

## SAP Customer Success Story Oil and Gas



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John Clarke, Northern Lights Project Controller, Synenco Energy Inc.

### AT A GLANCE

#### Company

- Name: Synenco Energy Inc.
- Location: Calgary, Canada
- Industry: Oil and gas
- Products and services: Acquisition and development of oil sands resources
- Revenue: US\$3.7 million (Q2 2006)
- Employees: Approximately 120
- Web site: [www.synenco.com](http://www.synenco.com)
- Implementation partner: BearingPoint Inc.

#### Challenge and Opportunity

Centralize and integrate procurement, budget control, project control, and financial reporting

#### Objectives

- Install financial backbone to manage budgeting, procurement-to-cash cycle, and financial reporting
- Utilize uncustomized SAP® Best Practices offerings

#### Solution and Services

- mySAP™ ERP application
- SAP Education organization

#### Implementation Highlights

- Implementation was within budget and on time
- Use of SAP Best Practices and minimal customization helped streamline installation
- Lack of existing system required little change management
- First financial reports produced within 12 days
- Installation initially involved 1 site and 60 users, but there will eventually be more sites and users

#### Why SAP

- Offers a backbone structure that provides scalable support during rapid business expansion
- Provides solutions that company can add as needed

#### Benefits

- Enhanced efficiency, effectiveness, and simplicity in accounts payable processes
- Easier handling of nearly all payments
- Tighter budget control for project spending
- Reduced financial reporting time from 10 days to 5
- Greater opportunity to leverage initial investment through additional implementations

#### Existing Environment

PC-based software, including Microsoft Excel and Simply Accounting

#### Third-Party Integration

- Database: Oracle
- Hardware: Dell
- Operating system: Microsoft Windows XP

## SYNENCO ENERGY

### mySAP™ ERP Helps Start-Up Oil Sands Developer Centralize Project Purchasing-to-Cash Cycle

Building its IT strategy from the ground up, start-up oil sands developer Synenco Energy Inc. – headquartered in Calgary in the Canadian province of Alberta – chose the financial accounting functionality in the mySAP™ ERP application to centralize its budget and financial reporting processes. The implementation has brought greater efficiency, effectiveness, and simplicity to the company’s procurement and accounts payable processes and created a financial backbone on which the rapidly growing company can build additional capabilities.

### Staying Within Budget in Rapid-Growth Mode

Synenco was created in 1999 to acquire and develop oil sands resources in the Athabasca oil sands area northeast of Fort McMurray in Alberta. Through its Northern Lights Project, Synenco is developing a world-class facility for oil sands mining, bitumen extraction, and upgrading that will provide an important new source of synthetic crude oil. China-based energy and chemical producer Sinopec has partnered with Synenco on this project, which is expected to eventually produce 100,000 barrels of crude oil per day.

With over US\$500 million in assets and growing rapidly (including a rapid increase in employees), Synenco needed backbone technology that would centralize financial control and keep the capital-intensive Northern Lights Project within budget. “We wanted a single system from the beginning,” says Northern Lights project controller John Clarke.

### **Industry Leadership, Scalability, and Best Practices**

Synenco evaluated software from JD Edwards but chose mySAP ERP due to SAP's leadership with both established and start-up firms in the oil sands industry. "Choosing SAP solutions has allowed us to take advantage of SAP consultants with prior oil sands knowledge and experience," says Max Dufour, CIO at

**"The SAP NetWeaver Business Intelligence component . . . has helped streamline budget development and management."**

Patrick Clifford, Director of IT Operations, Synenco Energy Inc.

Synenco. In addition, SAP® software offered the scalability and functionality that Synenco would need down the road. "We knew SAP would see us through the next five years and be a long-term partner," notes Clarke.

While members of Synenco's original leadership team came from different backgrounds, they shared a passion for simple business processes. The team felt Synenco could easily adapt the out-of-the-box best practices that SAP software provided. Synenco looked to SAP – along with its implementation partner BearingPoint Inc. – to train its employees in using the new software and business processes and to meet a tight four-month implementation deadline. BearingPoint has played an additional role in helping Synenco plan for future business needs.

### **A "Plain Vanilla" Implementation**

A strong commitment from SAP and BearingPoint helped Synenco meet its tight deadline. The short implementation period was made possible by a "plain vanilla" implementation that reflected streamlined business processes, says Synenco business analyst Peter Fung. "We wanted a simple, noncustomized system without a lot of bells and whistles," Fung adds. He notes that having the IT side and controllers in agreement about this made the implementation go smoothly.

Online learning programs and classroom training provided by the SAP Education organization provided further help in facilitating the transition to and acceptance of the new financial system, Fung says, especially since most of the users had little

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Max Dufour, CIO, Synenco Energy Inc.

prior experience with SAP software. Synenco will look for additional help from SAP Education for report writing. The new system, currently available at one site for about 60 users, will soon be available at four sites and involve significantly more users.

In addition to streamlining Synenco's accounts payable processes and providing tighter budget control, the new system has cut the time required to produce financial reports from 10 days to 5 and should eventually create reports within 2 days. Nearly all payments are now handled through electronic funds transfer. "Before the implementation, we had lots of people with lots of invoices lining up to get paid," says Clarke. "With mySAP ERP we are out of the check writing business."

Budgeting is now supported by SAP business information warehouse software, now part of the SAP NetWeaver® Business Intelligence (SAP NetWeaver BI) component. This business intelligence component has helped streamline budget development and management. Following SAP software's internal controls such as those for budgeting has helped ensure that employees adhere to company policies, notes Patrick Clifford, director of IT operations at Synenco.

### **A Benchmark for Software Additions**

Synenco next expects to expand its use of SAP NetWeaver BI and add the mySAP Supplier Relationship Management application and the mySAP ERP Human Capital Management solution.

“Now that we have invested in an SAP software system, we are using available functionality as the benchmark in choosing additional software,” says Clarke. “A product from another vendor would have to be much better than the comparable offering from SAP for us to consider it.”

“Having SAP software out of the box, with minimal customization, and having adopted SAP Best Practices offerings should ensure simple and clear upgrades as well as reliable SAP external support,” notes Dufour. “Start-ups who know they're going to expand would do well to get a software system like mySAP ERP in place at the beginning and then have the system grow as they do,” concludes Clarke.

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