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Inspire the Next¹

Strike Energy Success Story



 **Hitachi Solutions**



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CUSTOMER PROFILE

As a leading energy service and construction company based in Calgary, Alberta, Strike Energy Services focuses on servicing the oil and gas industry throughout the Western Canadian Sedimentary Basin. Canadian and employee-owned with more than 1000 employees in 14 locations in Western Canada, Strike provides exceptional service to an impressive list of well-known energy clients.

INDUSTRY

Energy Service and Construction

LOCATION

Calgary, Alberta

Strike Energy Success Story

Lightning speed implementation of Microsoft Dynamics AX delivers enhanced productivity, project management, and customer service capabilities for Strike Energy

Business Situation

Strike Energy Services is a leading energy service and construction company based in Calgary, Alberta, focused on servicing the oil and gas industry throughout Western Canada. Since 2004, Strike has worked hard to become a trusted service provider for an impressive list of energy clients. As one of Canada's Best Managed Companies for the past five years, Strike takes pride in its strategic decision making, superior customer service, and quality craftsmanship. Strike provides construction services to the energy industry in following five product areas: major products, production services, fabrication and module assembly, electrical and instrumentation, and maintenance and turnarounds.

Virtually any project related to surface facilities in the oil and gas industry falls within Strike's expertise, including pipeline construction, production and process facility construction and maintenance, electrical construction, instrumentation services, module fabrication and assembly, plant maintenance, turnaround services, and major project construction.

To further establish the company's position as a prominent energy service and construction company, Strike has significant growth strategies in place for the next five years. However, the company's outdated technology was holding it back in the following ways:

- In order to make more strategic business decisions, Strike required timely and accurate information, a single source of information, and better access to the information.
- Strike did not have standardized processes across the organization and as a result, information was entered in to different systems and spreadsheets, which caused duplicate entries and problems trying to get an accurate read on the company's status.
- Strike did not have a single system of records. Rather, the company had multiple systems performing the same functions across the organization, resulting in increased errors and duplicate entries.
- Because Strike was using an ERP that was over 10 years out-of-date, it lacked transparency and details for activities that took place in the field. As a result, the company did not have an accurate view of what was profitable and what was

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not, which projects/activities were at risk, what the company's strengths and weaknesses were, or where potential opportunities existed.

After extensive analysis, Strike concluded that Microsoft Dynamics AX was the right solution for the organization. All it needed to do was find the right Microsoft Partner. Following previous failed attempts with other vendors, Strike engaged Hitachi Solutions because of the consultancy's solid reputation and award-winning success implementing Microsoft Dynamics AX. Strike was also impressed with Hitachi Solutions' customer focus, business acumen, and flexible approach to each project.

Solution

In partnership with Strike, Hitachi Solutions successfully implemented Microsoft Dynamics AX 2012 R2 on schedule, in record time (just six months), and within two per cent of the planned budget. The project also included Hitachi Solutions' Build//AX solution, which is built on Dynamics AX and tailored to the construction industry. Dubbed the POST (Process Optimization Standardization Technology) Program, the project was the largest non-construction initiative in Strike's 10 year history and one of the most important strategic initiatives in the company's 2014/2015 business plan.

The POST Program comprises three main technologies:

1. Dynamics AX 2012 R2 CU7 with the following modules: Sales and Marketing, Human Resources, Finance, Project Management and Accounting, and Supply Chain Management
2. Hitachi Build//AX for Construction and Enterprise Asset Management
3. ADP Workforce Now (Payroll)

Strong, customer-focused teams can achieve incredible results – this is never more apparent when we look at what Hitachi Solutions and Strike were able to accomplish by working together towards the common goal of superior customer service. In just six months, Hitachi Solutions and Strike worked collaboratively to meet the following aggressive timelines:

- June 1: Sales and Marketing functionality implemented for the entire organization
- June 15: Human Resources functionality implemented for the entire organization; payroll for all salaried employees migrated onto the ADP's WorkForceNow (WFN) payroll platform; partial demographic integration between AX and WFN (salaried employees only)
- June 20: Payroll for all hourly employees migrated onto the WFN payroll platform; full employee demographic integration between AX and WFN

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- August 1: Finance, Project Management and Accounting, Construction, Enterprise Asset Management, and Supply Chain Management functionality implemented for corporate and 5 percent of operational business units
- September 1: Finance, Project Management and Accounting, Construction, Enterprise Asset Management, and Supply Chain Management functionality implemented for the remaining operational business units

Benefits

Using Microsoft AX and Hitachi Solutions' Build//AX solution, Strike Energy is better prepared to reach its significant growth objectives over the next five years. For Strike, POST has been instrumental in providing real-time cost information on all its projects, standardizing processes across all business units, providing the groundwork for field execution, and laying a strong foundation for Strike's future rollout of mobile devices in the field. The project has resulted in more timely and accurate information for business decisions and improved efficiencies while at the same time effectively managing overhead costs. Ultimately, Strike is better positioned to respond to customer demands while utilizing technology to create a more dynamic work force by optimizing and standardizing processes.

With the multi-phased program starting late February of 2014 and culminating September 1, 2014, the implementation of Dynamics AX and Build//AX resulted in the following benefits for Strike:

Standardized processes for increased efficiency: Prior to POST being implemented, Strike's business units operated as silo offices; employees from different business units performed the same functions but in entirely different ways resulting in significant inefficiencies, duplicated efforts, and inaccurate information. By implementing Dynamics AX, Strike was able to incorporate the best-practices inherent in the ERP. This resulted in standardized processes across the organization, which has reduced employee duplication of efforts, allowed employees to easily move between business units, and increased the accuracy of information for decision making.

Improved financial visibility and project controls resulting in greater profitability: Previously, tracking operational activities at Strike was very labor intensive and sometimes non-existent; there was no easy way to know whether or not projects were losing money until well after completion. Now, Strike has access to the right information to make more strategic business decisions moving forward. POST allows Strike to know what is profitable and what is not and what projects are on-track and which are not. As a result, Strike anticipates an additional 20 to 30 percent gain in revenue because of the new technology and processes implemented.

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Real time reporting capabilities: In the past, Strike and its clients would often have to wait weeks or even months to find out whether or not projects were on track. Processes that used to take Strike days and include multiple steps can now be done in minutes with the click of a button. Strike can produce an invoice for the client that shows up-to-date project costs based on each customer's unique breakdown structure. From a time-saving perspective, this is significant. Having the ability to provide customers with information when desired is not something most companies in Strike's industry can do.

Comprehensive understanding of company resource loading: Having implemented the POST project, Strike can now fully understand its resource loading from both a people and an equipment perspective. The process Strike has in place to manage equipment and their workforce allows Strike to capture all opportunities that move into the pipeline, understand the status of current projects, and recognize whether or not the company is over or under-capacity in each area. With this knowledge, Strike is able to balance its workloads across the company's multiple industries.

Technological advantage in an increasingly competitive landscape: Strike anticipates that customers will recognize the advanced technological capabilities and look upon the organization even more so as an industry leader. Strike is now in a position to start providing its customers an external view of project statuses and billing updates on a daily basis, providing them with a real time understanding of project execution. In contrast, much of Strike's competition is still focused on "paper and pen analysis."

Efficiencies within the order-to-cash cycle: Significant reductions in the manual effort required to produce invoices has greatly improved the accuracy of customer invoices. Previously, Strike would use paper documentation to track costs and then manually calculate markups on labor, equipment, and material. With the introduction of Dynamics AX, the capture of labor and equipment hours moved from an activity that took several days at the end of each month to real-time recording. This has allowed for accurate and timely billing to the client as well as reducing the effort and duration associated with financial month-end activities.

Reduction of errors and decreases in processing effort within the procure-to-pay cycle: Previously, procurement was done manually utilizing hard copy purchase orders resulting in committed costs, payments and actual item costs requiring manual input into the system at month-end. Due, to the average length of time it took to complete the procure-to-pay cycle, there was a considerable amount of manual adjustments required when the actual item costs were tabulated and reconciled with estimated revenue holdbacks. Utilizing AX for procurement sourcing and purchase orders has completely removed this extraneous manual effort and the necessity of

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manual adjustments after the fact to recognize revenue against item costs that had not been recorded.

Accuracy and efficiencies significantly increased within the hire-to-retain cycle: With the HR functionality of AX, Strike now has accurate demographic information which is fully integrated into the finance, IT, and operational lines of business. Prior to AX, HR processes were decentralized, complex, and inconsistent, and individuals were required to enter information in multiple systems. AX now provides a single source of information for employee details, allowing Strike to better report on and manage its workforce activities, including new hires, turnovers, terminations, compensation levels, and forecasting and planning.

Proactive monitoring and management of enterprise assets: Dynamics AX, along with Build//AX, provides Strike with a single source to accurately manage all of its equipment, whether it's owned by Strike or third-party sources. With this complete view of its enterprise asset management, Strike has a better understanding of equipment utilization and can now proactively establish maintenance plans. This allows Strike to provide a higher level of service to its customer and minimize project impacts by reducing downtime through maintaining or replacing equipment before breakdown.

Better information and increased efficiencies within the customer lifecycle: Prior to POST, sales activities were managed by individual sales agents using either Excel or paper. At the end of each month, this information was then sent to one individual to consolidate for senior management. By that time, the information was already outdated. With AX, there is a single source for customer information and the entire lifecycle of the customer can be followed in real time. This includes pre-sales activities with the customer, opportunities (RFP), project quotes (estimating information for proposals), projects (won opportunities), and invoicing activities.



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