

Success Story

Oil Logistics: the Highest Level of Data Exchange Fidelity

VARO Energy uses iGOS Data Exchange to communicate with customers and suppliers

In 2014, Swiss-based petroleum company VARO Energy experienced a huge jump in profits after it had acquired 45 percent of the Bayernoil refining company along with the sales business of various tank storage facilities in southern Germany. To make sure that day-to-day operations would run smoothly from day one after the takeover, software company Implico set up a complex network of data connections in just a few weeks. Since then, VARO has benefited from the extremely high data quality and speed of the order and shipping data transferred between the company's headquarters in Cham and all of its customers and suppliers.

As is often the case with takeovers, there was a real sense of urgency to get everything completed as quickly as possible. Within

just eight weeks, Implico had set up all the communication links in its data center that were needed to deal with the new business operations in southern Germany. Three companies were involved at that point: VARO itself, Bayernoil, and OMV, from whom the company had acquired the refinery shares and the sales operation.

Because VARO's business structure is continually changing as the company continues to experience strong growth, regular adjustments have become a fact of life. For example, in late 2015 the company acquired several additional oil companies. Implico expanded the existing communications network at very short notice to include a multiplicity of additional loading points, customers and suppliers.

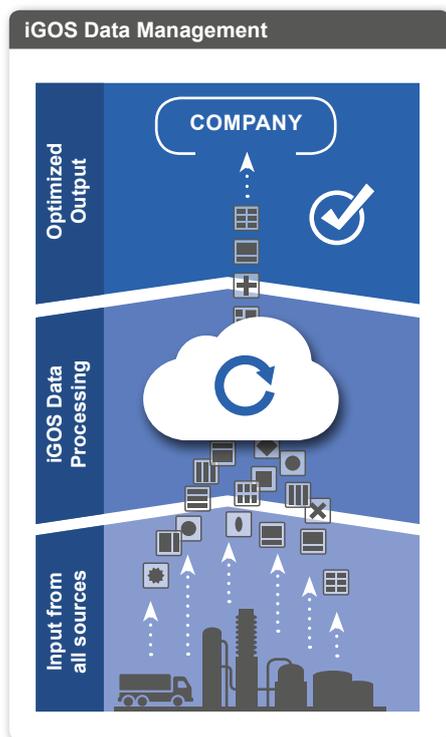
Over 20 petroleum companies in Germany are now exchanging order and loading data with VARO every minute of the day via iGOS. In January 2016 alone, iGOS handled some 22,000 tank truck loads and 2,000 railcar loads at 31 locations – equivalent to a volume of around half a billion liters of petroleum product.



Standardized data sets from every site

This is how it works in practice: a tank truck loaded with 36,000 liters of freshly refined diesel sets off from the Bayernoil refinery in Vohburg. At the exit, the driver swipes his card through a reader, which initiates printing of the loading data. The data, which includes items such as quantity, time of day, driver and contract number, is sent to the Implico data center together with the data from other loads. Before iGOS submits the data to VARO, it passes through a number of automated processes, which are monitored by Implico to ensure the quality of the data. Monitoring covers, for example, reviewing the contract and checking that the data has been converted in accordance with VARO's specification. If necessary, a copy of the loading data is also sent to VARO's customer.

"Each of the networked depots that we deliver to or collect from sends its data to Implico using different encodings and different formats," says Daniel Wicki, IT Manager at VARO. "Implico processes this data and sends it to us in a standardized format."





The petroleum industry has its own standards, of course, such as MPKS (Mineral Oil Partner Communication System), the modern IFLEXX format (International FiLe EXchange XML) and PIDX (Petroleum Industry Data Exchange). However, both the encoding, some of which is customer-specific, and the different business logic must be interpreted and converted by iGOS so that accurate billing information can be supplied to VARO's ERP system.

Should data be missing or information be entered incorrectly, loading results be transmitted in the wrong order or even be transmitted twice, Implico staff will actively intervene. Only then will the system transfer the data to VARO's head office in Switzerland. "It is extremely important for everything to run reliably. After all, we are dealing with data that underpins our entire operation," stresses Daniel Wicki.

Backed by teams of experts

VARO decided at an early stage to outsource these services to Implico. The Group's IT and logistics experts have specialized in data communications in the downstream sector for over 30 years.

Implico also operates a high availability IT infrastructure with two modern data centers in Germany. Regular internal and external audits ensure that the software specialist complies with all data privacy and data security regulations. "Some companies are

concerned that third parties might be able to see their sensitive data," says Stephan Buhre, CEO at Implico. "This is, of course, not the case! Only people entitled to access the data can access it." Implico maintains a web portal for those VARO employees who need access to the data. VARO's customers, on the other hand, are able to access their data in-house, as it is transmitted directly to their own IT system.

Further growth expected

VARO was sufficiently impressed with the successful implementation of the communication links and with the high data quality that it signed a multi-year contract with Implico shortly after go-live.

The signs are that there will be no letup for the business in the future. For one thing, the petroleum company's suppliers and customers are changing all the time. For another, VARO is enjoying a period of strong growth. Whenever there is a change in customer or supplier relationships, Implico simply adapts the system to suit the new situation. "What never fails to impress me: we have so many changes, but are usually not able to tell until the very last minute exactly what changes will be needed. Implico is always very flexible in the way it deals with this", says Daniel Wicki. "It's only possible because the company has such competent people."

In iGOS Data Exchange, VARO has found a solution that ensures high-quality, high-

speed data exchange between their own and third-party loading points, and between the company and its business partners. At the same time, the current communication system offers a stable and sustainable platform upon which to base its future growth.



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About VARO Energy



VARO Energy refines, stores and distributes oil products for the north west European market. The company owns a refinery in Cressier, Switzerland, a minority share in the Bayernoil refinery, Southern Germany, all Petrotank storage facilities throughout Germany, as well as additional storage facilities, distribution and marketing businesses in Benelux, France, Germany and Switzerland. VARO Energy is a joint venture company. Its shareholders include private investment company Reggeborgh, Carlyle International Energy Partners, and international energy and commodities company Vitol.

About Implico



The Implico Group optimizes logistics and business processes for oil and gas downstream companies. The international consulting and software company with its headquarters in Hamburg, Germany, has subsidiaries in Malaysia, Romania and the USA. Founded in 1983, the company today employs around 200 staff.

Implico provides consulting services, data services and software solutions for the entire supply chain – from forecasting and dispatching to data collation. Leading oil and gas companies all over the world trust in Implico's industry expertise and high-performance IT solutions.