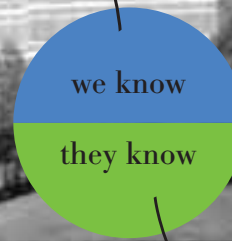


TOP TO BOTTOM

@ business solutions



END TO END

Ergon oils the wheels of commerce with integrated information from SAP.

Based in Jackson, MS, USA, Ergon specializes in niche markets for petroleum products, with up- and down-stream operations, including exploration, refineries, sales and final trucking. The company is privately owned, and employs around 2,500 people.

Each of Ergon's companies is a separate profit centre. However, finances are managed centrally, including payroll, sales invoicing and credit control. As it grew, Ergon developed its own applications, originally on Honeywell and latterly on IBM systems. These applications were batch oriented, designed to crunch the month-end accounting data.

Surveying the ground.

The challenge was to extract good management information from the data, quickly. Ron Washington, CIO at Ergon, explains: "It took until the 20th day of the next month to close out books; reports were printed and distributed – and if you wanted a new report, the request went to the overworked IT department. Our aim was to exploit new systems to help us gain a true and more timely picture of profitability."

Extracting information.

After extensive research, Ergon selected SAP R/3®, running on IBM @server pSeries, with DB2 information management software as the database, IBM Infoprint™ and Tivoli Storage Manager. SAP's industry-specific Oil & Gas solution, SAP for Oil & Gas, was the deciding factor, offering the best fit for the enterprise. IBM was chosen for IT infrastructure, based on the history of the outstanding reliability and performance of existing systems.

"Our key selection criteria were reliability, performance, and good support" says Ron Washington. "Our goal was to deliver better, more reliable management information, and deliver it earlier. With SAP and IBM, we now close the month-end in just six days, releasing two-thirds of the month for more proactive business development, an immense competitive benefit."

Benefits in the pipeline.

Ergon has implemented SAP for Oil & Gas, integrated with standard SAP R/3 core components for Human Resources, Finance, Plant Maintenance, Inventory Management, Purchasing and SAP Business Information Warehouse (SAP BW).

Overview

■ The Challenge

Extract useful business information from systems designed purely for data processing; integrate company-wide finances with accurate cost-centre allocation; produce month-end trading figures more rapidly

■ The Solution

Industry: Petroleum

Application: mySAP® Business Suite; mySAP Business Intelligence; SAP® for Oil & Gas

Hardware: IBM @server® pSeries®

Software: DB2® Universal Database™; Tivoli®

Services: Cap Gemini Ernst & Young

■ The Benefits

Single, clear view of company operations, allowing economies of production and purchasing; centralised cost control gives accurate picture of trading unit profitability; month-end financial information available two weeks earlier, giving managers more time to respond to changing markets

IBM

SAP

Ron Washington comments, "We looked for the best fit with Ergon, and after reviewing the major ERP vendors, selected SAP as having the total solution. While other vendors could replace our home-grown HR, payroll and financial systems, SAP could deliver the integrated approach we wanted. At Ergon, we have experience with all of the IBM **@server** platforms, and in performance terms we knew they could cope. We selected pSeries in part because of the high install-base, and its track record of dependability, which is essential if we are to meet our data delivery schedules," says Ron Washington.

Economies of scale.

By implementing SAP, Ergon is able not only to form a fair view of individual business unit profitability, but also to make direct savings through economies of scale, using SAP Purchasing.

"We have three refineries, all purchasing essentially the same supplies. With SAP we can collect a consolidated view of our purchasing, and go to our vendors and negotiate better deals with them. This is direct return on investment that you can measure," explains Ron Washington.

Thinking ahead.

The Ergon team chose Cap Gemini Ernst & Young, Houston, for implementation, capitalising on their experience of the petroleum industry. Ergon is taking a phased approach to SAP: the mySAP Business Intelligence solution is already in action, fed by data from the legacy systems until these are migrated to SAP applications.

"SAP as a business application is very forward-thinking in technology terms, and it is essential to know that support is available without intervention from us. With IBM infrastructure, we have the best platform, fully maintained, always reliable," says Ron Washington.

Getting it right.

Alongside SAP, Ergon has implemented IBM Tivoli Storage Manager (TSM) to assist with system backups. TSM has components specific to SAP, which reduce system administration costs by automating backup and recovery procedures.

IBM Infoprint® meets an Ergon-specific need to keep copies of all centrally printed items, including checks.

"Infoprint allows you to print from SAP to specific queues, such as a PDF generation queue. This adds flexibility to SAP without requiring customization, allowing close business fit to Ergon – exactly what we need," comments Ron Washington.

Planning is perfect.

Ergon has been considering an ERP solution for some time – since before Year 2000. After seeing some companies sprint to implement SAP as a Y2K 'fix', Ron Washington knew that a better planned implementation would deliver what he wanted. "We handled the Year 2000 issue in-house, and then it was time to move to an integrated environment."

"With IBM and SAP, Ergon has implemented an advanced solution on time, and on budget. We are seeing the advantages right away: I believe Ergon is a company that went about ERP the right way."

Further Information:

To learn more about how IBM and SAP alliance can help your business, please visit: **ibm-sap.com**



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