



DOLNOŚLĄSKA SPÓŁKA GAZOWNICTWA

GAS DISTRIBUTION COMPANY
EMBRACES FREE MARKET WITH SOA

QUICK FACTS

Company

- Name: Dolnośląska Spółka Gazownictwa Sp. z o.o.
- Location: Wrocław, Poland
- Industry: Utilities
- Products and services: Gas distribution
- Revenue: €203 million
- Employees: 1,350
- Web site: www.dsgaz.pl
- Implementation partner: SAP® Consulting

Challenges and Opportunities

- Address needs of market deregulation
- Separate processes for gas distribution and sales
- Innovate to succeed against new competitors
- Fit with restructuring of parent company
- Deploy low-cost platform for future growth

Objectives

- Improve core company processes
- Redefine company business model
- Adapt to new IT methods and tools
- Increase staff productivity

SAP Solutions and Services

- SAP NetWeaver® Process Integration offering
- SAP Enterprise Architecture Framework methodology for service-oriented architecture (SOA)
- SAP Consulting services

Implementation Highlights

- Rapid 3-month deployment
- Smooth integration of existing applications
- SAP consultants' expertise with SOA

Why SAP

- Parent company's choice of the SAP NetWeaver technology platform
- Best-in-market process-oriented management solutions provided by SAP
- Choice of future applications and providers

Benefits

- Rapid customer service
- Availability of comprehensive information from all IT systems
- Better process visibility and traceability
- Higher ROI from current system landscape
- Faster communication with supply partners and gas sales customers
- Improved investment planning
- Information flow that doesn't require special user interaction

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Andrzej Kruszelnicki, CIO,

Dolnośląska Spółka Gazownictwa Sp. z o.o.



DOLNOŚLĄSKI OPERATOR
SYSTEMU DYSTRYBUCYJNEGO

EU accession and the drive toward green energy have brought about dynamic changes in Poland's gas industry. From a state monopoly controlling everything from exploration, production, importation, and storage to industrial and domestic sales, the industry has had to restructure itself to embrace free-market ideals. Upstream and downstream operations have been segmented, competition encouraged, and every aspect of gas supply commercialized.

Dolnośląska Spółka Gazownictwa Sp. z o.o. (DSG) is one of six companies unbundled from the state monopoly now responsible for national gas distribution. DSG, which serves the Lower Silesia region, has had to restructure its organizational processes. This involved separating gas sales from distribution and improving its information systems radically to facilitate communication with network engineering companies and deliver high-quality service to gas sales companies.

The SAP NetWeaver® technology platform met DSG's requirements. "We deployed SAP NetWeaver to address the needs of our deregulated, competitive environment. SAP NetWeaver supports a service-oriented architecture that provides an open, flexible, and standardized platform to integrate our existing isolated systems," says Andrzej Kruszelnicki, CIO at DSG. "SAP is our strategic partner, and SAP consultants have helped us transform our systems and processes from end to end in a highly economic and efficient way."

Limitations of the State Monopoly

DSG is an independent division of Polskie Gornictwo Naftowe i Gazownictwo SA (PGNiG), the main energy provider in Poland and one of the country's largest businesses. It operates 7,000 kilometers of network pipeline carrying natural gas to industrial and domestic customers in several provinces.

As a part of PGNiG, DSG operated in a highly controlled, slow-changing environment. Over the years, it had developed many independent applications, each addressing the needs of one part of the business or a particular stage of the gas distribution process.

The company had separate applications for general business functions such as accounting, purchasing, payroll, and shipping. Isolated industry-specific systems had been deployed for pipeline network development and investment, managing engineering services, controlling bidding procedures, handling gas connections and distribution, and customer sales.

Under the state monopoly, data was often duplicated, inconsistent, and unnecessarily complex. Although common information applied across many systems, there were few facilities to share data between applications. As a result, the processing of activity from sales through accounting took DSG several weeks.

Demands of Deregulation and the Free Market

Poland's gas industry began to commercialize operations in the mid-1990s when the state transformed PGNiG into a treasury-administered private enterprise, and parts of the business were reformed into independent units to form a gas process chain. These events were quickly followed by Poland's admission to the EU, which forced further changes on the national gas industry. The EU regulates the exercise of market power by large companies and governments to ensure the free flow of working people, goods, services, and capital across Europe.



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Andrzej Krzemiński, IT Manager, Dolnośląska Spółka Gazownictwa Sp. z o.o.

Liberalization of the energy market was the catalyst for accelerating process change within the gas distribution industry. DSG needed to introduce more sophisticated information systems that could help it meet the challenges of competition.

Choosing a Service-Oriented Architecture

With increased competition, DSG had to be more responsive to customers, faster to innovate, and better at communicating with suppliers and users. This meant using information freely throughout the company. In many instances, information existed but was held in discrete applications, inaccessible for alternative purposes. DSG required a means to integrate existing systems and make data accessible across the business. Only when data was released from individual applications could the company improve service quality levels and communication with its engineering partners and gas sales customers. DSG recognized the need for a universal platform through which existing applications could interconnect.

The decision was made to deploy a service-oriented architecture (SOA) to facilitate the interconnection of systems within an open IT infrastructure for the integration of application logic and data.

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ware providers. We wanted to build a common database with an ordered structure based around an SOA that providers could use to deliver integrated applications suitable for our needs,” explains Andrzej Krzemiński, IT manager at DSG.

Market liberalization increased price sensitivity among companies using gas distribution services, which meant DSG had to achieve this transformation within the confines of a tight budget.

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sound, proven applications, SAP had excellent skills, tools, and capabilities in process and application integration,” adds Kruszelnicki.

A Rapid Implementation

DSG chose to deploy SAP NetWeaver and the SAP® Enterprise Architecture Framework methodology for SOA. The core implementation was completed in just three months. SAP consultants were involved throughout the entire process of implementing SAP NetWeaver and integrating existing systems into the new SOA.

“We were very satisfied with the work of SAP consultants,” says Krzemiński. “They clearly knew the SAP technology and the principles of SOA extremely well. They cleverly involved us in the process so that, at the end, they were able to hand over control of the project to us.”

Higher Productivity and Improved Customer Service

Having used SAP NetWeaver to establish an open, flexible, and standardized applications infrastructure across the entire organization, DSG adopted a

new business model that integrated systems for gas connections, network investments, and third-party engineering services. Linked with financial and other back-office applications, this integrated infrastructure established a much more efficient approach to serving customers and streamlined processes for operating, maintaining, and enhancing the gas supply network.

Some 1,350 staff now have rapid access to integrated and up-to-date information that was previously siloed within individual applications.

Using the SAP NetWeaver technology platform, DSG has automated the chain of individual applications required to process customer transactions from sales, ordering, and distribution through to billing and accounting. Processes that were often paper-based and could last several weeks are now automatic and can be completed in a few seconds. Customer service and response times have been cut dramatically, and staff productivity has risen to new levels.

SOA has given staff and management better visibility of business operations. There are fewer errors and fewer requirements for time-consuming and costly repetition of certain phases of processes. It is much easier to trace customer transactions and network activities. And improved access to information means DSG is able to plan investments more efficiently.

"SAP Enterprise Architecture Framework has given us better information and led to improved decision making and higher-quality customer service," says Krzemiński. "We are now able to adopt new systems and processes more rapidly, and communications with our major customers are more complete and transparent."

Within IT, the SOA framework has given DSG a choice of application providers whose products can be readily integrated through the flexible SAP NetWeaver technology platform. Open integration of systems and applications provides for longer life of DSG IT components, which generates a higher return on IT investments.

The implementation of SAP Enterprise Architecture Framework has been integral to the radical improvement of DSG's operations. "SAP software has not just increased the efficiency of our IT department, it has also had a dramatic impact on the entire business," concludes Krzemiński. "We are able to react more quickly to situations as they appear and better foresee potential problems. Complex distribution processes have been automated, requiring less manual intervention and freeing staff to be deployed in other areas. With SAP NetWeaver and SAP Enterprise Architecture Framework, our whole approach to IT has changed. We are now able to work more closely with business functions and lead operational improvement across the entire organization."

An Ongoing Commitment to Improvement

The implementation of SAP NetWeaver and deployment of SAP Enterprise Architecture Framework were completed in rapid time. However, cooperation between SAP and DSG continues.

Conditions within energy markets are constantly changing, and there is a continuous need for systems enhancements and new applications. The open, integrated architecture of SAP technology lends itself to the rapid deployment of these enhancements, and SAP consultants have an ongoing engagement to help ensure DSG stays at the forefront of Poland's gas distribution industry.

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