PBF Energy: Fueling the Dramatic Growth of a Start-Up with an SAP® Business All-in-One Solution
Executive overview

Company
PBF Energy

Industry
Oil and gas – manufacturing

Products and Services
Petroleum refining and unbranded transportation fuels, heating oil, petrochemical feed stocks, lubricant base oils, and other petroleum-based products

Web Site
www.pbffenergy.com

SAP® Solutions
An SAP® Business All-in-One solution

Partner
B4 Consulting Inc. (www.b4-consulting.com)

How does a start-up company quickly create the IT and business infrastructure it needs on Day One while supporting growth and a potential IPO waiting in the wings? PBF Energy chose an SAP® Business All-in-One solution to build a central platform for financial, accounting, plant maintenance, and materials management processes, which work to streamline businesses processes across the organization now and in the future.
Fueling rapid growth through acquisitions

Founded in 2008, PBF Energy has since blazed a path of rapid growth. With the acquisition of three domestic refineries in 2010 and 2011, PBF Energy is already one of the largest independent petroleum refiners in the United States. The company – which has the capacity to process an average 540,000 barrels of petroleum per day – supplies unbranded transportation fuels, heating oil, petrochemical feed stocks, lubricant base oils, and other petroleum-based products throughout the United States and Canada. Most finished products are sold through long-term off-take and supply agreements. Oil-refining operations are located in New Jersey, Delaware, and Ohio and employ about 1,400 people.

Backed by The Blackstone Group, a premier private equity firm, and First Reserve Corporation, a leading private investment firm in the energy and natural resource industries, PBF Energy filed an initial registration statement for an IPO in November 2011.

“We hired at a tremendously rapid pace. We brought on new employees while simultaneously building an IT backbone and running our business,” says PBF Energy CIO Richard Loew. “Our train has left the station and is running at full speed.”
Future scalability with minimal transition costs

PBF Energy strives to be a good neighbor in the communities where it operates, supporting schools, the arts, and social services while operating a safe and environmentally sound business. The company uses environmentally responsible technology and continuously seeks cleaner and smarter ways to fuel the world.

To support multiple initiatives and meet IPO compliance requirements, PBF Energy needed a strong technology backbone for designing and supporting essential business processes, says Loew. He and his team also sought to minimize transition costs for IT services and assets related to future acquisitions.
After exploring options for its backbone software, PBF Energy found many reasons to choose an SAP Business All-in-One solution. “Many of us were familiar with SAP software from previous experience,” says Loew. “Because SAP is the leading software provider for the oil and gas industry, we felt that SAP’s interest in the industry would ensure robust functionality for PBF. We knew that having an SAP backbone would assist with streamlining our business processes and the necessary IT support requirements, thereby reducing acquisition costs.”

PBF Energy partnered with B4 Consulting Inc. to research and build an SAP solution that would meet PBF’s requirements today and advance future growth. B4 Consulting, an SAP gold partner, is authorized to resell and implement SAP solutions for small and midsize companies. Experts in building SAP solutions that address specific customer requirements, the B4 Consulting team worked with PBF Energy to craft the software landscape, facilitate licensing, and accelerate time to value for the new software.

With help from Opportune LLP, which handled industry-specific functional subject-matter expertise and project management, and Larsen and Toubro Ltd., PBF’s offshore integration partner of choice, PBF Energy went live with its financial software within 122 days. Procure-to-pay and plant maintenance software was installed in about 270 days. Over 2 years, the company trained more than 1,000 users at 4 sites. Tight control of the project’s scope – along with SAP best practices and the use of onshore, offshore, and off-site resources – kept the implementation on track even as new acquisitions were underway, Loew notes.
A central platform for launching key business processes

Before implementing its SAP Business All-in-One solution, PBF Energy had limited systems, business processes, technology, or staff. The new software provided a single, integrated platform from which the company could launch and operate its business. The modular structure of its SAP Business All-in-One solution helped PBF Energy meet its business goals.

After introducing finance and accounting functionality, PBF Energy added software for project systems, plant maintenance, materials management, project accounting, profit center accounting, and asset accounting. The software integrates with Hyperion Essbase for consolidated reporting – as well as with ADP payroll solutions, MCI Track (for third-party time tracking), Sabrix (for procurement taxes), and ThomsonReuters OneSource. Energy trading and risk management software interfaces with general ledger functionality in its SAP Business All-in-One solution.

Customizations to the software have been minimal. They include adaptations for scheduling work orders, a simplified notification entries transaction, a simplified journal-voucher upload utility for spreadsheets, and interfaces and extracts to the Hyperion, MCI Track, and ADP software.

“We defined a project scope that would give us the essential support we needed to function effectively, knowing that we could add functionality down the road.”

Richard Loew, CIO, PBF Energy
A backbone for future growth and lower costs

With an SAP Business All-in-One solution in place, PBF Energy has quickly created the essential business processes, procedures, and controls it needs to structure and grow its business. “We were able to take these key steps even as the company became involved with additional acquisitions,” Loew says.

The new software has helped PBF Energy quickly consolidate its financials on a single platform and position itself for a future IPO. The common platform also supports shared services across the organization’s four locations and has eased IT effort and cost.

“With a future acquisition, we will significantly reduce the costs for data conversion and change management,” Loew notes. Having a stable technology backbone allows PBF to avoid multimillion-dollar IT transition costs that can often occur if a buyer does not have a stable technology platform.

“The implementation of SAP workflow, data mining tools, and document management functionality should further reduce costs,” Loew adds. “We look forward to incorporating other support in our SAP Business All-in-One solution that will help our company grow.”

“The software provided the support we needed to bring a nonworking refinery back to life, incorporate two operating refineries into our business, and lay a foundation for streamlining future acquisitions.”

Richard Loew, CIO, PBF Energy