Revenue Assurance for Electric Utilities – Leveraging the Telco Industry Experience

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What You Should Know About Us

A leading supplier of Revenue Analytics solutions to communications and digital service providers

Founded: 2001

300 employees in 15 locations worldwide

Deployed at 7 out of the 10 largest operators in the world

150 customers in 64 countries

Processing 2.45 Billion subscribers in deployments globally

Saving providers over $12 Billion in annual revenue

Partnering with world-leading vendors
Turning your DATA into VALUE

**BUSINESS PROTECTION**
- Revenue Assurance
  - Fraud Management
  - Transformation Assurance

**BUSINESS GROWTH**
- Marketing Analytics
- Sales Performance Management

**DATA SOURCES**
- DWH
- ERP
- Order & Provisioning
- Billing
- Switch
- Mediation
- CRM
- IP&DPI Probes

**BIG DATA PLATFORM**
- Data collection
- Aggregation
- Enrichment

**Domain Expertise**
- Business Consulting
- Education Center
- Professional Services
Market Trends

- Paradigm shift in the utility market resulted in new risks
- Up to 25% revenue leakage depending on maturity level
- Data tsunami resulting from smart meter deployments
- Increasing investments in utility analytics
- Enhanced competition resulting from deregulation
- Pricing is becoming more complex
$200B Annual Revenue Losses
### Why Revenue Assurance is So Important for Utilities

- Companies lose **2-6%** of potential revenues due to discrepancies between selling and payment collection.

- About **50%** of Revenue/Cost leakages are caused by internal processes, which may require Revenue Assurance interventions.

- Revenue Assurance has a higher impact in areas with high complexity and large number of customers.

### Business Complexity

- **Infrastructure complexity**
- **Complexity of services and pricing processes**
- **Rapid evolution of the market**
- **Regulations**

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**Losses are up to 5% at utility companies (**)**

(*) EII: Enterprise Information Integration, IURPA: International Utilities Revenue Protection Association
### Typical Leakage at Utilities

#### Technical Loss
- **Transmission Losses**
  - Technical line loss
  - grid/transformation
  - Stranded assets
  - Outage
  - Load balancing
  - Integrity energy reconciliation
  - Profit margins

- **Distribution Losses**
  - Technical line loss
  - grid/transformation
  - Inventory integrity
  - Stranded assets
  - Outage
  - Energy theft
  - Load balancing
  - Energy reconciliation (retailers/transmission)
  - Profit margins

#### Operational Loss
- **Metering Losses**
  - Meters manipulation
  - Meters by-pass
  - Energy tapping
  - Biased estimations
  - Reading errors
  - Lost readings
  - False-positive inspections

- **Sales Losses**
  - Misconfiguration
  - Contracts integrity
  - Latencies
  - Misplaced orders
  - Credit integrity
  - Adjustments integrity

#### Financial Risk
- **Billing Losses**
  - Misconfiguration
  - Rating errors
  - Unbilled customers
  - Missing billable events
  - Undercharges
  - Overcharges
  - Bill shock

- **Accounting Losses**
  - Missing payments
  - Late payments
  - Bad debt integrity
  - General ledger errors
  - Faulty reports
  - Profit margins

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Demand Response (DR)

- Peak utilization account for huge required investments; causes many of the grid failures
- Peak shaving is the holy grail for utility companies
- DR and Active DR, are key elements in utilization shaping and peak shaving
- Non-paying customers / or paying irregularly are
  - immune to DR
  - Consuming more energy than normal customers
- RA and FM reduce utilization by these customers; making them sensitive to DR
Npower: “Computer Error Had Caused Chaos”

CEO, Paul Massara, issued a letter to all 5.4M Npower customers, which said:

“We’ve let many of you down recently in the overall levels of customer service we’ve been providing. We apologize unreservedly. We promise that if you have been impacted by the billing system problems we’ve had, you will not lose out financially as a direct result”
Challenging Infrastructure & Electricity Theft
What is the Best Time to Implement Solutions?

- As early as possible in order to set the right foundations for tools, processes and organizational structure
- No need to wait for smart meters
- Before you start a transformation project, you can put the right controls in place and ensure a smooth transition
- When companies are merging their systems
“Revenue Chain” Leakage

**Product & Offer Management**
- Selling of new products/services not yet enabled/implemented in billing systems
- Failure of expiration of promotion/discounts with deadline
- Offers/services dismissed

**Order Management & Provisioning**
- Contract is incomplete and/or is different from customer request
- Customer information incomplete for billing processes
- Delays in order processing
- Active services on billing account not created or dismissed
- Early activation for 3rd parties/services before client is enabled to use the service

**Usage & Metering**
- Usage metering corrupted or not produced
- Errors in usage information systems
- Leakage in the energy usage reconciliation between supplier, producer, and distributor

**Estimated Leakages Ratios to Overall Revenues**
- **Revenue Leakage**: 0.2%
- **Opportunity Loss**: 0.8%
- **Cost Leakage**: 2.1%
"Revenue Chain" Leakage

**Rating & Billing (and Event Processing / Dispatching)**
- Leakage due to:
  - Pricing misapplication
  - Discounting and bundle wrong calculation
  - Wrong usage info routing in the metering to billing chain
  - Late billing execution
  - Invoices not produced or nor delivered to Print Vendor
  - RC, NRC or TAX wrong calculation or not calculated
- Estimated Leakage Ratio: 1.25%

**Finance, Accounting and Collection**
- Unsuccessful cash or wrong/partial management of built-in payment details
- Wrong definition / calculation of General Ledger code
- Estimated Leakage Ratio: 0.3%

**Customer Management**
- Retention processes wrong or excessive
- Absence / by-pass of authorization processes for adjustment on billing systems
- Estimated Leakage Ratio: 0.2%

**Partner Management**
- Overcharge: Costs to 3rd parties - wholesale partners, distribution companies and dealers
- Under payments from 3rd. Parties
- Interconnect completeness
- Low/Negative revenue Margins with 3rd parties
- Latency of work orders
- Missing receivables from dealers
- Excessive commission payments
- Estimated Leakage Ratio: 0.75%
Reactive, Active and Proactive

**Proactive**
Implement controls and other measures to prevent problems

**Active**
Monitor problems in real time to investigate corrective response before any revenue loss will take place

**Reactive**
Identify and resolve the cause of revenue loss that already took place

**Revenue Assurance**