



TESORO

MANAGING CAPITAL PROJECTS FROM INCEPTION TO FINAL DECISIONS

QUICK FACTS

Industry

Oil and gas

Revenue

US\$21 billion

Employees

5,900

Headquarters

San Antonio, Texas

Web Site

www.tsocorp.com

SAP® Solution and Services

SAP® Business Planning and Consolidation application

Implementation Partner

Aster Group Inc.

For capital budgeting and forecasting, petroleum industry giant Tesoro Corporation used to employ a slow, multiple-step, error-prone manual process that produced discrepancies and frustrated users. Tesoro switched to the SAP® Business Planning and Consolidation application, which is delivering the accurate, current financial information that management needs to make critical decisions on time and with confidence.

Key Challenges

- Improve financial information visibility for senior management
- Automate the current labor-intensive process for creating reports
- Track capital projects from start to finish
- Institute a “single source of truth”
- Improve data consistency and accuracy

Implementation Best Practices

- Proven methodology of SAP partner Aster Group Inc.
- Highly detailed requirements gathering up front
- Consideration of the complete business process

Financial and Strategic Benefits

- Reduced risk for regulatory reporting
- Increased productivity in capital spending processes
- Enhanced forecasting with ad hoc analysis
- Single view of actual, budget, and forecast data
- Common, complete view of capital projects
- Increased reporting flexibility
- Reduced time spent on data quality and cleanup

Why SAP Was Selected

- Greatly streamlined financial reporting process
- Visibility of current data to senior management
- Familiar interface for end users
- Automated, systematic process
- Reliable, centralized database

Low Total Cost of Ownership

- Common processes across multiple functional areas
- High rate of user adoption of business process flows built into the product
- Reduced resource expenditure for reporting
- Data consolidated from a number of 3rd-party systems

Operational Benefits

Key Performance Indicator	Impact
Reporting cycle time	-60% (2 days vs 1 week)
Reporting resource requirements	-90%



“We can now track capital projects from cradle to grave – from the idea stage through to the conclusion of the endeavor – in substantially less time and with fewer resource requirements.”

Rich Hughes, Manager, Manufacturing Projects and Turnaround Control, Tesoro Corporation

Tesoro Corporation, a FORTUNE 150 company, is one of the largest independent refining and marketing firms in the western United States.

Capital projects, based on ideas that support its corporate strategy, are critical to Tesoro's success and are very significant investments, projected at US\$870 million in 2008. Therefore, the capital budgeting and forecasting process is key to success. In the past, however, Tesoro maintained budget, forecast, and actual data in individual Microsoft Excel spreadsheets – a slow, inflexible, and labor-intensive process that gave rise to data inconsistencies. Reports for senior management took an entire week to produce. Frustration was high and user acceptance was low. To properly support its capital budgeting and forecasting process and improve insight, reliability, and control, the company needed a better solution.

Automating Slow, Error-Prone Manual Processes

Tesoro had several key requirements in its selection process. User interface familiarity was critical for ready end-user adoption, so an Excel-based environment was ideal. The tool had to support an automated process based on a reliable, centralized database that would allow for evaluation of performance using consistent, reliable metrics. The SAP® Business Planning and Consolidation application was a good fit. “When we looked at the SAP software,” states Eugene Nel, princi-

pal consulting specialist at Tesoro, “we knew the process would be much easier to manage, and we would have far greater user acceptance.”

Tesoro chose Aster Group Inc. as its implementation partner because of its enterprise performance management expertise and product knowledge. “Aster has a proven methodology that is thorough, fine-tuned, and well honed,” states Rick Conyers, manager of capital management at Tesoro. “Without Aster's expertise, we would not have made our tight implementation deadline.”

Getting More with Less

Tesoro's new process begins with the idea. The budget or forecast data is then sent to the SAP Business Planning and Consolidation database, and actual financial data is imported from the core SAP software that Tesoro uses to run its business. The process culminates with the final consolidation and reporting package for senior management.

With fast access to reliable data and ad hoc analysis capability, Tesoro can much more easily forecast, organize, coordinate, and control its capital projects and keep them moving. It now takes only two days to produce reports instead of a week. Monthly reports and PowerPoint presentations are dynamically updated from SAP Business Planning and Consolidation. Just 2 people can gather the necessary information now versus 20 before,

who spent much of their time cleaning up data and reconciling discrepancies. This has left time for more value-added activities. Every new idea has a unique number for ease of tracking through the life of the project, which was a big problem in the past.

Reports contain actual, budget, and forecast data, and information from third-party systems is consolidated in one place in a clearly defined system of record. The application automatically reconciles actual and plan data and generates capitalized interest and labor reports by individual project, year by year and month by month for SEC reporting.

Soon Tesoro plans to expand its use of the application to include corporate consolidations and centralized planning, using Aster again as its implementation partner.

Implementation Partner

Aster Group is a leading business and technology consulting firm specializing in the SAP Business Planning and Consolidation application. Aster's team of finance experts has built over 300 business planning and consolidation applications for more than 130 clients throughout the United States and Canada.

aster group™ 

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