

How a modern enterprise resource planning (ERP) system supports growth

Diamondback Energy implements SAP S/4HANA® for a quick-to-market solution with minimal business disruptions.



■ The better the question

## How can back-office optimization fuel market-facing acceleration?

For Diamondback Energy, agile technology was needed to lay a pipeline of opportunity.



Today's leading companies depend on internal technology to support their external growth strategies. In response, [chief finance officers](#) need systems and processes that can help enable these growth goals. To strike an equilibrium between the need for speed and accuracy, a smart financial driver is a must.

As a result of several acquisitions, Diamondback Energy, a US-based independent oil and natural gas company known for being quick to market, was experiencing significant growth. This expansion caused operational complexities and began to put increased pressure on their current systems. Realizing they had outgrown their accounting



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VP of Information Technology for Diamondback Energy

and finance platforms, Diamondback needed an enterprise resource planning (ERP) solution that could improve efficiencies in their financial processes and better support their expansion goals.

Diamondback chose the [SAP S/4HANA®](#) suite because of its proven track record with many upstream oil and gas companies. And, when it came time to implement the new solution, Diamondback turned to Ernst & Young LLP (EY) professionals. The EY team has proven experience leading large transformation projects and had already created ready-to-market EY Energy Industry Cloud for SAP solutions, saving Diamondback considerable time and the need for customizations. In addition, the EY team could deploy the solution with little disruption to Diamondback's employees.

"Our business is growing fast, and we needed to quickly invest in our accounting and finance functions," said Tracy Dick, Chief Accounting Officer for Diamondback Energy. "We also recognized the need for an experienced ERP implementation team who understood the essence of what we wanted to achieve. For us, it wasn't just about choosing a new ERP, it was about finding the right strategic advisor who could help us deploy the solution efficiently with minimal disruption for our employees."

## Smart teaming and proven technologies deliver long-term value

A seamless ERP implementation supports Diamondback Energy's long-term growth goals.



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### Smart teaming makes for better decision-making and faster results

Implementing an ERP system is a massive change and can be met with countless challenges including integration with existing systems and processes, flexibility for future growth and all-in support from the various departments within an organization. Acknowledging these potential obstacles, Diamondback brought together business and information technology (IT) stakeholders, resulting in quick and informed decision-making, as well as successful adoption of the new system. Concurrently, the EY team brought professionals from both the [Consulting](#) and [Tax](#) service lines contributing to a smooth deployment and a better understanding of the downstream effects of data integration. This cross-company teaming allowed for quick implementation and helped manage costs.

### Templated tools limit the need for customization aiding in faster implementation

To accelerate the SAP S/4HANA transformation, EY professionals tapped into the EY Energy Industry Cloud for SAP solutions, which seamlessly integrates pre-built, sector-specific ERP assets with the latest versions of SAP offerings. Leveraging over 3,000 EY-created SAP accelerators including processes, training, test scripts, data mapping templates, IT controls and security roles, the EY team helped Diamondback implement the ERP software within a timeline never thought possible. The EY team's leading-class [Intelligent Transformation Platform](#) toolset was also leveraged for the effective migration of data and integration of recently acquired companies.

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"To help our clients gain the best of the technology while preparing their businesses for the future, we have developed detailed pre-built oil- and gas-specific SAP solutions augmented with our differentiators," said Jim White, Principal, Technology Consulting, Ernst & Young LLP. "And by quickly adjusting to individual client needs, we've proven ERP implementations don't have to be complex or time-consuming."

### A new way of thinking about ERP implementations

But success is not just about implementing the right technology - it's about embracing the right mindset, with proven project and change management processes. While traditional ERP implementations follow a more linear approach, Diamondback adopted the hybrid-agile methodology allowing the team to stay on track and keep a close eye on progress. Solution review sessions were held focusing on adopting industry-leading best practices and demonstrating how end-to-end processes would be executed in the future. This approach allowed the EY team to continually address Diamondback's feedback and successfully finish this implementation with minimal business disruptions.

## Built-in functionality means an ERP that continues to extract value

Diamondback is laying the foundation for tomorrow's possibilities.

The result is a new SAP S/4HANA suite that accelerates Diamondback's system performance, improves data integration and availability, and supports its growth strategy.

And even with two additional acquisitions during the project and the virtual working requirements resulting from the COVID-19 global pandemic, this end-to-end implementation was completed in an impressive 16 months – balancing speed, quality and workload for the client.

"It's easy to forget that a transformation is as much about the journey, as it is about the destination," said Mike Kelly, EY Americas Finance Consulting Leader. "The real value comes from delivering measurable business impact over time. By embedding lasting change in the way an organization works and operates, hidden potential can be unlocked and the organization can be set up for long-term success."

Six months post-launch, Diamondback is already seeing a 30% reduction in the time required to complete month-end close processes and a 25% reduction in the time required for their first year-end closing.

Additional ERP benefits include:

- ▶ Highly stable system
- ▶ Improved data integration
- ▶ Efficient close processes
- ▶ Increased mobility capabilities

While Diamondback has reinvented its finance functions to achieve faster outcomes and to prepare for future growth, the flexibility of the SAP S/4HANA portfolio has potential benefits across several other areas of the company. In fact, they have already begun addressing back-office simplification and automation opportunities including integrations and further data automation. And with emerging technologies like artificial intelligence (AI) and machine learning built into the software, Diamondback Energy can see more benefits in the future.

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