

Major Engineering & Procurement Joint Venture Chooses 4castplus for Mega Energy Projects

The Vista-Mustang Corporation: (<http://www.wgmustang.ca/>, <http://www.vistaprojects.com/>)

A Joint Venture between Vista Projects Inc. and Woodgroup-Mustang – engages in the procurement and construction management of major Oilsands projects in northern Alberta, Canada. Some example projects include Christina Lake and Foster Creek, which are owned and operated by Cenovus Corporation.

1 Situation

In early 2013, Vista-Mustang’s management team recognized the need to replace their existing procurement software. They were experiencing a number of struggles with the solution they had been using: On Track. Neither the software nor the vendor were responding to their growing needs.

After several frustrating years trying to make it work, the management team decided it was time to change. There was, however, a significant problem with that decision: time was not on their side. They were facing a very expensive software renewal with their old system in early 2014, and so had a limited amount of time to choose and implement a new solution.

1.1 A Procurement Solution for Construction Projects

After searching the market for months, the team still hadn’t been able to find a suitable option in a commercial software product that could meet their requirements. As it turns out, this E&P isn’t the first organization to come up empty handed in this kind of software search. Many large engineering firms that engage in procurement have wound up building their own in-house system for these very reasons.

So why is that?

To manage the complexity of procurement on large construction projects requires an exceptionally targeted and robust technology solution. It’s not that there aren’t other procurement or supply chain software systems out there – quite the contrary. However, most commercial procurement products are designed to handle general-purpose purchasing for a broad range of businesses, governments, schools, etc. – rarely are they a fit for construction projects.

One unique aspect of the major construction project is the sheer volume of materials, labor services and equipment that needs to be contracted, procured and successfully delivered to multiple jobsites, yards & warehouses on a very explicit schedule. Any errors or delays in procurement or expediting can cause expensive project cost overruns. The procurement team, therefore, needs to be able to work efficiently

and manage a tremendous amount of concurrent information. For them, the procurement system needs to be more than just *functional*, it needs to be a *productivity tool*.

Additional key capability of the procurement system, is the need for it to support ordering long-lead items and items in bulk. Large construction projects that take years to complete need to secure pricing and product well-ahead of time to mitigate the risks of availability, timing and price increases.

A further unique requirement surrounds cost codes; where all procured items need to be structured and coded to the hierarchy of the project. Large construction projects typically have complex cost codes that map to the Work Breakdown Structure and the Cost Breakdown Structure for planning and reporting. Project controls teams need to be able to report on budget, actuals and accruals against a very specific coding system that goes to a very detailed level. The procurement solution needs to provide flexible cost-code management and be able to feed the needs of other connected disciplines such as: Engineering, Project Controls, Estimating, Project Management and Accounting.

1.2 More than Just a *Replacement Strategy*

There's no question that larger projects have a lot riding on the ability of the procurement department to execute effectively. This client, for example, has a team of over 40 buyers and expeditors that manage thousands of concurrent requisitions, contracts, purchase orders and RFQs – along with hundreds of thousands of line-items; and hundreds of suppliers and subcontractors. Efficiency, timing and accuracy in the procurement group are vital to ensure these projects are executed with precision.

Of course, this company's search wasn't contained to looking for software that would just "replace" what they had. They had other objectives in mind that they were looking to achieve as well:

- They wanted software that was easy to use. Not only did they want to be sure their procurement staff were happy with the change, but they also needed to reduce their training budget.
- They wanted a solution that encompassed project management, budgeting and project controls features in addition to procurement.
- They wanted to improve productivity and reduce errors
- They wanted to impress their clients with better service, responsiveness, increased visibility and great reporting
- They needed to reduce costs
- They needed a flexible, responsive relationship with their solution provider

2 Solution

By May, 2013, the management team were losing hope and starting to think that for them too, building an in-house solution may be their only alternative. This was not an ideal option to say the least – they had neither the time nor appetite to build in-house. "We had no desire to build our own software product," asserts JP, the Director of Projects, "We're an engineering company, not a software company. These things always take longer, are more expensive, and end up being a very frustrating experience with limited returns."

It was right around then that they met the representatives from 4castplus. The 4castplus management team had begun investing effort in building the procurement arm of the software about a year prior, and were starting to see traction in the EPCM market. It was a natural fit to augment the budgeting, forecasting and project controls features that were already integral to 4castplus.

The client team saw enough promise in 4castplus to host multiple product demonstrations to their different internal groups. Although there was *promise*, the challenge remained that 4castplus – as a procurement solution – still had a ways to go before it could tackle the complexity of mega projects greater than \$1Billion in size. The question on everyone’s mind then, was – can the gaps be filled in time to meet the aggressive deadline? The 4castplus and the client teams were confident that it could be achieved and so a deal was struck in late August of that year.

2.1 The Aggressive Implementation

With a compressed timeline before them, the 4castplus product development team quickly got down to business. There was a lot to do, and many unknowns still to come. One of the greatest unknowns was the issue of Data Migration. There were several thousand Purchase Orders along with the associated Requests-For-Quote, Receiving Documents and Expediting data that needed to be migrated from the old system (OnTrack) into 4castplus. Added to that was the project Budgets, Work Breakdown Structures, Cost Breakdown Structures and Vendor Lists that also had to be migrated into 4castplus as well.

Success in an aggressive project like this requires much more than hard work. The relationship and trust that was built and nurtured between representatives from the two companies over the project duration played a vital role in its ultimate successful rollout. “The 4castplus team were so responsive and easy to work with,” said Mike Tang, Project Applications Support Analyst, “We had constant visibility into progress throughout the project and were very impressed with the high quality and the speed that they worked at.”

2.2 Successful Delivery

In late January 2014 the customer’s procurement department made the successful switchover to 4castplus. As normally happens in a rollout of this size, there were a few hiccups in the first couple of weeks. “Of course we expected some glitches at first, and we were quite nervous about that,” articulates the Director of Projects, Justin Purdie, “We can’t afford any disruption in business. A high-functioning procurement group is far too critical for us – interruptions were not an option. But the 4castplus team were extremely responsive, and turned-around immediate fixes that kept us humming along.”

3 Meeting Objectives

People are often resistant to change. Throwing a big group of people into a new software system that they spend a good chunk of their day with doesn’t always go smoothly. “I was anxious about how the rollout would be received,” shared Tang, “But the buyers, expeditors and project controls groups are all very happy with the change. They all find it very easy to use and intuitive – it’s much better than anyone expected.”



The objectives of improved productivity, cost reductions and impressive client reporting have also been met by making the change to 4castplus. "It's not often you get to check-off all your goals as being met," emphasizes Justin Purdie, "But this was a job very well done."

4 For More Information

For more information on 4castplus, please visit <http://www.4castplus.com>, email us at info@4castplus.com, or give us a call on +1-403-450-7878.

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