

## **UK & Ireland SAP User Group helps Centrica power ahead in sharing SAP best practice**

Centrica is an integrated energy company: responsible for sourcing, generating, processing, trading and storing energy, as well as providing gas and electricity to millions of homes and businesses. Formed in 1997 following a demerger from British Gas plc, Centrica now provides energy services, as well as drain cleaning, plumbing and fitting, to consumers and organisations in the UK, North America and Europe. It is a top 30 FTSE 100 Company, valued at £16.75bn, and is currently the largest utility provider in the UK market.

### **The SAP Challenge:**

Centrica is the largest SAP utilities customer in the world with 8 million users of its Industry Vertical IS-U solution. Currently using version ECC 6.04, Centrica is an extensive user of SAP across its entire business. Functions it is used for include: HR, finance, procurement, sales, plant maintenance, materials management and customer service.

Whilst Centrica is the single largest SAP customer in its market, the other major utilities providers in the UK also all use SAP. Centrica saw that standardising SAP processes across all providers would stand to help the utilities sector as a whole and also be of benefit to the customers they serve.

"SAP forms a vital backbone of our operations," said Wayne Johncock, head of SAP Competency Centre at Centrica UK. "As with other utilities companies, we have solved various pain points in SAP through a combination of working with the vendor and through our own efforts. However, it became clear to us that if the utilities sector took a standardised approach to using SAP we could share best practice and use our collective experience to address common problems. In addition, by working together we knew that we'd be able to yield greater influence with SAP. "

### **Deregulated energy market issues:**

Centrica saw joining the UK & Ireland SAP User Group as an excellent way to share knowledge and expertise with fellow utilities companies. With almost all of the 'Big 5' UK energy companies being involved with the User Group it provided the perfect forum to work collaboratively and address the SAP issues affecting the sector. Through the utilities Special Interest Group and annual User Conference Centrica and other utility companies have started to share expertise and best practice, advancing their use of SAP.

Already a number of potential issues have been identified and discussed through the Utilities Special Interest Group. One such example is based on Intercompany Data Exchange (IDEX), which is designed to deal with actions necessary in a deregulated energy market such as changing suppliers and handling customer bills. Currently there is no fixed method of dealing with this: SAP have written some tools, Centrica has written its own, while other energy companies use third-party software. This lack of consistency means that transferring customer accounts can become needlessly complex, slowing the delivery of bills and payments and affecting customer service. Since Centrica has created its own tools in-house it can share this expertise with the other energy companies, helping to develop and drive a single, consistent IDEX method that removes complexities and improves customer service.

The second example is the use of pre-payment. As a more customer-driven method of monitoring and paying for energy use, pre-payment has broken the traditional SAP billing process. "Previously, the process would have been relatively simple: a reading is taken for a specific time and SAP can automatically bill for that period. By allowing customers to pay and take readings as often as they like, pre-payment breaks that traditional process," said Johncock. "Working with SAP, Centrica has already pioneered a customer solution for SAP that allows pre-

payment. Other energy companies are creating their own solutions based on this template: by sharing knowledge and expertise through the User Group we can allow organisations to build on our work with SAP whilst also ensuring that there are no inconsistencies in how utilities companies operate and, again, improving customer service."

### **Looking Ahead:**

Looking further ahead, another issue that Centrica sees affecting SAP utilities customers is the increasing use of smart metering to record energy use. This has the potential to add further complexity for the energy sector, especially given how the meters are operated. In other markets, the network party owns the smart meter: hence, a single organisation is responsible for all meters in that market. However, in the UK it is the energy retailer that owns the meter. As a result, there is no natural standardisation of meters and their operation. This has the potential to create huge issues when moving business from one energy supplier to another or when attempting to create a coherent, sector-wide policy around smart metering. As a result Centrica is also using the UK & Ireland SAP User Group to drive discussion around smart metering and help standardise tools and inputs for SAP that can then be used across the sector, reducing the chances of any confusion or incompatibility in the future.

Centrica believes that the ability to share expertise with other energy companies like this will be the decisive measure of its UK & Ireland SAP User Group membership. "As the only locally-owned energy company using SAP, we have a tremendous insight into how this technology can help the UK market," said Johncock. "The more we can share this expertise and best practice with other companies, the less chance there is of a single company taking an approach that renders it incompatible with the way in which others do business. The more we can standardise our approaches to using SAP, the more effective and efficient we can make our back-room operations and so the more resources we will have to spend on customer service and other tasks. The UK & Ireland SAP User Group has provided a vital forum for us to share this expertise and make standardisation of SAP use across the utility sector a reality."

Johncock also sees the potential influence that membership of the User Group provides. "As a number of different organisations, most of who have foreign parent companies, individual energy companies have a variable relationship with SAP UK. By joining our voices, it makes it easier for the energy sector as a whole to make itself heard and to help drive any innovation that we believe would be beneficial not only to the energy sector but to SAP as well."