



A New Generation of Energy

CONNECTIV ENERGY



SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Utilities
Revenue	US\$2 billion
Employees	350
Location	Mid Atlantic Region
Web Site	www.pepcoholdings.com/companies/conectiv
SAP® Solutions & Services	SAP® VIP application, SAP NetWeaver™ platform
Implementation Partner	NRX

Conectiv Energy, a competitive subsidiary of Pepco Holdings Inc., is a merchant generation business that uses regional expertise and intellectual capital to optimize the value of its plants in the wholesale energy marketplace. The company owns a fleet of plants, including its state-of-the-art “midmerit” plant in Bethlehem, Pennsylvania. Conectiv’s midmerit plants are technologically advanced and environmentally responsible, with flexible operating capabilities to meet constantly changing energy market demands.

Key Challenges

- Organizational lack of experience with advanced IT infrastructure and portal
- Learning curve for users of new technology
- Lack of information in systems
- Low user adoption rate
- Insufficient usability and optimization of current SAP® software functionality
- Lean operations

Why SAP Was Selected

- SAP enterprise-wide solution preferable to point-solution applications
- Seamless integration with Conectiv’s SAP software footprint
- Solution’s ease of use for average user
- Simple, user-friendly, role-based interface
- Support for lean operations with state-of-the-art technology

Implementation Best Practices

- Business units closely involved from the outset of implementation process
- Strong executive sponsorship
- True teamwork across the organization
- Better collaboration through partnership with vendors

Low Total Cost of Ownership

- Rapid implementation process
- Less required training and higher adoption rate due to ease of use
- Shorter development cycles for any required system changes

Financial and Strategic Benefits

- Lean operations with cutting-edge technology
- Increase in user acceptance from 60% to over 95%
- 50% maintenance and operations time savings
- Lower risk of safety and environmental issues and equipment failure
- Greater focus on planning and value-added tasks instead of on routine operations
- 24x7 work-order prioritization and tracking now possible
- Better decisions and strategies with higher-quality data

Operational Benefits

- 10% to 20% reduction in emergency and urgent work orders
- 90% reduction in time to gather information during work processes
- 20% reduction of storeroom inventory
- 90% reduction in work-order execution time for stock items
- Faster, more efficient data capture and data classification
- More efficient processes to update parts lists, instructions, and maintenance manuals



“Our state-of-the-art facility required automation technology for lean operations, and SAP VIP provided the necessary solution.”

Rich Bickings, Operations and Maintenance Manager, Conectiv Energy

“The solution was made for users, not IT workers, and this helped increase adoption to over 95%. Decisions are now based on better information.”

Dave Lucas, Maintenance Manager, Conectiv Energy

Supporting Collaborative Management and Maintenance Processes

Conectiv Energy, a competitive subsidiary of Pepco Holdings Inc., is a merchant generation company operating in the wholesale energy marketplace focused on optimizing profits, achieving operational excellence, and becoming a premier “midmerit” company. Midmerit plants are technologically advanced, environmentally responsible units that can perform quick and repeated cycling or run continuously, providing agility to meet changing market demands.

In addition to optimizing operations at existing plants, Conectiv Energy wanted to establish lean maintenance operations at its new, state-of-the-art plant in Bethlehem, Pennsylvania. To this end, the company implemented the SAP® Visual Information for Plants application by NRX (SAP VIP), powered by the SAP NetWeaver® platform, and the NRX Asset Hub. To start up a new facility with lean operations and a lean workforce, Conectiv Energy needed to streamline maintenance and operations planning and execution functions and improve the asset information foundation to be shared across plants. The company also desired a smooth implementation process, and with full executive and organization-wide support, the project team implemented the solution quickly.

User Adoption Crucial

While evaluating several equipment and asset management solutions, Conectiv Energy found that user adoption would be crucial to the success of the project. SAP VIP and SAP NetWeaver offered just what was needed, with a user-friendly Web interface that provided role-based access to consolidated information and workflows to enable a “one-stop shopping” approach for the user. With the solution, the adoption rate within Conectiv’s workforce went from 60% to over 95%. “Even people who don’t like computers have adapted to the solution,” says Conectiv maintenance manager Dave Lucas.

Planning Activities Optimized, Emergency Orders Reduced

The solution has allowed employees to concentrate more on planning functions than on monitoring daily activities and playing catch-up with regular tasks. Workers now spend more time planning and staging the parts they need for maintenance – instead of interrupting ongoing processes to find items. In fact, Conectiv estimates that work-order execution time for stock items has been reduced by 90%, freeing up time for planning activities.

With enterprise visibility greatly enhanced by the SAP and NRX solution, Conectiv Energy has seen a reduction in the number of emergency and urgent work orders in the range of 10% to 20%. “Categorization functionality has allowed employees to focus on their most important tasks, improving efficiency and helping keep the plant running,” says Lucas.

Besides improving the process for entering work orders, the solution has helped improve job satisfaction and efficiency. For example, the time employees spend looking up information about specific equipment in the “parts tree” is dramatically lower. “The solution has provided astronomical time savings of greater than 50%,” says Conectiv operations and maintenance manager Rich Bickings. Conectiv’s information technology manager George Muller adds, “We now have better information to make better decisions.”

Conectiv Energy now has a solid foundation upon which to build and plans to transition its other plants to use the SAP and NRX solution as well. Moreover, the solution will enable the company to focus and concentrate on its core business issues, instead of IT and software issues.

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