



Gas Natural Case Study

"The solution provided by IBM and isMobile has proven to be a powerful tool for us.

The optimization delivered by the solution is among the best we have seen."

JOSÉ M. BOIXEDA DE MIQUEL





Throughout the world, the opening of once regulated markets to competition has been one of the steadiest trends. While the industries may be different, the basic outcome is almost always the same – customers get better service, lower prices and more choice, while suppliers have to balance more opportunity with the challenges of competition. When the European Union put energy market liberalization high on its agenda, Spain embraced it wholeheartedly, pushing through reforms even faster than it had to. Since 2003, the competition spurred by open markets has already been a windfall for customers, delivering a higher level of customer services and driving prices down more than 30 percent.

From the consumers' perspective, the speed and magnitude of improvements like these can give market deregulation an aura of magic. However, the true dynamics can only really be seen by looking beneath the surface – at the real changes that Spain's gas suppliers were compelled to make to adapt to their new competitive environment. Consider the case of Gas Natural (www.gasnatural.com) whose nearly 4.5 million domestic customers and \$8.5 billion in revenue make it the largest natural gas distributor in Spain. Among its customer-facing processes, managing and fulfilling its customers' service requirements is arguably its most important area of competency and a major driver of customer satisfaction. Successful execution is also defined around the customer's needs – specifically, responding to problems fast and getting the job done right the first time. With customers now free to choose their provider, it was essential that Gas Natural not only meet, but exceed its customers' expectations for service for the company to retain its market leadership.

Clogging the service pipeline

Like many utilities, Gas Natural employs an outsourcing model for its field service activities, contracting with a broad network of independent franchises to perform installation, repair and maintenance services at customer locations. From a business model perspective, this leveraged and decentralized approach to field service provides the advantage of an inherently flexible cost structure. The problem, however, was in the business processes underpinning this arrangement. Gas Natural distributed paper-based work orders to its franchised providers via postal mail and messenger services, whereupon they were dispatched to individual field engineers at the franchise site. After responding to their service calls, engineers then logged the status of the calls (completed, uncompleted or still pending) on paper forms, which were then sent back to Gas Natural at the end of the day.

There, clerical staff manually updated its backend Siebel system, thus completing a cumbersome cycle. For Gas Natural, the need to transform these processes was clear. The root issue was a lack of data transparency throughout the service call cycle, which deprived engineers and dispatchers of the information they needed to perform optimally in the field. For example, if a technician were unable to complete a service call, there was no means to communicate that information in realtime to dispatchers and, correspondingly, no means for dispatchers to reassign the call dynamically. This caused a backup of pending work orders and longer waits for customers and – with customers now free to switch energy providers – posed a direct threat to customer retention. While field service activities related to existing customers presented the most glaring examples of inefficiency, field sales were also badly out of synch with the newly deregulated marketplace. Again, the main culprit was an inability to access and leverage realtime information to optimize their selling activities. With competition heating up, Gas Natural needed to empower its sales force by providing it with the right data at the right time to find and close new revenue opportunities.

Mobilizing for competition

After a thorough assessment of its existing processes, Gas Natural laid out a broad framework for the complete transformation of its field-related business processes, with intelligent mobile technology serving as the key enabler. To put it into place, the company selected IBM Business Consulting Services and isMobile (www.ismobile.com). Working closely, Gas Natural and the IBM/isMobile team redesigned the company's field processes around a shared vision of mobility. Employing Blå Coordinator, isMobile's workforce management solution, IBM then created a new platform on which to deploy these processes in just over three months. Using a PDA – in the place of a clipboard – field service engineers now have the ability to receive work orders and to send status updates to their dispatchers, all wirelessly and in realtime. With status information more transparent, dispatchers have more flexibility to shift resources on the fly, improving service call completion and throughput. Field engineers can also work smarter onsite by accessing technical documentation and charts through a compact device in realtime – instead of bulky, outdated manuals. In similar fashion, field sales personnel are now better equipped to target their offerings based on realtime customer profiles, and have the tools they need to close new deals faster and more effectively.

While providing field workers with a whole new level of capability, the solution itself relies heavily on leveraging and extending the existing core systems that power its field operations. These include SAP Utilities for core utility operations, Siebel CRM for customer and contact management and various proprietary main-frame applications. Under the new process, service orders are automatically sent from Siebel to the Blå Coordinator workforce management solution, Gas Natural has taken a quantum leap toward becoming more focused on and responsive to customer needs. Now that field engineers are connected in realtime wherever they go, franchisees have the means to optimize the dispatch process by dynamically assigning service orders, resulting in a cascade of benefits. Less technician downtime means more jobs get done. Customers – now experiencing faster response times – are more satisfied. Retention rates improve.

Moreover, with new competition raising the importance of operational efficiency for Gas Natural, the solution has delivered solid results, including a €500,000 annual reduction in administrative costs. One example is the solution's automatic uploading of service call data from PDAs to its ERP system, which virtually eliminated data errors. And with its field sales representatives now armed with realtime information from its CRM system and mobile sales tools,



Gas Natural can also take a more active approach to targeting new and existing customers with innovative service bundles. Assessing Gas Natural's newly competitive market, José M^a Boixeda de Miquel, Director of New Systems, Technology and Communication, sees the alignment of business processes around the customer as the key to success. "By helping us place the customer at the center of our processes, IBM and isMobile have set us down the road to becoming a more responsive business," says Boixeda. "Our environment has changed, and we're far better positioned to adapt to it – and we embrace the challenge." The solution delivered by IBM and isMobile has been in operation for some years with 2000 plus active field users and handling 10 000 service orders per day it is a vital part of Gas Natural's daily business to service its customers.

With the market open to competition, we knew that our customer-facing processes fell short of what customers would require. So we resolved to transform them.

JOSÉ M^a BOIXEDA DE MIQUEL

Summary

Challenge

To thrive in Spain's open energy market, Gas Natural needed to improve the efficiency of its field force to meet the needs of current and potential customers.

Why Become an On Demand Business?

Gas Natural realized it needed to transform its field service and sales processes to respond quickly – whether it was a service call or a new business opportunity.

Solution

Gas Natural engaged IBM and isMobile to deploy a workforce management solution, that enabled the company to redesign and optimize its service dispatch operations and empowered the sales force to find and close more revenue opportunities.

Key Benefits

- €500,000 in annual administrative cost savings
- 30% increase in service call completion rates.

