Appendix R – Benefit Summary by Category
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Benefits Summary by Category

Project: Customer Information System
It is very important not to underestimate the cost of failing to meet the operational necessity to replace the legacy CIS. There would be real costs incurred and significant risk to the business should the old system experience a breakdown and/or produce unexpected results. Changes made to the current system are costly and increase the complexity of the patchwork in place. This in turn increases the chances that there could be failures and/or unexpected results coming from the system. These would negatively impact our customers and our business. Recovery from a failure or incorrect results can take a long time; customers remember mistakes.

While we have not specifically quantified the costs, there are a number of potential costs that would be incurred in the event of a failure or a functional problem:

- Delay of revenue and/or loss of some portions of revenue
- Cost of recovery; unlikely to recover state at time of failure
- Increased cost to quickly replace or take other solution due to having to replace in shorter time-frame
- Increased cost due to having to pay a premium to find/keep the skills required to recover and/or replace in short time frame
- Cost of communicating problems and solutions to customers
- Cost of gaining back customer trust in the event of problems

The following picture demonstrates that risks related to failure and recovery increase, in addition to increased costs, if there is a delay. In the event of a failure or significant operational challenges there will be impacts to customers and employees. It is an operational necessity to replace the legacy CIS with a new solution that will prevent the potential problems from occurring.
The following diagram depicts the risks and costs associated with a delay in the project.

**Benefit Category – Specific Efficiencies**

The Confirm and Approve phase has identified some specific efficiencies through analysis of processes, surrounding systems, and interfaces. Additional items may be identified through the next Blueprinting stage, however the following efficiencies resulting in dollar benefits have been identified based on current knowledge.

- Automate Streetlights process through new CIS. Savings = $20,000/year
- Move billing of some Special Accounts (Area 33) into new CIS. Now done manually. Savings = $47,000/year
- Implement automated out-sorting of invoices, enabling error detection sooner. Savings = $15,000/year
- Automated Reversals and Re-bills. Savings = $45,000/year
- Replace manual Duplicate Billing process with an online request process. Savings = $40,000/year
• Training time will be reduced for new CSRs. This is important in a high turnover area. Savings = $200,000/year.

• Assume a portion of the maintenance work to support CIS will decrease, based on the fact that the new CIS system is more configurable (e.g. some changes can be made through configuration rather than programming). Savings = $500,000/year.

• The ability to reduce number of days sales outstanding and increase the application of late payment charges (See CIS Benefits Comparison Appendix) = $2.36M

Total Savings for Specific Efficiencies estimated = $3.227 million/year

**Benefit Category – Reduction in Core Costs**

The CIS replacement project will touch almost every business process in Customer Services. There is an important opportunity to take advantage of the change, and work towards additional operational efficiency resulting in a reduction in core operating costs.

At this point a further target of 4% of current operating costs has been set. This would result in a savings of 1.57 M/year.

**Benefit Category – Avoided Costs**

In the category of avoided costs, some specific items have been identified. The exact amount will be determined in Blueprint. These are primarily in the area of avoiding the costs to enhance the current system. Not only would enhancing the current system be costly, it would also be very risky and could have unpredictable results. These facts point back to the operational necessity of replacing the CIS system.

There are many enhancement requests currently on the books. These have been estimated in terms of the labour cost to carry them out. With a replacement of the CIS, the following enhancement costs would not be incurred: (See Appendix D for additional detail)

• Billing and Payment Options Enhancements – Avoided Cost = $2,000,000

• Customer Care and Interaction Enhancements – Avoided Cost = $3,000,000

• Advanced Metering Enhancement – Avoided Cost = $700,000

• Account Management Enhancements – Avoided Cost = $500,000

Total Avoided Costs estimated = $6,200,000

**Benefit Category – Intangible Benefits**
Through the course of the Confirm and Approve stage many intangible benefits have been uncovered. While these are difficult to quantify, it is clear from the breadth and depth of the items, that there will be significant gains to the business and to service provided to customers. The following itemize the intangible benefits.

Billing Area

- Prices and rates treated independently, increasing flexibility and ease of changes
- Invoices can be outsourced online, saving steps in a manual based process
- Meter Reading and Billing errors are processed independently of each other, thus streamlining the processes
- Mass reversals/adjustments process available
- Bill Simulation is available online for what-if analyses
- Allows for billing of specific services independently and incorporated into one invoice
- Functionality for reoccurring charges
- Best Rate billing allows for rates to be compared at time of billing
- Ability to send more than one bill to customer requested location
- Easier tracking and resolution of bill disputes
- Mass address correction

Customer Care/Contact Area

- Robust search engine that allows for searching through a number of elements
- Customer overview screen that provides an overview of customer linking all of their contract accounts, services, contacts, invoices, etc.
- Customer centric view rather than a premise account view provides value – linking all accounts together
- Ability to view a bill online, enabling CSR to more easily answer queries
- The same contract account can remain active for a customer regardless of customer moves
- Contacts can be triggered automatically and will provide increased functionality and ease over today’s remarks
- Contact types and activities can be reported on to recognize follow-up situations.
- Automated complaint process allows for improved follow-up procedures
Validated addresses will be done online with customer present on the phone.

Business Partner entity can be more than just one customer – can establish links between customers.

Immediate updates to account information makes for less back office follow-up.

Workflow capabilities increases potential for better division of skills and work loading.

Standardization of letters/correspondence and increase in automation.

Quicker multiple session log-ons for CSRs.

Automated and efficient work queues (better tracking and linkage).

Policies and procedures all in one place, therefore easier to get answers to questions, etc.

Device Management Area

- Improved efficiencies in the handling of unmetered supply.
- Multiple premises may be created for an apartment building automatically.
- Monitoring screens to track status of meter reading orders or a specific route.

Account Management Area

- Improved automation of credit workflows requiring less intervention.
- Validation improvements will prevent non-necessary accounts from being reviewed.
- Customer centric view of accounts will eliminate requirements to search for a customers accounts and apply a credit remark to each of the accounts.
- More detailed credit worthiness score for a customer, assists in managing challenging credit situations.
- Payment errors can be redirected automatically to payment error workflows.
- Transfer of payments from one account to another will be less frequent due to set-up.
- Audit trails will be easier to arrange and manage.

Benefit Category – Enables Future Benefits

During the Confirm and Approve phase, and in prior phases, a number of future benefits were identified. It is clear that a new CIS solution is required in order to meet future requirements. Being able to do so will result in the potential to take advantage of new business opportunities in the future. Examples of how the new CIS solution will enable future benefits are portrayed through the following examples.
Additional projects would have to be undertaken to enable these benefits and would be judged on their own business cases.

- Flexible modular rate structure that can be created real time
- Rates can be unbundled – meeting requirements of a future deregulated environment
- Non standard charges can be accommodated in SAP
- Prices can be made customer specific (e.g. overwrite a rate)
- Can bill for other types of commodities with some configuration/set-up
- Can do load profiling and aggregation of consumption data (at company or customer level). Important in deregulated environment.
- Flexible configuration and categorization of devices (e.g. 3 way metering and H code)
- Allows for inventory of equipment other than meters (e.g. transformers)
- Improved customer history will assist in risk assessment processes
- Assist with responding to overall tax changes
- Tracking of products and services enabled
- Increased ability to segment customers in the future due to improved opportunities to capture customer data in the system
- Personalised marketing and sales capability could be enabled
- Tracking of prospects and contacts