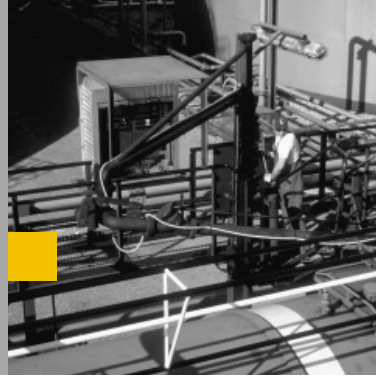


SAP Customer Success Story Oil and Gas – Upstream, Downstream Refining and Manufacturing



“We met both of our priorities: first, to make it on time. And, second, at the time of the go-live, we had spent less than what we had budgeted.”

Magnus Fønnes, HR IT Manager, Statoil ASA

AT A GLANCE

Company

- Name: Statoil ASA
- Location: Stavanger, Norway
- Industry: Oil and gas
- Products and services: Upstream and downstream services, exploration and production, oil platform operations
- Revenue: €48 billion
- Employees: 25,644
- Web site: www.statoil.com
- Implementation partner: SAP® Ramp-Up organization

Challenges and Opportunities

- Replace earlier release of the SAP ERP application before life cycle ends
- Leverage the enhanced service level of the SAP Ramp-Up program
- Form IT basis for introduction of new functionality later

Objectives

- Upgrade Statoil's "HR System" software landscape to latest release of SAP ERP
- Make use of new functionality for SAP Learning Solution
- Upgrade SAP software for employee performance management and employee self-services
- Perform upgrade to SAP ERP on a designated weekend with minimum downtime

SAP Solution and Services

SAP ERP

Implementation Highlights

- Enabled 30,000 users
- Successfully rolled out on the weekend scheduled
- Needed minimum support from SAP Ramp-Up coach and weekend upgrade support service during the go-live weekend

Why SAP

- Ability to provide global support for business processes
- Software landscapes that fit Statoil's strategy
- Level of expertise of SAP consultants and SAP Ramp-Up coach
- Advanced business process knowledge of SAP

Benefits

- Greater employee satisfaction and productivity with employee self-services and performance management
- Smooth transition to new payroll solution
- Unicode-enabled to support eastern European processes and subsidiaries and fully integrate them in Statoil's IT landscape
- Direct support from SAP and reduced maintenance costs for SAP Learning Solution

Existing Environment

SAP R/3® software (functionality now found in SAP ERP)

Third-Party Integration

- Database: Oracle
- Hardware: Hewlett-Packard
- Operating systems: UNIX and Microsoft Windows

STATOIL

Norwegian Oil Giant Upgrades SAP® ERP on Time and Within Budget with SAP Ramp-Up

Gunnar Herdlevær, project manager for SAP® software at Norway-based Statoil ASA, talks occasionally about the upgrade that Statoil performed in October 2006 to the latest release of the SAP ERP application. But when he does, listeners are rarely prepared for the thrilling account he gives of it. As he depicts: they had one slot, one shot, one weekend in October 2006 to upgrade to SAP ERP. It had to work then. There would be no second shot. The pressure, to put it mildly, was on.

For that reason, the company was determined to steer the ambitious project – an upgrade that would affect 33 countries – with the help of services and personnel from the SAP Ramp-Up organization. However, as the weekend planned for the upgrade of Statoil's "HR System" software landscape loomed nearer, Herdlevær found he had little to worry about. Issues were kept to a minimum, and no on-the-spot support was necessary. But the reason Statoil deems the project a complete success is the fact that SAP Ramp-Up helped perform everything on time and well within the budget.

Statoil's Success Hinges on Global Processes

Statoil operates in more than 33 countries as an integrated oil and gas company and engages in upstream and downstream activities.

A strategy for globalization entails international expansion and, nowadays, can only take place when anchored by a strong global IT strategy that provides standard processes. In Statoil's case, globalization meant providing standard processes for the 33-country scope of its operations. After the successful upgrade, it was up to the Global Business Services department at Statoil to realize the standardization. "That means getting away from local IT departments with local solutions," Herdlevær says. "We focus on providing the same solution for similar business needs in different countries and different organizations. If we handle a specific task in Norway in one way then we should handle the same task in the same way in Algeria. We are therefore in the process of centralizing a lot of services."

IT Strategy Based on SAP Software

At the same time, Herdlevær concedes, this type of strategy did not come without its challenges. In upgrading its SAP software, for example, applying a global IT strategy involved upgrading not just in a country, but worldwide. Yet, despite the technical and cultural issues that complicate doing things the same way in dozens of countries, Statoil prides itself on the progress it made in pursuing the strategy. "In 1996," says Magnus Fonnes, HR IT manager at Statoil, "we decided to implement SAP software as the main support for processes. In terms of system alignment, we have come a lot further than many other companies."

SAP Ramp-Up Coach On-Site Outlines Upgrade Path

It was against the backdrop of securing this technical and strategic advantage that Statoil, SAP Norway, and the SAP Ramp-Up organization got in touch with each other in 2005 to discuss expanding and upgrading the company's SAP software landscape to support more functionality. With the help of the SAP Ramp-Up coach, Herdlevær and his team were fully informed about the capabilities Statoil would be able to realize through the upgrade.

"Through the whole project, the SAP Ramp-Up coach worked here on-site about 40% of the time and also participated in the steering committee of the project," says Herdlevær. "This meant that he came up with strategic issues for the steering group, gave me as project manager – valuable advice, and also followed up our error messages, providing resources when we needed experts on-site," Herdlevær explains.

The prerequisite for being able to introduce new functionality in the future was an upgrade to the latest release of SAP ERP. "Statoil is very far ahead in modernizing the process. The major drive for the upgrade is that the life cycle of our previous enterprise resource planning solution from SAP was coming to

"Two of the defining factors that led to the success of the upgrade project were the level of support we received from the SAP Ramp-Up coach and the experts SAP provided us."

Magnus Fonnes, HR IT Manager, Statoil ASA

an end," he explains. At the same time, another project was under way to upgrade the retail solution at sites in the Baltic countries. All in all, the improvements and benefits Statoil envisaged with the ramp-up to the latest release of SAP ERP were to a great extent motivated by the need for a platform with the potential to support development for solutions requested by its business units.

SAP ERP Upgrade Is Prototype for Future Project

The functions Statoil needed dealt mainly with HR business processes, including upgrades for employee performance management and self-services for managers and employees. The Global Business Services team also wanted to implement more functionality for their release of SAP Learning Solution to improve the level of training for employees. The decision was made to upgrade only one of the company's two software landscapes, the smaller of the two – the so-called "HR System" – which handles HR business processes, some financial and treasury activities, and payment processes.

Another major aspect of the upgrade involved enabling Unicode. "Part of the issues regarding the performance management and the managers' objectives was that we needed to support eastern European languages and subsidiaries, and Unicode was an enabler," says Fonnes. The plan, he explains, was to upgrade the HR software as a precursor – a trial run – for the later update of the larger "Oil System," the software that handles the company's generic financial processes. However, before anyone could even think this far, the first upgrade had to be successful. And within a very tight time frame.

Boom or Bust: A One-Weekend Upgrade

"During summer and autumn, we have a lot of revision on the offshore installations and plants," explains Herdlevær. Because the fewest interruptions to important business processes occur during October, it was the only month Statoil could consider shutting down any software for an upgrade. From close work with the company business units during the planning phase, Herdlevær knew that the time schedule would only permit that single attempt. "Our business unit managers said to us, 'If you don't make the upgrade on the predesignated weekend in October 2006, you can still do it in October, but it will be October 2007.'"

Statoil Leverages Know-How of SAP Ramp-Up

This schedule meant that Statoil had to start the upgrade project during the ramp-up phase to the latest release of SAP ERP, making Statoil one of the first customers to implement the new application. While one of the main advantages of participating in the SAP Ramp-Up program means that customers like Statoil gain the technological lead they require, it also means they must be prepared to start a project off the beaten path. Statoil clearly

"Through our close cooperation with SAP via the SAP Ramp-Up team, we didn't encounter any issues that weren't easy to solve."

Gunnar Herdlevær, Project Manager for SAP Software, Statoil ASA

recognized the benefits. "The support you get from SAP Ramp-Up is very positive," says Fonnes. Organizing the upgrade project from company headquarters in Stavanger, Norway, Herdlevær decided to start by testing the payroll system, enlisting resources from other countries using payroll at Statoil. But to be completely sure of meeting the requirements in the allotted time, Statoil also leveraged a range of services and personnel from SAP, primarily from the SAP Ramp-Up organization and from a further dozen consultants who worked on the upgrade project either on-site or online.

As the upgrade would take place on a weekend, Herdlevær also took advantage of the weekend upgrade support service offered by SAP in Ireland. “We started midday on Friday and decided we needed a contact over the weekend in case of issues. As our other partners’ and vendors’ support was limited, we thought this would be a good idea,” he says. “The details of this service were drawn up by the SAP Ramp-Up coach.” In the end, Statoil didn’t actually need any emergency support. Following sandbox rehearsals and further test runs earlier in 2006, the team was very well prepared for the rollout on the weekend scheduled. “The coach established a solid contact channel to SAP and expedited the processing of user messages whenever issues arose. However, through our close cooperation with SAP via the SAP Ramp-Up team, we didn’t encounter any issues that weren’t easy to solve,” Herdlevær confirms.

Excellent Bottom-Line Results of Ramp-Up Project

The Global Business Services team at Statoil is now successfully rolling out and expanding the introduction of new functionality. The precondition for that: Herdlevær’s team had to perform the technical upgrade well within the designated budget. “We met both of our priorities: first, to make it on time. And, second, at the time of the go-live, we had spent less than what we had budgeted,” says Fonnes. Payroll processes all ran smoothly. Employees were paid on time. Statoil’s 30,000 SAP ERP users had the new software on Monday. Full global support was up and running for employee self-service and SAP Learning Solution. “Two of the defining factors that led to the success of the upgrade project were the level of support we received from the SAP Ramp-Up coach and the experts SAP provided us,” Fonnes summarizes.

Providing this level of support and the new features has benefited the company’s strategic objectives and strengthened its competitive advantage. As Herdlevær says, “We see this project as an enabler of our work towards ensuring common processes and a global IT culture. In this sense, ramping up to the latest release of SAP ERP and having SAP support us were both important factors in the success of the project, contributing to our corporate strategy.”