

## Client Case Study



### DELTA Utility Services

Based in the south island of New Zealand, DELTA is an infrastructure construction and asset management company. For the past 10 years it has provided a range of services to local authorities, property developers, industrial customers, energy companies and electricity lines companies. These include the construction, maintenance, management and servicing of electricity and water infrastructure, roads, waste management and environmental utilities.

With more than 500 skilled staff and an annual revenue of NZ\$70 million, DELTA provides management services for large projects as well as ongoing maintenance and management of equipment and facilities. The company has built its business by focusing on creating and maintaining long-term relationships with its clients.

### Background

Since being spun out from its parent electricity company in 1998 as an electricity management and maintenance business, DELTA has experienced an extended period of evolution and growth as it has rapidly expanded the range and diversity of its activities, both functionally and geographically.

To support its early operations, DELTA utilised the Olympic financial software linked to its parent's core energy billing system. This supported all areas of the business from general ledger and payroll to job management and reporting.

The software met most of the company's initial requirements, however as operations grew and the demand for information increased in complexity, particularly with regard to contracting and construction activities, it became increasingly evident that the system was unable to deliver all the support required.

Additionally, the ageing software had been tweaked and extended numerous times during its lifespan and there were a growing number of areas in which it was inadequate. The company could bend it to make it do what was required, however it was never really able to provide all the support needed, and there were growing concerns regarding the integrity of the system.

The DELTA structure is one of a series of stand-alone businesses operating co-operatively within a corporate group. The existing financial package was struggling to adequately deal with the cross-billing such a structure required.

The decision by the software supplier to cease support for the payroll function, following the changes to the Holidays Act, motivated DELTA to accelerate its plans to replace the accounting software.

A cross-functional team was selected to review potential replacements and provide recommendations to executive management. A range of selected potential replacement packages was reviewed during the selection process, but this did not initially include SAP.

"The initial presumption was that we knew what we wanted and knew who would have products that would be of interest to us," said DELTA Chief Financial Officer Stephen Wilson.

He said the internal accounting process associated with the business structure eliminated many potential providers, and SAP was not included in the initial round because of perceptions regarding its complexity and cost.

Coincidentally, the selection process corresponded with the New Zealand launch of SAP Business One, which caught DELTA's eye. However, while the package had a range of interesting capabilities, the selection team found it could not deliver all the elements and functionality required.

For example, it didn't have a job management system or an asset register system that was as comprehensive as required, and the company was faced with the prospect of adding third-party applications to cover those areas.

Both of these were fundamental to the requirements for replacement and, whilst an excellent job management system was available and was compatible with B1, finding a suitable asset register was problematic to the extent that Business One was not considered a viable option.

The Business One thinking was consistent with the philosophy that, provided you have a strong and stable backbone, then it is fine to add best-of-breed systems to provide for specific requirements.

However, this philosophy did not contend with problems synchronising upgrades and system performance management when DELTA endeavoured to obtain performance undertakings and lead vendor arrangements from the best-of-breed vendors.

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## The Decision

After discussing these concerns with SAP technology partner Soltius, DELTA agreed to look at SAP Business All-in-One to determine whether it could meet its particular requirements.

"We were surprised that it was not as expensive or as complex to work with as we had initially thought," said Mr Wilson. "After a comprehensive review, inclusive of site visits, we opted to go with SAP Business All-in-One."

A key factor in the decision was DELTA's desire to find a software package that could be used in its standard form, removing the need for costly and time-consuming alterations.

One of the underlying philosophies of the replacement program was that there would have to be a very good reason why the software would have to be changed to meet specific company needs. It was felt that, if the rest of the world does things one way, then why should DELTA be different. Implementing SAP Business All-in-One allowed this philosophy to be followed.

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## The Implementation

Once the decision was made, implementation of the new software proceeded smoothly. Soltius provided a dedicated project team to assist with the process and the project was delivered on time and within the overall budget.

Mr Wilson said the support provided by Soltius was a critical factor in the success of the project. Without them, DELTA would not have enjoyed the successful implementation it did.

Key to this success was a decision taken by DELTA to avoid making large-scale changes to the way the company operated internally and to stay within the scope of the implementation. On-the-fly re-engineering of business processes was banned and the systems were agreed and then locked down to enable implementation to occur without ad-hoc changes in the scope.

Opting for a pre-configured software package had removed a considerable amount of the implementation cost. Changes cost money, but if work is undertaken and completed in a standard way there are benefits to be had in both cost and implementation time.

During the implementation process DELTA also decided to roll out SAP Business Warehouse to further enhance reporting capabilities. This extra project was also completed within the original time frame and budget.

Taking a "big bang" approach, DELTA switched to the new software from July 1 2005. All daily operations continued to run smoothly. The implementation of Business Warehouse followed approximately a year later.

Since completing the project, DELTA has continued to enjoy rapid commercial growth and SAP Business All-in-One has provided the foundation and core systems to support this. Mr Wilson said the structured nature of SAP Business All-in-One has provided a welcome discipline in the way internal processes are completed within the company.

The various changes made to the previous systems over the years had weakened controls. SAP has made the company more efficient overall and consistent in the way it operates, he said.

SAP Business All-in-One has cut more than 50 percent from the time taken to undertake some weekly accounting functions and further improvements will continue to be made as the functionality available becomes better utilised. The software has made internal accounting operations much more efficient. In practical terms, it has allowed two accounting staff to be focused on 'thinking' work rather than 'doing' work. The process of producing customer invoices has also been greatly improved. Rather than taking a week each month to produce, they can now be generated in a matter of hours.

DELTA senior management has much greater confidence in the numbers provided by the financial system, knowing that all reports are based on the most up-to-date data available, with the drill down functionality enabling prompt verification of information. Rather than information needing to be drawn from multiple locations, all data is contained within one central database. The result is a single version of the truth that enables consistent reporting. The information that decisions are based on is up-to-date, reliable, and consistent which is one of the key targets DELTA had for the upgrade.

A key DELTA philosophy is to empower its managers to manage their business and to make decisions about activity within it. It is necessary to provide them with timely, relevant and consistent information on the areas of their responsibility to underpin the empowerment.

Reports for monthly management meetings are created much more easily and contain extra detail to allow comprehensive reviews of projects and any issues that might arise. Previously such reports often took days to compile and were subject to debate concerning the integrity of the information. They can now be completed within minutes and disputes regarding accuracy are promptly handled by way of drilling back to source data. Tasks that were previously very labour intensive are now handled automatically by the system.

"Each month our business managers provide a report to senior management of their financial performance for that period," said Mr Wilson. "We can now drill down from the management accounts into the detail during the meeting and find the reasons why certain things have happened. There are no excuses about poor financial information any more!"

Overall, SAP Business All-in-One has allowed DELTA to move from people-based to systems-based processes. Rather than relying on individuals to know how to complete administrative tasks, the structure of the software ensures things are done correctly. "The bottom line is that the financial function has become much more strategic to the company. Rather than just reporting the numbers, we can provide valuable information on which to make key decisions about operations."

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## The Future

With SAP Business All-in-One now bedded down and adequately supporting core operations, DELTA is planning to extend its usage of SAP, by making more use of the functionality that is available to provide better information and by more focus on refined key information.

Additionally, DELTA is implementing the SAP payroll module with assistance from Soltius. The implementation will further streamline internal processes and it is expected that having this function integrated with other processes will lead to further improvements in administrative efficiency.

"We are a growing company and have a great deal of confidence in the capabilities we now have in place with SAP Business All-in-One," said Mr Wilson. "It provides us with the base that will allow us to move forward on a range of different fronts. What we now have in place will support our expected growth well into the future."

He said midsize companies stood to gain a lot from a software implementation such as that completed by DELTA.

"The perception that SAP is very expensive, overly complex and too big is not correct," he said.