

NexTec Group Helps Oil and Gas Startup ISS Launch in 6 Months

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ON JANUARY 31, 2020, a private equity (PE) group acquired a carved-out business unit in the energy services industry and set goals of at least tripling the company’s size by year 5. The CEO, James Craig, faced an aggressive deadline to stand up the newly formed company, Industrial Specialty Services (ISS), from scratch while generating \$40 million in annual revenue and supporting more than 200 employees. He needed to

form his management team, hire personnel, and establish the entire back office while also setting up the network infrastructure. Craig brought on a veteran team consisting of NexTec Group, BDO Digital, and Acumatica Inc. to set up mature internal systems all while working through the COVID-19 pandemic and Hurricane Hanna beating its deadline.



Customer Story: ISS



Key Results:

- » Gained timely control and visibility of business performance through a centralized ERP and collaboration platform
- » Gained operational efficiencies through the user adoption of end-to-end automated processes
- » Minimized IT infrastructure investments by leveraging the cloud for voice, data, and business applications services
- » Utilized a veteran implementation team with extensive oil and gas industry experience
- » Outsourced IT to BDO Digital, enabling access to subject matter expertise and sustainable support services
- » Acquired a scalable IT platform supporting rapid growth
- » Lowered overall salaries and wages costs by eliminating the need to hire IT resources
- » Reduced the total cost of ownership while achieving high ROI

CHALLENGES

Stand Up Business Carve Out in 6 Months

On January 31, 2020, a private equity (PE) group acquired a carved-out business unit in the energy services industry and set goals of at least tripling the company's size by year 5. The PE group faced an aggressive deadline to stand up the newly formed company, Industrial Specialty Services (ISS), from scratch while generating \$40 million in annual revenue and supporting more than 200 employees. Operating out of Deer Park, Texas, and now with six locations, ISS was created to provide technical maintenance and repair services and solutions to the refining, petrochemical, gas, power, pulp & paper, offshore and subsea markets throughout North America.

The CEO, James Craig, needed to form his management team, hire personnel and establish new company departments for Operations, Sales, Marketing, HR, Engineering, Safety, Accounting and IT. Additionally, Craig needed to establish data and voice networks and related infrastructure and enterprise systems for office locations in the USA and Canada.

Craig knew carving out an asset entangled with its parent company posed a different level of complexity than merely acquiring a company outright (a carve-out is the divestiture of a business unit that the parent company sells, partially or wholly). As he moved through the due diligence process, he already had a team and technology platform in mind to help him with the process. Craig had previously worked with BDO Digital

during an IT Due Diligence engagement conducted for the Equity Group's purchase of ISS and he decided to ask BDO Digital for their recommendations for this transition.

Deploy Proven Team & Technology

Craig turned to Francisco Callegari, who had helped him set up similar infrastructure at Guardian SealTech, and who now headed IT managed services at BDO Digital. Having led ERP implementations at various companies over the years, the pair knew exactly which platform they wanted: Acumatica Cloud ERP. They also knew who to pull in to deploy Acumatica: NexTec Group, which had successfully implemented Acumatica at Guardian SealTech and many other companies.

servers or being responsible for them. We wanted to limit as much network infrastructure as possible, so we can stay focused on what we do best, which is servicing businesses in their plants and not running an overdone IT show. We needed a solution we could trust, and that we knew would work with the services we provide," he says.



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Houston-based NexTec had deep knowledge about the oil and gas industry, had many Acumatica implementations under its belt, and plenty of project accounting expertise. “We brought a wealth of knowledge to help ISS establish best business practices as a competitive edge, not only helping them launch but scale quickly,” says Chuck Oliver, Vice President, Acumatica Practice, at NexTec Group.

“The primary idea was to create a solution that was designed around the cloud,” Craig says. “It was a critical element because we wanted to get away from maintaining

SOLUTION

Start-ups or carve-out companies usually do not have the negotiating power, knowledge, or even credit standing to negotiate favorable terms with vendors, and they frequently miss strategic opportunities to optimize contracts and pricing. BDO Digital was able to help solve this problem.

BDO Digital architected and implemented ISS' IT network infrastructure and IT department support services by securing Microsoft licenses, brokering deals with IT vendors, and negotiating to optimize costs while ensuring continuity of services. BDO also leveraged its enterprise level relationships and procured all necessary office and employee hardware, such as laptops, cell phones, copiers, scanners and other office equipment for all ISS locations and employees.

“Next, we had to put an ERP platform in place,” Callegari says.

Acumatica: Easy Selection, No Comparison

The ISS, BDO and the NexTec team did not evaluate ERP systems. “We did a full-blown evaluation at Guardian SealTech and rated each ERP with a large panel where Acumatica was selected,” Craig says. “Since ISS was a complete stand up, we didn’t see any need to go and do that research again.”

Craig has experience with at least seven ERP implementations throughout his career, including those of Microsoft Dynamics, Sage, and Oracle NetSuite, as well as homegrown systems. This was his second Acumatica deployment. “The ease with which Acumatica works and how it looks and feels compared to Microsoft Dynamics, Sage, and Oracle NetSuite, there’s not a whole lot of comparison. Acumatica leads the pack,” Craig says.

He liked Acumatica’s ease of use, unique pricing model, scalability, open APIs, and ability to integrate with third-party applications easily. “It’s a fully integrated package that doesn’t need a lot of customization.”

IT Infrastructure and Challenges

Craig felt he was well positioned to meet his critical implementation deadline after having worked on an Acumatica project in the past with Callegari, the former CIO at Guardian SealTech, and Jose Antonio Romero, NexTec Group’s Project Manager. Then, worldwide oil prices tanked to sub-zero, Covid-19 struck the U.S., and Mother Nature unleashed Hurricane Hana over Texas and the Gulf Coast.

Even with these challenges, Craig said, “implementation went surprisingly well. The only real hiccup was a little hitch in the training and interaction with people. We couldn’t meet face-to-face and not being in-person was a little restrictive.”

BDO Digital along with Acumatica and Microsoft 365 allowed ISS to concentrate on what they do best – servicing businesses in the plants. The team easily shifted to virtual meetings using Microsoft Teams and Microsoft 365, which BDO Digital had earlier deployed for ISS and they had everything up and running in just 6 months, which was half the time from the final cutoff deadline.

“Our experience on Teams was outstanding and a big win for ISS,” Craig says. “Teams allowed us to transition to work from home for some and we were able to continue with training and implementation activities. We had to change our approach since we couldn’t be in-person, but it worked out well.”

NexTec’s discovery meeting was the only meeting held onsite before COVID hit, NexTec’s Romero explains. “The rest was done remotely, with the exception of go-live.” Holding online meetings and training webinars also helped ISS lower its implementation costs.

BENEFITS

Critical Data Available Instantly

ISS has long-term, ongoing relationships with customers, who issue projects daily. Projects can range from two days to 20 days or more, occur on site at customer locations, and are governed by rate agreements. “In the field service environment, these can be very high-volume, short-term projects, and we need to track profitability by location, site level or customer. The ability to capture that in real time is critical for us,” Craig explains.

With Acumatica, ISS executives see billable hours in real time. “On Sunday we have everything in and processed by Monday at noon,” Craig says. “We can see how successful we were in the previous week.”

ISS can do that because Romero and his NexTec team used Acumatica's flexible software to configure dashboards that allow ISS to automate quotes, update invoices with double time and holiday rates, and change and recalculate margins on projects if needed. None of those items are out-of-the-box with Acumatica, but easy to configure for clients, Romero says.

Additional dashboards allow ISS to track critical KPIs such as employee utilization and employee revenue levels on a project, division, or consolidated basis. These dashboards easily allow ISS managers to drill down and quickly view the underlying data.

"Our dashboards are critical and NexTec has done a great job," ISS' Craig says. "I anticipate as we settle down and operate more, we'll be making some additional modifications to things we might want to see a bit differently."

Acumatica's ability to provide real-time access to data is a great management enabler, Craig says. "Seeing billable time and how much we pay our field services team is one of the largest management tools we have, and we knew we would be able to get that level of detail from Acumatica."

"We can issue or create 20 to 30 brand new projects every morning," he adds, "and we can limit who gets assigned to what job. Acumatica is not only a management tool, but we can also use the data for post analysis and profit analysis and see those in real-time, which are critical for us."

Before the carve-out, the old business unit used multiple, cobbled together systems designed for a different industry and it took a significant amount of time and effort to obtain a past view of their operations. BDO Digital, along with NexTec, architected the

data process flow and controls in Acumatica for ISS to manage their business in real time. During the first full month in business, ISS accrued revenue for the month and invoiced two months of billings for its first closing. Previously, the business unit carried a month's worth of unbilled revenue.

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Ease of Use

ISS finds Acumatica's user interface to be very intuitive and easy to use, which drove employee adoption and continued high use of the new business solution.

"The intuitiveness of how Acumatica is laid out is very nice, and that makes it very simple to use," Craig says. "It's simple to put dashboards together, and it provides notifications for authorizations, which helps keep everyone plugged in and using the solution."

Adds Callegari, "As to employee training and onboarding, Acumatica is very easy to use, which means we don't have to explain something 25 thousand times. We can show employees what they need to know with just a few clicks."

Additional Functionality

ISS has plans to add several Acumatica modules and third-party applications in the future, including manufacturing, field services, and asset and equipment tracking, Craig says.

“Right now, we’re settling into what we’ve established so far, and we plan to give full mobility to the field techs so they can plug in directly and upload expenses and per diems. We also want to look at the Field Services module to add value to our dispatching and predictive scheduling for employees with specified skills.”

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ISS would like to track the utilization of its equipment and add manufacturing as it adds fabrication services, Craig adds.

They would like to connect ADP for a more integrated payroll. “Acumatica’s open API has been an important factor for us from the start,” Craig says. “Part of finishing the full integration of ADP is so we can have HR manage employee training, skill sets, and security certifications better. With Acumatica’s notifications, HR can get automatic reminders of what certifications are set to expire.”

Positioned for Growth

IT Industry benchmark studies show that well-run, mature enterprises have IT departments that cost 1 to 3 percent of revenue. ISS is in year one and is already projecting to be at less than 1 percent of TOC for IT. This achievement typically takes much longer to get to that number, and this is a huge win for ISS.

Going forward, ISS and its investors have an aggressive strategy to triple in five years or less. The plan includes acquisitions and organic growth, and the ability to scale using Acumatica’s unique licensing model and its flexible platform. “We won’t need much more (infrastructure) to add a similar-sized company,” Craig says. “As far as the back office goes, we can absorb a majority of employees, and only need maybe two people in admin roles to handle safety requirements.”

Acumatica’s unique licensing model based upon consumption means Craig does not have to worry about huge increases in per-user seat licensing costs as the company acquires others and grows.

“If I add 230 employees, I want to get off their systems, and have one combined business solution as quick as possible. Having that flexibility is critical,” he says. “BDO Digital, together with Acumatica and Microsoft are a huge part of the strategy we’ve set for the business.”

NexTec played an integral role in meeting the final separation date of the carve-out. “They have a high level of knowledge about Acumatica, and likewise, Jose understands our industry, which is a pretty big thing,” Craig says. “We’re in a very niche industry and to find people who understand the industry is a critical element.”

NexTec was wonderful to work with, had a good understanding of how to configure the system and was very responsive,” he adds. “They also did a great job of training and getting people to understand how the system works, which drove adoption.”



Learn more about our work with ISS
and schedule a demo

SCHEDULE A DEMO



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