

## **ELECTRIC** **LIGHT & POWER**

# Key reasons for replacing legacy CIS/CRM systems

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Service orders pass from desk to desk often getting lost under piles of paperwork. It takes hours of database queries and time-consuming cut and paste to meet the ever-changing regulatory reporting requirements. Customer information remains fragmented requiring different account numbers and a scroll through of several screens to get a complete view of monthly transactions.

Even in today's competitive environment—where speed, efficiency, and a real-time look at the company's operations and performance are crucial to success—utilities often limp along

with legacy CIS/CRM systems that dictate these types of manual processes. Yet as Steve Duebelt, IS manager with the Southeast Alabama Gas District—a company in the midst of implementing new, enabling technology—says, "Just because we sell a prehistoric fuel doesn't mean we have to work in prehistoric times."

### Why not just update and integrate?

Many utilities—large and small—currently operate on CIS/CRM systems built before the personal computer and based on older programming languages such as RPG, COBOL, Basic, and Informix. Software applications based on these legacy programming languages have rather closed architectures that make updating and integrating with newer technologies time-consuming, costly and complex.

Studies by the Information Technology Research Institute show that 120 billion lines of source code were being maintained in 1990. Follow-up studies in 2000 found 250 billion lines of source code still in use, with the amount steadily increasing.

According to the Gartner Group, a research and analysis firm, there are 200 billion lines of COBOL code still existing in mainframe computers alone. Articles pub-

lished by the Information Technology Research Institute show that software administrators spend approximately 50 percent of their time understanding the code they are assigned to maintain.

At the same time, the number of people specializing in older programming languages is on the decline, and the cost for maintaining legacy systems is on the rise. For example, annual software maintenance costs in the United States are estimated to be more than \$70 billion.

A recent survey conducted by AMR and published in the February 2004 issue of Computer World indicated that information technology (IT) managers have seen their

software maintenance costs increase by as much as 15 percent to 25 percent over the past five years. Within the utility industry alone, IT managers report spending, on average, \$150,000 a year to maintain their legacy CIS/CRM systems.

Many software solutions on the market today still contain legacy programming code but use a front end that supports a browser environment. Because the old source code still operates in the background, this basically leaves a utility with an aging CIS/CRM system that contains no significant performance or functionality improvements and is difficult to customize.

Thus, any minor enhancement requires updates to millions of line of code, making it a time-consuming and cost-prohibitive process. And, additional integration with new technology can cost as much as 50 percent more than the new capabilities being installed.

"With the costs for maintenance, upgrade and integration in mind, replacing our legacy CIS/CRM systems, which were first implemented in 1983, seemed the only plausible strategy for IT and business success," says Wes Thomas, Key Accounts manager with McMinnville Water and Light in McMinnville, Ore.

### The benefits of new technology

Unlike legacy systems, newer technologies are based on a more open architecture and are relatively platform independent, which makes them easier to implement, use, customize and maintain.

A little more than a year ago, Fort Hill Natural Gas in South Carolina; McMinnville Water and Light; and the Southeast Alabama Gas District decided to replace their legacy CIS/CRM systems and participate in Innoprise Software's Joint Application Development program, assisting the company in rebuilding its Classic CIS/CRM software solution. The new solutions should go live at these utilities in June.

### Fort Hill Natural Gas

About two years ago, says Keith Burgess, MIS manager for Fort Hill Natural Gas, the utility launched an appliance installation department as one of the ancillary services it offers to customers. Growth has been steady but somewhat stymied by the utility's legacy CIS/CRM systems, which make it difficult or impossible to manage financing terms on individual customer accounts, set up separate collection processes, prioritize accounts receivable, and reflect charges for ancillary services on a customer's gas bill.

By replacing its legacy CIS/CRM systems, Burgess says, all of that changes, giving the utility a range of capabilities designed to support and grow its appliance installation revenue stream.

### McMinnville Water & Light

For McMinnville Water & Light, Thomas says, two key factors drove the utility's decision to replace its legacy CIS/CRM systems—regulatory reporting and rate design.

Reports to the Federal Energy Regulatory Commission (FERC) and other agencies once took hours to produce and could only be done by those in the utility who were familiar with the database. With the new systems, all authorized employees can simply highlight the data



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needed, click on it, and transfer it to Excel within minutes.

In terms of rate design, Thomas says, the utility's legacy CIS/CRM systems were based on the basic utility tariffs and billing structures of 15 to 20 years ago. "They will accommodate any number of billing scenarios, but it is still a finite number," Thomas says. "With the new world of real-time and time-of-use billing, we need the architecture to be wide open. It's within the current rate structure limitations that utility companies are living and dying right now."

Beyond the reporting and rate design benefits, Thomas says the utility also expects to streamline and automate its processes around metering and billing, saving the utility more than \$90,000 a year.

#### **Southeast Alabama Gas District**

According to Duebelt, the Southeast Alabama Gas District expects significant efficiency gains throughout the utility from replacing its legacy CIS/CRM systems. By streamlining and automating many of its processes around workflow and inventory management, billing, metering, and communicating with the customer, Duebelt says the new systems will provide the real-time view of operations and performance needed to stay competitive.

Currently, he says, service orders are printed out and dispatched to the field personnel. If a customer calls to check the status of an order, the customer service representatives can't monitor the order or adequately answer the customer's questions. And because of paper heavy billing processes, it may take

three months for the utility to bill for work completed.

"In today's world, that's unacceptable," Duebelt says. "We need a real-time, complete picture of our day-to-day business. Without that, we may make a critical error that's going to cost us and our customers. If we don't manage our systems correctly and have the information in front of us that we need, we can't compete." **ELP**

*Innoprise Software Inc., formerly AvenirGTR, develops enterprise software to meet the specific business challenges of utilities and local government. For more information on Innoprise's products and services, call 1-888-298-2133 or visit [www.innoprise.com](http://www.innoprise.com).*

# Innoprise software

Building the intelligent enterprise.

Two years ago, Innoprise Software embarked on a mission to overcome the problems of legacy software by creating the next generation standard in CIS, financial management and work management. With 30 years of industry experience, a shared dream of building something totally new and fundamentally better, and personal investments by CEO and founder Dennis Harward, his father, Jack Harward, and 20 of the company's customers, the company began the most aggressive software development program ever attempted in this industry.

The resulting software utilizes a

Java™ 2 Platform, Enterprise Edition (J2EE™) service-oriented architecture, providing Innoprise customers a single, consistent view of all customer and financial information, whether from a local database, a remote system, or anywhere in the enterprise. Its Internet-native, platform-neutral software architecture provides immediate access to all data needed to transact a full range of business functions in real-time. Designed to overcome the limitations of older-generation legacy systems, the software not only supports the standard capabilities required in a full-function CIS, but also enable

users to quickly and easily add new services, products and rate structures as their business needs and regulatory demands change.

With Microsoft™ Office integration and one-touch reporting, users across the enterprise can easily exchange data with desktop applications and extract information to create even the most complex ad hoc reports to support rate hearings, analysis and budgeting requirements. Optimized for automation, scalability and the continued evolution of each customer's business environment, the software is designed to yield a rapid return on investment.