

SAP Customer Success Story Oil and gas



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Erin Shackleton, Corporate Controller, Datalog Technology

AT A GLANCE

Company

- Name: Datalog Technology
- Location: Calgary, Canada
- Industry: Oil and gas
- Products/services: Well drilling optimization technologies
- Revenue: US\$37 million
- Employees: 540
- Web site: www.datalogtechnology.com
- Partner: VistaVu Solutions Inc.

Challenges and Opportunities

- Standardize multiple geographically distributed organizations on a single accounting system
- Comply with country-specific accounting regulations
- Accommodate multiple currencies

Objectives

- Deploy a modern financial package to replace legacy system at the corporate level
- Consolidate multiple accounting packages running in numerous subsidiaries
- Eliminate manual rekeying of financial data
- Improve quality and efficiency of financial and management reporting

SAP® Solution and Services

SAP® Business One application

Implementation Highlights

- Successful initial deployment in the United States, Canada, and the United Kingdom
- Enthusiastic adoption among users

Why SAP

- Functional breadth of SAP Business One
- Multilanguage support
- Cost-benefit advantages compared with other software offerings

Benefits

- Automated accounting data entry processes from subsidiaries – saving more than 20 working hours each month and allowing the controller to spend more time on strategic planning
- Supplied single software application for use throughout Datalog divisions
- Consolidated multiple currencies for corporate reporting
- Enabled straightforward customization
- Provided easy access for all users through Microsoft Windows Terminal Services

Existing Environment

Sage Accpac for DOS

Third-Party Integration

- Database: Microsoft SQL Server 2000
- Hardware: Hewlett-Packard
- Operating system: Microsoft Windows 2003 Server with Terminal Services

DATALOG TECHNOLOGY

Consolidating Multiple Accounting Systems on SAP® Business One

From an accounting perspective, doing business in multiple countries can be extraordinarily complicated for a small or midsize company. The organization must contend with various currencies, languages, and generally accepted accounting practices. Depending on where the company is operating, it may encounter regulatory restrictions that simply preclude the use of many accounting software packages that would be acceptable elsewhere. This complexity puts company controllers in the position of trying to reconcile multiple accounting packages manually, consolidating disparate general ledger accounts, converting among different currencies, and translating among different languages – all of which can make it impossible to close the corporate books quickly and accurately.

Such were the problems facing Datalog Technology in 2005. The Canadian oil and gas exploration services company – based in Calgary, Alberta – had 11 divisions, each operating in a separate country and each managing its accounting systems differently. Datalog’s Canadian and UK divisions used Sage Accpac for DOS; its U.S. division used Intuit QuickBooks. Several divisions in Latin America used Trident; others used nothing more than Microsoft Excel. The divisions reported revenues and expenses in seven currencies, and the corporate accounting department had to convert all these numbers into their U.S. dollar equivalent for corporate reporting purposes.

As for monthly reports for Datalog executives – it was a painstaking task that required Datalog controller Erin Shackleton to print reports from DOS-based systems, collect spreadsheets from individual divisions, and then manually enter the numbers into 17 different spreadsheets. Shackleton had been with Datalog for only a matter of months when she started lobbying company executives for a more efficient accounting system. She spent six months looking at different products – including offerings from Sage Accpac, Microsoft Dynamics GP, Microsoft Dynamics NAV, and other vendors. From Shackleton’s point of view, there were problems with each of them.

When Calgary-based systems integrator VistaVu Solutions Inc. invited Shackleton to a breakfast seminar to learn about an integrated business management application from SAP, Shackleton paid little attention. Datalog was just too small to invest in large SAP® software. But VistaVu Solutions kept calling, explaining that it wanted to introduce Shackleton to the SAP Business One application, an integrated, affordable business management application built from the ground up to meet the immediate and long-term needs of small and midsize companies.

What Shackleton saw was a smaller, integrated application from SAP that would handle multiple languages and multiple currencies, provide job-costing functionality and integrated payroll,

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and comply with the regulatory requirements of all the countries in which Datalog operated. Shackleton was suddenly quite interested, for SAP Business One sounded like it could provide exactly the functionality she sought – and more.

Demonstrations Prove the Power of SAP Business One

VistaVu Solutions demonstrated SAP Business One to Shackleton and her colleagues at Datalog, and they liked what they saw: a single application that would enable Datalog to automate its worldwide business processes and deliver a true and unified picture of critical, up-to-the-minute business information. Shackleton then asked VistaVu Solutions to show her how SAP Business One would handle some very specific situations they were dealing with at Datalog, including some of the toughest tasks she had to manage with her existing infrastructure.

“We do everything by job costing,” says Shackleton, “and I needed to have VistaVu Solutions show me how SAP Business One would enable me to tie vendor payables, customer invoices, and payroll to a job number. Then I wanted to see SAP Business One produce the kinds of reports I needed – reports that would show me profit and loss by job or company as well as profit and loss by division and product line. I also wanted VistaVu Solutions to show me how I could split out assets by location, as we have some companies that operate in multiple locations. These were the most cumbersome tasks we had to perform in the existing system. In contrast, SAP Business One worked quite well.”

A Flexible, Customizable Solution

The demonstrations showed Shackleton that SAP Business One did some things in ways that were not quite in keeping with the way her team did things at Datalog. Her concerns, however, promptly dissolved when VistaVu Solutions showed Shackleton the customizability of SAP Business One.

Shackleton recalls, “When VistaVu Solutions explained that they could customize the application to meet our needs it made SAP Business One even more attractive. It was very appealing to be able to tailor SAP Business One to suit our business needs and our business processes rather than having to tailor our procedures to fit the software.”

Staging a Global Rollout

VistaVu Solutions first presented SAP Business One to Shackleton in August of 2005; in October, Datalog signed the agreement to deploy SAP Business One across all the company's divisions in a staged rollout. North America would go live first, with Datalog's UK division coming online three months later. Latin America and the other divisions would come online thereafter. Using its practice-refined, 15-step implementation process, VistaVu Solutions has been helping Datalog roll out the application quickly and efficiently.

Shackleton made several strategic deployment decisions at the start. First, she chose not to import any historical data from all the other accounting systems but to start fresh from the commencement of the new fiscal year using SAP Business One. While the decision meant that she had to retain seven years' worth of old accounting systems and data in storage for regulatory compliance, that was easier than trying to consolidate seven years of history from all the different divisions, software packages, and currencies. The decision also made it much easier for Datalog to go live in North America less than three months after signing the contracts with VistaVu Solutions.

Shackleton took advantage of the SAP Business One application's support for dual charts of accounts, creating both a functional and a reporting chart of accounts. She structured these to incorporate the general ledger codes for all the countries in which Datalog has operations. "I wanted one chart of accounts that could be used around the world," Shackleton explains. "There are quite a few accounts that we'll never use in Canada – but I know that they'll be used in Colombia or somewhere else. In my consolidation process, it all comes together. Because we have identical charts of accounts in all the regions, it's very easy to consolidate the information."

Another strategic deployment decision was to implement SAP Business One on a centralized instance of Microsoft Windows Server 2003 with Terminal Services. Users from each division access the application over the network through Windows Terminal Services, eliminating the need to deploy and maintain separate copies of the application in each division. Since Datalog has traditionally been a UNIX-based IT environment, having a single instance of a Windows server is easier to maintain than separate servers in each country where the company operates.

Having the application centrally located in Datalog's Canadian data center makes it easier for Shackleton to access information entered by the individual subsidiaries – because it's all right there in one place. She has configured the security of Terminal Services and SAP Business One so that she is the only individual who can access information in all the divisional accounts; the other divisions do not even see one another, and users in different Datalog departments can access only that information or functionality that their jobs and departments require.

Finally, Datalog's early decision to deploy SAP Business One in a staged manner is making it easier for the company to introduce new SAP Business One functionality over time. Initially, Datalog users have access only to the financial and accounting functionality in SAP Business One. As users grow more accustomed to the

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application, Shackleton plans to enable access to the customer relationship management functionality in the application. After that, she anticipates enabling access for certain users to the application's sales and invoicing functionality so that, in time, SAP Business One will be supporting Datalog with far more than just accounting functionality. It will provide the organization with a fully integrated business management system that far outstrips the functionality of the systems that had been in place.

“The people at VistaVu Solutions are very knowledgeable about SAP Business One and have provided invaluable insights into its operation and into how it can be adapted to suit our business,” says Shackleton. “We have been extremely pleased with the level of service that VistaVu Solutions has provided at all stages of our implementation.”

Cost and Benefit Advantages

The fact that Datalog can manage not only its worldwide accounting and financial needs but also its customer relationship and sales needs through a single integrated application played an important role in Shackleton's decision to select SAP Business One. When she compared various different applications, looking only at the accounting and financial functionality, many were less expensive than SAP Business One. However, the integrated functionalities of SAP Business One were very attractive to her, and the cost of adding additional modules to the other applications made them ultimately more expensive than SAP Business One. Moreover, to have tried to enhance any other application later to replicate the functionality that is built into SAP Business One would have required additional time and effort and, of even greater concern, additional justifications to Datalog's purchasing department – and there was no guarantee that funding for the additional modules would come through.

“If I'd have gone with the other package I was considering,” Shackleton recalls, “I'd have been advised to purchase only the modules I needed on that day. The chances are that I never would have been able to take the next step of getting the sales order, inventory, and customer service modules online – because I would not have had that functionality readily available. With SAP Business One, all that functionality was available with one purchase price.”

Decreasing Effort, Increasing Accuracy and Effectiveness

Today, Shackleton and her team still prepare a consolidated balance sheet each month, as well as individual income sheets for each division and product line – for the month and the year-to-date. But today they accomplish this faster and with greater accuracy than ever before. She estimates that her team saves 20 or more hours each month because the people developing the reports can retrieve the required information quickly and in precisely the form they need. “Now,” says Shackleton, “rather than printing reports from different software packages and manually entering data in spreadsheets, I just export the financial reports from SAP Business One and e-mail them.”

This increased efficiency has made it possible for Shackleton to spend a lot more time adding value in other areas of business management. “I'm more involved in strategic planning for the company now,” she says, “more involved in company decisions. Before, I only had time to manage the financial statements and the accounting requirements – but today I'm able to do a lot more. I can work with other executives in the company and help figure out how to get the company where they want it to go. I can get my department to anticipate a change and respond proactively, not just reactively.”

The bottom line: Datalog Technology can now manage many of its geographically distributed business functions faster and more effectively because it uses a single, integrated application that has been designed with both the immediate and long-term needs of small and midsize companies in mind. “SAP Business One enables us to centralize all our accounting information,” says Shackleton, “but it also goes further than that. This is a true, integrated enterprise resource planning tool. It will handle sales leads, RMAs [return merchandise authorizations], information on troubleshooting, and inventory. It will tell us when to order new stock. It's going to give us so much information in one location, and it makes it so easy for people to find things. Having software that can help us keep track and control all these inter-related areas is invaluable.”