

*“The ROI was helpful in justifying the investment but wasn’t the primary driver for PowerPlant. We just couldn’t continue to take the risks associated with spreadsheets, customization, and manual processes.”*

**Vice President  
Internal Audit**

## QUICK FACTS

|                          |                          |
|--------------------------|--------------------------|
| <b>Business:</b>         | <b>Energy T&amp;D</b>    |
| <b>Customers Served:</b> | <b>Over 10 million</b>   |
| <b>Total Assets:</b>     | <b>Over \$40 Billion</b> |

## Large United States Utility Improves Construction, Asset and Tax Accounting Processes With PowerPlan

One of the largest utilities in the United States embarked on an ambitious initiative to transform its accounting operations. Its primary objectives were to:

- Improve business operations by simplifying and streamlining capital accounting processes
- Eliminate manual and spreadsheet-based accounting efforts that surrounded their existing SAP ERP in the capital accounting process
- Improve cash flow
- Prepare for changes to International Financial Reporting Standards (IFRS)

The company resolved to replace its manual and paper processes surrounding the capital accounting portion of its SAP ERP system with a solution that would enhance and expand upon the ERP while protecting its investment. This utility initially looked at partnering with SAP to develop an industry-

specific solution, however the quoted cost of customization and maintenance was cost prohibitive, especially over time.

They needed a scalable, standard solution and they didn’t want to wait for it. The company selected PowerPlan’s suite of solutions because the software was a proven solution and it was able to achieve the goals of improving cash flow while reducing accounting risk.



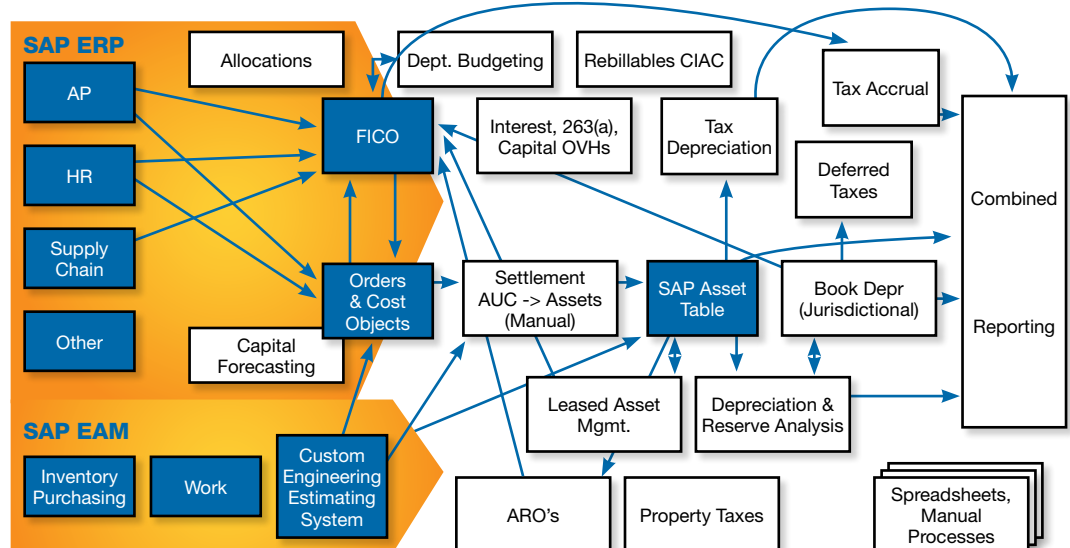
## Key Challenges with the Prior Process

*“PowerPlan has been a great partner. They are fully committed to improving our processes and meeting our objectives. Continuing that partnership post-go-live is something of incredible value to us.”*

**Assistant Controller**

- **Risk:** The utility company is committed to SAP for corporate transaction accounting (ERP) and work management (EAM). Unfortunately, capital, asset-centric accounting in SAP is limited and dependent on either customization or manual, resource-heavy and spreadsheet/paper-based procedures. More than 200 spreadsheets were used to support the utility’s capital accounting processes. Each year, new accounting and tax rules emerged, more spreadsheets were added and the level of risk in the plant accounting records increased.
- **Customizations:** Numerous hard-coded customizations had been made to SAP’s asset accounting modules over the years, making upgrades increasingly difficult and requiring each custom configuration to be retested. The company wanted a permanent solution to work with SAP that would eliminate customizations, provide greater process and IT architecture flexibility, and support future business requirements including regulatory, IFRS and tax law changes.
- **Complexity:** The utility had large capital investments. Spreadsheet-based forecasting processes were entirely manual and internal resources required up to 12 weeks to compile a consolidated outlook. The capital accounting organization increasingly struggled to provide information for tax positions and to close the corporate books on a timely and efficient basis. In addition, the company sought to simplify a number of processes for more than 1,200 field personnel. Its business units found the accounting around the ERP’s order processes to be complex and error-prone in the order setup process.
- **Inefficiency:** Certain tasks lacked adequate efficiency. For instance, the utility struggled with calculating depreciation correctly for multi-jurisdictional assets. The calculations for asset retirement obligations were completely manual in spreadsheet files and disconnected for ARO settlements. The utility couldn’t easily unitize properties when they went in service or correctly report accumulated depreciation, including cost of removal, under a single account. Allocation of a common plant to the utility’s lines of business was manual.
- **Compliance:** Accounting and tax rules are evolving all the time. The company needed a system that would keep up-to-date with all current and future rules (FASB, IASB and IRS) at the level of detail and volume of asset records required for the changing accounting climate as well as corporate initiatives.

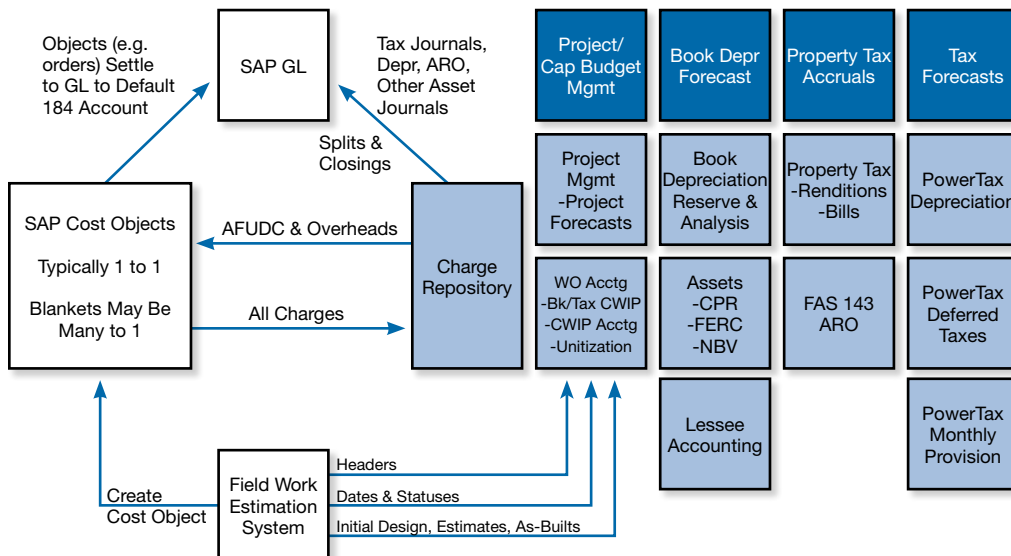
### POWERPLANT STREAMLINES THE UTILITY’S OPERATIONS



## Business Benefits with PowerPlan's Solution

- Rapid ROI:** Replacing an error-prone, customized legacy process with PowerPlan's solution provided an immediate benefit to the company of \$2.5 million over the total cost of ownership. An additional \$500,000 per year was saved when the utility revised its allocation of construction overheads and redeployed timekeeping resources. Additional annual accounting, tax, and efficiency savings continue to accrue as the system is used, going straight to the bottom line.
- Accounting Efficiencies and Risk Reduction:** The utility eliminated customized processes in SAP and more than 200 manually-maintained spreadsheets, thus reducing accounting risk. It also eliminated redundancies and staff inefficiencies, and lowered the cost of future SAP upgrades.
- Process Automation:** Resource responsibilities have been reallocated due to efficiencies and automation derived from PowerPlan's solution. Asset unitization/componentization functions now automatically create new assets, retire old assets off the books, and allocate labor and contractor invoices to cost of removal by combining financial information within SAP with naturally present information from the SAP EAM - all leveraging a single SAP cost object.
- IFRS Readiness:** The utility now has the functionality necessary to support evolving accounting, regulatory and tax rules, including the complex impacts IFRS will have on property, plant and equipment capitalization rules, valuations and depreciation. Assets are now maintained with quantities at a component and location level, instead of summarized dollars at an account level.
- Order Management:** Orders are now closed up to 60 days faster. Combining information from SAP's EAM with transactional data from SAP's ERP effectively eliminated the field's involvement in accounting, while improving data consistency and completeness. PowerPlan's solution also allows for blended orders; a single SAP order can now include settlement rules to multiple G/L accounts (additions, removal and misc. expense), and create assets across multiple locations. Today, the company's field operations require fewer orders to provide proper accounting for the same work.
- Tax Benefits:** More aggressive tax positions are now possible without manually trolling through order detail, making the process of evaluating and calculating new tax matters significantly more efficient and auditable. The tax organization has stronger controls, including automatic maintenance of a tax-basis balance sheet.

### POWERPLANT STREAMLINES THE UTILITY'S OPERATIONS



*“Eliminating spreadsheets and manual processes allowed us to re-deploy resources to focus on more critical analytics in the plant accounting area.”*

**Plant Accounting Manager**

## Summary of Operational Benefits

- **Rapid ROI:** Over 100% return in less than one year.
- **Accounting Efficiencies:** Reallocated resources from manual processes and spreadsheet upkeep.
- **Risk Reduction:** Eliminated customized SAP processes and more than 200 manually maintained spreadsheets, thus reducing accounting compliance risk.
- **IFRS-Ready Now:** Ready today for all PP&E-related issues. The majority of complex IFRS differences from GAAP are in PP&E.
- **Order Management:** Fewer orders for field personnel. Automated accounting requires less effort and ensures greater accuracy, and orders are closed out faster.
- **IT and Total-Cost-of-Ownership:** Eliminated redundancies and staff inefficiencies, and lowered the cost of future SAP upgrades.
- **Tax Benefits:** Above and beyond the documented ROI.

## For More Information

To learn how PowerPlan solutions can help reduce compliance risk, improve cash flow and easily integrate with your existing solutions, contact your sales representative today at +1 770.859.0402 or visit [www.powerplan.com](http://www.powerplan.com)

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