

Customer Success Story

Downhole Products Plc



Global SAP® Implementation

Localisation of global SAP template

Benefiting from global integration

Downhole Products Plc became part of the Houston based Varel International Energy Services stable following its acquisition in 2008. The move came off the back of a significant shift in Varel International's evolution, having taken a series of steps to hone and refine its practices and systems - and forging a thriving and successful business in the process.

One of the key threads in its reinvention was recognising the need for a major overhaul of its IT landscape and capabilities through the implementation of an integrated approach throughout each of its global subsidiaries.

The parent company launched a worldwide roll out of a new SAP® system combining its financial and commercial needs while supporting its core operations through additional sales and distribution, production planning and inventory management modules.

With the system already in place for Varel Europe in France, Absoft was approached in late 2008 to act as a partner for localised issues over the implementation of the process for Downhole Products both in the UK and USA.

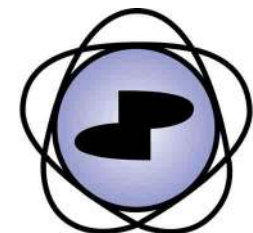
"It had been using a selection of databases, spreadsheets for logistics and SAGE for finance and this needed to be overhauled and brought in line with Varel International's new SAP management control system," said Absoft's Senior SAP Supply Chain Consultant Walker Cairns.

"This was to enable it to fully integrate with intercompany and financial processes. To ensure a seamless transition, it was important for Varel to use a local supplier with SAP knowledge and experience of dealing with oil and gas multinational companies," Mr. Cairns continued.

"We chose Absoft because of its strong SAP track record in oil and gas and its 'make it happen' attitude."

Ken Colbey, Director of Finance, Downhole Products Plc

Customer background



Downhole Products
A Varel International Energy Services Company

Downhole Products specialises in the design and manufacture of engineered tubular enhancement products for the global upstream oil and gas industries. Headquartered in Aberdeen, Scotland, with a network of offices in the USA, Asia and the Middle East, it is an internationally renowned market leader in the design, manufacture and supply of a range of casing accessories and completion tools.



Adding value with a 'make it happen' attitude

"Long-term partnership potential was a key consideration for us," added Ken Colbey, Director of Finance, Downhole Products. "But we also chose Absoft because of its strong track record in oil and gas and its 'make it happen' attitude. We were able to partner with Absoft and meet our go-live deadline within our budget. We have also maintained our relationship with Absoft for our ongoing support."

Three Absoft consultants were contracted to cover the implementation of DHP and DHP USA and all the necessary output documentation.

"While Varel USA had the template which it wanted to extend across all the regional offices, there were a few accounting issues which we spotted during the integration process. These revolved around stock consignment and reversing journals which we were told the US hadn't been able to alter but we were able to bring it to their attention and provide a solution," said Absoft's Oil and Gas Business Director, Scott Simpson.

"The company was experiencing quite a bit of change and had a lot of project activities to be integrated so we knew from the start that flexibility would be key to going forward. By being adaptable and willing to go over and above the terms of our agreement we were able to support the company both in the UK and the US at challenging times such as end of the month reporting.

"This involved a lot of long hours of preparation and a lot of hard work but by providing a flexible approach when tailoring the package we were able to give our client a better fit and, ultimately, a better overall SAP programme."

From this initial contract, Absoft has subsequently been involved in the follow-on roll outs to Australia, Peru, Canada and Mexico. An additional contract with Downhole Products for SAP support has been extended and now covers Varel International and all its subsidiaries.

With a strong relationship in place between consultancy and client, Absoft has also been asked to work on issue resolution and expanding functionality with Varel International, Varel Europe and Varel UK.

Improved operational efficiency, decision making and service delivery

"The new system has served to boost the company's operational efficiency, improve the quality of information and reporting on which management decisions are based, and assist with delivering even more effective client services," added Mr. Simpson.

"The company is now in a position where they have a lot more controls in place and a formal system to follow rather than capturing information on spreadsheets. The key benefit is that the company can see the impact of its operations straight away. It had been capturing all this information across multiple locations and varying formats which created a huge gap when it came to tracking work as materials had different reference numbers in different systems. This took up valuable resources to sort through and track.

"This is particularly important around sales orders, invoices and back of sales materials which can now be instantly recorded and financed. With SAP, any time the company purchases stock or trades between subsidiaries, this is automatically logged and instantly updated so the information is to hand at the touch of a button.

"Looking at management accounting and reviewing how much activities cost, one of the things we have tried to do is help with costing forecasts. Previously, with all the different systems there had been an element of estimation involved but now with SAP it is able to refine costs and set better business plans.

"As a growing group of companies, operating on the same system allows for a much more seamless operation across the board as well as streamlining costs and improving efficiency overall."

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