Bharat Petroleum: Fueling Real Estate Revenues with SAP® Real Estate Management

How does one of India's most recognized energy companies **gain more clarity and control** over a vast and geographically spread-out real estate portfolio? It deploys the SAP® Real Estate Management application. Today, the software is helping Bharat Petroleum Corporation Limited in improving the revenue performance of more than 10,000 retail, manufacturing, and distribution properties.

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Executive overview

Company
Bharat Petroleum Corporation Limited

Headquarters
Mumbai, India

Industry
Oil and gas – refining and manufacturing, downstream marketing and retailing

Products and Services
Petroleum products, including lubricants, fuels, and liquefied petroleum gas; oil refining

Employees
13,270

Revenue
US$38 billion

Web Site
www.bharatpetroleum.com

BUSINESS TRANSFORMATION

The company's top objectives

- Establish national and site-level visibility of a vast and geographically spread-out real estate portfolio
- Increase real estate revenue productivity
- Prevent property encroachment and financial loss

The resolution

- Control all real estate data and management processes using the SAP® Real Estate Management application
- Consolidate, harmonize, and baseline real estate master data and have it verified by physical inspection wherever needed
- Used in-house SAP software experts to conduct implementation

The key benefits

- Better visibility and easier administration
- Higher signage income
- Elimination of manual processes
- Identification and plugging of revenue leakages
- Complete profile of every property, including legal aspects

Read more

TOP BENEFITS ACHIEVED

20%
Higher signage income

50%
Fewer data objects

100%
Real estate master-data visibility

See more metrics

"We identified real estate management as a key area for improving competitiveness. Managing property has to be a part of the business strategy for achieving greater efficiencies."

Ashok Sinha, Former Chairman and Managing Director, Bharat Petroleum Corporation Limited

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Executive overview

Company objectives

Resolution

Business transformation

Future plans

Sizing up a vast, national real estate footprint

Bharat Petroleum Corporation Limited is the second-largest oil refining and marketing company in India. Given its huge, nationally deployed infrastructure of retail outlets, railway sidings, LPG plants, aviating fueling facilities, and more, it's easy to see why. Each of Bharat Petroleum's six business units maintains its own operations infrastructure, which includes each business unit's leased and owned real estate. But visibility into the company's real estate holdings was insufficient, and information about its nationwide real estate investment was managed and shared using manual ad hoc processes.

The lack of a uniform and consolidated view of Bharat Petroleum's real estate landscape impeded precise tracking of each property's maintenance and usage, creating a greater risk of loss and encroachment. There was a strong need to have the master and transaction data of the entire real estate management available online. This would also help the company's executive team make solid strategic decisions on the long-term management of properties. "Given the tremendous value and scale of our real estate investment," says Narayanan K B, general manager of the ERP Competency Center at Bharat Petroleum, "we felt a critical need to improve its visibility and profitability in order to stay competitive. That's why we deployed the SAP Real Estate Management application."

"To maximize return on the vast real estate properties and streamline rental payments and receipts, we implemented a real estate solution fully integrated with the other components of the SAP ERP application."

G. Kalaiselvan, General Manager (Internal Coaching) and Project Manager, Bharat Petroleum Corporation Limited

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Gaining insight and control with SAP® Real Estate Management

Management wanted to bring together, in a single shared-data model, the different types of real estate that were managed by individual business units. In addition to supply locations and manufacturing units, Bharat Petroleum also leases space at retail outlets to restaurants and shops that operate in its facilities. The idea was to establish a complete profile of each property – everything from land plot drawings and maintenance expenses to occupancy status, lease agreement details, and payment history.

One major implementation challenge for Bharat Petroleum was collecting and verifying master data on all the properties that were owned or leased by the company. To ensure accuracy of the master data specifically on retail outlets, a team was constituted to conduct a physical inspection of each site in a certain class of market before mapping the data into the SAP® Real Estate Management application. The approach helped Bharat Petroleum uncover inaccuracies in the data and issues with specific properties, and take corrective action.

And by using SAP Real Estate Management, information contained in the company's deployed SAP ERP application – including facility asset and property-related payments – can be quickly shared. Bharat Petroleum can also leverage its internal team of SAP software experts. "The entire real estate implementation was done in-house," says Himanshu Shah, senior manager of the ERP Competency Center at Bharat Petroleum. "No external consultants were used at any stage of the project."

"Given the numerous and highly specialized requirements from our business units to improve real estate management and revenue, we opted to implement SAP Real Estate Management."

Himanshu Shah, Senior Manager of ERP Competency Center, Bharat Petroleum Corporation Limited

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Business transformation

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Using complete insight to improve revenue performance

SAP Real Estate Management has made it possible for Bharat Petroleum to view details of its owned or leased property in any part of the country. "You can't do that when different data is being maintained in different systems," says Sanjay Mehrishi, chief manager of the ERP Competency Center at Bharat Petroleum. "And it's how we can use the information that makes SAP Real Estate Management a great investment – like achieving 20% higher signage income." The application is also helping the company eliminate manual real estate accounting and data management efforts, with a data structure that's 50% smaller than before.

Bharat Petroleum can now track the current and long-term legal status of every property, find and plug revenue leakages, and ensure fair and on-time tax payments. "SAP Real Estate Management has added immense value to the businesses by helping us make informed decisions about improving real estate performance," says Mehrishi.

KEY BENEFITS

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Real estate master-data visibility

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Making real estate management a strategic best practice

Bharat Petroleum is expanding critical real estate information across the rest of the business using SAP Real Estate Management. The company is expanding access to real estate master data for more integrated finance and strategic planning processes. Plans also include closer alignment of real estate management with maintenance operations, asset management, and capital expenditure planning.

And as part of the overall real estate management strategy, Bharat Petroleum wants a permanent team in place in all business units to maintain complete, up-to-date real estate visibility. "We introduced the innovative concept of real estate administrator (READ) in each business unit to ensure the timely creation and quality of master data, and to proactively manage real estate operations like leasing," says Mehrishi. "READs are successfully operating enterprise-wide."

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