



SPE keeps costs down for clients thanks to business automation



excellence in utilities

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Ambitions were high, the means limited and the deadline very tight indeed. With the storming of the deregulated energy market, electricity producer, SPE suddenly found itself confronted with all the challenges of a direct supplier.

SPE had already clocked up fifteen years of experience in electricity production as a wholesaler. All of a sudden, with the deregulation of the energy market, the company was confronted with an entirely different activity: direct supply of energy to private individuals and businesses. A challenge and an opportunity for SPE. The company went looking for a business automation system, in which customer data, contacts, consumption and accounts could be stored and processed. The system was to form the basis for the invoicing of customers and the administration and booking of financial transactions.

Microsoft Axapta, in combination with EG Utility's Xellent multi-billing module and specific Itineris utilities modules turned out to be the most efficient and cost-effective solution. The system now supports all back office activities. In the meantime, with rising fuel prices, SPE and Itineris are now looking for ways in which operational processes can be run more efficiently. The goal: reduce working costs, and therefore the customer's invoice, as much as possible.

Overview

Country: Belgium
Sector: Utilities

Profile

SPE is Belgium's second largest electricity producer, with 18 production centres and a total capacity of 1600 MW. In addition to the production of traditional energy, SPE is also investing heavily in renewable energy from water and wind power. The deregulation of the energy market opened the doors for SPE to bring energy right to the consumer's doorstep, which SPE does under the brand name, Citypower. SPE employs some 469 people.

Challenge

After the Citypower takeover, SPE had just a few months to organise a well-functioning administration for both private and business customers, initially for the Flemish region and then for Wallonia and Brussels.

Solution

SPE installed Microsoft Dynamics AX. IT partner, Itineris implemented this and extended it with a few specific modules. The application was also complemented with Xellent, an invoicing module developed by EG Utility especially for utilities companies. Microsoft Dynamics AX was previously known as Microsoft Axapta.

Advantages

- An integrated, affordable package supports all back office activities
- Short implementation times
- Low price
- Easy adaptation to changing market conditions and legal requirements
- Flexible integration of new products and services
- Management reporting capacity
- End-users work within a familiar Microsoft environment



Edgard Vermeersch, managing director Itineris

From a few large invoices to many small ones

With the storming of the private and business market following the deregulation of the energy market, electricity producer SPE suddenly found itself confronted with a transition from a small number of large invoices to a gigantic number of smaller ones. No small change for the SPE employees who at that moment were forced to make both an organisational and mental switch. After some fifteen years in electricity production and sales on the wholesale market, SPE now had the opportunity to supply consumers directly.

In the initial phase of deregulation, the large industrial customers were given the option of choosing their electricity provider. Next, in July 2003, the opening of the private electricity market followed. That had several major consequences. "You can't deal with residential customers in the same way as a distribution company or a large industrial client. In order to offer decent service to our private customers, a good IT system was needed in a very short space of time," explains Karel Vandiest, Senior IT Manager at SPE. The demand for integration with the energy company's other applications and above all efficiency and flexibility were high on the list of priorities. After all, it is these things that make the difference between good and less good service provision.

A clear round, if you please

The application needed to support the entire cycle for each SPE customer from his/her initial subscription to termination. And this preferably without errors, because a utilities company like SPE is punished for every mistake it makes. Karel Vandiest: "When you're the new kid on the block, of course you have to offer sharp prices but you also have to run a tight ship. Every mistake can lead to dissatisfaction on the side of the customer and cause damage to our brand name. We wanted to

avoid that at all costs. Moreover, we wanted our appearance on the market to be marked by absolute professionalism. That can be crucial for differentiating yourself in a new, deregulated market where all the players have to implement new systems.”

A young company must be prepared to adapt to events and the market on a daily basis. Government regulations can also change regularly. The business automation package had to be flexible enough to allow for all these factors. And that in such a way that the customer notices nothing about the change in the business environment. On the contrary, in fact, he should experience nothing but improvements in the level of service. Thanks to their experience and knowledge of the energy market, SPE employees were able to adapt quickly to the specific characteristics of the deregulated market. A core team was compiled with people from SPE, Itineris and the other partners. Karel Vandiest: “Such an intensive project demands strict follow-up and methodology. There were weekly consultations between the core members. Because you’re working with the heart of your business activity, it’s important that you can trust your IT partner and that they know the market as well as you do. The continual optimal co-operation between the SPE/ Citypower and Itineris teams allows us to improve the system from the point of view of the customer.”

Maverick invoicing technique

In addition to the usual difficulties that are part and parcel of developing a good business automation package, SPE has some very specific demands typical of an energy company. The process of deposit payments followed by a balance settlement at the end of a certain period is specific to the sector. The system of electronic information exchange with the transition of a customer to another supplier is also rather unique. All factors that had to be

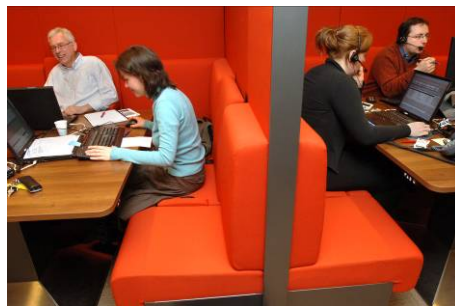
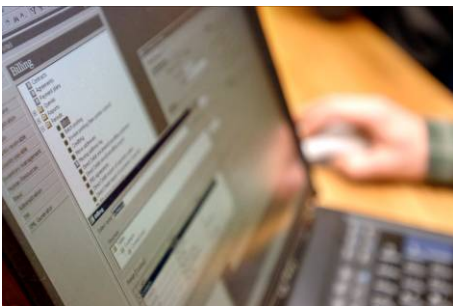


Gert D’Hollander et Peter Van den Bulck, application managers who reshaped SPE’s business processes to the Microsoft Dynamics AX mould.

kept in mind and made the project all the more challenging. A user-friendly solution was absolutely necessary.

Hence the importance SPE ascribed to the selection of an IT partner that could understand the needs of the company and could handle the entire installation of the business automation package. The selection of both the partner and the package wasn’t made overnight. No less than 49 potential suppliers were contacted. Four potential software solutions were then chosen from the submitted proposals. In the beginning of May 2004, the decision was made in favour of Microsoft Axapta (now Microsoft Dynamics AX) coupled with EG Utility’s Xellent Multi-billing invoice module. Itineris was selected as implementation partner, also because it had already developed specific modules for the energy market.

“Furthermore, Itineris is the only partner to focus specifically on the utilities market and understand it thoroughly.



Now that the energy market has become very competitive, new products, prices and plans are launched in quick succession. IT systems transition phases that are longer than the market cycle can lead to huge problems. The IT system’s flexibility is therefore essential.



The three most important elements of a successful project were brought together by SPE and Itineris: Product (the appropriate solution), People (employees with the necessary know-how) and Project (a sturdy project approach). Success was the logical conclusion.

Itineris was therefore the only one who could guarantee to have MS Dynamics AX user-ready in a short period of time.” They were also able to compliment the system with their own modules such as transaction management (complete EDI data transmission). Karel Vandiest: “To keep prices as low as possible for the consumer, it’s important to optimise certain processes to a high degree. That’s why the complex customer transfer process was tackled by the introduction of an automated workflow.”

“The preference went to Dynamics AX because this system was able to offer a large number of the desired features in the standard package, while still displaying sufficient flexibility for the demands of our market. One of the major advantages of Microsoft Dynamics AX’s implementation for the end-user is the further integration with our familiar office environment: documents and letters can be directly linked to the system and it is also possible to integrate Excel spreadsheets.”

1 million invoices in 200 hours

SPE’s IT team were initially sceptical about the robustness or resistance of the software package with respect to large volumes. Peter Van den Bulck, application manager at SPE: “The software had to be capable of compiling a million invoices in less than two hundred hours for three different services, more specifically electricity, gas and a third provision.”

That’s why a test lab was set up with data originating

from SPE. “At the same time, this was the lab in which we could compile the right kind of hardware,” says Gert D’Hollander, also an application manager at SPE. “The directly proportional relation between the invoicing process and the computer system was demonstrated. This means that in order to compile four times as many invoices in a given time, the computer power has to be four times as great. This strengthened our faith in the robustness of the system. Microsoft Dynamics will therefore also be able to support SPE/Citypower’s further growth ambitions.”

For the busiest periods, the system has been designed for 85 simultaneous users in the back office and the call centre. “The system is used in terminal server mode, with which we also service other departments. In this way, we can make do with three light servers and make huge savings on bandwidth and administration costs. Our infrastructure is actually located at another site where the other servers used to be for mail, back-up or anti-virus programs, and so on.”

The big advantage of one database

In an environment such as SPE, a relational database plays an extraordinarily crucial role. It is absolutely essential that all the data is entered only once while simultaneously being accessible from everywhere. Karel Vandiest: “To be honest, I was a bit sceptical when Microsoft came to sing the praises of their relational database management system. Again it was that robustness I was worried about, which we absolutely had to have. I was convinced in the end by the possibility of further integration with other Microsoft products, in particular Microsoft’s SQL Server.”

Reporting

Karel Vandiest expects a great deal from MS SQL Server 2005 and its integration with the new version of Office announced for the end of the year. “In fact, we’ve been told that certain users will be able to access the OLAP tools (Online Analytical Processing) directly from Excel. That would mean undeniable advantages for our operations. In hindsight, I am extremely happy with our choice, because we have since discovered several other benefits, such as MS SQL Reporting Services, in which we can generate all sorts of reports very quickly.”

Reports are essential for SPE to manage its processes. Service interruption lists in relation to data transmission or the follow-up of delay scenarios have an almost direct influence on customer satisfaction. Reports on the quality and efficiency of SPE processes, which are compiled on

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the basis of key performance indicators, are also of great importance. "MS SQL Reporting Services allows us to provide well-summarised results for management. In this way, reliable figures are always on hand with which to direct our company in a very rapidly evolving market. That is essential for a business that doubles its turnover every year."