

IFS provides corporate solution for Polish energy group

Poludniowy Koncern Energetyczny (PKE) is the biggest electricity supplier in Poland, with 17 percent of the domestic electricity market and 16 percent of the local thermal power market. PKE has 6,800 employees.

The first IFS client in Poland was the Laziska power plant, in 1992, implementing S4 Financials and S4 Maintenance (both forerunners of IFS Applications). In 1993, the Jaworzno III power plant implemented an IFS solution. Both power plants subsequently upgraded to Applications 99, deploying IFS Financials™, IFS Maintenance™ and IFS Distribution™. In 2000, IFS Applications was implemented in the Siersza Power Plant, with additional deployments of IFS Document Management™ and a dedicated module for coal-based power plants.

The challenge

PKE was established to achieve the economic potential required to face competition after the deregulation of the energy market and to increase the value of the company. This meant that the organization of the enterprise had to be improved, and more efficient management methods were needed to facilitate cost reduction, improve credit rating and increase company potential.

The first stage was to deal with legal and structural issues.

The solution

To ensure a lasting evolution, a flexible system was needed to improve software and adapt it to the current business processes. This solution, and the methodology to go with it, was provided by IFS.

Piotr Tudzierz, head of IT development, comments, “Our power plants used different financial and accounting applications running on different software platforms. Even IFS solutions in use at three power



plants contained different charts of accounts and were adapted to the specific needs of each organization. However, since all applications had a common user interface, we had a group of people familiar with Unix and Oracle databases and a large group of well-trained IFS Applications users.”

Implementation

Krzysztof Zawadzki, project coordinator for operational accounting integration, adds, “We had to create a uniform chart of accounts for all the companies when the group was set up and to meet new legislation. A uniform chart of accounts was also a prerequisite for the implementation of a uniform management support system.”

When the solution framework was ready, an IFS Financials implementation team was appointed. The team included about 70 employees from all units in the group.

Benefits

One month after go live, all mandatory reports were submitted on time.

The core financial system has currently 320 users, who directly deal with accounting, financial analysts, planners and budget supervisors. The users are located in eight PKE power plants and headquarters in Katowice Szopienice (where the database server for IFS Applications is deployed).

Data from PKE units are stored in a single database, which enables detailed analysis of financial and accounting events within the company. The database is accessed via star topology links from all company sites. Only application servers and customer terminals operate on a local level. All links use ATM fiber optic technology (2MB transfer), while communication between headquarters and central network node is provided by means of wireless 10x2 MB links. In case of emergency, ISDN line backup can be provided automatically for each link.

Piotr Tudzierz comments, "We migrated to IFS Financials without having to run the old and new systems in parallel thanks mainly to the training our administrators and users received from IFS."

With the multi-company functionality in IFS Applications, each power plant is defined as an individual company, with its own data and chart of accounts. Headquarters' chart of accounts is more detailed and covers all accounts used in the company. Charts of accounts for individual power plants are treated as "subsets" of the central chart and do not need to be so detailed. A high level of detail in the headquarters' chart of accounts allows comprehensive registration of accounting events, which is of less importance in individual power plants.

Benefits of scale have also been estimated, as some company operations will be performed at headquarters. These include centralized finance, a uniform trading partner database, and payment

tracking. Moreover, centralized management makes it easier for a company to revise its insurance policies as well as fuel and materials management. All this simplifies asset management and helps enhance relations with fuel providers.

Centralized financial management significantly improved all kinds of reporting, including actual and managerial reporting. IFS has also made it easier to retrieve information from the system via IFS Personal Portal. To use the portal, users simply need to define the type and scope of data they require, which facilitates work for PKE managers.

Krzysztof Zawadzki adds, "PKE has prepared guidelines for further implementations. Highly trained employees will constitute an in-house training force, which, given the range of implementation, will positively affect our bottom line. Furthermore, horizontal transfer of knowledge is often more efficient than training led by experts."

PKE is considering solutions for data warehousing and business analysis.

Software

- IFS Financials – all 9 operational units;
- IFS Distribution – in Jaworzno, Laziska and Siersza;
- IFS Maintenance – Jaworzno, Laziska, Siersza;
- IFS Document Management – Jaworzno, Siersza;

Hardware

- Headquarters – IBM RS/6000 M80, H80 in HACMP cluster;
- Jaworzno Power Plant – IBM RS/6000 S7A, H50 in HACMP cluster;
- Laziska Power Plant – SUN 450, Solaris;
- Siersza Power Plant – SUN 450, 250 in cluster, Solaris;
- 1600 IFS Applications users.