

Supporting Post-Acquisition Process for Romanian Oil and Gas Group Petrom

Petrom and Capgemini collaborate on the strategy for and transformation of the former public company

The Situation

In accordance with its growth strategy, Austrian energy group OMV acquired 51% of Romanian oil and gas group Petrom in December 2004. As a result, OMV has now doubled its market share in the Danube region to 18% to become the largest oil and gas company in South-East Europe.

The acquisition, the largest in OMV's history, represented the biggest foreign investment ever by an Austrian company. The deal meant that OMV, with 6,500 staff, acquired a former public company with more than 50,000 employees.

The Solution

Capgemini was invited to collaborate with OMV in developing the post-acquisition strategy for the Finance and IT division and conducting the implementation. During a first analysis and design phase, the vision, strategic objectives and required

implementation projects in Finance and IT were defined for the next few years. In parallel, all necessary improvements to meet the requirements of the capital markets were identified and directly implemented. This unique approach, comprising a concept phase and the parallel implementation of the most relevant fundamental fixes, has turned the cooperation between Petrom and Capgemini into a particularly successful one.

The joint team worked on multiple streams with more than 100 separate initiatives to develop Petrom and support it in gaining a competitive international position. The transformation, due to be completed in 2008, represents the largest project ever in Romania to centralize IT and accountancy services.

“Although the program is of the highest complexity, Capgemini has supported us from the very beginning in elaborating quick and feasible solutions which we could implement jointly and successfully.”

Reinhard Pichler
CFO
PETROM S.A.



A transformation of this scale can only be successful if the employees back the change. Therefore, Capgemini also supports Petrom in several change management measures such as recruitment and mobilization of, and communication to, more than 1,000 employees. Staff from more than 100 subsidiaries are not only motivated to move to Bucharest but also prepared in advance for their new roles through intensive training programs. These measures are the first stage in developing a new corporate culture at Petrom.

The Result

The large-scale transformation process centralizing all relevant Finance and IT functions to the biggest Service Center in South-East Europe is at the heart of the program. Based in Bucharest, the Center will maintain all relevant Petrom Finance and IT processes across the entire company.

One of the most important challenges is the smooth transfer from a heterogeneous and decentralized organization to a harmonized structure with one center, while simultaneously securing all relevant functions. All major processes are aligned, and SAP is implemented in Finance, Logistics and Human Resources as the core IT system. Thus, the entire IT infrastructure of Petrom will be upgraded to a common international standard.

These activities need to be coordinated with relevant partners for areas such as HR or Facility Management, and aligned with requirements of various Business Divisions. Hence, the overall process has to be well structured and organized. Planning the Service Center roll-in comprised intense communication and systems preparation following branch visits and deregistration. Important first steps were implemented, substantially increasing closing speed and reliability during the first months.

Establishing a central IT organization was an essential first step towards the Service Center organization. In addition, a central master data center within the Service Center was also set up. By centralizing finance operations,

transferring legacy systems and relocating staff from branches to Bucharest, the development of the Service Center continued successfully. Simultaneously, the SAP implementation was prepared and future users on the system trained in new processes and functionalities.

How Petrom and Capgemini Work Together

The success of the post-merger integration was based on a detailed analysis of the underlying processes across the organization and effective strategies to integrate them smoothly.

Petrom and Capgemini deliver this ambitious multi-phase, post-merger program in a truly collaborative manner. Joint teams with shared responsibilities have been working closely together during all phases of the transformation.

These measures are not only key in supporting Petrom's development towards a modern company but, more so, the transformation program is an essential part of Petrom's vision to become the leading company in South-East Europe.



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In collaboration with



Petrom, Romania's largest oil and gas group is actively engaged in Exploration and Production; Refining; Petrochemicals; Sales and Marketing. In 2005, it reported a turnover of €2,970m and gross profits of €766m. It has oil and gas reserves of 1bn boe

and annual refining capacity of 8m metric tons. With some 550 filling stations in Romania, the network includes 82 filling stations in Moldova and Hungary, increased by 178 OMV premium stations in Romania, Bulgaria and Serbia-Montenegro acquired in January 2006. OMV, the leading oil and gas group in Central Europe is a majority shareholder. OMV is active in Refining and Marketing; Exploration and Production; Gas and Chemicals in 28 countries on five continents.