

# WellSite Services Credit Management

- Mark Lapeyrouse



# Who We Are

WellSite Services is a safety driven, global provider of critical, proprietary, environmentally conscious solids control and waste management equipment, processes and services.

We're a growing regional supplier of drilling fluids, power generation and water services.

Our mission is to deliver cost-efficient well site solutions in the increasingly regulated O&G industry.

## Offerings

- Solids Control Equipment
- Rentals and Services
- Waste Management (Land/Offshore)
- Drilling and Completion Fluids
- Managed Pressure Drilling
- Portable Power
- Water Services





# Building a Relationship

- Imperative for Operations to have up-front interaction with the credit management team to accurately assess credit needs
- Strive for full disclosure and accurate information from Operations regarding potential transactions
- Important to properly assess customers in advance rather than expend credit and collections efforts later.
- Maintain open communication and involvement with credit management
  - To identify slow paying accounts timely
  - To establish accountability
  - To ensure the correct personnel are involved from sales and operations
- Expectations of the credit management team by the business unit include
  - Providing a timely response
  - Providing pertinent advice
  - Mitigating risk to reduce losses
  - Bridging gap between a sale versus no sale by offering alternate credit opportunities such as standby letters of credit or cash up front

# Success Story

Standardization of processes resulting in gained efficiencies and lower DSOs

- Implemented the centralization of electronic billing
- Received zero rejections of EDI invoices in July
- Implemented a standardized records retention policy
- Established the use of Onbase as a single repository for all back-up documentation
- Improved customer set up to ensure tax information is correct before invoicing to reduce short pay
- Improved overall accuracy of all invoicing documentation
- In the process of implementing MS Dynamics Field Service Management functionality to further improve operational and invoicing efficiency

# Working Capital Improvement

- NOV has shifted focus toward working capital improvement
- Employees have accountability through specific penalty or financial incentive for working capital improvements
- Developing best practices to enhance credit policy and reduce accounts receivable

# Cost of Accounts Receivable & Bad Debt

	<u>30d</u>	<u>60d</u>	<u>90d</u>	<u>120d</u>
Time	0.82	1.63	2.44	3.22
Opportunity	0.00	2.50	7.50	12.50
Administrative	0.00	0.50	1.50	2.00
Predictability	0.00	1.00	1.00	1.00
Financing	<u>1.00</u>	<u>4.00</u>	<u>6.00</u>	<u>10.00</u>
Bad debt	<b>1.82%</b>	<b>10.29%</b>	<b>19.74%</b>	<b>30.71%</b>

Source: Harvard Business Review  
Percent carrying cost to receivable dollar



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