



## CS ENERGY

# CS ENERGY SUPERCHARGES ITS BUSINESS WITH SAP UPGRADE

### QUICK FACTS

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#### Website

[www.csenergy.com.au](http://www.csenergy.com.au)

#### Key Challenges

- Poorly integrated legacy system
- Needed to reconcile and update the core SAP platform to enable a high degree of automation at a new facility

#### Project Objectives

- Upgrade core functionality of SAP platform and related applications
- Introduce improved employee and manager self-service
- Provide a highly integrated platform to facilitate smooth data flow between business units

#### SAP Solutions and Services

- SAP® ERP 6.0
- SAP NetWeaver® Business Intelligence

#### Implementation Highlights

- Upgrade completed within three months
- Careful attention to application foundation meant smooth incremental upgrades later on
- Consistent user interface and forms design sped acclimatisation to upgraded environment

#### Why SAP Solution

- Integrated solution promised smoother data flow between business units
- Breadth of functionality and increasingly capable SAP modules suited all business needs
- SAP framework will support continued business expansion and addition of new functions

#### Key Benefits

- Avoided costs of maintaining an increasingly out of date legacy platform
- Eliminated expensive and slow paper forms, using online approvals to streamline intracompany workflow
- Upgraded application core provides enhanced functionality in key modules
- ‘Single version of the truth’ enables consistent reporting and analysis at every level of the company
- Self-service portal provides both managers and employees with easy access to required forms, reports, and applications

#### Existing Environment

- SAP ERP 2005 and ECC 6. Portal 7.0, Business Intelligence 7.0 and SAP EH&S

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Years of working within the constraints of multiple business systems, linked together by interfaces, led Queensland electricity generation company CS Energy to embrace SAP R/3 enterprise resource planning back in 1999. That change gave the company a single, integrated platform on which to build its business – and build it has. Since that implementation, the company has steadily added SAP functional modules, and has upgraded its SAP environment twice to take advantage of new functionality.

SAP applications have also been a driver for major process and cultural change within the company. CS Energy's 560 employees all use the system as an integral part of their everyday tasks, helping further the sense of functional consistency and collaboration within the workforce. Provision of a 'single source of the truth' has improved reporting, simplified management decision-making, and improved everyday operations.

Facing the complexity involved in constructing a major new power

generation facility, CS Energy more recently began another upgrade program that would see it embrace SAP ERP 6 and ECC 6, along with a number of additional SAP modules. This upgrade was completed well within the three-month timeframe available to the company, and has now empowered users with a raft of new functionality – most notably, new capabilities delivered through employee and manager self-service portals.

The commissioning of CS Energy's newest generation facility Kogan Creek Power Station has marked a major element in the company's growth. It also marks a major progression of the company's enterprise infrastructure, which will build on SAP's extensibility to tie the new plant's highly sophisticated automation systems to SAP functionality such as work ordering and asset management.

In the future, CS Energy plans to build other functionality on top of its newly refreshed SAP environment. Mobile data interfaces, automated equipment scanning, warehouse

management and other functions being introduced to the new site will be rolled out across the other generating sites in the future. Other functionality and modules are all being considered as add-ons to the SAP infrastructure. These strategic plans reflect the increasing sophistication of CS Energy's business requirements, as well as its ability to execute on those requirements by reaping the rewards of eight years of commitment to SAP technologies.

### **The Power of Integration**

Commitment can be a funny thing. While many organisations like to cherry-pick best of breed solutions in the hope of producing the ideal information infrastructure, others prefer to work within a carefully defined application environment and grow their business along with the application provider.

For Queensland based electricity generation company CS Energy, the latter approach seemed the most logical strategy after years in which critical corporate data had remained locked in siloed data systems. Working with implementation partner Andersen Consulting (now Accenture), in 1998



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and 1999 the company consolidated its enterprise information systems strategy and implemented SAP R/3 4.0b across its entire operation.

“During the review of our legacy systems we were able to identify areas where the flow of information between functional areas such as financials, maintenance and logistics systems could be improved,” explained Rob Whitehead, Business Process Manager for CS Energy. One of the main benefits we saw from the SAP solution was integration, and the opportunity to use the implementation to drive a business process re-engineering effort.”

The initial implementation of R/3 went live in July 1999, giving the company a unified application environment and laying the groundwork for future growth. And grow it has: since then, CS Energy has consolidated its position as one of Queensland’s largest energy producers, with revenues of \$527.6 million in the 2005-2006 financial year. It currently operates three generation facilities: Callide, Mica Creek and Swanbank, which are respectively located in Biloela, Mount Isa and Ipswich.

### Automation Through Information

These sites have now been joined by CS Energy’s fourth power station, Kogan Creek. This \$1.1 billion coal fired power station – the largest single unit generator in Australia – uses supercritical steam technology to produce 750 megawatts of electricity.

Despite its size and complexity however CS Energy is building the new plant with all manner of automation technology to keep administration and staffing costs as low as possible.

The SAP platform, last upgraded in 2001 and expanded with SAP Business Information Warehouse in 2003, was seen as being critical in supporting the Kogan Business Model. However, by 2006 it was recognised that the SAP technology had evolved so much since the last upgrade that an SAP upgrade would be necessary to support CS Energy’s expanded requirements.

### Managing the Upgrade

Although it was clear that an upgraded SAP environment would provide the best possible features for the new power station and CS Energy in general, building a business case to formally justify the project wasn’t easy.

“It really is a tough business case to sell an upgrade,” said Whitehead. “Particularly if you’re going to do a technical upgrade, you’re really not delivering a whole lot of obvious benefit to the business right away. Fortunately, because implementation of this new station is front of mind for everyone in this organisation, we could build that into the business case.”

The project team eventually put together a business case that included

a mix of qualitative and quantitative benefits. Expected improvements in process efficiency, savings from avoided costs, and administrative savings from improved selfservice functionality were among the benefits expected to be delivered by the new environment.

The SAP upgrade project steadily gained critical momentum through a number of user outreach efforts, including regular newsletters and updates pointing out specific changes in the new system.

As the upgrade progressed, each of the project functional team leads were asked to consider the requirements for training based on the changes they were seeing as a result of the upgrade and deliver a training plan for their module area. The result was a surprise as there was no perceived need for any formal classroom training at all. The Functional leads felt that the level of change was small and through consultation with the business were sure that the new release would be well accepted by the business users and the roll-out impact small.

“They all said we just needed to send out some user guides about the half dozen things that had changed,” explained Whitehead.

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With careful planning and constant feedback, the project team was able to complete the SAP upgrade without any major problems. There were so few problems, in fact, that the project team – which had initially been slated to stay on for support two weeks after the go-live date – was dismissed after just one week.

### Steady Change, Major Improvements

In With the ECC 6 core and SAP ERP 6 applications in place, CS Energy found itself with a thoroughly modern, expansible information environment that gave the company applications equal to the best in the world. Installed modules included Finance and Control, Plant Maintenance, Materials Maintenance, as part of the original implementation as well as Employee Self Service, Business Intelligence, Manager Self Service and Environmental Health & Safety. More recently, the upgrade included managing processes for Finance, HR,

Payroll, Asset Management and Procurement.

The functionality and User interface options we now have available represents a major improvement, said Whitehead, and a vindication of the faith the company had placed in SAP’s strategic direction nearly a decade earlier. “When we first implemented SAP, it wasn’t as good in some areas as some of the third party options,” he explained. “However, integration was one of our key drivers, and it remains a key benefit of SAP to this day.”

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The introduction of the SAP Business Warehouse and later Business Intelligence, for example, has provided a significantly easier to use interface for managers to monitor business performance. Instead of trying to make sense of reports from disparate systems as in the past, CS Energy managers have a single version of the truth that leverages data from business areas such as Finance, Procurement and Maintenance. Employees and Managers are also benefiting from the use of the new SAP Interactive Forms by Adobe. These forms currently provide an easy to use employee management interface for Appraisals and Role Purpose Statements. This technology replaces many burdensome paper forms with an intuitive, fully online process in which these forms are automatically transferred for approval according to established business hierarchies.

This streamlined workflow provides an opportunity to push many of the current paper processes out of CS Energy’s document stream, speeding approval processes and managing documentation in a consistent format within the SAP database.

This is particularly important for a company as widely distributed as CS Energy because while the headquarters are in Brisbane, its generation facilities are spread from one side of the

massive state of Queensland to the other. Moving the handling of paperwork online allows documents to be forwarded instantly instead of waiting days for the post office or couriers to carry them by hand.

### It's in the Interface

Whitehead recognised early on that any time new functionality is introduced the user interface to that functionality is often key to its success. "We were pretty keen not to change functionality greatly in an upgrade like this," he said. "As the upgrade progressed it became clear that there were some new things that will potentially be of high benefit, but you also need a consistent and accessible user interface to ensure these benefits are realised."

The portal interface to Managers Self Service (MSS) is a good example of this and goes a long way to fulfilling this need, providing consistent access to the SAP environment and making it easier for CS Energy staff to quickly get up to speed with new applications. Since users were already familiar with Web interface conventions, they could quickly become productive with the new environment.

The high-level MSS calendar view quickly informs managers of employee status while ready access to appraisal and other forms trims paperwork requirements. This means managers

are spending less time figuring out how to use the applications, and more time on productive work that uses the information they need.

"Much of what a manager needs to do in MSS needs to be intuitive and have a consistent look and feel about it," said Whitehead. "This is particularly important for approvals as timely processing of approvals is important because often work is waiting on the work approval, or for parts or services to be purchased before it can start. The important thing is for the manager to be thinking about the appropriateness of the request and not about how to go about approving it. We're getting some good feedback on the new functions available in MSS. The Web-based MSS delivered in the portal provides managers with easy-to-use access to all of those tasks they would need to manage their team."

### Powering into the Future

Although the return on investment for an application upgrade may initially seem difficult to quantify, Whitehead's team was able to justify the upgrade to SAP ERP 2005 by clearly tying the capabilities of the new environment to expected improvements in productivity, as well as the costs avoided by moving off a rapidly aging information system.

With the main project complete, that justification has more than paid off.

CS Energy now has a modern, expandable and well-integrated information environment that will support its continued business growth into the long term. Key to this capability is the implementation of SAP ERP 6, which SAP has already pledged will remain at the core of its application environment through at least 2010.

"You can Web enable, and automate things as much as you like," said Whitehead, "but if you don't have that strong base of functionality you are not going to achieve the benefits you are looking for. We've been able to use workflow, for example, to automate our processes and make them more efficient. But if those base processes are not strong and effective and robust, all you're doing is automating bad and inefficient practices."

CS Energy, on the other hand is focused on automating far more useful things. With its new and fully integrated application platform in place, the company is working to identify the many other opportunities to improve the flow of data to, from and about its new Kogan Creek power station.

"We've always taken the approach where everyone has at least some contact with SAP," said Whitehead. "Everyone is responsible for their own leave requests and so on, but most people do more as well. Now

that they're benefiting from the upgraded system, we're moving forward to implement other value-add functions that will enable our new site to be managed with as low overheads as possible. One of our key initiatives going forward is the development of a comprehensive curriculum of SAP training courses, developed in SAP Productivity Pak and deployed through the Portal based learning Management System. Although there was little identified requirement for training upgrade-related changes, there is an ongoing requirement to ensure that our SAP users are competent and confident in the parts of the system their role requires them to use."

CS Energy's commitment to SAP application modules continues unabated and Whitehead is contemplating how the SAP NetWeaver service oriented architecture (SOA) platform might provide further enhancements to the company's information environment. Planned enhancements already include capabilities such as e-procurement which would use SOA standards to link the system to a range of external catalogues.

The transition to an SOA based environment would require the transition of many of the company's business processes and application architecture. However, just as sticking with SAP over the years has gradually increased the capabilities of the applications available to CS Energy, Whitehead is confident that a continued partnership with SAP will give the company more than enough support to smoothly manage that change.

"Our approach is very much about supporting the Business Model with SAP solutions and in the future I expect this to continue," he said. "CS Energy is all about moving to a more service oriented approach with a number of organisational initiatives in place to facilitate this. Where SAP SOA fits in with this I'm not sure, but as we learn more I'm starting to see some potential there and certainly starting to see that it's worthwhile to investigate more. SAP is a system that has history and has a future, and that's one of the biggest benefits to us having committed to it in the long term."

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