



ENTERPRISE MANAGEMENT AND SUPPORT IN THE UTILITIES INDUSTRY

The Utilities Industry

Companies in the utilities industry face a number of challenges, including the need to meet ongoing regulatory demands while addressing constant pressure to raise productivity and lower costs. At the same time, utilities face increased competition, rising customer expectations, and the low likelihood of a significant increase in energy consumption in the near future. In addition, the industry is undergoing a complex transition from regulated to deregulated energy markets and toward increasingly global investments, particularly in the areas of electricity and gas.

For those companies that generate, transmit, distribute, and sell energy and water, critical factors include infrastructure availability and reliability, process efficiency, and optimization of costs. Companies that produce and sell energy must also contend with the commercial, administrative, and communication processes related to energy production and customer sales. These utility companies require solutions that can help them navigate the deregulation process, improve business processes, and enhance customer relationships. To succeed in this environment, all utility companies will benefit from the following:

- Automating and streamlining business processes for quality improvement and cost efficiencies
- Identifying and exploiting new revenue opportunities
- Improving customer satisfaction with reliable delivery and timely, accurate billing
- Adapting and innovating to meet evolving customer expectations
- Achieving cost-effective compliance with global, federal, state, and local industry regulations
- Maximizing the use of existing assets, including human capital

As a committed, long-term partner to more than 860 utility enterprises in 56 countries, SAP has a broad base of experience helping utility companies meet their business goals. Leveraging this expertise, SAP provides comprehensive solutions that can be tailored to address the unique operating requirements of utility businesses. mySAP™ ERP is a key element of SAP® solutions for the utilities industry, supporting financials, operations, human capital management, and corporate services as well as processes such as enterprise management.

Enterprise Management and Support in the Utilities Industry

For companies in the utilities industry, mySAP ERP provides capabilities that support and enhance processes associated with generating, transmitting, distributing, and selling energy and water. Features tailored to meet utility organizations' unique requirements help these companies efficiently and cost-effectively manage processes, expand business opportunities, and maximize the value of customer relationships and existing assets.

Enterprise Asset Management

Good enterprise asset management builds a foundation for sound decision making in asset-intensive organizations. By integrating data from a wide variety of sources, mySAP ERP allows access to important details involving finances, human resources, operations, and other critical business functions. Enhanced insight into all external and internal processes and operations makes it easier for companies to track trends, anticipate problems, and identify opportunities. In addition, support for the complete life cycle of production and operational assets enables companies to improve plant and equipment performance and track costs for

individual assets and entire facilities. Utilities benefit from comprehensive, integrated capabilities for all business processes associated with asset life-cycle and resource management. The solution provides asset owners and operators, asset service providers, and all parties involved in the asset service network real-time visibility of asset performance and maintenance issues, which enables more proactive response and rapid correction of concerns or problems that arise. Overall, businesses in the utilities industry will benefit from reduced costs, improved capital expense management, and more efficient resource utilization.

Maintenance Cost Budgeting

For utility companies, maintenance expenditures typically account for a significant portion of operating costs. Because critical information such as actual maintenance costs, planned maintenance costs, and maintenance-related budget data is often insufficiently integrated, utilities can face considerable difficulty developing accurate maintenance budgets. Maintenance cost budgeting within mySAP ERP allows companies to define a maintenance budget based on existing asset life-cycle management data. Standard budgets can be automatically generated based on the desired budget strategy, reducing budget preparation time.

Mobile Asset Management

In conjunction with the SAP Mobile Asset Management application, mySAP ERP helps technicians perform their tasks while they are at customer sites or other remote locations. By using a mobile device such as a laptop computer or PDA, off-site personnel can access the tools and data they need to perform their jobs, including making sure that field service information is maintained. Support for remote data entry enables cost reductions and streamlines planning regarding the deployment of service personnel.

Corporate Governance and Regulatory Compliance

Utilities around the world face close scrutiny of financial records, environmental processes and safety precautions, labor law compliance, performance ratings, and supply security. Management must be able to demonstrate compliance and good faith through accurate and detailed records. mySAP ERP improves corporate governance by providing functions that centralize the documentation of internal controls to help manage compliance. These include online controls for internal and external auditors and the ability to export data to auditing software, enabling detailed insight into various audit functions and supporting faster, more accurate reporting. New support for whistle blowing helps organizations cost-effectively address legal requirements of the Sarbanes-Oxley Act and reduce the risk of noncompliance. A whistle blower complaints form can be configured to meet the unique requirements of each organization, while helping utilities ensure compliance with federal law.

Financial Analytics

Without insight into financial and business performance, organizations are unable to make informed strategic decisions. mySAP ERP integrates all financial and business performance information with management processes for effective, strategic decision making. The solution improves investor communication, streamlines the financial supply chain, enables collaboration with customers and vendors on payment and settlement activities, and reduces transaction costs. mySAP ERP provides tools that support critical finance-related functions, including the following:

- **Financial analytics** – Web-enabled reporting with predefined content such as cost center and sales planning offers improved financial insight and enables faster, more accurate financial and operational planning.
- **Strategic enterprise management** – Risk management functions include support for identifying, analyzing, and quantifying business risks and administering risk catalogs as well as a management cockpit to support fast closings. Business planning and simulation features support strategic planning, while other functions support business consolidation.
- **Financial supply chain management** – With available support for all operational processes related to financial systems such as payment, dispute management, and credit management, mySAP ERP provides enterprises with greater visibility of working capital. This enhanced view helps organizations streamline cash flow activities, reduce costs associated with billing and payment processes, and optimize transactions with customers, vendors, and suppliers.

Environment, Health, and Safety

To protect employees, customers, communities, and the environment, utilities are subject to a range of stringent local, national, and international laws and controls regarding environment, health, and safety (EH&S). Support for EH&S within mySAP ERP relies on documented best practices that make it easier for utilities to create safer workplaces, reduce risks to employees, protect the environment, and comply with all relevant national and international regulations. Worker health and safety features include incident and accident management, risk assessment and exposure profiles, safety measures and site inspection, measurement management, and medical services. Environmental and safety analysis support includes incident reporting and compliance management. Hazardous material tracking and reporting are also supported. Overall, the solution enables utility companies to reduce the costs and risks associated with EH&S management.

Human Capital Management and Workforce Deployment

Personnel are valuable assets, and empowering and supporting them is key to their success and retention. At the same time, managing personnel issues can be complex and time-consuming. mySAP ERP provides human capital management (HCM) capabilities that simplify and streamline workforce-related processes, while ensuring that employees' needs are addressed. Employee life-cycle management helps organizations identify and retain top performers, leverage their talents, align employee goals with organizational goals, and maximize the impact of training. And to help organizations lower costs, employee transaction management features within mySAP ERP streamline and integrate essential HCM processes, including administration, payroll, time management, and legal reporting. In addition, the solution provides flexibility to support unique payroll requirements such as deferred pay.

mySAP ERP supports workforce deployment by allowing organizations to create project teams based on skills and availability, monitor project progress, track time, and analyze results. To promote efficient workforce management, the solution also helps organizations ensure that resources are not wasted on ineffective projects.

Procurement

mySAP ERP improves procurement processes by facilitating plan-driven and ad hoc purchasing, complete inventory management, and reporting on all procurement activities. The solution supports traditional procurement processes such as requisitioning and purchase order management. By automating routine tasks, mySAP ERP helps improve procurement activities and increase productivity.

New and Enhanced Capabilities for the Utilities Industry

mySAP ERP offers new capabilities to help improve operations in the utilities industry.

Data Import from External Content Providers

mySAP ERP helps utilities better comply with regulations by providing easy access to relevant scientific and regulatory data from outside content providers through a new data import capability. This open, standardized interface allows organizations to choose from a wide range of content providers while making it easier for utilities to provide safe workplaces and products and protect the environment.

Usability Enhancements

mySAP ERP includes several features that enhance usability and reduce administrative burden, including the following:

- **Role-based access** – New role-based access provides employees with the information and tools they need to perform their jobs efficiently. For example, a new purchasing agent role helps handle routine functions such as converting requisitions to orders so that personnel can focus on strategic activities such as improving supplier relationships.
- **Employee and manager self-services** – mySAP ERP supports a range of employee and manager self-services that enable personnel to carry out a variety of tasks that would otherwise be handled by others. Employee self-services include support for routine purchases as well as for managing time, travel, expenses, and training. Manager self-services help managers throughout the enterprise accomplish their budgeting and personnel-related goals. Overall, self-services within mySAP ERP help improve efficiency and reduce administrative burden throughout the enterprise.
- **Guided procedures and interactive forms** – mySAP ERP supports the replacement of traditional paper forms with customized electronic forms that can be easily completed and submitted online. As a result, administrative burden is reduced, and accurate information flows more freely through the enterprise.

Why mySAP ERP in the Utilities Industry?

The success of today's utilities depends on effective operational processes, wise investments in technologies that enhance internal efficiencies, and the ability to respond rapidly to dynamic market conditions. mySAP ERP helps utilities address these challenges, while enabling rapid business growth. By maximizing the value of existing assets and customer relationships, reducing paperwork, and more tightly managing processes, utilities can reduce costs and realize new revenues.

The information in *Enterprise Management and Support in the Utilities Industry* is proprietary to SAP. No part of this document may be reproduced, copied, or transmitted in any form or for any purpose without the express prior written permission of SAP AG.

This *Enterprise Management and Support in the Utilities Industry* document is a preliminary version and not subject to your license agreement or any other agreement with SAP. This document contains only intended strategies, developments, and functionalities of the SAP® product and is not intended to be binding upon SAP to any particular course of business, product strategy, and/or development. Please note that this document is subject to change and may be changed by SAP at any time without notice.

SAP assumes no responsibility for errors or omissions in this document.

SAP does not warrant the accuracy or completeness of the information, text, graphics, links, or other items contained within this material. This document is provided without a warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability, fitness for a particular purpose, or noninfringement.

SAP shall have no liability for damages of any kind including without limitation direct, special, indirect, or consequential damages that may result from the use of these materials. This limitation shall not apply in cases of intent or gross negligence.

The statutory liability for personal injury and defective products is not affected. SAP has no control over the information that you may access through the use of hot links contained in these materials and does not endorse your use of third-party Web pages nor provide any warranty whatsoever relating to third-party Web pages.

© Copyright 2005 SAP AG. All rights reserved. SAP, R/3, mySAP, mySAP.com, xApps, xApp, SAP NetWeaver, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves information purposes only.

National product specifications may vary.