

## SAP Customer Success Story Utilities – Electricity



**“Thanks to SAP Consulting, the new SAP software, and the migration from the UNIX to the Linux platform, our company has cut IT-related costs by one-third.”**

Marcelo Carreras, CIO, Rio Grande Energia

### AT A GLANCE

#### Summary

Rio Grande Energia – also known as RGE – is an electricity distributor based in Porto Alegre, Brazil. It chose SAP® software to integrate information and processes throughout its enterprise – and selected the SAP Project Management service to help it implement the software and make a smooth transition to a Linux platform.

#### Web Site

[www.rge-rs.com.br](http://www.rge-rs.com.br)

#### Key Challenges

- Reduce IT maintenance costs by eliminating applications developed over the years
- Improve the quality of the information provided to the shareholders
- Improve control over business operations

#### Project Objectives

- Implement a state-of-the-art IT system to integrate processes
- Implement a solution that would support company's overall strategy

#### Solutions and Services

- SAP R/3® Enterprise software, functionality now found in the mySAP™ ERP solution
- mySAP Business Suite solutions
- SAP NetWeaver® platform
- SAP Project Management

#### Why SAP Solutions

- Highly integrated, eliminating the need for costly interfaces
- Secure, future proof

#### Implementation Highlights

- On-time implementation for each phase
- Dual purpose: implement SAP software and migrate from UNIX to Linux platform

#### Key Benefits

- Enhanced visibility of information and operations throughout the company
- Improved control over financials and other business-related processes
- Ability to carry out effective analyses
- Maximized ROI

#### Implementation Partner

SAP Consulting organization

#### Existing Environment

Disparate, nonintegrated systems

#### Database

Oracle

#### Hardware

Linux

## RIO GRANDE ENERGIA

### Electricity Distributor Uses SAP® Software to Shed Light on Operations – and Turns It All on with the Help of SAP Services

The Porto Alegre-based Rio Grande Energia (RGE), a Brazilian company that distributes electricity to around one million consumers spread throughout 254 municipalities in the state of Rio Grande do Sul, has relied on both SAP® software and the SAP Services organization for almost 10 years now. Owned and operated by PSEG Global, along with PSEG's partner CPFL, RGE employs more than 1,400 people.

When it was privatized eight years ago, RGE's greatest challenge was to modernize its IT infrastructure. Disparate mainframe systems – running on UNIX – were driving up maintenance costs and hindering integration of processes and information throughout the enterprise. “The commercial, financial, and accounting systems were not integrated, and at the time there was no management strategy to tackle the year-2000 bug,” explains Marcelo Carreras, CIO of RGE.

#### Quality Information for Shareholders

Migrating to a more flexible and integrated environment became RGE's top priority. “The aim was not only to implement a solution that would serve our strategic business needs, but to implement software that would allow us to improve the quality and depth of information for shareholders,” states Carreras.

RGE analyzed solutions from various vendors and felt SAP software for enterprise resource planning (ERP) best fit its needs. The project was carried out in three phases. The first phase lasted five months and included implementation of software for financial accounting, controlling, asset management, funds management, and materials management. Next on the list was the plant maintenance software.

### **Integration of Multiple Systems**

At the end of 2003, RGE kicked off the second phase. To more effectively support all business processes enterprise-wide, RGE decided to migrate to the Linux platform and install the most current version of the SAP software for enterprise resource planning.

The company chose the SAP Project Management service, available through the SAP Consulting organization, to helm the new project.

“SAP was the natural choice. We felt that with SAP Project Management we could make a smoother transition, not only in terms of the solution, but in regards to the new operational environment,” says Carreras.

In 2004, the company implemented software for corporate finance management and supplier inventory management using the SAP NetWeaver® Exchange Infrastructure component. “We used the SAP solution to integrate the non-SAP systems that we still had in the company and eliminate some interfaces,” says Carreras.

RGE was the first company in Brazil to take advantage of the methodology offered through SAP Project Management. This methodology – based on the standards of the Project Management Institute in the United States – was developed to ensure strict compliance with implementation deadlines and budgets.

“The SAP team was extremely competent, both in terms of the quality of service and in the running of the project,” says Carreras enthusiastically. The SAP consultancy service functioned as an “accelerator” using ASAP, which is SAP’s traditional implementation methodology.

With SAP Project Management, it is possible, for example, to know at any given time if the project is on the right track and to predict bottlenecks and eliminate them before they impede with the progress of the implementation.

Carreras comments, “The migration to the latest version of the ERP software lasted six months, and certainly SAP Project Management played an essential role in enabling us to meet the final deadline.”

### **The Right Choice**

The purpose of the migration, stresses Carreras, was to minimize the need for costly interfaces by eliminating in-house developed applications. “We adapted our processes to the SAP standard software. This enabled us to implement other modules without impairing the integrity of information,” states Carreras.

The last phase involved the implementation of the mySAP™ Business Suite family of business solutions – a comprehensive range of adaptable Web-enabled business software that offers the highest possible level of integration and flexibility, along with industry-specific functionality.

The results showed that RGE made the right choice with SAP software, both in terms of tangible factors (infrastructure and IT management) and intangible aspects (stability and flexibility of processes). According to Carreras, the SAP software lived up to all company expectations. “That’s not to mention the whole scope of the migration and then all the technological aspects of mySAP Business Suite and the SAP NetWeaver platform,” he says.

### **Many Benefits – More to Come**

The SAP implementation has brought many benefits to the Brazilian company – including improved processes and the ability to easily access information throughout the enterprise. “As an example, we now have greater control of our cash flow and assets and have managed to streamline finance and contract management and accounting. We also took the opportunity to fine-tune our logistics and materials management processes,” says Carreras.

In the next two years, RGE plans to implement the mySAP Supply Chain Management solution. This will allow the company to coordinate its entire supply network and collaborate well beyond corporate boundaries.

During this time, RGE also plans to take advantage of the SAP NetWeaver Portal component – to give users a single view of company operations and information and enable them to access any application they need to perform their jobs. This way, the company can glean full benefit from all information resources and maximize its return on investment.