

Delivering Business Value through Standardization and Optimization of JDE

Discussion Topics



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Cautionary Statement



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Certain terms, such as “unrisked resources,” “unrisked resource base,” “recoverable resources,” and “oil in place,” among others, may be used in this presentation to describe certain aspects of the company's portfolio and oil and gas properties beyond the proved reserves. For definitions of, and further information regarding, these and other terms, see the “Glossary of Energy and Financial Terms” on pages 58 and 59 of the company's 2012 Supplement to the Annual Report and available at Chevron.com.

As used in this report, the term “project” may describe new upstream development activity, including phases in a multiphase development, maintenance activities, certain existing assets, new investments in downstream and chemicals capacity, investment in emerging and sustainable activities, and certain other activities. All of these terms are used for convenience only and are not intended as a precise description of the term “project” as it relates to any specific government law or regulation.

An Integrated Energy Company



Upstream

Oil and Natural Gas
Exploration and
Production

Downstream

Manufacturing,
Supply and Trading,
Retail Marketing,
Lubricants, Chemicals



Shipping | **Pipeline** | **Technology**

Chevron by the Numbers



61,000+ employees

2.61 million BOE
daily net production

1.95 million BPD
refining capacity

14 refineries

3 popular consumer
brands:

Chevron®

Texaco®

Caltex®



2012 Net Production



724 MBOED

□ North America

579 MBOED

■ Europe, Eurasia and Middle East



612 MBOED

■ Africa & Latin America

695 MBOED

■ Asia-Pacific

● Area of Operation

2012 Net Production By Region



2.6 MMBOED

2012 Proved Reserves By Region



11.3 BBOE

Discussion Topics



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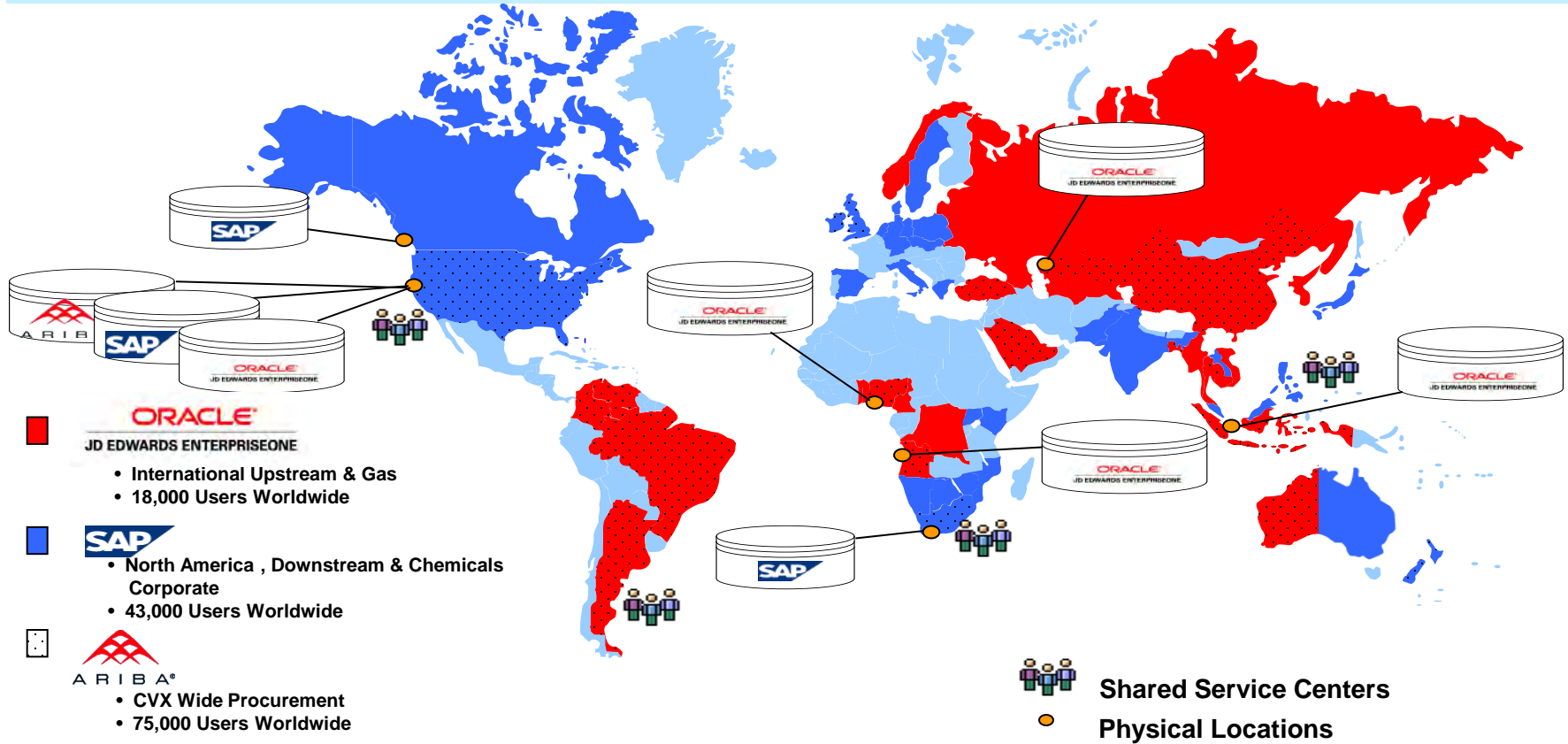
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Chevron's Global Enterprise Business Systems

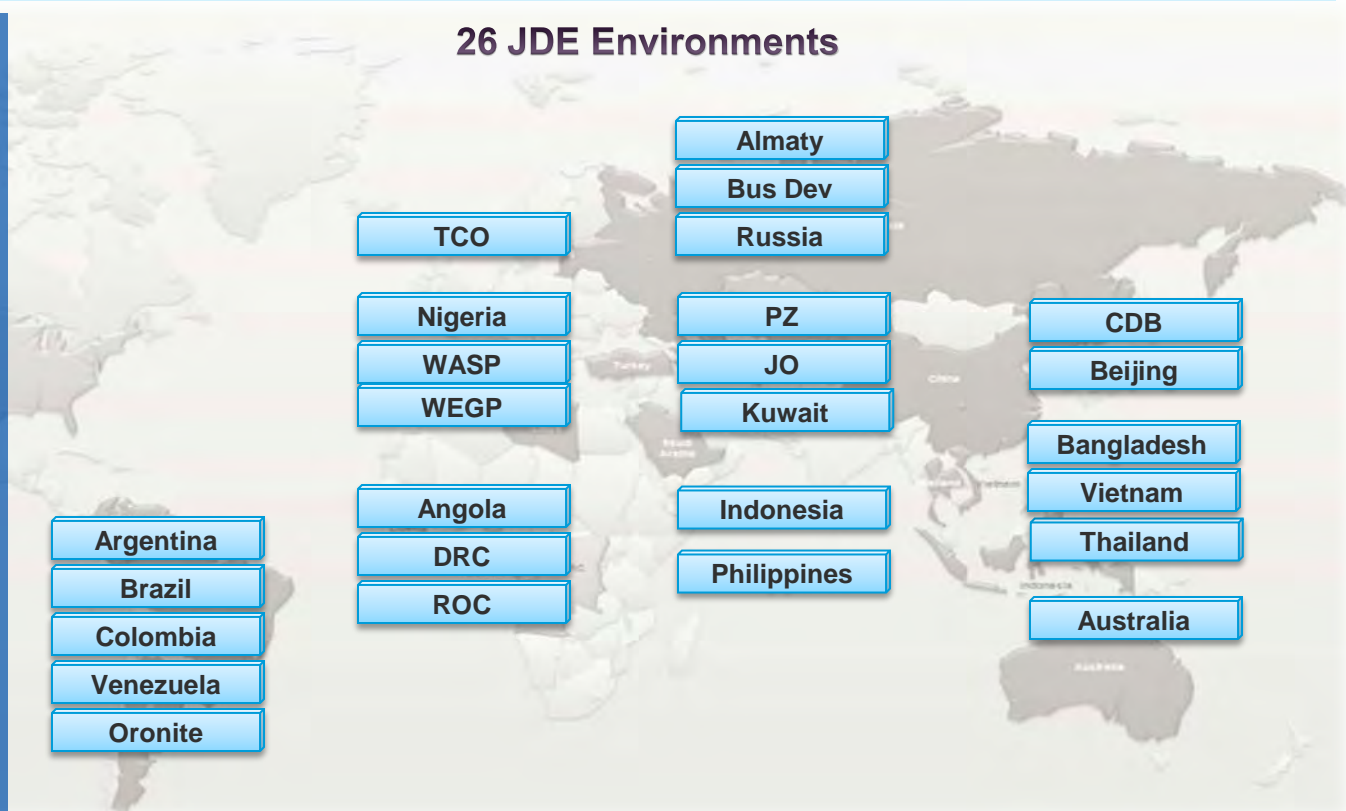




JD Edwards Landscape - 2008

Five JDE instances
26 Production Environments
One environment per site
Strategy driven by early technical issues
High upgrade costs
Lack of standardization

26 JDE Environments



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How It All Started



Imagine you are the Vice President of Chevron's Upstream business and you are participating in a conference with 55 of your leaders and they are saying things like:

“Our ERP is not an enabler to do our job”

“We spend more time trying to make the system work than we do helping our business partners, and the even famous “JDE sucks”

What do you do?

Commission a study of course!



Journey Back to 2008

What We Heard from the Business



- **Reporting:** Our issues are “reporting, reporting, reporting.”
- **Reporting:** We prepare most of our reports in MS Access. JDE reports often take too long to run; waiting on EBS to develop reports takes months, if ever.
- **System Performance:** Some batch jobs on JDE take hours to complete (e.g. SAP Transmission, JV Cutback)
- **Documentation and Training:** We need documentation and training; people change jobs and the level of knowledge transferred decreases each time
- **Training:** We need training. Our staff don’t always know what they are doing and why; they just do what the last person did.
- **Integrity Reports:** We need to know how to resolve integrity report issues; we need integrity reports beyond those developed for the AA ledger; we need reports for XA
- **Inventory Integrity:** We are not sure what is showing up on the JDE Inventory Integrity report (Cardex to G/L)

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The Biggest Two Issues We Faced



Two critical issues had to be resolved to enable us to realize value from process improvements in other areas

■ Reporting

- lengthy request and development cycle for JDE reports
- Multiple reporting hierarchies and varied use of category codes
- offline reporting systems (e.g. Access, Staging DB, Excel)
- proliferation of reports and duplicate reports across SBUs
- multiple reporting tools (e.g. Crystal, QRA, Access, FASTR)
- lack appropriate tools (e.g. ad hoc reporting, BI)

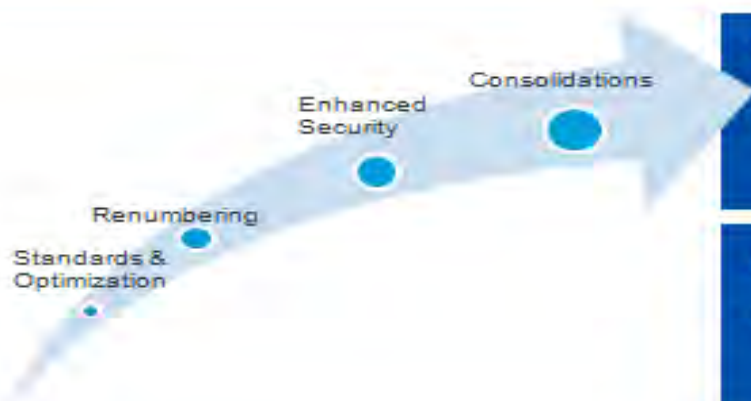
■ System performance

- Long running batch jobs (“bad actors”)
- interactive processing (primarily Venezuela)
- software bugs (e.g. missing batch headers, AA to XA integrity)



JDE Environment Consolidation

Opportunity	<ul style="list-style-type: none">▪ Reduce the number of JDE Environments
Strategic Drivers	<ul style="list-style-type: none">▪ Technical constraints resolved▪ High degree of finance process and data standardization▪ Alignment with overall IT ERP Simplification Strategy▪ Further CUG Finance’s long-term vision of fewer JDE Environments▪ Reduce likelihood of future system and process divergence across sites▪ Reduce the overall cost of future JDE implementations and upgrades▪ Reduce on-going JDE support costs
Approach	<ul style="list-style-type: none">▪ Identify potential consolidation sites based on:<ul style="list-style-type: none">○ Geography○ Grouping smaller sites, predominantly Finance-only and HR-only locations, with larger full-suite site○ Accommodate growth potential within the groupings, including the possibility of integrating the capabilities of the larger site▪ Create proof-of-concept roadmap and design for future consolidations▪ Conduct a pilot consolidation involving a large business unit



Strategic Vision:

- Reduction in the Total Cost of Ownership, more accurate and reliable financial information, and increased organizational capability.

Alignment to Strategic Vision:

- Enablers: CANSO and other targeted standardization. Strong partnership with ITC, HR, SCM, and EAM.

Business Value:

- Maintain and build upon gains from 1E1 Program, especially continuing to strengthen P2P process and Project Accounting to eliminate redundancy and control costs.
- Ability to deliver more effective and lower-cost central IT and Finance support by leveraging Global Model standards, Adherence, and Governance processes.
- Strong compliance and internal control by maintaining data integrity.
- Significant cost reduction through simplification, environment consolidation, and readiness for efficient upgrade.

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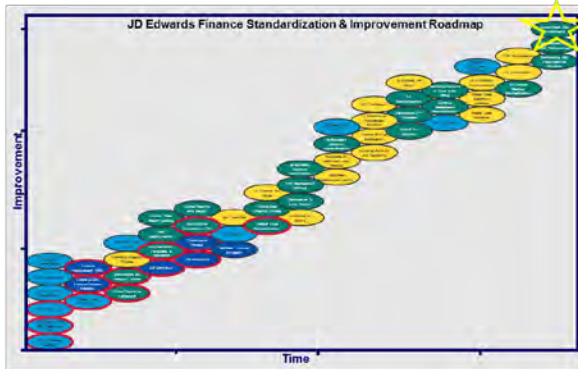
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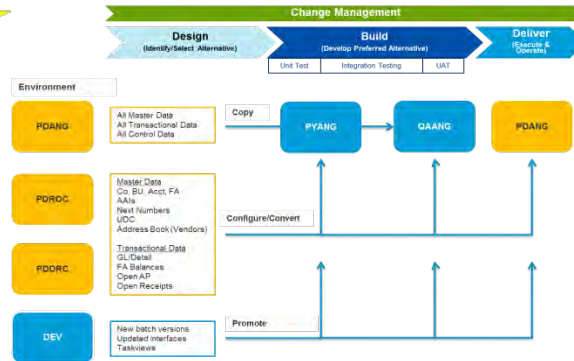
Vision

Approach

Results



- Environment reduction strategy
- Process & data standardization
- Cost reduction



- Minimize impact to end-user
- Supplement standard JDE
- Change Management



- Reduction in JDE Environments
- Increased standardization
- Tangible and intangible benefits

Sustainable and repeatable processes developed to achieve strategic vision

Conclusion



- Improved reliability, oversight, and organizational capability
- Decreased duplicate master data
- Reduced likelihood of system and process divergence across sites
- Improved efficiency of JDE support and maintenance
- Reduced standardization and change management required for the next JDE upgrade
- Lowered the overall cost of future JDE upgrades
- Decreased the number of environments, the need to support them and related IT costs

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