Successful ERP Implementation Case Study: Schlumberger and Scrum Inc.

June 2019

Enterprise Resource Planning (ERP) software can be a critical component of business success. But customizing and implementing these complex systems can be difficult and extremely expensive.

This case study examines how Schlumberger partnered with Scrum Inc. to successfully land their large scale ERP implementation.

An Ambitious Goal

When Eric Abecassis became the Chief Information Officer at Schlumberger in 2017, he knew he faced the kind of challenge that can make or break a career. The company had already invested a considerable amount of money into a project that would impact the company's future: an ERP system that would eventually span its entire global organization. Despite the resources Schlumberger put in, the project was facing significant challenges.

The company had already tried the standard playbook for ERP implementations. Abecassis says Schlumberger hired consultants, held workshops, worked overtime, and more. None had yielded the desired goal of 70 percent of the legacy systems converted at every site.

Prior to Abecassis's promotion, the initial cohort of 600 employees and contractors working on the ERP had jumped to 1,300. That caught Abecassis's eye.

"The productivity measure we had was the number of WRICEF, which is a delivery unit in the SAP world. And we were able to deliver about 60 WRICEF a month when we were 600 people. Yet we were still delivering 60 WRICEF a month when we were 1,300."

ERP 2015   ERP 2017

1300

600

60

ERP Headcount

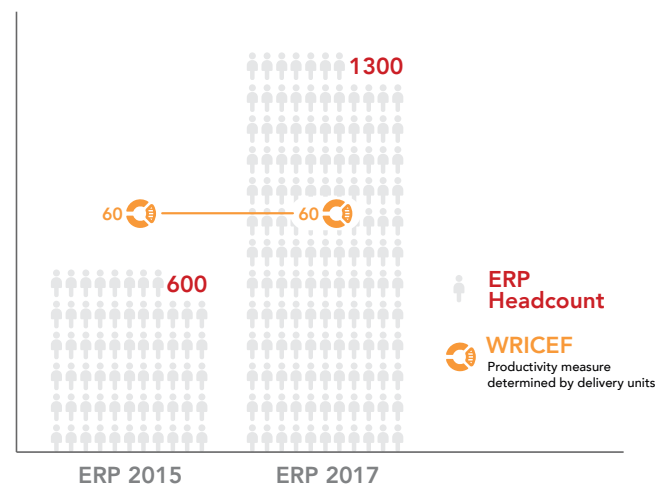WRICEF
Productivity measure determined by delivery units

He decided it was time to do something more radical. Abecassis told Schlumberger's Executive Management "The experiment with Scrum will only last a few months. But if we are successful, it's going to be a major breakthrough in terms of efficiency." It could have the potential to radically affect how the company does things. And not just in the back office.

Unifying a Giant

Delivering products and services in more than 120 countries and employing approximately 100,000 people, Schlumberger is the largest oil and gas services provider in the world.

But, the scale was hardly the only complicating factor in their ERP implementation.

Along with spending a lot of time and resources on research and development, Schlumberger used acquisitions as a key form of growth throughout the 20th century. But integrating IT business systems from acquisitions is no easy task. Eventually, Schlumberger had around 150 legacy IT systems running throughout the company. All of these systems and data would have to be brought into the new ERP.

Then there was the scope of the implementation. Schlumberger wanted to implement a system that touched every aspect of the organization. This sentiment was best stated in the company's 2015 Interactive Annual Report which announced the ERP:

> IT is the engine that will make it possible for us to achieve process visibility and implement an integrated solution called Enterprise Resource Planning. The business world began to centralize IT systems approximately 25 years ago, and many companies approached this by first updating discrete functions, such as finance and supply chain, and then integrating them into a renewed IT landscape. Schlumberger is taking a different approach by creating a more integrated solution in line with our business requirements.

The partnership between Schlumberger and Scrum Inc. would overcome these complex factors while boosting productivity and reducing cost.

Scrumming an ERP Solution

Schlumberger's leadership was a strong driver of change. They asked Scrum Inc. consultants and trainers to begin with an IT leadership workshop. This honest assessment helps the IT leadership understand what implementing the Scrum framework means, how it helps achieve business agility and leads to successful projects and boosts in productivity.

With the full backing of IT leadership, Scrum Inc.'s consultants then began coaching and training Schlumberger teams in the art and practice of Scrum.

They helped create Product Backlogs and refine them by breaking the complex project into smaller pieces which could be tested, delivered and iterated on during each Sprint.

Teams became empowered, work became transparent, teams became more cross-functional and dependencies were identified. Where possible these dependencies were eliminated.

"There was a very, very fast change that had an impact," remembers Jim Brady, Schlumberger's Vice President of IT architecture and governance. "There was a little dip in productivity. And those first couple of Sprint's were rough. Within five months, we had improved our productivity at the program level by 25% and we had reduced the number of external contractors by 40%, even given that period of inefficiency at the beginning."

One team, for example, delivered data into the new ERP one week ahead of schedule and at 93% readiness, well above the required 70%.
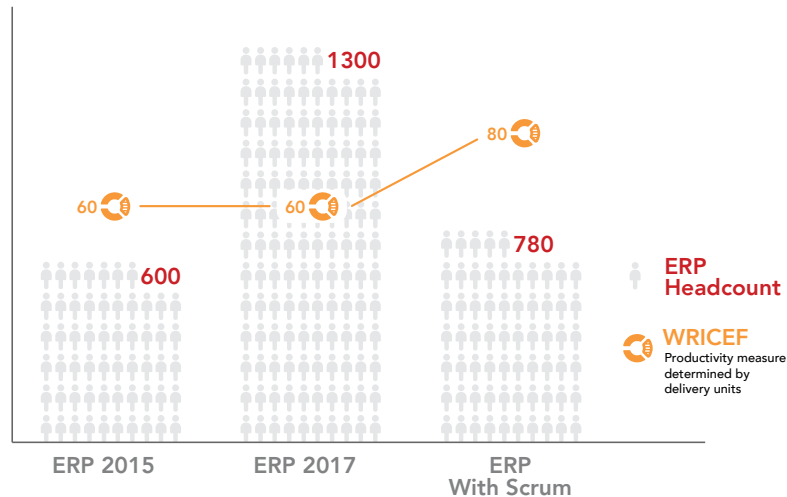
All this led one Schlumberger contractor who was skeptical of Scrum to claim that Scrum increased productivity in the ERP project by more than tenfold. How?

Before implementing Scrum, teams had significant downtime, what the contractor referred to as "white space" between when a piece of the ERP project was delivered and when it was tested and approved. This "white space" largely disappeared "because we've got the requirements nailed in the Sprint cycles."

After one year of using Scrum to implement their ERP, Schlumberger CIO Eric Abecassis says he too has a few data points on what has been achieved. "We've seen an increase of about 25% in terms of productivity with 25% of cost reduction on a massive program," Abecassis adds all this came with a significant improvement in terms of quality.

These results, he says, are just the beginning. "I think we can continue to push the envelope and we can get to around 30 - 40% of cost savings and 30 - 40% of productivity improvement."

Schlumberger's launch of the ERP in North America, the company's largest market, successfully went live on April 1st, 2019.

It's implementation in other geographies, leadership believes, will happen faster and cost less now that Scrum is being used. "For the global deployment, my goal is to get rid of the Gantt charts and spreadsheets and put the whole thing into a Scrum context," explains VP Jim Brady. "We're looking at a radical approach based on Scrum with a Scrum@Scale mechanism to make sure we have the proper control in the center, but radical autonomy at the country level." Brady believes this "will allow us to speed up the deployment and actually capture even more net to the bottom line."

This, however, was not the only success story.

Scrum Spreads at Schlumberger

Bringing Scrum Inc. to Schlumberger has paid off in more ways than expected, says CIO Eric Abecassis. "Basically, people started to open their eyes and say, okay, maybe there is something we can do with this. And very quickly, ambitions grew and they began transforming other parts of Schlumberger's IT team with Scrum."

There were a number of additional projects that started using Scrum but one stands out to Abecassis.
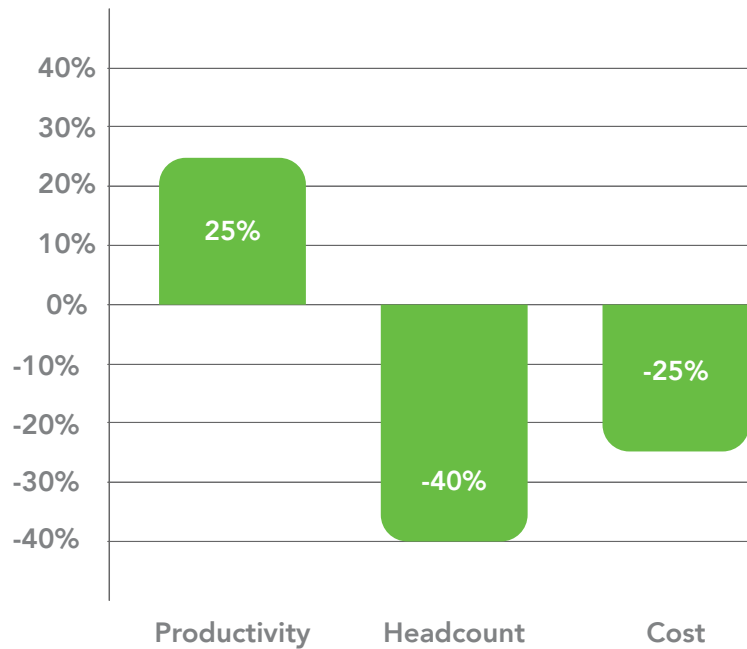
In this initiative, the company had already invested resources in the project but wasn't getting the desired results. So Schlumberger IT leadership told the project team, "don't worry, we have an answer for you. You're going to go Scrum."

Instead of a team of 80, just 15 people would be needed. The budget would be one-fifth of what had been initially requested. Ten months later, Abecassis says, those working on the initiative were proudly saying "we've achieved more than what we were expecting to achieve when we had more people and a larger budget."

Scrum and Schlumberger: A Lasting Impact

One year into what he calls their Scrum journey, Eric Abecassis says the Scrum framework has found a home throughout Schlumberger.

His new mission, he says forcefully, "is to generalize the concept of a 'Team of Teams' that is supported by the Scrum principles to become a tool to drive business." Then he adds, "That's my vision. That's my ambition. And that's what I'm working at."

**ERP Project Implementation Statistics
after Scrum Rollout at Schlumberger**

Better Results. Starting Now.

For more on the successful use of Scrum in complex projects, and how Scrum Inc.
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