No Utility Too Small For SAP ECC 6.0

Trans Bay Cable and HPC America Demonstrate Powerful,
Cost Efficient Implementation That Busts Big Company Myth

TBC
Trans Bay Cable

Trans Bay Cable (TBC) is a $500 million energy transmission infrastructure project chosen by the California Independent System Operator (CAISO) to provide reliable energy to the City of San Francisco. It represents one of the first purely privately proposed and financed solutions to meet the reliability needs of a regional utility grid in the United States. Selected over a number of alternate solutions, and running a lean operation with a small staff, TBC LLC required an ERP system that would meet the same FERC reporting standards of traditional utilities. HPC America architected an SAP solution that delivered best-in-class functionality with the highest cost efficiency—illustrating a replicable model for other growing utilities that cannot rationalize conventional, big company SAP installations.

Company Background

Trans Bay Cable is a public private partnership between the City of Pittsburg, Pittsburg Power Company, and Trans Bay Cable LLC that will provide San Francisco with an alternate source of power transmission without development of a generation plant. The project was conceived in 2004, won approval from regulators in 2005, and completed construction in 2010, with commercial operations scheduled to begin in late 2010. TBC's primary infrastructure is a 53-mile long transmission line under the San Francisco Bay to transmit up to 400 megawatts of excess power from the East Bay to San Francisco.

Challenges and Opportunities

In early 2009, TBC LLC Chief Financial Officer Sean O'Reilly began evaluating different ERP solutions that would not only meet the company's immediate operational and reporting needs, but also its future FERC reporting requirements. While he recognized that TBC's structure and small size made some SME-oriented options possible, O'Reilly knew as well that TBC would need to manage its financials to the same FERC standards as major utilities. He looked at solutions from Oracle and Microsoft, but was concerned that their lack of utility-centric reporting would require expensive add-ons and customization of functionality and reporting, thereby increasing his total cost of ownership and implementation risk.

In contrast, SAP offered a dedicated application for regulated utilities, the IS-U/FERC module.

Another important consideration was TBC LLC's available internal resources for maintaining an ERP system. As a lean operation, the company would need to hire at least two IT support staff to maintain a conventional, in-house hardware and software implementation. One alternative would be to deploy the ERP solution in an off-site, hosted environment, and engage an Application Management Services (AMS) provider to run it—from regular management of SAP and the database, to maintaining the server and all backup and recovery processes. While this approach would require TBC to keep its financial data at an external collocation facility, it would also preclude a significant increase in overhead from new, full-time staff.

Solution: The Cloud, SAP ECC 6.0, and HPC America

Completing his ERP assessment in the spring of 2009, Sean O'Reilly selected SAP ECC 6.0 and Microsoft SQL server running in a secure hosting facility, all overseen by a highly experienced SAP consultant. He chose HPC America to lead the SAP implementation and provide ongoing AMS due to the company's unrivalled knowledge of the IS-U/FERC module, and HPC CEO Jerry Cavalieri's decades of experience with utilities. "I knew that Jerry understood what TBC wanted, and that he could do it with a small, focused team. SAP and HPC were a 100% fit for our functionality and business goals."

When O'Reilly and Cavalieri began blueprinting the SAP functionality for go-live, they identified the modules most relevant to TBC's needs: Financials (FI-GL, FI-AP, FI-AA, Internal Orders, and Cost Center Accounting), Controlling (CO), Procurement (PO Accounting), and IS-U/FERC. In addition, TBC chose HPC's latest software solution, Utility Financials Accelerator, which integrates seamlessly with the FERC module and extends its capabilities in a number of ways. For utility companies running SAP, or those considering its implementation, HPC UFA delivers the data required by regulators faster and more accurately than SAP alone.

"HPC knows both the utility business and SAP, and its multi-faceted team increases the efficiency of decision-making and problem-solving."

Sean O'Reilly
Chief Financial Officer, Trans Bay Cable

Starting in the summer of 2009, HPC completed TBC's fundamental SAP implementation in just three months. O'Reilly observed that HPC's high productivity was driven by its multi-faceted consultants. "Larger teams often result in delays because their individuals have narrow skill sets. HPC's team is smaller but multi-faceted, and that increases the efficiency of decision-making and problem-solving."

Instead of simply taking the balance forward from TBC's last fiscal year, which would exclude all of the supporting details, HPC managed a unique and far more comprehensive conversion. Cavalieri's team developed an automated system to upload six years' worth of master records and individual transactions to SAP. Tens of thousands of invoices and journal entries were processed in January 2010, such that TBC was able to close the books for each month since 2004 and then roll them forward. Most recently, TBC is in the process of uploading scanned images of each physical invoice into the system via SAP's document manager, so there will be no question about what was paid, when, and why.

Results: Cost Savings, Efficient Operations, and Totally Comprehensive Financials

As a result of HPC's thorough implementation and follow-on work, TBC now has total visibility in SAP into all financials since inception. The reports required by management, auditors, and regulators are readily available from a single interface, including individual transactions that occurred years before TBC even acquired its SAP license. This makes daily operations easier: *Need a number from four years ago? Just look up the old invoice in SAP.* And when the FERC auditor calls to review TBC's ratemaking, the company will be able to explain its costs down to the very last invoice.

In financial terms, the hosted environment that TBC and HPC designed has delivered significant benefits: TBC maintained its headcount and low overhead, yet has on-demand access to

a diverse group of technical and functional experts to manage software and hardware, all for a fixed monthly fee. By leveraging the cost efficiencies of HPC and the hosting partner, O'Reilly's operation gets strategic advice and hands-on assistance for a fraction of the cost of two new full-time employees—plus an even greater breadth of experience than TBC could ever afford on its own.

Looking back at his experience with SAP and HPC, O'Reilly has clear advice for other emerging utilities. "Consider your total cost of ownership carefully. It's tempting to select an ERP system that seems like a good value out of the box, but there will be additional costs over its lifetime. Selecting the most powerful software, a trustworthy AMS partner, and a cost efficient hosting solution just makes more sense when you do the math for today and three, five, and 10 years out."

About HPC America

HPC America is a utility industry expert with more than 15 years of experience implementing SAP and developing back-office solutions in accounting, customer billing, supply chain management, and business intelligence specifically for utilities large and small. We are an SAP software and service partner, and work with all SAP IS-Utility solutions from IS-U/FERC to CCS and Work Clearance.

HPC America is also the original developer of the FERC module, which SAP acquired in 1996. Since then, we have been intimately involved in its implementation and maintenance at more than a dozen utilities throughout the United States. Our customers include Pacific Gas & Electric, Southern California Edison, Navajo Tribal Utility Authority, Tacoma Public Utilities, Oklahoma Gas & Electric, Puget Sound Energy, Wisconsin Electric, and Arizona Electric Power Cooperative.

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