

Overall Winner

Best Card/e-Cash Solution

NexTier Completion Solutions Inc.

Phung Ngo-Burns, Chief Accounting Officer & Treasurer

NEXTier

NexTier Completion Solutions Inc. located in Houston, Texas, USA is part of the oil and gas field services industry. The company has over 2,300 employees across all its locations and generates over US\$1.2bn in sales.



Phung Ngo-Burns, Chief Accounting Officer & Treasurer, Bernie Liu, Manager – Treasury, Laura Fleming, Sr. Analyst – Treasury and Kenny Pucheu, Executive VP & Chief Financial Officer

Three tier card solution takes NexTier to the next level of efficiency

The challenge

Following a series of mergers, most notably between two industry equals, which doubled the size of the company overnight, NexTier Completion Solutions Inc. emerged as the second largest completions services provider in the US OFS space. Because of the company's frequent and ongoing acquisitions, the corporate treasury team faced the difficult challenge of managing its commercial card, purchase card (P-card), central travel account (CTA) and travel and expense (T&E) card programmes across numerous divisions. Lacking centralisation, these programmes created significant reporting, recording and spend control issues for the team. In addition, manual processes around new card requests and credit line increases with the existing card programme proved cumbersome and time-consuming. The treasury team set an objective to achieve host-to-host connectivity with a new card programme provider to drive a dramatic improvement in automation, while driving operational and financial efficiencies.

A major focus for the team was freeing up cash, making it available for reinvestment into capital spend, thus supporting the company's acquisition strategy. By conducting rolling 13-week cash forecasts, treasury has

been able to make better informed decisions around the accounts payable (AP) and accounts receivable (AR) functions. Armed with these insights, treasury recognised the need to extend its days payable outstanding (DPO) from 35–45 days, to 55–65 days to free up working capital. At the same time, days sales outstanding (DSO) would be maintained at 45–50 days.

The solution

After careful evaluation, the team set an objective to implement a single commercial card programme that would encompass virtual card account (VCA), P-card, CTA and T&E card activities across the enterprise. A virtual card programme was seen as an important means for shifting vendors away from cheque and ACH payments, but one of the challenges from such a programme would be successfully enrolling vendors.

With approximately 50 large suppliers, and spend in the region of US\$65m, extending DPO was seen as crucial. At the same time, it was important that the VCA programme be viewed as advantageous to NexTier's vendors, who need to meet their own

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working capital optimisation objectives. A key incentive for encouraging vendor adoption was that the VCA programme shortened payments to 15 days the vendors, providing much needed cash flow improvement for them, and simultaneously extend the actual DPO for NexTier.

“Adding to the operational challenges of the overall initiative, we simultaneously rolled out a major upgrade to SAP S/4HANA while the card programme was being explored. We recognised the importance of completely integrating the new card programme into the new ERP system to maximise the benefits of this digital transformation initiative,” explains Phung Ngo-Burns, Chief Accounting Officer & Treasurer.

Best practice and innovation

NexTier’s use of an innovative VCA solution is a first in the oil field service industry and stands as an example of true treasury best practice. The implementation of this initiative is in keeping with the company’s core values, which emphasise taking responsibility, working

as a team, and taking the initiative to innovate and win. The treasury team has embodied these values, focusing on driving success for the entire business.

Perhaps most impressively of all, the team was able to implement this innovative solution in just six weeks.

Key benefits

- Single card provider selected.
- Improved efficiencies and visibility.
- Working capital improvements.
- Cost savings.
- US\$80m spend shifted to VCA solution.

An example of a very human impact of the power of this solution for all NexTier’s teammates, an employee working in Saudi Arabia needing emergency medical treatment was helped immediately. Furthermore, the team has now come up with a long-term solution involving the issuance of medical procurement cards. This single commercial card programme has delivered high-quality services to both the supplier partners and the internal teammates at NexTier.



NexTier’s treasury team approached Citi with a clear objective to help drive operational and financial efficiencies related to their Commercial Card programmes. Their goal was to implement a single commercial card programme that would encompass virtual card account (VCA), P-card, CTA and T&E card activities across their entire enterprise. Citi’s virtual card programme, in particular, was seen as an important tool to help maximise working capital, shifting vendors away from paper cheque/ACH payments and extending DPO. Given NexTier’s laser focus and tremendous partnership between our organisations, we were able to implement an integrated commercial card solution in a remarkably short 90-day period.

Peter Geronimo, Director, Treasury and Trade Solutions, Citi

in partnership with 