



BUMI ARMADA

STAYING KNOTS AHEAD OF THE REST WITH SAP® SOFTWARE

QUICK FACTS

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Chong Wai Choong, Vice President of Shared Services and SAP Project Director,
Bumi Armada Berhad

Company

- Name: Bumi Armada Berhad (BAB)
- Location: Kuala Lumpur, Malaysia
- Industry: Oil and gas
- Products and services: Floating production, storage, and off-loading vessels; oil and gas exploration and production services
- Employees: 400 shore based and 800 crew
- Web site: www.bumiarmada.com
- Implementation partner: ISS Consulting

Challenges and Opportunities

- Automate and align business processes based on industry best practices
- Generate detailed business reports to improve business performance
- Enhance business visibility

Objectives

- Consolidate 25 subsidiaries on a single, centralized enterprise management platform
- Improve efficiency and business performance by providing consistent data across the enterprise

SAP® Solutions and Services

- SAP® ERP application
- SAP Business Objects™ Planning and Consolidation application
- SAP NetWeaver® Business Warehouse component
- SAP NetWeaver technology platform
- Duet™ software

Implementation Highlights

- Established BAB as the first in South-east Asia to deploy Duet and SAP BusinessObjects Planning and Consolidation
- Overhauled enterprise management system in just 6 months for 25 subsidiaries

Why SAP

- Market leader with excellent track record
- Solutions based on industry best practices

Benefits

- Reduced time taken to close and report month-end financial statements from 21 days to 6 days
- Improved process control and cash-flow management
- Enhanced decision-making processes with ability to generate detailed reports
- Improved asset management
- Gained in-depth insight to business performance of 25 subsidiaries

Why SAP

Legacy accounting software

Why SAP

- Database: DB2
- Hardware: IBM
- Operating system: IBM AIX



BUMIARMADA

SAP Customer Success Story
Oil and Gas



With close to 50 vessels, Bumi Armada Berhad (BAB) is the largest owner and operator of offshore support vessels in Malaysia.

A Malaysia-based international company, BAB provides full oil field services for companies in the oil and gas industry.

“BAB is the market leader in Malaysia,” says Chong Wai Choong, vice president of shared services and SAP project director at BAB. “We were expanding internationally, and we needed good enterprise management software to support our growth.” The company currently has 25 subsidiaries serving clients in Southeast Asia, Australia, and Africa. It is also aggressively pursuing opportunities in the floating production, storage, and off-loading (FPSO) installations.

“For the last 10 years, BAB was using a legacy accounting software that had reached its maximum capacity. It was unable to give us detailed business reports and analysis of our business performance, which we required for planning and decision making,” adds Chong. After a stringent evaluation process, the company implemented the SAP® ERP application to support its expansion plans and provide management with a comprehensive and consolidated view of all its subsidiaries. And true to its dare-to-win corporate tagline of “Knots Ahead of the Rest,” it also deployed Duet™ software and the SAP BusinessObjects™ Planning and Consolidation application, establishing BAB as the first company in Southeast Asia to implement this software as part of its leadership vision.

Always an Industry Leader

While many companies would rather adopt a wait-and-see attitude when it comes to new solutions, BAB’s philosophy is to be the first to market. “BAB wants to be outstanding, and our company is a market leader,” says Chong. “That was why we decided to implement Duet software and the SAP BusinessObjects Planning and Consolidation application. We wanted to prove to the market that although the software was new, we could reap benefits from it.”

The SAP BusinessObjects Planning and Consolidation application is available as a version for the SAP NetWeaver® technology platform and a version for the Microsoft platform. It enhances enterprise performance management by helping companies meet their bottom-up and top-down financial and operational planning requirements, as well as complete their consolidation and reporting needs through a single interface.

Business Visibility Affected

Expounding on the limitations of the old software, Chong explains that it was unable to generate reports that categorized business-critical data

according to business segments, business entities, locations, and more. “The legacy software only generated the usual financial reports, and that was not enough. Furthermore, it did not meet our requirements for financial reporting and closing.”

In the past, 21 days were required to close and report month-end financial statements, as a lot of time was spent manually consolidating data from subsidiaries. Information was also residing in silos, which made it difficult for BAB to manage cash flow and monitor the business performance of the group. Each subsidiary was managing its own data and business transactions too, which affected business visibility.

For instance, payment to suppliers was done at the subsidiary level, which prevented the headquarters from obtaining a good overview of the group’s cash position. “We had problems monitoring the business performance of our subsidiaries, and this impacted our ability to plan as a group,” adds Chong.

Improving Business Process Control

The manual processes were not just affecting staff productivity. The lack of predefined, controlled processes also increased business risk for BAB. Previously, purchases were made without POs, and this was not an acceptable business practice.

“We needed new software that would ensure process control as well as put proper checks and balances in place,”



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says Chong. Another major concern was how the new system could enable BAB’s senior management to improve business control efficiently across the enterprise. And Chong felt that this was something that could be addressed by Duet, unique software that gives BAB seamless access to SAP applications and data via Microsoft Office.

Working with Only the Best

To find a solution that fulfilled BAB’s business requirements, Chong’s team evaluated close to 10 vendors. Each company was assessed based on a list of stringent criteria like successful reference sites, its team members’ knowl-

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edge, how the team presented the solution during the product demonstration, and management’s involvement in the project. The decision to use SAP solutions was unanimous.

“SAP has the best track record in the market, and many leading companies across the globe are using SAP software. As a result of its large client base, SAP software supports many proven and well-established business practices that BAB can learn from and leverage so as to ensure business ex-

cellence,” explains Chong. BAB selected ISS Consulting as the company’s project implementation partner based on its experienced management team and in-depth expertise in the SAP software.

Process Automation Improves Efficiency

BAB implemented the SAP ERP application for all its subsidiaries in just six months. The features deployed included financial accounting and controlling, procurement and logistics execution, sales and distribution, and project management. The software went live in July 2008, and BAB saw the benefits of the software immediately.

Business-critical data from its subsidiaries is now residing in a centralized platform, which allows for easy retrieval, updating, and sharing of information among staff members and managers alike. Processes are also automated and streamlined based on industry best practices, enhancing efficiency.

For instance, time taken to close and report the month-end financial statements is reduced by as much as 71% to just six days. This enables employees to extract the accounts receivable

report immediately, once a manual process that took 10 days to complete.

“Asset management is also automated, which has reduced the time to calculate asset depreciation by one day. We are able to track the locations of our assets fast, which is something that we could not do in the past,” adds Chong.

Improved Risk Management and Control

Process control is improved as well, as processes are aligned with industry best practices. Business users are trained to process all transactions in a correct sequence, says Chong. For example, employees now have to generate a purchase request, call for quotations, ensure proper sign-off, and raise a PO as part of the purchasing process.

Payments to suppliers are also consolidated at the headquarters level. “These enhancements not only reduce business risk; they also ensure compliance with corporate governance guidelines and improve cash-flow management for BAB,” he adds. In addition, “This enhances project management by helping to ensure that each project stays within budget,” says Liu Kim Seng, project manager with ISS Consulting.

“Project overrun was common initially. But this problem was solved by SAP. BAB is now able to track all the costs related to each project closely and accurately. This improved project management and prevented project overrun,” says Liu.

BAB has also upped the ante in the area of process efficiency by making it easier for management to approve a purchase request with Duet, which allows companies to use Microsoft Office together with SAP software. Duet will send an e-mail to the managers, which contains a direct link that brings users directly in to the SAP solution to complete the process.

“There is no need for users to log in to SAP ERP to see what is on their approval list. It makes the process very convenient, and managers like it,” says Chong.

Another plus is the software’s ability to generate detailed reports, which supports decision making. “The SAP NetWeaver Business Warehouse component allows us to slice and dice our data, segmenting it by location, company, business unit, and profit and loss by vessel. We did not have that kind of power in the past,” Chong adds.

Making Consolidation Work a Breeze

Working in the background to make process efficiency a reality for BAB is SAP BusinessObjects Planning and Consolidation. This application automates the company’s data consolidation process across the enterprise, explains Chong. Without it, BAB would need to take the data from each subsidiary, extract it into a spreadsheet, and then consolidate the data.

But with the SAP BusinessObjects Planning and Consolidation application, this process is automated and the audit trail is captured in SAP ERP. “Data accuracy is ensured, which aids in the reporting process. This application saves us two days’ worth of consolidation work,” says Chong.

One Single View

With the first phase of its software upgrade project completed, BAB is looking into the second phase, which Chong says will focus on “capturing actual data of the company’s daily operations.” With this, the company will further enhance its budgeting as well as cash-flow forecast and management abilities.

Plans are also in the pipeline to explore the potential of the SAP NetWeaver technology platform. BAB’s vision is to harness SAP NetWeaver to send and share business reports and charts using mobile devices. “In the past, everyone was working on their own, but the SAP software has built a more cohesive team. Everyone is now collaborating and making decisions on what I call the ‘one version of the truth,’” concludes Chong.



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