

[News Article]

Getting New Value From Your Old CIS [Platt's Insight]

-- By Brian Erickson: Vice President, Hitachi Consulting National Utility Practice--

Developing and justifying the business case for a CIS system and/or CRM application replacement has always been difficult, particularly if the business case must be built on quantifiable reductions in cost or “hard dollar benefits” vs. “soft dollar benefits.” In addition, once approved, these projects typically end up in the fatalistic loop of doom – late, over budget and under delivered.

In many ways these projects resemble the Hindenburgs and Titanics of the world – fantastic engineering marvels; incredibly complex, but prone to catastrophic failure. In short, most companies struggle to deliver these projects in a manner that truly meet, or much less, exceed the business objectives. So, for the next 10 minutes, I want to tell you about an alternative approach – delivering additional capabilities by implementing new technology components around the core billing/customer functionality.

In essence, this approach can help you leverage the value and extend the life of an existing CIS/CRM application, while providing the additional flexibility and capability required in today’s changing market. Clearly this is not an approach for all situations – if the business requirements necessitate the fundamental reworking of the billing determinants and calculation of the utility bill, this approach will not suffice. However, in my experience, the changes driving most companies to replace CIS/CRM applications can be addressed through this approach.

The inability of an “out of the box” CIS/CRM application to meet each utility’s unique set of business requirements has always been a problem. As a result, the business processes end up spanning multiple applications and/or tools creating complex handoffs, exception processes and an unacceptable total cost of ownership.

So rather than continuing to work the problem from the inside out (replacing custom or packaged solutions with new packages that deliver more integrated functionality – but still must be integrated into the other pieces of the organization) I believe utilities should address the problem from the outside in (develop better tools and techniques to integrate other applications with the core billing engine).

The technology market has delivered several technologies and tool sets that support this objective:

- Enterprise Application Integration
- Portals
- Business Intelligence

The newest versions of the Enterprise Application Integration (EAI) products (e.g., SeeBeyond’s ICAN 5.0) deliver an integrated set of tools that allow organizations to go

beyond creating simple hub and spoke integration and message processing. These tools provide the capability to truly integrate multiple applications developed on different platforms to support complex business applications as a “Composite Application.”

In order to support deregulation in Texas, a number of utilities implemented SeeBeyond as part of their technical architecture to support:

- the creation, validation and routing of the EDI transactions
- the implementation of business rules and logic without modifying the core CIS applications
- tools to track, monitor and respond to transactions as they are processed through the different applications and market participants.

Since their initial implementation, the vendors of these tools continue to re-architect their products and improve the integration of the components to create a truly composite application. This in turn helps organizations reduce development, implementation and operating costs while delivering more flexible solutions to the business faster.

The commercialization of the web has opened a new communication channel for utilities to interact with their customers. Gone are the days when utilities communicated with their customers through a monthly, paper bill.

So, as the Internet continues to change many aspects of our daily lives, it is also providing new opportunities for utilities to enhance customer relations. Using the web as a communication tool allows utilities to lower costs by eliminating expensive manual processing and accelerates the delivery of bills and cash receipts. These advancements improve cash flow, provide exceptionally personalized service to customers, and help market and sell additional goods and services (e.g., revolving credit, annualized billing options, appliance repair, energy audits, pre-paid calling cards, maintenance contracts etc.).

Another method of extending the life of a CIS/CRM via portals is by providing end users with direct access to the applications and associated business processes through portal products. As a society, we are increasingly more comfortable with self-service kiosks and understand the value of helping ourselves – getting cash at ATMs, printing our own boarding passes, etc.

By providing web access to CIS/CRM applications, customers will soon be able to complete many of the functions performed by CSRs today (e.g., service requests, status updates, billing inquiries, etc.), anytime, anyplace and from anywhere there’s internet access. Furthermore, providing customers the ability to perform these services doesn’t necessarily change how the processes are performed, it simply provides a new mechanism to initiate and report on the completion of the processes.

The use of Business Intelligence and Data Warehousing has grown dramatically over the past 10 years. Companies are spending more time and energy analyzing the data and information they have been capturing through transactions with customers. They are using this data, and Business Intelligence, to help make better, fact-based decisions.

For most utilities, customer information has been heavily focused, if not exclusively focused, on billing information – just enough data about the customer to get the bill to them, data required to render the bill (i.e., billing determinants), and a history of their usage. While this has sufficed in the past, utilities need to collect a much broader set of information to help reduce their cost of servicing existing customers, as well as data to help identify opportunities to market and sell new products and services.

Business Intelligence tools provide the capability to combine data that already exists within the company with information available from other sources (e.g., other parts of the business, third-party data suppliers, etc.) and provide additional information that can be mined and analyzed to help the organization make better decisions.

The utility world is changing at a dramatic pace. The ability to respond to this change in a meaningful and effective manner is contingent upon the ability to collect, store and analyze information. Historically, CIS/CRM systems were the touch point for all of this data and decision makers believed that the only way to provide this additional information and support these new processes was to replace the CIS/CRM applications.

Given some of the changes and advancements in technology and tools, I believe utilities can delay the risk, expense and turmoil created by projects Hindenburg and solutions Titanic. They can respond to the rapidly changing user requirements by delivering valuable capabilities through the deployment of alternative tool sets, such as EAI, Portals and Business Intelligence.

Mr. Erickson is the Leader for Hitachi Consulting's National Utility Practice. He has over 18 years of management and technology consulting experience in a variety of industries with special emphasis in utilities. Over the last four years, Mr. Erickson has assisted multiple market participants in preparation for the deregulation of the electricity market in Texas.