



E.ON ENERGIE

MORE FREEDOM FOR STRATEGIC HR MANAGEMENT THANKS TO SHARED SERVICES

“The shared service center increases the value proposition of HR operations. It relieves HR of time-consuming administrative functions and creates more freedom for strategic tasks.”

Jürgen Schmid, Head of E.ON Personal Direkt, E.ON Energie AG

QUICK FACTS

Company

- Name: E.ON Energie AG
- Location: Munich, Germany
- Industry: Utilities
- Products and services: Electricity and gas generation, distribution, and services
- Revenue: €41 billion (2008)
- Employees: 44,000
- Web site: www.eon-energie.com
- Implementation partner: SAP® Consulting

Challenges and Opportunities

- Realign the HR organization
- Implement a shared service center
- Gain acceptance by employees, HR department, and workers' councils

Objectives

- Improve efficiency and quality of administrative HR services
- Relieve HR department of routine requests
- Improve service quality
- Reduce costs through consolidated processes
- Increase transparency in HR matters

SAP Solutions and Services

- Employee interaction center based on the SAP Customer Relationship Management application
- Consulting, process design, and implementation services by SAP Consulting

Implementation Highlights

- Standardization of key business processes for billing, travel costs, and time management
- Project completion within budget and time frame

Why SAP

- Comprehensive functionality of employee interaction center for order processing in shared service center
- High integration capability
- SAP know-how at E.ON Energie

Benefits

- More efficient role possible for HR employees through organizational division of administrative and strategic tasks
- Synergy effects through increased IT operations in decentralized units
- Higher value proposition for HR
- Additional increase in efficiency through optimal use of innovative technologies
- A sustainable HR organization that creates flexibility and facilitates additional standardizations in the future

Existing Environment

- SAP ERP application
- SAP ERP Human Capital Management solution



Human resources management at E.ON Energie AG is setting a course for the future. The energy supplier has consolidated the administrative HR processes of its various divisions into a shared service center. The new organizational structure is supported by an employee interaction center based on the SAP® Customer Relationship Management (SAP CRM) application. Consequently, E.ON Energie is increasing efficiency, transparency, and the value proposition of its HR performance.

Decentralized structures are a key to success for E.ON Energie. One of the biggest private energy companies in Europe, the organization can now cope with regional market differences. With headquarters in Munich and seven regional supply organizations in Germany, E.ON Energie reaches from the Danish border in the north through to Bavaria, in the southernmost part of Germany. Over 100 locations guarantee comprehensive customer coverage.

However, structural growth over time led to redundant HR processes at E.ON Energie and an almost unmanageable multitude of regulations. Until recently, dealing with its more than 30,000 employees and almost 35,000 retirees in Germany had been carried out at multiple individual locations. Additionally, HR departments in the various company divisions had followed different regulatory and organizational models.

Administrative Tasks Consolidated

In 2006 the company decided to establish a modern, future-oriented HR organization in Germany. E.ON *Personal Direkt*, a central shared service center based on an employee interaction center, consolidated administrative HR services of the company's various divisions – from accounting to time management. This realignment has enabled E.ON Energie to create more transparent and higher-quality HR processes. At the same time, more efficient operations are leading to lower costs. E.ON Personal Direkt is also increasing the HR value proposition, since HR departments are relieved of time-consuming administrative functions. This now offers HR staff more freedom to concentrate on strategic tasks such as consultation among managers.

E.ON Energie is basing the new structure on two strategic approaches: E.ON Personal Direkt serves as a central shared service center, and E.ON HR

Management has taken over strategic HR work in the company's divisions. This structure reflects the service concept of the new alignment. HR acts as a service provider, bringing high-value services to its customers – the management.

First-Class IT a Success Factor

It was clear to those responsible at E.ON Energie that SAP software should become the technological basis for restructuring. "Success factors for an effective shared service center are first-class employees and first-class IT," stresses Hendrik Döll, who is responsible for communication at E.ON Personal Direkt. The company's HR department had already decided that SAP software would form the basis of its business software systems. The SAP ERP Human Capital Management solution is the Europe-wide foundation for HR processes.

This turned out to be a farsighted decision with respect to the structure of the new HR organization. "A unified SAP platform across the entire company simplified integration of E.ON Personal Direkt, from the start. Consequently, we were able to design and implement general processes faster and more cost-efficiently," says Jürgen Schmid, head of E.ON Personal Direkt. To provide IT support to the shared service center, E.ON decided to implement an employee interaction center based on SAP CRM. The software offers all necessary functions for standardized and process-oriented work at E.ON Personal Direkt, such as information, contract, and process management.



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Sound Process Expertise

The energy company also decided to bring SAP expertise on board, when designing the new HR structure and implementing software. SAP Consulting, functioning as a consulting and implementation partner, worked closely with those responsible at E.ON to develop a shared service center operational model. Additionally, consultants provided support in identifying the most important standard processes, such as billing, time management, and travel costs, and helped implement the employee interaction center, from the blueprint stage to system stabilization following deployment.

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Hendrik Döll, Head of Communication at E.ON Personal Direkt, E.ON Energie AG

“SAP Consulting provided competent support in many services. From the design of our HR reorganization through to implementation, we have profited from the team’s know-how. Through close contact with internal SAP experts, our questions were answered along the way,” stresses Schmid.

Moving Gradually to a New Structure

On November 1, 2007, right on schedule, E.ON Personal Direkt went live with the employee interaction center. Since its successful deployment, the new organization has gradually been taking on its final form. The over 20 company divisions have been progressively transferring their administrative HR tasks to E.ON Personal Direkt. In October 2008, the transformation was largely concluded.

Gradual advancement is showing its worth. Change in HR is a sensitive topic that affects everyone. When HR specialists hand over some of their tasks, employees lose direct contact with trusted partners regarding HR questions. Another important factor: employees need to become accustomed to new processes. “Previously, our experience had been that a faster and more competent service is more important for our employees than personal contact. Success for E.ON Personal Direkt depends on acceptance,” stresses Döll.

Above all, E.ON Energie meets this challenge with openness and cooperation. “From the beginning, we have closely involved the workers’ council in the project, and we regularly inform them of what we are doing – especially, why we are doing it. Employees and management were also provided with detailed information prior to the start of the project. And we benefit from word-of-mouth advertising. When initial divisions of the company have good

experiences with E.ON Personal Direkt, subsequent divisions approach the new challenges in a much more positive way,” says Döll.

Improved Transparency

The new structure provides advantages for all those involved. Employees now have direct access to their relevant HR information. E.ON Personal Direkt provides collective know-how in the form of an HR encyclopedia in the employee portal. Here, one can find information about company agreements, assignments abroad, or parental leave. The HR encyclopedia, compiled by HR and workers’ councils of various business units, documents all of the company’s regulations for the first time. This unprecedented transparency provides an enormous benefit for E.ON Energie. Role-specific access for employees, management, HR staff, and workers’ council members guarantees that each person obtains only the required information.

Employees without access to the portal, or those wishing to inform themselves, can call HR Direct Consulting. This newly created unit is the first point of contact for all employee requests related to HR. In the future, some 80% of all requests will be answered here. If help cannot be provided by telephone – for example, if payroll data needs to be checked – requests are forwarded to experts in the back office.

Finally, HR departments in the divisions respond to the few questions that the back office cannot – or is not allowed to – answer. Schmid expects that almost all requests will be handled directly, and only a small percentage will reach the company divisions.

“The employee interaction center offers optimal support for our shared service center. Each request can be passed on to the right person through our network, without media disruption. Post-it notes belong to the past,” he explains.

Freedom for Strategic Tasks

However, E.ON Personal Direkt hasn't taken over all HR tasks. Certain topics, such as questions related to partial retirement or professional development, remain within company divisions. These are part of strategic HR management, to which management and HR directors can now pay considerably more attention.

In turn, E.ON Personal Direkt achieves synergies through standardized, consolidated processes focused on different areas, and raises the efficiency of administrative activities – the number of transactions per processor increases. E.ON Energie is aiming for a marked transaction-rate increase.

Portal-based employee self-services provide further relief from routine tasks. Employees can submit business trip or vacation requests electronically, or book seminars themselves. Documents such as doctor's notes are scanned in the central mail room and forwarded using software. “We profit from innovative technology in many respects. Most data is now sent directly into the SAP system without media disruption. Possible sources of error are reduced, and data is no longer lost,” says Döll, explaining other advantages.

The new structure provides E.ON Energie with advantages all along the line. Tighter, more transparent administrative processes create crucial freedom for strategic HR tasks – a significant competitive advantage, given the increasing skills shortage. As a result, E.ON Energie is fit for the future.

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