



ENERGEN

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Utilities
Revenue	US\$1.39 billion
Employees	1,530
Location	Birmingham, Alabama
Web Site	www.energen.com
SAP® Solution & Services	SAP® Customer Relationship Management on-demand solution

U.S.-based Energen Corporation, a diversified energy holding company, has two subsidiaries: Energen Resources Corporation, which acquires and develops domestic onshore natural gas, oil, and natural gas liquids reserves; and Alabama Gas Corporation, Energen’s regulated utility, which provides clean-burning, energy-efficient natural gas to approximately 450,000 Alabama homes, businesses, and industries.

Key Challenges

- Defend and increase market share in the highly competitive downstream energy market
- Enable a 360° view of customers and their histories
- Better manage opportunity pursuit, customer retention activities, and contracts
- Improve sales reps’ productivity
- Enhance planning via quality information
- Establish consistent processes across operating divisions

Why SAP Was Selected

- Strong on-demand capabilities, enabling fast ramp-up
- Solid account, opportunity, contact, & activity management
- Ability to add on-demand capabilities and transition to on-premise application
- Easy to configure
- Full range of functionality from a single vendor
- SAP’s extensive industry experience
- Energen’s strategic partnership with SAP

Implementation Best Practices

- Use of SAP® best practices
- Early end-user involvement
- Staggered approach to user adoption
- Strong executive management support
- Phased roll out

Low Total Cost of Ownership

- Rapid, on-time 3-month implementation
- Strict adherence to budget
- Low training expenses
- Minimal change management costs

Financial and Strategic Benefits

- Improved account and contract management for 500+ large industrial and commercial customers
- Greater flexibility for serving 30,000+ small commercial customers
- Visibility into natural gas usage and enhanced ability to pursue new opportunities
- Clear view of sales reps’ activities
- Better positioned for growing market share
- Greater visibility into customer accounts

Operational Benefits

- Improved ability to share market intelligence, including insights into new regional industrial projects
- Ability to track customer projects from start to finish
- Streamlined account management
- Elimination of manual procedures
- Uniform processes across 7 geographic subregions
- Insight into customer transaction history





“Implementing the SAP CRM on-demand solution was easy, fast, and cost-effective. We are now adding functionality that will bring new benefits and are well positioned to transition to the on-premise application.”

Jim Rutland, Marketing Technology Implementation Leader,
Alabama Gas Corporation, a part of Energen Corporation

“We now have the tools to better understand our customers’ gas usage, pursue new opportunities, streamline operations, and grow our business. . . . Because of the benefits, more and more of our sales reps are using the software.”

Steve Murphy, Director of Commercial and Industrial Marketing,
Alabama Gas Corporation, a part of Energen Corporation

Goals: Address Competition and Achieve Growth

Alabama Gas Corporation (Alagasco), Energen Corporation’s regulated utility, provides natural gas service to nearly 500,000 customers in central and northern Alabama. The company faces strong competition from other suppliers of natural gas – as well as from electric power companies. In order to ensure continued growth and profitability in a relatively saturated geographic region, Alagasco must be able to demonstrate the economic advantages of its natural gas services.

About 550 of Alagasco’s customers are large commercial and industrial businesses, which the company contacts on a regular basis to ensure that requirements are being addressed. “Large customers are very important to our business,” says Steve Murphy, director of commercial and industrial marketing at Alagasco. “We wanted to make sure that we could effectively manage our complex contracts and maintain a complete history of our interactions with these customers. That would allow us to ensure and sustain excellent service and support their decisions – such as converting to natural gas to reduce full life-cycle operating costs or for energy needs for new projects, such as construction of a manufacturing plant.”

Immediate and Long-Term Benefits Through an On-Demand Solution

To address its requirements, Alagasco decided to adopt a customer relationship management (CRM) solution to ensure transparency of customer information and to improve its sales reps’ overall performance and productivity. The company also felt that an on-demand CRM solution would be the best approach versus a full-blown, on-premise implementation – in other words, it could be implemented easily and rapidly, increasing the possibility of a faster ROI.

After carefully evaluating several offerings, the company selected the SAP® CRM on-demand solution. “Given our satisfaction with our existing SAP platform – and the wealth of capabilities available in the CRM on-demand solution – our choice made perfect sense. We wanted to continue to grow long-term with SAP,” says Lynn Lovelady, director of enterprise applications at Energen.

After a straightforward three-month implementation, Alagasco went live with the software and realized immediate benefits. The company was now able to quickly identify opportunities – such as construction of a new shopping mall – and then alert the appropriate sales reps online.

Another benefit: the ability to monitor gas usage. “The reps can now quickly pull up detailed 36-month histories of gas usage by account,” says Murphy. “That’s a completely new capability and extremely valuable for our business.”

Looking Ahead

Alagasco recently expanded the implementation scope to accommodate its 30,000-plus small commercial customers. It also wants to increase its use of the solution. For example, the company plans to add new functionality to help it accurately monitor trends and specific types of energy consumption and to better understand penetration and saturation of gas service.

Alagasco also expects to eventually move to the SAP CRM on-premise application to support sales activities covering more than 400,000 residential customers. It also wants to integrate a new SAP-based customer information system with the CRM software. At the present time, however, the on-demand rollout is in its early stages. Says Murphy, “We haven’t even scratched the surface of what the SAP CRM on-demand solution can do.”