SAP BusinessObjects™

SAP Customer Success Story
Oil and Gas –
Downstream Oil and Gas Refining and Manufacturing

KUWAIT PETROLEUM INTERNATIONAL LUBRICANTS

Q8OILS INCREASES BUSINESS INSIGHT WITH SAP® BusinessObjects™ SOLUTIONS

"SAP BusinessObjects Profitability and Cost Management has given us a more in-depth understanding of costs across the business. It helps us manage pricing in an appropriate way."

Philip Young, Finance Manager, Kuwait Petroleum International Lubricants

QUICK FACTS

Company
- Name: Kuwait Petroleum International Lubricants (Q8Oils)
- Location: Antwerp, Belgium
- Industry: Oil and gas – downstream oil and gas refining and manufacturing
- Products and services: High-quality lubricants, base oils, waxes, bitumen, and aerosol propellant
- Employees: 443
- Web site: www.q8oils.com
- Implementation partner: Vantage Performance Solutions Limited

Challenges and Opportunities
- Understand the relative profitability of different customers and activities
- Focus sales efforts on the most profitable market sectors
- Streamline business processes
- Reduce costs across the organization

Objectives
- Provide detailed financial reports to support management decision making
- Enable analysis of costs and profits by customer, activity, and sales team

SAP® Solutions and Services
SAP® BusinessObjects™ Profitability and Cost Management application

Implementation Highlights
- Configured solution in line with precise business requirements
- Delivered training that got users up to speed quickly
- Completed project on time and within budget

Why SAP
Previous successful deployment of the solution in the company's UK business

Benefits
- 400% return on investment within 18 months
- Dramatic cut in time spent on invoice approvals – a reduction from 5 days down to 1 hour
- Support for cost-saving and profit-improvement initiatives
- Enhanced visibility of information to enable strategic decision making

Q8Oils

Kuwait Petroleum International Lubricants wanted to increase the amount of detail provided by the financial reports on which managers based their decisions. "We needed to understand costs and profitability for each activity and customer so that we could optimize our operations," explains Philip Young, the company's finance manager. To address this, the northwest Europe (Antwerp, Belgium) and UK (Leeds) manufacturing, sales, and marketing operating units decided to roll out the SAP® BusinessObjects™ Profitability and Cost Management application, improving business insight and driving cost-saving initiatives.

Kuwait Petroleum International Lubricants is a division of Kuwait Petroleum International – the international marketing and refining arm of the Kuwait-based Kuwait Petroleum Corporation. Operating under the Q8Oils banner, it manufactures and sells high-quality lubricants, base oils, waxes, bitumen, and aerosol propellant. Established in Europe for over 25 years, Q8Oils is now a global brand with annual sales of over 700 million liters of oil-based products.

Focus on Profit Margins

To improve the competitiveness of its operations, Kuwait Petroleum International Lubricants was keen to increase its profit margins. To do this, the company needed to monitor costs closely as well as identify its most profitable customers and activities so that it could focus sales efforts on those sectors in the future.

However, to conduct this analysis, the company first needed to implement a best-of-breed enterprise performance management solution that would provide detailed information about costs incurred and profits generated by each customer account and activity. "We needed a solution that would provide increased granularity in our financial reporting," confirms Young. "Only then could we identify areas where expenditure could be reduced, as well as improving process efficiency and improving profitability."

Rapid Deployment

Kuwait Petroleum International Lubricants didn't need to look far for a suitable solution. The company's UK business had already implemented the SAP BusinessObjects Profitability and Cost Management application and had achieved a better understanding of the profitability performance of different customers and market segments as a result. Impressed, Kuwait Petroleum International Lubricants decided to roll out the software across its northwest European business operations.

Kuwait Petroleum International Lubricants turned to SAP partner Vantage Performance Solutions Limited (Vantage) for assistance. "We selected Vantage because of the high caliber and expertise of its consultants, as well as their extensive experience in implementing the SAP BusinessObjects portfolio," comments Young.

Vantage consultants worked closely with the Kuwait Petroleum International Lubricants team to configure the solution in line with precise business requirements. The systems integrator also provided training for the finance managers who would be using the solution. "We needed our personnel to get up to speed quickly with the new software so that they could commence analysis that would support business-critical decision making about profitability improvement initiatives," says Young. "The Vantage team was extremely responsive and delivered on our requirements – on time and within budget."

Activity-Based Reporting

With the solution in place, managers can now access detailed financial information, including analysis on the cost of different activities and the profitability of individual customer accounts. This

"With the assistance of SAP BusinessObjects Profitability and Cost Management, we have achieved savings of more than €2 million within an 18-month period. This is a significant sum."

Philip Young, Finance Manager, Kuwait Petroleum International Lubricants

supports management decision making and has enabled a wide range of pro-active cost reduction and profitability improvement initiatives.

"SAP BusinessObjects Profitability and Cost Management has given us a more in-depth understanding of costs across the business," says Young. "It helps us manage pricing in an appropriate way and ensures optimum profitability for the company."

Thanks to the availability of detailed data relating to the profitability of accounts "owned" by specific sales personnel, the solution highlighted the fact that the company was incentivizing salespeople to close nonprofitable deals. As a direct result of the information provided by SAP BusinessObjects Profitability and Cost Management, the company has changed its sales commission structure so that it now encourages the sales force to seek profitable accounts after all variable costs have been taken into account, not based just on a gross margin level.

Streamlined Processes

As well as improving the visibility of decision-making information, the solution has helped Kuwait Petroleum International Lubricants to streamline its processes, driving efficiency improvements across the organization. The company has already used the software to help restructure its distribution operations, resulting in an impressive savings of €1 million on its previous €9 million distribution spend.

The company's finance function is also benefiting from improved efficiency as a result of the implementation. Among other examples of improved processes, the amount of time required for processing secondary transportation invoices reduced dramatically. "The improvement in our invoicing approval process for transportation enabled by SAP BusinessObjects Profitability and Cost Management is truly dramatic," emphasizes Young. "The procedure now takes just one hour in contrast to the five days required previously."

"The improvement in our invoicing approval process for transportation enabled by SAP BusinessObjects Profitability and Cost Management is truly dramatic."

Philip Young, Finance Manager, Kuwait Petroleum International Lubricants

Significant Cost Savings

By enabling improved process efficiency and by supporting cost-saving initiatives, SAP BusinessObjects Profitability and Cost Management has already delivered a return on investment of 400% for the company.

"With the assistance of SAP BusinessObjects Profitability and Cost Management, we have achieved savings of more than €2 million within an 18-month period," remarks Young. "This is a significant sum and will undoubtedly have a positive impact on our profitability and competitiveness."

Sound Basis for Future Decisions

Kuwait Petroleum International Lubricants is confident that with SAP BusinessObjects Profitability and Cost Management in place, its managers have the information they need on which to base important strategic decisions that will affect the company's long-term profitability and competitiveness.

"SAP BusinessObjects Profitability and Cost Management will continue to help us drive cost-saving initiatives, increase profitability, and make better business decisions based on a sound financial understanding," concludes Young. "There is no doubt that the solution will continue to provide Kuwait Petroleum International Lubricants with significant competitive advantage in future."

www.sap.com/contactsap

50 103 921 (11/06)
©2011 SAP AG. All rights reserved.

SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP BusinessObjects Explorer, StreamWork, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects Software Ltd. Business Objects is an SAP company.

Sybase and Adaptive Server, iAnywhere, Sybase 365, SQL Anywhere, and other Sybase products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Sybase, Inc. Sybase is an SAP company.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

THE BEST-RUN BUSINESSES RUN SAP™