



# TRANSFORMING THE OIL AND GAS SECTOR

## Overview

By 2022, the Indian oil and gas industry is expected to attract an investment of US\$ 25 billion in exploration and production. The sector being one of India's eight core sectors plays a significant role in shaping all other sectors of the economy. With India being the world's third-largest energy consumer, the country's economic growth is closely linked to energy demand, and therefore, the need for oil and gas is forecasted to grow more in the coming future.

The Indian oil and gas industry forms an extensive part of a global supply chain that primarily includes international and domestic transportation, inventory ordering, visibility and control, materials handling, import/export facilitation, and information technology. The complex multilayer network and material movement in the oil and gas industry are leading to high operational inefficiencies and are impeding vendors from investing in newer technologies. Given these activities, the sector offers immense scope for implementing efficient supply chain management techniques.

## Procurement & Supply Chain in Oil and Gas Sector

The oil and gas industry is unpredictable in nature. Companies in this sector are highly linked to their upstream suppliers and downstream distributors in terms of capital flow, materials handling, and information dissemination through the entire supply chain. Fragmentation and lack of integration across the value chain impact the visibility and traceability of material as they move. Multiple vendors with differing quality standards and lack of proximity to manufacturers affect production schedules and service levels. Moreover, the sector is mostly characterized by the changing global markets, government regulations and restrictions, economic uncertainties, and increasing supply risks. The sector also faces certain unique challenges of the rise of electric vehicles and a decrease in auto demand, newer technologies leading to lesser energy consumption, increasing regulatory compliance, inconsistent global practices, increasing cost, and downstream activities.

## MAJOR CHALLENGES

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- Lack of visibility and transparency into procurement operations lead to un-optimized inventory levels at manufacturing facilities.

A fragmented vendor base for material

- supplies results in the sourcing of counterfeit products from unauthorized third-party suppliers.
- Sub-standard data quality offers a skewed knowledge of purchasing patterns across plants and material supplies.
- Non-uniform pricing due to varied freight and credit terms across different categories leads to high procurement costs.

Large and unconsolidated vendor base makes

- regulatory, GST compliance, and product quality an issue.

## MOGLIX SOLUTIONS

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- Consolidating multiple fragmented vendors by acting as a one-stop-shop for indirect material supplies.
- Standardizing pricing structure with uniform discounts across plants and categories with the help of customized e-catalogs.
- Providing access to clean master material by identifying and rectifying unclear purchase patterns.
- Improving inventory management by enabling real-time order tracking for just in time deliveries.
- 100% GST and regulatory compliant supply chain, thereby eliminating the risk of being dependent on third-party suppliers.

## THE ROAD AHEAD

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Today, a paradigm shift towards adopting the right sourcing strategies is highly imperative for oil and gas companies to face issues of regulatory compliance, price volatility and foster innovation. Given high linkage to upstream suppliers and downstream distributors, the adoption of strategic procurement practices can help companies in this sector identify cost-saving opportunities, redefine supplier/customer relationships, optimize spend, and mitigate supply chain risks.



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## ABOUT THE AUTHOR:

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### **Mukul Gupta**

Senior Director - Strategic Partnerships

Mukul Gupta is a seasoned P&L leader and expert in building revenue streams from scratch. He has 10 years of experience in new business development, business strategy, and revenue management in the Oil and Gas industry. Having worked with multiple strategic large scale customers across sectors and in high growth startups, Mukul brings diverse industry exposure, fostering and developing strong synergistic relationships.

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### **Moglix Tech-led MRO Procurement**

Reduce direct and indirect costs, consolidate fragmented vendor base, experience consistent buying across multiple sites, and leverage your data to deliver strategic value through our tech-led procurement and supply chain solutions.

### **Moglix Packaging Solutions**

Choose aesthetic branding display, graphics, and content to enhance your products' overall appearance and ensure lasting durability and timely delivery through our unified platform for 'concept to delivery' of all packaging products.

### **Moglix SaaS Solutions**

Enhance your contract management journey with the help of an intelligent contract automation solution and spot exceptions, optimize procurement experience, and improve supply chain performance - all from one intuitive, award-winning solution.

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