



SAP and IBM fuel business at Ultramar Diamond Shamrock.

Ultramar Diamond Shamrock Corporation (UDS) with about \$16.0 billion in annual revenues and more than 20,000 employees, is one of the largest independent refining and marketing companies in North America. The company now operates seven refineries in the United States and Canada with a total throughput capacity of 850,000 barrels per day and has over 5,000 branded retail gasoline/convenience merchandise stores. UDS is a perfect example of a company eager to consolidate its technology to drive performance and help reduce costs. To achieve this goal UDS implemented SAP to help improve the efficiency of its business processes and integrate newly acquired companies into the business structure. To maximize the potential of its SAP solution, UDS decided to move onto the powerful IBM @server pSeries replacing an existing competitor's UNIX environment. Doris Beaulieu, Chief Information Officer for UDS, comments: "UDS was benefiting from its original SAP R/3 implementation, which was offering a common platform throughout the organization, and set the stage for standardization, as UDS only had to maintain one set of business functions. To increase the capacity of the solution in a cost-effective way, UDS turned to IBM for advice. IBM made a highly com-

petitive offer with pSeries that enabled the company to change hardware platforms extremely economically and benefit from business processes that run twice as fast."

The new and fast platform of choice comprises two IBM RS/6000 S80 12-way and eight RS/6000 M80 4-way systems, which now run UDS's core business applications two to three times faster than the replaced infrastructure and now serve as the backbone of an IT environment that will run some 60 different software applications and databases. The IBM systems are responsible for critical business functions, including enterprise resource planning, business intelligence, human resources, backup/recovery, refinery maintenance, environmental tracking, bar-coding, point-of-sale, credit card reconciliation and product movement. UDS's choice of pSeries was driven by the company's need for a long-term solution. The flexibility of the servers allows for future expansion with fewer server and storage platforms meaning better manageability and lower cost of ownership for the diversified conglomerate.

Industry	Petroleum
Application	SAP R/3 modules: FI, CO, AM, PS, AR, MM, IS-Oil, BW
Software	AIX Oracle Tivoli MQSeries
Hardware	pSeries RS/6000 ESS



"Thanks to SAP and IBM, UDS now has an infrastructure that is proving extremely cost-effective, with great possibilities for the future."

Doris Beaulieu, Chief Information Officer for UDS



The company also elected to store its business data on IBM Enterprise Storage Server. This will enable UDS to proceed with plans to implement a storage area network (SAN) for consolidation and increased manageability. The 5.3 terabyte ESS is attached to all the IBM UNIX servers offering further growth potential. UDS is currently implementing MQ Workflow, from MQSeries, and WebSphere, also running on pSeries, to manage its e-business application architecture: this will help UDS take full advantage of the power of the Internet providing employees with easy online access to business data. UDS has also implemented Tivoli Storage Manager as its enterprise tape backup and recovery solution.

Cultivating the structure

SAP R/3 has enabled UDS to standardize its business processes – a key factor in the development of the company. UDS has been acquiring a number of new companies whose applications need to be integrated with its own; SAP provides an ERP system that streamlines all operations. As a result, UDS is now enjoying great efficiency benefits. Kent Brewer, Director, SAP support and Development, explains: “Before UDS ran on SAP, it had no less than three sets of business processes because of the acquisitions made by the company. SAP has created a standard platform, which provides UDS with a common means of handling data flow, and with one set of business rules throughout the company. This makes all processes much easier to understand and therefore more efficient.”

The integration SAP has created for UDS has also led to cost savings, as the system requires less people to operate it. Doris Beaulieu comments, “UDS has been saving money by bringing everybody in on the same platform, as fewer people are needed to operate the system.” Also the hardware platform move that took place has shown further cost benefits thanks to the fast implementation and the consolidation of the hardware. Doris Beaulieu explains: “I approved the project in July and by November, UDS had already gone into production using pSeries, with the actual implementation taking only two months. This meant UDS could enjoy the capacity and cost benefits of pSeries in record time.”

Doris Beaulieu adds, “Although it is still early days for UDS to take full advantage of the economic benefits of the SAP R/3 solution on pSeries, it expects even more cost savings in the near future.”

Well-oiled processes

UDS was already using SAP R/3 for many essential business functions, including handling the company's finances, warehousing and procurement. In the near future, when the company has made the necessary changes in its processes to take full advantage of the IBM/SAP solution, it expects to deal with these business functions even more effectively.

Doris Beaulieu comments: “UDS is currently using SAP for many operations. When UDS has organized itself to maximize on the power of pSeries, we will be able to take advantage of even more effective management of finance, and product control, and we are already seeing improvements in this area. UDS is also using the SAP industry solution IS-Oil which monitors fundamental functions in the petroleum side of the business. Combined with the power of pSeries, this offers much more efficient management.”

Speedy operation

pSeries is a big enough platform to run all of UDS' SAP applications, along with 40 other databases, simultaneously, which significantly speeds up business processes. Kent Brewer, explains: “Before we moved on to pSeries, running batch jobs was a rather slow process, as all the jobs were run on one production window. Thanks to pSeries, UDS is now getting its batch jobs done in half the time.”

Refining the system

UDS is overjoyed with its SAP and IBM solution, as Doris Beaulieu comments, “UDS has found its new solution runs twice as fast as its previous system and is more economical. It also has a tremendous amount of room to grow, easing the work should UDS expand further.”

Indeed, UDS will be making full use of the scalability of pSeries over the next 18 months, as it plans to extend its SAP solution to handle all the company's

plant maintenance and also implement the Business Information Warehouse. UDS will also be using the system to provide access to internal information for customers of its wholesale product. This will increase customer loyalty and could lead to increased profit margins, by providing details of further products, and encouraging the customers to make more purchases.



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