



Iberdrola: Get your energy from SAP R/3 and S/390.

With assets of over Pta 2.6 trillion (Euro 16 billion), over 8 million customers in Spain and almost 5 million in Latin America, Iberdrola is one of Europe's leading electricity companies. A large Industrial Group, it operates in the sectors of energy, telecommunications, customer services, real estate and new technologies. To support its structure and future expansion as well as to modernise the company, Iberdrola was the first in Spain to implement an ERP solution based on SAP R/3 and IBM S/390.

A market requiring more than 54 000 million kWh a year needs a safe, extensive transmission and distribution network offering customers quality service. Iberdrola works to maintain and improve its transmission and distribution network, which cover an area of more than 196 000 square kilometres, to guarantee customer supply and its market accounts for around 41% of the population of Spain.

Spain is now going through a de-regulation process and the rules of the game have changed. Companies like Iberdrola, which benefited from the lack of competition, need to restructure to survive. Iberdrola finds itself in a continuous process of transformation aiming to achieve higher productivity and leadership in their field. On top of modernisation and coping with deregulation, two more tactical problems needed to be resolved, Year 2000 and euro compliance.

"To grow in the energy sector, companies need to either find other products or invest in emerging markets", says Bruno Sanz, Technology Strategy Manager at Iberdrola. "To manage this in the modern economy and expand, Iberdrola needed to integrate their systems."

The answer was a considerable ERP package that would at the same time meet Iberdrola's needs and solve these problems.

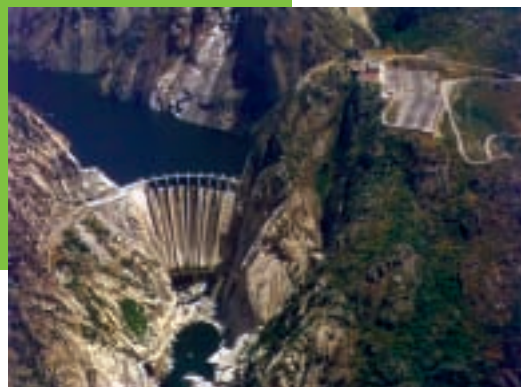
"We chose SAP R/3 on S/390 with DB2 as database server and RS/6000 SP as the applications server. As it was required to support and connect to other applications and companies, MQSeries was chosen as middleware and the system management tool of choice was Tivoli", says Bruno Sanz.

The configuration supporting Iberdrola's SAP solution includes a reliable backup and disaster recovery system based on S/390 Parallel Sysplex and PPRC as well as VTS's and 3494. Two RS/6000 SP clusters as application servers take advantage of the ESCON network connection. With the Tivoli solution Iberdrola is able to manage all aspects of its environment, automate alerts and react in a reliable way. Tivoli provides highly scalable open and cross platform solutions for enterprise systems management that extend from data center to laptops.

Industry	Utility
Application	SAP R/3 Modules FI, CO, HR, PM, PS
Software	OS/390 AIX DB2 MQ Series Tivoli
Hardware	S/390 Parallel Sysplex RS/6000 SP



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"Robust platforms were imperative since we needed 99% availability", states Bruno Sanz. "IBM S/390 has the highest level of availability according to market analysts and thanks to Sysplex technology, S/390 can run only one SAP in two separated centres, guaranteeing availability and disaster recovery", asserts Bruno Sanz.

"I believe that on top of all the excellent technical characteristics of S/390 there exists a special working culture which is unique to IBM S/390. This is embodied by the excellence of the structures and procedures, the clarity of the rules, the orderly methods and all the attributes of S/390 that shape the way in which we work. This has been very important to the system implemented by Iberdrola."

Bruno Sanz, Technology Strategy Manager at Iberdrola

Geographically Dispersed Parallel Sysplex

Another very important criteria for Iberdrola's selection was economic/strategic, the ability to respond to disaster was vital. "We looked at various alternatives and found that IBM had the perfect answer. We have two centres in Bilbao, 5 miles apart and have kept our old structure as a backup system in one of these centres", explains Bruno Sanz.

Iberdrola was the first company in EMEA to implement an SAP DB server on Sysplex with DataSharing. Its installation has the highest availability possible since Geographical Sysplex allows for fast recovery and total availability. "We are completely covered for any kind of disaster and we are certain that we will be able to continue our services without any interruption."

"When the requirements overloaded the capacity of individual CPUs, we started to work with Sysplex technology as a

way of dealing with the expansion. The clear benefits were that we were able to manage a bigger amount of resources in a transparent and flexible way. For example, one person can work on one station using an infinite amount of mixes, yet the methods are the same and any one platform has the capacity to deal with all the solutions. It means that we can grow gradually without any limits."

The benefits of the best support

Apart from the need for a potent and robust architecture, it is imperative to have a strong human team with knowledge and experience. "The implementation of the SAP R/3 system was a complex process and we needed advice and support, which was expertly supplied by IBM. IBM has the know-how, support and capacity that helped us achieve this huge process. We were not confident that other companies would have the same high level of ability", explains Bruno Sanz.

This integrated solution made the company rethink its internal policies as it completely changed the communications between departments. As interfaces disappear and the movement of information is freed, processes become simpler and faster. The result is a major change in Iberdrola's working culture. One of the great advantages of SAP R/3 is that, in making departments work together, it helps with co-ordination. The business benefits from closer co-operation are the reduction of costs, better administration, increased efficiency, and less time is spent on processes.

"Being more efficient and reducing costs allows us to be more competitive in the market. Effective information and management control allows Iberdrola to take decisions using the best criteria, especially to tackle the de-regulation process."

Enlightening the future

One of the main advantages of using SAP R/3 is that the integration of all business processes is automatic as all these systems come already consolidated.

The potential for e-business is enormous since Iberdrola has 8 million clients. "We will soon establish a strategy to take better advantage of the possibilities in e-business that IBM offers", concludes Bruno Sanz.



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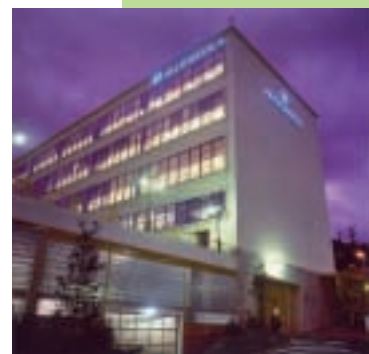
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