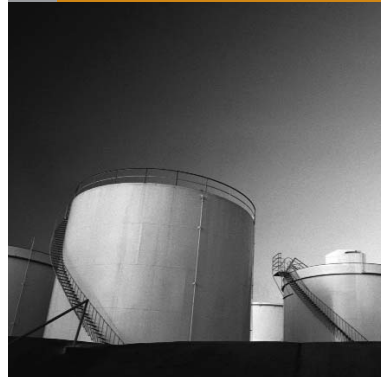


SAP Customer Success Story Oil & Gas

Valvoline chose SAP® Business Information Warehouse so that its employees would have **better access to critical information. Now it has a global reporting solution with a single source of information, which pulls consistent data across the organization in a user-friendly environment. The company also improved visibility into its business processes, which has resulted in, for example, improved profitability in its chemical line.**



VALVOLINE

SAP® BUSINESS INFORMATION WAREHOUSE IMPROVES COMMUNICATION AND HELPS INCREASE PROFITS

The Valvoline Company helps keep the world running smoothly. A division of Ashland Inc., Valvoline provides automotive lubricants, transmission fluids, gear oils, hydraulic lubricants, and more. The company has been successful in its business, taking a leading position as a marketer, distributor, and producer of quality branded automotive and industrial products and services. Valvoline also offers Eagle One car-care products for automotive cleaning and maintenance and operates Valvoline Instant Oil Change, the second largest quick-lube chain in the United States. The company's presence is worldwide, with 4,600 employees in more than 140 countries and 2002 sales of \$1.2 billion.

CHALLENGE OF SUCCESS

Competing effectively in today's marketplace was a challenge to Valvoline, especially when it came to managing, reporting, and disseminating consistent data to key people throughout the company. Valvoline realized that not only did it need a better way for a wide range of employees to access information, but it also wanted a global reporting solution based on a single source of information operating in a user-friendly environment. That's when Valvoline chose SAP® Business Information Warehouse (SAP BW).

CONSISTENT, ACCESSIBLE INFORMATION

Like many global corporations, Valvoline had to overcome the difficulty of dealing with separate business information silos where data was spread across a variety of groups without the benefit of integration and reconciliation. "In the past, we had sales information in a legacy system and financial information in

SAP R/3®,” says Larry Detjen, senior vice president and Valvoline project sponsor. “We had a lot of information in different places that people couldn’t easily get, which meant they couldn’t efficiently manage their business. We had sales reps looking at one thing and people from finance looking at another. Sometimes

“There’s no doubt that we are more efficient. There’s more timely information available, better coordination and communication, elimination of error-prone processes, and a reduced amount of paper-based communications. We now have a better business process and are looking at expanding SAP BW to other parts of our organization.”

Kelli Johnson, Manager of Business Information, Valvoline

the two wouldn’t always add up. When there were discrepancies, a lot of people called in, trying to find someone more knowledgeable who could get the information and then have it sent back to them. Clearly, it wasn’t an efficient way of getting information.”

CHOOSING THE RIGHT SOLUTION

Valvoline saw SAP BW as a natural extension of the SAP business solution they were in the process of implementing. “We were using SAP R/3 for financial information and legacy systems for all other reporting, like sales,” says Kelli Johnson, manager of business information. “The information wasn’t consistent. We spent a lot of time and resources reconciling the data and manipulating it using spreadsheets. SAP BW was the obvious choice because of the built-in compatibility with SAP R/3.”

A priority for Valvoline included having a scalable and integrated solution. “We knew the direction SAP was taking, which was to deliver reports through SAP BW and we wanted to provide reliable reports that could help us manage the business more effectively,” says Mike McKillip, IT director at Valvoline. “Our goals were to provide a tool that provided consistent information for all users, was relatively easy for end users to operate, could automatically update data from primary sources, and could be expanded to include more information.”

SAP BW IN ACTION

SAP BW has given Valvoline employees a tool that helps them work more effectively. With better information at their fingertips, they can now make decisions that improve the bottom line and measure performance. “Every sales manager has standard reports set up to measure sales volume for their customers with

“The depth of information available and the functionality provided through the business warehouse allowed us to be better equipped to effectively manage every aspect of our business.”

Brad Paxton, Project Leader, Valvoline

drill down capabilities to view specific SKUs, product categories, marketing program spend, and so forth,” says Johnson. “They no longer have to wait for data, manually manipulate the information into the format desired, or reconcile differences between systems. With SAP BW, they can view this information daily to track sales progress as compared with prior period and plan. SAP BW provides timely, easily accessible, consistent information.”

“Sales people are looking at the same information that the plant people are looking at, which is the same information that headquarters people are looking at,” adds Detjen. “It’s one source of information. They can track orders and know exactly where they are in the process. This not only benefits our people, but our customers as well. With more accurate information, we can tell them where their order is at any time or let them know if there are any credit issues. We have a snapshot view into their account that’s current all the time, so it’s easier to track issues through the chain. Before, customers had to call three or four people to get information; now they don’t have to do that.”

BENEFITS AT MANY LEVELS

Valvoline used SAP BW in ways that show obvious positive results. “The depth of information available and the functionality provided through the business warehouse allowed us to be better equipped to effectively manage every aspect of our business,” says Brad Paxton, Valvoline project leader.

Valvoline can cite specific dollars and cents benefits. “SAP BW reporting has provided us with improved accessibility to real-time material and customer-specific data for decision making,” says Johnson. “For example, accounts receivable achieved an aggressive ‘current on receivables’ goal, complemented by the lowest days sales outstanding in four years. In the past, accounts receivable information came down at the end of the month. We were reactive. SAP BW changed that. Today, we are proactive. We can see accounts receivable information daily and work on accounts that may look like they’re in trouble.

We have also improved profitability in our chemical line by eliminating poorly performing and unprofitable SKUs. With SAP BW, we’re able to track each product’s performance and see which of them are doing well and which aren’t producing adequate revenue.”

“Another advantage,” adds Detjen, “is that prior to SAP, we had a number of legacy systems that became obsolete over time. For a medium-sized company like ours, it was a huge burden to re-

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write those programs every five or six years, along with keeping up with the latest technology. Now, with SAP, we get upgrades on a regular basis and that’s a big advantage for our corporation.”

NEXT STEPS

Currently, 570 Valvoline employees from sales, finance, accounting, operations, customer service, and logistics use the SAP solution. “We get a lot of positive feedback because we are so far ahead of where we used to be,” says Detjen. “We also get a lot of feedback about where we could go with this. Our people see that we have a very robust tool.”

“There’s no doubt that we are more efficient,” notes Johnson. “There’s more timely information available, better coordination and communication, elimination of error-prone processes, and a reduced amount of paper-based communications. We now have a better business process and are looking at expanding SAP BW to other parts of our organization. We are also looking at mySAP™ Business Intelligence with its strategic enterprise management capabilities.”

AT A GLANCE

SAP solution components	SAP BW, Finance, Controlling, Materials Management, Production Planning, Sales and Distribution
Hardware	IBM
Operating system	AIX
Database	Oracle

THE BEST-RUN BUSINESSES RUN SAP



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