



OFS FIELD GUIDE TO MAXIMIZE CASH FLOW & PROTECT YOUR BUSINESS

A Guide For Oilfield Service Companies To
Navigate The Market During the Price War And
COVID-19

ENVERUS
Drillinginfo

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With COVID-19 affecting the way we interact and a price war driving the price of oil down dramatically, cash flow management is critical during this time. If you are reducing your expenses to align with your revenue, you still need to optimize your cash flow because you pay expenses faster than revenue is received.

Below are ways you can protect employees, optimize cash flow, and minimize the impact of price cuts and less revenue.

WHAT ARE SOME EASY WAYS WE CAN PROTECT OUR EMPLOYEES AND MAINTAIN BUSINESS CONTINUITY RIGHT NOW?



**ONLY ALLOW
EMPLOYEES IN
THE BUILDING**



**RECEIVE
DELIVERIES AND
MAIL AT THE
DOOR**



**PROVIDE HAND
SANITIZER AT
EACH ENTRANCE
AND IN VEHICLES**



**HALT NEW
EMPLOYEE
TRAINING**



**LIMIT EMPLOYEE
TRAVEL (IF ANY)**



**HAVE OFFICE
EMPLOYEES
WORK FROM
HOME**



**ROTATE SHIFTS
FOR SOME
POSITIONS**



**UTILIZE
COLLABORATION
APPS LIKE ZOOM,
FACE TIME, OR
MICROSOFT
TEAMS FOR
MEETINGS**

WHAT CAN I DO TO PROTECT CASHFLOW DURING THIS TIME?

First, there are small business loan options available right now to help businesses bridge the gap the pandemic has created. Visit the U.S. Small Business Administration's [website](#) to learn more.

You can protect your cash flow in two ways during this time. Minimize DSO and look for opportunities to increase efficiency in your billing processes. We cover how to do this below.

Minimize DSO

If you focus on minimizing DSO, you free up cash. Think about creative ways to invoice and get paid faster. Why? An interesting dynamic of cash flow is that your billing terms begin the date of your invoice. If you give your customer terms of Net 60, that clock doesn't start until you submit an invoice to your customer. Expenses, like payroll, vendor bills, and credit card bills, occur in real-time. Yet you do not receive payment for the services you provide until weeks after you submit an invoice to your customer. That is why it is critical to invoice as soon as possible after the work is completed.

A way to measure how long it takes you to get paid is DSO = Days Sales Outstanding. This metric is the number of days from when you submit the invoice to your customer until you receive payment. There is an additional part called invisible DSO. This is the time between when you provide the product or service and get the invoice created. Invisible DSO can be days or weeks, and it costs your business money.

Find And Solve For Inefficiencies

This could be anywhere in your business, but you want to focus on those that affect billing and expenses. They will improve cash flow and can pay for themselves!

HOW CAN I REDUCE DSO?

Early Pay Discounts

Give a percentage discount for customers that pay early. You do this because cash is so important you are willing to give up a few percentage points to get paid faster.

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Several OFS companies are increasing their early pay discount percentage to as much as 10% to get paid faster. The discount you give depends on your specific business, profit margins, and any debt payments you must make. The point is that you can use this tool to drive faster payment, especially if your customer asks for a price reduction anyway. You should always get something of value if you are giving something. In this case, you are being asked to give up percentages of your revenue through price cuts, so if you turn that into an early pay discount, you have now gotten something of value in return.

HOW CAN I REDUCE INVISIBLE DSO?

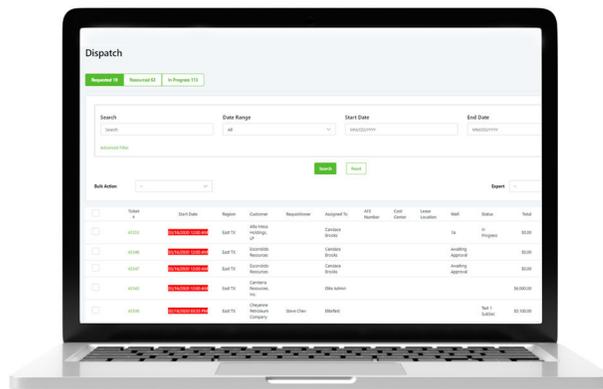
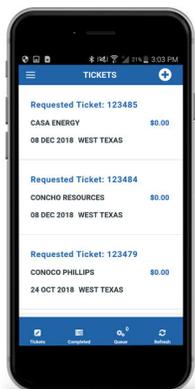
Submit Tickets Via Electronic Funds Transfer (EFT)

With social distancing measures in place, suppliers are being asked to email tickets for approval or submit via EFT if the operator is set up to approve electronically. The main concern with email is that this can lead to delays or confusion in your billing process. In some cases, we're seeing operators speed up their rollout of electronic ticket approvals to meet this challenge.

We suggest you ask your customers if they accept EFT approval in OpenTicket. There are over 80 operators that do! It is free for you to submit tickets as a supplier. Many suppliers don't realize their customers accept EFT. This submission method prevents your employees from having to come in contact with the approver to get tickets signed.

Invest In A Digital Field Ticket Solution

Most people do not think about adding a software solution to their operations during lean times; however, if you can reduce your billing time, it will pay for itself very quickly. [Customers](#) using the Enverus [FieldTicket](#) application reduced their DSO from months to days. Plus, you get the added benefit of implementing it while you're not busy.



Send Tickets Via Email

If you can't send your ticket with EFT, here are some ways to stay organized and avoid delays.



**UTILIZE
FOLDERS
TO STAY
ORGANIZED**



**USE PDF
ATTACHMENTS TO
PREVENT EMAIL
FROM NOT
SENDING DUE TO
SIZE LIMITS**



**USE READ
RECEIPTS TO
CONFIRM YOUR
EMAILS ARE
RECEIVED AND
OPENED**

WHAT ARE SOME WAYS MY COMPANY CAN QUICKLY BECOME MORE EFFICIENT IN OUR BILLING PROCESSES?

Merely getting by or waiting for these market conditions to pass isn't a good plan. To remain competitive, service companies need to operate and function more efficiently than in the past. While COVID-19 and the price war continue, you can expect to see decreasing opportunities for work, and this may result in having to do more with less—fewer resources, less cash, and maybe less overhead support.

The only way to accomplish this is by being efficient. Here's what we recommend.

Streamline Everyday, Repetitive Tasks

Look for repetitive tasks that someone is doing over and over. Are you sorting through stacks of paper or big, complex Excel spreadsheets to get information? These simple things cause delays in processes that eat up hours or days. All of these are opportunities to become more efficient.

Another example includes paper field tickets. If your company still uses paper field tickets and wait hours or days for those field tickets to arrive from FedEx to the office, have field users take a photo of the ticket and text it to the office to reduce your billing cycle. This creates significant time savings using a very simple workflow change.

Require Project Deposits Up Front

If your business requires capital intensive investments up front or deals with long lead times, one way to minimize the impact of cancellation is take a deposit upfront before the project starts. This way you aren't bearing all the financial risk by yourself.

Invest In Software

Maybe you could use a dispatch app to manage jobs, a payroll app to capture hours for payroll, analytics to help you optimize your business development strategy, or an electronic field ticket solution. Again, most people do not think about adding a software solution to their operations during times like this, but if you can reduce your billing time, or invisible DSO, from days to just hours, the investment will pay for itself very quickly. Enverus [FieldTicket](#) solution and [Oilfield Services analytics](#) solutions are designed to help OFS companies find deals faster and optimize operations so you can grow your business and get paid faster.



Look For Technology Integration Opportunities

Other opportunities to be efficient include integrations. If you find yourself entering the same information in two or three different places, this can be very time consuming and expensive. Look for available technology integrations for the products you already have. Many service companies use QuickBooks as their accounting system and also have to enter ticket or invoice data into a billing portal for their customer. You essentially enter the same information twice for every single invoice. There are apps, like [Enverus Supplier Link](#), that will send the data from QuickBooks to OpenInvoice and other billing platforms automatically. That saves you tons of time by only needing to enter the data once into QuickBooks.

CONCLUSION

We must continue doing business while limiting face-to-face contact. You can turn this into a positive effect if you look for ways to improve your billing and operational processes, so they are not dependent on personal visits. Some solutions are products you buy, and some may be small workflow changes. We've all had to adjust to these market events.

By focusing on increasing efficiency in your business and reducing DSO, not only will you be able to protect your cash flow, your business will benefit by these improvements in the long-term and set you up for future growth.

ABOUT ENVERUS OFS SOLUTIONS

Enverus [FieldTicket](#) solution and [Oilfield Services analytics](#) solutions empower OFS companies to find deals faster and optimize operations so you can grow your business and get paid faster. To learn more or request a free demo, email us at businessdevelopment@enverus.com or call us at [1-800-282-4245](tel:1-800-282-4245).