

Tier 1 Automotive Supplier

- Eliminate Performance Gaps
- Increase Profits
- Improve Business Performance

Project:

Implement strategy for energy procurement and utility bill reconciliation

Situation:

Client identified the need for an energy management services company to provide bill payment services, data management, and procurement of natural gas and electricity for all its existing facilities, as well as new facilities planned to come on line as the company grows and expands its market share. The client's mission was to increase shareholder value and distinguish itself as the automotive equipment supplier of choice for its customers. The client had several limitations:

- 1 No strategy for procuring energy, nor a stated plan for maximizing opportunities and minimizing the risks inherent in a deregulated environment.
- 2 No ready access to their natural gas or electric data.
- 3 No process for utility bill payment, as this function was previously contracted out and was being discontinued due to unsatisfactory service.

Objectives:

- Develop and execute an energy procurement strategy to maximize savings on natural gas and electric expenses for both auto equipment plants and commercial buildings
- Develop an energy database with query capabilities to provide a comprehensive and detailed energy management reporting system
- Provide an energy bill payment system to eliminate late fees, billing errors and shut-off notices
- Install a near real-time metering system to gain information on energy usage and patterns in order to more efficiently schedule production

Challenges:

- Significant energy spend and exposure to risk
- Capturing data into one system from multiple sites and sources
- Complicated utility and third-party supplier contracts
- Tight budgets, limited client resources and very aggressive ROI expectations

The E Group Solutions:

- All natural gas and electric bills were directed to The E Group for monthly processing, providing a seamless transition from the previous bill pay agent
- Capture demand and usage data for each site in a central repository for procurement purposes to provide the foundation for a comprehensive approach to energy management
- Implement a procurement strategy optimizing third-party supplier savings opportunities and utility tariff application
- Audit all bills for savings opportunities

Results:

- Procurement and energy management activities resulted in more than \$3.1 million in savings in 2003 and 2004, allowing the auto equipment plants to be leaders in their competitive business environment
- Bill audits recovered more than \$481,000
- Late fees of more than \$11,000 were reversed during year one bill payment activities
- Additional savings of more than \$2.4 million were identified and will be captured in future years
- Cumulative two-year ROI of 298% with 5-month payback

