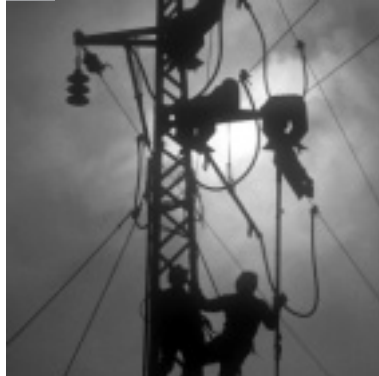


SAP Customer Success Story



Electricidade de Portugal, S.A. (EDP), one of Europe's major operators in the electrical market, needed to meet the challenges brought on by deregulation and globalization. It turned to the mySAP.com® platform and mySAP™ Utilities to help it streamline and integrate its business processes, improve management of a massive amount of data, and ultimately, remain competitive. The endeavor – which involved two separate projects – represented the largest implementation of mySAP.com ever witnessed in Portugal and the largest implementation of mySAP Utilities worldwide.



EDP

EDP FOCUSES ON INNOVATION AND CUSTOMER LOYALTY

A MAJOR OPERATOR IN THE ELECTRICAL MARKETPLACE

Electricidade de Portugal, S.A. (EDP) ranks among Europe's major operators in the electrical marketplace and heads up one of Portugal's largest business groups. The EDP group's activities extend to such diverse business areas as electric power, water, telecommunications, and information technologies. The group has an important participation in more than 150 companies at home and abroad (Europe, Latin America, Africa, and Asia). In Portugal alone, the group employs some 9,800 people and provides services to 5.6 million domestic consumers and more than 40,000 commercial and industrial consumers. In the electrical market, the EDP group is composed of more than 30 companies grouped in subholdings, notably production of electric power (EDP Produção), distribution and sales (EDP Distribuição), and shared support services (EDP Valor).

THE NEED TO IMPROVE COMPANYWIDE

In spite of these impressive figures, not too long ago EDP faced a number of challenges brought on by deregulation and globalization – including increasing competition and cost of doing business. In order to maintain its strong market position, the group realized it needed to increase its business efficiency and effectiveness – while reducing internal and external costs – and consolidate its processes companywide. This also meant finding a way to better manage a staggering amount of data. Plus, it needed to remain flexible in the face of permanent business and market

changes brought about by deregulation. The ability to provide excellent customer service was high on its list of objectives, as well. The group turned to mySAP.com® and the SAP solution for the utilities industry – mySAP™ Utilities – to help it meet these challenges.

TIGHT INTEGRATION, ROBUSTNESS, RELIABILITY

EDP selected mySAP.com and the mySAP Utilities industry solution for a number of reasons. First, the software offered tight integration of processes and information. Plus, the platform offered robustness and reliability for handling large volumes of data and data processing peaks. Moreover, mySAP.com solutions extensively met the functional requirements of the EDP group and offered support for present and future Web-enabling of business processes. EDP's decision to go with SAP was also based in part on SAP's firm commitment to support continued enhancement of the software that would represent the largest implementation of mySAP.com solutions ever witnessed in Portugal and, at the time, the largest mySAP Utilities implementation worldwide.

TWO MAJOR PROJECTS

The implementation involved two major projects: "Navegador" and "ClienteMais." The Navegador project – which started in 1999 and was in full operation at the beginning of 2002 – targeted the main cross-company business areas within the EDP group, which include human resources, finance, controlling, treasury, project management, maintenance, and logistics. The ClienteMais project – which began at the end of 1999 and which will be fully operational at the beginning of 2003 – targeted sales and distribution processes. The implementation predominantly involved the largest company of the group, EDP Distribuição, which is responsible for customer care and service, invoicing and

billing, consumption calculation, as well as equipment and work management. Other companies, including Lisboaagas, a gas distribution company from Galp Group, EDA, and Electricidade dos Açores, played an important role in this project.

MULTIPLE PROCESSES, MULTIPLE FUNCTIONS

The Navegador and ClienteMais projects involved implementation of a wide range of solutions from the mySAP.com platform. The Navegador project included implementation of mySAP™ Human Resources (mySAP™ HR), with functions for personnel administration and development, such as manager desktop and employee self-service; mySAP™ Financials, with functions for financial accounting, controlling, asset accounting, cash management, loans and market risk management, and treasury management; mySAP™ Supply Chain Management (mySAP™ SCM), with functions for materials management and sales and distribution; and mySAP™ Product Life-

cycle Management (mySAP™ PLM), with functions for plant maintenance and project systems. For budget planning and execution, EDP received tailor-made applications to meet the specific needs of the group and went live with the solution in July 2001.

ClienteMais included implementation of several key areas of mySAP Utilities, along with integrated functions from mySAP™ Customer Relationship Management (mySAP™ CRM) and mySAP Financials for customer service, contract accounting, accounts receivable and accounts payable, billing and invoicing, work management, and equipment management. The ClienteMais implementation also included capabilities for the optical archiving of documents, based on IXOS, and a data-warehousing solution using SAP BW. The ClienteMais system provides and receives information from the back-office solutions of Navegador.

"In continuous preparation for increasing competition and globalization, there are factors that apply to most markets. To successfully respond to these major challenges, mySAP Utilities offers companies great flexibility, increasing their efficiency and their capability to explore new business opportunities."

João Guimarães, Director of the ClienteMais Project

A MULTIDISCIPLINARY TEAM

The Navegador project involved a large multidisciplinary team, which included employees from EDP companies and specialized consultants. Seventy EDP employees took part in the project.

CaseEdinfor, a consulting company specializing in mySAP.com solutions, was responsible for external consultancy and committed 70 full-time consultants. The project also involved Edinfor, SAP, and Iberconsult.

For the ClienteMais project, the team involved more than 100 people, including key users of EDP Distribuição and consultants from Edinfor, ACE-SC, ACE-QS, CaseEdinfor, SAP, IBM, Iberconsult, and Sigmaplano. A specialized department (GBSC) within EDP Distribuição held responsibility for project management.

Both projects were organized in terms of global project directors, project managers by functional area, and process leaders (the latter at a horizontal, cross-company level). Projects also shared a common support and project champion, Jorge Guimarães, who was at the time vice chairman of EDP and chairman of EDP Distribuição.

VISIBLE BENEFITS FROM THE OUTSET

Silva Santos, CEO of CaseEdinfor, was pleased with the success of the project: “We partnered with EDP from the start in choosing the application software and implementing the new management system that would allow EDP to fulfill the strategy of becoming a modern, competitive, flexible, efficient, and profitable group. We are happy to see how successful the choice of mySAP.com proved to be considering its seamless integration and the functional coverage of EDP’s processes. The project was also successful in terms of deadlines, budget, and fulfilling the goals defined by the board of directors of EDP.”

“Permanent innovation and adaptability of new information technologies geared toward management motivate changes both in companies and in people. It reflects a new way of thinking about markets, products, services, and transactions.”

Lúcia Grade, Director of the Navegador Project

According to Americo Fernandes, ACE-SC CEO, the project brought great satisfaction. It allowed ACE-SC to gain valuable knowledge, positioning the company as an ideal implementation partner for mySAP Utilities – a solution which is viable for any utility company in spite of its size.

The business benefits of the Navegador project became visible during the go-live stage, which lasted from the beginning of 2001 until the beginning of 2002. Using mySAP HR, EDP could now centrally process the salaries and remunerations of 30,000 people (both active and retired workers). Employees were able to process personal information using SAP®

Employee Self-Service (SAP® ESS), which was available on the company’s intranet and at a series of kiosks placed on the company premises. With SAP, EDP also had the capabilities to manage the financial and controlling processes for the group’s 50 companies in the Navegador Project. And, of those companies, EDP services, engineering, production, and distribution subsidiaries began using the plant maintenance and project management capabilities of the new system.

NEARLY ALL PROCESSES OPERATIONAL

Nearly all the new processes offered through mySAP Utilities are currently in operation, notably customer care and service, which are handled in the EDP contact center through interactive services using the Internet. These services are available not only to customers, but also to authorized agents and external service providers.

Today, more than 300,000 invoices are handled every day in a system with more than 2,000 users in ClienteMais. In Navegador, a total of 10,000 users can rely on the system for the interactive processing of accounting documents, reports, procurement transactions, and small-scale tasks (500 a day), and updating registry data, including maintenance of personal data.

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A ROBUST INFRASTRUCTURE

The present infrastructure of Navegador and ClienteMais systems comprises IBM OS 390 2.10 database servers (with more than 6700 MIPS and 9.8 terabyte storage capacity) and DB2 6.1 databases. UNIX application servers include IBM SP (more than 80 nodes) with AIX 4.3X; the storage capacity exceeds 12 terabyte. The infrastructure services are contracted with Edinfor, which provides the outsourcing through its data-processing center (CPD). Maintenance of SAP applications is provided by teams of employees and consultants from the project departments GSI-AG and GBSC.

FUTURE PLANS

In projects with the complexity of Navegador and ClienteMais – and in dynamic companies – new requirements continue to arise. Currently, EDP is in the process of implementing SAP® Strategic Enterprise Management (SAP® SEM) and SAP® Business Information Warehouse (SAP® BW). With Navegador, EDP continues to initiate ongoing projects to reinforce its business strategy – such as budget planning – and wants to take further advantage of SAP SEM and SAP BW capabilities (such as legal and business consolidation, business planning and simulation, and the management cockpit). As for ClienteMais, EDP plans to continue using customer-centric information to strengthen its marketing strategies. The group also wants to further develop its business solutions to support multiservices such as water and gas – a strategic milestone for EDP.

AT A GLANCE

mySAP.com solutions:	mySAP Utilities mySAP Financials mySAP Human Resources mySAP Supply Chain Management mySAP Product Lifecycle Management SAP BW SAP SEM
Hardware:	IBM
Operating system:	OS 390 2.10 and AIX 4.3X
Database:	DB2 6.1
Number of users:	Navegador: 10,000 (1,000 simultaneously) ClienteMais: 3,000 (2,000 simultaneously)
Implementation time:	30 months
Partners:	CaseEdinfor ACE Sistemas Comerciais Edinfor ACE Quality Systems Sigmaplano