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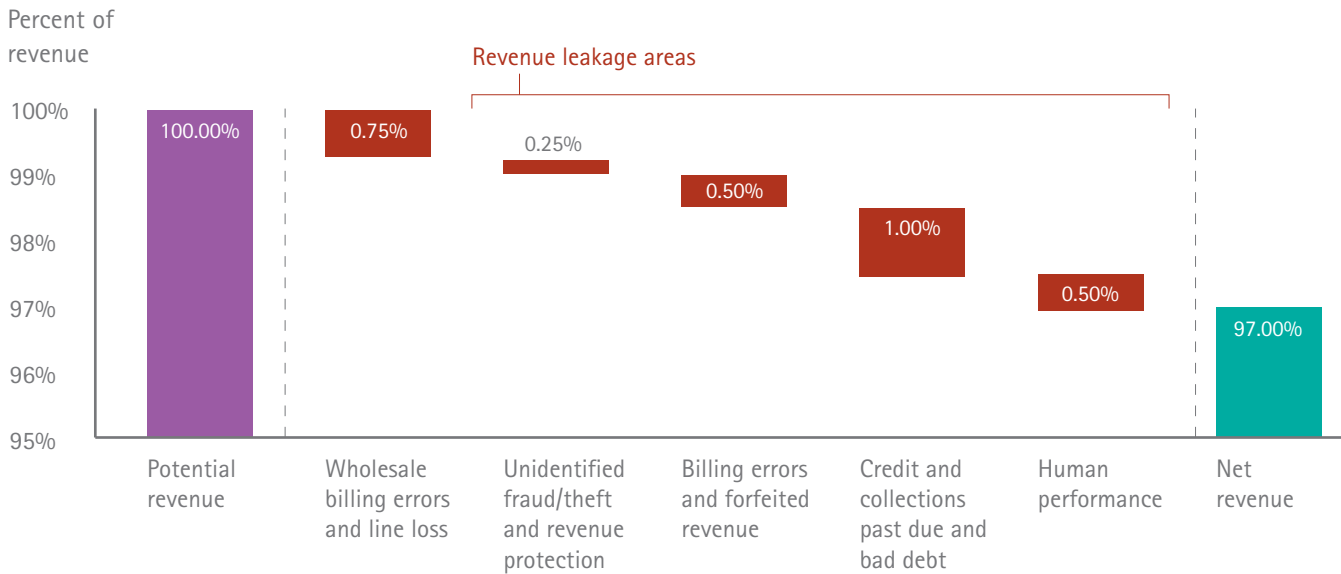
High performance. Delivered.

Improving revenue cycle efficiency for high performance

Accenture's revenue assurance solutions for utilities

• Consulting • Technology • Outsourcing

Figure 1. Revenue eroded by leakage areas



Source: Accenture internal analysis of revenue and bad debt for sample utilities with more than 500,000 customers.

Retail utilities are finding it more difficult than ever to keep customers current with their utility bills.

Consumers are falling behind on paying their utility bills as they struggle with high levels of personal debt, declining income and rising costs of everyday goods and services. It's a sign of the times that public and private utilities are experiencing a rise in delinquency rates, default and fraud, which reflects an increase in uncollectible debt.

Utilities are challenged more than ever to collect customer payments. In many cases, utilities have become more aggressive about collecting money from delinquent customers, leading to an increase in service disconnections.

At the same time, utilities will handle more customer requests for payment assistance, such as formal payment and budget billing plan enrollment, and filings for federal and state bill payment assistance.

To weather these complex challenges, utilities can implement enhanced revenue assurance capabilities. A revised approach (which includes improved processes and technology) can help utilities develop solutions that reduce the cost to serve, days sales outstanding (DSO) and bad debt. Accenture has the revenue assurance solutions to help utilities during these challenging times and position them for high performance in the long term.

Leading utilities focus on maximizing revenue and improving customer satisfaction.

For many utilities, the measures to reduce bad debt and the cost-to-serve tend to rapidly increase operational costs, drive up customer complaints, and often do not achieve long-term improvements for DSO. Leading utilities instead adopt a proactive approach that focuses on maximizing revenue and minimizing "revenue leakage" across all areas. For example, they analyze billing, theft/fraud and collections functions to identify opportunities for improving efficiency. Business processes and technologies are also evaluated for enhancements (see Figure 1).

Did you know?

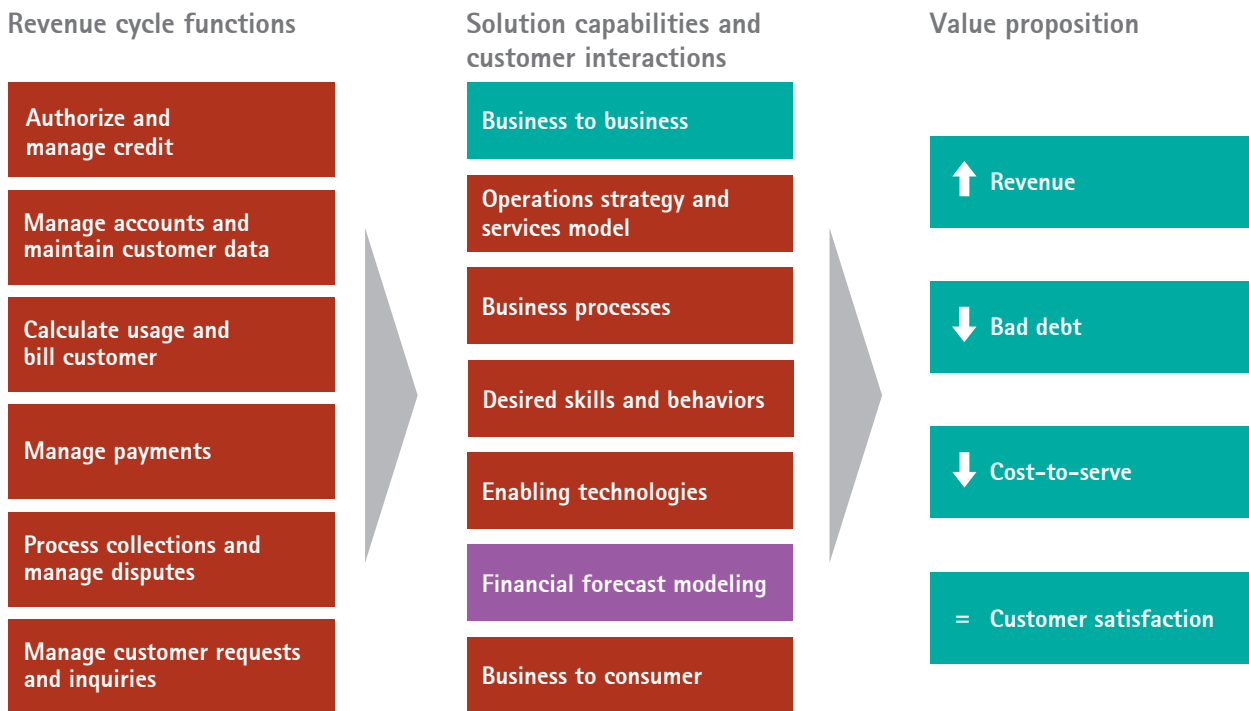
An Accenture September 2008 survey among UK consumers revealed that:

- Energy bills are among the highest household bills and are also considered as critical to be paid in time for 75 percent of respondents.

- One-third of surveyed consumers had delayed paying one or more utility bills in the last 12 months (gas by 30 percent of respondents, electricity by 32 percent and water by 36 percent).
- Consumers expect their utility providers to help them address their debt.



Figure 2. Customer satisfaction can be improved by revenue assurance



Our revenue assurance approach applies across the revenue cycle functions of both the business-to-business and business-to-consumer units in utilities companies.

Accenture's revenue assurance approach

Our revenue assurance approach applies across the revenue cycle functions of both the business-to-business and business-to-consumer units in utilities companies. Utilities manage accounts, payments, credit and inquiries for broad and diverse customer bases. Internally, they calculate usage for billing and implement processes for collections and managing disputes. Improving the efficiencies of these functions is critical to help assure revenues for utilities during challenging economic times.

An analysis of a utility's operations strategy and services model can help identify the gaps that lead to revenue leakage and customer dissatisfaction. Business processes are improved for automation, industrialization and efficiency. Employee performance is reviewed to match a set of desired skills and behaviors. In addition, the implementation of enabling technologies can yield improved financial forecast modeling. Improved modeling can help ensure all forecasted revenue is billed, collected, processed and accounted for across all meter-to-cash functions.

By drawing on our deep industry experience and skills, our revenue assurance solution have helped utilities increase revenues; reduce bad debt and the cost to serve—all while improving customer satisfaction (see Figure 2).

Client example: Revenue assurance optimization for a large North American gas utility

A large retail utility, with more than 1.7 million customers and \$4.5 billion in sales, was facing year-over-year deterioration in collections financial performance. Overdue accounts receivable rose 60 percent over three years, while bad debt grew by more than 40 percent. This utility asked Accenture to help it improve financial performance by optimizing revenue-cycle operations. Accenture launched a revenue assurance optimization program that included improvements across all revenue-cycle functions. Accenture began by conducting a "health check" diagnostic

to perform a comprehensive business assessment and developed recommended actions supported by a business plan. Based on the diagnostic, Accenture teamed with the utility to implement improvements around business processes, desired skills and capabilities, and enabling technologies. The implementation of these improvements delivered significant financial benefits, including a 10 percent reduction in overdue accounts receivable and a 15 percent reduction in bad debt.



Our understanding of key business issues and trends, and applicable technologies and business solutions enables us to deliver innovative yet practical solutions tailored to each client.

We know what it takes to address revenue assurance challenges.

What can you expect when you team with Accenture? You work with professionals who understand the unique challenges of the utilities industry. We see the world as you do and can help your company differentiate itself. Our understanding of key business issues and trends, and applicable technologies and business solutions enables us to deliver innovative yet practical solutions tailored to each client. We bring a breadth of skills, capabilities and assets to help utilities address their revenue assurance challenges, including:

Utilities industry experience

We have built an extensive utilities practice with more than 7,500 specialists who have worked with over 210 utilities in over 43 countries, including many of the world's largest and most innovative regulated and de-regulated electric, gas and water utilities.

Client-ready utilities assets

Accenture has developed many utilities assets, including the High Performance Utility Model, based upon our extensive consulting, systems integration, and outsourcing experience. This model helps utilities assess their performance against industry leaders, jump-start business improvement projects and accelerate program delivery.



Relevant cross-industry revenue assurance experience

Accenture has qualified revenue assurance practitioners within our Finance & Performance Management industry group who have deep cross-industry knowledge and expertise in order-to-cash services.

Accenture Utilities BPO Services

Accenture not only has leading consulting capabilities, but we also have a deep operational understanding based on our business process outsourcing (BPO) services for Utilities. Accenture Utilities BPO Services provides solutions to 14 clients and 15 million customers in North America and Europe.

Accenture High Performance Finance Study

With more than 350 finance executives participating in the research, we gained deep insight into the evolving role of finance operations against a backdrop of increasing globalization and economic change. We have insight into the most pressing challenges facing finance operations executives around the world, how they are faring in addressing these challenges and the strategies and practices that leading organizations are employing to help drive high performance.

Contact us

Accenture's approach to shaping revenue assurance solutions is holistic and designed to help retail utilities navigate through today's difficult environment. We work with companies to chart a successful course to improve revenue performance—and to build the high-performance businesses that can compete and win in a changing environment. We would like to hear about your needs and discuss how we can work together to help your organization advance toward high performance.

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Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With more than 186,000 people serving clients in over 120 countries, the company generated net revenues of US\$23.39 billion for the fiscal year ended Aug. 31, 2008. Its home page is www.accenture.com.