**Approved By:**

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| --- | --- | --- |
| APPLICABLE PRODUCT LINES | | |
| Subsea Drilling Systems | Subsea Production Systems (SPS) | |
| Subsea Services & Offshore Equipment | Trees | Controls |
| Flexible Pipe Systems | MCS | Projects |
| Surface Pressure Control  Subsea Production Systems (SPS) |  |  |

**Document Revision Chart:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Rev | Section modified and revision description | Issue date | Expiry date | Author(s) |
| 1.0 | First issue | 15-11-2012 | - | C Rochford |
| 2.0 | Rewritten | 15-11-2012 | - | J Doss |
| 2.1 | Rebranded BHGE including product company references.  No major structural change to content in accordance with QCR54314.  QMS document references updated.  Removed Field Services OTR Process flow chart  Sect 3.2.8 revised to reference Inward Goods WI QW-FAC-PER-001  Previous 3.2.8 to 3.2.11 steps removed as no longer applicable.  Partial invoice clause at 3.2.16 removed. | 23-08-2017 | 22-08-2020 | J Doss |

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# Purpose / outcome

The purpose of this Work Instruction (WI) is to detail the BHGE Subsea Services & Oilfield Equipment Spare Part Order Execution process.

Full compliance to this work instruction / procedure required by 06.09.2017.

# Scope & applicability

This WI defines how the Jandakot Oilfield Equipment Service business procures and delivers spare parts to the customer, where an order has been formally accepted via the ITO process and the job handed over as part of the OTR process.

The Spare Part Order Execution process is used for all spare parts orders, and managed under the “Spares” Product Management Systems (PMS) category.

This WI is associated with both the Inquiry to Order and Order to Remittance (OTR) processes. Read this WI in conjunction with the;

a. Inquiry to Order (ITO) Process WI (QW-FAC-PER-018) and

b. Order to Remittance (OTR) Process WI (QW-FAC-PER-019).

# Process overview / instruction

The Spare Part Order Execution process is used for executing and delivery spare part commercial opportunities, after an order has been received (via the ITO process) and handed over for delivery (via the OTR process); the Spare Part Order Execution process is a specific (PMS) sub-process of the OTR process.

The Spare Part Order Execution process involves a close collaboration between two primary teams - Commercial Operations (CommOps) and Sourcing. This is underpinned by project management methodologies to track schedules, scopes and budgets, identifying processing variations and stakeholder management and communication.

The Australian Oracle ERP system is used to manage spare part Order requests and their processing.

The OTR process associated with spare parts consists of four basic phases:

1. Order Set-Up and Establishment (Creation of POR);
2. Order Execution (Creation of Purchase Order to Order Receipt);
3. Order Invoicing; and
4. Order Close-Out

## Order Set-up and Establishment

## The purpose of the order set-up and establishment is to formally recognize and create the order in the relevant BHGE systems, and provide the framework to allow the broader business to execute the order.

## Order set-up is especially critical for the financial management of the order processing, including capturing costs and recognizing revenue and also acts as a mechanism for controlling access to vendors and suppliers, associated with the Approved Vendor List (AVL).

## Order set-up and establishment will commence only after the spare part order has been handed over to the Sales Support Analyst from the Proposal Analyst, in accordance with the Inquiry to Order (ITO) Process WI (QW-FAC-PER-018).

### Upon receipt of the order handover from the Proposal Analyst, the Sales Support Analyst will review all available information for completeness and accuracy, referring back to the Proposal Analyst and/or Buyer (Sourcing) for any clarifications.

### The Customer Purchase Order (PO) and, where applicable, the Customer contract will be reviewed to ensure all commercial terms associated with the Order are understood (such as mark-up rates, inclusions, exclusions and invoicing requirements); where any of these elements are not clear the Sales Support Analyst needs to request the information from the Proposal Analyst and/or request a handover meeting.

### Where PO’s received do not match quotes issued and or contract positions this should be raised immediately by the Sales Support Analyst, and if required, the Order formally rejected until the discrepancies are resolved.

### The Order will be set up in the relevant BHGE system (Oracle), including the following activities:

#### Create the framework for the Order within the Australian Oracle system, including contract and associated project and Sales Order (SO) number(s).

#### For spare part orders, Purchase Order Requisitions (POR’s) will be raised to initiate specific purchasing activities.

#### POR’s will be reviewed and released (approved) by assigned approvers in the system; this status will be updated in the system, and the requester sent a notification.

#### Approved POR’s will be sent (via the Oracle routing process) to the Sourcing team to raise POs directly with suppliers for parts and services. These would have been priced as part of the ITO process.

#### Where POR’s are not approved, the POR will be rejected in the system, this status will be updated in the system, and the requester sent a notification.

### The execution of all Orders involves the collation and retention of critical documentation, the Sales Support Analyst will create/utilize the following repositories for the order:

#### A hard-copy Order File will be created as per standard Australian Commercial Operations team process (file type and labelling convention). This file shall be retained by the Sales Support Analyst during the order execution phase. At completion it shall be moved to the central storage facility at the Jandakot site (Subsea Services building).

#### An electronic sub-folder within the Australia BHGE Services Folder system, using standard Australian Commercial Operations naming convention. The Sales Support Analyst identifies the functional team members required to support the Request for Quotation (RFQ) and sets appropriate access rights. The sub-folder will be associated with the original electronic folder created (based upon SFDC#) during the ITO process in accordance with Inquiry to Order (ITO) Process WI (QW—FAC-PER-018)

## Order Execution

## Order execution encapsulates the time from vendor PO creation (in Oracle) up until order receipt.

## The Buyer (Sourcing) is the primary driver of the spare part procurement process. This is due to their direct relationship with the supplying party (internal or external to GE).

## The Sales Support Analyst (OTR) role is a supportive one and is responsible for, among other things, the:

## Tracking and monitoring the progress of the spare part order delivery against the agreed schedule;

## Scope and budget;

## Management of variations; and

## Communication with the requester.

### During the Spare Parts ITO Process the Proposal Analyst will have sent requests to the Buyer (Sourcing) to obtain pricing from internal and/or external vendors, to support response to RFQ’s received (these requests will be managed using the RFQ form and associated information); the Buyer (Sourcing) will request quotes from vendors and make these available to the Proposal Analyst for the development of formal quotes.

### Where an order is received and handed over to the Sales Support Analyst (OTR), spare part procurement will be requested by the Sales Support Analyst, by raising a POR in the system. This POR will be reviewed and released by a nominated approver in line with segregation of duty requirements.

### The released POR will be sent automatically to the Buyer (Sourcing) in the Oracle system, who will review it to ensure consistency with quotes received during the ITO process such as lead times, bid validity and pricing.

### Where the POR is accepted, the Buyer (Sourcing) will raise a corresponding PO(s) with the relevant supplier/vendor, and re-confirm actual delivery schedules; this information will be relayed to the Sales Support Analyst.

### Unless already committed in the quote to Customer, the reconfirmed delivery schedule will be used by the Sales Support Analyst as the expected order receipt date, and will be used as the baseline for performance analysis, including On Time Delivery (OTD).

### Where the POR is not accepted by either the POR approver or the Buyer (Sourcing), this status will be updated in the system, and a notification sent to the requester.

### During the order execution phase the Buyer (Sourcing) will manage the relationship and interface between GE and vendor/suppliers, and provide updates to the Sales Support Analyst during the weekly OTR tracking meeting and/or ad-hoc communication.

### Spares receipting shall be in accordance with Inward Goods Work Instruction QW-FAC-PER-001.

### The Sales Support Analyst will need to confirm if a customer, third-party, or other inspection of the receipted spare parts Order is required, where it is, the Sales Support Analyst will advise the customer contact that the order is available for inspection, and liaise between the customer contact and Warehousing, Shop and/or Quality teams where appropriate to coordinate the inspection process.

### Where an inspection is not successful, the Sales Support Analyst will work with all associated functional teams to determine the course of action to be taken and the options to be presented to the Customer, which may include:

#### Re-ordering the spare part order from the same or an alternate supplier;

#### Repair and/or modification to the parts; and/or

#### Cancellation of the order where the customer does not wish to proceed with rectification of the order.

### Where additional and/or order rectification works are required, where appropriate this can be managed using current quotes and new POR’s or other requests raised against the established contract; where works cannot be managed under the existing framework, this may trigger the ITO process to proceed with new scope or activities.

### Where the inspection is successful and all items ordered are received the Sales Support Analyst will proceed to collate all required supporting documentation for invoicing.

### The Sales Support Analyst will collate all documentation associated with the order, and particularly, those required by the customer for invoicing; examples of critical documentation are: Work Orders (WO), approved VOs, third party invoices, timesheets, Engineering drawings, inspection reports and Certificates of Compliance.

#### Copies of all documentation should be stored within the relevant Australia BHGE Services Folder system.

#### Where customer defined invoicing formats are required, these shall be used, otherwise, as a minimum, a summary cost build-up sheet will be provided, making reference to the contract and PO elements where available, with supporting documentation.

#### Where required documentation is not available, and required for Customer invoicing, the Sales Support Analyst will raise this with the Commercial Manager; the Sales Support Analyst does not have the authority to approve GE absorption of cost. Where absorption of costs is agreed this should be agreed in writing by the Commercial Manager, and electronic and hard-copy records retained.

### If the customer wishes to pick up their spare part Order from the Jandakot facility, the customer shall send a formal request in the format of the Equipment Delivery Notification and Call-Out Form (QF-PER-047) to the relevant Commercial Operations Mailbox.

### Upon receipt and validation of the information the request will be logged in the system (Oracle Pick List) and the Equipment Delivery Notification and Call-Out Form and associated information forwarded to the Warehouse Team for action.

## Order Invoicing

## Refer to the Services Order-To-Remittance (OTR) Process WI (QW-FAC-PER-019).

## Order Close Out

Refer to the Services Order-To-Remittance (OTR) Process WI (QW-FAC-PER-019).

# Roles & responsibilities

| Key Role | Responsibility |
| --- | --- |
| Buyer (Sourcing) | The Sourcing function/Buyers are critical in the Spare Part OTR process, and are responsible for the actual procurement of Ordered products and/or services from both internal and external suppliers/vendors. The Sourcing team are the interface between GE and suppliers/vendors. |
| Customer | * Provide the PO. * Confirm any variations required. * Confirm delivery schedule. * Receive or pick up required spare parts. |
| Commercial Manager | Where required, review and support the Sales Support Analyst manage the OTR Process in a compliant, profitable and consistent manner; will often be involved in situations where escalation is required to progress an Order. |
| Proposal Analyst (ITO) | Handover the Order to the Sales Support Analyst.  Attend handover meetings where required.  Provide any clarification on the order to the Sales Support Analyst if required. |
| Sales Support Analyst  (OTR) | Receiving and reviewing Customer Orders from the ITO process, setting the order up in the system and managing its execution and delivery to Customer agreed schedule, scope and budget.  The Sales Support Analyst is in effect a Project Manager for the delivery of each Order, and needs to manage risk of delivery, including identification and Customer approval of variation Orders and general stakeholder management elements. |
| Sales Manager & Integrated Service Coordinator | Provide the interface between the Commercial Operations team and the Customer. The Sales Manager/ISC responsible for a given order will be responsible for reviewing incoming and outgoing communications in a timely manner and driving resolution with the Customer on raised points. |

# Quality records

The following is a summary of records produced by this work instruction that shall be maintained and controlled according to the requirements of [OGQ-0102 - Record Control](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea80796e2d&showRendition=true). All records shall be in line with Records location map relevant for the site/organization.

| Record |
| --- |
| BHGE Purchase Order Requisitions |
| BHGE Purchase Orders |
| BHGE Invoice to Customer |
| Equipment Delivery Notification and Call-Out Form |
| Variation Order Form |
| Reeust for Quotation Form |

# References, terms, definitions & acronyms

## References

| Number | Name | Training material & quiz |
| --- | --- | --- |
| n/a | BH[GE O&G QMS Lexicon](http://supportcentral.ge.com/@lexicon) | n/a |
| n/a | [Subsea Systems & Drilling QMS Lexicon](http://libraries.ge.com/download?fileid=697340101101&entity_id=55721334101&sid=101) | n/a |
| [OGQ-0102](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063d167&showRendition=true) | [O&G Record Control Procedure](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063d167&showRendition=true) | [OGQ-0102TM](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063d169&showRendition=true) |
| [OGQ-0116](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063e586&showRendition=true) | [O&G Design & Development Procedure](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063e586&showRendition=true) | [OGQ-0116TM](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063e58a&showRendition=true) |
| QF-PER-044 | Request for Quotation Form | n/a |
| QF-PER-046 | Order to Remittance Checklist – CommOps | n/a |
| QF-PER-047 | Equipment Delivery Notification and Call-Out Form | n/a |
| QW-FAC-PER-001 | Inward Goods Work Instructions | n/a |
| QW-FAC-PER-018 | Inquiry to Order (ITO) Process Work Instruction | n/a |
| QW-FAC-PER-019 | Order to Remittance (OTR) Process Work Instruction | n/a |

## Terms, definitions & acronyms

Italicized terms have been defined in [BHGE QMS Lexicon](http://supportcentral.ge.com/@lexicon) for Terms, Definitions and Acronyms. In case of conflict with [BHGE QMS Lexicon](http://supportcentral.ge.com/@lexicon). For this document, the below table will take precedence.

| Acronym | Term | Definition |
| --- | --- | --- |
|  | Customer | Organization or person that receives a service or product. |
|  | Inquiry to Order (ITO) | The process for developing commercial opportunities that includes risk review, development of a proposal and handoff to OTR; also a sub-group within the Commercial Operations function. |
|  | Inspection | The process whereby a physical audit is carried out on spare parts Ordered and received, typically to confirm things such as quantities, quality and conformance of items against specifications. Inspections may be conducted by GE representatives, Customer representative and/or third party inspectors. |
|  | On-Time -Delivery (OTD) | OTD is a measure of the number of Orders delivered on or before the due date committed to the Customer.  OTD is a percentage calculated by dividing number of orders delivered on time in a given month/total number of orders planned to be delivered in the given month. |
|  | Order | Agreement to fulfil on contract or Customer PO. |
|  | Order to Remittance (OTR) | The period of time and activities associated with a sales contract from the time a commitment is accepted by the execution team until contractual obligations are complete; also a sub-group within the Commercial Operations function. |
|  | Oracle (System) | Australia Oracle ERP system. |

|  |  |  |
| --- | --- | --- |
| **Acronym** | **Term** | **Definition** |
| AVL |  | Approved Vendor List |
| BHGE |  | Baker Hughes a GE Company |
| CDE |  | Capital Drilling Equipment |
| CommOps |  | Commercial Operations |
| ERP |  | Enterprise Resource Planning (System) |
| IS |  | Integrated Services |
| ISC |  | Integrated Service Coordinator |
| ITO |  | Inquiry to Order |
| OTD |  | On Time Delivery |
| OTR |  | Order to Remittance |
| PMS |  | Product Management System |
| PO |  | Purchase Order |
| POR |  | Purchase Order Requisition |
| RFQ |  | Request for Quote |
| SFDC |  | Sales Force Document Control |
| SO |  | Sales Order |
| VO |  | Variation Order |
| WI |  | Work Instruction |

# Appendix

N/A