

## LUKOIL NEFTOCHIM BOURGAS

### Achieving the Vision of a Paperless Operation



#### Business overview

LUKOIL NEFTOCHIM BURGAS (LNB), based in Burgas, Bulgaria, is the largest oil refinery in southeastern Europe and the largest industrial enterprise in Bulgaria. Owned by Russian oil giant LUKOIL, the refinery provides for seven percent of Bulgaria's GDP, as well as for 25 percent of the revenues to the state budget. LNB is the leading producer and supplier of liquid fuels, petrochemicals, and polymers for Bulgaria and one of the leading companies in its field in Europe.

Located in Burgas, Bulgaria, LNB has more than 8,500 employees.

#### Challenges

Documents play a critical role in an operation the size of LNB; yet, until recently, the refinery relied on inefficient paper-based processes for routing, approving, and publishing of critical accounting and business documents.

LNB identified several key areas in which it needed to improve document management. First, the company sought to increase efficiencies and shorten turnaround time for document routing and review, which could take several days depending on the number of persons in the approval chain. Second, LNB needed better compliance with its own internal document execution standards. "Since manual execution often involves the potential for human error, quite often the finished documents did not measure up to our standards and had to be re-worked," said Evgeniy Bahmatov, project manager for LNB's unstructured information management.

Finally, the company wanted to improve security measures for the often-sensitive documents, which could not be tracked if they were withdrawn or otherwise removed from the approval chain.

In order to meet LNB's strategic goal of being designated among the top 10 European refineries in 2007, company management knew it needed to resolve all of these document challenges. "It was critical that we find new ways to increase operational efficiencies, improve standards compliance, and enhance security in order to sharpen our competitive advantage," said Bahmatov. "We believed an electronic system for enterprise content management would hold the key, and our primary objective was to move to a completely paper-free flow of documents inside the company."

#### EMC solution

After an extensive evaluation period, LNB chose the EMC® Documentum® content management platform as the foundation for an enterprise solution. "Not only did Documentum have several key advantages over other systems in terms of our specific requirements, but top industry analysts have consistently named Documentum the leader in its category," said Bahmatov. The project was led by LUKOIL Technology Services Bulgaria, with EMC Professional Services as the development partner.

“One of the things we really appreciated about the Documentum platform was its adaptability. With Documentum, we were able to define our processes and then customize the system to meet our needs, rather than vice versa – and we ended up with a system that’s a true reflection of our business,” said Bahmatov.

### **Tight ERP integration for enterprise control**

The Documentum implementation proceeded in parallel with development of a new enterprise resource management (ERP) system based on SAP R/3. Both projects were implemented according to a unified structure and workflow for corporate information, based on LNB’s exhaustive work to identify and standardize key procedures, which resulted in more than 500 pages of functional specifications. “One of the key success factors in this project was the clear formalization and optimization of all necessary processes,” said Bahmatov.

The Documentum-SAP integration enables centralized management of all financial documents including contracts, VAT invoices, accounting records, and invoices, providing an electronic document archive that can be accessed by both systems. In one example, outgoing invoices are associated with all related documentation stored in the archive, and LNB personnel can perform quick searches to access all information about a particular transaction.

For document development, review, and approval processes, Documentum provides an uninterrupted workflow throughout the LNB enterprise that is extended to employees beyond the core SAP users. For example, legal counsel is able to access and conduct peer reviews of contracts without having to access the ERP system. “As a result, we’ve been able to reduce the number of licenses needed for SAP, and, by decoupling SAP from these functions we’ve been able to increase its performance,” said Bahmatov.

### **Towards a true paperless operation**

At its initial trial phase, the system was rolled out to 250 users ranging from administrative and engineering personnel to senior executives, who were asked to work in parallel with the old, paper-based document processes. “In only about two weeks, the chief executive and other key managers started complaining about the extra work and asked to go fully electronic, which was a big turning point in our drive to become a paperless operation,” said Bahmatov. “Very rapidly, the system grew from 250 to 600 users once people began to understand how convenient and efficient the new automated processes were, and how they could help them do their jobs better.” Currently, more than 800 users throughout LNB access the Documentum content management system.

As development proceeded, LNB implemented several rules designed to support the paperless environment—creating, in effect, a paper “fence” by which no documents entering the company are allowed to remain in hard copy format. Each incoming paper document is registered and given a bar code, and then scanned into the system (the hard copy is then stored in an off-site archive). The bar code identifies the document’s hard copy and its location. For faxed documents, the fax system automatically applies the bar code to the fax and registers it in the same manner as the scanned documents.

Each outgoing document (for instance, an invoice) that is to be printed for paper delivery must carry the bar code in addition to a signature and stamp to guarantee its authenticity.

### **Reaping the benefits**

At the outset of the project, LNB was processing around 10,000 incoming and an equal number of outgoing documents a year. Now, that number has grown to well over a million. Thanks to the enhanced efficiencies delivered by the Documentum-based system, LNB has been able to make significant organizational changes that streamline operations and enable the company to “do more with less.” For instance, several offices responsible for various document tasks were consolidated into a single department for the central archive and workflow control. Execution of an order with proper compliance for all associated outgoing documents, a task that previously required up to five employees to manage, is now completely automated.

“Thanks to Documentum’s seamless integration with SAP, we have achieved our primary objective of eliminating the paper-based workflows,” said Bahmatov. “Although the number of documents keeps growing, we have significantly improved operational efficiency and reduced document turnaround times.”

#### Future plans

Although the initial focus of the Documentum installation was on administrative and financial documents, LNB developers designed the system to have a much broader role. The long-term vision for the system is to provide a framework for managing all unstructured information within the organization. Upcoming extensions include an archive for engineering documents, automation of human resources workflows in conjunction with implementation of SAP’s HR module, and automation of a large volume of documentation related to LNB’s quality management system. This last phase includes documentation to support the company’s certification for ISO 9001, ISO 14001, and OHSAS 18001 in the areas of quality management, environment, industrial safety and health.

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**Evgeniy Bahmatov, project manager, unstructured information management**

#### Summary

Based on the EMC Documentum content management platform, LNB has established a virtual paper-free operation for routing, accessing, managing, and distributing critical financial and administrative documents. The system provides unified control over documents stored in the Documentum repository as well as LNB’s SAP-based ERP system. The simplified workflows have enabled the company to reduce staff and streamline operations, even as the number of documents has grown exponentially.



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