

Profiles in Modernization

Featuring: Robert Martinez, President & CEO Titan Rock Exploration & Production



“In order to survive in the future, we recognize that we need to be cutting edge and focus on the integration of business workflows.”

Before you started this modernization journey, how would you rate Titan Rock against your peers and other industries?

Titan Rock is a private equity (PE) backed start-up that was founded in 2017 and so far we've grown through two acquisitions. The benefit of being new and lean is that we didn't have a standard way of doing things, which means we could think more creatively about our digital approach. Our strength has been on the operations side, and although it's important to have a sound business strategy, we understand the importance of data as an enabler for efficient execution. Benchmarking against our peers by establishing KPI dashboards allows us to continually track progress and hold our team accountable for results.

How did you get your journey off the ground and develop your roadmap?

Titan Rock prioritized our digital journey based on the importance of our functional processes and what we could streamline. In order to survive in the future, we recognize that we need to be cutting edge and focus on the integration of business workflows. We looked at production operations first, then financials and accounting, and then our land function.

With these priority areas and our previous experience from different energy companies, we developed a rigorous business performance review process with our executive team to show our production by area, net revenues, and other data points to illustrate our productivity or valuation. To prepare the review, we needed to know the data inside out, so we used different technologies to aid us in that process. We also spoke with various industry peers, but found that the

companies that were investing and focusing on digital strategies were mostly the majors who have the resources and budget. Across the board, we've noticed that the smaller E&Ps have limited capital and technology implementations, so Titan Rock has viewed this as a key differentiator to make our processes much more efficient.

At the end of the day, it all comes down to people. Given that we're a small company, the most important resource we have is our time, so it's all about gaining efficiencies on a per minute basis. We're using technology to help us develop repeatable templates and processes so we can eliminate manual tasks and third-party consulting, while also reducing the time it takes us to export the data. For example, we now have custom templates to upload our data from our production reporting system directly to the regulatory agencies, and this can be completed in five minutes compared to 2-3 days previously.

What are the cultural challenges that you had to overcome?

We didn't face many challenges with cultural change because the direction came from the top. Given my background as an engineer and being the president of the company, it was a lot easier to implement this initiative from the top-down and give it the attention it deserved. Our executives believed in the process and we got the team on board to execute and move forward. A lot of us had been part of companies where we saw issues in the way things were run and executed, so we took those learnings with us to build our roadmap.

In order for oil and gas companies to survive over the next several years, they need to be cutting edge and make use of every single efficiency that they have. There's so much power at our fingertips with software and hardware, and we need to be more integrated.

Profiles in Modernization

Featuring: Robert Martinez, President & CEO, Titan Rock

Our technical employees are nicely balanced – they are experienced enough to appreciate the entrenched ways of doing things, but young enough to recognize that there are innovative technologies that we should take advantage of.

The challenge that many companies face is that the CEO does not come from an operations or engineering background, so they don't necessarily understand the importance of how technology and data can help optimize execution.

What types of technology were the keys to your success? E.g. mobility, IoT, analytics

Benchmarking and KPIs have been critical. I pay attention to how we stack up to our peers when comparing our production, financials, and overall operation. At Titan Rock, we use benchmarking technology and break it into weekly and monthly goals to determine what we need to do functionally or by area to enhance our process or address any issues. It's a continuous cycle of improvement which allows us to produce tangible reporting for our investors and demonstrate that we're being good stewards of capital.

We live at a time when things are becoming increasingly digital, but it's all about what we're doing with that data and how we're analyzing it. I believe Machine Learning and Artificial Intelligence (AI) are important to our industry, but will likely be stalled given the downturn. However, smaller players, like Titan Rock, may have the appetite to incubate it, develop it, and test it out to show some real promise and results by working closely with an industry partner.

"Having a lean team, clear strategy, and practical technology will be the difference between those companies who thrive and those who may not survive."

As an example, we've deployed various technologies to help us with our hedging and production, and are looking at AI to help us identify problems before they become expensive repairs. As part of our evaluation of different technology solutions, we always weigh the following –

Five attributes to consider when evaluating different technology solutions

- ◇ Features/functionality
- ◇ Technology
- ◇ Presentation
- ◇ Integration
- ◇ Overall value gained - cost benefit

Looking at these five elements, we like to work with vendors where we can be part of their field test group and provide our operational expertise to define their AI or Machine Learning strategy. This is a mutual benefit as it improves their solution for our purposes. One area of interest for us in the future is predictive analytics where we can identify potential failure before it occurs by identifying key data anomalies.

Where are you along this journey and what's your goal for the future?

Titan Rock is still in growth mode and we are focused on scalability at this point. For our next phase of modernization, we need a partner with a dedicated and strong technology background that is focused on this as their core business. My company is not in the business of being a digital technology builder -- we are focused on optimizing and developing assets, not spending time and headcount on writing code for our systems. To build the workforce of the future, we need people who are tech savvy and have powerful tools to make decisions very quickly. Ultimately, it's all about return on investment for our shareholders, as well as reducing G&A and overhead. Having a lean team, clear strategy, and implementing practical technology will be the difference between those companies who thrive and those who may not survive. Our plan for the future is to operate within cash flow, generate prospects, and be self-funded, just like the successful oil companies of the '80s and '90s.



Quorum Software solutions empower our customers to streamline operations that drive growth and profitability across the energy value chain.

For additional information about Quorum or to request a demo, please contact Quorum sales at 713.430.8601 or visit quorumsoftware.com.