



UtiliPoint® International Technology Vendor Analysis Matrix CIS/Meter-to-Cash BPO (TVAM_CIS/Meter-to-Cash BPO) Methodology and Rankings

Executive Summary:

UtiliPoint® International, Inc. developed the TVAM in response to an acute industry need for sophisticated analysis and evaluation of technology vendors and service providers in an easy to understand and immediately actionable way.

Summary and Overview

UtiliPoint® is unique among research and selection consultancies in the fact that we use both our expertise and primary research to assist our clients in making decisions about the technologies to evaluate, purchase, and deploy. Our primary research instrument in this regard is the Technology Vendor Assessment Matrix (TVAM), a survey and analysis tool. UtiliPoint® has taken a very close look at the outsourcing market for CIS and customer care and each of the vendors, and has ranked vendors on a variety of important criteria such as:

- Peer Assessment
- Awareness/Reputation
- Industry Focus/Market Share
- Channels and Partnerships
- Customer Satisfaction
- Competitive Position
- Technology Functionality
- Integration
- Development Process
- Product Testing and Support

By combining primary research and expertise, UtiliPoint® both accelerates technology selection decision-making and provides market-tested analysis and validation context for these key decisions.



TVAM-CIS/Meter-to-Cash BPO Methodology and Rankings

UtiliPoint® International has made a commitment to our clients to provide the most objective and timely information, insight, and advice in the utility industry. As part of our commitment we have designed – from the ground up – a methodology for describing and evaluating utility and energy technology outsourcers, not just on a “features and functions” basis, but around the more important metrics of architecture, cost of ownership, service delivery, and the cultural relationship between outsourcing suppliers and utilities – all things which have a significant impact on the success of specific business processes.

The Rankings: A Decision Support and Evaluation Tool

How do UtiliPoint® International’s technology rankings help utilities identify outsourcing suppliers and/or understand the competitive position of outsourcing service providers? Certainly, the evaluation and differentiation process consists of a host of intangibles that cannot be reduced to mere numbers. However, UtiliPoint® International’s rankings provide an excellent starting point for clients because they offer the opportunity to judge the relative quality of technologies and outsourcing suppliers based on industry accepted indicators of excellence. Obviously, one does not want simply to focus on the top-ranked or the best known outsourcing providers. Many factors other than those we measure will figure into a utility’s decision to select one supplier over another.

Of course, UtiliPoint® International believes that utilities will also want to do their own research on a outsourcer’s offerings. UtiliPoint® International assists companies in that effort by spotlighting outsourcers with outstanding technology, business processes, and services that have been shown to create success for utilities and their businesses.

Our Approach

The UtiliPoint® International technology vendor ranking system (TVAM) rests on two pillars. It relies on quantitative and qualitative measures that technology vendors, outsourcers, UtiliPoint® International staff, utility and energy company management, and other industry experts have proposed as reliable indicators of technology/outsourcing viability and outsourcer supplier credibility, and it is based on our independent view of what matters in utility information technology and energy technology and business process outsourcing.

As a rule, UtiliPoint® International seeks to provide insight, clarity, and transparency in its analysis. We seek to describe the differences between technology solutions and service providers in “plain English” terms that are both understandable and translate into actionable insight for our clients. When it is necessary for us to use jargon or short hand description we will commit to providing clarification and definition of our terms. In addition, each technology vendor analysis matrix published for client use, media use, or presented for market review includes a glossary of terms and notation – to help contextualize data and ensure that our information and insight is properly understood. For this release, a glossary of terms is included in Appendix A below.



Our Method – Simplicity at Essence

We gather data from each outsourcer on more than 80 different metrics and factors. Each factor is assigned a weight that reflects our judgment about how much a measure matters in relation to the market landscape, competition, the direction of technology, business trends, and utility and energy companies' business requirements. Companies in each category are ranked against their peers, based on their composite weighted score.

A list of sample questions we asked of outsourcers is detailed directly below.

Sample of Outsourcing Questions:

1. Please describe your primary business relative to the energy utility industry.
2. What business processes do you currently host as an outsourcer?
3. What business processes do you currently manage as an outsourcer?
4. What applications do you currently run as an outsourcer?
5. How many CIS solutions do you currently have customers running on?
6. Do you plan to bill customers on more or fewer CIS and billing applications in the future?
7. What volume of transactions per customer are you running on each solution?
8. How many transactions total do you process daytime side?
9. How many transactions total do you process nighttime side?
10. How many end user bills do you generate as the result of outsourcing contracts with utilities in a year?
11. What is your cost to serve per customer account? Per transaction? Per bill?
12. Do you cross allocate costs of billing services across platforms to create margin?
13. Do you provide discounts for utilities that will outsource CIS and billing to a preferred platform?
14. How do you measure client satisfaction? How often have you been penalized for violating SLA service metrics related to utility and CIS billing?
15. How long have you outsourced utility CIS/Meter-to-Cash business process?
16. How many outsourcing customers do you have total in North America? In EMEA? APAC? SA?
17. How many people are allocated full time to utility CIS/Meter-to-Cash activities?
18. Do you run utility CIS as a separate business or operating group or is it a part of another business group or corporate entity?
19. Does your organization use any standardized quality or business process control methodology, e.g. is your organization Six Sigma, are you ISO 9001 certified, etc?
20. Is there other information that you feel it is important for UtiliPoint® and the energy and utility market to consider?

Most of the data we use is provided by the outsourcers themselves—although UtiliPoint® International also uses a Peer Review Questionnaire and Utility and End-User Questionnaire to validate data and to reasonably ensure the accuracy of information and our resulting analysis.

The UtiliPoint® International ranking methodology and formula gives greatest weight to the opinion of those in a position to judge an outsourcer's level of excellence. The Peer Review



Questionnaire allows the top outsourcers and vendors we contact – Presidents, CEOs, CTOs, CIOs and other leaders at peer organizations - to account for any number of marketplace intangibles such as technology supplier and outsourcers reputation.

To arrive at a company's general rank, we first calculate the weighted sum of its scores. Then final scores are rescaled. The top company will be assigned a value of 1, and the other companies' weighted scores will be calculated as relative to that top score. Final scores for each ranked company are then rounded to the nearest whole number and ranked in descending order.

Use of Analysis Results

Terms of General Use

Technology and outsourcing suppliers, utilities, and clients may approach UtiliPoint® International for approval on the use of completed technology evaluation matrix (TVAM) charts or for use of matrix data. Comparison tables and individual vendor rating pages may not be used under any circumstances except upon our review, approval for a chart use may be granted, in writing, at the sole discretion of UtiliPoint® International. In any case, usage is limited to a period to be defined by UtiliPoint® International at the time of request. UtiliPoint® International charts cannot be used in web-based, radio, TV or print advertising for any organization or individual without explicit written permission from UtiliPoint® International. Usage requires the display of the charts or data sets in their entirety with proper source attribution to UtiliPoint® International, Inc. Any misuse or use beyond the specified timeframe will subject the supplier, vendor, outsourcer or client to potential legal action. UtiliPoint® International reserves all editorial control and reserves all rights to copyright and ownership of the matrix, the methodology, and its content both published and unpublished.

Applicability

A CIS or Meter-to-Cash outsourcing investment is one of the most important – and one of the most costly – decisions a utility or energy company will make. For this reason UtiliPoint® International believes that our clients and the industry at large should have as much information as possible about the comparative merits of service providers, technologies, and technology providers. The data we gather on outsourcers –and the rankings of the suppliers that arise from this data–serve as an objective guide by which companies can compare the quality of solutions and benchmark themselves against others in the industry.

To find the right outsourcing solution, utilities and energy companies need a source of reliable and consistent data–information that lets these organizations compare one technology or outsourcing solution with another and identify the differences that matter most to them. We rank for quality, and we rank for quantifiable value as well. UtiliPoint® International does not believe that utilities and energy companies make outsourcing decisions without first ensuring that their selection was the best the company could afford given the budget for the technology, business process realignment, and implementation. Most companies choose technology suppliers and outsourcers only once or twice in a generation, so there's not much opportunity to learn directly from past missteps. Instead, utilities and energy companies need first-rate information and knowledge from the start.



UtiliPoint® International makes the following suggestions to utilities using our rankings:

- ▲ **Do** use the rankings as one tool to support your outsourcing evaluation and technology investment decisions.
- ▲ **Do Not** take these rankings to be the final word on any outsourcer or technology. Markets and market demands are always changing.
- ▲ **Do Not** rely solely on rankings to make important outsourcing business decisions.
- ▲ **Do Not** wait until the last minute. Plan for outsourcing and technology improvements and hire the technical and consulting help you need to get the job done right the first time.
- ▲ **Do** think long and hard about your decisions based on these rankings.
- ▲ **Do** plan for overall outsourcing project success and long-term market success, not just in terms of how outsourcing and technology companies are ranked.
- ▲ **Do** study the information that accompanies the actual rankings. **Do Not** become so focused on a rank that you miss the other information in the table that more fully describes an outsourcer and the offerings of that outsourcer relative to the market it serves. Additionally, while studying our lists to find technology suppliers that appear to be a good fit, utility and energy companies may find outsourcers that they had not considered—or even heard of. There are many fine outsourcers, and ultimately the challenge is to narrow the list to a few that will meet your business needs and help you achieve your strategic business goals.

CIS and Meter-to-Cash Business Process Outsourcing

In many respects all outsourcing activities can be classified into two types. The first type that UtiliPoint® terms “Basic/Traditional” outsourcing services, helps companies to curb direct costs, such as hardware/software maintenance and operation costs involving back-end infrastructures (e.g. datacenters, systems, storage and applications) to networks as well as the entire desktop environment including mobile devices, and are often linked to contract manufacturing or other business production.

The second type of outsourcing “Business Process Outsourcing”, helps lower "indirect" costs and achieve efficiencies in areas related to business processes including those that are information technology driven. Simply put, BPO is the delegation of one or more business processes to an external provider who in turn provides services for the selected process based on certain defined and measurable performance criteria specified in negotiation between outsourcer and a client. BPO generally involves a company’s non-core processes.

Other analysts in the business market have identified a third type “Business Transformation Outsourcing”, however, UtiliPoint® does not see this as being fundamentally different from BPO at the enterprise level and the business models for Business Transformation Outsourcing have not been clearly defined, clarified or even properly characterized; hence, for now – we stick to our characterization that there fundamentally are two outsourcing types for which the business value of outsourcing are well defined and well understood.



The following is UtiliPoint® International's articulation of the value of BPO in the energy and utilities industries:

Business Value Provided By Outsourcing

- ▲ Cost advantages- BPO provides an accounting advantage - financial engineering with regard to assets, staff and infrastructure.
- ▲ Innovation and speed to market- ability of the outsourcer to do things which a client organization cannot do on its own or does not have the domain expertise.
- ▲ Increased customer satisfaction, more efficient operations by focused effort on customer service by the outsourcer.
- ▲ Economy of scale - BPO provides the flexibility to respond to a rapidly changing marketplace and scale operations up or down as conditions dictate.
- ▲ Business risk mitigation by capitalizing on the outsourcer's knowledge of local laws, infrastructure, processes and expertise.
- ▲ Rapid access to high quality practices with the outsourcer's participation.
- ▲ Availability of skilled personnel also increases the quality of service. Outsourcing a process also means client no longer has to manage head count.
- ▲ Shorter project delivery times due to the expertise of the outsourcer with regard to transition of business processes.
- ▲ Better control over operations. Internal resources can now focus on core business processes.

Management Trends in Outsourcing

- ▲ Harvard Business Review has identified outsourcing as one of the most important management ideas and practices of the past 75 years.
- ▲ Spending by U.S. organizations on outsourced business services will triple from \$100 billion to \$318 billion by 2008.
- ▲ Studies indicate that outsourcing is increasingly viewed positively by executives and top management alike, at both US and multinational companies.

Business Process Outsourcing (BPO) Super-Drivers

UtiliPoint® research shows that the driver of the next stage in information technology advancement is not technology per se, but changes in competition and how businesses operate and execute their strategies. Technology and human intervention may be the agent of change, but the engine of change is a need to cut costs and improve core business processes in increasingly competitive local and global markets.



As we look to the future, there are five distinct business process outsourcing super drivers:

- ▲ The Globalization Effect
- ▲ The Internet Infrastructure as a Critical Enabler - The Internet is making the world smaller and smaller. BPO trend will require a major infrastructure buildout that includes broadband connectivity, databases, hosting, security tools, application integration tools, Web-enabled ERP applications, application integration modules, supply chain management, content management, dynamic pricing suites, payment and settlement, etc.
- ▲ Board Level Examination Core versus Non-Core Processes
- ▲ Offshore Outsourcing - The main driver of outsourcing has always been cost savings. Although it is not the sole reason businesses look to outsource today, reducing expenses is still a major consideration. Since cost is such a priority, it makes sense that one of the biggest trends in outsourcing is offshoring. But every company does not want to go offshore.

BPO will continue to reflect the ability of forward-thinking managers to anticipate and adapt to change and to use outsourcing effectively within an overall framework of continuous improvement that matters.

Business Process Outsourcing (BPO) Trends – Granular

Over the past couple of years the Business Process Outsourcing (BPO) services market has heated up as major IT services providers have tied their companies' future growth to the expansion of their BPO services and as companies like Delinea have emerged as formidable competition for key business in niche, focused, and needs based market segments such as utilities and energy.

For companies across the services business, the move toward BPO has meant fundamentally rethinking how to assess and identify market opportunities. Understanding the dynamics, size, and scope of the BPO market opportunities from a strategic, positioning, and functional standpoint is not simple or necessarily clear, however, lack of clarity cannot and should not be a barrier to Delinea and other BPO providers. The keys to the kingdom are found in having a thorough understanding of BPO market trends, and having the patience and foresight to work out an industry's pain point and anticipate service offerings in advance of competition, and in many cases in advance of what clients' themselves articulate as their needs.

- ▲ The Business Process Outsourcing market is expanding. Successful BPO providers have best practices, methodologies, and industry standards that allow deals to get done quickly. The entire BPO field has learned from past deals, so UtiliPoint® is finding that we now see bigger deals with better foundations. As a result, BPO is continuing to be used in new functional areas, new industries, and in smaller, conventionally less competitive industry segments.

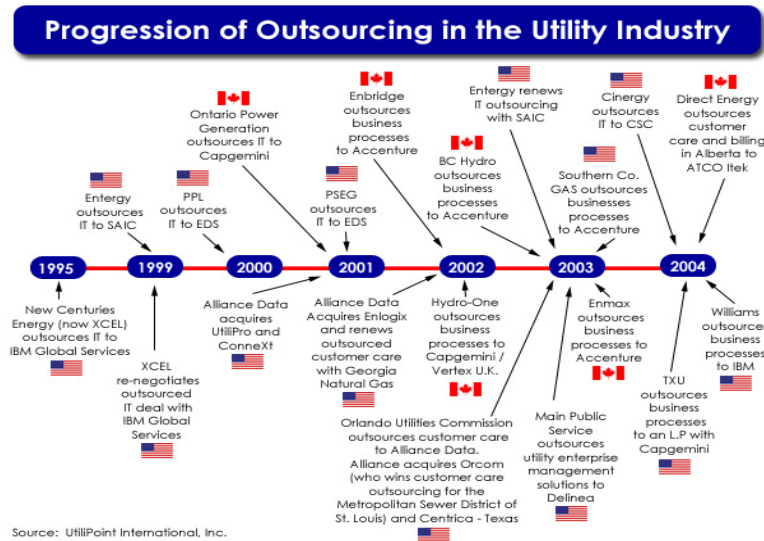


- ▲ BPO has come a long way in the past three years. Three years ago, BPO meant payroll processing and benefits administration. Since then the mega-deals have become very important in shaping the new form of Business Process Outsourcing. The field has become much more segmented, complicated, and sophisticated. It will fundamentally change how businesses work.
- ▲ The BPO market is growing, but not as fast as expected. Business Process Outsourcing is still the top growth market for IT services, but several factors - the economy, the BPO adoption curve, and the technology innovation downturn - have slowed its growth. BPO is driving growth in system integration and IT services. Most BPO engagements include sub-components of IT consulting, application development, IT outsourcing, and process management.
- ▲ The key drivers of Business Process Outsourcing have changed. Cost savings and variable cost structures are more important. Information security, the ability to execute, and business continuity have also become more important. Strategy and transformation are less important, as are innovative financial and tax structures.
- ▲ Technology management - including IT outsourcing - is moving into the hands of process-based management organizations. In the utilities industry this management is at the C-xO level. The ideal model in the utilities and energy industry would be the ITO paradigm being restructured. IT organizations used to build everything, now an increasing amount of their work is below ground. The emerging business model is collaborative and operates at a process level. Firms specialize in their core competencies and collaborate with other specialists for the balance of the work. The technology to operate these outsourced processes - which used to be supplied by internal IT - is now or should ideally be provided by the process outsourcer.
- ▲ The market drivers are more practical than in the past. The top two drivers of Business Process Outsourcing are focus on core business and reduction costs.
- ▲ Energy and utility companies are either doing BPO or not even planning to do it. There's not much middle ground at the moment in the market. UtiliPoint® has observed that those doing BPO are aggressively doing it in non-core areas to save money or gain expertise. For those utilities that are looking at BPO, the top three criteria of BPO vendor selection are vendor viability, domain expertise, and price.
- ▲ Integrators with outsourcing expertise are gaining ground on BPO specialists. Integrators are learning specialty areas more quickly than the specialists are learning from outsourcing agreements and managed service delivery. This creates a competitive environment wherein BPO firms must compete with those who may already be on the “inside” of client shops.
- ▲ The next generation of procurement outsourcing will be procurement “utilities.” These are “utilities” that companies "plug into" to get the services they need. These utilities will have standardized processes, a common infrastructure, and a menu of procurement services. Companies will select from the menu and thereby leverage the common

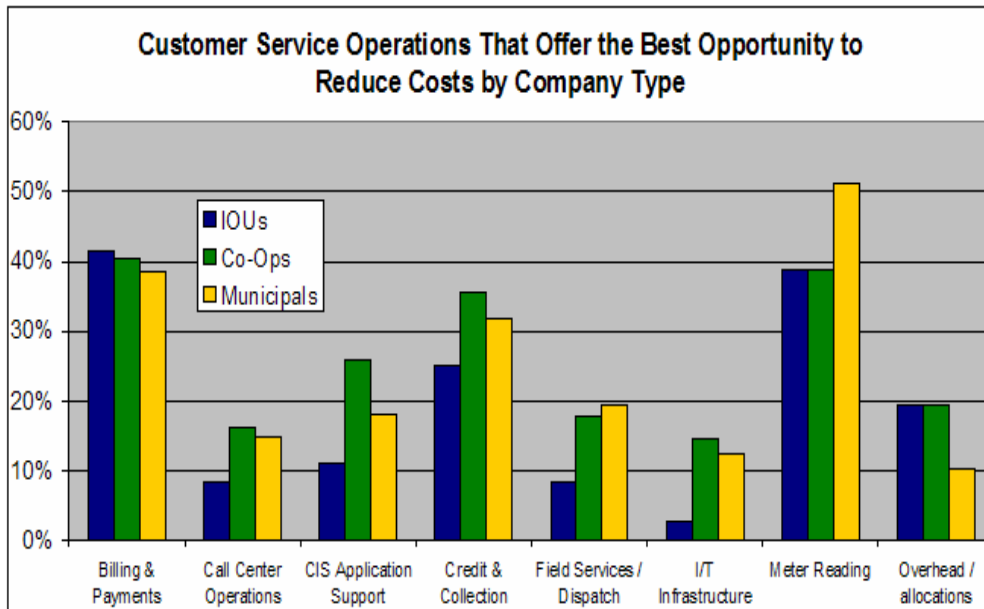


processes and infrastructure offered by BPO providers. This is a takeoff of the multi-sourcing concept.

Progression of Outsourcing in Utilities



Our outsourcing research also showed that there are a number of specific customer service operations that offer utilities cost savings. The diagram below – developed from UtiliPoint® research data – shows that municipal utilities have the best opportunity to reduce cost by improving meter reading, field dispatch, credit and collection and billing and payment operations; services that are very closely linked to and driven by CIS.



Utility Outsourcing Models:

In-house Solution. This alternative is provided as a baseline for comparison to the various outsourcing options. It represents an in-house custom or product solution which the utility is operating and managing internally without the help of a third party or vendor. Historically, this has been the most popular operational model.

Hosted Facility. A third party or application vendor assumes responsibility for the management and operation of a remote or local data center. The application continues to be supported by product vendors or in-house personnel. This model, once popular in the late 1970's to mid-1980's, has realized a recent resurgence making it the second most popular outsourcing model.

Managed Application. The product vendor or a third party assumes full responsibility for application maintenance & support, product releases, help desk, training, and consulting services. This model is the most popular, as the utility retains physical control of the solution and its data.

Shared Services. Responsibility for application management and data center management is assigned to a third party which may be: a third party vendor, an investor owned utility, a public owned utility, or other outside entities as identified. If the entity is an organization created by the utility to provide service to multiple subsidiaries it is known as a Shared Services environment. If an entity is external to the organization and is attempting to operate the solution for multiple energy utilities it is a co-sourced solution. The success of the co-sourced solution is spotty as it requires a significant investment in time to obtain agreement by multiple utilities on a CIS solution.

Outsourced Timeshare. The product is tailored to the specific needs of the utility and subsequently supported and operated from the outsourcer's facility. Service is provided through the Internet, VPN, or other provider connectivity. Typically, the utility does not own a product license; it is simply renting the application.

Application Service Provider. The base product is accepted with customization only allowed through product setup and definition tables. In theory the customer is renting time on the application with access through the Internet. For complex CIS solutions this model remains an elusive one. In reality vendors offer an outsourced model and have named it an ASP solution.



During our yearlong research in compiling the TVAM-Outsourcing Rankings UtiliPoint® found that there are a number of essential pre-outsourcing selection questions that utilities should answer about each of their prospective outsourcing partners.

Outsourcer Key Pre-Selection Questions

Commitment to outsourcing

- How long has company been in business? How is it organized?
- What percentage of revenue comes from outsourcing?
- What is the average contract term?
- What is the company's preferred/dominant outsourcing business model?

Access to talent

- How big is the outsourcer now, consultants, designers, developers, etc.?

Quotient of industry knowledge

- Does the company have a referenceable client list?
- Does the company participate in industry, regulatory, standards bodies?

International Scope and Presence

- In how many countries does the company do business?
- Does the company have plans to expand internationally?
- What experience does the company have?
- What kind of resources are deployed internationally?
- What kind of relationships does the company have with other providers?
- What kind of physical presence does the company have domestically and internationally?

Organizational and Financial Strengths

- What do the company's 10Q's and 10k's suggest?
- Is the company financially stable? Superior to its peers?
- How many clients does the company currently serve? Are those clients very satisfied?
- With whom does the company have strategic alliances?
- To what extent have relationships been implemented? What do they look like operationally?

Insurance and Litigation History

- What do the company's wins, losses, and settlements suggest?
- What kind of insurance bonds does the company post?

Quality of the Contract

- Do company contracts provide the client and the outsourcer with an expectation that requirements (as defined in the contract) will be met?
- What willingness is there on the part of the outsourcer to negotiate "after the honeymoon"?



- Does the company have a reputation for creating fair deals on both sides of the table?
- What is it like to live with outsourcer after the contract is signed?
- What does it mean to work the opportunity? Is there additional leverage the outsourcer provides to clients?
- How do the parties' interactions potentially affect M&A scenarios?
- How does communication and relationship management work?

TVAM-CIS/Meter-to-Cash BPO Rankings

The great news for utilities and energy companies is that CIS and Meter-to-Cash outsourcing is an increasingly solid business and financial decision. All of the outsourcers that are ranked in this year's TVAM are outstanding companies that have worked exceptionally hard to earn business and the esteem of their clients.

The utility CIS and Meter-to-Cash outsourcing market is a dynamic and rapidly changing business where seemingly every passing month brings new deals, new opportunity, and new and expanded offerings from technology vendors and outsourcing service providers. UtiliPoint's TVAM for CIS/Meter-to-Cash BPO will evolve as the market evolves. UtiliPoint has chosen to rank only those companies that are currently providing CIS/Meter-to-Cash BPO to utility companies in North America.

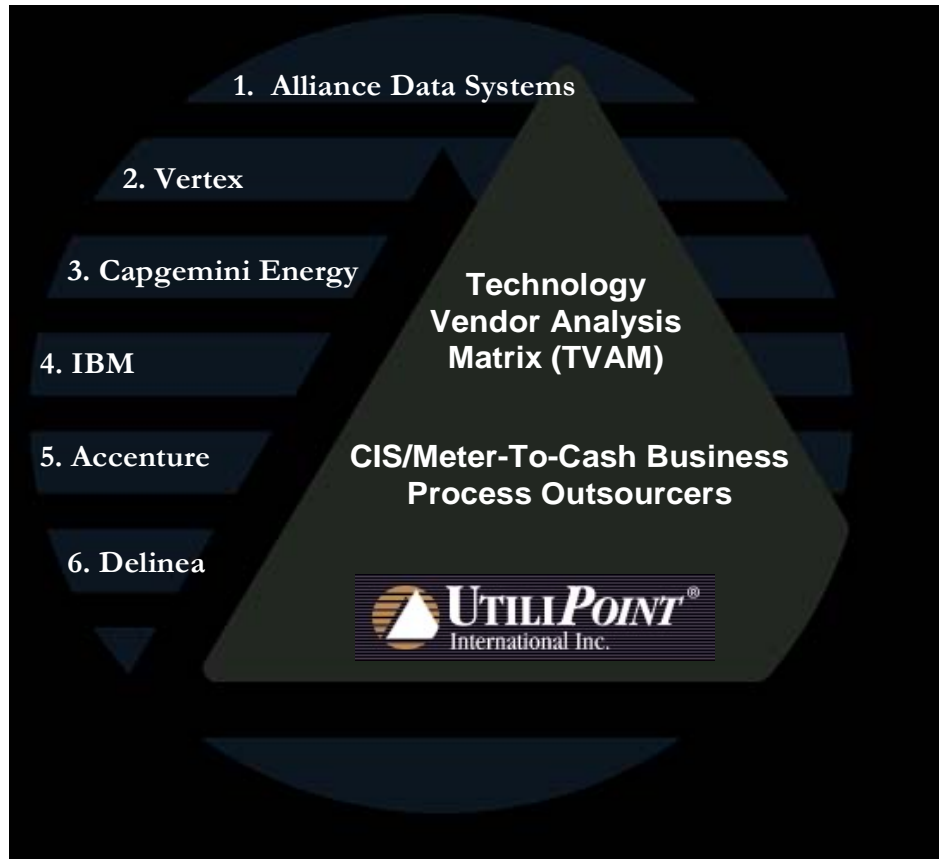
However, as an example of the market dynamism and rapidly emerging opportunity that UtiliPoint has analyzed, we know that there will likely be more competition in utility business process outsourcing. UtiliPoint believes that companies such as EDS and Oracle/PeopleSoft have the capability and strength to successfully enter the utility BPO market. Also, in the near future, UtiliPoint will be looking for additional Meter-to-Cash BPO providers with financial strength and years of experience to expand their footprint in the utility market. Of note is First Data Corporation (FDC), that currently maintains a \$300 million revenue stream in the utility market serving over 400 utilities with their Western Union payment products and remittance processing. At the time of publication UtiliPoint knows that FDC is extending its business by introducing many of their services such as CIS processing, data center hosting, print/mail services, call center/interactive Voice and credit and collection services to the North American utility and energy industries.

As in any market, there are differences between service providers and vendors. In order to explain some of the more important differences between outsourcing service providers we present our rankings below.



Overall Rank

The figure below details the Overall Rank of CIS and Meter-to-Cash outsourcers in the energy and utility industries. UtiliPoint® notes the overall excellence of outsourcing organizations and the relative closeness of rank between the top and bottom of the companies ranked. The outsourcing market, being highly competitive and with new deals in the offing even at the time of this writing, UtiliPoint® expects that in 2005 and 2006 there will be much fluidity in the overall rank of outsourcers based on our methodology.



The following are the tables of rankings for the 2005 TVAM-Outsourcing rankings. These tables provide a detailed view of how technology service providers compare across the nine different categories of analysis UtiliPoint® has evaluated.

Commitment to Outsourcing

UtiliPoint® strongly believes that outsourcing service providers across the industry have made a “strong” commitment to their businesses and certainly their clients. However, it remains that there are some notable differences in the level and the quality of commitment between outsourcers that are sourcing CIS and other Meter-to-Cash business process related functions for utilities and energy companies. Commitment to outsourcing doesn’t just mean market focus, but it also relates to track record, staying power, level of client investment, etc.



Overall Rank	Category Score (25)	Company	Commitment To Outsourcing	Access To Talent	Scope and Market Presence	Organizational Strengths	Insurance and Risk Mitigation	Quality of Contract	Platform Surety
1	22	Alliance Data Systems	1	2	3	2	1	2	1
3	22	Cappgemini Energy	1	5	1	4	1	4	2
5	21	Accenture	2	3	3	4	3	5	3
2	19	Vertex Outsourcing	3	1	2	1	1	3	1
5	18	Delinea	4	4	4	5	1	1	1
4	17	IBM	5	3	3	3	2	5	3

Access to Talent

Outsourcers are in many ways as good as their people and their resources. Across the utility industry and from other industry segments there has been an influx of quality of employees to utility CIS and business process outsourcers. This is excellent news for utilities that are choosing to outsource, as they are often getting access not only to best practices and cost savings, but also some of the best and brightest people in the business world today.

Overall Rank	Category Score (20)	Company	Commitment To Outsourcing	Access To Talent	Scope and Market Presence	Organizational Strengths	Insurance and Risk Mitigation	Quality of Contract	Platform Surety
2	19	Vertex Outsourcing	3	1	2	1	1	3	1
1	18	Alliance Data Systems	1	2	3	2	1	2	1
5	17	Accenture	2	3	3	4	3	5	3
4	17	IBM	5	3	3	3	2	5	3
5	15	Delinea	4	4	4	5	1	1	1
3	14	Cappgemini Energy	1	5	1	4	1	4	2

Scope and Market Presence

In any competitive market, footprint means a lot. Though the emphasis of this UtiliPoint® survey is on outsourcing in the utility industry in North America, outsourcers that have truly large footprints with global competencies are better able to assist utilities with their CIS and meter-to-cash business processes, as well as in identify and capture the operational and business leverage created by outsourcing operations partnerships.

Overall Rank	Category Score (30)	Company	Commitment To Outsourcing	Access To Talent	Scope and Market Presence	Organizational Strengths	Insurance and Risk Mitigation	Quality of Contract	Platform Surety
3	30	Cappgemini Energy	1	5	1	4	1	4	2
2	29	Vertex Outsourcing	3	1	2	1	1	3	1
1	27	Alliance Data Systems	1	2	3	2	1	2	1
5	27	Accenture	2	3	3	4	3	5	3
4	27	IBM	5	3	3	3	2	5	3
5	19	Delinea	4	4	4	5	1	1	1

Organizational Strengths

The axiom that “Form follows function,” holds true in the outsourcing space. Outsourcers with highly rational organizational structures and business models that are at the same time sound and flexible deliver the best service and value to their clients. Some outsourcer organization and business models lend themselves very directly to things like operational and transformational outsourcing in the utility industry.

Overall Rank	Category Score (40)	Company	Commitment To Outsourcing	Access To Talent	Scope and Market Presence	Organizational Strengths	Insurance and Risk Mitigation	Quality of Contract	Platform Surety
2	39	Vertex Outsourcing	3	1	2	1	1	3	1
1	38	Alliance Data Systems	1	2	3	2	1	2	1
4	36	IBM	5	3	3	3	2	5	3
3	30	Cappgemini Energy	1	5	1	4	1	4	2
5	30	Accenture	2	3	3	4	3	5	3
5	29	Delinea	4	4	4	5	1	1	1

Insurance and Risk Mitigation

Even though it is not pleasant to think about, outsourcing does go awry. When things do go wrong, utilities and energy companies want to know that they are covered and that their service providers and vendors are helping to insure against and mitigate risk. Some of UtiliPoint®’s criteria in evaluating risk mitigation for these rankings dealt directly with insurance underwriting, but there are dozens of risk management best practices employed by outsourcers that we also examined in assembling this ranking.



Overall Rank	Category Score (10)	Company	Commitment To Outsourcing	Access To Talent	Scope and Market Presence	Organizational Strengths	Insurance and Risk Mitigation	Quality of Contract	Platform Surety
2	10	Vertex Outsourcing	3	1	2	1	1	3	1
1	10	Alliance Data Systems	1	2	3	2	1	2	1
3	10	Cappgemini Energy	1	5	1	4	1	4	2
5	10	Delinea	4	4	4	5	1	1	1
4	9	IBM	5	3	3	3	2	5	3
5	7	Accenture	2	3	3	4	3	5	3

Quality of Contract

The metric really speaks for itself. Good contracts make for good partnerships. SLA's are as much about the enumeration of penalties and the mitigation of risk as they are about setting the ground rules for communication and operation of key outsourced business processes and functions. A good outsourcing deal without a great contract and relationship isn't good at all, for either a utility or for a service provider. In assembling this ranking and evaluating service providers UtiliPoint® has analyzed what elements make up a great contract and has studied the best practices of outsourcing contract negotiation and administration.

Overall Rank	Category Score (40)	Company	Commitment To Outsourcing	Access To Talent	Scope and Market Presence	Organizational Strengths	Insurance and Risk Mitigation	Quality of Contract	Platform Surety
5	40	Delinea	4	4	4	5	1	1	1
1	37	Alliance Data Systems	1	2	3	2	1	2	1
2	33	Vertex Outsourcing	3	1	2	1	1	3	1
3	32	Cappgemini Energy	1	5	1	4	1	4	2
4	28	IBM	5	3	3	3	2	5	3
5	28	Accenture	2	3	3	4	3	5	3

Platform Surety

Comparing outsourcers to one another on an “Apples vs Apples,” basis is difficult. Each and every service provider currently operating in the energy and utility industries has many unique strengths and differentiators. Time and again UtiliPoint asserts that it should not matter what technology the outsourcer uses as long as business process operations are efficient and contractual terms are honored — technology is more or less irrelevant. Given, however, the diversity of business models across the utility CIS and meter-to-cash business process outsourcing space we knew that we had to weigh in on technology in one manner or another. The following table is not a ranking of the technology, platforms, or applications that outsourcers use, but rather in the context of each individual outsourcer how well a technology or set of technologies is used, operated, and leveraged for customer benefit.

Overall Rank	Category Score (5)	Company	Commitment To Outsourcing	Access To Talent	Scope and Market Presence	Organizational Strengths	Insurance and Risk Mitigation	Quality of Contract	Platform Surety
5	5	Delinea	4	4	4	5	1	1	1
1	5	Alliance Data Systems	1	2	3	2	1	2	1
2	5	Vertex Outsourcing	3	1	2	1	1	3	1
3	4	Cappgemini Energy	1	5	1	4	1	4	2
4	3	IBM	5	3	3	3	2	5	3
5	3	Accenture	2	3	3	4	3	5	3

Feedback

Prior to publication of our results, technology suppliers will be emailed their ratings and the description of the specific market. Suppliers may provide a written response to their ratings and may provide whatever additional information they feel would assist UtiliPoint® International in the assessment of the company. All feedback should be organized around matrix criteria areas. UtiliPoint® International reserves all editorial control over final content of the matrix and over publication of additional matrices using logical data screens to further segment markets and provide insight about service providers, technology vendors and suppliers, and about utility and energy companies.

Why Do We Rank Utility and Energy Technology Companies and Outsourcers?



This is a controversial and complex question with a simple and straightforward answer. We rank companies as a value-added service to our clients in order to help them make critical business decisions in a timely manner and with the best insight available. We serve both technology suppliers and end-user utilities and companies in the industry, so on balance everybody is able to benefit from our research and analysis.

Are the Rankings Objective and Fair?

UtiliPoint® International does our utmost to be both objective and fair. Each company's rank - within its group of firm - is based on the same set of measures. Furthermore, most of percent of a company's ranking is based on a formula that uses objective measures of business quality and technological superiority. The remaining factors are based on our expertise and the expertise of other industry thought leaders and observers that help us shape our well respected views. We also ask business executives both at utilities and energy companies as well as at technology companies what they think. Although peer assessments are subjective, they are also important in helping UtiliPoint® articulate a well-rounded narrative of the market landscape. After all, a good mark from a user or complementary solutions provider is often very credible and can lead to overall industry improvements and alliances.

UtiliPoint® International Scoring Method

The UtiliPoint® International ranking method rests on two columns. It relies on quantitative measures of utility technology information suppliers that UtiliPoint® and other industry thought leaders and experts have found to be reliable indicators of overall quality, and it is based on our nonpartisan view of what matters in utility technology.

First, technology suppliers are categorized by business model and in some cases by overall scope of product and services offering. In addition, we take a look at the CIS outsourcers that provide hosted applications, business process management (BPM), business process outsourcing (BPO), and infrastructure outsourcing.

Next we gathered data from each technology and services provider by asking those more than 80 important questions in 8 categories that are indicators of information technology product and service excellence. We obtained missing data, and validated information by querying utility end-users of the various CIS solutions. Additional information was provided by TMG Consulting, and other highly reputable consulting and services organizations in the industry. Estimates may be used when companies fail to report particular data or information.

To arrive at a company's rank, we first calculated its scores. The final scores were then rescaled and the top company was assigned a value of 1, and the other companies' weighted scores were calculated as a proportion of that top score. Final scores for each ranked company were rounded to the nearest whole number and ranked in ascending order. In a few cases, assigning additional weight was necessary to differentiate between companies and offerings.



Methodology Extensions

In the future, UtiliPoint® International intends to provide the market and clients with increasingly deeper analysis and insight of outsourcing. One way in which we propose to provide additional insight is to create a matrix of “Best Values.” Essentially, the “Best Values” are outsourcers that score above average based on our survey results (within each peer group) and cost considerably less than many other outsourcers in the same peer group when cost of implementation, maintenance, and operation are factored into the equation of fundamental solution value.

How will the best value rankings be determined? These rankings will be based on the ratio of quality to price. A company’s quality ranking—its overall score in the Technology Vendor Matrix rankings—will be divided by the average cost of the solution. The higher the ratio of quality rank to the discounted cost, the better the value.

For “Best Values” we will likely consider only companies that finished in the top half of their categories in the Technology Vendor Matrix – CIS Outsourcer rankings. Why? UtiliPoint® International believes that the best values are found among companies that are above average technologically, have visibility and position, and provide above average service to customers.

Confidentiality

UtiliPoint® International collects information about technology suppliers and vendors primarily from suppliers and vendors themselves. Where suppliers and vendors do not supply information UtiliPoint® International uses public and proprietary databases, knowledge repositories, and other information sources. Additionally, UtiliPoint® International conducts interviews with utilities and energy industry service company executive management and staff. From time to time UtiliPoint® International will also use secondary research and other sources to obtain information.

All information provided by technology suppliers and vendors is volunteered to UtiliPoint® International. In return for technology vendor and supplier cooperation, UtiliPoint® International provides an executive summary to participants, offers our professional services, and guarantees the highest standard of professional conduct, ethics, and integrity.

Information about Changes to the Rankings and Contact Information

If you have comments or concerns about the data and information contained herein, UtiliPoint® International would like to hear from you. Please address your correspondence to UtiliPoint® International, 312 Stuart Street, Boston, Massachusetts 02115 or fax UtiliPoint® International at 617.960.3535. All correspondence must be on company letterhead and must be signed. Please include your e-mail address and phone number on the fax as well. If you are requesting a correction, your correspondence should indicate that you are making such a request, state what the specific issues are, and include an edited copy of the data to show how it should be displayed. Updating the Technology Rankings once they have been published is time consuming. UtiliPoint® International will make its best effort to alert clients, product subscribers, and the market of corrections. We appreciate your patience.



UtiliPoint International TVAM Team

Ethan Cohen

Director, Utility and Energy Technology, UtiliPoint®

Mr. Cohen leads the Utility and Energy Technology Practice and provides custom management consulting, marketing consulting, and energy and utilities industry analysis. Mr. Cohen's current research focuses on the nexus between IT and business process improvement and optimization. Mr. Cohen has recently been engaged in utility information technology and business prudence audits and is working with a select number of companies on business process outsourcing projects and asset management projects. Prior to joining UtiliPoint® International, Mr. Cohen was a manager at Blue Ridge Partners, Research Director of Energy and Communications at Aberdeen Group, and a Senior Analyst with The Yankee Group, where he built the first energy technology focused market research and advisory practice. Mr. Cohen holds an AB with subject honors from Vassar College and an MA from Brandeis University.

Jon T. Brock

Chief Operating Officer

Mr. Brock manages UtiliPoint®'s day-to-day operations and utility-IT/strategic intelligence practice which result in research consulting for corporate clients. In addition, Mr. Brock's expertise includes utility business design, business plan development and review, metering, outsourcing, business process optimization, and information technology infrastructure design and deployment. His previous work history includes experience at SCIENTECH, Central and South West, Public Service Company of Oklahoma, and Amerada Hess. He has served on several utility/energy-related boards in the member and advisory member positions and has provided testimony and audit services to state commissions related to utility-IT investments. Mr. Brock holds a B.S. in management science/computer systems from Oklahoma State University and an M.B.A. from the University of Tulsa.

J. Christopher Perdue, MA

Director, Market Research, UtiliPoint® International, Inc.

Mr. Perdue directs UtiliPoint®'s market research efforts, which result in special reports/analyses for corporate clients. In addition, Mr. Perdue's expertise includes forecasting of load, economic development, financial consulting, research, and retail solutions development and support at energy companies. Mr. Perdue has work experience at Excelergy, DukeSolutions, Central and South West Corporation, and Gulf States Utilities. Mr. Perdue most recently served at American Electric Power in roles with the software and technology company Excelergy. He holds a B.B.A. in Economics from Belmont College and a M.A. in Economics from Vanderbilt University.



About UtiliPoint® International

UtiliPoint® International, Inc. has a 72-year history of innovation and delivery providing independent research-based information, analysis, and consulting to energy companies, utilities, software and services firms. We provide the actionable industry knowledge, expertise and solutions that serve companies' needs and help them thrive in the dynamic energy and utilities space. UtiliPoint® experts are located across North America.

For more information visit us at www.utilipoint.com

About The UtiliPoint® International Utility and Energy Technology Practice

The Utility and Energy Technology practice provides custom management consulting, marketing consulting, and energy and utilities industry analysis to energy and utility companies, information technology suppliers, energy technology suppliers, and energy and utility industry investors. From the energy and utility company perspective, the practice's research and consulting services are focused on the key trends, strategic market issues, and technology in the energy and utility space. From the technology vendor/supplier and investor side, the practice follows the services, hardware, software, and application technology markets, paying special attention to enterprise applications, utility operations and productivity systems, middleware, and back office systems. The practice also closely follows trends and technology in distributed electricity generation, water utility technology, meter reading, demand response and customer service/care technology, and the utility and energy legislative and regulatory environment.

Our Value

We continually create surprising inspiration and provide invaluable independent analysis, perspective, and opinion that are firmly rooted in timely research to catalyze and enable success. Clients of UtiliPoint® breakthrough business challenges by working with us to put our knowledge into action.

Qualifications

- ▲ UtiliPoint® professionals have deep experience in the energy and utilities industry
- ▲ UtiliPoint® is a recognized and trusted source of utilities and energy industries research and data
- ▲ UtiliPoint® professionals have successfully conducted projects for more than 500 clients worldwide since 1933
- ▲ UtiliPoint® professionals are routinely sought out by the industry for our valued insights and opinions
- ▲ UtiliPoint® earns the repeated business of its clients



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