

## SAP Customer Success Story Utilities – Hydroelectric and Wind Energy



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Roy Eidset, Vice President Corporate Services, Statkraft

### AT A GLANCE

#### Company

- Name: Statkraft
- Location: Oslo, Norway
- Industry: Utilities
- Products and services: Hydroelectric and wind energy
- Revenue: NOK 15 billion (€1.8 billion)
- Employees: 5,000
- Web site: [www.statkraft.com](http://www.statkraft.com)
- Implementation partner: SAP® Consulting

#### Challenges and Opportunities

- Manage more than 1,500 projects simultaneously
- Supervise and prioritize all projects efficiently
- Plan and allocate resources effectively

#### Objective

Deploy an enterprise tool that enables consistent, holistic planning and management of projects and project portfolios including financials, risks, milestones, and resources

#### Solution and Services

- SAP xApp™ Resource and Portfolio Management composite application
- SAP Consulting

#### Implementation Highlights

- Successful pilot deployment in the IT division
- Enthusiastic adoption among users

#### Why SAP

- Standardization of SAP software
- Integration with existing SAP landscape
- Expertise of SAP Consulting

#### Benefits

- Facilitated consistent project and portfolio management across the enterprise
- Allowed integration with existing financial and human resource information contained in the mySAP™ Business Suite application
- Afforded accessibility through the existing Statkraft enterprise portal (based on the SAP NetWeaver® Portal component)
- Enabled optimal configuration and deployment

#### Existing Environment

- mySAP ERP application
- SAP NetWeaver Portal

#### Third-Party Integration

- Database: Oracle
- Hardware: Hewlett-Packard

## STATKRAFT

### The Power to Manage Projects with SAP® Consulting and SAP xRPM

At Oslo, Norway's Statkraft – Europe's second-largest producer of energy based on renewable sources – maintenance activities are viewed not as simple processes but as projects. However, the utility company had no tools in place to help manage all of its projects in a systematic, organized way – neither for a simple software upgrade nor for something as complex as maintaining turbines at a hydroelectric plant. For years Statkraft managers had been relying on a variety of piecemeal approaches for keeping track of budgets, staffing resources, and project milestones – and they were all too familiar with the limitations of this approach. There was no easy way to provide organizational roll-ups that would account for the 1,500 or more projects taking place at any time. It was not easy to access project or portfolio management information when it was not the company's own.

Statkraft executives wanted a single project and portfolio management solution, one that would enable managers throughout the company to create, prioritize, document, track, and report on their projects. They wanted a solution that would enable them to allocate and track budgets and staffing resources, one that they could easily access through their role-based corporate portal, which is based on the SAP NetWeaver® Portal component of the SAP NetWeaver platform. Moreover, they wanted a system that would take advantage of information already in the corporate information environment – including budget and human resources information already residing in Statkraft's implementation of the mySAP™ Business Suite application. With the help of SAP® Consulting, Statkraft found and integrated an application that fit the bill perfectly: the SAP xApp™ Resource and Portfolio Management (SAP xRPM) composite application.

## **A History of Success with SAP Software and Services**

Statkraft provides some 40% of the electrical power in Norway. It also contributes power to many other parts of the European electrical grid and trades natural gas with other utilities throughout Europe. It employs more than 5,000 people and has six main office facilities in Norway, along with several hundred smaller offices and field locations at power generation sites throughout the country.

Statkraft has been working with SAP software and SAP Consulting to meet its business challenges for many years. Statkraft uses mySAP Business Suite for financial management, human resources, payroll, timesheets, materials management, sales and distribution, and many other critical aspects of its business.

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Individuals throughout the organization can easily access the SAP applications they need through a role-based implementation of SAP NetWeaver Portal. Whenever a Statkraft employee accesses the corporate portal, SAP NetWeaver Portal presents a set of applications and reports that has been tailored to meet the needs of that individual.



## **A Need for Holistic Project and Portfolio Management**

Given this history of success with SAP, Statkraft managers were predisposed to choose SAP software when they realized that they had to deploy an enterprise-wide project and portfolio management system. The question was whether SAP had an application that would meet Statkraft’s needs.

“We really wanted to take a holistic approach to our project activities,” says Roy Eidset, vice president of corporate services at Statkraft. “Our processes were not as standardized as we wanted them to be, and we needed to get a stronger grip on all aspects of our projects, from idea to approval to startup to closure.”

Stronger process management wasn’t Statkraft’s only requirement. Eidset notes that Statkraft wanted capabilities for managing risk, schedules, financials, and resources. “We’d already been doing this for some time in the IT division using Microsoft Excel,” says Eidset, “but with Excel you quickly reach a limit. It was a good approach when there were only two or three people accessing the information in a spreadsheet, but Excel would never work as a tool for managing all this information throughout the company. We had only 30 or 40 projects to manage in the IT division, and there are more than 1,500 projects under way at any time throughout the company. We needed a tool that everyone could use – one that we could customize to meet people’s needs yet provide a single consistent way to use it.”

The Gartner Magic Quadrant IT solution identified SAP xRPM as a serious challenger in the project and portfolio management environment. This prompted Eidset to contact SAP Consulting to learn more. “We invited SAP Consulting to show us the SAP xRPM application,” says Eidset. “We asked them to show us how we could handle this process and that. They went away and came back with a demo that showed us exactly what the application would do. After three meetings over the course of about two months, we made the decision to go ahead with SAP xRPM.” It is Statkraft’s policy to standardize on SAP software whenever possible. “From what we saw,” Eidset continues, “we could tell that SAP xRPM was going to be good enough – so we didn’t look seriously at anything else.”

## Supporting the Entire Enterprise

SAP xRPM supports Statkraft's goals by providing strategic project decision-making functionality and facilitating best practices at the three following key levels of project governance:

- At the portfolio level, SAP xRPM provides program data for Statkraft managers to decide where and how to invest in projects. It addresses the question of where to deploy valuable human and financial resources to support current business strategies.
- At the program level, SAP xRPM provides Statkraft with management tools for rolling up and visualizing program performance, tracking interproject dependencies, and managing project resources in real time.
- At the project level, SAP xRPM reduces the administrative burden associated with project task reporting. It allows Statkraft project team members to focus on project work rather than administrative tasks.

Additionally, SAP xRPM can extract and use application assets from Statkraft's existing financial, resource planning, and human resource systems to provide an enterprise-wide overview of the project portfolio. Prior to the deployment of SAP xRPM, it was simply not possible to get an enterprise-wide overview of the project portfolio that anyone could use with a high degree of confidence.

## A Phased Rollout

Working closely with SAP Consulting, Statkraft is deploying SAP xRPM in phases. "Our implementation strategy is to think big but to take small steps to get there," says Eidset. "Our first rollout has been in the IT division itself, so we can test out the application and get used to it. Our first global rollout will involve rolling out the financial management portion of SAP xRPM to the entire company later this year. We'll bring risk management online after that and the resource management dimensions last."

The rationale behind this phased approach is understandable. By deploying limited capability sets initially, users can become accustomed to the new functionality a bit at a time. Because there have been no standardized processes in place to date, some users are likely to embrace the standardized processes enabled by

SAP xRPM faster than others who may have been managing their project portfolios in a different way in the past. Once project and line managers have a grasp of how to manage the financial aspects of their portfolios using the functionality of SAP xRPM, then Eidset's team will expand access to the application so that they can begin to use it to manage risk on top of the financials.

Ultimately, Eidset envisions that project and line managers throughout Statkraft will use SAP xRPM, in coordination with the Collaboration Projects application, to manage all aspects of individual projects as well as all the projects in their distinct project portfolios. "We want every person who has an idea for

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a project to enter the details of that idea into SAP xRPM," says Eidset. "They'll have to describe the project, the risks and benefits, KPIs [key performance indicators], the financial requirements, and the human resource requirements. Then we'll use our weekly leader meetings to prioritize the projects. When we can see all this in one place, the leader group can determine which are the most important projects to undertake and support."

With regular progress updates from project and line managers, the leader group will also be able to see which projects are on track and which ones may be slipping. "We're starting off by asking project managers to enter only the high-level milestones," says Eidset, "and we'll ask them to report on those milestones every week. At first we're just looking for simple answers: Is the project on track? Will it be completed on time? If not, tell us what you're going to do about it."

With even this level of information, Statkraft managers will be in a much better position to see where projects stand across the organization. Eidset anticipates that as project managers grow accustomed to the functionality of SAP xRPM they will provide more information and use the software to manage their projects at even greater levels of detail.

### **Guided by SAP Consulting**

Eidset has worked closely with SAP Consulting, from planning to go-live. He wanted to be sure that Statkraft would be both deploying and using the application according to the best-practice standards of the day.

“SAP xRPM is relatively new,” says Eidset, “and it was important for us to get the right resources from SAP. We really needed people who knew the business challenges and could discuss the solution from the business side. We’ve been very pleased with the work that SAP Consulting has done to advise us on how to do things the right way. SAP Consulting knows SAP xRPM. They know how to deploy the product. They gave us the right advice – including what not to do.

“There were a lot of things we were initially thinking about,” Eidset continues, “but in the course of our conversations with SAP Consulting we realized that it would not be a good idea to deploy the application to do things in those ways.”

Indeed, not only did those realizations prevent Statkraft from using the application in nonstandard ways, but they also helped Eidset’s team realize ways to use SAP xRPM that they had not considered previously. “SAP Consulting helped us stay on track with a standard product implementation,” says Eidset, “which is really where we wanted to be. Part of our strategy is to deploy SAP software in the standard SAP way. That’s one reason why our SAP projects are quite successful.”

### **A More Manageable Future**

For Statkraft, SAP xRPM and the work of SAP Consulting are an investment in a more efficient future. Eidset and his team understand that the success of this investment depends upon user acceptance, and the company is working to make sure that all potential users of the new project and portfolio tools can see the benefits that will derive from it.

“Without SAP xRPM, our managers would not be able to manage their project portfolios as effectively,” Eidset says. “When people see the dashboard and the output and the process, they can see the benefits. Everyone who’s seen this is fascinated. We try to emphasize what our long-term goals are and how SAP xRPM will help us reach those goals. We’re getting there by small steps, and everyone understands that.”