

## SOUTHERN COMPANY UPGRADES ITS BUSINESS OPERATIONS WITH POWERPLAN SOLUTIONS

*“When comparing PowerPlant to other alternatives, PowerPlant’s application screens and navigation through the application were found to be much more intuitive and user-friendly.”*

**Susan Self,**  
Accounting Services Manager,  
Southern Company Services

Atlanta-based Southern Company is one of the largest electricity generators in the nation. It serves both regulated and competitive markets in a territory spanning more than 120,000 square miles, including parts of Alabama, Georgia, Florida, and Mississippi.

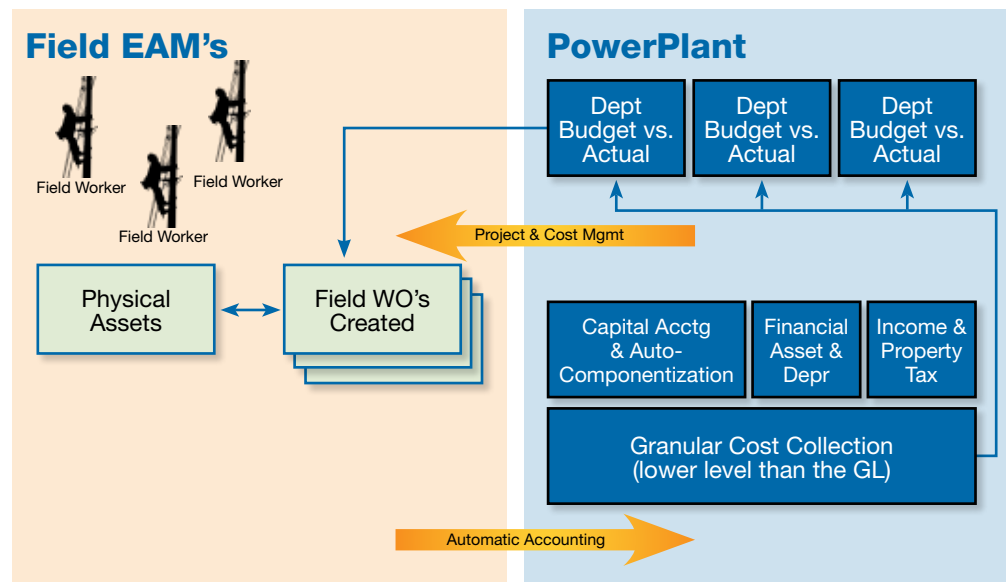
In 2008, Southern Company selected project and cost management solutions from PowerPlan to make its business operations in Generation more efficient and precise. These solutions are a critical component of an overall process and technology transformation being rolled out system-wide.

### Key Challenges

- **Upgrade:** Southern Company sought to improve its project and cost management, forecasting and budgeting capabilities in order to drive operational efficiencies and support more effective decision-making. Its existing systems couldn’t provide sufficient, timely or detailed information and were labor-intensive and expensive to maintain.
- **Costing:** The utility needed visibility into granular cost details for operations and maintenance (O&M), but the homegrown legacy accounting system only tracked information at the account number level. To optimize business operations, it needed for some business units to track and report accurate, actual asset-related costs down to the work order level — a process that the new EAM and ERP systems could not support without customizations.

### ABOUT SOUTHERN COMPANY

<b>Founded:</b>	Mid-1920s
<b>Business:</b>	Retail electric service
<b>Headquarters:</b>	Atlanta, Georgia
<b>Employees:</b>	26,000
<b>Metered Customers:</b>	4.417 million
<b>Generating Capacity:</b>	42,963 megawatts
<b>2010 Revenue:</b>	\$17.456 billion
<b>Total Assets:</b>	\$55.032 billion



*“We always wanted to take our costs down to the plant asset level, and with PowerPlant we can track to the Maximo work order and equipment ID. Receiving cost data from PowerPlant in near real time at this level is a huge benefit. In addition, the PowerPlant software was very easy to learn. Before I went through a day of training, I was able to sit down and use this software.”*

**Billy Ely,**  
**Enterprise Solutions Director,**  
**Southern Company**

- **Budgeting:** Generation sought to improve its budget control through management of asset and asset group costs, such as systems, pumps and motors. The ability to capture accurate capital and real-time O&M actuals and enable comparisons to budget in a single tool would provide real benefits in terms of budget awareness and management.
- **Projects:** For projects, the accounting burden needed to be kept out of the field operations. For Generation, work breakdown structures and asset/location hierarchies needed to reflect the work performed rather than the accounting. Cost structures needed to be derived automatically from the EAM.
- **Reporting:** Southern Company needed all information reported to be as real-time as possible. It sought standard and ad hoc reporting and query capabilities that were simple, flexible and user-friendly.
- **Reliability:** Optimizing asset management through improved cost management and visibility would lead to increased asset reliability.
- **Integration:** The new solution would become the integration hub of Southern Company's larger Enterprise Solutions initiative, which replaces multiple legacy systems and manual processes with system consolidation and automation. Therefore, it needed to readily integrate with the utility's new ERP, EAM and project scheduling applications.
- **Compliance:** The software provider needed to be a trusted partner committed to maintaining regulatory and accounting compliance, and the solution needed to be configurable to support future requirements.

## **Decision Drivers and Implementation**

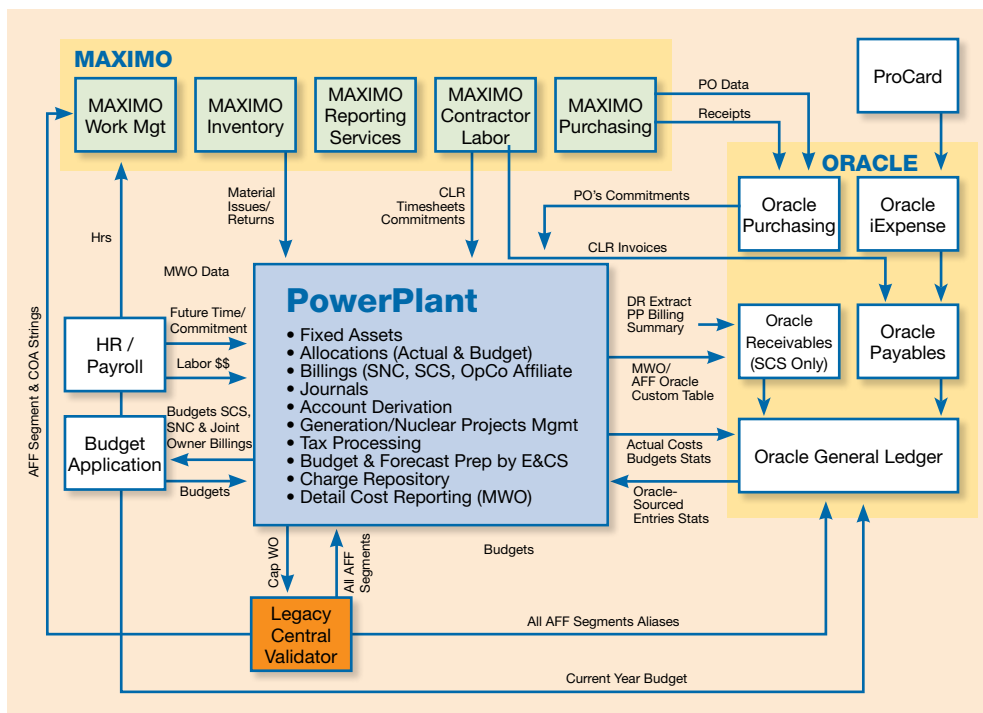
After considering its options, Southern Company chose solutions from PowerPlant to enhance its project and cost management abilities. The capital side of the business had consolidated on PowerPlant's core accounting software in 2001 to improve compliance, automation and efficiency, and it was determined there was a good fit for Operations and Maintenance use for select business units.

PowerPlant delivered the expertise, functionality and synergy with Maximo and Oracle Financials that were needed. The application's screens, navigation and reporting capabilities were effective and intuitive, whereas the alternatives would have required customizations. The utility was further impressed by PowerPlant's willingness to consider the value of a requested feature and add improvements to the base product. And, as a bonus, PowerPlant offered a journal prep tool that met a key business requirement.

In 2008, the PowerPlant Capital Budgeting and Project Management modules were selected as well as Tax Provision and Lessee Accounting. The PowerPlant implementation coincides with the phased Enterprise Solutions rollout to Southern Company's five Generation business units. Three of the operating companies are currently live, and the rollout is scheduled for completion in February 2012. PowerPlant is already live at all Southern Company entities for core financial functionality such as journals and cost allocations.

## Southern Company's Business Benefits with PowerPlant's Suite

- Cost Management:** PowerPlant is now the central tracking mechanism for the large majority of Southern Company's \$55 billion of assets. With costs at the plant asset level, PowerPlant is a fully balanced subledger to the G/L while holding transactions at a very low level of detail for Generation. The information in Southern Company's reports and queries is more effective now that actual and projected costs are aggregated in real time, and cost data is exchanged between Maximo, Oracle and PowerPlant in near real time.
- Budget Compliance:** The ability to have budgets and costs in a single system is expected to improve the ability of Generation to manage asset budgets by plant, unit, system and sub-system. Since implementation, the Generation business unit has not been through a budget cycle using PowerPlant but to-date cost data provided at the asset level is providing an early indication of the ability to improve budget compliance. With more accurate and timely information, budget constraints at higher levels can be more effectively deployed.
- Project Management:** The process of initiating and monitoring work orders and projects is simplified in the new system. The utility has access to specific costs and is tracking budgets to actuals. The Engineering and Construction Services organization is generating realistic forecasts using real-time data and spread/curve patterns that can be defined to support budgeting and forecasting to any level of the work breakdown structure.
- Financial Optimization of Assets:** Better, more timely information is a key enabler of improved asset reliability and asset life expectancy. PowerPlant aligns the work-related data structures in the EAM system with the accounting-related structures in the ERP. It layers on budget and commitment information, thus allowing field operations to make sense of their spend, to strategically allocate resources and dollars, and to forecast and communicate those decisions. The level of alignment is flexible down to a single critical piece of equipment, the class of equipment across multiple locations, a subsystem or system, the station in total, or the company.
- Fewer Bigger Systems:** Southern Company was able to retire 22 systems and an untold number of spreadsheets with the implementation of the platform shown below:



*“PowerPlant’s consultants demonstrated their understanding of utility business requirements, and PowerPlant offered an overall better functional fit for Southern Company’s requirements in the areas of project costing and reporting.”*

**Susan Self,**  
Accounting Services Manager,  
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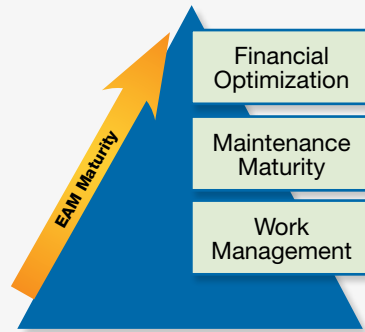
## Southern Company's Summary of Operational Benefits

- Automatic Generation of the Accounting and Unitization Rules from Naturally Present Work Information
  - Allows for fewer work orders to be created in the EAM system
- Allows Work Breakdown Structures and Asset Hierarchy to Represent Work instead of an "Accounting Breakdown Structure"
- Cumulative Period True-up
  - Operations doesn't have to know everything at the outset
  - Automated accounting true-up to as-builts without manual journals
- Cost Feedback to Operations
  - At least daily
  - At any level of detail including actual vs. budget
  - Down to the task, equipment ID, location and cost-element level
  - Aligned with EAM data structures and rollups
    - Location and Equipment hierarchies
    - Corporate and Account hierarchies
- Daily Labor & Contractor Commitment Costing & Processing

## 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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