



How Energy Transfer Extends SAP S/4HANA Capabilities for Asset Accounting and Regulatory Requirements While Supporting a Clean Core with Utegration's Finance4U Solution

The Background

Energy Transfer, headquartered in Dallas, is one of the largest and most diversified energy infrastructure companies in the United States. With a portfolio spanning over 130,000 miles of pipelines, Energy Transfer plays a prominent role in transporting and storing natural gas, crude oil, and refined products. The company's expansive operations cover 44 states and extend into Canada, Mexico and China.

Responsible for moving approximately one third of the country's fossil fuels through its extensive pipeline network, Energy Transfer's position in the energy supply chain makes it indispensable for the reliable delivery of energy resources across the United States. Along with the critical nature of its operations comes complexity, and Energy Transfer maintains a technology landscape even more complex than those of larger energy companies.

Energy Transfer migrated from SAP ECC to SAP S/4HANA in July 2019 to manage its vast assets and complex infrastructure. This digital transformation move aimed to consolidate multiple ERP systems, sunset third-party applications moving activity to SAP, centralize operations,

and integrate acquisitions more efficiently – critical to Energy Transfer’s aggressive growth strategy. Energy Transfer sought to make SAP a plug-and-play environment capable of handling its extensive growing asset base. Since go live in 2019, Energy Transfer has successfully integrated four large multi-billion-dollar acquisitions into SAP—each time within a 90-day timeframe.

The Situation

After transitioning to SAP S/4HANA, Energy Transfer encountered challenges managing its asset base and adhering to complex regulatory reporting requirements. This challenge was compounded by the necessity to manage group depreciation for its FERC-regulated companies and SAP’s incapacity to retire and transfer regulatory assets. Additionally, integrating assets from multiple legacy systems posed difficulties. When SAP announced it would cease support for group depreciation by 2025, Energy Transfer was compelled to seek a solution to address these critical needs.

Additionally, Energy Transfer’s continuous growth through acquisitions demanded seamless integration of its assets and operations into its system. The company has accumulated an expansive, diverse asset base, including multiple ledgers for tax, regulatory, and GAAP/financial reporting purposes. Incorporating these assets into SAP S/4HANA presented significant challenges, as each acquisition came with its own data and regulatory complexities that needed to be merged within a new system.

Energy Transfer’s primary issue was that the company couldn’t retire or transfer regulatory assets due to how SAP calculated group depreciation values. With group assets sometimes containing over 100,000 individual assets, recalculating depreciation created a cumbersome challenge in data management and conversions. Business and IT leaders needed a solution to address these limitations while advancing their long-term goal of maintaining a clean core in S/4HANA, ensuring scalability and effortless upgrades.

The search for an effective solution led Energy Transfer to evaluate multiple options, each with its own strengths and weaknesses. One option considered was a third-party financial tool for managing assets. Despite its robust asset management capabilities, the tool required using an interface to transfer data to and from SAP S/4HANA, going against Energy Transfer’s desire to have all financial data housed within SAP. A second option was to use multiple ledgers in SAP to create a reporting solution to calculate the group depreciation. Energy Transfer felt this option could cause issues in a rate case, as there would not be any actual group asset postings, and it would be hard to show regulators the backup to support the numbers.



The Initiative

After a thorough evaluation, Energy Transfer identified the SAP-certified add-on, Finance4U from Utegration, which meshed well with its existing S/4HANA setup and provided the required comprehensive functionality. Prior to the solution's introduction, it was difficult for Energy Transfer to conduct regulatory reporting out of SAP directly. Additionally, Finance4U's enhanced reporting capabilities and data integrity made it much easier to prepare for and undergo audits. With a unified, integrated system, Energy Transfer could accurately and efficiently present its financial and regulatory data.

However, Finance4U was not originally built for multi-ledger companies and needed further development. To meet its requirements, Energy Transfer worked closely with Utegration, a Cognizant company, to enhance Finance4U and ensure it could support multiple ledgers, essential for regulatory compliance.

The implementation was planned and executed in phases to allow for continuous optimization and refinement of the solution, particularly regarding reducing data conversion times for large group assets while minimizing disruptions. Energy Transfer ran several mock load cycles to identify and resolve master data issues before the final implementation to ensure a smooth transition to the new system. During a three-month pause on the project last summer, Utegration conducted extensive training to upskill personnel and further refine the conversion process.

By the time Finance4U went live, Energy Transfer's collaboration with Utegration had yielded a robust, integrated solution that addressed the organization's immediate concerns and positioned their business for future growth. The implemented solution and strategic decision to maintain a clean core in S/4HANA ensured that Energy Transfer could harness the full capabilities of its ERP system without the complexities and risks relating to extensive customizations or maintaining third-party applications.



The Results

Energy Transfer's implementation of Utegration's Finance4U solution brought tangible improvements to its operations and improved regulatory asset oversight. The integration of Finance4U with its S/4HANA infrastructure consolidated disparate ERP systems into a single, cohesive platform to promote simplicity and efficiency across its extensive network.

One of the most noteworthy achievements within the project was the substantial reduction in time consumed by group asset conversions. When Energy Transfer did the first test load, it took weeks to process. Through collaboration with SAP and Utegration, that process, which once took weeks, could be conducted in just a few days, expediting the conversion timeline. Before implementing Finance4U, manual processes caused operational inefficiencies and increased the risk of errors. The new system streamlined these tasks, resulting in a more efficient and reliable workflow.

“Through this journey and through the collaboration, we were able to not only get the system we wanted but also work out things that would have made it a much bigger conversion,” said Bill LeRoy, Assistant Controller, Corporate Accounting at Energy Transfer.

The month-end close process also saw marked improvements, becoming faster and more accurate and reducing the need for manual intervention. For instance, the time saved during month-end close allowed teams to access financial data more immediately and gain deeper insights into the company's financial health.

Another critical benefit was enhanced reporting capabilities. Energy Transfer could now quickly generate detailed and accurate regulatory reports, ensuring compliance with FERC and other regulatory bodies. Finance4U's reporting functionality reduced the risk of errors and improved overall data integrity, which is particularly important for delivering accurate and timely regulatory reports.

Lessons Learned

Energy Transfer's implementation of Finance4U provides several insights for organizations facing similar challenges. One key lesson was the importance of maintaining flexibility and adaptability in large-scale projects. As the first multi-ledger company Utegration collaborated with, Energy Transfer presented unique complexities that needed to be addressed.

Although this resulted in a lengthier implementation process, it eventually positioned Energy Transfer at the forefront of future upgrades. **"I believe much of what we've implemented has become core to their product,"** LeRoy said.

During the project, close collaboration between Energy Transfer and Utegration proved crucial. Regular communication and feedback loops paved the way for a solution that met Energy Transfer's specific needs while effectively addressing unforeseen challenges. The partnership culminated in a technically sound solution aligned with Energy Transfer's goals and requirements.

By minimizing customizations and utilizing an SAP-certified solution like Finance4U rather than a third-party alternative, Energy Transfer ensured

that its system was scalable, easy to upgrade, and poised for the smooth integration of future acquisitions' assets. This approach also reduced the risk of disruptions and bolstered Energy Transfer's ability to adapt swiftly to regulatory changes and technological advancements such as AI.

Energy Transfer's phased implementation approach effectively minimized business disruptions. Likewise, this method allowed for continuous optimization as they worked to promptly address any issues prior to the system's full rollout. Facilitating a controlled environment to test and refine processes made the final go-live more efficient and seamless.

Throughout this digital transformation journey, Energy Transfer has demonstrated that leveraging the right solutions, maintaining flexibility, and cultivating avenues for open communication and continuous improvement can ultimately enhance operational efficiency and regulatory compliance. Energy Transfer's adoption of Finance4U positions itself for sustained growth, ensuring readiness for future challenges and opportunities.

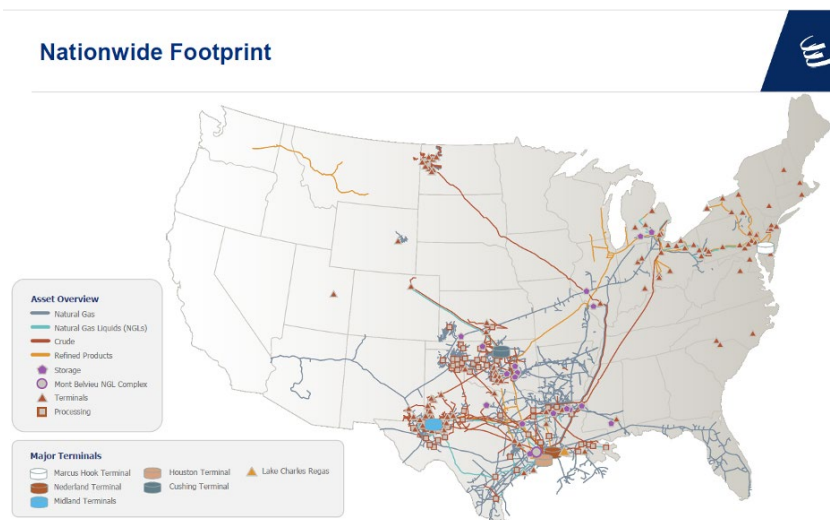
Energy Transfer plans to continue leveraging Finance4U and SAP S/4HANA to streamline its operations further and enhance its regulatory compliance capabilities. The company is exploring the integration of AI and automation technologies to reduce manual workload and improve asset management. These advancements are expected to provide even greater efficiency and insight into its operations, supporting strategic decision-making, value-added activities, and long-term growth and move away from manual data entry-type activities.





Energy Transfer LP (NYSE: ET) owns and operates one of the largest and most diversified portfolios of energy assets in the United States, with more than 130,000 miles of pipeline and associated energy infrastructure. Energy Transfer's strategic network spans 44 states with assets in all the major U.S. production basins. Energy Transfer is a publicly traded limited partnership with core operations that include complementary natural gas midstream, intrastate and interstate transportation and storage assets; crude oil, natural gas liquids ("NGL") and refined product transportation and terminalling assets; and NGL fractionation. Energy Transfer also owns Lake Charles LNG Company, as well as the general partner interests, the incentive distribution rights and approximately 21% of the outstanding common units of Sunoco LP (NYSE: SUN), and the general partner interests and approximately 39% of the outstanding common units of USA Compression Partners, LP (NYSE: USAC).

Nationwide Footprint



Utegration is a full-service consulting and solutions provider specializing in SAP® technology and SAP-certified products for the energy and utilities sectors. Utegration builds and optimizes new technology for finance, regulatory, customer management, and asset operations to maximize our clients' return on investment, while minimizing risk and complexity. Our industry experts have earned the trust of energy and water providers across North America with outcome-driven roadmaps and a track record of successful implementations.



ASUG is the world's largest SAP user group. Originally founded by a group of visionary SAP customers in 1991, its mission is to help people and organizations get the most value from their investment in SAP technology. ASUG currently serves thousands of businesses via companywide memberships, connecting more than 130,000 professionals with networking and educational resources to help them master new challenges. Through in-person and virtual events, on-demand digital resources, and ongoing advocacy for its membership, ASUG helps SAP customers make more possible.

ASUG develops and publishes case studies regularly in partnership with its members and customers. For more information on ASUG Case Study content, contact editorial@asug.com.