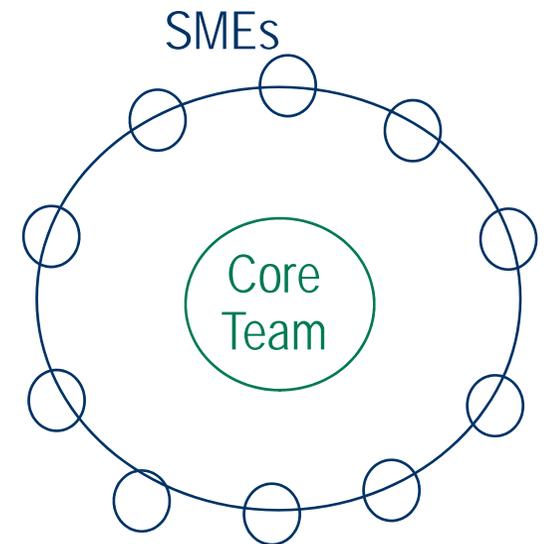
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A Multidisciplinary Collaborative Effort

- The Core Team collects information within SLB through the 22 SMEs; it synthesizes et writes the documents.
- The SMEs review the documents et validate them according to the Formal Technical Review process.
- The Pilot GeoMarkets Managers (ING, NGA) makes it mandatory to follow the RM standard in the pilot scope
- Collaborative tools are used to minimize the volume of e-mail exchanged and publish information (The Hub, Collaboration Workspace, BBs...)



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Key Milestones

- March – October 2005: Concept phase. Deliverables:
 - Records Classification and Retention schedule
 - Records Management Standard and Guidelines
 - RM Process
- November 2005 – March 2006: Feasibility study:
 - Functional requirements, RFP for an IT solution
- Since April 2006: Built phase:
 - Training kits to deploy the RM standard et process
 - IT tool (ERMS based on FileNet) to support the process
 - 3 months Pilot phase in 2 GMs, starting Q4 2006: ING et NGA





Project Journey – Enlargement of the Scope

- In the beginning: request for IT tools to solve local “electronic archiving” issues
- After 6 months of study:
 - **“Records Management” is THE topic to be handled**
 - No policy, no standard related to RM, extra costs due to inadequate RM practices
 - A Retention Schedule and a RM standard are then created
 - **The need for “compliance” is recognized**
 - The ROI computation leads to substantial savings (>6M\$/year)
- After 18 months
 - A visual identity (the turtle logo)
 - Change management, RM awareness campaign
 - ERMS software (based on FileNet) ready for deployment
 - Pilot in 2 countries, Indonesia and Nigeria
 - A pilot scope is defined: the Purchase to Payment process, from the supplier contract to the payment



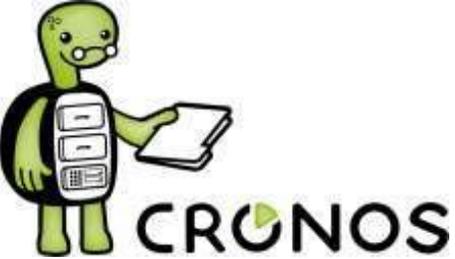
“Records Management” is THE topic to be handled



Roles and Responsibilities

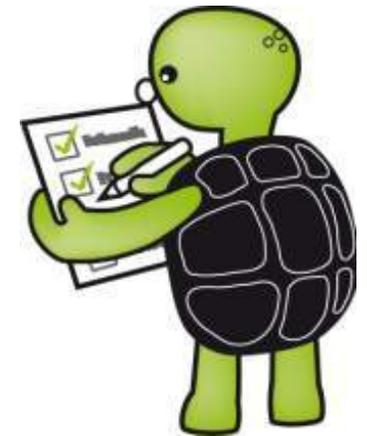
- The RM process will be linked to the Schlumberger processes, Finance in particular
- New roles have been explicitly defined, for each country and legal entity:
 - Records manager: ensures the compliance to the RM policy
 - Records owner: decides the records destruction
 - Records custodian: manages the storage of the records
- These roles will be included in the job descriptions





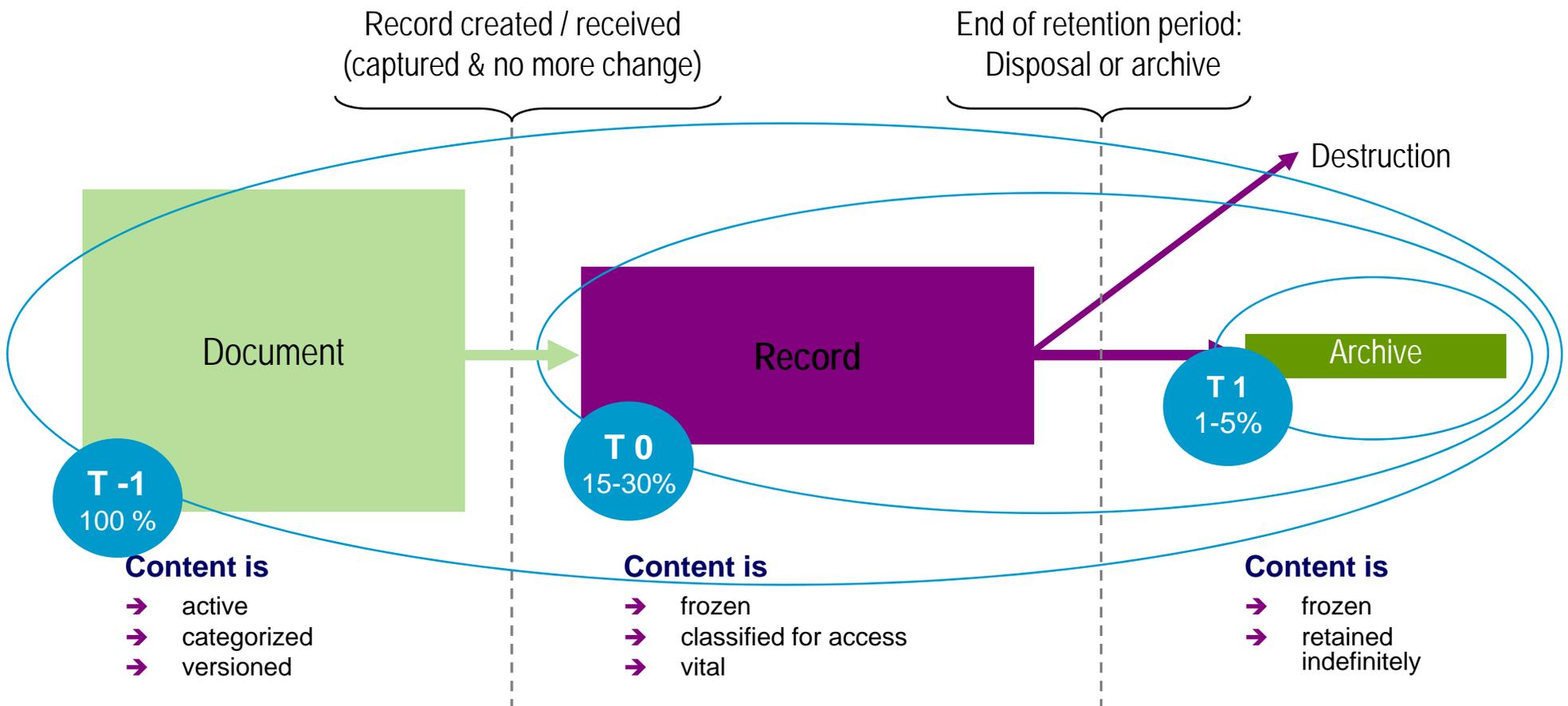
Basic Corporate Requirement for RM

- Be able to locate records quickly and effectively when needed
- Keep records long enough to meet requirements
- Ensure that records are destroyed when retention requirements have been met
- Have the ability to enact precise and immediate protection through legal holds



Information Life Cycle

The Life Cycle of a Record





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Records Classification: Example with Finance

Code	Class	Category	Scope note	Retention period
0200	Financial and Accounting			
0201		Financial records bearing corporate value information	Corporate value information comprises information with a high financial significance to the company. This includes records documenting financial plans, transactions or agreements with financial organizations, or bearing consolidated and/or statutory financial information, and reflecting, at a corporate level, what was decided and what action was taken in terms of financial resources management.	30 yrs
0202		Financial and accounting transaction processing records	Financial and accounting transaction processing records comprise all records of financial transactions or accounting entries. These include records regarding purchasing and payables, revenue and receivables, financial statements	7 to 10 yrs
0203		Treasury and financing records	Treasury records regarding cash and bank	7 to 10 yrs
0204		Tax records	Tax records comprise all records concerning the management of tax and the conduct of taxation matters (including all correspondence). These include records relating to tax compliance, tax consolidation, the corporate tax structure and design, the management of tax provisions and risk, disclosures, etc.	7 to 10 yrs
0205		Financial audit records and reports, medium term liability agreements	Records documenting internal audits and financial reports, and finance related agreements with medium legal value	10 yrs
0206		Day to day financial management records, short term liability agreements	Records supporting the day to day financial management and bearing short lifecycle information and documentation due to periodic updates or information re-use in statutory records, as well as finance related records with minor legal value	5 yrs

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- 11 Classes (e.g. 0200), 60 Categories (e.g. 0201), 300 records types, 8 retention periods



What benefits will good RM bring?

Double benefits

For Schlumberger, this process will allow to:

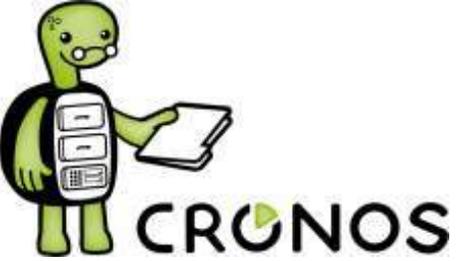
- Provide protection and support in litigation
- Facilitate the management of risks to the disposal of records. Meet legislative and regulatory requirements
- Conduct business
- Maintain corporate and institutional memory



For the employees, this process will allow to:

- Increase the efficiency in their everyday work
 - Speed up the search process (contracts, emails, invoices, ...)
 - Know where to find the needed documents, anytime, whoever was the creator
 - Manage records easily.
 - Secure the job changes. Continuity in information.

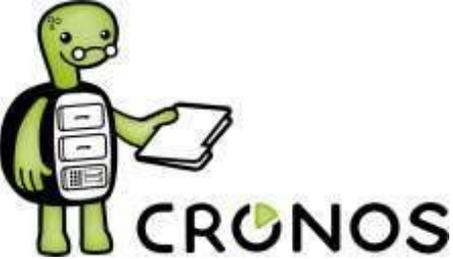




The need for Compliance is recognized



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Compliance...

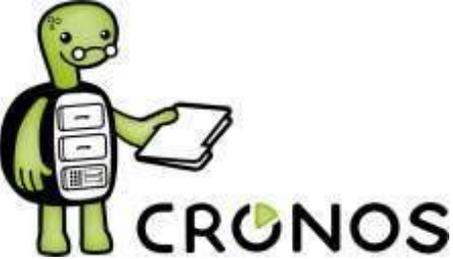
- Schlumberger employ over 66,000 people of more than 140 nationalities working in 80 countries. Schlumberger stock is listed on the New York Stock Exchange, Euronext Paris, Euronext Amsterdam, London and the SWX Swiss stock exchanges. Schlumberger has principal offices in Houston, Paris and The Hague. Revenue was \$14.31 billion in 2005.
- The legal entities of Schlumberger follow the laws of the countries where they operate.
- SLB must comply to the US financial laws (SOX, etc.)
- Compliance will be improved through the implementation of local variants of the global retention schedule. For example:
 - Invoices have to be kept 10 years (global), 15 years en Ingushetia (local)
 - The owner of the invoices in Ingushetia is the country Controller



Quantitative Benefits of good RM Practice

- Reduction of the fines: costs of custom, tax, licenses and visa fines, related to poor records management practices,
- Reduction of tax losses: tax returns that cannot be claimed during tax audits, due to poor records management practices,
- Reduction of litigation costs (Claim Reserves and Attorney's Fees), by an efficient searchable records management system backed by a sound records retention policy,
- Reduce cost of the impact of catastrophic loss of facility to the business, especially in remote field locations
- Reduction of searching time during discovery
- Cost reduction from reduced paper records storage
- Cost reduction from the outsourcing of paper storage
- Cost reduction from reduced digital storage, especially from back-up systems





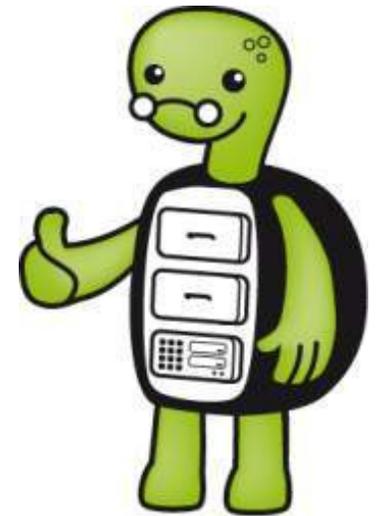
Examples of costs

- Intellectual property
 - Lawsuit launched by a former partner about IP infringement
 - The content of dozens of PC to be analyzed by lawyers, at SLB expenses
 - Millions of \$ wasted to search through mountains of data, most of them irrelevant for the case
- Custom
 - Costly equipments imported for jobs in the past, for which the export certificates were lost
 - Millions of \$ in fines and custom taxes
- Taxes
 - Invoices older than 7 years, asked by local tax authorities, cannot be found, despite weeks of search
 - Millions of \$ in TVA losses, accounts to be re-certified, extra taxes and search time
- The savings are estimated at about six million \$ per year (conservative figure)

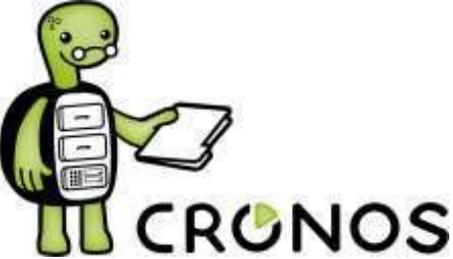


RM and Compliance

- Records Management and Compliance are interrelated
- An RM Policy is mandatory, regular audits are necessary
- Processes adaptation to RM is mandatory
- Change management is indispensable
- The Electronic Records Management system is optional
- Important savings can be achieved by implementing the RM Standard and Guidelines



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Plan for 2007

- Q1 2007: The CEO publishes the RM Policy. The RM standard becomes mandatory, included in the Schlumberger Management System. It is applicable in the countries being deployed; audits are performed in the pilot countries to assess the compliance.
- Select new countries where electronic copies of paper records have some legal/regulatory value (e.g. UK, FR, NO...), as opposed to ING et NGA
- Give some time to digest the new RM Standard, analyze the feedback from the process implementation
- Deploy the ERMS (FileNet based) in these new countries in July
- Publish an e-mail and instant messaging policy
- Animate and develop a Records Management community of practice in Eureka



Thank you for your attention



And do not forget to

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