

OIL AND GAS SPECIAL

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IN MY OPINION

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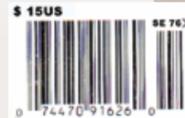
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CEO
INSIGHTS

Standards Deliver Cost Savings to the Oil & Gas Industry

By Ross Philo, President & CEO, Energistics

Standards are funny things. For most of us, they are an invisible facet of our everyday lives—we literally do not notice them, and yet we rely on them implicitly. If they were not there, our lives would be much more frustrating, more chaotic, and more dangerous. Most of us, probably, roll our eyes and yawn when the topic of standards comes up.



Ross Philo

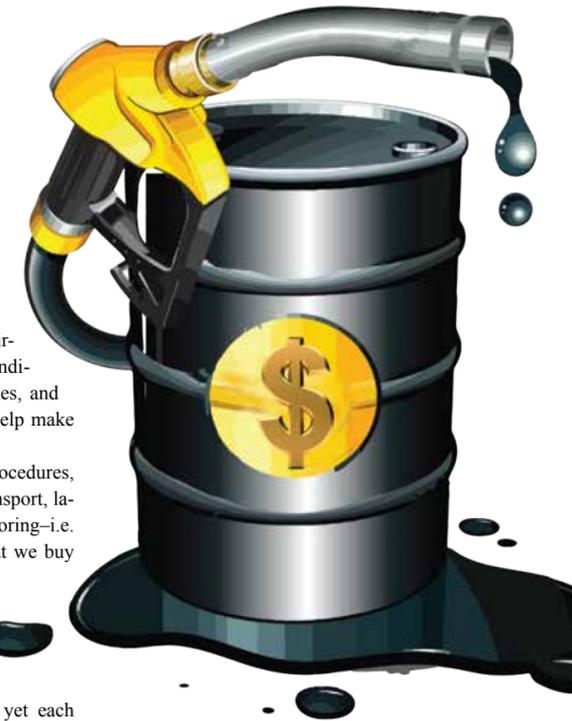
Yet, think about a few examples:

- Driving rules, road signage, air-bag standards, and visibility of indicators on vehicles, emission rules, and fuel ratings—i.e. standards that help make driving safer and cleaner.
- Food quality, food testing procedures, temperatures for storage and transport, labeling of contents, additives, coloring—i.e. standards that help us trust what we buy and eat.
- Cellphone standards that allow us to travel virtually anywhere in the world and still be able to make a call.

The list is almost endless, yet each standard reflects incredible industry collaboration. Very often, they arise when a group of like-minded individuals in different companies recognizes the need to cut through the clutter and determine the requirements for a technical standard. Other times there can be an industry mandate imposed by a government agency that requires a standard in order to ensure consistent reporting of information. Most of us are familiar with bodies like ISO, ANSI and standards-setting industry

groups like IEEE, API, etc. In fact, there are literally thousands of standards groups across all industries working to make our jobs and our lives easier.

CIOs, of course, know that standards are fundamental to making today's complex IT ecosystems work. Gone are the days when specific vendors could insist on a proprietary interface or data



format. While these types of proprietary interfaces still exist within a system, CIOs have long demanded interoperability between systems, so that companies have freedom of choice in their technical solutions, and can choose freely between competing vendors.

Clearly, there is a cost to developing a standard, but there is an even greater cost for an industry in NOT having a standard, since it means developing and maintaining a multitude of different interfaces between systems. For example, one upstream Oil and Gas Company estimated that they have some 4,000 or more different interfaces between their applications. Imagine the total cost for the industry when you multiply this by the number of oil and gas companies, each of whom must develop and maintain multiple interfaces.

Think of it like a spider's web. A typical image of a web will show a series of nodes, with spokes branching out from each node in a radial manner connecting the nodes together. Each node could represent a company, or an application, or a dataset, that needs to be connected to a counter-party. Every spoke represents a custom interface that has to be developed and maintained.

Having an industry-developed standard literally blows the cobwebs away by replacing those proprietary interfaces.

The typical way for a standard to be developed is for a consortium to be created to help facilitate the discussions, and to ensure that all views are heard. A membership model helps fund the consortium to support the shared effort and ensure that standards evolve to meet new requirements.

One example of this type of collaborative organization is Energistics, a non-profit consortium established 25 years ago to help develop and distribute data exchange standards for

the upstream Oil and Gas industry. They were set up as a non-profit, member-funded consortium to address the challenge of interoperability and data exchange between partners, between applications and between critical data repositories. They are not a vendor, since they do not sell any products. Their role is simply to facilitate the development of standards by working with subject matter experts in 100+ member companies. Thus, one can truly say that their standards are developed by the industry and for the industry.

“Give a thought to how standards impact every aspect of your daily and professional lives

In today's challenging times for the Oil and Gas industry, Energistics' peer-developed standards offer a proven way for individual companies to reduce costs, to eliminate data management complexity, and to simplify collaboration between staff and partners. As more and more companies commit to Energistics' standards, the benefits for the industry as a whole are multiplied.

So next time one of your staff talks about the need for standards, do not just yawn and roll your eyes—give a thought to how standards impact every aspect of your daily and professional lives and think about how you could help advance the adoption of standards in your industry. [CR](#)