

## CASE STUDY

# Business Process Improvement and ERP Integration

## The Challenge.

Integrating data and processes from an acquired company is complex and time-sensitive. Even when companies use the same ERP system, it is never a matter of simply running data from one company's system to the other's. Our client acquired two companies in rapid succession. Magnum Forge was hired to break down the complex task of bringing together the two companies' processes and approaches, not just the data, so there was a single solution that leadership agreed upon before starting to use the integrated set of data.

## The Opportunity.

In November 2011, a Texas wildcatter and shale pioneer founded an independent energy company engaged in the acquisition, exploration, development, and production of onshore properties in the U.S. Beginning in February 2012, the client purchased two independent energy companies engaged in similar development projects with very few overlapping properties. Both were supported by OGsys, an oil and gas accounting software.

Magnum Forge was selected to provide expertise and resources to combine the two sets of OGsys data, review, and rationalize the business processes in the two acquired companies and selected to resolve conflicting uses of OGsys between them. These issues included corporate accounting, revenue accounting, joint-interest billing, division order, accounts payable, accounts receivable, and other OGsys modules. In addition, Magnum Forge had to ensure that interfaces to and from the resulting single instance of OGsys with the client's lease administration, field-data gathering, gas marketing, and data-warehouse solutions were working concurrent with the merging of the two OGsys systems.

## The Project.

To implement and integrate the merged companies into a single ERP, Magnum Forge brought its expertise with upstream ERP solutions and broad project-management experience to work with the client's key stakeholders, as well as with various software vendors involved in the project. Magnum Forge started by reviewing processes and rationalizing differences between the two acquired companies, as well as getting approval from the client's key leaders on the decisions. Magnum Forge then began to rationalize data discrepancies between the companies prior to beginning the actual merge of the data itself. Arriving at a consolidated "chart of accounts" was a key task for the project, as the two existing charts had some major differences in accounting treatment and granularity of accounts. Magnum Forge minimized the effort required by the client personnel by leading much of the data cleansing and configuration necessary to migrate the data into the combined system. As part of the implementation of the combined system, Magnum Forge identified business processes and software efficiencies and, together with the client stakeholders, revised the processes to take advantage of the system's functionality. The cutover to the combined system presented an additional challenge, as the data loads were too slow to be done over one weekend, and having the system down for nearly a week was not an option for the client's accounting team. Magnum Forge proposed and managed a four-part cutover that followed the month-end close of accounting over four weekends to accomplish the merge without taking the system down during weekdays. Additionally, Magnum Forge's holistic approach to the solution ensured the functionality of the lease administration, data warehouse, field-data gathering, and gas-marketing software. Magnum Forge also provided training using the company's existing data to help the client's personnel quickly acclimate to the new environment.

### CONTACT

**Russell Corl**

Managing Partner  
713.252.5028  
rc@magnumforge.com

**Shanna Graves**

Sales and Marketing  
713.206.8489  
sgraves@magnumforge.com

**Magnum Forge**

1401 Calumet#505  
Houston, TX 77004  
832-856-1401 Main  
www.magnumforge.com



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## The Outcome.

Magnum Forge brought industry-specific insight and project-management expertise to help the client start its new company with a single approach to accounting across all business functions, rather than an undesired hybrid from the two purchased companies. Magnum Forge's proven practices (from its extensive experience in the upstream oil and gas sector) allowed the client to complete the project on an aggressive schedule, despite reworking many major accounting processes. In a collaborative effort with the client's internal personnel and its software vendor, Magnum Forge significantly improved the accounting team's operational efficiency and delivered a common, integrated platform that supports the client's core business goals. As follow-up to this work, Magnum Forge was invited to participate in a number of other smaller projects to improve the client's system and accounting landscape.

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