



Redwood Solutions for Utilities: Case Study

Automate the Critical Meter-to-Cash Process to Turbocharge Your Revenue Engine

When Time *is* Money

Meter-to-cash is the revenue engine that powers the utility industry. Redwood helped one of the largest utility companies in the western United States automate and streamline this critical business process. As a power retailer, the company does not own or operate generation, transmission, or distribution facilities. Instead, they buy and sell electricity to match electrical supply with their customer demand. Serving well over 2 million customers in a highly competitive market, buying and selling at the best possible rates is critical to a healthy balance sheet. The company was looking to speed and streamline all of their revenue-related processes, but in particular, their meter-to-cash.



The Situation

Several separate and independent meter reading companies collect and send meter data to the electricity provider. This data can arrive at any time, on any day – and most often arrives several times a day, every day. The utility had been using a mainframe-based scheduling tool that could only process meter data in single runs at a set time each day. Consequently, they had to schedule processing late in the evening to ensure that the majority of that day's meter data had arrived. As a result, billing and invoicing was delayed by several hours, and sometimes as much as a full day. With market rates and demand fluctuating constantly, the company was literally losing money with every hour that passed.

In addition, the existing tool provided little if any visibility into the process as it ran. Without manual oversight, sections of any run could complete with mistakes, or the process could go into a loop and not complete at all. The result would be that bills were delayed even further or worse, incorrect bills would be sent to customers. The company compensated for this by literally having an employee there, “eyes-on” throughout each run to ensure errors were caught and fixed. This required post-dating bills by two full days to allow for quality checking.

Receiving and recording payment from customers directly impacts daily cash flow. Processing payments with the same time-driven scheduling tool, the utility was experiencing similar delays with posting payments—often upwards of 24 hours after payment was received.

At the end of the meter-to-cash cycle, customers have a specific grace period in which to pay their bill before their electricity is disconnected. Previously, because all bills were produced at the same time each day there was almost a full day delay between when the company's system registered the data and when it processed the data. Consequently, the system-generated grace period was off and customers were getting cut off almost 24 hours early. This cost the company real money as they cover the cost of turning the electricity back on and any living expenses the customer incurs in the interim.

The Solution

The utility chose SAP Central Process Scheduling by Redwood to help them eliminate errors, increase agility, and, ultimately reduce the time to receive and recognize revenue.

With SAP CPS' flexible, event-driven process automation, the utility can now quickly, accurately and uniformly process meter data in real time, as it arrives—removing several hours from the billing and invoicing cycle. With billings of \$40 million per day, this savings directly affects their cash flow and bottom line. The solution also automatically kicks off and manages subsequent bill creation and invoice generation processes, assembling millions of bills from individual customer and variable rate data with business-rule driven automation. Managing these as a single cohesive process speeds cycle times, further reduces costs and increases accuracy throughout.

Process owners now have full control and visibility at every step. Based on the utility's business rules, SAP CPS intelligently corrects errors automatically or alerts appropriate stakeholders immediately that action is required, eliminating the need for constant manual oversight. This business rule-driven automation has significantly reduced billing and invoicing errors. The utility has reduced invoice post-dating from two days to one, eliminating intensive post-processing quality checking.

Managing customer payment processing with CPS enables the utility to post payments as soon as they are received. Not only does this speed revenue recognition and improve cash flow, posting payments on the same day as they are received simplifies record keeping for regulatory compliance.

Finally, with CPS running the meter reads in real-time, the dunning process is far more accurate. The utility processes the meter reads in real time, removing the latency between date recognition and invoice production. The exact cutoff date can be applied, making electricity shut-off decisions very accurate. The cost of erroneous shut offs is nearly eliminated and customer satisfaction goes up.

All told, with SAP CPS process automation, the utility has removed more than a day and a half from their meter-to-cash business process—a saving that's directly reflected in their bottom line.

What Matters Most

Your meter-to-cash process is your revenue engine. If it's not properly tuned, it's costing you money. Redwood can help you get maximum mileage from your utility business processes. Our customers see it every day—you can too.

