

## CASE STUDY

Produced by  
CXO Research Services



# Pakistan Petroleum Limited (PPL)



SIEMENS



## Cutting Costs Unconventionally in a Public Sector Institution

# QUICK FACTS

### Company

- Pakistan Petroleum Limited is an Oil & Gas Exploration & Production Company
- Identifies Hydrocarbon Reserves and links these to Transmission & Distribution Companies
  - In business for more than 50 years
- Incorporated in 1950 from Burmah Castrol
  - Pioneer of Natural Gas in the country
  - Employs more than 2,700 stationed staff
  - Discovered Sui Gas
- Holds majority stake in various Oil & Gas fields
  - Went live with SAP ERP Modules in 2004
- Major customers include SNGPL, SSCG, WAPDA, and National Power

### Objectives

- Process Improvement
- Value Creation
- Cost Reduction via Elimination of Resource Wastage on Clerical Work
- Ensuring a thorough Policy Implementation within all Business Processes



### Implementation Highlights

- Siemens is the Implementation Partner for PPL
- PPL does not run on any other Business Software aside from SAP
- All Modules in place at present are being used and undergoing improvements
- Future goals include integrating all business processes for an end-to-end solution, and identifying and monitoring Key Performance Indicators (KPIs)

### Challenges and Opportunities

- Biggest challenge had been disproving the myth that SAP is not for the Public Sector
- Another challenge has been getting the user to subscribe to the solution and adopt it willingly
- It has given an opportunity to PPL to create success stories related to the same, and gain first mover advantage in the Public Sector

### Benefits

- Streamlined all Financial Processes
- Standardized Reporting for decision makers
- Reduced risk of business interruption
- Brought efficiency to Supply Chain Performance
- Eliminated time-consuming manual processing
- Increased process and user productivity
- Enabled the IT Team to focus on strategic business initiatives

### Why SAP

- Depth and Breadth of functionality offered by SAP is in-line with PPL's operational and business needs
- SAP Business Process Modules balance innovation with the controls required by a Public Sector Company



# Pakistan Petroleum Limited

## How One Early Adopter Shattered Myths With A Move Onto SAP ERP Solution

Pakistan Petroleum Limited (PPL) is an Oil Exploration and Production (E&P) Company that hails from the Public Sector Division, in business for over 50 years. The nature of business at PPL is to identify Hydrocarbon Reserves and link these to Transmission and Distribution (T&D) Companies. Incorporated in 1950 from Burmah Castrol, PPL holds credible market repute in the Energy Sector for having discovered Sui Gas Field, the oldest and the largest gas reservoir that set precedence for two of the largest T&D Companies, Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipeline Limited (SNGPL). PPL holds a majority stake in various Oil and Gas Fields that include Sui, Kandkhot, Adhi and Mazarani amongst others.

\*As PPL is a channel partner in the Oil & Gas Exploration and Production, the distribution companies and their major clients such as WAPDA, National Power amongst others, form its customer base. Therefore, it is not quite possible to keep track

of the end-user base", commented Mirza Anwar Hussain, Senior Manager for Information Technology on the market size of PPL. Supplying LPG via containers to Northern Areas lacking pipelines for distribution of Gas, PPL has partnered with various national and international groups in Joint Ventures to expedite the process.

PPL went live with SAP in 2004 with 12 modules that infiltrated IT across all functional departments. Eliminating time-consuming manual processing, SAP revolutionized operations at PPL with high level of automation, greater process productivity and increased user productivity.

Facilitating the implementation, Siemens Pakistan was the ideal partner given an excellent track record in the local industry, assisting PPL with strategy formulation, and deploying ERP application suitable to PPL's IT Infrastructure.

### Energizing Efficiency Through the Organizational Machinery :

Prior to SAP, PPL worked with a raw system that was heavily customized and posed upgrade problem and various other limitations. The biggest disadvantage to it was an inability to integrate location-specific data to the Head Quarters adding to a load of paperwork flow wasting man hours and resource consumption. "SAP brought everything online that saved paper, and an unnecessary resource flow improving the overall business process," reasoned Rehan Qureishi, Senior Business Analyst at PPL, for a SAP-based business environment. Promoting user adoptability was one of the challenges dealt with in aligning organizational machinery to energize PPL with efficiency. Yet once the mindset was changed that paperwork leads to a larger time consumption, up to a week was saved in each process.

"In the early days, SAP users at PPL were limited in number as a majority of transactions would still take place at the Head Quarters on the raw system despite an existing SAP-based business environment. To counter it, training was provided at the Head Office as well as on location for transacting on SAP that was adopted by users gradually once the power of time saved on transaction and processing was realized. Although location-based users were often easy to deal with due to a cooperative working orientation

and a familiarity with the SAP modules deployed, the same posed a difficulty at times with an in-depth knowledge and control over input and output at every stage", elaborated Rehan Qureishi. Readying location-based users to utilize SAP modules to their fullest, Rehan Qureishi and his team makes monthly visits to all locations for training workshops.

*Anwar Hussain.*

In the early days when SAP was still recent at PPL, it had a user base of only 150 that has only grown exponentially with extensive training provided via SAP Authorized Training Center. Having introduced SAP to Pakistan, Siemens holds the biggest competitive edge over all other SAP implementation partners and that is a SAP Authorized Training Center.

Exemplifying another instance related to the same, Mirza Anwar Hussain observed another problem that was a constant when SAP Plant Maintenance (PM) module was deployed at PPL. "Instead of withdrawing materials through PM, the workforce was adamantly withdrawing from warehouse through the raw system causing wastage and cost duplication. This is where, the team had to put its foot down and force its employees in a friendly manner to carry out all withdrawals through PM only. Modules being in place do not matter much unless enforced and out to use," observed Mirza Anwar Hussain.



## The Business and IT Alignment

**"All processes smoothed out and integrated, should facilitate identification and monitoring of Key Performance Indicators, enabling the organization to objectively analyze performance of different sectors and provide an end-to-end solution focus to the business," adds Mirza Anwar Hussain.**

At PPL, technology adoption has been slow yet ongoing. "As is the case elsewhere, it all starts with the Finance Department with a focus on looking after the company's business needs whether be automation, use of tools and techniques for exploration, geological surveys etc. With an optimized IT Environment, PPL has only recently launched a project digitizing data management expected to go live soon", adds Mirza Anwar Hussain.

SAP ERP Solutions had an extensive role play in honing an IT-driven efficient business environment at PPL. SAP ERP Modules deployed at PPL include Financial Accounting (FI), Controlling (CO), Joint Venture Accounting (JVA), Production and Revenue Accounting (PRA), Asset Management (AM), Sales and Distribution (SD), Production Planning (PP), Materials Management (MM), Quality Management (QM), Plant Maintenance (PM), Human Capital Management (HCM), and Work Flow (WF).

"As far as the business is concerned, no other business software is in place currently other than SAP. We are using all modules at present and working on improvements such as providing a dashboard, facilitating management reporting, real-time analysis of activities with performance monitoring amongst other benefits. For instance, Staff Leave Approval used to be a cumbersome process at a point in time starting with a manual application filing on-location. By the time, a written approval could be sent, the leave was already consumed. A SAP-based business environment automated the entire process from application filing to response generation within as little as 15 minutes to the end of day at maximum.

Such a process revamp took a huge man hour workload off HR with a reduction in man hour and paper cost accordingly. An optimization brought into Staff Leave Approval process is an ideal example of a very small business process that was transformed quite effectively into a very good system requiring as little as three clicks and a notice, while keeping everyone updated," commented Mirza Anwar Hussain.

Having gone for an ISO Certification only recently, it was SAP Plant Maintenance Module that was of immense help to the employees at PPL, taking care of all ISO Record Generation. It eliminated the need for clerical work required of the employees at the production sites.

**"To counter it, training was provided at the Head Office as well as on location for transacting on SAP that was adopted by users gradually once the power of time saved on transaction and processing was realized."**

## DO YOU KNOW

PPL chose to go through a SAP ERP deployment to improve all processes and create value for the business, and not just automate.

### Establishing the Partner Connection

An early adopter of SAP, PPL faced a quite a bit of internal resistance going live with SAP which did not remain a challenge for long with Siemens Pakistan as the implementation partner. Moving at the user's pace, the internal systems and processes were aligned where as the existing resource base was developed to match and fully utilize SAP modules deployed at PPL. This was done with various in-house solutions.

Siemens Pakistan deployed the required SAP ERP Modules at PPL with an implementation carried out over a year. With a team of 200 Plus Certified SAP, Hardware and Networking Technical Consultants on board, Siemens Pakistan enabled a SAP ERP Implementation at PPL that streamlined all financial processes and produced a transparent view of all information organization-wide with standardized reporting for decision makers. Furthermore, it structured supply chain performance providing the IT team with additional time to focus on strategic business initiatives with a reduction in work load and cost for Governance and External Audit.

### Mark of Excellence and Leadership

Opting for an organization-wide deployment of SAP ERP Modules, a prevailing myth that SAP is not for the public sector was the biggest challenge to be dealt with. This is where PPL had to work hard and create success stories proving that SAP could be run successfully in a Public Sector Institution with a transparency and standardization of all business processes from the top to the bottom-most tiers of an organization. In doing so, the challenge was of a different sort altogether. Instead of justifying the need

for deploying SAP ERP Modules, the management's job was to fully utilize it.

In any case, a Public Sector Company has to be more transparent than a Private Sector Company due to accountability to public. Therefore, the management has to make sure that the policies are implemented and followed in true spirit throughout the organization. At PPL, SAP brought in a systematic control, implementing processes in such a way that the policies are fully enforced. It assures the CEO,

not involved with day-to-day activities, that the policies are thoroughly followed with the right controls in place, and if there is an exception, it comes through a process in a discreet way.

"PPL has been an example-setter disproving the misconception that SAP cannot be implemented with a Public Sector Institution due to stricter policies, and government regulation, prohibiting an implementation of innovative solutions," commented Mirza Anwar Hussain.

### The Road Ahead

As Mirza Anwar Hussain observes, a SAP-enabled business environment at PPL has contributed significantly to boosting customer service. Although PPL has been running on SAP for the last 8 years, there are processes existing that are still broken. Moving ahead, Senior IT Management at PPL looks forward to integrating these, plugging in the required add-ons.

"All processes smoothened out and integrated, should facilitate identification and monitoring of Key Performance Indicators, enabling the organization to objectively analyze performance of different sectors and provide an end-to-end solution focus to the business," adds Mirza Anwar Hussain. Additional plans

for a better process integration for SAP include extending Materials Management to vendors for a direct interaction, and amending HR for functionalities that allow employees to view their records and requests' status.

"After all, the whole purpose of having a SAP-based business environment is to bring about a revolution through evolution. PPL chose to go through a SAP ERP deployment to improve all processes and create value for the business, and not just automate. Post-implementation, a transformation can only be brought about through a transition in the user's mindset starting from the management itself," explained Mirza Anwar Hussain.