



NATIONAL OILWELL VARCO (NOV) IMPROVES INFORMATION DELIVERY WITH IFS APPLICATIONS™

In 2006 it became clear that National Oilwell Varco (NOV) in Etten-Leur had to replace its existing ERP system. The Avalon solution that had been used for over ten years was still working well from a functional point of view, but was technically a liability. After a thorough study of available solutions, NOV selected IFS Applications. The ERP solution of IFS went live in 2008. “We now have a stable and user-friendly system that has improved our information delivery considerably”, says Rudi Kerkhofs, director of Operations at NOV.

National Oilwell Varco is an American multinational with a wide array of products focused on the oil industry. “NOV develops and manufactures virtually anything that is needed on an oil rig,” says Rudi Kerkhofs. “The facility in Etten-Leur employs approximately 350 people and is mainly focused on pipe handling equipment. These are tools for the actual oil drilling process. We handle development, as well as engineering and manufacturing.” NOV works on both conventional tools and highly advanced ones. It cooperates closely with several suppliers, including steel mills. “There is a lot of variation in suppliers, and the product portfolio and quality requirements are extremely high,” says Kerkhofs. “Oil drilling requires high investments. To limit downtime to an absolute minimum, the equipment has to be of high quality. We are a worldwide company, working for a select and small group of customers. These are mainly drilling contractors that do the actual drilling for an oil company.”

COMPLEX PRODUCTION PROCESS

The production process at NOV in Etten-Leur is relatively complex as it is a mix of make-to-order, make-to-stock and assembly. For a long time, these processes were supported by Avalon, an American ERP solution. Avalon was acquired by IFS in the 1990s. However, this was not the main reason why Kerkhofs selected IFS Applications in 2007.

“In 2007, we had to replace Avalon,” says Kerkhofs. “Not from a functionality point of view, but from a technical one. There was an increased risk as a result of the many customizations that had been developed. In addition, knowledge of the system was stored in only a few people’s heads.” NOV started a survey based on various criteria. A new system had to provide Oracle support, as well as serial-tracking, lot and batch tracking and planning. In addition, it was necessary that a new system was able to align supply and demand. Kerkhofs: “In Avalon, this was supported by a customization called ‘Bill of Demand and Supply’ or BDS.

ABOUT NOV

National Oilwell Varco is the leading provider for the worldwide oil and gas industry and has been dedicated to providing the highest quality oilfield products and services for more than 140 years. It is the single source for all rig equipment, integrated systems, downhole tools, and supply chain solutions. From a spare part to a comprehensive drilling system—and from a generic valve to a fully integrated supply chain process, NOV delivers unlimited customer solutions. By constantly developing and acquiring new technologies and services to better serve future customer requirements, NOV will continue to be the premier source for diversified products and services worldwide. In 2008, NOV reported a turnover of \$13 billion and net returns of \$ 1.5 billion.



This enabled us to process as much as 20 separate items in one order. A customer prefers to get complete shipments as much as possible. With BDS, we were able to manage this well. In fact, this was a knockout criterion. Our survey showed that IFS was able to support this with its Dynamic Order Process functionality. Other typical advantages of IFS Applications were the fact that we could reuse many components and that the logic is not part of the application but of the database. In addition, there was good chemistry between us and the people at IFS. Another aspect was that IFS Applications offered the best alignment with our existing solution.”

SMOOTH TRANSITION

On 1 May 2008, NOV went live with IFS Applications after a period of thorough preparation, in which NOV described all its processes. Key users played an important part in these preparations. In addition, all data were migrated. “The transition was very smooth,” says Kerkhofs.” In his opinion, the main advantages of the system are its stability, user-friendliness and the information delivery capabilities. “We have taken a major step. Now it is time to fine-tune the system. A nice example is the automated authorization of purchase orders. This is easily created in IFS Applications and simplifies the process considerably. Users will find an email in their inbox with applications that can be processed very swiftly.”

STANDARD SYSTEM

According to Kerkhofs, it is now easier for NOV to address future developments. “We now have a standard system that is based on the latest technology. As we have also purchased IFS’ development environment we are very flexible with regard to changes and maintenance. This can mainly be done in-house.” Kerkhofs says that a major success factor for this project has been the ‘chemistry’ with IFS and the knowledge IFS has of NOV’s industry-specific processes. “Consultants play an important role in these kinds of projects. IFS knew our organization and our processes from the inside. That has contributed in a major way to the success of this project.”

BENEFITS

- Solution based on the latest technology
- Very user-friendly environment
- Maximum support for Oracle database
- Support of complex order process through Dynamic Order Processing (DOP)
- Flexible maintenance, management and development
- Easy reuse of components



“We now have a stable and user-friendly system that has improved our information delivery significantly.”

Rudi Kerkhofs
Director of Operations at NOV