

# SPANISH UTILITY TURNS CUSTOMER BILLS INTO A STRATEGIC ADVANTAGE WITH EDP

By Chris Stone, President & CEO of StreamServe Inc.

Utilities today – especially those in Europe where deregulation is already a reality – have prioritized enhancing relationships with their customers in order to maintain revenue growth. Although deregulation is not as firmly entrenched in the United States, forward-thinking American utilities understand the critical importance and brand enhancement benefits of satisfying their constituents by providing a positive customer experience across all touch points, including bills and correspondence, customer service, outage and repair services, as well as self-service via the web.

One way leading utilities have improved the customer experience is by implementing an Enterprise Document Presentment (EDP) system. The idea behind EDP is pretty straightforward, but the results can be downright sensational. In short, EDP enables the automated creation and presentment of enterprise documents in any format via any channel to customers, suppliers and business partners. What this means is that organizations can retrieve and integrate information from a variety of systems – CIS, ERP, CRM, SCM, legacy, etc. – to create, present and distribute clear, personalized and persuasive customer documents to the recipient in the format that best suits their needs.

An EDP solution integrates with virtually all enterprise applications by supporting virtually all communication protocols and data formats. Back-end systems may change or new companies may be acquired, but easy integration means that document production remains constant and consistent.

In the past, utilities thought of billing only in terms of providing payment information to customers. However, billing affects everything from the ROI of IT to the relationships with regulators, directors and shareholders. Upgraded billing capabilities can reduce operational costs, as well as drive incremental revenue for those utilities that offer a portfolio of services. Companies that adopt EDP find it helps turn bills from a summary of transactions into a competitive advantage.

The most visible benefit of adopting an EDP solution is vastly improved bills that help customers clearly understand what they've consumed and the associated costs.



Hidroeléctrica del Cantábrico is looking at modernizing both their customer billing and generation options, like this wind farm in southern Spain.

These bills also provide an easily adaptable vehicle for meeting regulatory information requirements, for demonstrating the utility's commitment to its community obligations, and for presenting relevant cross- and up-sell offers. However, the positive impact goes far beyond just the bills.

Well-informed customers make fewer calls to customer care, and when additional services or packages are offered, they are more inclined to take advantage of them, driving incremental revenue. For those customers who need telephone consultation, EDP enables the customer service representative to immediately pull up an exact copy of the bill to get to the heart of the matter faster, resulting in shorter call duration.

EDP also delivers savings in bill distribution. Accepting a raw data feed from enterprise systems, it produces and outputs bills in whatever format the customer prefers – print, electronic, Web, etc. Customers can select their preferred delivery format, but organizations can drive the adoption of electronic delivery via targeted messages on paper bills; greatly reducing print and postal cost.

## EDP IN ACTION

One example of how an EDP solution can enable a utility to better leverage its customer communications is provided by Hidroeléctrica del Cantábrico, a Spanish utility that supplies electricity and gas to more than 1.3 million customers, generating nearly 10 million documents annually. In addition to customer bills, it also prints internal communications, such as bonus policies, departmental documents and contracts. The company uses StreamServe Utilities to control the composition, distribution and presentment of all of these documents regardless of the recipient, for greater efficiency and ease of comprehension.

Hidroeléctrica del Cantábrico saw tremendous promise in taking advantage of their most consistent customer touch point, the monthly bill. As they undertook an initiative to improve this often overlooked customer touch point, they developed some lofty goals for any potential technology provider: They wanted to improve the quality of communications with their customers; enhance their brand; reduce costs, and integrate cross-promotional offers into their communications so they could enhance the value of their customer relationships. And, oh yes, they wanted to do all this with a solution that was compatible with SAP, Windows and Sun Solaris.

Their requirement was that any implementation would have to be an integrated solution for the design, personalization, distribution, and archiving of business documents, while reducing operational costs by leveraging new distribution channels. After evaluating numerous technologies, Hidroeléctrica del Cantábrico concluded that StreamServe Utilities EDP solution was a perfect fit to address their requirements.

It proved to be a profitable conclusion. "Thanks to StreamServe Utilities, we've been able to carry out enormously profitable marketing campaigns because

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## Spanish utility

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profitable marketing campaigns because it has allowed us to effectively cross-sell other products and services offered by our company,” said Valentín Vallina, information systems technical manager of Hidroeléctrica del Cantábrico. Hidroeléctrica del Cantábrico offers services associated with the production, transport, transformation and distribution of electrical energy, and possesses businesses related to gas, renewable energy and telecommunications.

Hidrocantábrico was able to rapidly implement StreamServe’s EDP solution into their environment, thus optimizing the production and distribution of business documents, facilitating customer-specific marketing offers, and electronic invoice distribution.

Another advantage of StreamServe Utilities is that it offered data source independence and, therefore, no modification had to be made to the standard SAP – ISU version. In addition, Streamserve’s EDP solution is certified for the receipt of SAP data in compressed RDI format, providing the ability to rapidly design and generate invoices, contracts and any other documents coming from SAP applications for distribution across multiple channels.

“There were several compelling reasons we chose StreamServe,” said Mr. Vallina. “The rapid speed of implementation, the versatility in using new channels such as SMS,

the connectivity of StreamServe Utilities, and the high degree of professionalism demonstrated by the StreamServe team in Spain were all important factors.”

Hidroeléctrica del Cantábrico consolidated electricity and gas consumption into a single invoice, while classifying the invoices by distinct criteria (postal code, invoicing summary, etc.) inserting optical labels and providing total flexibility for design changes.

Another key advantage of the solution was its ability to preserve the intelligence of the life cycle in the commercial documentation of Hidrocantábrico, assuring independence from its printing supplier. This advantage contains an ROI that is much more compelling than might be initially apparent: Another StreamServe customer has indicated that its EDP solution reduced their print production costs by 50 percent because they were no longer locked into a single print vendor.

Equally as important, Hidroeléctrica del Cantábrico improved its corporate image on each printed document and optimized its client relationships by establishing a new marketing channel through the invoice itself.

Now, personalized cross-promotional marketing messages can be dynamically inserted into invoices and other attached documents without a costly investment in personnel and commercial technicians. The company has also achieved significant cost savings on paper and postage, since these campaigns are now inserted into the invoice envelope instead of requiring a separate mailing.

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## New regulations

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the core rather than the standard non grain oriented. Grain oriented steel’s thinner gauge and purer metallic material quality reduces heat caused from eddy currents by limiting the current’s direction in which it can flow. This narrowing of the magnetic field into a thinner profile also reduces the canceling effect of opposing currents.

The compliant transformers will cost more than their lower-efficiency predecessors due to the higher price tag for grain oriented steel, additional labor and higher raw material costs. Unlike the market for standard Cold Rolled steel, demand for grain oriented steel is at an all-time high. This has been caused by an increased usage in today’s energy-efficient products, such as hybrid cars, and from government regulations, like EPA 2005. This heightened demand has quickly outpaced the stagnant global supply chain of grain oriented steel, causing unprecedented price hikes.

Beginning October 2005, prices for grain oriented steel have risen nearly 50%. Moreover, grain oriented steel’s smaller thickness requires more individ-

ual pieces to be used in the transformer to achieve the required total stack height. This requires additional labor compared to using the thicker material. In addition, other raw material markets have experienced record price hikes starting last fall. Sola/Hevi-Duty offers transformer windings in either aluminum or copper. Since 2004, aluminum and copper have experienced price growth of 46% and 91%, respectively. Supply and demand has caused much of the escalation. However, investment speculators and opportunists have also lifted metal market prices as they seek portfolio diversification and chase returns that the stock market has not seen in years.

### BENEFITING FROM HIGHER ENERGY EFFICIENCIES

Increasing the energy efficiency of a transformer allows the unit to operate at the same level of power with less energy being wasted in the process. This has a large impact on the consumption and distribution of energy because the reduction in energy usage improves the nation’s energy independence, reduces environmental impacts, lessens infrastructure investment, and protects and strengthens the economy.

Decreasing usage through reduced waste by just .03% over the next 20 years cuts the need for new power generation by 60 to 66 million kw. That drop would eliminate the need for construction of 11 new 400-megawatt power plants by 2038. Electrical power generation accounts for 35% of all U.S. emissions of carbon dioxide, 75% of sulfur dioxide and 38% of nitrogen oxides.

With higher-efficiency transformers, the country will see reduced emissions of CO<sub>2</sub>, NO<sub>x</sub> and Hg of 678.8 Mt, 187.7 kt and 6.48 t over the next thirty years. Curbing energy imports also bolsters the U.S. economy by reducing the current \$65 billion trade deficit and mitigating fuel prices through decreased demand.

### EPACT 2005’S TRANSFORMER DEFINITIONS

EPAct 2005 applies to “distribution transformers” which are defined as:

- Has an input voltage of 34.5 kV or less
- Has an output voltage of 600 V or less
- Is rated for operation at a frequency of 60 Hz
- Has a capacity of 10 kVA to 2500 kVA for liquid-immersed units and 15 kVA to 2500 kVA for dry-type units.