

## CASE STUDY

## Rightsizing Your ERP Solution for Cost Efficiency and Real-time Reporting

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> ERP Helps Integrate Well Development

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### ERP Helps Integrate Well Development

By Kari Johnson

The desire for improved efficiency and incremental value is driving key changes to company's information technology architecture. Central to implementing that desire is using enterprise resource planning (ERP) software to integrate all digital operating solutions.

#### Penn Virginia

Gary Bailey, vice president of IT at Penn Virginia Corp., an oil and gas exploration and production company, is excited about the potential for business intelligence. "That really is the next frontier for our business, from a technology perspective," he says.

Companies are hungry for graphical reporting of real-time key performance metrics, Bailey says. "For example, cost tracking in the drilling process is paramount; you have to have up-to-the-minute information in order to control your costs."

On the strategic side, when forecasting for business change such as property sales or acquisitions, key information at one's fingertips helps in making solid high-value business decisions, he adds.

Similarly, Bailey insists access to production volumetric information is essential. "Businesses live and die by what they produce on a daily basis," he says, pointing out that flexibility in delivery and access is key. "Our users should be able to use any device any time to get data, and, if desired, they should be able to request simple e-mail reports sent at the frequency they need," he insists.

"We would like to have a dashboard view of our key performance data—whether in Enertia or ancillary systems such as gas marketing or reserve calculation software," Bailey says. "For us, out-of-the-box reporting for the oil and gas industry needs to present very targeted results that executives can truly use."

Make that information accessible on any mobile device and there is real leverage, he adds. For the moment though, all of this is gravy for Penn Virginia, Bailey says. First, the company needs to complete its migration from SAP to Enertia.

Penn Virginia has gone through a major transformation since 2010, selling off its midstream and natural resource land management business. "We have become a very focused exploration and production company," describes Bailey.

Bailey predicts the result will be much greater efficiency in a much simpler computing environment. Penn Virginia selected Enertia in April 2013, and plans to complete the implementation by the end of the year. "Switching to a smaller footprint focused exclusively on oil and gas meant saving literally millions of dollars," says Bailey.

For Penn Virginia, the focus is on getting the basics right so that people have the information they need to do their jobs. The company is implementing the full suite of capabilities from the ERP suite, and also is connecting to other systems as needed.

Bailey says most Penn Virginia employees will use the ERP system at some point. "We will be using the workflow approval process, which involves a lot of people," he says.

Penn Virginia will use all best practices out of the ERP box, Bailey predicts. The company is in the midst of configuring the system for those processes and converting data as it exists in its current SAP and land systems. It is using a combination of Enertia implementation resources and consulting services from **Houston-based Magnum Forge**.

Bailey says he is looking forward to the cutover to the new application solution at the end of the year and then moving on to building business intelligence.

"It's a very competitive industry," he observes. "Those of us who can provide information for tactical and strategic decision making will be ahead."



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### The Opportunity.

Penn Virginia Corporation (PVA), now an E&P company, was formerly part of a conglomerate that included coal and pipeline operations. As a part of the breakup, each spinoff company kept a version of SAP, which was the conglomerate's ERP solution. PVA realized that the SAP solution was costing them more than their mid-sized peers were paying to support an ERP solution and that the solution they were on, despite industry modifications, was not built for E&P companies. Gary Bailey, PVA's Vice President of IT, was able to put together a business case to move to a less expensive, yet more functional, ERP solution. Once the Enertia ERP system was chosen by PVA, Bailey asked Magnum Forge to lead the implementation project based on several colleagues' prior experience working with Magnum Forge.

### The Project.

Most ERP projects are challenging, but Penn Virginia's project presented an unusual set of difficulties. PVA's mature integrated environment meant that all interfaces between SAP and other systems had to be replaced and tested concurrently with the ERP software going live. Interfaces with PVA's field data gathering system, reserves system, eInvoicing solution, and other systems had to be remapped, recoded, and tested using Enertia data in place of SAP data. A second challenge presented by the project was the comparative complexity of the SAP solution and data that would need to be mapped into Enertia. Few companies have moved from SAP to Enertia, so the data mapping effort started from scratch. Lastly was PVA's reliance on business intelligence (BI) in its current environment using SAP. PVA had developed a suite of BI tools that management relied on heavily for daily and monthly reporting. Switching the ERP from SAP to Enertia would require a thorough mapping of existing reports to Enertia canned reports, as well as decisions on what reports to replace by using Enertia custom reports versus mapping Enertia's data into the existing BI toolset.

Magnum Forge brought experts experienced with Enertia and other upstream ERP systems to help Penn Virginia navigate the project. Magnum focused on creating data validation routines and working with PVA data owners to validate data each time it was converted into Enertia to ensure accuracy and consistency in the conversion process. Magnum also focused on the key requirements identified during the software selection and made sure there were testing scenarios for each combination of requirements so any gaps in functionality that were missed in the software selection process could be addressed. In addition, Magnum Forge led testing of the Enertia solution with PVA users to ensure that the system worked to their specifications and to help users get accustomed to the new software. Magnum helped PVA take advantage of some of Enertia's E&P-specific functionality that did not exist in the SAP solution, realizing improvements in severance tax reporting and payments, revenue accruals, and revenue distribution. Enertia's existing reports and custom reports built for PVA enabled them to go live without maintaining the BI solution, relying instead on data directly from Enertia, unless other systems' data needed to be integrated with Enertia data.

### The Outcome.

PVA went live on Enertia and their existing related systems and has started down the road to recover the costs of implementing new software and ultimately get a return on their investment for the project. Since the Enertia package handles lease administration, PVA was able to eliminate a major software package and the associated maintenance in exchange for a single ERP that handles all accounting and land functions. Given the complexity of ERP projects, there were a number of data conversion issues and trailing custom reports that Magnum Forge stayed on to help organize and resolve, working with the software vendor and Penn Virginia.

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