

Competitive edge is sharpened by eWorking, enabling more collaborative working, improving customer service and reducing costs

Executive Summary

CUSTOMER NAME

- Centrica

INDUSTRY

- Utilities

CHALLENGE

- Centrica is the UK's largest utility and related services company, with £11 billion (\$20 billion) turnover
- In its drive for competitive advantage and shareholder value it had to address legacy practices and inefficiencies across its multiple locations

SOLUTION

- In 2002 the Centrica board committed to a corporate eWorking programme and radical IS transformation
- People, places and process were joined up and technology enablers simplified and standardised
- Strong leadership focus and use of external experience helped accelerate success

BUSINESS VALUE

- Cost, time and frustration have been saved in the first eWorking wave
- As the improved communication and collaboration capabilities of the eWorking platform are exploited further, even greater customer service and reduced 'cost to serve' will be demonstrated
- Value of over £4 million (\$7.25 million) has been generated and tens of millions of pounds-worth of further benefit is expected as more collaborative working is introduced, management visibility is enhanced and more processes simplified

How does a company with public utility roots, which has grown at breakneck speed into a diversified international operator focused firmly on profits, stay abreast of its own hectic pace of change and increase the value gained from it? For Centrica, a good starting point was a company-wide programme of web enablement, helping the business to communicate better with itself and its customers.

CHALLENGE

For a young company, formed in 1997 by the demerger of the old British Gas, the Centrica story to date has been one of growth and transformation at breakneck speed: entering into the UK electricity supply and telecommunications markets, focusing increasingly on energy and related services, and making profitable acquisitions and disposals. Meanwhile, it has steadily built its position in global energy markets such as North America and Continental Europe.

Centrica is now in the top 40 of the FTSE 100 with an annual turnover of over £11 billion (\$20 billion) having more than trebled its market capitalisation in just eight years. Today it has more than 34 million customer relationships worldwide, including five million in North America, served by 32,000 employees.

Sir Roy Gardner, Centrica's Chief Executive, says: "We do all this with three very clear guiding principles – deepening our relationships with customers, securing competitive energy supplies and creating a more joined up business, where we learn from the things we do well and make our business more efficient and effective."

However with one-third of its employees working in the field and the rest spread across multiple sites, Centrica's



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Internet Business Solutions Group

use of collaboration tools and enabling technologies needed improvement. It urgently needed to simplify and standardise business processes, improve employee communications, and make better use of its knowledge base. Effective use of information and technology was recognised as an imperative for accelerating business advantage, enabling cross-company synergies to be realised.

Sir Roy Gardner continues: “It’s imperative that we understand the technology and related cultural and leadership challenges we face, and the changes we need to make to deliver our strategy. To harness the business benefits that technology can deliver, we’re putting in place the systems and expertise to deliver real value for our customers and shareholders.”

To help accelerate its transformation, Centrica took advantage of the insights and experience of other organisations that were further advanced in their own eWorking programmes. One such company was Cisco Systems. Through its Internet Business Solutions Group (IBSG) Cisco has provided strategic advice and stimulus throughout the last three years, together with access for Centrica executives to Cisco peers including CEO John Chambers, as well as to the leaders of other like-minded organisations globally.

“WE’RE BUILDING ENDURING RELATIONSHIPS WITH BUSINESS PARTNERS WHO SHARE OUR VISION AND CULTURAL VALUES. PARTNERS WHO HAVE A TRACK RECORD OF DELIVERY AND VALUE CREATION – PARTNERS LIKE CISCO SYSTEMS.”

Sir Roy Gardner, Chief Executive, Centrica

SOLUTION

In 2002 a global eWorking programme was launched in Centrica with the assistance of Hetti Barkworth-Nanton, who was recruited as Global eWorking Programme Director.

Hetti, who had previously worked at British Airways where she had been instrumental in driving major benefits from a similar programme, recalls: “One immediate business priority was to link 22,000 of our staff via an integrated corporate intranet. This portal, known as Essential – together with improved communication and collaboration capabilities – was launched in 2003. Business benefit was immediate and we are continuing to extract ever greater return on the investment as reach, adoption and functionality are increased in a continuing multi-year programme.”

The Essential intranet has enabled the development of team working spaces, allowing individual team members to share knowledge and best practice. The system also gives all employees instant access to the latest guidance on policy, process and procedure, while providing sales agents with up-to-date information on products and prices to enable fast and accurate comparisons with what is on offer from competitors. These capabilities have moved Centrica closer to its desired goal of seamless customer service – and greatly reduced the amount of desktop clutter in which staff formerly had to work. It also enabled over 60 separate intranets to be closed down and the whole group now runs off the one single portal.

Andrew Ely, Senior Operations Manager at British Gas, says: “From a customer perspective, dealing with British Gas now we’re using eWorking is a seamless experience. When they contact

us they will be dealing with an agent who is well informed, professional, and able to meet their every expectation. So in the longer term they will want to come back and do business with us again.”

A further benefit has seen improved access to senior executives. Sir Roy Gardner uses the system to convey a weekly message to employees and responds directly to individual comments or queries, while the finance director posts minutes of meetings there. Overall, the effect has been to overcome both geographical distance and organisational separation between managers and staff – contributing to a growing single Centrica company culture – in spite of its disparate locations and the diversity of its businesses.

“EWORKING IS ABOUT GLUE: THE FABRIC OF AN ORGANISATION. IT’S ABOUT ENABLING A FLEXIBLE OPERATING MODEL, AGILE SALES CHANNELS AND INTEGRATION ACROSS OUR BUSINESS, PROTECTING THE SECURITY OF OUR CASH FLOW AND REDUCING OUR COST TO SERVE. GET THESE THINGS RIGHT, RELIABLY OVER TIME, AND YOU CREATE UNASSAILABLE COMPETITIVE ADVANTAGE THAT’S HARD TO REPLICATE.”

Peter Brickley, CIO, Centrica

In March 2003, Centrica appointed its first ever Chief Information Officer, to provide the leadership necessary as the company sought to transform its IS landscape – as well as enabling the extension of early eWorking capabilities, and increasing and accelerating the associated benefits.

Peter Brickley, who filled that global post, explains. “To me, eWorking is about glue: the fabric of an organisation. It’s about enabling a flexible operating model, agile sales channels and integration across our business, protecting the security of our cash flow and reducing our cost to serve. Get these things right, reliably over time, and you create unassailable competitive advantage that’s hard to replicate.”

The Criticality of Transforming IS

As more and more employees globally take advantage of eWorking applications, the flexibility and robustness of the company’s technology platform becomes increasingly important. The aggressive IS transformation plan that Centrica is driving throughout the company includes delivering a standard desktop, rationalising data centres, and replacing fragmented legacy billing applications, whilst at the same time increasing organisational excellence. Forward strategy is centred on a simplified, standardised, secure IP network platform. In combination these improvements will increase reliability and agility, and reduce the total cost of ownership of Centrica’s IT assets and related services.

The IS transformation and eWorking programmes have become inextricably linked. For example, taking IS service delivery to the next level requires growing employee self-service via the intranet, and increasing use of web-enabled tools to improve the effectiveness and efficiency of system management. In addition, the new communication and management reporting tools have helped the IS leadership team drive its transformation programme effectively and efficiently.

BUSINESS VALUE

The support and stimulus offered by Cisco via its IBSG team helped Centrica to shape its initial eWorking and IS transformation strategies, and help many of the specific project teams that evolved. In providing an ongoing external perspective and critique, it has also helped the Centrica leadership to steer progress including being an invited member of both the eWorking and – more recently – the HR Transformation steering groups.

“I was delighted to find such an ally championing the cause of eWorking in this organisation – challenging us to do better, be faster, derive more business value than we’d been doing previously,” says Peter Brickley.

The natural convergence of the initial eWorking and IS transformation activities has provided the platform for a much wider array of innovations to simplify, standardise and automate business process self-service. Transformation teams addressing operations such as HR, Finance, Procurement, Property Management and Mobility have all benefited from those foundations, as well as from tapping Cisco experience and insight.

“EWORKING HAS BEEN A VERY LIBERATING EXPERIENCE FOR BOTH MANAGEMENT AND EMPLOYEES. IT HAS LED TO A MUCH MORE COLLABORATIVE WAY OF WORKING AND IT’S BEEN HUGELY SUCCESSFUL. CONTACT CENTRE AGENTS LOVE IT, TEAM LEADERS LOVE IT, AND MANAGERS LOVE IT.”

Anne Minto, Group HR Director & Executive Sponsor of eWorking programme, Centrica

Centrica’s work to date has been a strategic investment to lay critical foundations for the big prize of sustainable, global competitive advantage. But radical improvements have already been secured in terms of business focus, organisational effectiveness and underlying technology enablers. Areas where advantage is already being gained include the following:

- **Enabling Greater Collaboration and Knowledge Sharing**

Extensive use is being made of leading edge Team Spaces for teams to work effectively together, irrespective of location. The intranet also enables Centrica’s ‘Pulse’ online employee survey programme, replacing laborious paper-based methods. Anne Minto, Centrica’s Group HR Director and executive sponsor for the eWorking programme says: “Last year we exceeded all our expectations in getting over 80 per cent of our employees to respond to the employee engagement survey, which was a huge success for us.”

- **Improving Call Centre Productivity**

Benefits from eWorking in Centrica’s call centres range from an online ‘language line’ facility, enabling agents to rapidly identify other agents with language skills where a caller has difficulty with English, to a new online performance-related pay scheme for call centre agents. In the latter case, the new system was rolled out at a one-off cost of £245,000 (\$443,500), compared to the £200,000 (\$362,000) annual cost of running a manual system, achieving ROI in just 15 months. Andrew Ely says: “With eWorking along with other initiatives, we’ve been able to improve our operations to reduce our cost to serve by over three million pounds per annum.”

- **Giving More Timely Information With Greater Visibility**

Centrica has found that better visibility of information makes an enormous difference. The system has enabled British Gas to highlight poorer performing areas of its Balanced Scorecard, and model the likely effects of target changes. Line managers have much more timely access to critical information for better decision-making.

Hetti Barkworth-Nanton says: “Seventy per cent of people at Centrica told us they feel they know a lot more about Centrica and its business; most importantly, they understand their role within it. Giving line managers visibility of their organisational data directly out of central HR systems has led to a 90 per cent improvement in the quality of our annual reward process.”

Centrica has also seen 20 per cent less calls into its payroll staff since the company put the visibility of expense claim payments on line. Other areas benefiting from better information include merger and acquisition best practice, where standards have been established and are accessed via the Essential portal. Financial reporting has improved with, for example, interim report production time reduced by three days, using a Team Space to establish one version of the truth.

“WE EXPECT TO GENERATE TENS OF MILLIONS OF POUNDS OF ADDITIONAL VALUE TO THE COMPANY AS WE DRIVE FURTHER PROCESS STANDARDISATION AND SIMPLIFICATION AND AUTOMATE MORE OF OUR NON-VALUE ADDED ACTIVITIES.”

Hetti Barkworth-Nanton, Global eWorking Programme Director, Centrica

Anne Minto paints a picture of the impact of the changes: “eWorking has been a very liberating experience for both management and employees. It has led to a much more collaborative way of working and it’s been hugely successful – contact centre agents love it, team leaders love it, and managers love it.”

Expanding the reach of the eWorking platform and the capability that it offers will significantly compound the value that Centrica generates from its eWorking activities.

Hetti Barkworth-Nanton says: “We expect to generate tens of millions of pounds of additional value to the company as we drive further process standardisation and simplification and automate more of our non-value added activities. We will look to extend eWorking capabilities to more of the company’s 11,000 remote workers and to enable our UK, European and North American activities to act together as a single entity through enabling them to collaborate much more closely.”

TECHNOLOGY BLUEPRINT

Major technology steps along Centrica’s journey have included the adoption of SAP and Siebel software for back office and customer care functionality together with HP databases and Plumtree portal software, plus Cisco networking technologies, both wired and wireless.

The network is a fundamental basis of Centrica’s strategy and success overall, in linking

and integrating all relevant parts of its business. As CIO Peter Brickley puts it: “What does the network mean for me? It’s an integrated set of people, places and business processes, fundamentally connected by the Internet Protocol, IP. Without this you can’t create the value of eWorking.”

Cisco’s expertise as global leaders in this area has made them one of Centrica’s chosen strategic suppliers to help shape and realise the company’s vision. As Sir Roy Gardner explains: “We’re building enduring relationships with business partners who share our vision and cultural values. Partners who have a track record of delivery and value creation – partners like Cisco Systems.”

On Cisco’s contribution to date, Anne Minto comments: “Throughout the last three years as the project has developed from its very infant state through the launch and beyond, Cisco have been with us all the way. As an invaluable partner, they have guided and helped us and have been a sounding board to many ideas and suggestions.”

Hetti Barkworth-Nanton concludes: “Cisco’s insight and advice have proved invaluable and have significantly accelerated our time to value.”

MORE INFORMATION

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