

SAP Customer Success Story



Yorkshire Water is one of the country's top utility companies – and is now officially ranked as the most efficient water company in the UK. Once bottom of the industry regulator's league tables, the company is now setting new standards in performance and customer service – while consistently meeting the most stringent of efficiency targets. Read how SAP has become embedded at the heart of the organisation – and helped to turn Yorkshire Water's business fortunes round so dramatically.



YorkshireWater



YORKSHIRE WATER SUCCESS STORY

HOW SAP IS HELPING YORKSHIRE WATER DELIVER OUTSTANDING SERVICE TO ITS CUSTOMERS.

Yorkshire Water is one of the UK's leading utility companies, providing 1.7 million households and 140,000 businesses in the Yorkshire region with water and sewerage services. It manages the collection, treatment and distribution of water, supplying an astonishing 1.24 billion litres of drinking water each day – the equivalent of a glass for every single person on the planet. The company also collects, treats and disposes of about one billion litres of waste water safely back in to the environment daily.

The UK water industry is made up of a number of local and regional monopolies, and unlike gas and electricity, there is no national grid. This means that household water customers can't simply switch suppliers to save money on their bills, and to ensure fair prices and high standards the industry is tightly regulated by the Office of Water Services (Ofwat) and other bodies. Yorkshire Water's vision is to be clearly the best water company in the UK, and it scored an industry first by being awarded four 'A' ratings for efficiency for its water and waste operations in the January 2005 Ofwat report. The company has achieved the biggest reduction in operating costs of all the UK's water and waste water companies in recent years – and SAP has been a significant factor in helping to drive these improvements.



HELPING THE BENEFITS FLOW

Yorkshire Water has been an SAP customer since 1999, going live with its first modules in 2000. “Our prices are set over a five-year period, and for the period which began in 1999 Ofwat set us some extremely difficult efficiency targets,” says Alan Harrison, Director of Information Technology and Customer Contact at Yorkshire Water. “We had to save £100 million out of our operating expenditure over the five-year period, and we realised that IT was the key to achieving the necessary efficiencies. We decided to go with a ‘best of breed’ packaged system and selected SAP because of its broad footprint which would cover all our core activities.” The first stage of implementation comprised SAP Financials, Procurement, Payroll and HR, and more recently the company has re-engineered all of its operational processes from the Call Centre through to the contractor digging up the road – with SAP Work Management at the core. “We’ve taken a product which has some very sound built-in business processes and have tailored those very slightly to fit the water industry,” says Alan Harrison. “We believe we’re using best-in-class practices through a product that has been successfully exploited on a global basis – so we get the benefit of what other people are doing as well as what we put in ourselves.”

“We had to save £100 million out of our operating expenditure over the five-year period, and we realised that IT was the key to achieving the necessary efficiencies. We decided to go with a ‘best of breed’ packaged system and selected SAP because of its broad footprint which would cover all our core activities.”

SAP is now embedded at the heart of Yorkshire Water’s business, making a significant contribution to the company’s continuing development. “SAP is the cornerstone of our technology, and we are proud to be one of 500 SAP Customer Competency Centres world-wide,” he says. “If you look at all of our business processes, SAP is there somewhere. It’s our financials, people and payroll system, it’s our procurement, work management and

management information system. So in terms of our regulatory targets – whether they’re environmental, financial or efficiency targets – SAP has a fundamental role to play.”

BUSINESS INFORMATION ON TAP

At the same time as being set these tough efficiency targets in 1999, Yorkshire Water was languishing at the bottom of the Ofwat League Tables for both Performance and Customer Service. “As a business we were poorly placed to respond to these challenges, so we set ourselves the vision to be clearly the best water company in the UK,” says Duncan Bennett, Integrated Customer and Operations Management (ICOM) manager within the IT department. “We had to develop the necessary business processes to support this vision and clearly needed a new IT infrastructure to give us this class-leading capability.” The ICOM programme was a central component of this improvement strategy, the means of achieving high levels of customer service and managing work within the business to deliver the required results. The company also invested in other areas of business change, including integrated business systems and new organisational design, to underpin the achievement of its vision.

“SAP has an excellent fit with our business processes around the requirements of our operational managers,” says Duncan Bennett. “The systems we used to operate – particularly the finance, payroll and work management systems – were bespoke developments that were out of date and didn’t have the flexibility and responsiveness to meet the needs of our day-to-day management of the business.” To some observers, the water industry might appear to be a traditional, slow moving business, but as Duncan points out, nothing could be further from the truth: “Our operational managers need to manage their areas of the business in near real-time and not have old finance systems that tell him how they were performing two months ago. SAP is the system that gives us the best fit against our business processes and the needs of our people to manage this business in the 21st century.” This capability has been further enhanced by the implementation of SAP BW across ICOM and subsequently Finance and HR, which provides managers with better performance analysis and the ability to identify areas for improvement using information from within both SAP and non-SAP systems.

In fact, SAP has proved so successful in driving improvement that Yorkshire Water is now the most efficient water company in the UK. “In the 2005 Ofwat report we’ve been given four ‘As’ for efficiency,” confirms Finance Director Allison Bainbridge. That means that we’re the most efficient on the clean water and waste water operating costs, and the most efficient on both sides of the capital expenditure - so it’s something to be very proud of.”

RIISING LEVELS OF SERVICE AND SATISFACTION

Yorkshire Water currently has around 2,500 SAP users. “Even if they don’t use it in their day-to-day jobs, everyone in the organisation is touched by SAP in some way or another,” says Robert Mawer, head of the SAP team, at Yorkshire Water, “even if it’s just a case of filling in sickness absence or holiday requests, or completing a timesheet.” Although at the heart of Yorkshire Water’s business, not everything runs on SAP and the system has to integrate effectively with a selection of new and legacy applications. A good example is the Geographic Information System (GIS), a graphics-based application which helps operational, work and duty managers control the impact of service interruptions on customers in near real time and give instant visibility of how the work is progressing. This information is also channelled via SAP to the Yorkshire Water Call Centre, which receives between 500,000 and 600,000 calls a year about operational service matters. “SAP gives our call centre staff the opportunity to have visibility of how ongoing work is progressing,” confirms Duncan Bennett. “Some people might think of SAP as just a finance or HR system, but to us it’s also at the heart of the service we deliver to our customers and the way that we manage work in the business.”

Customer satisfaction research is central to the continual monitoring of progress. The ‘close the loop’ process, for example, is a simple yet effective way of ensuring that customers are happy with the work carried out. “When a customer rings with an operational issue it becomes a work order in SAP and is then progressed internally through our field engineers or externally by our service partners,” Duncan explains. “When the status of the work order is shown to be complete we call the customer back to check that the problem has been resolved to their satisfaction and ask them if there’s anything else we can help them with.” The company also undertakes a broader range

“In terms of our service to customers, in terms of the way we manage work and in terms of the way that we operate the business, we’ve turned it through 180 degrees. Now if you talk to people who have an interest in the performance of the water sector, they would say that in most areas they look towards Yorkshire Water for some clues as to how to become the best.”

of surveys which reveal that over time, customer satisfaction levels are continuing to rise to become the best not just in the water industry but across the entire utilities sector – as demonstrated by Yorkshire Water being crowned the 2004 Utility Company of the Year.

REACHING HIGH WATER MARK

Another development in driving out costs and increasing efficiency is the successful implementation of SAP Enterprise Buyer Professional (EBP), a distributed e-procurement system that enables users to purchase from approved suppliers via online catalogues. “There’s no doubt that in the last five years we’ve turned this business around,” concludes Alan Harrison. “In terms of our service to customers, in terms of the way we manage work and in terms of the way that we operate the business, we’ve turned it through 180 degrees. Now if you talk to people who have an interest in the performance of the water sector, they would say that in most areas they look towards Yorkshire Water for some clues as to how to become the best.”

TO FIND OUT MORE

For further information about how SAP works with utilities, please contact: www.sap.com/industries

THE BEST-RUN BUSINESSES RUN SAP™



SAP (UK) Limited
Clockhouse Place
Bedfont Road
Feltham
Middlesex, TW14 8HD
T 0870 608 4000
F 0870 608 4050
www.sap.com/uk