



A Major Energy Retailer

IS Strategy Refresh

Project Brief

Our client, a leading UK energy retailer and subsidiary of a global energy retailing parent company, had a complex legacy business and IS estate. The origins of this complexity dated back to the 1998 UK market deregulation and to the ensuing 'land grab' as our client acquired several of the then independent gas and electricity companies.

A series of consolidations of the acquired billing suites had enabled a rationalisation of the customer base and consolidation onto a single business process. However, the creation of a new 5 year business plan that took the client forward beyond the consolidation phase highlighted the limitations of the best of the remaining legacy billing suite to support the intended future business needs.

To establish the way for IS to support the business into the future, a comprehensive update of the IS strategy was initiated.

The project was complicated by the strain on resources available from the operating business which at this time was stretched both to respond to major turmoil arising from domestic energy price rises in the UK market; and also the ongoing change occurring within the business from the customer migrations as the existing consolidation programme entered its final stages.

The major stakeholders in this work were the parent company who had a well established preferred outcome for the strategy refresh; and also the operating business who had a very different preference for the outcome.

Barnsnake Consulting was invited to provide overall management of the strategy refresh, and to lead the business work stream that would both establish the business need and sign off the eventual outcome.

Establishing and signing off an agreed business demand was a key foundation to the strategy refresh.

What Barnsnake Did

Our first task was to establish the business demand on the IS strategy, such that a clear and agreed demand was being posed to IS by the business. So that the business demand had a solid foundation it was built out of the business plan and the recently conducted business strategy review. The timescale of payback for any systems arising from the strategy refresh was likely to be far longer than the 5 year window of the business plan. Hence likely industry changes over the next 10 years were established using Barnsnake's knowledge of the UK and European industry and these were worked into a scenario planning exercise that identified a series of macro-economic scenarios that might arise over the next 10 years and tested the resilience of the refreshed IS strategy against these scenarios.

Like for like comparison of options was essential

With the business demand in place we then initiated two technological work streams to assess options for IS support for the business demand: one to assess a Best of Breed (BoB) solution that built upon the existing IS solutions in place and one to assess a SAP based solution that would implement the functionality of billing & collections (ISU); data warehousing (BW); customer relationship management (CRM) and supporting industry data flow. Key to this task was to establish and maintain a like for like comparison between the two options; this included comparison of:

- Process standardisation and business fit
- Data cleanliness
- Business process workflow.

In addition, the comparison considered technological concerns such as the degree of application or telephony integration required.

Barnsnape has in-depth knowledge of both of the alternative solutions available, and has a broad experience of the dual fuel energy market in the UK. Hence we were able to provide an **independent, business based** challenge to all aspects of the technological work streams. Also from our knowledge of utility billing migrations we were able to challenge and better ground the estimates put forward by SAP.

Having completed the technological assessment of options, we then drove the commercial appraisal of the options by establishing the investment profile, the anticipated benefits arising, and the likely impact on business plan P&L. The outcomes of the refresh were then fed back to the business in technology independent business language that communicated in a meaningful manner the facts arising and their likely significance for the business. This was communicated through a series of workshops ranging from the Senior management team to the group main board.

Outcome and Benefits

By focusing on delivering business outcomes with high calibre business aware resources, we were able to drive through a highly sensitive refresh in a short space of time, that was bought into by the business.

Specific outcomes included:

- An agreed basis for the strategy refresh, articulated as a business demand that extended through the 5 year business plan period and beyond
- A level playing field was established for the refresh, ensuring a like for like comparison between the possible options
- A robust business risk assessment that as well as the programme risks, identified concerns such as customer churn, aged debt and opportunity cost to provide a quantified risk assessment
- An investment appraisal that quantified the timing of the investments identified with the 'level playing field options assessment'; along with the timing of the benefit streams to enable a comprehensive assessment of impact on P&L and EBITA
- The original project brief identified a fractured stakeholder community. Through the rigorous fact based analysis adopted, the logic of the process combined with systematic stakeholder communication ensured buy in to the final recommendations.

For more information

Call Barnsnape Consulting on:

+44 207 993 6560

Or email:

info@barnsnape.com

www.barnsnape.com