

## Leveraging Managed Services to Fill in the Gaps

### Company Background:

CTAP is an Oil Country Tubular Goods (OCTG) distributor for Fortune 500 and Fortune 1000 oil and natural gas companies, such as ConocoPhillips, Noble Energy and Anadarko Petroleum. CTAP's steel tubular products are suited for both shallow wells and deep exploration of new oil reserves in mild to hostile environments. With eight rail side storage yards throughout the Rockies and Midwest and a dedicated truck fleet, CTAP provides seamless, on-demand delivery of steel tubular products directly from the mill to the drilling site.

Since 1984, CTAP has acquired storage yards in Colorado, Utah, Montana, Wyoming and North Dakota to meet steadily increasing client demand. The recent gas crisis underscored the nation's need to exhaust local oil resources like those in Northeast Colorado and Central North United States. Government's focus to curtail dependency on international oil sources propelled demand for tubular steel product.

To fully capitalize on this market-driven opportunity, CTAP needed to overcome two operational challenges. While the company's geographic foothold was a competitive advantage it also proved a disadvantage because each rail side storage yard was located in remote areas with less than optimum connectivity. Furthermore, CTAP relied on a paper-based, labor-intensive management system that varied from office to office, was riddled with inefficiencies and did not provide a viable means to centralize and aggregate data.

### At the Crossroads of 'Somewhere' and 'Out There'

Given the nature of CTAP's business, all eight rail side storage yards were purposely selected for two main reasons: 1) most locations border an operational train line for easy product transport and 2) each yard is in close proximity to active drilling sites. From a business perspective, these rail side storage yards give CTAP a competitive advantage, but from a technology standpoint, their remote locations proved challenging.

Each rail side storage yard was equipped with basic technologies, a printer, fax, phone and general use computers. Many of the sites had broadband or satellite Internet connectivity but reliable access was random at best. Staff relied on manual, paper-based processes to manage daily operations, including inventory management, accounting, and shipping/receiving. Each site operated as independent silos with no feasible means to integrate resources, centralize data and standardize processes.

Rapid spurts of growth further fueled the disconnection. During 1997-1998, CTAP acquired three sites and between 2006-2008, it added three more to the roster. Management realized that in order to position the company for continued growth and remain competitive, CTAP needed a technology game plan.



## The Right Side of the Track

In May 2008, CTAP appointed Andy Carlson to director of IT and Administration to spearhead the company's 'from the ground up' IT venture. "As a team of one, I needed a virtual team of experts to help us effectively and affordably leverage technology to achieve our business goals," said Carlson.

In October 2008, Carlson contracted Denver-based 3t Systems to design a virtual network infrastructure to interconnect its remote rail side storage yards and create a resident inventory management application. 3t Systems designed a solution that included a fully managed infrastructure for email and office applications with a Citrix user interface, full data center servers for maintenance, patching and backups and a customized inventory application.

In less than a month, Carlson went live with the new virtual network and put into motion a new way to conduct business.

Accustomed to their clipboards and ballpoint pens, Carlson experienced initial resistance to automating processes. "We all resist change, especially when it uproots what we've been used to for the past 25 years. But once the dust settled, their resistance changed to excitement at the possibility of what technology could do for them, for our customers and for the company as a whole."

The new infrastructure afforded CTAP a multitude of business benefits:

- Real-time visibility into each storage yard's inventory improved inventory procurement and product management
- Centralized electronic data aggregation gave management instant access to key business metrics necessary to make informed decisions
- Automated business applications standardized processes across all storage yards and eliminated labor-intensive, paper-based systems

## A Commitment to Core Business Values

Everyone is an expert at something, but no one is an expert at everything. CTAP management realized the value of technology, but they didn't want it to overshadow the company's core business focus. "We initially contemplated creating an in-house IT department, but after calculating expected time and costs, outsourcing proved a more viable option and a better long-term return on investment," said Carlson.

As one of the leading business and IT consulting firms in the Western United States, 3t Systems helped Carlson and CTAP design a progressive, hosted solution that leveraged 3t Systems' data center and managed services.

## Full Steam Ahead

Looking ahead, CTAP's IT plans include continued application development, including custom purchase order, sales order, and work order applications. CTAP plans to use its long-term managed services contract for continued system improvements to fully migrate the company to an automated and more efficient business operations platform.

*"By getting every rail yard on this new system, CTAP accelerated 10 years in less than one."*

*Andy Carlson  
Director of IT and  
Administration*