

Bluewater Power

Leading the Way for Small- and Mid-Sized Utilities to Harness the Power of SAP

Bluewater Power Distribution Corporation (BWP) is a progressive utility company providing electrical distribution and related services to over 34,000 customers in Southwestern, Ontario. Headquartered in Sarnia, the corporation derives all its revenue from the distribution of electricity and related services.

For many years, BWP was the only utility company allowed by regulation to sell electricity to the region's customers, but in May 1, 2002 the Ontario government opened the market to competition. As a result, the company not only had to adjust to a new competitive environment but it also had to comply with new regulatory requirements, such as a mandate to provide billing services for other retailers.

To support these changes, BWP took a step that had traditionally been reserved for much larger utilities: It implemented SAP as its ERP and customer care platform.

The Situation

Soon after implementing SAP, BWP knew it had made the right decision. The system's robust functionality was successful in helping the company to manage the complexities of operating in a deregulated market, such as interfacing with other retailers and ensuring that bills were being produced correctly. Yet, BWP desired the capabilities to do even more, such as provide water-billing services. The company also sought to manage the system's total cost of ownership (TCO) more effectively.

To achieve these objectives, the company seized an unusual opportunity: Since BWP was one of the few smaller utilities using the SAP ERP platform and SAP had intense interest in the small and mid-sized market, BWP volunteered to become the first utility in North America and 2nd in the world to upgrade to SAP Enterprise 4.7/IS-U 4.72. To help them accomplish this ambitious task, BWP turned to Deloitte

Consulting LLP, a proven implementation partner with whom they had previously developed a strong relationship.

The Challenge

BWP's core competency is to distribute electricity with minimum disruptions to its customers. Consequently, most of its human resources are focused on this objective. Although the company has a small IT department, it did not have an army of technical personnel to assign to the upgrade team nor did it possess the depth of resources required to fully support and maintain the SAP system moving forward.

The Solution

To maneuver around BWP's resource constraints, Deloitte proposed using an off-site delivery model for the upgrade. This meant that the bulk of the work would be done remotely from Deloitte's solution center in Markham, Ontario. This model offered BWP the following benefits:

Cost-effectiveness: Rather than flying in numerous Deloitte practitioners to work at the client site – which can be costly – the upgrade team operated from the Markham solution center 100% of the time, and remained in close contact with BWP through daily communications over the phone.

Accelerated Ramp-up: BWP personnel accepted a greater degree of project ownership than usual. Since they could not easily turn to consultants to perform routine tasks, they did many of the navigational and testing activities themselves. This accelerated the learning and change management processes, enabling employees to become thoroughly familiar with the software in a shorter period of time.

Faster Problem Solving: Deloitte's Markham solution center is staffed by dozens of technical experts possessing a variety of specialties. By virtue of proximity, the upgrade team was able to tap into these resources whenever necessary to quickly resolve problems and to generate ideas.

The Collaborative Approach

Both BWP and SAP provided significant resources to the project. SAP's technical experts helped the implementation team to answer questions and resolve issues associated with the new software. Meanwhile, BWP's project leads maintained daily contact with the team members in Markham. Even though the various team members were often separated by physical distance, they worked together as a seamless unit.

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"The way the team functioned and the success of the implementation offers further evidence that SAP can be a viable, cost-effective solution for small- and mid-sized organizations," comments Shailesh Gandhi, the Deloitte senior manager who oversaw the project. "We believe that off-site delivery is an emerging model of how upgrades – or systems implementations even – can be done more cost effectively."

The Results

The upgrade project successfully went live in the fall of 2004, on time and on budget. Today, BWP is taking advantage of the SAP Enterprise's advanced functionality in the areas of:

- Billing, invoicing and contract accounting
- Customer care
- Work management
- Financial management
- Asset management.

In addition to helping with the cost-effective upgrade, Deloitte is further assisting BWP to manage its TCO and to reduce the burden on its employees by providing ongoing application outsourcing and supplemental support services.

"The new system has given us capabilities that were once only available to much larger utilities," notes Tim Vanderheide, VP Client Services of BWP. "The upgrade was well worth it not only in terms of the new functionality but also in terms of reduction in TCO. Deloitte's services both during and after the upgrade have helped to manage costs and eliminate regulatory compliance risk so we can focus our resources on what really counts providing excellent service to our customers."

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