

SAP Customer Success Story
Chemicals – Solutions for Oil and Gas Production



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Tim Eichholtz, Global SAP Project Manager, Champion Technologies Inc.

AT A GLANCE

Company

- Name: Champion Technologies Inc.
- Location: Houston
- Industry: Chemicals
- Products and services: Solutions for oil and gas production
- Revenue: ~ US\$600.6 million
- Employees: 2,000
- Web site: www.champ-tech.com
- Implementation partners: itelligence; Hitachi

Challenges and Opportunities

- Support for strong growth over an extended period of time
- A sharper competitive edge to support company goal of becoming top-tier player in a global market

Objectives

- Replace rudimentary IT infrastructure with a broad range of robust enterprise resource planning (ERP) functions
- Establish single source for timely review of profit-and-loss information
- Enable faster, more accurate period closes
- Enable automatic dispersal of information across functional areas and regulatory agencies

SAP® Solution and Services

SAP® ERP application

Implementation Highlights

- Complete U.S.-based implementation in 2 years
- Additional implementations in Canada and Corsicana, Texas
- 800 users at 30 sites (current)
- Customizations for user interfaces and 3rd-party tools

Why SAP

- “Best-of-breed” software
- Use by competitors
- Seamless integration with existing IT infrastructure

Benefits

- Greater data accuracy and timeliness
- Month-end closes within days instead of weeks
- Simplified bookkeeping with greater detail
- Improved ability to share information – especially in finance, manufacturing, and environmental, health, and safety departments
- Better, more transparent information from sales department – helping to predict industry trends
- Restructuring and enhanced training in IT department
- Implementation of global network infrastructure with improved network security
- Catalyst for improvements in many business process procedures

Existing Environment

Multiple, nonintegrated home-grown solutions

Third-Party Integration

- Database: Microsoft SQL Server
- Hardware: Dell
- Operating system: Microsoft Windows

CHAMPION TECHNOLOGIES

SAP® ERP Improves Information Delivery to Support Global Growth and Top-Tier Positioning

Houston-based Champion Technologies Inc., the world’s largest privately owned specialty chemical company, faced the happy challenge of rapid and prolonged global growth. To continue providing innovative and environmentally acceptable production solutions to its customers – which include the world’s largest oil and gas corporations as well as smaller companies – Champion realized it had to adjust its business strategies and IT infrastructure.

“The company was moving toward a top-tier type of business and needed applications that could support global operations,” says Tim Eichholtz, global SAP project manager at Champion. Among other requirements, Champion needed a single record of source to help managers review profit-and-loss information more quickly and to enable faster and more accurate period closes. Also important: the ability to disperse information automatically across functional areas and regulatory agencies. Existing applications were primarily homegrown and several were incompatible with each other, Eichholtz says.

A Best-of-Breed Application

After reviewing a number of enterprise resource planning (ERP) software solutions, Champion decided that the SAP® ERP application was the “best of breed” and strategically aligned with Champion’s future goals. In addition to being the software of choice for many of the company’s competitors, SAP ERP could support Champion’s business and IT strategies. It could also be implemented with relatively little disruption to the company’s business operations.

The initial implementation involved software for sales and distribution, financial accounting, materials management, production planning, quality management, human capital management, and environmental, health, and safety management. Additional functionality was later added for global label management and warehouse management using Wi-Fi for bar-coding guns. Because SAP ERP satisfied most of the company's requirements, customizations were limited to user interfaces and third-party tools.

The complete U.S. implementation, which was managed by a strong internal team of IT and business professionals, involved about 500 users at 16 sites. With additional rollouts, the software now serves 800 users at 30 sites. The company intends to migrate all legacy master data over to the SAP software by the end of 2008 with help from the SAP Consulting organization.

Widespread Benefits

With the implementation of SAP ERP, Champion has replaced paper-based reports with electronic reports that are available on demand via the Web and hosted by Microsoft Excel. Data security has been significantly enhanced and the company can collect, validate, and consolidate data in record time for faster closings. In fact, month-end closings now take days instead of weeks. In addition, managers now have a clear global view of the company's finances as well as insight into customer and vendor relationships and histories.

Eichholtz says that since going live with SAP ERP, Champion's finance department has substantially improved its daily operations – benefiting from greater data accuracy and robust functions for budgeting, cash flow analysis, and profitability analysis. Bookkeeping is simpler yet provides greater detail. The manufacturing department gets information more quickly and can provide

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data to other areas – a process that was not possible before. The same is true for the environmental, health, and safety staff. And because information is shared company-wide, planners and other departments can analyze information collected by the sales force to assess and predict industry trends with greater accuracy.

In addition to restructuring its IT department and placing more emphasis on project management, Champion is partnering with Verizon to implement a globally managed IP network and with E-Net and Cisco to upgrade all switching solutions. In addition, the company is improving network security using antispam and antivirus software such as Websense, TrendMicro, and Mail Frontier and creating a single global gateway to the Internet.

“Business areas throughout the company are working together more effectively, as information between them is more readily available,” Eichholtz says. “IT is moving from a cost center to a service provider.”

Addressing Change Management

There have been many business process and organizational changes as well.

“We didn’t have the business process procedures properly developed,” comments Eichholtz. “In addition, the initial implementation team was not properly trained to support SAP software on a productive basis.”

To address these issues and to ensure consistent, smooth-flowing operations, Champion hired a change-management expert and brought in several consultants to help reengineer its business processes. In addition, the IT team attended SAP training classes where they learned to configure the new software and develop the skills to handle future enhancements on their own.

Champion also hired a number of highly skilled experts to become part of an ongoing SAP support team that has received specialized training in project management and business process analysis.

“We have successfully reduced our dependency on consultants, except in areas where we lack expertise,” Eichholtz says.

Ongoing Global Expansion

In addition to implementing SAP ERP in the United States, Champion has installed the software in Canada, with subsidiaries in Europe and Southeast Asia to follow. The company is also looking to extend the software to its South American operations, which would make its new system truly global. Future plans include implementing functionality for batch management, handling unit management, employee self-service, transportation management, and substance volume tracking.

Among the lessons Champion has learned, Eichholtz says, is that when a company plans to implement top-tier ERP software, it’s important to remember that it is not just another IT project.

“Projects of this nature affect the entire organization, and we all need to be part of the team to bring about this change – if we want it to be successful,” he notes. “We had to realize that this was a paradigm shift and that our day-to-day business would not be the same. We needed to prepare for this change before the go-live date.”

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