

Hydro Ottawa: Outsourced billing system allows tighter focus on core competencies and customer service.

Overview

■ Challenge

Hydro Ottawa's customer information system (CIS) was straining to meet business needs and comply with new regulatory changes in the electricity market.

■ Why Become an

On Demand Business?

Hydro Ottawa can now focus on business growth, regulatory compliance and great customer service.

■ Solution

A highly innovative pay-as-you-go business model for CIS support and operation, with pricing and service-level agreements based on a fixed cost per electricity meter.

■ Key Benefits

- Reduced cost of ownership of CIS system by 25 percent.
- Average customer agent call time cut by 35 percent.
- Batch program run time reduced 82 percent, from 17 to three hours.

» On Demand Business defined

An enterprise whose business processes – integrated end-to-end across the company and with key partners, suppliers and customers – can respond with speed to any customer demand, market opportunity or external threat.



Operating in a changing environment

Hydro Ottawa Limited is the second largest municipal electricity distribution company in the Canadian province of Ontario and serves more than 275,000 residential and business customers in the city of Ottawa. When provincial legislation was introduced that required electric utility companies to operate as private corporations, a series of mergers and acquisitions ensued, and resellers entered the market.

“Our legacy customer information system simply didn't have the horsepower to deliver the functionality required in our marketplace. Once we had our new system in place, we were faced with how to economically sustain, support and grow the system. The IBM hosted solution best fit our needs.”

– Brian Doxtator, Vice President of Customer Care, Hydro Ottawa

Focusing on core competencies and customer service

On Demand Business Benefits

- Reduced cost of ownership of CIS system by 25 percent.
- Average customer agent call time cut by 35 percent.
- Batch program run time reduced 82 percent, from 17 hours to three hours.
- Contract pricing and service-level agreements tied to Hydro Ottawa's business metrics.

“The IBM solution goes beyond just looking after the boxes and executing batch operations. It covers the actual support of the code and the migration of functional requirements into the technical world. Basically, the solution does all the heavy lifting and frees us to concentrate on our core competencies.”

– Brian Doxtator, Vice President of Customer Care, Hydro Ottawa

To remain competitive and take advantage of new opportunities, Hydro Ottawa needed to adapt quickly and find innovative ways to control costs and demonstrate customer and shareholder value.

As the restructuring of the industry continued to unfold, Hydro Ottawa's legacy information technology (IT) systems were straining to support the company's business needs and lacked the capacity for expansion. The company's billing system became particularly unwieldy, requiring significant manual effort and high staffing levels to keep the application functional and produce monthly invoices. The introduction of two-tiered residential pricing and new standards to facilitate electronic business transactions further complicated matters. Additionally, Hydro Ottawa anticipated many more changes in the near future, such as reduced rates for off-peak usage. What Hydro Ottawa needed was a flexible, scalable solution that could reliably process monthly billings, improve customer service and comply with all regulatory requirements.

Choosing a new billing system and business model

Recognizing what was happening to local distribution companies in the Canadian electricity industry, utility experts from IBM Business Consulting Services and IBM Global Services—Application Management Services collaborated to propose a highly innovative pay-as-you-go business model. The model supports an industry-leading customer information system (CIS), shared infrastructure, hosting, application management, ongoing business consulting, systems integration and hardware. Equally significant, Hydro Ottawa's pricing and service-level agreements with IBM would be based on the business metric most relevant to the utility: a fixed cost per electricity meter. In essence, IBM would share the risks in the technical, operational, financial and capacity aspects of the ongoing service.

Along with running the technical operations, IBM would also provide functional support for code changes, patches, and major enhancements required by regulatory compliance issues. In addition, IBM Global Services–Worldwide Strategic Outsourcing developed a backup and disaster recovery plan that leverages backup systems located at IBM sites in Toronto and Montreal, providing 24/7 disaster recovery protection.

It was a winning proposal. “We selected IBM in late March 2004, and IBM needed to be ready to support this complex and modified CIS in September. IBM came onto the project team and worked with our implementing consultants; they had a production environment up and running by July,” explains Brian Doxtator, Vice President of Customer Care for Hydro Ottawa. “IBM did a marvelous job of getting resources together very quickly and providing a full-blown application for the implementers and testers to work on. The system went live in September, on schedule and on budget.”

Constant upgrades and improvements

“The IBM solution goes beyond just looking after the boxes and executing batch operations,” continues Doxtator. “It covers the actual support of the code and the migration of functional requirements into the technical world. Basically, the solution does all the heavy lifting and frees us to concentrate on our core competencies.”

Increased automation also improves the accuracy of transactions that go into the CIS. Currently, IBM is working with Hydro Ottawa to add an automated CIS Web portal so that customers can get information directly from the system without having to talk to one of Hydro Ottawa’s customer agents. The net result is that for a fixed cost, Hydro Ottawa has a more functional and responsive CIS that undergoes continual improvement.

Key Components

Servers

- IBM @server® pSeries® server

Services

- IBM Global Services–Business Consulting Services
 - IBM Global Services–Worldwide Strategic Outsourcing
 - IBM Global Services–Application Management Services
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Preparing for the future, now

Today, Hydro Ottawa rests easy knowing that its billing system and IT environment will support its growth objectives and continue to provide outstanding cost-effective billing services to its customers. For example, it took the company 17 hours a day to run batch programs and get the billing out the door; now these programs run in three hours. Agents are doing twice as many calls as they used to, because IBM has streamlined some of those processes and will continue to do so. And IBM has fulfilled its guarantee that the total cost of ownership of the hosted solution would be 25 percent less than if Hydro Ottawa had kept the CIS in-house.

“What has fundamentally changed is our internal processes; where we once had consultants and a large staff, IBM is now the one source that we look to for technical and operational tools that ensure we get timely and accurate billing,” says Doxtator.

For more information

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12-05
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