

# MANAGING THE IMPACT OF COVID19 ON BUSINESS OPERATIONS – FOCUS ON OIL AND GAS SECTOR

## Introduction

The COVID-19 pandemic has affected the Oil & Gas industry in several ways. The price of oil has crashed from \$64.37 per barrel to \$40.50 per barrel and the outlook for the rest of the year is for oil prices to remain below \$40 (US EIA, 2020). Against this backdrop, according to the International Energy Agency, the cost of oil production in Nigeria remains high when compared to that of other oil-producing countries, thus compounding the challenges faced by the oil and gas industry in this region.

This article examines how indigenous Oil & Gas companies are adapting their infrastructure requirements by leveraging solutions from Data Center and Cloud providers to improve operations, save cost on legacy equipment and enhance business resilience against the drop of oil prices and improve responsiveness to market changes. With case studies from Seplat, Lekoil and JMG, this paper will also highlight critical strategic decisions that indigenous Oil & Gas companies can make to further boost the efficiency of their operations as they navigate the current landscape and adapt to the new realities of doing business.

## Infrastructure Challenge in the Oil & Gas Sector

The Oil and Gas industry has taken advantage of innovative technologies like mission critical supply chain and asset management applications, device networking, predictive maintenance, remote monitoring and smart oilfields technology to continually improve production efficiency, and ensure operations run safely. As a result, many Oil & Gas companies have invested in self-owned data centers and high-computing systems to manage the large volumes of data generated

from day-to-day operations, in addition to exploration activities.

Asides from the high initial capital investment required to build a datacenter and associated operating expense to maintain infrastructure and manpower required for electricity, cooling, networking and security, these organizations run the repeated risk of having equipment and infrastructure that cannot expand or scale without purchasing and installing additional devices.

As operations become more digitized, many companies in the industry are looking towards the strategic advantages of Internet of Things (IoT), Big data, and Artificial Intelligence (AI) to differentiate and stay competitive. There is no doubt that the infrastructure required to support the compute power, storage, scale, and speed of these technologies is best provided by Cloud technology.

## Leverage Cloud & Colocation Technology to Remain Competitive and Relevant in Today's Market

Migrating to Datacenter and Cloud service providers makes it easier for Oil and Gas businesses to quickly deploy new virtual data centers at a fraction of the cost required to procure physical equipment.

Due to several commercial benefits, from scalability and reduced cost of ownership, Cloud computing is becoming a desirable model to Oil and Gas companies as it allows them to reduce capital investments in hardware and enjoy computing resources that can scale up or down rapidly in response to changing project needs. Infrastructure as a Service (IaaS) companies provide this infrastructure with guaranteed levels of uptime and security, in shortened planning cycle.

# Benefits of MainOne as a Partner

The digital transformation of Oil and Gas enterprises is a huge systematic undertaking therefore, support from technology companies is required to reduce risk and ensure successful and timely completion.

60,752

Here are some business benefits that can be realized by a partnership with MainOne to overcome the challenges of infrastructure include:

## ■ REGULATORY COMPLIANCE:

MainOne delivers Colocation and Cloud Services from its Tier-III data center, MDXi, located in Nigeria, ensuring compliance with data localization for the highly regulated Oil and gas industry. MDXi is certified with PCI-DSS, ISO 9001 and ISO27001 standards, allowing customers to meet regulatory and governance compliance

## ■ SCALABILITY:

MainOne provides a flexible Cloud environment allowing Oil and Gas companies ramp up services quicker as it is no longer dependent on a fixed server environment.

MainOne provides the freedom to create a virtual environment from a pool of Cloud Infrastructure as a service (IaaS) resources including compute, memory, storage, bandwidth, firewall, load balancer and network security, based on specific application requirement.

## ■ SIGNIFICANT COST SAVINGS:

We leverage economies of scale to manage critical ICT Infrastructure at low costs. Cloud computing uses remote resources, saving organizations the cost of operating data centers, cost of servers, and other equipment.

## ■ INTERCONNECTIVITY OPTIONS:

As a carrier-neutral data center connected to a plethora of Internet Service Providers, Network Services and Internet Exchanges, Oil and Gas companies hosted within our Data Centre facility can easily build the network infrastructure that meets their specific needs from a broad range of connectivity options.

## ■ BEST IN-CLASS TECHNOLOGY:

Built on enterprise-grade infrastructure and housed in the best data centre in Nigeria, MainOne Cloud provides low latency from 10ms, faster response times, and better experience for business-critical workloads within West Africa.

## Case Studies

MainOne has provided mission-critical data center and Cloud services, to large enterprises in West Africa for over 5 years without any downtime, offering maximum availability and security for critical business applications (like ERP/SAP systems). Depending on requirements, we either colocate your servers in our data center or host them on our Cloud infrastructure, and below are some success stories from similar companies we have partnered with:

### ■ seplat

As one of the largest indigenous players in Nigeria's upstream exploration and production sector, Seplat had managed an on-premise data center, along with smaller server sites at key locations, but as operations expanded, intermittent downtime caused by a range of issues tied to power and cooling was being experienced at its primary data center facility. MainOne delivered a comprehensive data center solution that improved the stability of Seplat's IT infrastructure with zero downtime leading to cost savings, increased flexibility, and productivity, without having to tie up capital in infrastructure.

### ■ LEKOIL

As an African exploration, and production company with interests in Nigeria and Namibia, Lekoil needed to expand development opportunities while reducing operational costs. By outsourcing its critical infrastructure to MainOne's Data center facility, MDXi, the organization achieved a flexible solution for its core IT infrastructure operations enabling them to acquire the needed digital capabilities and focus on core business operations while entrusting its high availability technology requirements to a competent partner.

### ■ JMG

As one of Nigeria's largest providers of power generation solutions and electrical infrastructure, with two subsidiaries in Ghana and the Ivory Coast. JMG opted to migrate its critical business applications (ERP and CRM) from an offshore public Cloud platform to a regional Cloud Service provider to bring its infrastructure closer to its end-users and improve user experience with reduced latency and lower dependence on international connectivity. MainOne also provided a secure and reliable MPLS connection to ensure JMG had a direct connection to the data center and access to its other providers. As a result, JMG achieved improved performance, uptime, and substantial decline in latency, by more than half, because of switching provisioning from European data centers to Lagos.

## Conclusion

As the global economy continues to navigate its way in the "new normal", the oil and gas industry remains one of the most crucial sectors to the Nigerian economy. The current crisis has pushed these businesses in Nigeria to accelerate digital transformation to reduce the complexity of managing costly infrastructure while improving agility and innovation.

As an end-to-end provider of Connectivity, Datacenter and Cloud services, MainOne provides the capacity to match global best practices in the deployment, operations, and management of critical ICT infrastructure including Colocation and multi-Cloud solutions while complying with local regulatory standards.

With investments in the in-country deployment of Microsoft Azure Stack, MainOne can offer the same public Cloud technology with a local footprint. The Azure service from the Tier-III MDXi datacenter in Lagos allows Oil and Gas businesses in Nigeria to enjoy the flexibility of Cloud computing hosted in-country on a subscription basis. MainOne's commitment is to work as partners to the indigenous Oil and Gas customers in navigating their journey to the Cloud with confidence to speedily reap the benefits of their digital transformation journey.

Our experts are ready to review your requirements and provide detailed information on the technical, commercial, and practical elements of your proposed Cloud implementation. Please contact us today at [info@mainone.net](mailto:info@mainone.net) to find out more.