

# Eni, How Efficiency and Respect for the Environment Go Hand in Hand



## Eni, Its Business and Its Challenges

Eni is one of the largest and most important integrated energy companies in Italy, and one of the World's leading companies in the oil and gas, electricity generation and sale, petrochemical, oilfield services construction and engineering industries. World-wide Eni employs almost 76,000 people in 70 countries, generating revenues of €83.6 billion in the first three quarters of 2008, 35% more than that in same period last year. Its stated mission is a commitment to the activities of finding, producing, transporting, transforming and marketing oil and gas not only in Italy but also in the international market. In Italy, Eni touches the life of practically every Italian, not only through its oil-related activities, but also through gas which is very widely used by Italian families. The privatisation of Eni, initiated in 1995, was the most successful privatisation of any company in Europe in the Nineties.

Because it is such a large company, Eni is constantly under scrutiny and must carefully manage its business conduct and public image. Eni has handled its special role well, and it is certainly true that its reputation in Italy is far better than that of many energy companies in other parts of the world. Maintaining this image is, in itself, a challenge.

By definition, energy distribution needs to reach the farthest corners of any country. Ensuring that energy is available to distribute in Italy is an even greater challenge, as Italy is a large net importer of energy, both oil and gas. Eni owns five oil refineries in Italy, some of which are located in remote regions, and it has interests in other refineries in Italy, Germany and the Czech Republic. Furthermore, it relies on a large international gas transmission network that carries gas to Italy from North Africa and Russia. Finally, Eni owns seven power generation plants in Italy.

The search for new sources of energy is one of Eni's greatest challenges, and it has built up significant exploration know-how through the years. Most of its activities take place abroad through a series of alliances and subsidiaries, some of which are part owned together with foreign governments. This is not, in itself, a problem, but it does mean that more efforts must be devoted to co-ordination and relations management than if the activities had been confined to Italian territory. Indeed, Eni's international relations is one of its greatest strengths, probably building on the largely unthreatening and uncontroversial image of Italy abroad.

## Eni Demonstrates Corporate Responsibility with the Help of Video Conferencing

There is no getting away from the fact that an oil, gas and power company anywhere in the World will have a significant environmental impact. Eni realised early on that rather than spending resources denying this, it should admit it once and for all and then take affirmative action to minimise its impact on the environment. With its close ties with the local community, it is important that Eni should live by its own rules and not just pay lip service to the green agenda like so many other energy companies in the World. Eni's widespread use of video conferencing solutions should be seen in this context.

Eni 30PERCENTO (meaning 30%) was an initiative launched in the Spring of 2007, aiming to provide 24 tips and insights to the Italians on how to save 30% on their energy bills. Nine of these tips were related to transportation.



An even better publicised initiative, and one which made headlines due to its simplicity and common sense nature, was the official abolition of the traditional suit-and-tie dress code throughout the company during the Summer of 2007, by way of which Eni was able to raise the temperature in its offices, making significant energy savings on air conditioning.

## Video Conferencing Increases Managerial Efficiency at Eni



Eni introduced video conferencing back in 2004. As in most companies, the introduction of video conferencing was not part of a master plan co-ordinated with the IT and telecommunications departments. The first deployments of video conferencing equipment were handled by the Facility Management Department, and were put in place to ensure point-to-point connectivity, mainly between Rome and Milan, based on ISDN dedicated links. The system remained a silo, and world-wide roll-out was not attempted.

In the Summer of 2005, Eni took a management decision to make a significant investment in upgrading Eni's video conferencing solution, and to provide connectivity throughout the company. Because of issues with the quality and compatibility of the existing equipment, Eni decided on an all new, IP-based video conferencing approach. In evaluating the different vendors, Eni looked at three criteria: (1) The completeness of the infrastructure offered by the vendors; (2) the quality of the audio and video call; and (3) the security and reliability aspects.

Following these recent upgrades, Eni now only uses TANDBERG equipment. It has deployed the Termination Point (multi-point control unit) in its headquarters in Rome and Milan. At this point, the main part of the project has been completed. All the refineries have been included into the network, and Eni has closed its gaps abroad, extending its video conferencing to hundreds of sites in 26 countries across five continents.



The video conferencing development is being driven by Eni's operational team and by top management. Eni's top managers are amongst the most enthusiastic video conference users. Already, regular top management meetings take place as video conferences, and management ad-hoc usage is forever increasing. This is a phenomenon which has had a positive effect on the general quality of the infrastructure, as Eni's management is extremely demanding. Eni has always insisted that the quality must be consistently high, outages are quite unacceptable, and the network must be very safe, as security issues are a threat which Eni must take very seriously, given the nature of its operations.

Eni has not experienced any drawbacks in relation to conducting its top management conferences as a video conference rather than face to face.

*“Nothing is lost when a high quality video conference is held between people who already know each other. It is as good as being there in person, without travel costs in time and money and in a quick and simple manner. Besides this, to be in touch with all the colleagues spread all over the world is a value creating experience, and this led us to feel part of a unique company”*

**Gianluigi Castelli, Eni CIO**

## Video Conferencing Enhances the Quality of Eni’s Project Teams

The operational part of Eni is using video conferencing more and more for internal meetings. Project teams can now be formed without taking location into account, meaning that the most suitable staff members within Eni can serve in project teams regardless of where they are located. The secretary for each organisational unit has been supplied with one or two video conferencing end-points. These can then be reserved and used when and where necessary. Personal systems are less of an issue at Eni, as it already operates an all IP telephone system, with web cams incorporated into many of the company’s telephone handsets, fully integrated with the video conference systems.

## Increasing Efficiency and Employee Welfare, Respecting the Environment

At Eni, the introduction of video conferencing has also produced cost savings. Just by adding together the travel costs that have been saved since its current video conferencing solution was rolled out, substantial cost savings that will eventually be counted in millions of Euros become apparent. That, however, was never the main point with Eni’s management decision. The main point was always for Eni to achieve increased efficiency and demonstrate corporate responsibility.

Efficiency has increased at all levels of Eni. For Eni’s top management, the emphasis is on decision-making, both in terms of the speed at which decisions can be made and of the quality of these decisions. Because no one has to travel, Eni is able to get its top management together for urgent discussions in a matter of hours rather than in a matter of days. Meetings and high-level discussions take place between people in different locations, using the most recent security standards. Because consultations are easy to set up, and because there are no practical limits to the extent of the consultations, decisions can be made ad hoc, when necessary, without sacrificing quality.



Sustainable development is a key concept for Eni and it is a rule that all innovations must be assessed for their impact on the environment. Eni endeavours to address as many aspects of environmental protection as it can (e.g. in how it deals with waste and in redeveloping land on which it has worked).

Widespread use of video conferencing solutions is an important element in the strategy to reduce Eni’s carbon footprint. Eni estimates the number of video conferences held to be 52,000 per year. Estimating that half of these conferences would have required three people to take short-haul flights to meet face-to-face, Eni’s use of videoconferencing systems enables it to save 11,500 tonnes of CO<sub>2</sub> emissions per year (based on 0.15 kg CO<sub>2</sub> per passenger km). Additionally, the symbolic value to the organisation is extremely important, because Eni’s top management is seen to lead by example by reducing its own carbon footprint in a very concrete way.

## The Future Use of Video Conferencing at Eni

Usage of video conferencing at Eni will continue to evolve. Eni believes that there is significant additional potential to be discovered and exploited in the area of the core business processes.

Eni's Exploration & Production Division could use video conferencing far more, but they would need a wireless access solution in operational fields. It is a division whose activities take place mostly in remote places and to a large extent outside Italy. Eni could conduct remote diagnosis of problems (e.g. on oil and gas rigs) as a good alternative to flying in experts by helicopter. It would significantly increase the speed at which the problem is dealt with, and the flights and related emissions are eliminated.

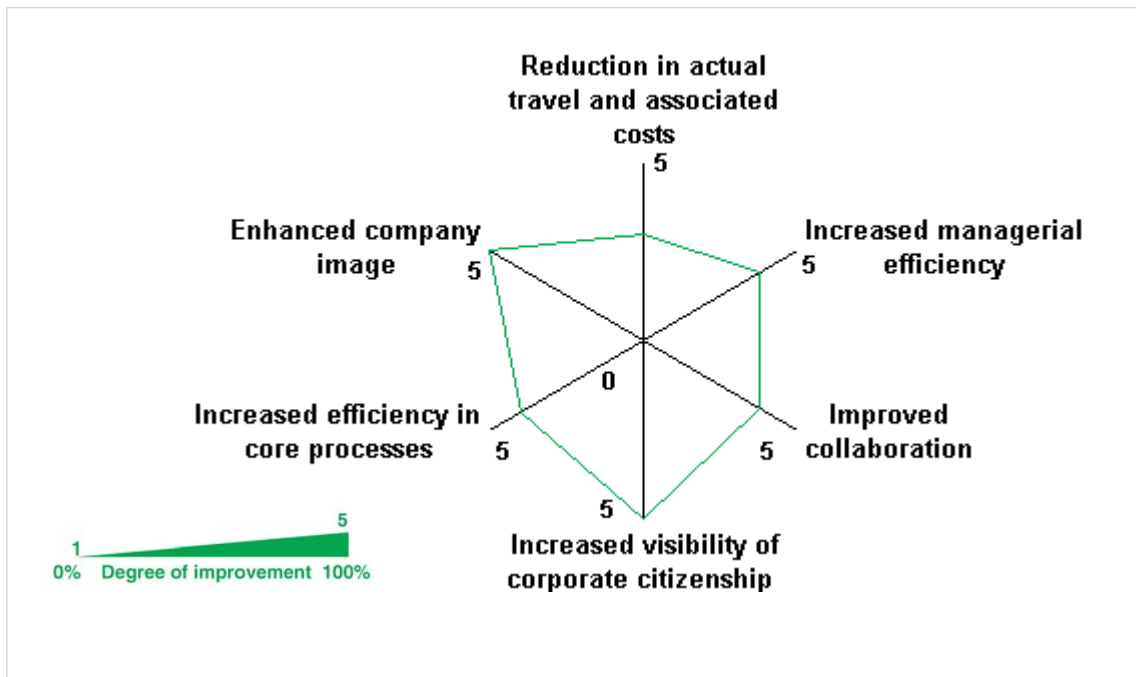
### Eni's Video Conferencing Benefits at a Glance

The most important benefits from the deployment of the company-wide video conferencing solution at Eni have been:

- Increased managerial efficiency through faster decision-making
- Increased operational efficiency through better collaboration
- Reduction in carbon footprint and an important example set by top management for the whole organisation to follow
- Increased visibility of corporate citizenship
- Cost savings

#### Video conferencing benefits at a glance

The spider diagram summarises the importance of the business benefits of using video conferencing for Eni. The scale of 1 to 5 reflects the degree of improvement that Eni has observed as a result of using video conferencing facilities. For example, Eni has observed that video conferencing contributed greatly to its efforts to demonstrate corporate responsibility throughout its operations.



Source: Frost & Sullivan