E.ON VERTRIEB DEUTSCHLAND

INTEGRATED PROCUREMENT PROCESSES TO LIMIT COST AND RISK

QUICK FACTS

Industry
Utilities – retail utilities

Employees
400

Headquarters
Munich

Web Site
www.eon.de (German)

SAP® Solutions and Services
Energy portfolio management custom solution from the SAP® Custom Development organization, used as a basis to set up a centralized solution for energy procurement

Implementation Partner
SAP Consulting and SAP Custom Development organizations

E.ON Vertrieb Deutschland GmbH (EVD) is responsible for procuring power for the seven sales companies of E.ON Energie AG. Using the energy portfolio management custom solution from the SAP® Custom Development organization, EVD integrates energy procurement and sales on a single process platform. By streamlining business transactions, EVD has optimized its energy portfolio based on exact position management to drive down IT costs.

Key Challenges

- Set up a centralized and transparent procurement system for 8 companies
- Standardize and reduce posting processes
- Establish integrated, standardized business processes for energy procurement
- Introduce central, simplified controlling
- Reduce business risks associated with energy procurement
- Lower cost for IT operation and maintenance

Why SAP Was Selected

- Comprehensive solution for intercompany energy procurement
- Support for mapping individual processes and aligning them with standard SAP® software
- Flexible, scalable, high-performance software
- High integration potential
- Conformity to the strategic orientation of the IT landscape

Implementation Best Practices

- Standardized existing IT landscape
- Set up a comprehensive IT process platform
- Optimized position management

Low Total Cost of Ownership

- Mapped 8 companies and a multiyear sales model in a single solution
- Lowered operating and maintenance costs
- Sped posting of business transactions between companies
- Reduced redundant data and administration overhead with centralized data storage
- Reduced support costs by aligning customization with standard SAP software

Financial and Strategic Benefits

- More efficient management of energy procurement for all 8 companies
- Detailed deal analysis based on output, energy, and price
- More exact forecasts of energy demand
- Reduction of commercial risks associated with energy procurement
- Timely preparation of audit-compliant financial statements
- Transparent overview of open items
- Rapid rollout of new processes for reduced time to market

Operational Benefits

Key Performance Indicator	Impact
Procurement and sales postings	–30 to –70%
Cost of posting processes	–50%
Billing cost of data transfer	–50%
New-product time to market	–20%
Total cost of IT ownership (expected)	About –70%
Expected ROI	2 years

e·on Vertrieb Deutschland

SAP®

"With the powerful SAP solution, we have substantially streamlined workflows relating to the procurement and sale of power. We managed to cut the number of postings by half and complete them twice as fast."

Dr. Sascha Kreiskott, Project Lead, EPM Implementation, E.ON Vertrieb Deutschland GmbH

www.sap.com/contactsap

In its role as centralized procurement company, E.ON Vertrieb Deutschland GmbH (EVD), a subsidiary of E.ON Energie AG, has been procuring power for the six regional E.ON sales companies and for E.ON Energy Sales since 2008. The company processes around 50,000 procurement transactions and manages a sales volume of 120 terawatt hours of power a year.

Integration of Eight Companies with a Single Solution

Distributing power is a volatile business with tight margins. As such, one of EVD's key objectives is to reduce the financial and commercial risk associated with procurement by providing exact forecasts of demand and optimizing its energy portfolio. That, in addition to the high number of business transactions, calls for powerful IT support, which is why the company turned to the energy portfolio management (EPM) custom solution from the SAP® Custom Development organization.

A strategically important step was involved: Where there used to be seven legacy systems, EVD joined forces with specialists from SAP Custom Development and SAP Consulting to set up a single, centralized procurement solution based on SAP software. In the future, the SAP solution will integrate, manage, and provide standardized mapping for business transactions from all eight companies, and EVD looks forward to permanently reduced IT operating costs as a result. The additional programming that was necessary was closely aligned to standard SAP software, enabling EVD to utilize SAP Enterprise Support services and to cut costs.

Faster Postings

At present, EVD and E.ON Energy Sales are already benefiting from end-to-end support for the business processes for the purchase and sale of energy, which have been standardized and automated. The necessary postings between the companies are now carried out twice as quickly as before. "At the same time we get by with 50% fewer postings, saving us time and reducing processing costs," says Dr. Sascha Kreiskott, project lead for EPM implementation at EVD. The reason is that EVD can now map the purchase and sale of power as an integral process and no longer has to post all details of a transaction individually.

When it comes to billing, there is no longer the need to manually exchange information. The new software is integrated with the existing SAP software landscape – composed of the SAP for Utilities solution portfolio and the SAP Energy Data Management application. Commercial and energy data are automatically handed over to the SAP for Utilities solutions and processed automatically. "We managed to reduce the administrative overhead for billing energy by some 50%," explains Kreiskott.

Exact Forecasts, Faster ROI

By eliminating manual intervention during the posting process, transfer errors have been all but eliminated – which noticeably improves the quality of data. The financial accounting department is able to prepare audit-compliant quarterly and annual financial statements on this basis – in tune with internal compliance policies. EVD always has a clear overview of the current sales and procurement portfolio and knows exactly which items need to be kept open – such as items from futures contracts – and which can be closed.

As a result of combining all portfolios in one solution, the company has improved position management and can respond more quickly and with fewer transactions to changes in sales. The reporting tools from the energy portfolio management custom solution from SAP provide important analysis functions in this respect. "At the end of the day, we managed to optimize our energy procurement, minimize risk, and increase revenue," stresses Kreiskott. The upshot: EVD is expecting the SAP solution to pay for itself quickly – within two years, according to its calculations.

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