



Atlantic Methanol Pumps Up its Financial Processes with SAP and IDS Scheer

Process Excellence in Action Atlantic Methanol Production Company

“The Implementation of ARIS SmartPath for Chemicals provides AMPCO with the visibility necessary to run our business across the entire enterprise, from Materials Management and Logistics in the warehouse, to final methanol sales to end customers, while also providing us with the tools necessary to manage our overall IT strategy.”

Mark Grone
Information Technology, Marathon Oil Company

Organization

The Atlantic Methanol Production Company (AMPCO)

Industry

Methanol Production

Challenge

The company's computerized maintenance management software (CMMS) had limited financial processes, making it difficult to align transactions with projects.

The Solution

Engage IDS Scheer to implement SAP All-in-One across all three companies.

SAP Solutions Deployed

- ▶ ARIS SmartPath for Chemicals, a bundled solution of SAP All-in-One enterprise software, ARIS-based industry specific reference models, and Consulting services

Benefits

Near real-time processing and better visibility into inventory, procurement and invoice-payment processes.

Headquartered in Houston, Texas, the Atlantic Methanol Production Company (AMPCO) is comprised of three companies: AMPCO Production, AMPCO Services, and AMPCO Marketing. The company produces methanol at its facility on Bioko Island in Equatorial Guinea, Africa. AMPCO extracts natural gas from the offshore Alba gas field and converts it into methanol. AMPCO Production sells methanol to its global customers. Within the U.S., AMPCO Production sells the methanol to AMPCO Marketing, which delivers it to end customers. The methanol is then shipped to either Houston or New Orleans and finally delivered to end customers via rail car or tanker. AMPCO is a stand-alone entity with ownership by Marathon Oil Company, Noble Energy, and Sonagas.

The Business Challenge

Beyond the physical challenges of producing, selling, shipping and distributing methanol, AMPCO was facing IT issues in the management of these processes across globally dispersed locations. With AMPCO Production based in Equatorial Guinea and its other divisions in Houston, the logistics were daunting. The company was using computerized maintenance management software (CMMS) to handle its processes, but ran into limitations that prompted a replacement project in 2004.

The CMMS required 16 hours to run a batch job that monitored the activities of one month – each material movement and every goods receipt would be interfaced into the financial module of the system. Unfortunately, there was no capability to link the correct transaction to the right project or cost center. In addition, when AMPCO takes title of the goods with delivery to the freight forwarder, the company is responsible for payment. However, it takes approximately six weeks before the goods are put into a container, loaded onto a ship and shipped to Equatorial Guinea. Previously, AMPCO had no visibility of its processes to track when goods were received or shipped out.

Further complicating the issue, the Houston-based companies (AMPCO Services and AMPCO Marketing) did not have their own financial systems — they were grouped into a home-spun A/S 400 legacy financial system from Noble Energy, another AMPCO parent company. The convolution of all the systems and processes created a difficult financial environment for managers to extract a correct a balance from all data collected at the end of the month. AMPCO realized a critical need to streamline its financial processes.

The Business Solution

AMPCO reviewed key functional areas and created a list of 300 to 400 requirements. As a mid-market company, AMPCO believed an enterprise platform was more than it needed. After researching options, AMPCO contacted IDS Scheer, who presented ARIS SmartPath for Chemicals, a bundled solution of SAP All-in-One enterprise software, ARIS-based industry specific reference models, and consulting services. Even though AMPCO initially thought an ERP system was not for them, IDS Scheer convinced the company otherwise that ARIS SmartPath was a perfect fit, especially for the optimization of its financial processes.

IDS Scheer began the implementation in June 2006 and AMPCO went live less than four months later — on October 1, 2006.

The Results

AMPCO has gained many efficiencies, including near real-time processing and better visibility into inventory, procurement and invoice-payment processes.

AMPCO recently interfaced its CMMS to the SAP system to obtain all the financial data needed for payment processing, compliance with the Sarbanes-Oxley Act, Foreign Corrupt Policies Act, and the Patriot Act. The company has even developed a role-based security matrix. Departments are working in collaboration now that the accounting department is relying on marketing to generate sales orders and invoices. Although there is increased segregation of responsibilities, the departments are working together more closely than ever before. The new solution provided AMPCO the freedom to control its IT strategy independent of its shareholders' IT infrastructure.

The robust interplay between SAP system's financial functionality and its CMMS provides employees with more timely and detailed information.

In 2007, AMPCO plans to upgrade to SAP ERP.