OUTSYSTEMS
ENECO GROUP

ANALYST
Seth Lippincott

THE BOTTOM LINE

Eneco Group deployed OutSystems to develop user-friendly applications to improve the digital experience for its end-customer. Operating in a highly competitive market, the company leveraged OutSystems to differentiate itself through innovative services that helped retain customers and maintain profitability. Nucleus found that Eneco was able to implement OutSystems and start building applications quickly, increasing developer productivity and delivering products to market faster.

ROI: **258%**
Payback: **0.4 years**
Average annual benefit: **€3,429,563**

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THE COMPANY

Eneco Group is a collection of Netherlands-based natural gas, electricity, and heating companies. Headquartered in Rotterdam, Eneco serves over two million residential and business customers. With the ambition to provide sustainable energy, Eneco has invested in sustainable energy projects and energy saving measures delivered to its customers. The company is divided into divisions that focus on different aspects of the business including generation and storage, energy trade, heating and cooling, smart energy, installation companies, and international ventures.

THE CHALLENGE

Eneco faced the challenge of a highly competitive market with the need to differentiate itself and deliver a better customer experience. In the energy market in the Netherlands, grid operators are required to be separate entities from energy suppliers and operate in a free market. Because Eneco sells a commodity, its business model was under pressure. In the Dutch market, margins are low and the yearly turnover is high. Eneco realized that competing only on price was not a sustainable business model and that it needed to develop new products and services that customers valued.

Cost : Benefit Ratio | **1 : 3.0**

THE STRATEGY

Eneco had three scenarios that it analyzed when determining how to move forward:

- The company had an Oracle legacy system that it could revamp with the help from Oracle.

- Eneco could rebuild its system in-house using an open source platform.

- The company could maintain its current database but add a modern wrapping around the old code, so it could deploy web services and new applications drawing on the existing data.

After building the business case for each scenario, Eneco found the first scenario presented by Oracle, which recommended a big overhaul using Oracle products, would involve too many consultants and be too costly. The second scenario would involve a lot of internal personnel hours and could not be done quickly enough to effectively address the company's pressing business needs. As a result, Eneco opted for the third scenario and looked for a partner to build a platform that would integrate with its backend system and enable rapid application building to get products to market quickly.

Eneco looked at both Mendix and OutSystems to provide the platform it needed. The company found that OutSystems had greater functionality for integrating with backend systems and would be able to better address its needs. Additionally, Eneco had purchased an energy company that had used OutSystems prior to its acquisition, meaning part of the developer team had experience using the platform.

TYPES OF BENEFITS

Direct 51% � green/red horizontal bar graph▏ 49% Indirect

KEY BENEFIT AREAS

Using OutSystems, Eneco's developers were able to spin up applications and services for customers and scale the products. For example, Eneco developed smart applications that helped customers balance their energy usage so they maintained the best rates and reduced their overall energy consumption. Key benefits of the project include:

- Increased developer productivity. Using the simplicity of OutSystems, Eneco developers could build applications and customer-facing services quickly and bring them to market.

- Reduced back office staff. Customer service employees could address five times as many service tickets in a day with OutSystems compared with the previous system. As a result, Eneco could reduce the number of staff it needed while improving customer service.

- Reduction in developers required. OutSystems enabled Eneco to shorten the development cycle when bringing a new service application to market. As a result, Eneco reduced the number of developers it keeps on staff, with large scale projects delivered on time by smaller teams working on them. Additionally, with the stability of OutSystems, Eneco requires fewer IT personnel to support the system.

- Reduced customer churn. Eneco has prevented customer churn by offering better service and customer experience. With its old system, Eneco's customers had to wait before they received their bill. Using OutSystems, Eneco built a self-service portal where customers can immediately see and pay their bill when their meter is read. Eneco made it easy for its customers to use the system and customers report that they value the service with high adoptions rates of the new services.

CUMULATIVE NET BENEFIT

Year 1: 1,482,742
Year 2: 3,878,029
Year 3: 6,844,842
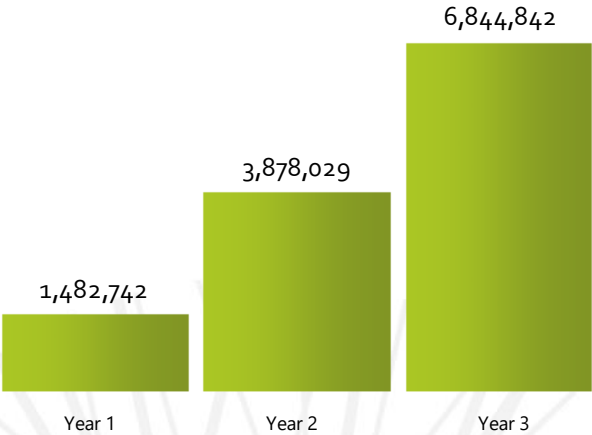
KEY COST AREAS

Costs of the project included software subscription and license fees, hardware costs, personnel time to implement and support the deployment, user training time, and consulting costs. Eneco elected to maintain its on-premises environment, which added costs that OutSystems cloud deployments typically avoid.

NET CASH FLOWS

Initial: (1,014,021)
Year 1: 2,496,763
Year 2: 2,395,288
Year 3: 2,966,813
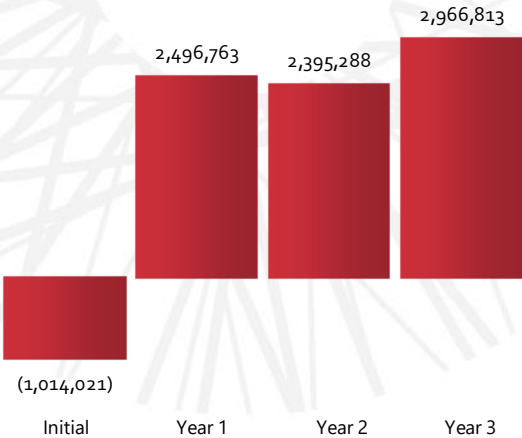
BEST PRACTICES

Once Eneco personnel learned how to use OutSystems, they were able to leverage internal resources to train new employees, reducing the need to engage consultants on an ongoing basis. Because Eneco needed to get products and services to its customers quickly, it deployed a cloud instance to help speed development. It also

elected to maintain its on-premises system, which preserved its existing database. By integrating with its legacy data system, Eneco was able to avoid the cost of updating its hardware and porting its data to a new system. As a result, Eneco extended the life of a system that would have otherwise have been replaced.

CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, hardware, personnel time to implement and support the system, employee training time, and consulting over a 3-year period to calculate Eneco's total investment in OutSystems.

Direct benefits quantified included the reduction in developers and back office staffing. The indirect benefits quantified included the increase in developer and back office staff productivity. The productivity savings were quantified based on the average annual fully loaded cost of an employee using a correction factor to account for the inefficient transfer between time saved and additional time worked.