



“One of the hallmarks of a successful independent [oil] company is that nimbleness, that flexibility, the ability to anticipate and make changes quickly. To really understand how your business is operating, you need good financial reporting at a very granular level.”

— Janet Clark, Executive Vice President and Chief Financial Officer, Marathon Oil Corporation (retired 10/2013)

Going further, doing more: drilling data to unearth shareholder value.

CFO Janet Clark was determined to enhance upstream financial reporting as Marathon Oil transitioned from an integrated energy corporation to two independent, publicly traded upstream and downstream businesses.

For years, Marathon Oil Corporation battled industry heavyweights to win shareholders looking for stable investments. As an integrated company, Marathon Oil was heavily focused on downstream. In 2011, Marathon Oil decided the time was ripe to split the company in two – creating an exploration and production (E&P) arm [Marathon Oil Corporation] and a refining arm [Marathon Petroleum Corporation].

By separating the businesses, Marathon Oil knew it could improve capital allocations and have the opportunity to realize efficiencies in its reporting and analysis. It needed a standard platform from both a business analysis and technical standpoint, so that decisions could be made in a fast-paced environment.

Marathon Oil approached the transformation from a business and IT perspective, with a primary goal of increasing shareholder value. Having first implemented SAP in 2002, its systems were not configured to support the more dynamic needs of an independent E&P company. Investors wanted more information, more frequently and Marathon Oil knew it needed access to highly-integrated data so that it could adjust its portfolio and quickly understand the impact the changes would have on the bottom line.

One Version of the Truth

Over time, Marathon Oil’s financial reporting had become less integrated, creating lengthy overnight batch loads and on-line queries, and tedious report reconciliations. Marathon Oil simply didn’t have the information at its fingertips to respond quickly enough in the new E&P world. To improve its agility, Marathon Oil needed to redesign its data and upgrade its reporting system to improve transparency, granularity, and its user interface.

A Business Project Driven and Enabled by IT

Marathon Oil’s transformation went well beyond the separation of IT and procurement systems. The focus was on business case development, system design, configuration and testing, and particularly, upstream accounting and reporting. Rather than taking off-the-shelf

Impacts from transformation:

- Greater reporting clarity
- Improved efficiency
- Increased growth rate



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SAP solutions, the IT landscape was reconfigured to scale with the company's growth and provide a highly responsive enterprise data warehouse platform. With a clearly-defined end-state in mind, strategies and customized reports were developed that helped senior managers run their business units, asset team members manage their assets, and senior leadership communicate with shareholders.

Marathon embraced SAP HANA because of its ability to dramatically improve the speed and depth of analysis when working with large-scale volumes of data. The in-memory processing power of SAP HANA takes a much more streamlined path by reporting directly from the data warehouse. "Deloitte was an obvious choice for us because of their deep knowledge of Marathon, but also their understanding of our industry. We felt that both SAP and Deloitte wanted to make this project a success, and they brought the resources necessary to enable that success," says Clark.

Marathon Oil confidently moved forward with the transformation, knowing it could:

- **Develop a standardized reporting environment** that facilitates timely reporting and batch loads to run four times a day instead of overnight.
- **Enable the business to run both autonomously and synchronously** through reporting that supports each arm and provides one version of the truth.
- **Implement a best-fit solution by relying on** industry-specific strategy and operations specialists, SAP personnel, and Deloitte consultants who were all equally vested in Marathon Oil's success.

In the two years following the transformation, Marathon's business and portfolio look very different. Today, in the independent E&P space, it is achieving:

- **Greater reporting clarity:** Marathon can drill down to an asset level and get more immediate information about how that asset is performing, and share that information with investors.
- **Improved efficiency:** Standardized real-time reports from the SAP systems have dramatically reduced the support needed to run previous highly-specific queries and now provide a level of granularity that supports the nimble E&P environment.
- **Increased growth rate:** Marathon has successfully shifted its focus from international projects to building a substantial inventory of resource plays in the United States.

The collaborative efforts and strategic vision of Deloitte and SAP gave Marathon the confidence it needed to move forward with the transformation, knowing it would create greater shareholder value – which is where it all began.

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Meeting Demands for Shareholder Clarity

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"We had to decide: Are we going to lean forward and be one of the first to implement SAP HANA? With Deloitte as our trusted advisor, we understood both the risk and reward of that decision."

— Janet Clark

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