



CUSTOMER TESTIMONIAL: Utility

Hydro Tasmania

- Australia's leading generator of electricity from renewable energy sources, contributing over 60 percent of Australia's renewable energy
- Electricity generating assets valued at about \$3 billion (AUD) with a total generating capacity of 2,262 megawatts
- Oversees 27 hydro, 1 thermal and 2 diesel power stations, and a wind farm
- Headquartered in Hobart, the capital of Tasmania
- 750 employees

"Our line managers are now highly accountable for the profitability of their business. The J.D. Edwards software makes that possible by providing infrastructure for all of the key business processes for budgeting and financial and management reporting."

*Tony Bellamy, Finance Manager
Hydro Tasmania*

Hydro Tasmania Leverages J.D. Edwards to Compete Successfully in Privatized Australian Energy Market

Business Driver: Make the Transition to a Corporate Enterprise

With more than 80 years experience in hydropower design, construction, and operations, Hydro Tasmania has an international reputation for excellence in power generation, asset and resource management, and energy consulting services. Today, with a workforce of 750, the business has custody of the State of Tasmania's 27 hydro, one thermal and two diesel power stations, and a wind farm, as well as 54 large dams for the purpose of water storage for power generation.

Hydro Tasmania has been a J.D. Edwards customer since early 2000, when it replaced a collection of legacy applications with J.D. Edwards integrated general accounting, financial reporting, budgeting, accounts receivable, procurement, and accounts payable solutions. Hydro Tasmania selected J.D. Edwards software after a review of enterprise software products from a number of vendors, including Oracle® and PeopleSoft®. Recently, Hydro Tasmania has implemented additional J.D. Edwards applications, including Project Costing, Project Management, Contract Billing, and Fixed Asset Management.

BUSINESS DRIVERS

- Instill financial accountability as a core value
- Improve asset utilization
- Expand market presence to international arena

Results: Technology Infrastructure for Success in Complex Energy Trading Market

A major element of Hydro Tasmania's proposed future direction is its participation in the National Electricity Market via Basslink, an undersea power cable connection between the States of Tasmania and Victoria. From early 2005, Hydro Tasmania will be exporting its valuable renewable energy into the national market and importing cheaper, off-peak power, thereby setting up an electricity trading regime which will involve the deployment of sophisticated financial mechanisms.

Financial accountability and control are critical for Hydro Tasmania and will be even more so as it faces its challenging and exciting future in the National Electricity Market. "Our line managers are now highly accountable for the profitability of their business," says Tony Bellamy, finance manager at Hydro Tasmania. "The J.D. Edwards software makes that possible by providing an infrastructure for all of the key business processes for budgeting and financial and management reporting."

RESULTS

- Highly accurate financial and management reporting
- Rigorous adherence to budgets
- Flexibility and functionality to compete in a privatized energy market
- Scalability to support expansion into new geographical markets

Improved financial accountability will be especially important for Hydro Tasmania as it begins to sell electricity into the larger Australian marketplace, and markets its consulting services internationally. With its expansion into the Australian market, it will face new challenges. To ensure that it can meet load requirements at any time, Hydro Tasmania is building a 24x7 energy trading operation, and is developing new renewable energy opportunities — principally in wind power generation — which are likely to involve joint ventures with other partners.

"The business changes we are implementing entail a cultural change as well," Bellamy says. "We have to be more organized in our management operations and accountable in our financial operations. J.D. Edwards gives us the flexibility, functionality, and scalability that will enable us to expand the scope and reach of our business in a disaggregated environment."



J D E D W A R D S

"An important factor in choosing J.D. Edwards was its partnership approach, demonstrated with a large base of successful customers. The J.D. Edwards consultants provided guidance for our IT staff who did the bulk of the implementation work. As a result, we saved a great deal of money on the implementation cost, and gained important hands-on experience and understanding."

*Robbie Lehman, Finance Systems Manager
Hydro Tasmania*

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How Hydro Tasmania Got There: Internal Expertise Augmented by J.D. Edwards Consulting and Project Management

Hydro Tasmania initially went live with J.D. Edwards financials in September 2000, replacing several systems, some of which were cobbled together with maintenance-intensive custom code. "There was also a lot of time-consuming, error-prone manual re-entry of data among those systems, but the biggest drawback was that our financial and management reporting did not give us a consistent basis for decision making," says Bellamy. "We were having to make apples-and-oranges comparisons in reports generated by different systems in different departments and projects. With the J.D. Edwards system, we have a high level of confidence in the figures that we didn't have before."

Implementation of the J.D. Edwards software was overseen by Finance Systems Manager Robbie Lehman, with J.D. Edwards providing consulting services and project management. Synateq Pty. Ltd., a local J.D. Edwards business partner, provided technical and business process design. "An important factor in choosing J.D. Edwards was its partnership approach, demonstrated with a large base of successful customers," Lehman says. "The J.D. Edwards consultants provided guidance for our IT staff who did the bulk of the implementation work. As a result, we saved a great deal of money on the implementation cost, and gained important hands-on experience and understanding. By contrast, the attitude of some of the other vendors was to simply present us with a product that they would implement with little participation on our part."

Today, Hydro Tasmania has 480 J.D. Edwards users, 80 of whom are typically concurrent. Most are located at its headquarters in the Tasmanian capital of Hobart, with the rest at 10 sites in Tasmania, on the Australian mainland at an office in Melbourne, and a subsidiary in Canberra.

A key group of users is in Hydro Tasmania's Consulting Division, which is increasingly doing external consulting work. These consultants use the J.D. Edwards Project Costing module to allocate their time on jobs, which goes through the J.D. Edwards Contract Billing module to efficiently create an invoice. The consultants also use the Project Costing function of the system to monitor how well the project is adhering to budget. Other important users are the commercial officers in each of Hydro Tasmania's 50 Responsibility Centers. They use the J.D. Edwards system extensively in procurement and receiving of goods, timesheet oversight, invoicing, and budget tracking.

The Future: Business Process Reengineering

With solid financial and management reporting now in place, Hydro Tasmania is now looking to its J.D. Edwards software implementation as the foundation for business process re-engineering. In the realm of contract negotiations and procurement, Finance Manager Bellamy aims to create processes that will save two percent or more on the hundreds of millions of dollars worth of services and materials procured each year. The J.D. Edwards software also provides opportunities for workflow improvements that reduce costs and speed up processes. "As a hypothetical example, it might cost us \$100 and take two weeks to put a check through the system and process an invoice," Bellamy says. "With the J.D. Edwards system, again using a hypothetical situation, we believe we can get that down to less than \$50 and do it in three days. In other words, in reality, cut the cost in half and reduce throughput time by approximately 80 percent. We expect to achieve significant benefits like these in other key performance indicators as well."

HOW HYDRO TASMANIA GOT THERE

- J.D. Edwards collaborative enterprise software:
 - Financials
 - Procurement
 - Project Management
- Microsoft® Windows NT on Compaq ProLiant 8000 Enterprise Servers
- Microsoft SQL Server database
- Implementation by Hydro Tasmania IT staff
- Consulting and project management by J.D. Edwards
- Technical and business process design by J.D. Edwards business partner Synateq Pty. Ltd.

