



Phillips 66 modernizes its business with a digital transformation

Industry: Energy/Gas

Never in history had crude oil prices fallen below zero, but that is exactly what happened on April 20, 2020. Oil production facilities, unable to cease operations, were filling up storage tanks faster than expected demand, forcing them to cut their losses by paying buyers to take oil off their hands. It was a huge disruption for an industry often plagued by market volatility, but Phillips 66 was able to weather the storm better than most. Its secret? A business transformation enabled by digital technology.

Shawn Behounek joined Phillips 66 in 2017 to help kickoff the effort. First was moving applications running on hardware in data centers to run on the public cloud as part of the transformation project called AdvantEdge66.

As stated in the Phillips 66 annual report, “AdvantEdge66 is leveraging technology to transform the way we run our operations, execute projects, and make business decisions.” The purpose of this transformation program is to make the company more competitive; positioning it to deliver differentiated performance through margin improvement, cost savings and capital efficiency. The program is expected to deliver \$1.3 billion in enhancements and is self-funded by reallocating IT expenditures.

And it couldn't have been done at a better time. When the pandemic hit, almost three years after AdvantEdge66 began, Phillips 66 was ready. Having addressed company needs with applications performing well in the cloud, Phillips 66 was able to keep systems running at scale with remotely positioned support personnel.

How did they do it?

As most agree, migrating a Global Fortune 500 company from on-premises hardware to the cloud is a huge undertaking. At the time Phillips 66 began its migration, it was one of the first to move workloads of that size onto the cloud, including SAP S/4HANA. Simultaneously, the business functions needed to keep running. It was clear

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that help from collaborative technology providers to integrate and operate effectively, including SUSE, SAP, Intel, and AWS, was imperative.

This was a major shift from how things had been done previously. Internal data centers require the technical management of the details with each vendor to achieve operational goals. Now, cloud services require the providers to work together to provide better, more reliable solutions. Working with SUSE to provide a highly secure, stable, S/4HANA cloud infrastructure meant also collaborating with AWS, Intel, and SAP to ensure the best possible solution was implemented.

It was a strategic reorganization of human capital to create a more agile capability. While Phillips 66 relied on the expertise of their providers to make sure the systems would work—and keep on working—the focus of IT staff was redirected. Since moving to the cloud, IT staff has become a more strategic arm of the business, addressing business challenges instead of technical challenges.

But that is not the only shift that occurred.

In addition to new agility capabilities in the IT department, Phillips 66 is also shifting focus to the optimization of business operations and functions, giving the company the ability to respond to changes in demand almost immediately.

“There is a lot more peer-to-peer collaboration now than ever before,” said Behounek.

AdvantEdge66 also transformed networks and collaboration tools, so when COVID-19 hit, Phillips 66 was able to carry on many activities remotely, respond quickly and adapt to current market conditions with minimal impact on the business. As a result, Phillips 66 weathered the storm with surprising ease.

Behounek concluded: “What we have done is not just a digital transformation, it’s a business transformation. We are all saying, ‘It’s a good thing we did this.’”

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