eThekwini Electricity

CASE STUDY
Reducing stock holdings and achieving greater cost control with ABB Ability™ Ellipse® EAM
The challenges

eThekwini Electricity had been operating as a unit part of a larger local authority organization since early 1990s. Its IT infrastructure was designed in-house to carry out asset management functions. In 1996, the management team decided that the existing system’s limited functionality did not provide adequate accountability reporting tools and was expensive to maintain. eThekwini Electricity urgently needed a new centralized enterprise asset management solution (EAM) that would provide it with utility specific functionalities. The technology had to facilitate the unbundling of key business operations.

The solution

Following an extensive evaluation of solutions in the market, eThekwini Electricity chose ABB’s Ellipse EAM solution because of our extensive experience in the utilities sector and short implementation times. The system met the organisation’s performance criteria in areas such as tracking, materials and work management. It had a low cost of ownership and was easy to implement.

In March 2005, eThekwini Electricity undertook a further upgrade to its Ellipse EAM system going live in November 2005. A new fault management system, a back-end banking system and implementation of complete web access were also provided.

Many of eThekwini Electricity’s business processes were re-engineered or replaced to respond to the organisation’s changing business needs and the system was evolved to allow incorporation of third party solutions. Ultimately, if faced with a move toward privatisation, the upgrade would form an integral part of broader organisation-wide preparation, helping eThekwini Electricity to compete in a deregulated electricity market.

In May 2006, faced with legislative changes such as new governance requirements affecting electricity distribution in South Africa, eThekwini Electricity purchased additional Ellipse EAM human resources and payroll modules to manage its training, development and skills base with greater efficiency.

The customer

eThekwini Electricity is the licensed electricity distributor of the eThekwini Municipality, on the east coast of South Africa. eThekwini Electricity transforms and redistributes power to approximately 550,000 customers ranging from large customers supplied at 132,000 volts (V), to the rural and peri-urban informal communities supplied at 230V. Approximately 30% of its energy sold is consumed by residential sectors and 70% by business customers.
The results

To date, a major benefit of the system has been improved access to information and total transactional transparency of operations management. For example, eThekwini Electricity is now able to accurately record and allocate true cost for job scheduling. The integrated nature of the system has improved data integrity, providing the management team with accurate, cost-efficient and timely information to make strategic decisions.

Overall, Ellipse EAM has reduced stock holdings by 10% and has provided greater control of costs for eThekwini Electricity. The new system has enabled eThekwini Electricity to double its customer base area of supply and has improved its ability to monitor fieldwork and cash flow activity. It has also brought accountability to the organization through transparency of financial transactions making auditing and analysis simple.

It has also provided new fixed assets control and improved contracts management and data cleansing. Internally, processes such as sharing information between finance and HR have been enhanced.

‘ABB’s enterprise software solutions helped us standardize our IT baseline and replace our aging infrastructure to better meet the changing nature of the business. These included adopting new business processes in line with new legislations and financial regulations that were and are affecting the utilities industry’.

Keith Moulder
Director of Finance at eThekwini