



UTILITY COMPANY GAINS FLEXIBILITY WITH WORLD-CLASS IT SERVICES

AVISTA CORPORATION

/// CASE STUDY



When facing challenges ranging from aging technology systems to rapid industry changes, Avista turned to EDS, an HP company, to help gain the agility to move forward in a smart and cost-effective manner.

CLIENT PROFILE

www.avistautilities.com

Founded in 1889, Avista engages in energy production, transmission and distribution, as well as other energy-related activities.

Avista Utilities provides service to 352,000 electric and 311,000 natural gas customers in Washington, Idaho and Oregon.

Industry: Energy

Headquarters:

Spokane, Washington

2007 Consolidated Net Income:

\$38 million

Employees: 2,117

Business Needs Addressed:

Growth

Productivity

Avista sought to provide better customer service at reduced cost

Spokane, Washington-based Avista Corporation is an energy company involved in the production, transmission and distribution of energy, as well as other energy-related businesses. It provides electric and natural gas service to customers in the Pacific Northwest, including eastern Washington, Idaho, and Oregon.

The company faced multiple industry challenges, including record-high electric and gas prices, changes in the electric and gas utilities regulatory climate, and a need to digitize information that had traditionally been maintained on paper maps. Moreover, customers demanded better service. Meanwhile, Avista's aging technology infrastructure and applications were becoming increasingly costly and inefficient. So, the utility looked for a business partner that could help it cost-effectively transform the IT environment.

EDS developed cost-effective pricing and services

During its prior 10-year IT outsourcing contract with Avista, EDS helped the utility launch the first customer-service system of its size and scope, improve fieldwork efficiencies by 25 percent and save millions of dollars. Because of the successes achieved and the close business partnership developed, Avista extended the agreement another 10 years. As part of this new relationship, EDS' further optimized existing resources, enabling Avista to scale up for short-term projects while still maintaining existing system support. EDS also developed a pricing arrangement that offered more predictable and consistent IT costs - a flexible spend model that included both fixed and variable pricing.

A TRANSFORMED ENVIRONMENT

Key components of the EDS engagement included the following:

- Onsite management and support of Avista's data networks and approximately 140 application and file servers
- Desktop support for more than 1,600 desktops across Avista's regional facilities in Washington, Idaho, Oregon and northern California
- Applications development, maintenance and support for business applications
- Service Management Center operations support of enterprise systems
- Management of the printing and distribution of statements for more than 320,000 electric and 290,000 natural gas residential and commercial utility customers in the Pacific Northwest

Services featured

- Applications Development Services
- Applications Management Services
- Document Processing Services
- Managed Mainframe Services
- Service Desk Services
- Site Support Services

Two-tiered contract provided financial flexibility to upgrade systems

The unique pricing structure gave Avista the financial flexibility it required in a rapidly changing marketplace. Here's how it works. As part of the contract's fixed price, EDS provided a full complement of agile infrastructure services including desktop, hosting and applications services. The variable portion could be used across any of EDS' business lines, depending on Avista's needs. For example, as Avista continues to move away from older, mainframe-based applications, it can increase services associated with application and infrastructure support for midrange applications and servers. Avista might also establish new and improved disaster recovery solutions for its growing midrange environment.

The new agreement also includes stronger language around service-level agreements for each offering delivered, with penalties and rewards based on results.

Long term, Avista Corp. will continue to enjoy world-class IT services with predictable and consistent IT costs. And flexibility in determining IT spend will help the utility reallocate IT outsourcing dollars toward strategic services.

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