

Do You Wonder...

Where the Energy Industry Is Heading on the Roller Coaster of Change We Have Been Experiencing?



A few years ago, would you have foreseen the Exxon/Mobil merger? Or the explosion of e-business with the enormous number of e-procurement, business-to-business, and business-to-customer solutions now being offered? Any idea what the industry will look like a few years hence? And do you wonder whether the pace of change will ever decelerate, or whether constant change will be a permanent component of your business strategy?

Because so many of the industry's changes have been catalyzed by the information revolution, we decided to go to an information technology leader to get some insights.

World Energy Interview:

Lane Sloan, Executive Vice-President of SAIC

Lane Sloan spent 29 years with Shell, where he was considered the father of Shell Services in the late 1980s. Recently, he was the CEO of Shell Chemical. Now Sloan is Executive Vice President of Science Applications International Corporation (SAIC), where he leads the Global Energy Sector. With a client list that includes the energy titans of BP Amoco, Entergy, and Petróleos de Venezuela, S.A. (PDVSA), SAIC plans to greatly expand its customer base across the energy industry with Houston, Sloan's home base, as its new worldwide energy center. Between his own industry expertise and SAIC's knowledge of the energy market and technology, Sloan is in a unique position to shed light on the future.

World Energy: Mr. Sloan, is the pace of change we've been experiencing in the energy industry going to slow down any time soon?

Mr. Sloan: Quite the contrary, the pace of change is accelerating. The good news is that we can apply technology today to reinvent the way we do

business. Imagine having an easy-to-use wireless device that will allow immediate access to the precise information you need to do your job right now, wherever you are. The key is to apply extensible capabilities and solutions that allow such devices to make impacts that significantly improve the bottom line. That provides value. Also, fast cycle time – formulating and implementing solutions at "Internet speed," if you will – is a crucial enabler as we move organizations from a reactive to a proactive mode of operation.

World Energy: How do you create value in the technology arena?

Mr. Sloan: Value comes from implementing solutions that meet customer needs and are based on very specific and measurable requirements. For example, energy businesses need seamless and transparent integration of multiple repositories of data into a common easy-to-use interface. When they access their data in this way, they then need to have real-time collaboration between related operational units across their geographic area, whether that is intrastate or around the globe.

World Energy: Intriguing idea. What is needed for this kind of scenario?

Mr. Sloan: To create these systems, you need a networked community, secure portals, applications, data, and communication capability. You must have

sufficient bandwidth to optimize access in your community of users. And as the use of these components expands and more and more key data become accessible online, network security is vital to prevent disruption of operations by hackers. SAIC has such a secure private network, initially developed in the automotive industry and now being applied in the energy industry. Furthermore, SAIC has the specialized expertise to properly blend the components into the real solution the customer wants.

World Energy: You mentioned portals. What kind of portals are you referring to?

Mr. Sloan: Having a portal with the required applications allows "one-stop shopping" through what are called ASPs – application service providers. Our concept is to develop very specific, highly secure portals to match the way people work in different areas, like exploration, production, distribution, and so on. We are working with a strategic partner to create such a portal for upstream applications right now. The portal also can become an electronic pathway to support interaction through the network with selected industry partners on joint projects.

World Energy: Where does data come into this? How does it get accessed?

Mr. Sloan: Good question. Applications running behind or in front of a portal are useless without data, right?

Unfortunately, needed data are often scattered across legacy systems that are not integrated, and this inhibits workflow. Customers need one interface to access whatever data they need. To do this, they need a high-level data integrator like SAIC's MISTI, or our "digital library"

solutions. One of SAIC's target roles is, as systems innovator, to bring it all together – network, portals, data and communications. Without this kind of applied expertise, work in the e-world is likely to become more complex, not simpler.

World Energy: Mr. Sloan, thank you for your insights. Any final thoughts?

Mr. Sloan: Yes. I believe that the need for global communication is no longer optional for an energy business. In trying to keep up with the changing industry, companies need to communicate across many boundaries. And the likelihood of more mergers and acquisitions makes the need for well-integrated communication even more critical. The scenario I've outlined is doable; we are in fact putting just such a network together for a service company customer.

Sloan's solution is exciting news for the energy industry. But it also seems like quite a challenge. Then again, this is SAIC, the company that built the "driverless" car. Maybe for them this is all in a day's work. We wonder what's next.

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