

SAP Customer Success Story Oil and Gas



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Rinat Gimranov, CIO, Open Joint Stock Company Surgutneftegas

AT A GLANCE

Company

- Name: Open Joint Stock Company Surgutneftegas
- Location: Surgut, Russia
- Industry: Oil and gas
- Products and services: Exploration, gas- and oil-field construction and development, and oil and gas production and marketing
- Revenue: RUB 428.74 billion (€12.22 billion)
- Employees: 92,867
- Web site: www.surgutneftegas.ru
- Partner: SAP® Active Global Support organization

Challenges and Opportunities

- Required assistance to ensure that custom modifications would perform properly in its upgraded SAP environment
- Needed to free up disk space by archiving data
- Wanted to replace time-consuming manual monitoring of systems
- Lacked a structured internal organization to support its sizable SAP environment with around 10,000 users

Objectives

- Optimize performance of SAP software and accelerate response times
- Archive large volumes of historical data
- Automate monitoring of systems and business processes
- Establish an SAP Customer Competence Center location to pool in-house expertise, provide users with highly effective support, and keep tabs on associated costs

SAP Solution and Services

- SAP MaxAttention™ support option
- SAP Solution Manager application management solution

Engagement Highlight

Technical quality manager as single point of contact for all support issues relating to SAP software

Why SAP

SAP MaxAttention promised to deliver expert support plus empowerment of customer's IT staff.

Benefits

- 10 to 15% increase in performance
- Lower total cost of ownership
- Protection of existing IT investments – no additional hardware required to introduce new functionality and increase user numbers
- Cost and time savings through more effective end-user support
- Automatic monitoring of systems and business processes – freeing up IT staff for more value-added tasks
- Rapid access to high-quality assistance from SAP Active Global Support
- Solid foundation for future introduction and operation of SAP software
- Basis for establishment of enterprise service-oriented architecture

Existing Environment

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

Third-Party Integration

- Database: IBM DB2, Oracle, Microsoft SQL
- Hardware: IBM
- Operating system: IBM z/OS, IBM AIX, Microsoft Windows

SURGUTNEFTEGAS

SAP® MaxAttention™ Helps Leading Oil and Gas Player Cuts Costs and Shape Up for the Future

It takes highly effective IT solutions to keep a major petrochemicals enterprise running smoothly. And that's why Russian oil and gas giant Surgutneftegas deploys SAP® software. Following a recent upgrade from SAP R/3® to SAP R/3 Enterprise software, the company called in the SAP Active Global Support organization. Their task? To optimize software performance and help establish an SAP Customer Competence Center location. Thanks to the SAP MaxAttention™ support option, Surgutneftegas has accelerated response times, cut costs, and laid the foundation for future IT initiatives.

A Leader in the Russian Oil and Gas Sector

Based in Surgut, Western Siberia, Surgutneftegas is not only one of the largest players in the Russian oil market; it also accounts for over one-third of the country's gas production. The company comprises over 50 divisions, with operations ranging from exploration and oil-field development to oil and gas production and marketing. With a workforce of just under 92,900, Surgutneftegas posted revenues of more than RUB 428.5 billion (€12.22 billion) in 2005.

The cornerstone of Surgutneftegas's corporate strategy is sustained growth through increased production and reserve capacity. That calls for state-of-the-art technology – not least when it comes to enterprise software. “We've been using SAP solutions for about 13 years now,” explains Surgutneftegas CIO, Rinat Gimranov. “Our central ERP [enterprise resource planning] application supports a wide range of tasks including financial accounting and controlling, materials management, and human capital management.”



Recently, Surgutneftegas upgraded from SAP R/3 to SAP R/3 Enterprise software (functionality now found in the SAP ERP application). But following the changeover, the company ran into performance issues. “Our SAP software environment includes many custom-coded modifications, and these would not work properly with the new release,” says Gimranov. “As a result, the software was putting a very high load on our hardware – slowing down response times, driving up operating costs, and jeopardizing the introduction of new functionality we needed for the business.” Moreover, Surgutneftegas needed to free up valuable disk space by archiving historical data – some of it dating back to the introduction of the production system in 2001.

A Firm Foundation for Smoother IT Operations

In addition, Surgutneftegas wanted to establish a rock-solid basis for more effective support. “Over the past year, we’ve added four new production systems to our SAP software landscape – as well as the corresponding development and test environments,” Gimranov says. “Making sure these all run smoothly is a tough

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challenge. What’s more, over 10,000 users currently work with our SAP software, and providing them with the assistance they need is far from easy. We needed a more efficient way of organizing our support activities and keeping tabs on associated costs and benefits. Plus we wanted to pave the way for future innovations – such as enterprise service-oriented architecture.”

SAP MaxAttention – Optimum Support from SAP

To tackle these issues, Surgutneftegas opted for SAP MaxAttention from SAP Active Global Support. This SAP support option delivers made-to-measure services – including safeguarding for complex solutions, implementation of continuous improvement processes, and planning for new releases and upgrades. A dedicated SAP technical quality manager oversees service delivery and gives customers a single point of access to SAP experts. “SAP presented SAP MaxAttention to us and explained just what it could do for our company,” states Gimranov. “The picture they painted was very appealing. And they’ve not disappointed us.”

The SAP MaxAttention engagement at Surgutneftegas got under way in March 2006. To improve performance, SAP Active Global Support first took a long, hard look at the customer’s systems from a technical point of view. The experts pinpointed the structured query language statements that were using excessive machine time and optimized and tuned them. Attention then shifted to business processes, with the SAP support team zooming in on weak links and proposing corrective measures.

Empowering the Customer

When it came to setting up Surgutneftegas’s SAP Customer Competence Center, SAP Active Global Support provided effective knowledge transfer via various channels. “SAP not only organized workshops where we shared expertise and experience,” says Gimranov, “they also delivered standard training courses for our staff. Our specialists have really grown through the partnership with SAP.”

SAP and Surgutneftegas worked hand in hand to define the organizational and functional structures of the SAP Customer Competence Center, as well as support levels. “We also collaborated closely with SAP on designing general support processes such as incident and change management,” continues Gimranov.

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Once this work was complete, experts from SAP Active Global Support quickly adapted the preconfigured SAP Solution Manager application management solution accordingly. “SAP handed over SAP Solution Manager as a turnkey solution in line with our specific needs for managing our mission-critical solutions along the complete life cycle.”

Keeping Tabs on the SAP Software Landscape

The application management solution also plays a key role in performance monitoring across Surgutneftegas’s SAP software environment. “We defined all the relevant parameters, and SAP customized SAP Solution Manager to monitor them and issue alerts,” says Gimranov. “At present, we’re only monitoring our system. But we are working on enhancing the solution to cover business processes.”

One important area in which Surgutneftegas’s SAP Customer Competence Center came into play was archiving. During the project to free up disk space, SAP tapped into the newly established organizational structures to provide targeted, on-the-job training for the customer’s IT staff. In the future, the Surgutneftegas specialists skilled up during this initiative will lead archiving projects, passing on their expertise to others within the organization.

By signing up for SAP MaxAttention, Surgutneftegas has overcome its performance issues – and achieved a whole lot more besides. Thanks to the SAP Safeguarding services included in the support option, Surgutneftegas was able to successfully continue work on new projects, including implementation of the SAP Customer Relationship Management and SAP Supplier Relationship Management applications.

Higher Performance, Better Support, Lower Costs

Gimranov sums up the benefits to date: “SAP MaxAttention brings us real cash savings. We’ve implemented new functionality and increased the number of users by 10% – without purchasing additional hardware. This has protected our IT investment and saved us serious money to boot. What’s more, we’ve enhanced software performance by between 10 and 15%. Improved incident management is also helping reduce costs: now end users don’t have to wait so long for support, and that ultimately means cash savings. And because monitoring and alerts are handled automatically by SAP Solution Manager, our people don’t have to constantly keep an eye on the system, freeing them up for other tasks.”

Another major highlight of the SAP MaxAttention engagement is Surgutneftegas’s technical quality manager from SAP. “Having a single point of contact for all our support issues is a real plus and makes life a lot easier for us. When a problem crops up, we simply call or e-mail our technical quality manager,” says Gimranov. “The great thing is, he’s an expert in his own right – not a middleman. Because of the scale of our SAP software landscape we need rapid access to the very best SAP expertise – and SAP MaxAttention ensures we get just that.”

Projects in the Pipeline

So far, so good. But true to its ambitious strategy of sustained growth, Surgutneftegas is not about to sit back and rest on its laurels. “We’re planning to roll out more SAP functionality for even more users,” explains Gimranov. “In fact, we intend to introduce more new functionality during the coming year.”

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Moreover, the company aims to be ready for enterprise service-oriented architecture in the near future. And later this year Surgutneftegas will be looking into the business benefits of another upgrade – this time to the latest release of the SAP ERP application.

“Going forward, we want to adopt an integrated, end-to-end approach to managing our SAP software landscape, infrastructure, and operations,” states Gimranov. “And we want to ensure we have a really strong SAP Customer Competence Center – with skilled staff who can create effective support, allowing us to develop our solutions in an innovative way.” And SAP MaxAttention will play a central role in achieving these aims.