



“The SAP consultants proved that they were highly specialized, experienced partners . . . demonstrating a good understanding of the utilities industry.”

Stephan Westphal, Project Leader, RWE Rhein-Ruhr AG

AT A GLANCE

Company

- Name: RWE Energy AG
- Location: Dortmund, Germany
- Industry: Utilities
- Products and services: Electricity supplier
- Revenue: €22 billion
- Employees: 42,000
- Web site: www.rwe.com
- Implementation partner: SAP® Consulting

Challenge and Opportunity

- Development for the first time of IT-supported sales portfolio management based on the SAP for Utilities set of solutions and the SAP Energy Data Management application

Objectives

- Support sales portfolio management processes with IT
- Minimize the risks of energy procurement and store data in a manner acceptable for auditing

Solutions and Services

SAP for Utilities including SAP Energy Data Management

Implementation Highlights

- Development of IT support for sales portfolio management and handling of huge data volumes in a manner acceptable for auditing
- Highly automated processes with a particular emphasis on reducing risks in the electricity procurement process
- Completion of the project on schedule and within budget

Why SAP

- SAP Consulting more convincing than other providers
- Very good product and industry expertise of the consultants
- Confidence in SAP
- Integration strength

Benefits

- Standardized platform for all sales portfolio management processes
- Considerable reduction in number of errors that had occurred using previous interfaces
- Significantly less work thanks to process automation
- Multiclient compliance of the solution (template approach)
- Data storage compliant with auditing requirements
- More transparency and minimized risks

Existing Environment

- SAP R/3® software, functionality now found in the mySAP® ERP application
- mySAP Customer Relationship Management application
- SAP software for billing, invoicing, and contract accounting
- SAP data warehouse, functionality now found in the SAP NetWeaver® Business Intelligence component

Third-Party Integration

- Database: Oracle
- Operating system: UNIX

RWE ENERGY AG

Sales Portfolio Management Based on SAP® for Utilities Increases Transparency and Reduces Risks

Eager to handle its huge annual electricity sales volume as efficiently as possible, RWE Energy AG – part of the RWE Group and a leading European utility company located in Dortmund, Germany – decided to move its sales portfolio management system to a standard IT platform. Looking specifically to reduce its efforts by automating processes, to make sure its auditing processes met the necessary standards, and to minimize risk in its ordering and procurement processes, the company turned to SAP for solutions, services, and industry-specific expertise.

Focusing on gas, water, and electricity supply, RWE Energy is the RWE Group's sales and grid company for continental Europe. The company employs more than 40,000 people and has 25 million customers in Germany, Austria, the Czech Republic, Hungary, Slovakia, Poland, and the Netherlands. In 2004 it procured and distributed over 156 billion kilowatt hours of energy.

Automation of Ordering and Procurement Processes

After it decided to establish an IT-supported sales portfolio management system, RWE Energy carried out various market analyses to find the best solution to meet its goals. The company finally settled on the SAP for Utilities set of solutions to support its efforts. Moreover, the company was confident about SAP competence and its ability to provide long-term stability and security. In addition, RWE Energy was impressed by the profile time series management and the settlement workbench functions in the standard SAP® Energy Data Management application.

SAP Consulting: Expertise and Industry Knowledge

To create an efficient sales portfolio management solution that did not require modification, RWE Energy decided that, together with help from SAP Consulting, it would combine the functionality of SAP Energy Data Management with its own specific enhancements.

SAP Consulting provided essential external support for RWE Energy's project. The project required a rapid solution and this meant that formulating the requirements and drawing up the blueprint – phases that are ideally carried out sequentially – had to happen in parallel. This complicated the project because the project team had to constantly integrate changes to requirements into the development phase.

During the project discussions, SAP consultants proved their competence. "The SAP consultants proved that they were highly specialized, experienced partners – not just contributing their SAP-specific expertise but also demonstrating a good understanding of the utilities industry," says Stephan Westphal, who, alongside Dr. Rolf-Dieter Benfer, was one of the project leaders at RWE Energy.

Another key factor in the project's success was that RWE Energy and SAP Consulting were quickly able to reach a common understanding of the processes involved. The successful collaboration that resulted had a major impact on the project and quality of the solution. Because of the close cooperation with SAP Consulting, RWE Energy rates very highly the sales portfolio management solution that they developed jointly.

New Solution Functions as a Hub

Since January 2004 the resulting solution has been supporting all electricity ordering and procurement transactions, all day-ahead adjustments, and the associated procurement confirmations (known as deal tickets) at RWE Energy, RWE Rhein-Ruhr AG, and RWE Westfalen-Weser-Ems AG.

Furthermore, the solution provides the data for settlement area management, supplies all information about costs and quantity relevant to procurement for medium-term planning, and ensures that data about deals is stored in a manner acceptable for auditing. "The system functions as a hub between operational sales, procurement portfolio management, and settlement area management," explains project manager Marcus Cramer.

In the first phase of the implementation, the solution is already processing the data for an impressive 142,600 profiles. The number of profiles, which are posted regularly, will increase as further regional companies in the RWE Energy Group are added.

Positive Experiences

Experiences gained in practice have already shown RWE Energy that opting for the SAP solution was the right decision. "The system covers most aspects of sales portfolio management," agrees

"The system covers most aspects of sales portfolio management. The system continuously ensures correct coverage distribution according to the German Renewable Energy Sources Act (EEG) as well as the 'gray market' and provides all relevant data for schedule notifications."

Marcus Cramer, Project Manager, RWE Energy AG

Cramer. "The system continuously ensures correct coverage distribution according to the German Renewable Energy Sources Act [EEG] as well as the 'gray market' and provides all relevant data for schedule notifications." The settlement area management application at RWE Energy AG uses this data.

Besides helping to manage planning profiles, the system also automatically records actual profiles and compares the two. The result of this comparison can be translated into the cost of balancing energy, taking regulation energy prices into consideration. Another benefit for RWE Energy in terms of efficiency gains is the option the company now has of using a price profile stored in the system to evaluate items between the sales forecast and the current coverage. In addition, being able to store European Energy Exchange (EEX) prices in the system enables RWE Energy to evaluate costs and become more efficient.

Greater Transparency

RWE Energy sees further benefits from being able to use reports to improve decision making. For example, the company can now evaluate information in the stored deal tickets for planning and forecasting. As a result, RWE Energy can determine the quantities procured and the associated costs for each customer segment – for example, municipal utility companies, and commercial and industrial customers. In addition – in the second phase of the project – RWE Energy plans to integrate the sales portfolio management processes with the mySAP™ Customer Relationship Management application, which will replicate data into the sales portfolio management system and initiate the ordering process.

www.sap.com/contactsap

THE BEST-RUN BUSINESSES RUN SAP™



50 080 937 (07/01)

© 2007 by 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 informational purposes only. National product specifications may vary. Printed on environmentally friendly paper.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.