

AKITA Drilling Ltd.

Case Study



Executive Summary

AKITA needed to replace its homegrown mainframe accounting system with a solution that could help better measure profitability and manage cash flow for its capital projects and contract drilling business.

Results:

- Better, more timely reporting for more people
- One single source of the "truth"
- Improved cash flow and job profitability metrics

Number of locations: 2

Number of employees: 800

Contract jobs: 400-500 annually

Drilling rigs 39 in all depth ranges

What AKITA does: AKITA Drilling Ltd. (publicly traded as AKT.A and AKT.B on the Toronto Stock Exchange) is a premier oil and gas drilling contractor with operations throughout Western and Northern Canada.

Partner

Callow & Associates Management Consultants Inc. | www.callow.ca



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Exploration turns up better reporting for Canadian drilling contractor

AKITA Drilling Ltd. is a premier oil and gas drilling contractor with operations throughout Western and Northern Canada. Part of the business includes construction and retrofitting of rigs according to customer requests. Unfortunately, there was no retrofitting AKITA's homegrown mainframe accounting system. So in 2007, the AKITA team began searching for a solution that would address its critical reporting needs as well as accommodate payroll for employees working across all facets of the business, a third of which are joint ventures.

"One of the issues AKITA faced was related to payroll. Because our staff can rotate between AKITA 100 percent owned rigs and joint venture rigs, we needed a solution that would allow us to run all payroll out of one company and automatically push job cost and GL entries out to the joint ventures," said Heather Bazant, AKITA's treasurer. "No one wanted to run payroll through the joint venture companies."

The exploration turned up Microsoft Dynamics GP with WennSoft Signature Job Cost as the right fit for the business.

"The combination of features, the scalability of the product, and the fact that Microsoft had partnered with other vendors like WennSoft to offer functionality that the core package didn't, led us to choose the combination of Dynamics and WennSoft Signature," recalled Bazant.

A means to a profitable end

When a company has a well that they want to drill, they contract with AKITA. That can equate to nearly 40 rigs across 15-20 clients at one time—ranging from large oil and gas multinationals to junior oil and gas companies. Getting a handle on the profitability of those drilling contracts was critical. "We needed to track profitability of the contract by our customers and then programs within those contracts," said Bazant.

Prior to WennSoft Job Cost, contract reporting was a month-end event. The team didn't have the resources or expertise to change the one static contract report they had. Since implementing WennSoft Job Cost and Dynamics GP, however, they can run their reports any day of the week. Being able to measure job profitability on any given day comes in handy when bidding on new jobs.

AKITA's growth strategy has included construction of new rigs as well as retrofitting existing rigs. Previously, AKITA tracked these capital projects with a combination of Excel spreadsheets balanced against the general ledger accounts, a fairly labor-intensive process to say the least.

"Each one of these projects has a budget and we needed a way to measure the progress of both our actual posted costs and our PO commitments against that budget—at a more granular line item detail than we wanted to keep in the GL," said Bazant. "And it just wasn't timely because of the amount of manual work required."

With WennSoft Job Cost and ReQlogic, an integrated online requisition system, the accuracy and visibility of the project commitments has never been better.

"Now we have a far better handle on our outstanding capital requirements—both from a cash flow point of view and the project management point of view," noted Bazant. "We actually have visibility of what we are going to be outlaying in the future, so we can understand our cash flow needs."

Data and insight at the ready

Reporting across all aspects of the business has been improved with the new system. No longer is reporting a monthly event requiring all users to exit the system. In fact, tools like SmartLists are actually keeping more users in the system, accessing the information they need.

"SmartLists have given our users, particularly the payroll and accounting departments, the ability to do queries themselves. They don't need an IT person and they don't need fancy formatted reports because what they want is the data and that was not an option before," said Bazant. "It has changed the nature of the analysis that we are able to do." Now the accounting team produces regular weekly reports for each project for the capital project group and senior management, previously an impossible task.

"In the past, we weren't able to do any of that because it would literally take us weeks to reconcile these Excel spreadsheets. We were always looking at a project after it was done. We just weren't able to produce reliable information on a daily or weekly basis the way we can now," said Bazant. "With Dynamics GP and WennSoft, we have that single source of truth, so we're no longer arguing over whose sets of numbers are right."

Partnering for success

Through it all, AKITA's partner, Callow & Associates of Calgary, Alberta, Canada, has been working right alongside the company and AKITA has leveraged their expertise as they need it—which is particularly helpful as the drilling company has a small IT staff.

"They've been a key partner for us," noted Bazant. "In 2013 we implemented the Fixed Assets module and needed a couple of customizations around our depreciation. Anything that's been on the customization side has been handled by them. It's worked out extremely well to have access to their skill sets."

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