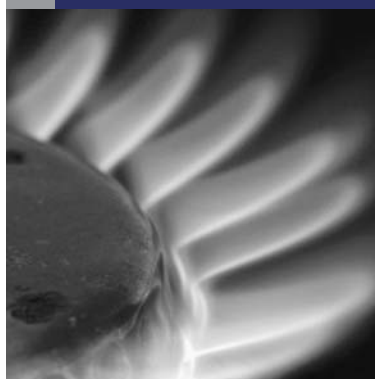


SAP Customer Success Story Utilities

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Udo Rettner, Project Manager, E.ON IS Group



AT A GLANCE

Company Name

E.ON IS group
(part of the E.ON group),
Germany
www.eon-is.com

Industry

Utilities

Key Challenges

- Provide fast, flexible, comprehensive sales and financial reporting
- Enable parent company's management and line of business personnel to respond quickly to competitive threats
- Satisfy new, legislated accounting requirements

Implementation Partner

E.ON IS

Solution and Services

- SAP® Business Information Warehouse (SAP BW) with Oracle database
- SAP Consulting

Existing Environment

SAP Billing and SAP Invoicing and Contract Accounting, applications in the SAP for Utilities set of solutions

Implementation Highlights

- Predefined content allowed fast implementation (nine months) and time to value
- Standard business content partially based on customer input

Key Benefits

- Powerful, flexible strategic management information system allows fast decision making
- Dramatically reduced reporting cycles

Hardware

IBM 7040-681

Operating System

AIX ML 5100-05

E.ON IS GROUP

SAP® BUSINESS INFORMATION WAREHOUSE PROVIDES STRATEGIC AND OPERATIONAL REPORTING SOLUTION FOR LEADING UTILITY

Faced with new challenges from industry deregulation, E.ON IS group, which is one of the top full-service IT providers for the European utility industry, responded to demands for fast and comprehensive sales and financial reporting by enhancing its own IT infrastructure. The company turned to its long-time partner SAP for a best-of-breed reporting solution – SAP® Business Information Warehouse (SAP BW).

E.ON IS group is Germany's leading full-service IT provider in the utility sector. Based at around 30 different locations, the company's staff of 1,700, including subsidiaries in Hungary, the Czech Republic, and the Slovak Republic, currently serves a client base of roughly 100 utility companies – most of them subsidiaries of German energy company E.ON Energie AG – as well as a number of regional and municipal electric power companies. In 2004, E.ON IS group's sales totaled €281.2 million.

E.ON IS group offers a complete range of IT services tailored to the specific requirements of the utility industry. These services include IT consulting, IT system design and development, the implementation of IT solutions, the customization and operation of hardware and software systems, as well as user and customer support. Specialized knowledge of the energy business – a major competitive advantage of E.ON IS group – is an asset that the company owes to its roots in the E.ON group.



COPING WITH COMPETITION

In recent years, the deregulation of the utility sector has confronted utility companies with a host of new challenges. Competition – once an almost unknown factor in this market – is now forcing the industry to focus on customers' needs and behavior, while placing enormous pressure on utilities to reduce their costs. Flexibility, adaptability, and efficiency have become key factors in dealing with new market forces.

Utilities had to develop a new range of business processes and, as a result, the disciplines of marketing and sales acquired new importance. All this has redefined the role of IT in the industry from a purely supportive function to a key strategic asset. Today, technology not only has to guarantee the smooth operations of all data processing systems (by automating and optimizing increasingly complex administrative and business processes), but it must also provide real-time access to critical business information for utility company managers. More than ever, these managers need to make well-informed strategic decisions.

E.ON IS had already implemented SAP's specialist accounting and billing solutions – SAP Billing and SAP Invoicing and Contract Accounting, applications in the SAP for Utilities set of solutions. This implementation helped E.ON IS to modernize the electrical power billing systems for its customers in the E.ON Energie group. However, the management of E.ON Energie and especially E.ON Bayern were quick to realize the strategic potential of the structured data now available within the SAP solution. E.ON Bayern suggested an expansion of the basic reporting capabilities contained within the SAP for Utilities solutions through the implementation of an additional, stand-alone analytical and reporting solution.

MEETING LEGISLATIVE BURDENS WITH SAP SOFTWARE

With the announcement of new, legislated accounting standards for listed companies, the importance of a powerful reporting system became evident. What reinforced the urgency of this project was the need for a flexible management information system. This system would have to be capable of providing

detailed, up-to-date information about sales, customer behavior, open items, and other parameters – at any time. With this kind of information, the leadership of E.ON IS's customer companies would be able to make strategic decisions in areas such as pricing.

E.ON Bayern decided to establish an external reporting system to free up system resources for the billing solution. The company looked at two alternative solutions. Udo Rettner, project manager at E.ON IS group, explains why the company finally chose SAP BW. "We were already using the SAP Billing and SAP Invoicing and Contract Accounting applications as the main data source for the future reporting solution, and SAP R/3® software was E.ON's enterprise resource planning [ERP] system.

"Before we implemented SAP BW, we had to mirror the entire billing system before being able to generate specific accounts receivable reports. This tedious process is no longer necessary. The annual, quarterly, and monthly statements and closings in the area of accounts receivable can be done in only two days now."

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The technical, practical, and commercial advantages of a single-vendor platform – one that included preconfigured, vendor-supported interfaces for transferring data to the reporting solution – were convincing," says Rettner. (SAP R/3 software is available today in the mySAP™ ERP solution.)

Choosing a third-party reporting solution would have placed the burden of developing and supporting these interfaces on E.ON IS – at substantial cost. A second point was that the excellent partnership E.ON IS enjoyed with SAP was a relationship that had stood the test of time during the introduction of the billing and contract accounting applications.

“We were impressed by the exceptional commitment and expertise demonstrated by the SAP regional implementation group during the implementation of the business processes,” says Rettner. “The third and most critical reason to opt for SAP software, however, was the fact that SAP BW provided around 60% of the business content required for an ‘out-of-the-box’ reporting solution.”

This meant the solution would be up and running significantly faster. The added value of the SAP ready-to-use, standard data model was a feature that competitors’ solutions lacked entirely. Furthermore, SAP was receptive to E.ON IS’s suggestions for content development in areas like sales statistics.

A SMOOTH AND FAST IMPLEMENTATION

Therefore, SAP and E.ON IS began the first step in implementing SAP BW as the new reporting and analytics platform for sales and stock statistics. In the second step, the company implemented open-item reporting and master data management. With the predefined business content and the preconfigured interfaces within the existing SAP back-office solutions, SAP BW went into production just nine months after the start of implementation. The implementation of open-item reporting, which was pushed by the E.ON Accounting Service Center (SCB) in Regensburg, lasted only four months – from starting with the concept to go-live.

The management information system now boasts a user base of around 1,500 users and extracts data from 4 million customer records for use in balance sheets, open-item reports, sales statistics, real-time analyses, and various strategic reports for several E.ON Energie companies. The result is a powerful, multiple-terabyte database.

Rettner explains: “Our internal customers can now see at a glance where sales figures are threatened or where past-due receivables are accumulating. Sales people and other employees with appropriate access privileges can access customer-specific records at any time and take immediate action wherever necessary.”

Through an intuitive user interface, the flexible reporting features of SAP BW deliver real-time information about open items, customer flows, sales trends, days sales outstanding (DSO), and many other parameters and indicators. With the SAP software E.ON IS has automated and optimized numerous processes, saving time and valuable personnel resources.

SAP SOLUTION FULLY MEETS EXPECTATIONS

“Before we implemented SAP BW, we had to mirror the entire billing system before being able to generate specific accounts receivable reports. This tedious process is no longer necessary,” says Rettner. “The annual, quarterly, and monthly statements and closings in the area of accounts receivable can be done in only two days now.” In terms of performance, the SAP BW system has fully met his expectations, he adds. With its power and flexibility the SAP reporting solution has received overwhelming approval among users at the E.ON accounting center.

Yet, the company’s competitive advantage is highly dependent upon its ability to respond to market challenges in real time. When it comes to providing timely, actionable analyses and other data needed for fast decision making, SAP BW delivers.

SAP BW offers a broad choice of flexible data research options and ad hoc reports that give the company’s leadership a quick and accurate overview of the state of the enterprise. Managers can make crucial strategy adjustments quickly, based on comprehensive, reliable information. SAP BW reports help managers and sales personnel establish a thorough understanding of their customers and customer migration trends.

FASTER, TRANSPARENT REPORTING

According to the E.ON SCB, receivables reporting cycles are quicker by approximately five working days — a considerable improvement. Further key advantages of the SAP BW solution are certificate-proof receivables reports in current accounting, single-value authentication reports, and receivables reports. Another feature the SCB particularly appreciates is the transparency of the reporting system for third parties and auditors.

With the SAP BW solution, E.ON IS's Rettner feels his IT services company is also well prepared to tackle future challenges. His customer E.ON Bayern plans to integrate gas sales billing, and invoicing and contract accounting, and may need data from other external sources to be extracted by the reporting solution. SAP BW is ready for both, says Rettner. New business content and functional enhancements now under development at SAP — and of interest to E.ON IS — include extrapolation of projected sales for balancing, closed-item reporting, planning, and simulation processes as well as enhancements to the information broadcasting functionality.

POWERFUL, RESPONSIVE, AND FLEXIBLE

SAP BW enables E.ON IS to operate a powerful, flexible management information system. The system enables its customer, E.ON Energie AG, to make well-informed business decisions, rapidly respond to market challenges, and strengthen its competitive advantage. The SAP solution includes a high percentage of standard business content for utility companies that fulfilled E.ON's basic reporting requirements and shortened the implementation time. Another strategic advantage was the single-vendor-system platform comprising mySAP ERP, and SAP billing, invoicing and contract accounting, and reporting

solutions. This state-of-the-art infrastructure allowed E.ON IS to take advantage of preconfigured interfaces from the data sources to the data warehouse, further reducing the implementation effort. SAP's profound industry knowledge also contributed to a smooth transition. For E.ON IS, all these factors added up to yet another key benefit: accelerated ROI with the help of its valued partner, SAP.