Petrojam: Boosting Operational Efficiency by Upgrading Its SAP® ERP Application
Becoming an exceptional supplier

For oil and gas distributors, a key challenge is delivering final products to consumers at the minimum cost possible. And this requires a rock-solid supply chain – complete with integrated processes and full transparency – that maximizes efficiency and lowers costs.

By upgrading to the latest version of the SAP® ERP application, Petrojam Limited – a Jamaica-based oil-refining company – can provide the transparency, self-services, and integrated processes needed to be a strong link in any distributor’s supply chain. “With the upgrade, we’ll increase our own operational efficiency. This will make us more competitive and easier to work with,” states Carlton Braithwaite, systems analyst at Petrojam Limited.

The result will be a better customer experience that strengthens relationships with distributors. As a result, Petrojam will be able to compete more effectively.
The quest for greater operational efficiency

Petrojam Limited, jointly owned by the Petroleum Corporation of Jamaica (PCJ) and Petróleos de Venezuela S.A. (PDVSA), operates an oil refinery that supplies its customers with a full range of petroleum products for domestic, transportation, and industrial use. Founded in 1982, the company primarily focuses on meeting the needs of the domestic market.

Management had been running an older version of SAP ERP for 12 years. “For some time, we’d been talking about introducing new business processes to improve operational efficiency,” notes Braithwaite. “For example, we wanted to implement an HR solution to manage employees and contractors more efficiently, as well as establish online, customer-facing processes to make it easier and less costly for distributors to work with Petrojam.”

The only way to check on orders or credits is through time-consuming phone calls. And when customers want to update the data and contacts that Petrojam maintains about them, they can’t just make changes themselves – everything has to be done by directly contacting a Petrojam customer service employee. “This is just one example of a process we’d like to improve in the future,” states Braithwaite.

So when Petrojam learned that their version of SAP ERP would soon no longer be supported, the company decided it was time to invest in new software that would enable new operational efficiencies both internally and externally for customers.
Standard SAP functions to meet every need

After evaluating its options, Petrojam chose to upgrade to the latest version of SAP ERP. The next version offered a wealth of new, integrated functions to more effectively support the company’s processes for finance, sales distribution, materials management, plant maintenance, and human resources – using only standard functionality. At the same time, the upgrade would enable Petrojam to eventually move customer-facing processes online and provide the self-service and transparency desired by its customers.

“We also saw the opportunity to take advantage of the upgrade program from SAP, which is part of SAP Enterprise Support,” notes Braithwaite. “This program gave us free, supplemental support during the upgrade process, complementing the standard upgrade services – also provided remotely – through SAP Enterprise Support services.” In fact, these free services are what enabled Petrojam to reduce the cost of engaging the other SAP services that were required to complete the project. The goal was to keep costs within acceptable limits.

“By taking advantage of SAP Enterprise Support services and the complementary upgrade program, we could get our budget approved quickly, execute the upgrade, and realize quick time to value.”

Carlton Braithwaite, Systems Analyst, Petrojam Limited
A smooth and affordable upgrade process

To prepare for the upgrade, Petrojam sent four of its IT professionals to SAP Enterprise Support Academy training sessions. “This gave our team the knowledge to work collaboratively with the SAP Active Global Support organization, which helped us identify potential risks and challenges,” explains Braithwaite.

The SAP Active Global Support (SAP AGS) team performed assessments covering technical and business aspects of the upgrade and created reports, such as a continuous quality check (CQC) that assessed the upgrade. Petrojam’s team then used these insights to plan their upgrade process. “They guided us every step of the way and told us what to look out for,” explains Braithwaite. “For example, their analysis indicated that we had to plan for 3.5 hours of downtime during the actual cutover process – insight that helped us plan ahead to minimize business disruption.” The SAP team also identified in Petrojam’s IT environment issues that had to be handled in a special way – for instance, custom code the company didn’t even know existed. The SAP AGS team identified and documented these issues and explained how to treat them. The team also provided guidance on how to structure test scripts and test plans, optimize functional testing, and avoid problems unique to Petrojam’s IT environment.
A successful, affordable upgrade

With the help of remote services provided by SAP Enterprise Support and the upgrade program, Petrojam successfully implemented its technical upgrade. Throughout, Petrojam received some complimentary services. In addition to the complimentary CQC upgrade assessment (to anticipate upgrade issues), the company received a CQC functional test assessment (to verify that functions worked properly before the system went live) and an assessment after going live. “This program provided a great deal of value,” comments Braithwaite. “We proactively identified pitfalls and addressed issues, resulting in a smooth upgrade.”

Adds Braithwaite: “Now we have integrated, best-practice-based support for our core financial, materials management, order processing, and other processes – as well as a whole new level of visibility and control over what happens across our organization.”

He continues: “Equally important, we can eventually offer our customers innovative, self-service processes and information access through the Web. This will enable them to manage their supply chain more effectively and reduce operational costs. And that, in turn, will help us – and them – compete more effectively.”

“Now that we’ve completed our technical upgrade, we’re developing a plan for functional upgrades that will allow us to realize even greater value from SAP ERP.”

Carlton Braithwaite, Systems Analyst, Petrojam Limited
A bright future for Petrojam and its customers

Leveraging remote services from SAP Enterprise Support and complementary upgrade services, Petrojam completed its upgrade to the latest version of SAP ERP – on time, within budget, and with no business disruptions. “We achieved all of our objectives – and through the remote services and assessments provided by SAP and, by performing their recommendations, we identified and addressed over 90% of errors before we went live,” says Braithwaite. “We had no negative business impacts at all.”

“We’ve laid the foundation for greater operational efficiency across our core operations,” concludes Braithwaite. “And we’re looking forward to implementing self-services and functional upgrades that will touch other areas of our business – and allow us to realize even greater value from our investment in SAP ERP.”

“Companies don’t have to be afraid to upgrade SAP ERP. Based on our experience, SAP will be there to minimize risk, help ensure success, and maximize time to value.”

Carlton Braithwaite, Systems Analyst, Petrojam Limited