Rapid Field Service Growth Demands Flexible, Affordable ERP

OFSi

OVERVIEW

When OFSi bought the pipe services assets of Scotland's ITS Tubular Services Holdings Limited, representing one of world's leading producers of tubular products for the oil and gas industry, it inherited an aging accounting system, Sage MAS 90. The management team began looking to solve multiple problems with inventory, manufacturing and accounting. OFSi turned to Acumatica, which met all requirements and more.

KEY RESULTS

- Gained a high-value, affordable foundation that can handle rapid growth
- Gained transparency into operations, finance and inventory
- Streamlined operations and processes
- Avoided $175,000 in user-fee costs and about $250,000 in customization charges
- Acquired foundation to scale operations including field services
- Independent Inspection
- Threading and Precision Manufacturing
- Oil Field Services & Technologies

SITUATION

OFSi provides premium products required in the oil and gas industry, specifically for horizontal shale drilling. The company also sells services such as pipe inspection, pipe storage, accessories, field services, and rig returns. OFSi is known worldwide for its pipe threading, which includes manufacturing of premium couplings.

With the acquisition, it became immediately apparent that the inherited Sage MAS 90 financial system did not provide basic accounting functions and the inventory system was not integrated with the accounting system. OFSi's accounting, operational systems and processes had to be rebuilt from scratch. There was no way to track sales orders because most customers were invoiced after a sale was complete. Inventory levels were tracked based on what appeared to be in the yard.

"Invoicing was based on manual, paper-based work orders and carbon copies," says Yuri Dorovskikh, OFSi IT Manager. "If we invoiced a customer, it was extremely hard and time consuming to retrieve all the paperwork related to that order. The sales process was lacking transparency as well because invoicing was done after the fact without sales orders being created. Even worse, the field services invoicing process was paper-based and shipped to main office, and only then was the invoice was created and sent to the customer."

OFSi initiated a project in 2014 to upgrade the accounting system from MAS 90 to Sage 100.

Throughout the years, OFSi grew, acquiring several companies, which resulted in three subsidiaries. Trying to incorporate the new business units into Sage 100 was difficult due to problems with the software. OFSi couldn't effectively do business without a primary system of accounting, and the need for a modern, integrated ERP became obvious.

OFSi considered Epicor, JobBOSS, Sage, and SAP. The team chose Acumatica because it offers an unlimited user licensing model that would save the company roughly $175,000 in userfees over Sage, and that it had an open, adaptable platform for easy integration with third party systems.

Implementation Challenge: Cultural Change

"As we build the business from purely a service company to a manufacturing and full solution provider, we needed more than just an inventory system," Dorovskikh says. "Acumatica gives us the capability to provide PO's, available raw material, and manufacturing modules to provide accurate available forsale inventories, including all pertinent costs."

Company
OFS International LLC
www.ofsint.com

Industry
Field service company for the oil and gas industry

Location
Headquarters in Houston, TX, with additional locations in Texas and Ohio

Application Replaced
Sage

Applications Evaluated
Epicor, JobBoss, Sage, and SAP

Products
- Acumatica Manufacturing Edition
- Acumatica Financial Management
- Microsoft Power BI
- Microsoft Office 365

Dorovskikh convinced top management to implement Acumatica in a newly acquired division as a test case so that he could prove that it could work for the entire company, including several acquisitions in the works.

In the beginning, the biggest challenge was getting many at OFSi to not only adopt new business practices, but also to become comfortable with using new technology. "It was about changing how we do business."

OFSi purchased the on-premises version of Acumatica and has implemented the Manufacturing, Inventory, Financial and Field Service modules, the last of which is designed for companies that repair products or equipment at their customers' locations.

It has also integrated third party solutions including Office 365 and Microsoft PowerBI, among others. "Anything Acumatica can provide, we want it," Dorovskikh says. "We are planning to build on it as our foundation." He also notes that he's won approval to spend a little more than a quarter of what other vendors said he'd have to spend on an ERP.

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>
> – Yuri Durovskikh,
> IT Manager,
> OFSi

BENEFITS

Managers with correct permissions have full transparency into OFSi financial operations in any of its four entities. "Now we can analyze how late customer payments are, who the biggest customer is at any moment, and how much we have in inventory," Dorovskikh says. "We didn't have this information before."

"Managers can now drill down within Acumatica and see where an actual number is coming from instead of having to asking accounting to find it," he adds. OFSi has about 300 employees, with about 80 using Acumatica. OFSi has reduced its invoicing time from 21 days to the same day. Acumatica has introduced transparency into their systems, and quickly provides all of the information related to a specific job or customer.

100 percent Revenue Growth

"Acumatica has allowed OFSi to increase sales 100 percent year over year," says David Green, vice president of operations. Acumatica's flexible and full-featured software probably saved OFSi about $250,000 in consulting fees needed to modify software to OFSi practices with other ERP solutions, he says.

OFSI's competitive advantage is that it offers a full-service package of pipe, couplings, premium connections, accessories and field services. To deliver this full product and service suite with high levels of customer service, OFSI needed a highly accurate ERP system to fulfill customer orders from request to fulfillment within 2 weeks. Acumatica helps the company maintain a high level of customer service.

Incorporating a MES (Manufacturing Execution System) and Automated factory. OFSI is in the midst of its fourth Acumatica implementation phase, a customized effort to help it buy, sell and monitor pipes, along with the services it sells during the use of the pipes.

The company is required to capture and trace specific parameters about its pipes to ensure quality of service to its customers. To accomplish this, it created a program that links a specific pipe order and its attributes to a bar code on the pipe that can be tracked throughout its use, and Acumatica will connect to all that data.

"Everything has to be traceable because if anything goes wrong at the customer location, we need to know how to resolve it," says Green. Adds Dorovskikh, "Only Acumatica could allow us to integrate all of this information."

Ease of Audit

"OFS International, LLC recently completed a financial statement audit per the strenuous guidelines of the Public Company Accounting Oversight Board, and Acumatica played an integral role in its successful and timely completion. We audited several years in tandem, and in the middle of the audit timeframe we had switched ERP's from a previous system to Acumatica. There is a noticeable difference in the data collection, representation, and archiving that Acumatica provides versus our previous ERP, and Acumatica facilitates a level of transparency for our records that is crucial for our data archiving and financial representation. Our future audits will be more streamlined thanks to the data retention and presentation capabilities of Acumatica." Adds Erica Howard, Senior Accountant.