



# Supplier Registration and Prequalification Data Standard

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## 1 Proposed Data Standard

The *Supplier Registration and Pre-Qualification Data Standard* (hereafter “Standard”) is intended to address a standard list of data fields and questions that direct how those fields are to be determined. It is acknowledged that some Buyers already have their own bespoke way of working and the Standard is not intended to replace these ways of working but to offer a flexible solution to those Buyers who are seeking to produce a supplier registration process.

## 2. Executive Summary

The Standard objective is to define a global standard library for the documenting of supplier registration and prequalification profile data. The Standard will simplify supplier profile related interactions between buyers and suppliers, reduce bureaucracy, and allow faster responses to data requests such as Requests for Proposals, Quality Surveys, and Audits. Currently, multiple buying organizations are independently pursuing such standards on a regional or global basis. In addition, there are independent entities that either collect such data for sale (examples: Dunn and Bradstreet, LexisNexis) or facilitate community sharing of such data (example: Achilles, IS Network, Avetta) that may benefit from and facilitate a standard. The primary objective is to develop a shared library of common data elements, their definitions, and their syntax such that all buyers and suppliers may use them regardless of how data is actually captured or shared.

The Standard may be used to capture data from both current and prospective suppliers to a buyer. The scope of which suppliers would be asked to provide data is left to the buyer to determine based on their business case. Different scopes in use today include:

- Allowing open registration/prequalification of all companies that express an interest in becoming suppliers.
- Registration/prequalification only for invited suppliers
- Registration/prequalification only for suppliers under contract
- Registration/prequalification only for key or high risk suppliers

The Standard is purposely intended to be flexible in order to allow Buyers to make the Standard fit to their own bespoke requirements. The intention is to utilize the Standard as much as possible whilst adding/deleting requirements as deemed appropriate by each Buyer.

## 3. Standard Composition

The Standard is composed of a defined data model, and flexible risk model which works in conjunction with the data model.

### 3.1 Standard Data Model

The data model is composed of the following sections:

- 12 Data Sections - These are groups of questions and elements with a common theme
- 53 Question – Each question contains either a single data element or multiple data elements. The question defines the nature of the response requested in the data element.

- 170 Element – Each element is the actual data that is intended to capture in the Standard as it defines the characteristics of the supplier.

Within each row of the Standard are the following columns:

- Master Line Reference – this is simply a key to identify that row of data, and has no significance in the number itself.
- Status – to be removed, as all lines in the approved standard are “confirmed”
- Section Header, Question, or Question Element – identifies the content of the row for ease in search. Note that a “Question” contains an Element, while a “Question Element” is an additional Element that is related to the Question that it follows.
- Item Text – this is the description of the Section, Question, or Element in the given row.
- Parent Company: Mandatory/Optional/Conditional – For each parent company that is registering/prequalifying, this describes if the given Question/Element is:
  - Mandatory – all suppliers are required to respond with data.
  - Optional – the responding supplier is requested to provide the requested data, but it is not mandatory.
  - Conditional – the responding supplier is required to provide the requested data if certain triggers are set based on responses to a previously completed mandatory Question/Element.
- Registration or Prequal – Indicates if the Question/Element it presented to the supplier in the Registration process (thus seen by all suppliers) or Prequalification process (only seen by those suppliers that are required to proceed beyond registration).
- If Prequalification or Conditional, trigger criteria is: - indicates for those Questions/Elements that are only presented based on supplier triggering, what the specific trigger is that applies.
- Affiliate: Mandatory/Optional/Conditional - For each company Affiliate that is registering/prequalifying, this describes if the given Question/Element’s response is mandatory, optional, or conditional as with the parent company.
- Syntax – provides a basic indication of how the Question/Element response is expected to be entered. The various syntax options are:
  - Pick List = list of options defined by each question. Selectable items are defined within the solution implementation, not the PIDX standard. Yes/No is a specific form of a pick list where Yes and No are the only two selection options.
  - Free Text = 500-character limit as standard. This limit is to prevent responses that exceed the field size of other systems that may be fed from a prequalification data source.
  - Number = 16-character limit as standard.
  - Multi Pick List = list of options with corresponding levels of options similar to "Pick List", but allowing for multiple selections to be made.
  - Check Box = point & click to select (multiple) selections as defined by individual question. Selectable items are defined within the solution implementation, not the Standard.
  - User Selected Date = an interactive calendar
  - URL = Universal Record Location (address of web page)
  - Upload = transfer a document to the prequalification system
  - Download = extract a document from the prequalification system

Data elements may be global (example: Company name) or regional (example: registration with US Small Business Administration), but both will be part of the global standard. Data elements can be indexed by a supplier's company legal entity for ease of search and reporting.

## **3.2 Risk Model**

As noted in section 3.1, some Questions/Elements are conditional based on a risk trigger. These risk triggers fall into the following categories: goods/service offered, location of business operations, and location of work performed.

### **3.2.1 Goods/Service Offered**

Different types of goods and services carry with them differing levels of risk based on the potential for a negative event, or the expected magnitude should a negative event transpire. When implementing the Standard, companies should use a standard goods & services categorization hierarchy. The recommended baseline categorization hierarchy is the United Nations Standard Products and Services Code® (UNSPSC) as it is an open, global, multi-sector standard for efficient, accurate classification of products and services that is widely used globally. Where other hierarchies are used, it is highly recommended that a mapping is created to UNSPSC to allow easy translation from one hierarchy to another. For example, it would allow a supplier that is using UNSPSC to use the UNSPSC codes to select the correct categories being offered when populating a prequalification questionnaire.

Regardless of which categorization hierarchy is used, a company should pre-define which categories of goods/services are considered "high risk" and when selected would require the completion of conditional Questions/Elements. Typically, the determination of categories as high risk is performed prior to the launch of a prequalification solution, and do not often change. Also, when a category is assessed as high risk, it applies to all companies offering that category, independent of any other factors.

### **3.2.2 Location of Business Operations**

Where a company is headquartered or performs its business operations can result in the need for additional information gathering in a prequalification. This can be risk elements related to the environments in which a company operates, such as those countries with a high incidence of corruption, financial insecurity, labor violations, or environmental violations. It does not mean that a company based in such a country is high risk, merely that further scrutiny is required due to companies in general in that country are exposed to higher risks.

When determining location risk, the geographic boundary most often used and recommended is at the country level. Assessing country risk may be based on an internal ranking of risk, or third party risk assessment ranking from organizations such as Transparency International, and Verisk Maplecroft.

### 3.2.3 Location of Work Performed

Typically, any work performed offshore is considered a higher risk than that performed onshore, as the offshore environment requires specialized transportation, is in a very constrained work environment, has limited access to emergency services, and has a higher expected impact of a negative event. Hence, it is typical that work performed offshore is considered high risk, even if the category of services provided is itself low risk.

Similarly, any work performed by a supplier at a buyer's site is considered high risk due to the liability of the supplier personnel being in the buyer's environment in case a negative event were to occur. For example, a management consultant working in their own location is low risk. But that same consultant working in a customer's facility is high risk due to unfamiliar environment, potential for risks like heavy machinery or pressure vessels that are not in an office setting, and the accountability the buyer has for all personnel on its site. Thus, it is typical that work performed on-site is considered high risk, even if the category of services provided is itself low risk.

## 4 Implementation and Maintenance of the Standard

Use of the Standard is not exclusive of other prequalification data, nor does it require adoption of all Questions/Elements. It is expected that many companies will deploy additional questions beyond those in the Standard as part of their prequalification solution. Typically, these would include company-specific questions (example: "Have you performed work in the last 2 years for *Company X*"). In addition, a company may choose to deploy the Standard, but eliminate some Questions/Elements that are not valued by their business. The important factor in deployment of the Standard is not to alter any Questions/Elements that are used from how they are defined in the Standard.

It is recommended that a successful implementation of the Standard includes a process for data validation that ensures the data capture is accurate enough to provide the intended value. This means spot checking data as it is provided by the supplier initially. In addition, data should be revalidated as it ages. Any data element that has an expiration date (i.e. a certification) should be re-validated when an expiration date has passed. Suppliers should be asked to confirm/update all other fields periodically, typically in an annual refresh process.

Over time, it is anticipated that changes/additions/deletions to the Standard will be recommended. These will need to be reviewed and approved through the PIDX standards approval process prior to being included in the PIDX Standard (see PIDX site <http://www.pidx.org/policies-procedures/> for more details).

As noted in section 3.1, the Standard was developed with the intention of capturing the most essential data used in a typical supplier prequalification, while also minimizing the effort in entering, validating, and maintaining that data. With that in mind, the expectation is that companies preregistering would only do so at the parent organizational level, and would list their relevant affiliates that are associated with that parent (i.e. a simplified family tree). The intent of the Standard is to capture some data (example – company financial records) only at the parent

level, while providing the visibility to the various affiliate companies for whom this data applies. This prevents the inefficiency of capturing data that is repetitive across many affiliates, or is not relevant at the affiliate level. In this context, an affiliate is defined as follows:

An “Affiliate” is a corporation, partnership, joint venture, limited liability company or similar entity that is controlled by, or is under common control with the designated “parent company.” “Control” means the ownership of a majority of the shares or other ownership interests of an entity or the contractual right to control the day-to-day affairs of the entity. A party may own fewer than fifty percent of the voting securities or other ownership interests of an Affiliate so long as it holds the contractual authority to manage the day-to-day operations of the Affiliate.

An Affiliate can only have one parent (example: a 50/50 Joint venture can only have one of the equal partners that is demonstrating primary management control). In some cases, the ultimate parent company is not an operating company, but is a holding company or a company not involved in the O&G industry. In this case, the Parent that would register would be the highest operating company in that group below the holding company level.

When an Affiliate is triggered as high risk to require prequalification, the Parent is also required to respond to parent prequalification questions even if the conditions of the Parent alone would not require prequalification. For example, the Parent may be in a low risk country, but the Affiliate is in a high risk country. Both Parent and Affiliate would then need to prequalify because that country risk of the Affiliate impacts the Parent as Parent personnel likely engage with the Affiliate in business operations that are related to the risk. However, each Affiliate is treated separately from each other, so a single high risk Affiliate only impacts the Parent, not the other Affiliates.

## 5 Benefits

- 4.1 The primary benefits anticipated are:
  - 4.1.1 Labor savings of resources currently managing the data in scope
  - 4.1.2 Responsiveness through faster sharing of data in scope
  - 4.1.3 Improved decision making and buyer/supplier relations through a more common view of the data in scope (i.e. one version of the truth)
- 4.2 All buyers, sellers, and 3<sup>rd</sup> party providers have the potential to benefit from using the proposed data standard. Note: the proposed standard will likely require change from current proprietary or internal standards in use today.

## 6 Contributors to the Standard

The following individuals/companies are participants in the development of these specifications:

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