

# Doing What A Billion Dollars Couldn't: How Scrum Inc. Partnered With Schlumberger To Solve Their ERP Implementation

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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 Scrum Inc. consultants partnered with Schlumberger to turn around an ERP implementation which had already spent \$1 billion but had little progress to show for it.

## When The Standard Playbook Fails

When Eric Abecassis was promoted to Chief Information Officer at Schlumberger in 2017, he knew the new title came with a giant problem. The Fortune 500 company had spent the last two years trying to customize and implement an ERP program across its entire global organization. The North American ERP was due to launch that same year. But that wasn't going to happen.

The oil services giant had already tried to use the standard playbook for ERP implementations. Abecassis says Schlumberger hired consultants, held workshops, worked overtime, and more. None of that worked.

After spending roughly \$1 billion on the ERP, the implementation was failing to meet the goal of 70% data readiness. Schlumberger had witnessed two back-to-back failed 'go-lives' in the autumn of 2017 alone.

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. "So I say there must be a lot of waste in the way we are organizing the work here," Abecassis continues, "We cannot have 1,300 people producing very efficiently."

He was right, and he had the data to prove it.

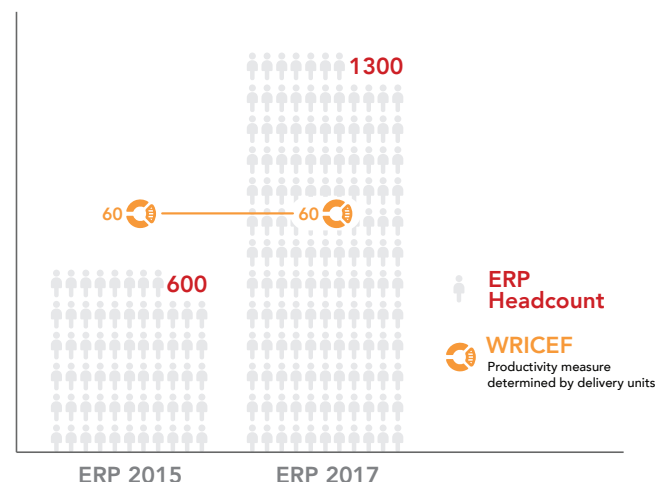
"The productivity measure we had is the number of WRICEF, which is delivery unit in the SAP world. And we were able to deliver about 60 WRICEF a month when we were 600 people. And we are delivering 60 WRICEF a month when we are 1,300."

The project was now costing Schlumberger around \$20 million a month. "I told the stakeholders we can't afford to continue the way we are." It was time to make a big bet. "If we fail, okay," the new CIO told them, "But if we are successful it will be a major breakthrough in terms of efficiency for the company."

Abecassis was told, "Go for it." That's when he called Scrum Inc.

## Unifying a Giant

Working in more than 85 countries and employing approximately 100,000 people, Schlumberger is the largest oil services provider in the world. This scale alone would complicate their ERP implementation.



But, the scale was hardly the only complicating factor.

Throughout the 20th century, Schlumberger used acquisition as a key form of growth. Like many large firms, they found integrating those acquisitions to be problematic. 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 go big. 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.

With help, Schlumberger would overcome these complex factors while boosting production and reducing cost.

### **Scrumming An ERP Solution**

Scrum Inc. consultants and trainers began at the top, with a leadership workshop. This honest assessment helps the leadership understand what implementing the Scrum framework means, how it helps achieve business agility, and leads to successful projects.

Jim Brady, Schlumberger's Vice President of IT Architecture and Governance saw that as an important first step. "We are a very command and control organization," explains Brady, "If the organization doesn't see the drive coming from the top nothing happens. That's our culture. Our culture is actually to resist change that we don't see coming from the top."

Sometimes, Brady states, that resistance to change is deeper the farther up the org chart you go. "I think probably the biggest change or resistance to change in an organization is when management has a viable alternative and that alternative is called we're not so bad. Let's just keep doing it the way we're doing. I don't think we had that option."

With the full backing of 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 dependencies were eliminated.

"So there was a very, very fast change that had an impact," Brady remembers, "There was a little dip in productivity. And those first couple of Sprint's were rough. But by the end of May, we had already improved our productivity at the program level by 25% and we had reduced the number of external contractors by 40% within five months even given that period of inefficiency at the beginning."

One team, for example, delivered North America Wells and Fields data into the new ERP one week ahead of schedule and at 93% readiness, well above the required 70%. In doing so this team accomplished more in 19 weeks than in the prior 2 years. Additionally, two other mission-critical countries that stagnated under 35% readiness were pushed to 74% and 82% readiness.

All this led one Schlumberger contractor who was skeptical of Scrum to eventually state that Scrum increased productivity in the ERP project by more than tenfold. How?

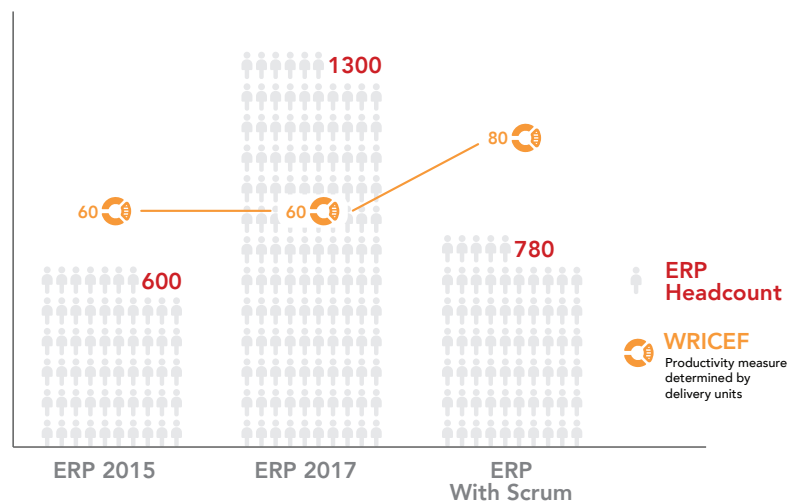
Before implementing Scrum, teams had significant downtime, what the contractor referred to as "white space" between when a piece of the ERP project was delivered and when it was tested and approved. This "white space" largely disappeared "because we've got the requirements nailed in the Sprint cycles."

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. "Defects are roughly half of what they use to be."

These results, he says, are just the beginning. "I think we can continue to push the envelope and we can definitely get to maybe 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, "I believe you have to do this when you go global because we want to decentralize it. Nobody can have the master spreadsheet that's going to have all the tasks for all the countries and all the interdependencies. It would never get done."



This, however, was not the only success story.

### Scrum Spreads at Schlumberger

Bringing Scrum Inc. to Schlumberger was CIO Eric Abecassis's big bet. It paid off, he says, in more ways than he expected. "Basically, everybody in my organization 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 the organization with Scrum."

There were a number of additional projects that started using Scrum but one stands out to Abecassis.

It was an initiative which would help Schlumberger predict future global demand for their services in order to allow the company to plan ahead. "And there was a very heated conversation at the beginning of the year." Abecassis says they had already spent a lot of money in 2016 and "they were not getting anywhere." Yet they were back to ask for another 12 or 13 million dollars to spend. "We told them no way."

Budget negotiations continued, at first \$9.5 million seemed reasonable. But soon Abecassis realized that wasn't going to work either. "So we say, don't worry. We have an answer for you. You're going to go Scrum."

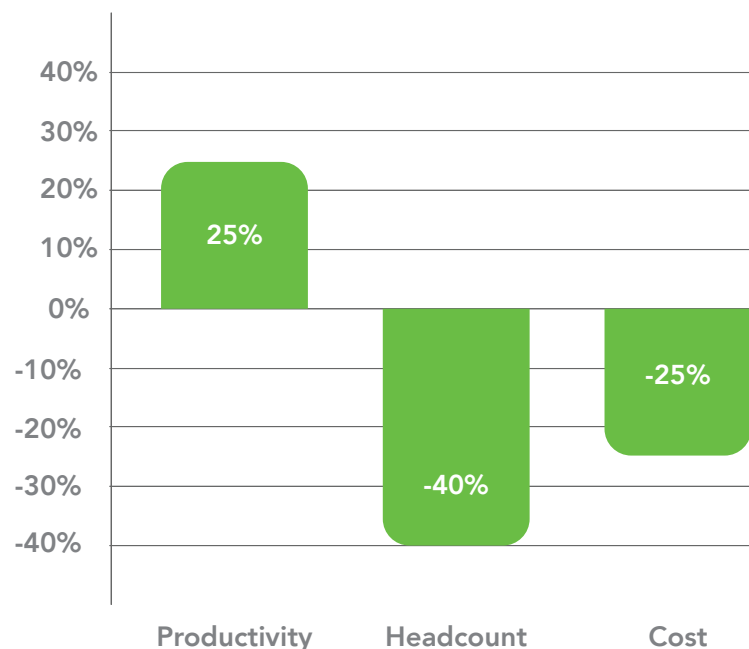
Instead of a team of 80, just 15 people would be needed. That \$9.5 million budget trimmed to just 2 million dollars, one-fifth of what they had initially requested. Ten months later, Abecassis says, those working on the initiative were proudly saying "we've achieved more than what we were expecting to achieve when we had a budget of 10 million."

### 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. "I mean HR, Finance, Supply Chain and so on. You can ask the CEO and he will be able at least to say a few words about Scrum."

Everyone in the company, states Abecassis, now understands a new way to solve complex problems.

His new mission, he says smiling, "is definitely to generalize the Scrum principles in a way that it's becoming a tool for driving business in a complex environment with a team of teams." Then he adds, "That's my vision. That's my ambition. That's my dream. And that's what I'm working at."



ERP Implementation Statistics  
after Scrum Rollout at Schlumberger