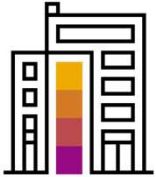




SAP® Innovation Awards 2020 Entry Pitch Deck

Transforming the Contracts Journey to Mitigate the Risks of the New Millennia
Southern California Edison



Company Information

Headquarters	Rosemead, California
Industry	Energy
Web site	www.sce.com

Southern California Edison (or SCE Corp), the largest subsidiary of Edison International, is the primary electricity supply company for much of Southern California. It provides 14 million people with electricity across a service territory of approximately 50,000 square miles.

Since its founding in 1908, the company has focused on providing reliable electricity to Southern California. Over the last decade, the company has increased focus on proactively addressing a number of growing threats, including those to the grid, rate payers, and the environment. As such, the company must prepare its IT infrastructure for the new millennia challenges of cybersecurity, climate change, wildfires, and more. For climate change, the company has partnered with the State of California's energy goals, including:

- Reducing greenhouse gasses,
- Supporting rate payers in electrifying their homes,
- Converting rate payers supply from gas to electricity,
- Supporting the installation of solar panels,
- Electrifying transportation by building the infrastructure needed for electric vehicles, and
- Project Port of Long Beach for electrifying their heavy equipment and transport vehicles.

Transforming the contracts journey

Southern California Edison



“Moving from paper documents, offsite storage, wet signatures, pony drivers, and email collaboration to SAP Ariba Solutions has transformed our ability as a company to extend our risk mitigation requirements and legal standards to our vast supplier network.”

Ricardo Sanchez
Senior Manager

Challenge

The company's legacy legal process and agreements were managed via email and a repository of word documents. They were not easily referenced, which led to challenges in tracking expiration dates, exhibits, and amendments. New legal standards and clauses were nearly impossible to update across any class of contracts. This made it extremely difficult to extend risk mitigation and other requirements to their 245 suppliers.

Solution

The company needed a solution to manage master agreements and contracts. With SAP Ariba tools already in place (Supplier Management, Contracts Pro, Sourcing Pro, Buying, and Invoice Pro), the company was able to focus on implementing contracting to establish one source of truth and streamlined processes. They also integrated DocuSign to eliminate wet signatures.

Outcome

Contracts and standard clauses now have one master source available electronically, and new collaboration tools make it easier to create and negotiate agreements that meet company standards. With these solutions, the company is now positioned to ensure contracts include the latest legal standards, implement new standards as they arise, and respond to litigation and audits.

\$5B

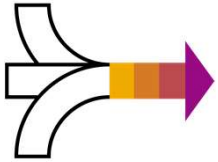
in total risk can
more easily be
mitigated across
9 different
sources.

5min

New cycle time
for contract
retrieval vs days
or weeks.

3635

employees and
245 suppliers will
no longer have to
work with email,
paper, and
remote storage



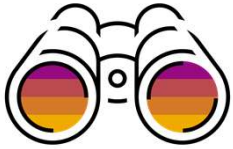
Business Challenges and Objectives

Challenges:

- The company has 245 different suppliers and was challenged with ensuring contracts and suppliers were compliant with the latest climate change, cybersecurity, wildfire, and other legal requirements.
- Old contracts had to be retrieved from a physical warehouse in the case of audits, litigation, and new language.
- It was near impossible to manage key details of a contract, such as terms and effects dates.
- Large teams that managed complex negotiations through email had no insight into work flow and status.

Objectives:

- Make it easy to update supplier contracts with the latest legal standards and requirements.
- Improve work flow for large teams involved in master and sub agreements.
- Replace wet signatures, and their associated problems, with an electronic signature capability.
- Make it easy to respond to the California Public Utilities Commission, and similar, document requests, audits, and litigation.



Project or Use Case Details

- Use Case 1: **Cybersecurity and Critical Infrastructure** – Being at risk 24/7, the company must protect the grid from attack. One of the biggest exposures is with suppliers that have access to IT systems and direct access to the actual grid, so they must ensure suppliers review and accept the latest cybersecurity policies and agreements. When the company establishes a new policy, all master agreements are updated and renegotiated. Accomplishing this with the old process was a nightmare. With SAP Ariba, the company can easily identify and update master agreements, then use Docusign to publish and execute the agreements. Similar standards apply to climate and wildfire situations.
- Use Case 2: **Document Retrieval** – Due to regulated records policies, contracts were stored long-term in a warehouse, and master agreements had to be kept on an evergreen basis. In cases of a litigation, audits, or contract updates, an employee completed a paper request form and a pony clerk would drive to a records center to locate the set of documents. Once processed, the employee returned the documents to the pony clerk and they were re-filed in storage. Now with SAP Ariba, a request is typed in and an entire set of documents, including all redlines, exhibits, and amendments, is retrieved electronically.
- Use Case 3: **Collaboration** – Large agreements can involve 20 or more different subject matter experts, and the old process of email and redlines was extremely difficult to manage. The new collaboration tool in SAP Ariba easily establishes work groups and tracks workflow.



Benefits and Outcomes

Business or Social

Extend mitigation of monetary risks—up to \$5B as of November 2018, from a variety of threats, including climate, wildfire, and cybersecurity—to supplier network.

New contracts can be built off standard templates (and old contracts are easily updated) to include the latest version, legal standard, and supplier requirements. This will:

- Increase legal protection
- Maintain adherence to the latest risk mitigation standards
- Reduce negotiation efforts

IT

One single source of truth is maintained for contracts and contract standards.

Meta data makes it easy to source documents across a class or manage individual agreements.

Cost reduction from reducing or eliminating physical warehouses and from staff dealing with physical documents and wet signatures.

Cycle-times are dramatically reduced from the old process of warehousing and pony drivers. Months of retrieval and research can be reduced to 5 minutes or less.

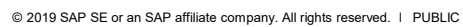
Human Empowerment

Agreements can be easily managed by contract specialists instead of attorneys.

Master agreements, which involve 140 employees, are much easier to manage. Sub agreements, which have 3635 users and 245 suppliers that log in, are now much easier to execute and manage.

Confidence is higher for employees managing spend. Validating invoices against a contract is now automatic.

Empowerment is dramatically increased and overall productivity is much higher.





Deployment

Deployment status Live

Date March 2016 est

Number of users 3635 employees once fully deployed and 245 suppliers

SAP technologies used:

	SAP product	Deployment status (live or proof of concept [POC])	Contribution to project
1	SAP Ariba	Live	Supplier Management, Contracts Pro, Sourcing Pro, Buying, and Invoice Pro
2	DocuSign	Live	Streamlined contract execution and elimination of wet signature
3			
4			

5 If you have used one of the services or support offerings from SAP Digital Business Services during the implementation or deployment phase, please select with ☒ one or more of the following offerings:

- | | | |
|--|--|--|
| <input type="checkbox"/> SAP MaxAttention™ | <input type="checkbox"/> SAP ActiveAttention™ | <input type="checkbox"/> SAP Advanced Deployment |
| <input type="checkbox"/> SAP Value Assurance | <input type="checkbox"/> SAP Model Company | <input type="checkbox"/> Others: |
| <input type="checkbox"/> SAP Innovation Services | <input type="checkbox"/> SAP Innovative Business Solutions | |



Advanced Technologies



The following **advanced technologies** were part of the project.

	Technology or use case	Yes or No	Contribution to project
1	3D printing	No	
2	Blockchain	No	
3	Internet of Things (IoT)	No	
4	Machine learning or AI	No	
5	Conversational AI	No	
6	Robotic process automation	No	
7	Data anonymization	No	
8	Augmented analytics	No	