



SAHARA PETROCHEMICALS

LAYING A SOLID FOUNDATION FOR GROWTH WITH SAP® ERP

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Esam F. Himdy, Executive President,
Sahara Petrochemicals Company

QUICK FACTS

Company

- Name: Sahara Petrochemicals Company
- Location: Jubail, Saudi Arabia
- Industry: Chemicals
- Products and services: Petrochemicals
- Employees: 500
- Web site: www.saharapcc.com
- Implementation partner: Dolf Tech./TATA Technology

Challenges and Opportunities

- Replace manual, costly, spreadsheet-driven processes
- Enable long-term business growth and competitiveness
- Collaborate with partners more easily
- Achieve operational maturity

Objectives

- Deploy an enterprise resource planning solution that provides a solid platform for growth
- Connect operations via integrated business processes
- Avoid software customization to minimize costs and maintenance

SAP® Solutions and Services

SAP ERP application

Implementation Highlights

New software fully operational within 9 months

Why SAP

- Global, trusted company
- Software designed to handle industry-specific needs
- Support for standardized, best practice-based business processes that eliminate need for customization
- Familiarity to potential hires, which reduces hiring and training costs
- Integration with wide variety of third-party software certified by SAP, enabling easier, less costly collaboration both internally and with partners

Benefits

- Lower operational costs and increased efficiency and effectiveness
- Reduced key-person risk by standardizing all core processes based on industry best practices
- Increased competitiveness by investing in a trusted solution that optimizes operations
- Streamlined workflows that prevent processes from getting bogged down and increase overall responsiveness

Existing Environment

- Various plant information systems
- Radio frequency identification solutions
- Lab information systems

Third-Party Integration

- Database: Microsoft SQL Server
- Hardware: Hewlett-Packard servers and storage devices
- Operating system: Windows 2003

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sahara petrochemicals

The Sahara Petrochemicals Company, based in Jubail on the Arabian Gulf in the Kingdom of Saudi Arabia, is a high-growth industrial development company specializing in petrochemical, chemical, and related products. The company and its affiliates recently built a state-of-the-art chemical plant that targets to start production in 2009. But to reach the ambitious goals defined by its management team, Sahara needed to invest in a flexible, scalable platform to support integrated operational processes. It chose SAP® software as a pillar of its IT strategy. “We wanted to capitalize on SAP’s unmatched industry knowledge and market-leading solutions focused on the oil, gas, and petrochemical industry,” says Ihab Y. Hawari, IT manager at Sahara. “This is a greenfield implementation, and we want to adopt SAP software based on industry best practices to meet our objectives of maintaining best-in-class performance for our business lines.”

Stretching the Limits of Manual Processes

Early on, all of Sahara’s business units and departments were relying on small-business software and manual processes. “Finance was managed using QuickBooks accounting software from Intuit, but in most cases business processes in departments such as human resources, procurement, maintenance, and production were being managed using Microsoft Excel spreadsheets,” states Hawari. “Manual processes were sufficient during early stages of the business, but to move into large-scale production for global customers, we clearly needed to ramp up operations and gain visibility across the busi-

ness.” The first step was to invest in an IT platform that supports integrated operations and business intelligence.

Selecting the IT Backbone of Future Business Operations

When selecting its solution provider, Sahara had to balance a number of requirements. Management’s top priority was to build a flexible IT foundation that would allow the company to remain competitive over time – even during periods of economic turbulence. “We wanted to connect and streamline processes across operations and reduce business process costs,” states Hawari. “Our goal was to use proven, standardized, and paperless processes as much as possible.”

During Sahara’s review of possible solutions, it became clear that SAP offered the flexible technology platform and business process support the company needed. For example, Sahara could use the SAP ERP application to support a broad set of departments – from HR and procurement to finance and production – in an integrated way. And using the SAP NetWeaver® technology platform, Sahara could provide business users with secure, role-based access to applications, information, and processes, as well as integrate and reconcile information in heterogeneous IT landscapes and cross-company networks.

Hawari also wanted a solution that could smoothly integrate with software used internally and by partners. Because SAP software is certified to work with a wide range of third-party products, Sahara can use it to maximize efficiency, streamline data sharing, and lower IT costs. In addition, this software integration would enable Sahara to conduct business over the Internet with banks, partners, and customers.

And finally, the company wanted a solution already familiar to potential employees. States Hawari, “One of the keys to scaling our business will be the ease with which we can hire the best talent and make new employees productive from day one. SAP ERP is well known throughout the Middle East. Today there are 50,000 business users of SAP software in our area. So hiring won’t be a problem, and we can minimize training and ramp-up costs at the same time.”



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Esam F. Himdy, Executive President, Sahara Petrochemicals Company

A Phased Implementation Enables Success

Sahara partnered with INCAT International, a Tata Technologies company, to implement SAP ERP. “We started the full deployment in March of 2008,” states Hawari. “All baseline processes supported by SAP ERP, such as HR (including employee and manager self-service functions) and finance, were covered in the first phase. The second phase dealt with deployment of logistics,

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procurement, sales, project management, production planning, materials management, maintenance, and distribution modules.” Sahara also deployed business-to-business functionality within SAP ERP to support order-to-invoice collaboration with one of its affiliate off-take partners and integration with selected banks via the infrastructure of the Society for Worldwide Interbank Financial Telecommunications (SWIFT). Travel management, warehouse management, and workflow functionality is under implementation and targeted

to go live in May of 2009. Sahara also plans to propose and evaluate SAP BusinessObjects™ software to support the company’s front-end information discovery and delivery and business intelligence requirements.

Hawari saw the SAP ERP implementation as a good opportunity to standardize business processes across the organization. “Our goal was to leverage the industry best practices already supported by the SAP software,” he says. “Implementing standard SAP functionality tailored for our industry would minimize customization costs, help ensure more seamless business process flows, and eliminate potential process conflict between departments.” Analysts worked closely with all functional owners and helped them map their requirements to standard SAP functionality. “They saw that SAP provided the tools needed to run their departments efficiently, without customization,” adds Hawari.

A Fast Track to Business Benefits

In November 2008 the Sahara implementation went live. To make it easier for employees to access self-service functionality, the company plans to install kiosk machines across the company.

According to Hawari, Sahara has already realized considerable benefits, including the following:

- **Lower operational costs, increased efficiency and effectiveness, and mitigation of key-person risk:** SAP ERP provides support for standard, best practice-based business pro-

cesses that are efficient and cost effective. And if a key person leaves the company, Sahara can hire a replacement and train that person to follow the company’s existing processes, rather than having new, disruptive processes defined by the replacement.

- **Increased competitiveness:** By investing in SAP ERP, management feels confident that it has a solid foundation for successful partnerships and customer relationships. States Hawari, “When we tell our partners and customers that we run the business on SAP software, they know we can deliver the flexible, reliable services and quality products they need.”
- **Streamlined workflows that keep the business moving:** Before, the company was bogged down with slow, bureaucratic processes. With SAP ERP, workflows automatically route requests and alerts to the next level if someone fails to respond in a timely manner. “The software dynamically responds to our environment so processes don’t get bogged down,” adds Hawari.

Once Sahara begins production in its new plant, the company expects to realize other benefits as well. These include better alignment of corporate strategies and operations, increased productivity and efficiency, timely access to business insight, and faster adaptation to industry changes.

Looking Ahead

Sahara is already enhancing its enterprise resource planning solution with other applications, such as the SAP Tutor application, Duet™ software, and SAP Solution Manager, enterprise edition, for customers who have SAP Enterprise Support services. "In 2009 we're going to evaluate implementing the SAP NetWeaver Master Data Management component so we can manage materials and vendors in an advanced, cross-enterprise manner," explains Hawari. Sahara also expects to deploy the SAP Manufacturing Integration and Intelligence application, which extends SAP ERP functionality into plant operations for greater visibility, analytics, and control of manufacturing processes and faster responses to changing demand.

"We believe in embracing the latest technologies that will drive our business forward," adds Hawari. "SAP solutions and the industry best practices they support will drive the backbone of our operations. And by going with SAP, we're signaling to all potential partners and prospects that Sahara is a world-class company."

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