"Now with Clarity 6 in place we have multiple budget versions based on the company's performance throughout the year. We can now track how our progress is doing against our target, against our budget and against different scenarios; we never had that ability before." ~ **Kelly Nodzak, Accounting Manager – Colonial Pipeline**

OIL & GAS CASE STUDY

Colonial Pipeline Co.

Industry: Petroleum products transportation

Employees: over 700

Founded: 1962

Headquarters: Atlanta, Georgia

Situation Analysis

Colonial Pipeline Co. is an interstate carrier of petroleum products. Each day, it delivers an average of 96 million gallons of gasoline, kerosene, home heating oils, diesel fuels and national defense fuels to shipper terminals in 12 states and the District of Columbia.

The 5,519-mile Colonial system transports these fuels from Texas, Louisiana, Mississippi and Alabama to 267 marketing terminals located near the major population centers of the southeastern and eastern seaboard.

As the world's largest refined petroleum products pipeline system by volume, Colonial's finance department is presented with the demanding task of budgeting and planning for such a large and complex organization.

Kelly Nodzak, accounting manager for Colonial Pipeline, needed a solution that would reduce the effort and challenges associated with using Excel spreadsheets to consolidate and analyze the budget. Colonial was using an accounting package that lacked the capability to effectively store and retrieve budget or forecast data in a timely fashion. The outcome was a lengthy budget cycle that required numerous manual entries into Excel spreadsheets. This approach resulted in the finance department at Colonial spending precious time managing the budget process rather than analyzing the results of the budget.

"One of the key deliverables was to eliminate the current method of using Excel as a database to store information," says Nodzak. "During every budget cycle approximately 400 users would create their own specialized and personal Excel budget spreadsheets, then re-key a subset of their personal budget into the corporate budgeting system. Since you couldn't upload or download the data the budget manager would have to manually consolidate the information into another spreadsheet and re-key that into the budget system. Our goal was to have the budgeting data be housed centrally so there was no redundant entry and users could easily upload and download data while maintaining the flexibility of Excel."

In order to reach this goal Colonial Pipeline's finance department wanted to find a partner and software product that provided them the required solution. While they wanted a world-class company with a proven product history they also wanted a solution that fulfilled the following requirements:

• Easy to use
• Web-based
• Excel-like interface
• Reforecasting capability
• Minimal IT involvement after installation

"Many of the budgeting systems' end-users spend a lot of time traveling," says Nodzak. "As a result the solution had to be web-based and provide fast response time."

"Also, not all of our users are computer savvy so ease of use was very important and since everyone was already comfortable using Excel we wanted something with the same Excel look and feel. Additionally we wanted a product that didn't place a heavy burden on the IT department."

Solution

To help narrow down the selection process of finding the right corporate performance management vendor, Nodzak hired an external consultant to identify the best companies that could meet Colonial's needs.

During a three month review period, Nodzak and her finance team evaluated several vendors. After completing a detailed proof of concept, Nodzak and her team selected Clarity Systems' solution, Clarity 6.

"Our reason for choosing Clarity 6 was simple; it met all our demands," says Nodzak. "With Clarity 6 we were able to keep the Excel interface which was very beneficial for our end-users and it is web-based, allowing anyone from anywhere in the world to access the system and upload or download information. We also felt that it was best suited to

"Productivity has increased as a direct result of the Clarity 6 solution, saving Colonial both time and money. People are now able to spend their time on value add activities and not worry about number crunching and re-entering data, so a lot of inefficient processes have been eliminated which in turn has helped save time and money." ~ **Kelly Nodzak, Accounting Manager – Colonial Pipeline**

CLARITY systems

The well designed Clarity 6 interface allows Colonial Pipeline to compare last year's budget and target to identify potential issues and opportunities.

meet our unique business demands. Clarity 6 and Clarity Systems' professional services have done a phenomenal job."

Results

"We're a capital intensive company," says Nodzak. "The requirements that we have to monitor, forecast and budget our capital projects require lengthy approval by groups of people at different times in the budgeting cycle. Clarity 6 is able to provide an easy to use solution to track capital expenditures. We can easily request reports during our monthly review meetings so everyone has visibility and a common view across the enterprise."

"With personnel planning Clarity 6 is able to take the data we have in Peoplesoft HR and link it into our budgeting system," says Nodzak. "In the past Colonial's staff was spending too much time completing their payroll budgets but Clarity 6 gave them all the actual HR information they needed to quickly complete their HR budget. Clarity 6's HR budget templates provide the employee name, current salary, employee status, benefits, 401k contribution (employee and corporate), and so on. Clarity 6 HR then calculates all corporate payroll burdens by employee and department; all in a secure environment. What use to take a day to re-key and calculate information is now completed automatically in Clarity 6."

"Another Clarity 6 benefit is its support for multiple budget versions or scenarios," says Nodzak. "Prior to Clarity 6, mid-year budget reviews were problematic because the assumptions we made could not be easily entered into the system. We would revert back to the original budget because of our system constraints. With Clarity 6 in place we have multiple budget versions based on the company's performance throughout the year. We can now track how our progress is doing against our target, against our budget and against different scenarios; we never had that ability before."

"Colonial Pipeline's decision making has been dramatically improved," says Nodzak. "It's a lot easier to analyze actual, budget or variances with easy to use ad-hoc reporting allowing users to drill and slice and dice information. Clarity 6 and its web-based, Excel-like interface simplifies comparisons of last year's budget and target so users can identify potential issues and opportunities."

"Productivity has increased as a direct result of the Clarity 6 solution, saving Colonial both time and money," says Nodzak. "People are now able to spend their time on value add activities and not worry about number crunching and re-entering data, so a lot of inefficient processes have been eliminated which in turn has helped save time and money."

For companies looking to implement a performance management solution, Nodzak recommends documenting your budget processes before starting the project and using the new tool to improve processes you were reluctant to change before. She also recommends the inclusion of senior management during the selection process to make sure that senior management embraces the adoption of performance management.

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