

THE UNITED ILLUMINATING COMPANY COMPLYING WITH NEW REGULATIONS AND IMPROVING CUSTOMER SERVICE

QUICK FACTS

Industry

Utilities – electric

Revenue

US\$845 million
(UIL 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

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 reads 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

Operational Benefits

Key Performance Indicator	Impact
Collection cycle time	-38% (from 120 down to 75 days)
Meters in inventory ¹	-30%
Interactive voice response (IVR) usage	+10%

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 United Illuminating Company

“We used to run storms and major outages with paper. The paper would be piled to the ceiling. That’s all gone – it’s all paperless now.”

Joseph Thomas, Associate Vice President and General Manager of Client Fulfillment,
The United Illuminating Company

www.sap.com/contactsap

A Fast-Changing Environment

The United Illuminating Company (UI) traces its roots to 1899 when the Bridgeport Electric Company and the New Haven Electric Company merged. A rate-setting mechanism based on operating costs plus return on equity made UI a stable operator and a safe investment preferred by retirees. Currently UI serves 17 municipalities and 323,000 residential customers – about 35% of Connecticut’s population. With over 900 employees, UI provides its customers with high-quality services, including outage restoration and energy conservation services.

In 1998, new conservation initiatives, governmental regulations, and the need to show multiple energy suppliers on the same bill created a new environment for UI. Regulations mandated new procedures for compliance, reporting, collections, and customer service. And regulators’ expectations were higher than ever with new mandates requiring ever-faster, but appropriate implementation. UI had to change the full range of its business processes, including meter reading and cash collection as well as governance. However, UI’s aging IT infrastructure made adequate response to these challenges nearly impossible.

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.

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