

# Advancing with e-Business

Essential Utilities Corporation

www.euc.com.au



Gary Hinds

Broadband



## The business

Essential Utilities provides utility rates analysis, benchmarking data and consulting services on the power, water, gas and utilities industries. The company's main clients are large corporate businesses and government bodies.

Essential Utilities is based in Bardwell Park, NSW and also has offices in Melbourne, Vic. It employs 19 full time staff.



## The idea

Chief Information Officer, Gary Hinds, adopted an e-commerce strategy in 2001 to promote team collaboration and communications between staff and management. Uptake of online initiatives was incremental and initially involved a basic website and email use across the company. Today, a Virtual Private Network (VPN) has been developed between the Melbourne and Sydney offices, which involves one central mail server and allows remote access to the network.

Gary leveraged his strong Internet background and Information Technology (IT) qualifications to implement the e-commerce strategy.



## Broadband

Essential Utilities has installed Broadband Internet via Asymmetric Digital Subscriber Line (ADSL). It was believed Broadband technology was the logical choice for supporting the initial goals of improved team collaboration and communications between interstate offices. The cost-effective qualities of building a VPN can only be realised if staff have fast and reliable access to information when required.

Broadband technology was also easy to install as it used the existing infrastructure of the regular telecommunications network. The provision of a high-speed Internet connection was important for supporting the increasing use of online research for competitive intelligence and industry knowledge. Wide bandwidth was also required for the transmission of large document files to clients and to support the uptake of email as the main form of communication.

Additionally, the company's Customers Relationship Management (CRM) software is reliant on Broadband Internet for effective delivery of information and data.



## The Investment

Essential Utilities invested a total of \$12,929 in the e-commerce set up. A substantial proportion was related to establishing the website, including website development (\$5,000), registration of domain name (\$180) and time spent by Gary in researching the most suitable online capabilities for the business (\$2,000). In supporting access to the VPN via Broadband Internet access, costs were incurred by installing an additional phone line (\$250), upgrading the server (\$3,000) and purchase of a modem (\$499). In addition, \$2000 was spent in designing the overall online system.



## Hurdles

Essential Utilities initially encountered bandwidth issues as a result of inadequate online infrastructure to support the VPN. These problems have since been resolved with the upgrade to Broadband Internet access via ADSL.



## Results

Cost Savings of \$60,560 were achieved in 2001. Enabling staff to access a central information repository has produced savings in postage/couriers (\$1,000), photocopying (\$2,400), printing (\$3,600) and stationery (\$1,200). Savings due to increasing use of email for corresponding and sending reports to clients have also been realised.

By minimising the need to travel between the Melbourne and Sydney offices, travel time, and disbursements for airfare, accommodation and entertainment has been reduced by \$17,000.

Ongoing costs totalled \$15,488 in 2001. The major portion of ongoing costs were associated with maintaining the online system and included \$9,339 for the Internet Service Provider, \$2,180 in systems maintenance, \$300 for rental of the ADSL line and \$100 in telephony costs for IT support.



## Future

Essential Utilities plans to redevelop the website in order to provide value-added interactive features. These features would include client access to a password-protected account, so that projects and billing information can be monitored online.

## Revenue and Costs

|                                                |         | (\$)                   |
|------------------------------------------------|---------|------------------------|
| <b>E-commerce establishment costs</b>          |         |                        |
| Web development                                | 5,000   |                        |
| Preliminary research                           | 2,000   |                        |
| Systems - design                               | 2,000   |                        |
| Registration of domain name                    | 180     |                        |
| Telecommunications - one additional phone line | 250     |                        |
| Hardware - server (upgrade)                    | 3,000   |                        |
| Hardware - modem                               | 499     |                        |
| <b>Total e-commerce establishment costs</b>    |         | <u><u>12,929</u></u>   |
| <b>Operating benefits from e-commerce</b>      |         | <b>2001</b>            |
|                                                |         | (\$)                   |
| <b>E-commerce cost savings</b>                 |         |                        |
| Postage/Freight including couriers             | 1,000   |                        |
| Photocopying                                   | 2,400   |                        |
| Printing                                       | 3,600   |                        |
| Stationery                                     | 1,200   |                        |
| Banking - time savings                         | 24,000  |                        |
| After sales service - time savings             | 5,760   |                        |
| Communication - time savings                   | 5,000   |                        |
| Travel - time and costs                        | 17,000  |                        |
| Telecommunication                              | 600     |                        |
| <b>Total e-commerce cost savings</b>           |         | <u><u>60,560</u></u>   |
| <i>Less: Ongoing e-commerce costs</i>          |         |                        |
| Amortisation of capital expenditure *          | (3,232) |                        |
| Bank charges                                   | (360)   |                        |
| Internet Service Provider                      | (9,336) |                        |
| Systems - maintenance                          | (2,160) |                        |
| Telephony - line rental                        | (300)   |                        |
| Telephony - phone calls to IT support          | (100)   |                        |
| <b>Total ongoing e-commerce costs</b>          |         | <u><u>(15,488)</u></u> |
| <b>Operating benefit from e-commerce</b>       |         | <u><u>45,072</u></u>   |

\* Note: Capital Expenditure is amortised over a four-year period

For further information on this case study please go to [www.noie.gov.au](http://www.noie.gov.au)