



The Performance Management Exchange

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The Hockey Hall of Fame

Customer Success Story – Hydro One



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Company Overview

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Company Overview

- ❑ Ontario's largest transmission and distribution company
- ❑ Approximately \$24 billion in total assets
- ❑ 2015 revenues of over \$6.5 billion
- ❑ Delivers electricity to over 1.3 million customers across the province of Ontario, and to large industrial customers and municipal utilities

Company Overview

- ❑ Wholly owned by Province of Ontario until November 2015
- ❑ In November 2015 Hydro One and the Province completed an IPO on the TSX of approximately 15% of Hydro One's common shares
- ❑ In early 2016 the Province sold an additional approximately 15% of Hydro One's common shares

Company Overview

Criticality of BPC Project

- ☐ IPO involved creation of a new Holding Co and change in Corporate Structure
- ☐ Company has recently made certain acquisitions that are anticipated to continue operating on a stand alone basis
- ☐ In 2014 entered into a partnership with Saugeen Ojibway Nation
- ☐ BPC will be leveraged for consolidation of potential future acquisitions or business combinations

BPC Project Overview

BPC Overview

Project Goals and Objectives

- ☐ Streamline financial close and consolidation process (reducing cycle time)
- ☐ Improve reporting efficiencies and flexibilities
- ☐ Reduce manual consolidation entries and inter-company matching/eliminations
- ☐ Baseline of current processes established for comparison to those impacted by BPC

BPC Overview

Project Goals and Objectives

- ☐ Configure solution while considering potential organizational/business changes
- ☐ Enable the company to avoid system and technology infrastructure-related costs that would have been required in the future
- ☐ Enable alignment with enterprise-wide SAP strategy and lay the technical foundation for future overall system integration and performance improvements

BPC Overview

Project Challenges

- ❑ Current instance of BPC Planning on v7.5 needed to be upgraded to v10.1, which required upgrade of the company's BW landscape from v7.3 to v7.4
- ❑ Project dependency (for BW 7.4 Upgrade) on a parallel project (Hydro One BW on HANA) meeting objectives and go-live timeline
- ❑ Data gaps in existing ECC/BW systems that needed to be resolved for BPC Flows and Inter-Company Matching & Eliminations to effectively work
- ❑ Cleansing and readiness of historical data for conversion
- ❑ BPC Consolidation had to go-live by October 2016 to allow parallel reporting before December year end

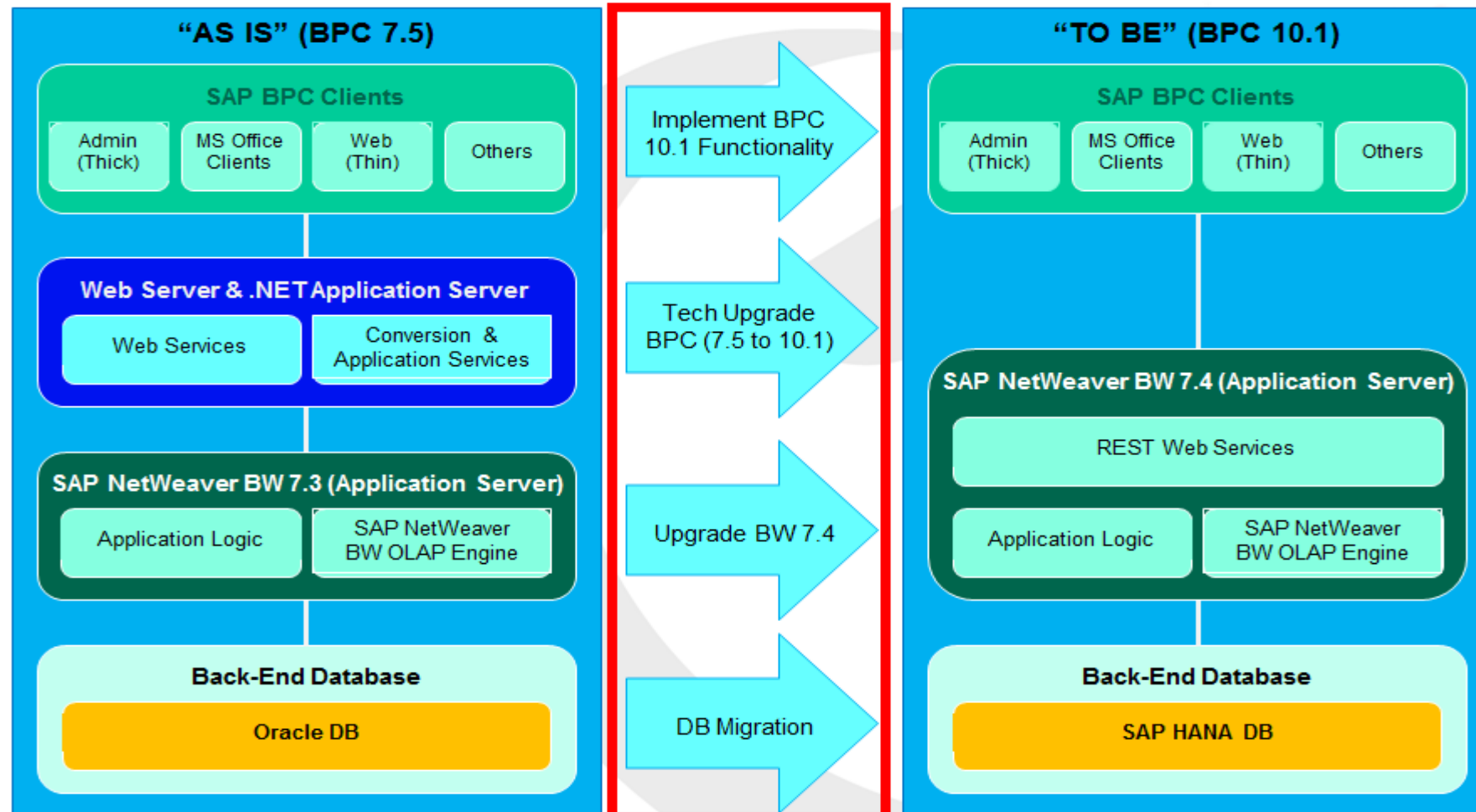
BPC Overview

Historical Data Challenges

- ❑ Intercompany eliminations were manually posted in an “elimination company”
- ❑ Trading Partner functionality in ECC was not being used for intercompany transactions
- ❑ Mapping ECC Fixed Asset sub-ledger movements to BPC flows

BPC Overview

Overall Technical Architecture



BPC Overview

SCOPE

Business Process

- Balance Carry-Forward of Prior-Year Balances
- Matching/Elimination of Inter/Intra-Co Transactions
- Elimination of Ownership-related Transactions
- Aggregation and Consolidated Report Generation
- Generation of Entity-level Key Financial Reports

Functional

- Standard Consolidation, Control & Ownership Manager
- Standard Administration (Dimension, Model, BPF's)
- Standard System Reports (BPFs, Security, Audit)
- EPM Add-In for Excel User Interface
- Existing Cost Reporting Functionalities (Planning)

BPC Overview

SCOPE

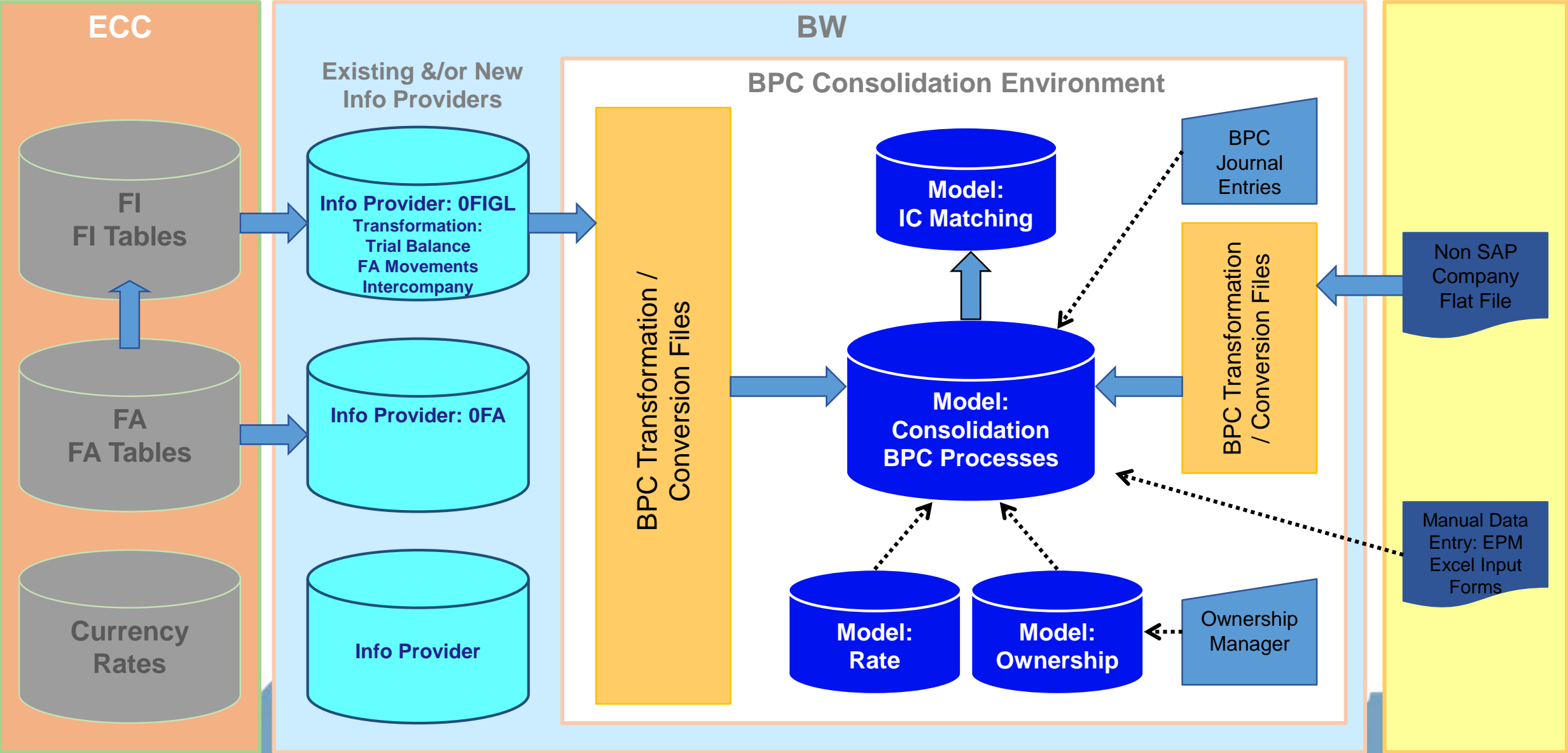
Development Objects

- Reports critical to Elimination and Consolidation
- Interfaces required to pass data from Source to BPC
- Business Rules to automate key calculations
- Workflows to control/monitor consolidation activities
- Other requirements not pre-requisite to Consolidation

Technology

- Implement BPC v10.1 Consolidation Solution
- Implement EPM Add-In Reporting capabilities
- Technical upgrade of existing BPC v7.5 to v10.1
- Migration of BPC v7.5 Planning functionalities in use
- Upgrade to BW7.4 (leveraging HANA Project)

BPC Consolidation: “TO BE” Data Flow/Context Diagram



BPC Overview

2 Phase Structure

☐ Phase 1

- Core consolidation functionality including inter-company matching and elimination entries
- Key Financial Statements including Balance Sheet, Income Statement and Trial Balance

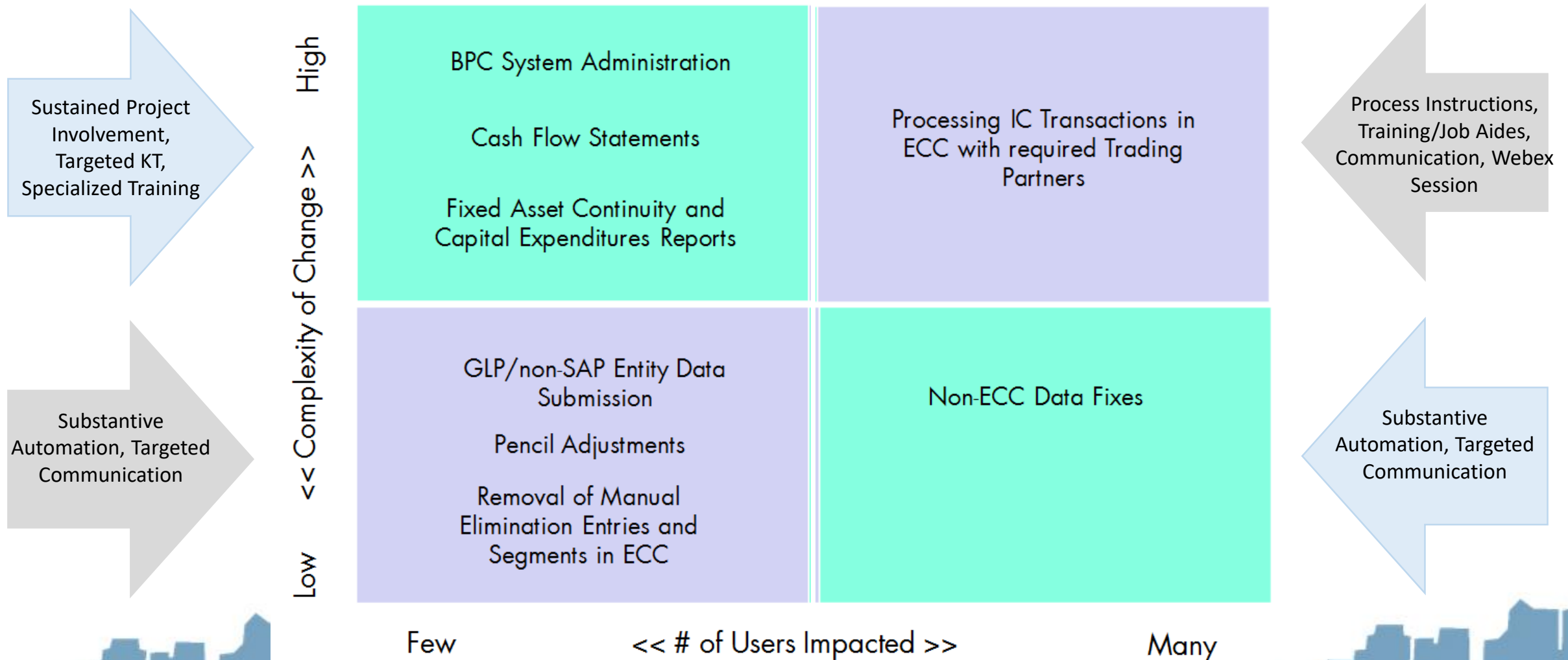
☐ Phase 2

- Additional reports including Cash Flow and Fixed Asset Continuity

Schedule flexibility allowed us to move some reports to Phase 1 which allowed Phase 2 to be completed ahead of schedule

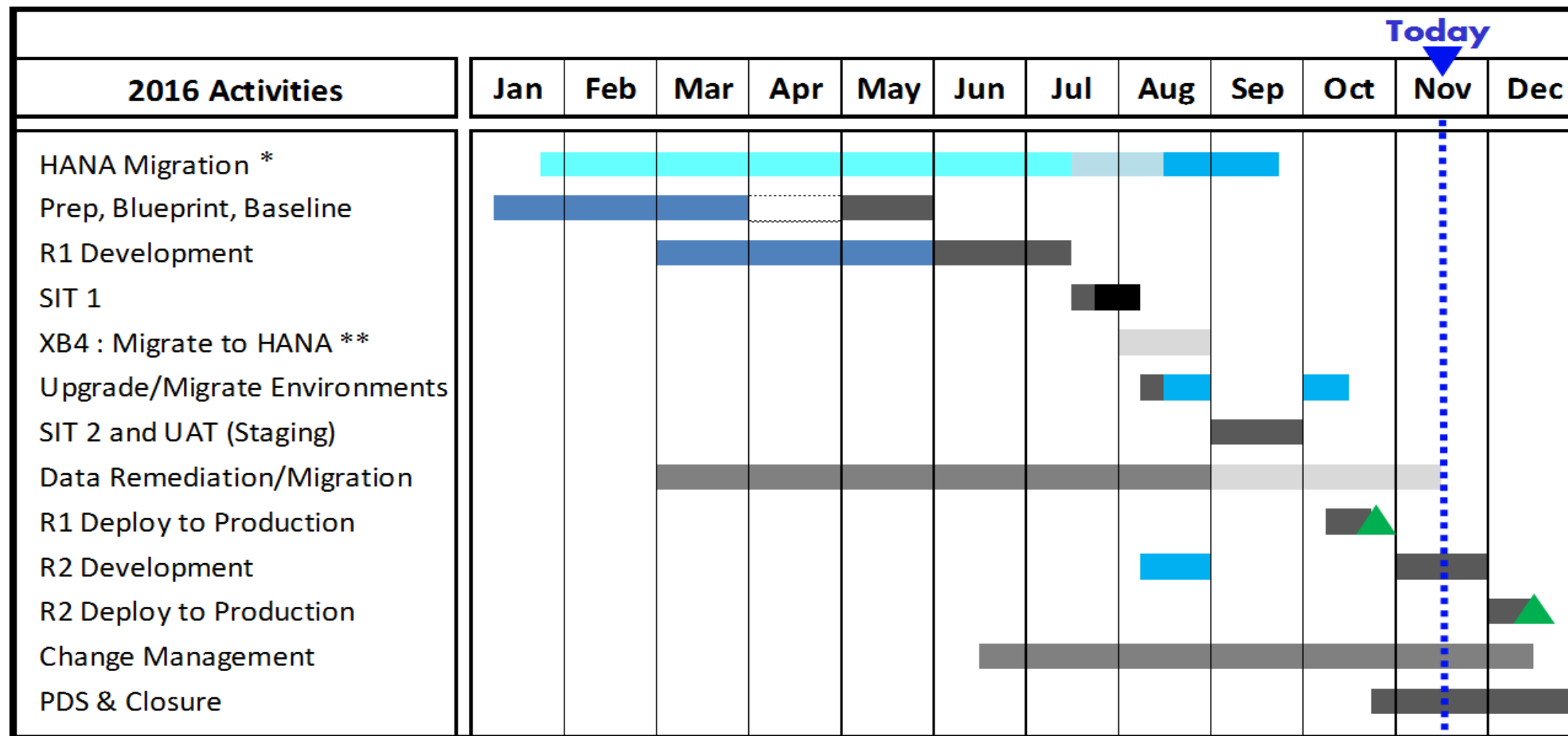
BPC Overview

Strategy for Managing Change & Achieving Business Readiness



BPC Overview

Project Timeline



BPC Overview

Keys to Success

- ☐ Addressing data issues in source system in preparation for BPC go-live
- ☐ End users involved with project from early stages
- ☐ Early training of end users
- ☐ End users involved in both System Integration Testing as well as User Acceptance Training
- ☐ Robust Project Management process

BPC Overview

Benefits

Particulars	Timeline before BPC	Expected Timeline after BPC go-live	
Interface / Data Loads	At least 10 minutes	2-3 minutes	
Inter-Company Matching (Report)	None	1 minute	
BPC Controls	17 – 20 minutes	1 minute	
Consolidation Process	1 day	30 seconds	
Monthly Flash Reports	30 – 40 minutes	15 minutes	
Consolidated Financial Statements	1 hour	Report runs in seconds	
Cash Flow Statements (CFS)	~ 20 hours per CFS	90 – 95% of information retrieved automatically	
Quarterly Analysis Package (QAP)	Half day	Runs in seconds	
Fixed Assets Continuity Package	7 - 8 hours. No drill-down	Runs in seconds	
Capital Expenditures Package	1 – 2 hours	No longer required	

Thank you!

