

**THE ORIGINS OF ORIGIN'S
TRANSFORMATION:**
From Traditional Utility to
Energy Retailer

About Wipro Consulting Services

Wipro Consulting Services helps companies solve today's business issues while thinking ahead to future challenges and opportunities. As a business unit of Wipro, one of the world's leading providers of integrated consulting, technology and outsourcing solutions, we bring value to our clients through end-to-end business transformation – think, build and operate. Our model for the  **21st Century Virtual CorporationSM** includes implementing lean process transformation, exploiting new technology, optimizing human capital and physical assets and structuring next generation partnering agreements that create value and win/win business outcomes for our clients.



THE ORIGINS OF ORIGIN'S TRANSFORMATION: From Traditional Utility to Energy Retailer

Origin Energy is one of Australia's leading energy companies, exploring, generating and retailing energy throughout Australia, New Zealand and the southern pacific region, with some 4,000 employees.

In 2008, Origin Energy's Retail business found itself at a crossroads. The company had certainly been growing over the past 10 years, primarily as a result of a series of acquisitions, to become one of the top utilities in the country with three million customers and some 1,400 employees and contractors. It had 20 percent market share and was the most profitable of Australia's energy retailers.

But, deregulation in the mid-1990s meant it was dealing with new competition and several years into a new century the utility was still employing a very traditional way of doing business with customers that included door-to-door sales calls. Origin's customer churn was significant; they were effectively replacing their customer base every four years, according to the Retail General Manager Phil Craig.

They recognized the need to grow organically, not through acquisition. That meant they needed to be more customer-centric and expand their product portfolio. In short, they needed to be a more entrepreneurial organization. Their strategic goals were to grow earnings, make Origin Australia's most respected brand, and assist their customers in reducing carbon emissions.

Previously the organization had launched a CRM upgrade to help them add more customers, products, and services – but the upgrade did not deliver all the capability required, causing tremendous organizational pain for another 18 months. Not only did this make it difficult internally for Origin's employees, it created poor customer service delivery and couldn't support innovation. Origin's management realized they either had to make continued investments in their existing system to fix it or look for another solution.

They opted for a new solution but also came to realize that hand-in-hand with that new solution they needed an organizational transformation that would align the new technology platform with a new operating model and together deliver the desired 'future mode of operation' they sought. Through an involved selection process, Origin chose Wipro to partner with them to achieve these goals.

Picking a Partner

Initially, Origin's management focused on a new system platform. "Three years ago, it occurred to us that we needed to do something about the technology architecture," recalls Craig. "Our systems didn't talk to each other, we had no single view of our customers in our call centers, and it was costing us money. We wanted to behave like a strong competitive retail business and we looked at our core competencies and realized we didn't have the actual resources to address sales, marketing, and customer management. We started looking at a new system platform but realized we had the cart before the horse and needed a partner."

According to Nazzareno La Gamba, Origin Retail's Strategy Executive, one of the reasons the company embraced Wipro was their focus on continuous improvement, innovation, and organizational cultural fit.

A partner who they could trust with the employees they would be transferring; a partner to challenge and evolve their thinking and enable their transformation; a partner to manage and deliver the systems platform.

Origin's search began in earnest in February 2008 and eventually they narrowed their choices to three providers, which led to WIPRO being selected as the successful partner and SAP as the technology solution. According to Nazzareno La Gamba, Origin Retail's Strategy Executive, one of the reasons the company embraced Wipro was their focus on continuous improvement, innovation, and organizational cultural fit.

The attraction of SAP was that their solution would provide an integrated platform, and as Felicia Brady, Origin Retail's Executive for Capability and Change, points out, "Our pain came from a lack of integration and SAP solved that problem."

But, even more important, say each of these executives, the choice of Wipro was the values and cultural fit. "We felt if things got tough, Wipro would want to negotiate with us and find a solution together," explains La Gamba. "It was more of a partnership type of arrangement we were looking for, instead of just a supplier. We felt we could work with them and it would be a mutual partnership in the long term that would benefit us."

Mark Sherratt, a Wipro partner for energy and utilities business transformation, has been the project's lead consultant and recalls that they also had a different approach to the bid than their competition. "We were prepared to go in and do transition work prior to doing the transformation," he notes. "Others wanted to do the transformation first but we wanted them to see some initial benefits as soon as possible. Our advantage is that, to us, transforming an organization when in a global model is not a big issue. We're already a globally distributed company." So shifting low-risk jobs first would give Origin immediate tangible benefits.

First, the Transition

The transition lifted about 30% of Origin Retail's base of 1,400 employees and contractors and transferred them to Wipro. These were primarily back office processing positions in billing and cash collection. Wipro now looks after account set-ups, billing and credit issues. The project came in on time and within budget.

"Our task for the first year was huge – to complete the transition seamlessly, locating the employees to locations in Adelaide and Melbourne," says Manoj

Variar, Wipro's Account Director for the Origin account. "It's been very successful and is considered a huge achievement."

Craig agrees. "The process went very well, it was a smooth transition and we had external stakeholders here who hadn't realized we had outsourced, which is good," he says.

In fact, notes La Gamba, "We were worried about problems with unions and staff, but it went very smoothly. That gave us a lot of confidence that Wipro had the ability to deliver and we realize now that is one of their core strengths."

Then the Transformation

Essentially, Origin was taking two linked journeys. One was the IT project, the other was business transformation. With the transition underway, Sherratt led Origin's management through a series of workshops that challenged their thinking across business vision, brand and employee values, customer and product strategy, operational and service excellence drawing on best practices from their local competition, global best practices in energy retailing, and best practices in the telecom, retail and retail banking industries.

"Together we identified and prioritized 11 key capabilities for retail," Sherratt explains. "From there we agreed on an achievable set for them and jointly identified the competencies needed achieve those capabilities."

Some, he points out, were obvious. They needed to build on their continuous improvement activities, implementing a broader Six Sigma program. Origin needed a stronger focus upon credit risk management; and they needed deeper customer insight, differentiated service management, and improved customer advocacy so they could understand customer issues and solve them more effectively.

Additionally, the Wipro team worked with Origin to develop key metrics to drive the new operating model. The define phase of this process took about three months, followed by seven months of design integrated with the 'SAP blueprinting' activity on the systems project.

"The part of the work that Mark did in leading the design phase was valuable," says La Gamba, "because for the first time we were able to step back and tackle key strategic pieces. We realized we needed to change and Mark was the catalyst."

"We were an organization that was product-led and we needed to make a shift to being customer-led," La Gamba continues. "We would build products and find customers to sell to instead of identifying customer needs and building products to those needs."

So, he explains, customer segmentation has changed. It's now based on seven behavioral groups around which quantitative research is done on their needs today and in the future. Product development is now aligned with each segment. The segmentation has also helped Origin profile high-value customers to grow their share of the market in that base. These could be customers who are young families whose consumption would grow over time, customers with an interest in green products, and those who want premium services.

For Craig, the design workshop process was critical in that it forced management to stop and think deeply about what they were trying to achieve, instead of just writing out requirements and leaving it to Wipro to build them for them. "It's fed into marketing, sales, operations groups, and segment strategy," he says.

"The workshops drove the way we shaped our culture and our skill development. It's behind how we approach brand, customers, and the link between technology and business outcomes. The legacy will be there for years."

"It was a watershed pause in the process that we had our thinking right before launching into the doing and the building. Wipro challenged our thinking but enabled Origin to drive the approach. We could own it. It was a really strong contribution to get Origin to get our own thinking around what we want to do. And that's why it continues to evolve. The workshops drove the way we shaped our culture and our skill development. It's behind how we approach brand,

customers, and the link between technology and business outcomes. The legacy will be there for years."

A New Platform for Change

For all these new transformative concepts to be a reality, Origin needs an IT platform that supports them. That part of the project is still underway and is expected to be completed in the summer of 2011.

"This is a world-class system," Craig says. "The SAP solution meets our current needs and we understand they will continue to invest in R&D to drive innovation through their technology, which fits well with our aspiration of growth and innovation. Craig recalls visiting SAP's Melbourne offices and the quizzical response the presenter had when someone asked a question about how data changed as it went through the system. "He didn't understand the question because data never changes, never corrupts or is inconsistent. Everyone there looked at each other and thought, 'We could go one way and get flexibility or we could get data integrity'. We loved that."

The SAP system essentially was developed around Origin's customer service strategy and business processes. A critical component has been the customer self-serve function that will allow customers to manage their accounts and their products and services. Not only will this reduce Origin's cost to serve but it should satisfy customer needs, enable different service levels for different customer segments, and provide customer insights to Origin as they manage customer service and build new products based on customer needs.

The SAP system is built and is now undergoing several phases of testing. They have planned for phased releases, and according to Varier, that's when most of the work from the product perspective will finish. The plan is to train all staff not only on the new system, but on processes, so they have a better understanding of the business and the customer experience. "That's the biggest piece of work that's picking up steam now," he says.

"We're close to the original schedule and budget, which is almost unheard of," Brady notes, "for projects as large and complex as ours."

La Gamba estimates it will be 18 months before Origin starts to see churn benefits. "Once the technology platform goes live, our focus remains on stabilizing the new platform and getting our people comfortable with the new system, and then we'll be able to accelerate our strategy of delivering new products and propositions to our customers. Right now, our focus is on completing testing successfully and getting ready for implementation."

For Origin Retail's General Manager, the process began with fixing an unintegrated legacy system and ended up as a revolutionary step for the organization that is turning them into a 21st-century retailer to reinforce a brand that is becoming synonymous with innovation and sustainability. By this time next year he expects the new platform to be up and running, their people trained and confidently using the new systems and processes.

"We've changed our structure and changed our culture," says Craig. "We're going to move into an Origin-dedicated building configured to support our culture instead of being spread out. We're touching every part of retail. Every person and the way they do their job day to day will be impacted by this transformation. I'm looking forward to when we'll have everything in place to look into a new world and be a leader there as well."

For Kirk Strawser, Wipro's Global Head of Consulting, the Origin engagement is an endorsement of the step change in capability that the consulting group has brought to Wipro over the past three years.

"The surprise factor will be the transformational piece," he says. "It's not what we're expected to do. We both modified the SAP solution and targeted a future mode of operations for the customer. It's a rare example of doing the most complex type of transformation. We can help our customers to change the way they do business."



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