QUICK FACTS

Industry
Utilities – electric

Revenue
US$845 million
(UI Holdings Corporation, 2006)

Employees
947

Headquarters
New Haven, Connecticut

Web Site
www.uinet.com

SAP® Solutions and Services
mySAP® ERP application, mySAP Customer Relationship Management application, SAP NetWeaver® Business Intelligence component, SAP Energy Data Management application

Implementation Partner
SAP Consulting

The United Illuminating Company (UI) is a regulated electric utility, distributing power to businesses and households in Connecticut since 1899, when the Bridgeport Electric Company merged with the New Haven Electric Company. In 1998, regulations mandated new procedures for compliance, reporting, collections, and customer service. UI had to change its business processes to comply and replace its legacy system to support the changes. It chose SAP® software, integrating it with its mobile workforce.

Key Challenges
- Improve performance while addressing the requirements imposed by restructuring
- Enhance utilization of energy usage data to help customers make informed decisions about conservation, time-of-use rates, and supplier choice
- Improve effectiveness of receipt and documentation of customer outage calls
- Enhance customer service during routine and special contacts

Why SAP Was Selected
- SAP experience with more than 1,000 utility companies and over 30 years of experience in the industry
- Flexibility and full functionality of SAP® solution
- Ability of SAP to serve as prime integrator

Implementation Best Practices
- Used ASAP methodology to ensure that blueprint matched request for proposal requirements
- Established a strong dedicated project team with both technical and business process knowledge
- Planned for each stage
- Invested in training

Financial and Strategic Benefits
- Generated rate quotes faster and more cheaply for the broad menu of electric rate structures
- Utilized daily meter readings to improve accuracy of the company’s process for unbilled revenue
- Exploited timely and accurate power usage data to drive down days sales outstanding and reduce losses
- Enabled easier energy purchasing
- Supported all compliance requirements of the Sarbanes-Oxley Act of 2002

Why SAP Was Selected
- SAP experience with more than 1,000 utility companies and over 30 years of experience in the industry
- Flexibility and full functionality of SAP® solution
- Ability of SAP to serve as prime integrator

Low Total Cost of Ownership
- Reduced supported interfaces from just over 100 to 52
- Saved US$2.4 million per year in outsourcing costs associated with running a legacy application
- Avoided cost of having to reprogram legacy system to satisfy requirements of regulatory environment

SAP Business Transformation Study
Utilities

The United Illuminating Company
Complying with New Regulations and Improving Customer Service

1. The company’s inventory of meters serves as a supply for installation of meters in new buildings and replacement of outdated or defective meters.
The legacy IT environment was based on a 1970s platform, had hard-coded data, and required COBOL software developers – a scarce commodity. Maintaining the system was costly, and further, it was only available from 5 a.m. to 9 p.m. Monday through Friday.

A Need for Transformation

UI knew it required a new IT platform to address these issues. “We selected SAP in 2002 because the solutions have flexibility and full functionality, and because the company has strategic alliances with other firms that we found valuable,” says Marie Zanavich, CIO at UI. The following year UI went live with the SAP® Business Suite family of business applications – including the billing, invoicing, and contract accounting functionality – and the SAP Energy Data Management application. UI integrated the software with its mobile workforce field automation, wireless network meter reading, and interactive voice response (IVR) solutions.

Success Now and in the Future

Shortly after going live, the largest storm of the year hit. UI restored power without paper tickets, proving the success of the go-live preparation. Now, storm-related calls are routed through the IVR, so staff can collect data about potential outage causes and make restoration estimates faster.

In addition, UI is now equipped to enter new rate structures – whether handed down by regulators or delivered by competitive suppliers – into the billing system quickly. In one case, UI added 1,400 rates within the mandated 30 days, an effort that would have required three to six months with the legacy system. The SAP software created bill print flexibility when deploying new line items such as transmission congestion charges and also ensured Security & Exchange Commission (SEC) filing requirements. UI now initiates outbound calls for accounts with a high balance due, has established budget billing for more level payments, and can make more effective disconnects for non-payment because of better integration with work-dispatch applications. Customers have improved visibility into their daily energy usage, and move-in processes are more efficient.

Ready for Future Transformation

UI plans to further streamline processes and strengthen its partnership with suppliers and regulators. To broaden its capabilities in 2007, it intends to include remote disconnects, acceptance of credit card payments, and an outage management system. Improved financial close cycles and multiservice billing are also planned, which means, rain or shine, UI will continue to provide best-in-class operations and service for its customers.