

A stylized globe in shades of green and teal, set against a dark blue background with white speckles. The globe is surrounded by numerous teal spikes of varying lengths, each ending in a small teal circle, resembling a coronavirus particle. The continents are depicted in a lighter shade of green.

DATASHEET

**COVID-19: A *Black Swan*
Event for the US Oil and
Gas Industry?**

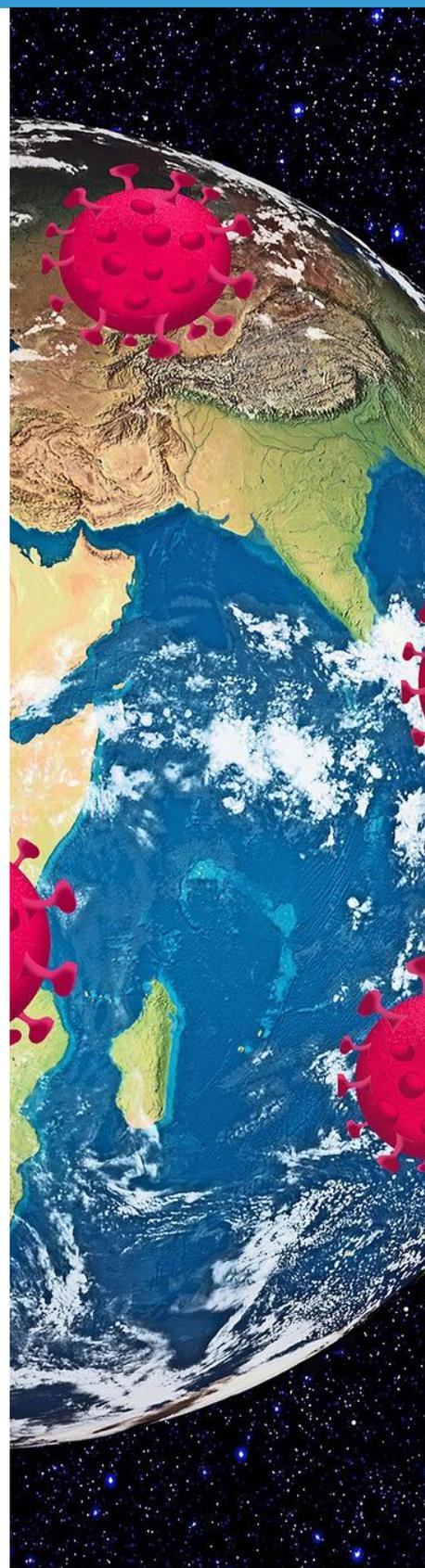
“Quantzig’s comprehensive portfolio of analytics solutions combine the power of advanced technology and data-driven insights to help you make accurate decisions to thrive in the new normal.”

Price fluctuations and demand volatility have always been a major challenge for the US oil and gas industry but has rarely been more extreme than it is today. The **COVID-19 crisis** has not just resulted in severe demand-supply disruptions but its long-term implications on the global economy have led to rapid price swings and dwindling margins that have made it challenging for US oil and gas companies to thrive.

As business leaders and policymakers navigate the crisis, they find themselves in uncharted territories fraught with challenges and unique disruptions. Though much has been written about the best practices and policies adopted by oil and gas companies across the globe. Considering the current situation in the United States, it is already late to contain the pandemic in its infancy and US oil and gas companies are forced to face the brunt of the crisis whilst they try to ensure business continuity.

Get in touch with our analytics experts to gain comprehensive insights on the challenges facing the US oil and gas industry.

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Short-term Disruptions: Decline in demand and oil prices

The sudden surge in COVID-19 has plunged many of the world's leading oil refining and production centers into limbo, with plant closures and uncertainty in China leading the way. Government figures have shown a considerable decline in crude oil refining and processing this year when compared to the same period in 2019 and an overall 6.5% decline in production. The anticipated decline in production in the near future is also poised to result in a decline in oil prices.

Long-term Implications of COVID-19: Supply chain overhaul & business model revamp

In the long-term, the US oil and gas industry should consider examining its supply chain strategy and operating model to address the risks of topographical concentration and lack of resiliency. Many oil and gas companies have geographically concentrated oil and gas extraction and refining units to realize the benefits of low-cost labor, promising tax structures, and synergies with both suppliers and customers. Considering the ongoing disruptions, its high time oil and gas companies in the US take **corrective measures** and focus on overhauling their business models and supply chain strategies to thrive in the 'new reality.'

WHY CHOOSE QUANTZIG?

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- Agile, robust, and cutting-edge customer data analytics models
- Cross-domain pollination
- Flexible white box solutions

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Responding to the COVID-19 Crisis: Steps to Consider

The US oil and gas industry has been greatly impacted by the effect of COVID-19. The COVID-19 outbreak has resulted in a plunge in oil and gas prices, diminished demand for oil, and rapid production declines. As we move forward, thriving in the 'new normal' requires American oil and gas companies to face three headwinds- ***Coping with the decline in oil prices, a low demand scenario, and the need to drive margins & manage debt obligations.***

Amidst all the chaos, tackling the challenges might seem complex. Though typical **contingency plans** can help improve operational effectiveness to some extent, they generally don't consider the losses due to long quarantine periods, travel restrictions, and other government-imposed restrictions to curb the impact of the crisis.

How the US Oil and Gas Industry Must Respond to the COVID-19 Crisis:

- Develop business continuity plans and the potential impact of continuing with normal operations
- Automate processes and minimize manual tasks
- Plan for a supply chain overhaul and identify alternative suppliers
- Focus on mergers and acquisitions

Also, since the COVID-19 crisis has resulted in several unique disruptions across industries, it is challenging for businesses to navigate the crisis. To help businesses, we've developed a holistic business support package for businesses that cover various aspects of a business including supply chain management, financial reporting, and crisis management.

CORE CAPABILITIES

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- Cannibalization Analysis
- Price Optimization
- Demand Transference
- New Product Launch Impact Analysis
- Footfall Driver Analysis
- Retail Analytics
- Banking Analytics
- Logistics and Transportation Analytics
- Supply Chain Analytics
- Food and Beverage Analytics
- Inventory Management
- Risk Analytics
- Supply chain operations management

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WHAT'S IN STORE FOR THE FUTURE?

While the extent of COVID-19's disruption to the global oil and gas supply chains and the industry as a whole hint at a paradigm shift, it already presents bigger opportunities for those who are well-prepared to thrive in the 'new reality'. To tackle the short-term disruptions of the crisis, oil and gas companies should focus on implementing contingency plans. And to tackle the **long-term implications of the COVID-19 crisis** it's essential to focus on modifying supply chain strategies and operating models to mitigate single points of failure.

Considering the current scenario and its impact on the US oil and gas industry, COVID-19 serves as a reminder that business operations and global supply chains are fragile and disruptive events can come from unanticipated sources. The crisis also presents an opportunity for oil and gas companies to rethink and remodel today's paradigms, opening new doors to collaborate and establish stronger frameworks that can help build a more resilient future.



ABOUT QUANTZIG

Quantzig is a premier provider of cutting-edge, transformative analytics solutions that enable businesses to improve outcomes by applying data-driven insights into their day-to-day decision-making approaches.

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