

S-OIL Enhances Enterprise Value by Optimizing Performance Management System



S-OIL Corporation
Seoul, Korea
www.s-oil.com

Industry:

Oil & Gas

Annual Revenue:

US\$20.86 billion

Employees:

2,456

Oracle Products & Services:

Hyperion Performance Scorecard
Hyperion Essbase
Hyperion Data Integration
Management

“S-OIL has adopted enterprise management/business intelligence (EPM/BI) systems with the aim of achieving strategic imperatives and implementing objective performance management. The company chose Oracle’s Hyperion Performance Scorecard as we believed Oracle’s EPM/BI solutions offer superior advantages in terms of compatibility, easy upgrade, reliable engine, and user convenience. Oracle’s EPM/BI solutions helped S-OIL lay the foundation for objective performance management, which will ultimately lead to the enhancement of enterprise value and fair performance-based compensation systems.” – J.B. Ahn, Head of P&C Office, S-OIL Corporation

S-OIL was founded in 1976 as the newest entrant in the Korean refining industry. Ever since it entered into a joint venture partnership with Saudi Aramco, the world’s largest oil company, in 1991, S-OIL has continued to grow. Based on its industry-leading heavy oil cracking facilities, S-OIL has made significant contributions to the upgrading of the Korean refining industry.

Since its inception, S-OIL has set its eyes on exploiting overseas markets rather than relying on its presence in the domestic market. As a result, S-OIL is the supply hub of light oils in the Asia Pacific region, exporting 60% of total production to more than 30 countries around the world.

In March 2007, S-OIL entered into a strategic alliance with Hanjin Group, one of the world’s largest logistics companies. The partnership brought dramatic improvements to the company’s financial structure as well as synergies in marketing and supply chain management.

Armed with high quality upgrading facilities and balanced marketing capability between its domestic and export business, S-OIL has earned a reputation as the most competitive refiner in the Korean refining industry. Going forward, S-OIL will continue its efforts to become the most competitive oil refining and marketing company in the Asia Pacific region.

Key Benefits:

- Opened employees' mindset to the organization's strategic goals
- Established a fair and objective compensation structure
- Gained a user-friendly system, with gauges and icon-based menus and customizable user interfaces
- Improved data reliability and productivity by automating KPI input
- Developed systematic performance management

To achieve this aim, S-OIL had to implement a performance management system that would support objective performance tracking.

In June 2009, S-Oil went live on a new performance measurement system based on Oracle's Hyperion Performance Scorecard and Hyperion Data Integration Management. The system has enabled the company to keep track of staff performance and foster an achievement-oriented culture.

Creating an Objective Performance Measurement System

S-OIL believed optimizing the performance management system was essential to achieving its corporate vision. Doing so would cultivate a performance-oriented corporate culture, whereby employees were motivated to apply all their capabilities to meet strategic imperatives. It would also ensure objective performance measurement.

Equally important was the implementation of EPM/BI solutions that would be readily accessible to the management and employees amid a fast-changing business environment. The solutions also had to be conducive to the enhancement of key performance indicators (KPIs) since these were designed to direct employees toward a value-oriented mindset, rather than act as a simple scorecard for their work.

Preparation Key to Success

S-OIL's successful launch of its EPM/BI systems was preceded by its efforts to clearly define its EPM/BI objective, gain enterprisewide consensus, and frame them within corporate policies and operational guidelines. The business improvement team (S-OIL EPM/BI project team) took the following approach.

First, they gained corporatwide consensus and strong top management support, including from the CEO. Second, a clearly defined policy that is objective and fair was developed. Third, the team worked on the seamless integration of business processes and technology. Finally, they designed a system that could be used intuitively by both management and employees.

S-OIL's Oracle EPM/BI solution has the following features.

Data interfaces with various corporate IT systems such as enterprise resource planning (ERP), partner relationship management (PRM), and human resources management (HRM)

were built. This enabled 70% of data input to be automated (managing approximately 12,000 data points for KPI calculation and formulation).

Other features included an intuitive GUI for easy interpretation; customizable charting functions to allow users to view information; a simple click operation to drill down to complex performance information; employee survey and statistical analysis modules; refinery-specific calculation functions; strategy modules that manage the enterprise value map, S-OIL value chain, and a strategy tree; and an independent CEO performance dashboard.

An Easy-to-Manage System

For the EPM/BI solution to be effectively utilized by management and employees, the system provides powerful management functions and comes with training materials.

S-OIL's business improvement team has highly skilled and experienced employees to cope with rigorous EPM/BI requirements. S-OIL has also utilized Hyperion Essbase to perform complex data and statistical analysis requirements for business improvement actions.

Next Steps

After a successful go-live in June 2009, S-OIL is currently going through the stabilization phase. Along with system development, S-OIL has been carrying out a KPI enhancement project to make Oracle EPM/BI more valuable. The company will continuously improve its EPM/BI solution so that it can be more competitive in the volatile business environment.

Why Oracle?

S-OIL reviewed EPM/BI solutions from Korean and multinational software companies. The company was looking for the following criteria: a rigorous analytic function; the ability to seamlessly integrate with other systems; scalability; reliability of the software engine; and a business and user-oriented design. Oracle's Hyperion Essbase, Hyperion Performance Scorecard, and Hyperion Data Integration Management met S-OIL's requirements.

The company is managing approximately 1,400 corporate KPIs and 5,000 employee KPIs, and the utilization of a strong analytic tool such as Essbase is making it easier to understand corporate data and make the information more viable.

“From the inception of the project, Oracle’s professional, ‘tour de force’ business and technological advisors were key to the success of the project,” said Y.J Baik, assistant vice president and project manager of the S-OIL EPM/BI project, P&C Office.

Implementation Process

The Hyperion system deployment began in January 2008 and went live in June 2009.

Founded in 1976, S-Oil is one of four oil refining companies in South Korea. It owns and operates a refinery complex that has a refining capacity of 580,000 barrels per day and is integrated to produce lube base oil and aromatic-type petrochemicals.