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Radical Digital Transformation & Cloud 1st Adoption



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Radical Digital Transformation & Cloud 1st Adoption

MAKE IT
DIGITAL

Presentation Outline

- 1 About Eskom/Group IT/SAP CoE
- 2 Our Digital Journey
- 3 Our Digital Core - SAP S/4 HANA
- 4 Cloud 1st Adoption - Hana Enterprise Cloud / SAP Ariba & Success Factors
- 5 Internet of Things - SAP Leonardo
- 6 Key Take Aways



- Strategic **100%** state-owned electricity utility
- Supplies approximately **95%** of South Africa's electricity

As at **31 March 2016:**

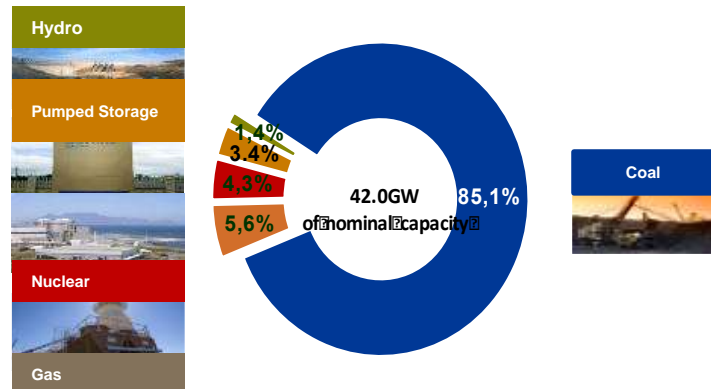
- Revenue of R163.4 billion
- 5.2 million customers
- Performed 158 016 household electrification connections during the year (more than 90% of all households electrified)
- Committed CSI spent of R103.6 million, benefiting 302 736 beneficiaries
- Net maximum generating capacity of 42.GW
- 47 978 employees, increased due to employment of 1 370 learner artisans to strengthen pipeline (2015: 46 490)

Twitter: @Eskom_SA

Key highlights of the year - March 2016

- No loadshedding for almost 22 months
- Additional **158 016** additional households were electrified
- Generation plant performance with **EAF 78%**
- **New Capacity:** Medupi Unit 6/5/4, & Ingula Unit 1 to 4 synchronized

Generation capacity – 30 September 2013



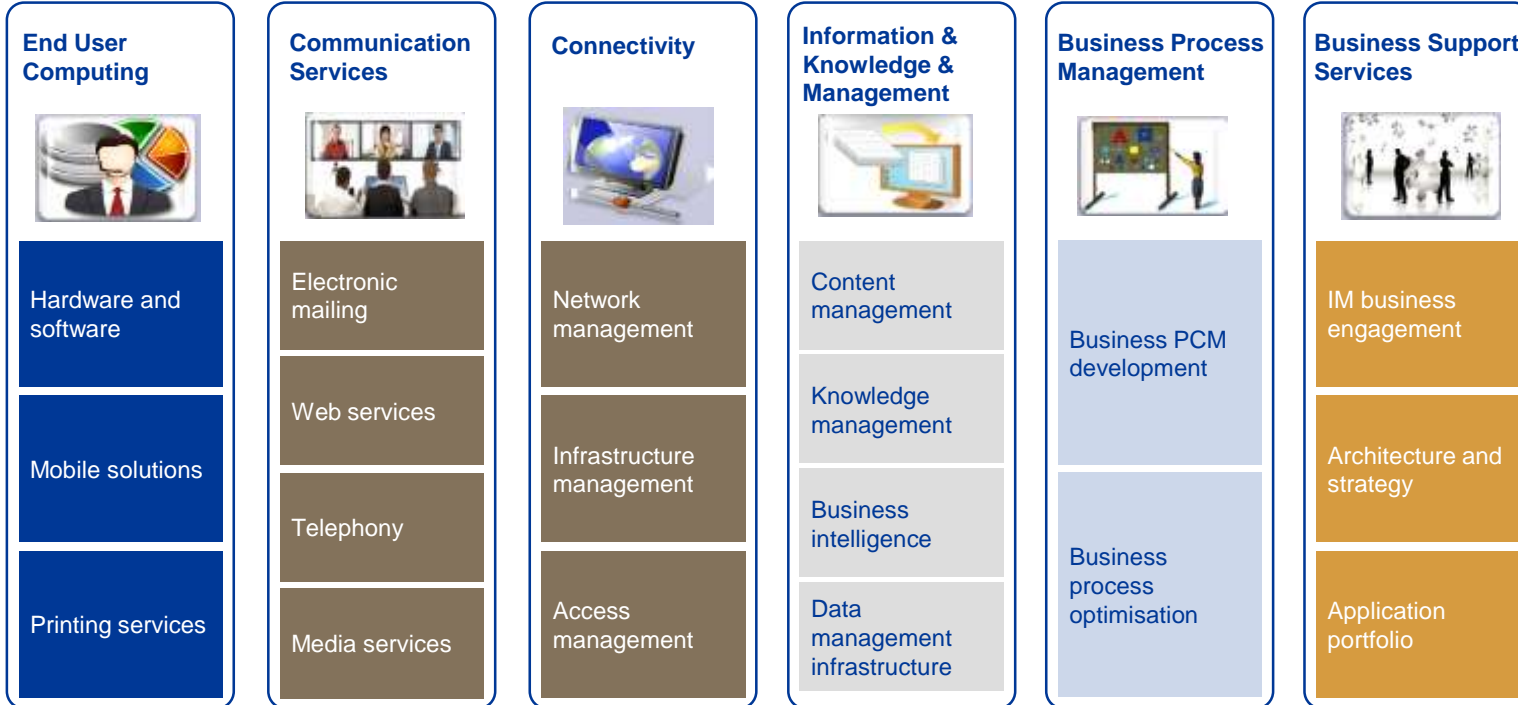
Eskom – Group IT is amongst one of the largest IT houses in Africa

Eskom IT by the numbers

- » **over 900** internal IT professionals
- » **R3,4bn** Opex
- » **R3,7bn** Capex
- » **48,000** Users
- » **2.5-3.0 PB** Storage
- » **+200m** Transactions
- » **505** Locations
- » **6mn** Email/Week



Comprehensive service offering to effectively serve our customers



Service Management

| | | | | | | | | | |
|--------------------------|---------------|---------------|----------------|----------------|-------------------|-----------------|----------|---------------------|--------------------------------|
| Mange incident & problem | Manage demand | Manage change | Manage release | Manage testing | Manage continuity | Manage security | Training | Business enablement | Project & programme management |
|--------------------------|---------------|---------------|----------------|----------------|-------------------|-----------------|----------|---------------------|--------------------------------|

Eskom SAP Journey Map | Since 1996



1996 – Eskom SAP Journey starts

- SAP 3.1 H Implemented
- SAP CC established

2012

- SAP CoE project launched (May 2012)
- SAP - Eskom Strategic Technology Partnership.
- UDD Contract - (Dec 2012)
- Insourced SAP Developers & Basis Teams (Dec 2012)
- SAP R2 Project

2017- to date SAP Digital Roadmap & Cloud Strategy

- SAP Hana Enterprise Cloud (HEC)
- SAP S/4 Digital Core
- SAP ARIBA
- SAP SuccessFactors
- SAP Leonardo (IOT)

1

3

5

2

4

2001 to 2011 - SAP Upgrades & Consolidation

- SAP Plant Maintenance for Gx (2001)
- SAP 4.6 C upgrade (2005)
- SAP HCM is implemented (2003)
- SAP ECC6 (Consolidation of 4 ERP's) and rollout of SAP SRM, PPM and BW

2013 to 2016 June

- SAP Primary Certificate (April 2013)
- SAP CCoE Advanced Certification (May 2015)
- Re-certification (June 2016)
- SAP Hall of Fame (Bronze) *

- 140+ in-house SAP Professionals
- SAP CCoE Advanced Certification
- SAP HALL of FAME
- 240+ SAP Application Change Request per year
- Major SAP upgrades with internal teams, EHP7, SAP CRM,QIM



Eskom is awarded prestigious SAP Centre of Expertise certification

By SAP Africa
Johannesburg, 1 Feb 2016

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South African power utility Eskom is the first organisation on African soil to be awarded the prestigious Advanced Centre of Expertise (COE) certification from leading global enterprise software solution provider, SAP.

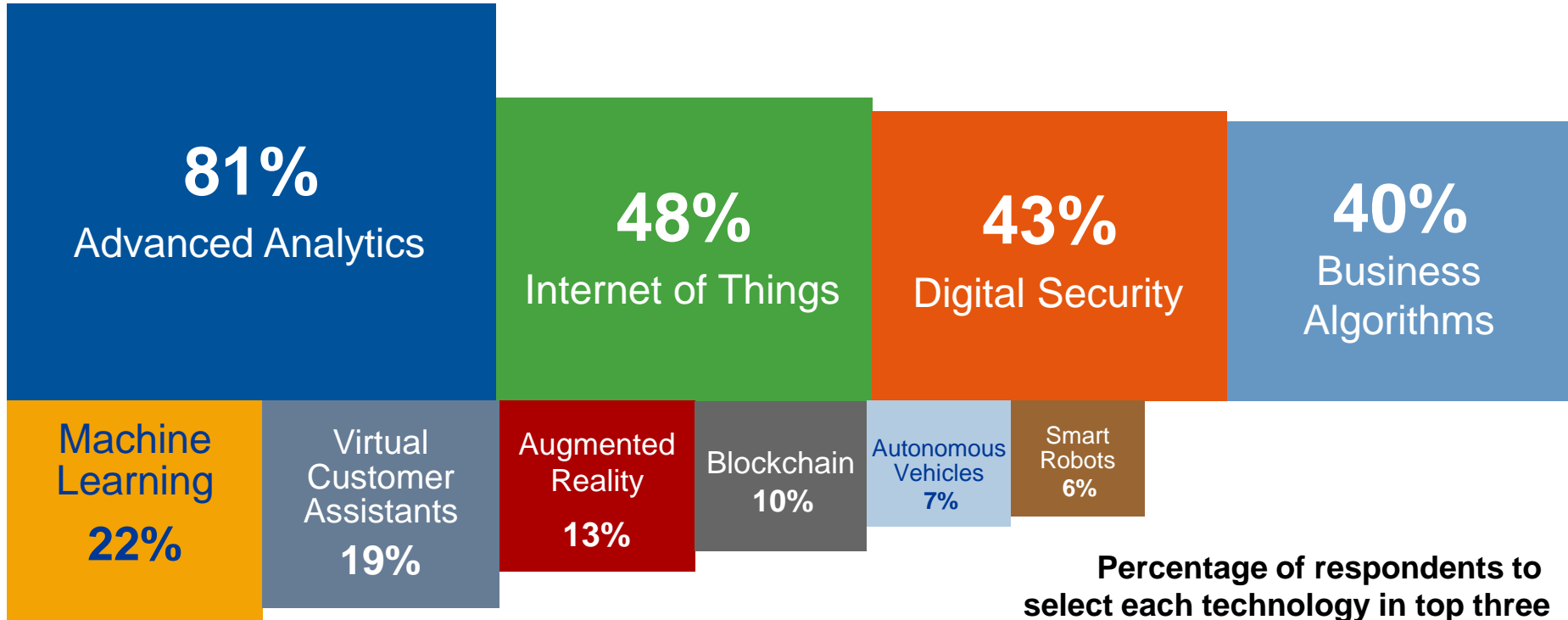
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Gartner: Key Technologies Will Deliver Change

Q. In your opinion, which three of these technologies have the most potential to change your organisation over the next five years?



Percentage of respondents to select each technology in top three

SAP: New Technologies Driving Change

FEASIBLE



CONNECTIVITY

Internet • Mobile / social • IoT / sensors
• B2B collaboration

AFFORDABLE



SMARTER WORLD

Artificial Intelligence • Machine Learning
• Predictive • Robotics

VIABLE



REAL-TIME BUSINESS

In memory computing at scale • Cloud
Business Networks • Blockchain • 3D printing

SAP: Design Thinking

Design thinking methodology to explore 4 topics over 4 break out sessions

How digital can improve the supply value chain ?
 How digital can simplify Eskom user experience?
 How to drive more transparency and more flexibility in finance operations?
 How predictive can improve operations?

Example

Eskom Participants:
 CIO
 Enterprise Architects

SAP Participants:
 Utilities value engineer
 Design thinking Expert

Remote

0

Preparation

- Align on the innovation Work Shop methodology and expectations

30'

Eskom Participants:
 CIO
 Enterprise Architect
 Business unit key stake holders

SAP Participants:
 Design thinking Expert to animate the sessions

Industry Business Unit expert and Core Industry experts to bring their experiences and references

Subject matter experts to share customer success stories

Utilities value engineer

On site @ the SAP Innovation Center

1

The New SAP :

- What is the art of digital possibilities?
 Methodology and approach presentation

30'

2

Eskom Context

- Eskom explains the 'as is' situation by going through the end to end business process with a focus on challenges

2h

3

Where Eskom wants to go?

- Get inspirations through utilities and other industry use cases
 Imagine company success with digital 5 years from now in the areas of:
 - Evolution of the business model
 - Evolution of business processes
 - And simplified IT

2h

4

Gap Analysis

- Brainstorm what it will take to bridge the gap between now and the future
- Recommendation is to use the "Current - Future - Barrier" tool

2h

5

Conclusions

- Each group presents the top 3 ideas to improve its operation efficiency

1h

6

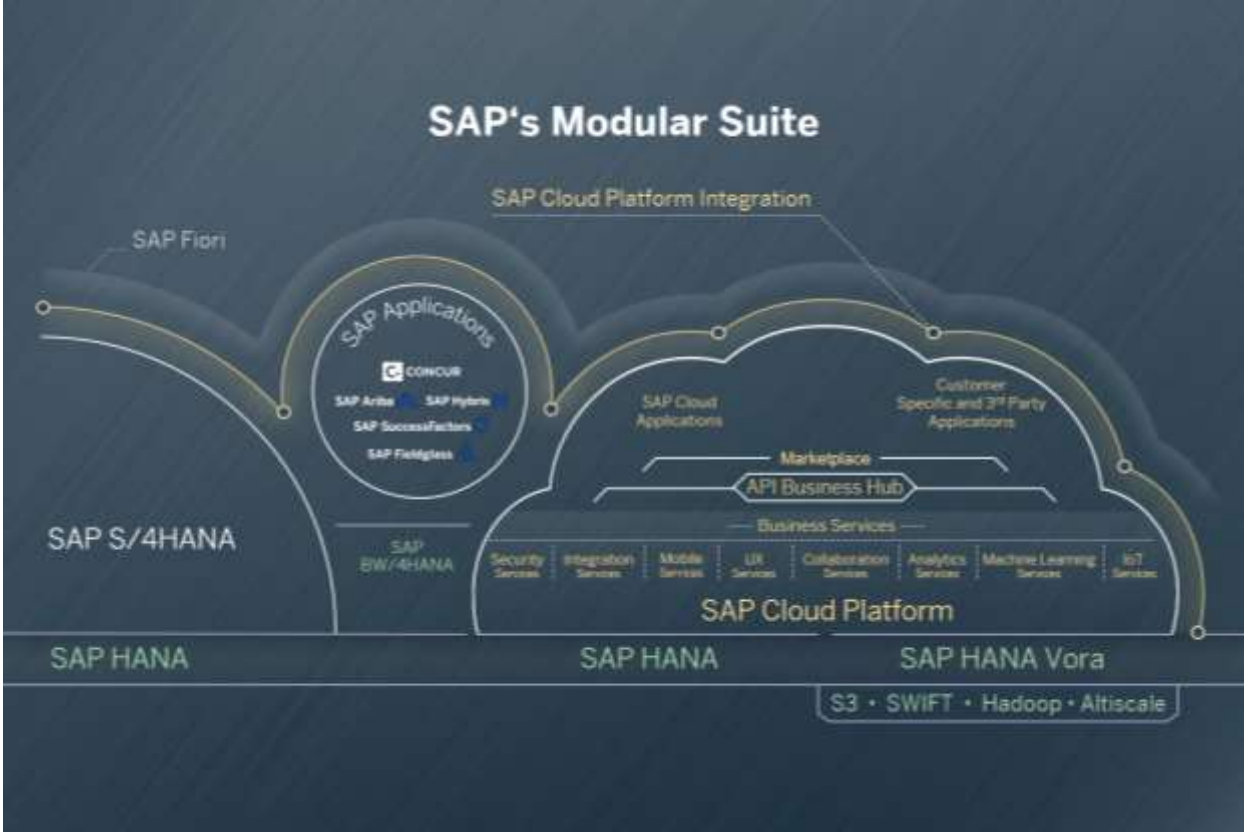
Action Plan

- Follow up sessions where SAP can presents utilities solutions for the selected use cases
- Articulate action items and next steps to achieve the future state
- Identify key stakeholders who can take these actions forward with SAP

30'

4 Break out sessions

Digital Enterprise Platform Approach



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SAP S/4 HANA Next Generation Business suite



Internet of Things



Business Networks



Social Networks



SAP S/4 HANA

SAP Fiori UX

role-based user experience for all devices

SAP S/4HANA Applications and Extensions

instant insight-driven applications for all lines of business and industries

SAP HANA Platform

in-memory platform for all data

On-Premise
Edition



Managed Cloud
Edition



Public Cloud
Edition



People



Devices



Big Data

native integration for hybrid scenarios

[Ariba](#) [Concur](#) [Fieldglass](#) [hybris Software](#) [SuccessFactors](#)

Powering Eskom through HANA

Objective: To enhance the Close Consolidate Report (CCR) and the Planning Budgeting and Forecasting (PB&F)

Close Consolidate Report



Close consolidate Report

Current close consolidate report takes 14 to 15 working days to complete

Day 0 - 6

- Billing run only on the 3rd day
- Fixed asset close day 3
- Last minute adjustments until day 5
- Manual accruals
- Process discipline lacking leave all activities to last minute

Day 7 - 10

- Manual movement schedules
- Inaccurate balancing requires review and rework

Day 11 - 14

- Manual inter company process
- Limited business to business interaction
- Statutory view and management view mismatch
- Monthly reporting not standardised

Integrated performance Management Planning Budgeting and Forecasting



Budgeting Planning Forecasting

- Process takes 4 months to complete
- Formal Top Down corporate plan not aligned with budget cycle
- Quarterly forecasts done as extrapolations
- Budget cycle not aligned to other planning activities e.g. primary energy plan
- Budgeting done in models outside and captured directly on ERP
- Ownership of budgeting process not clear
- BPC used for certain models (Labour etc.) and for budget consolidation
- Driver based budgeting not consistently used

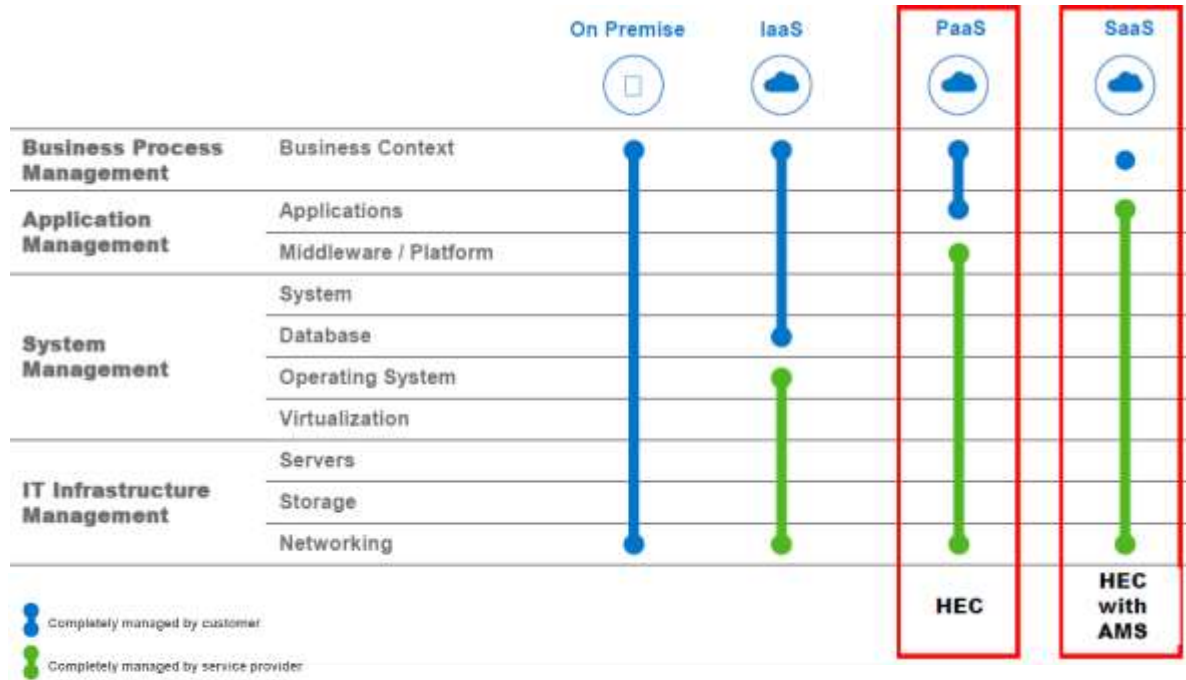
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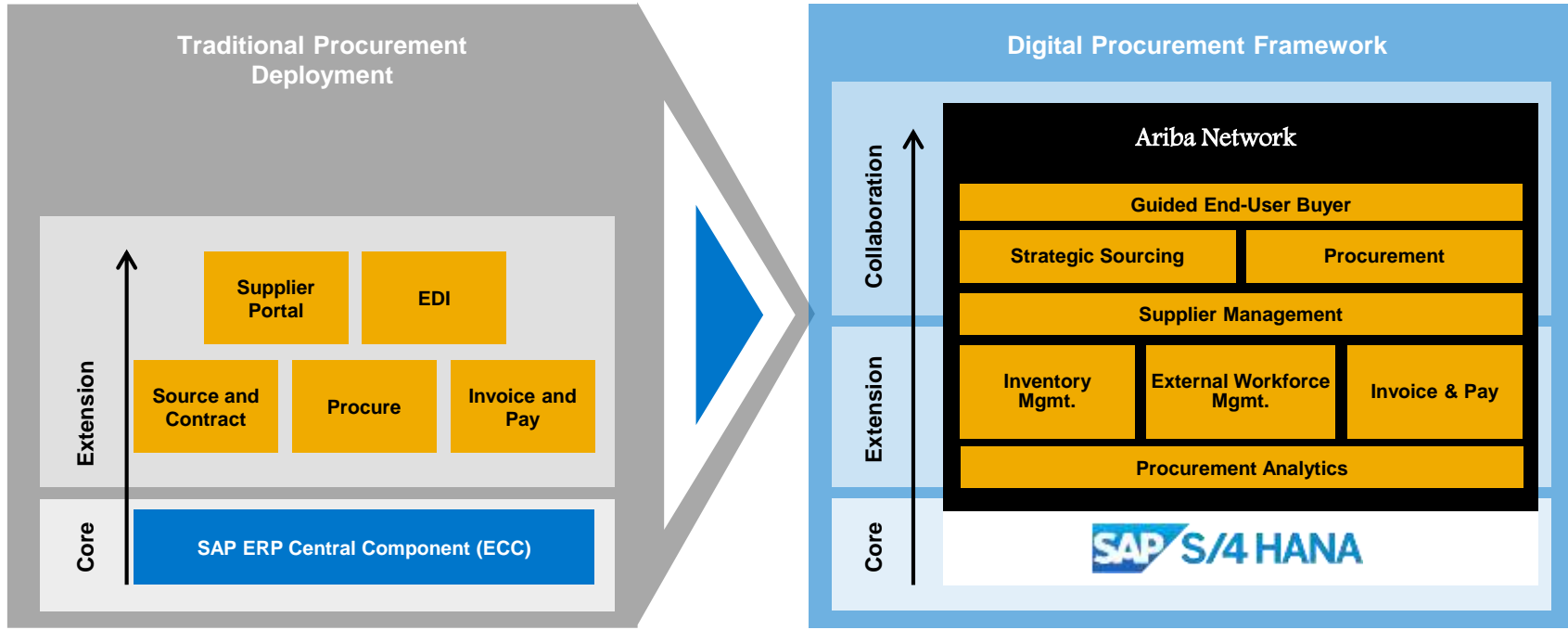
SAP Hana Enterprise Cloud (HEC)

Moving of the SAP applications to the local HEC (PAAS)





Digital Transformation of Procurement with SAP ARIBA



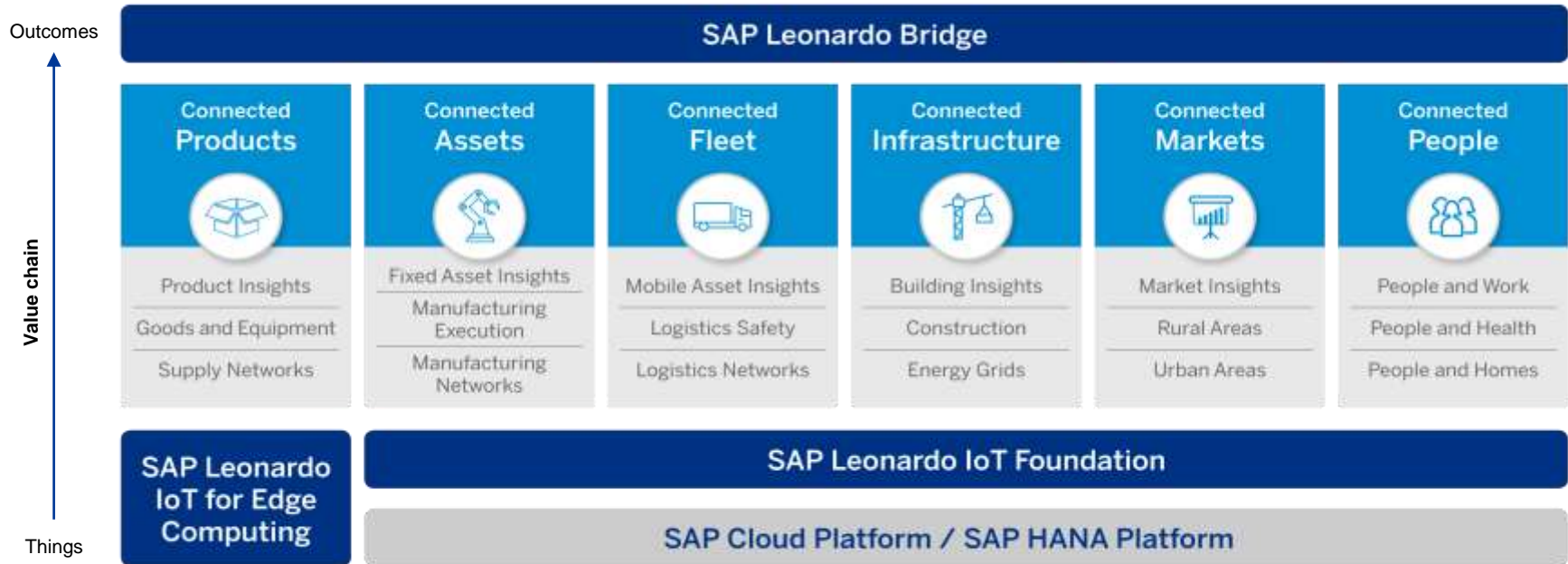
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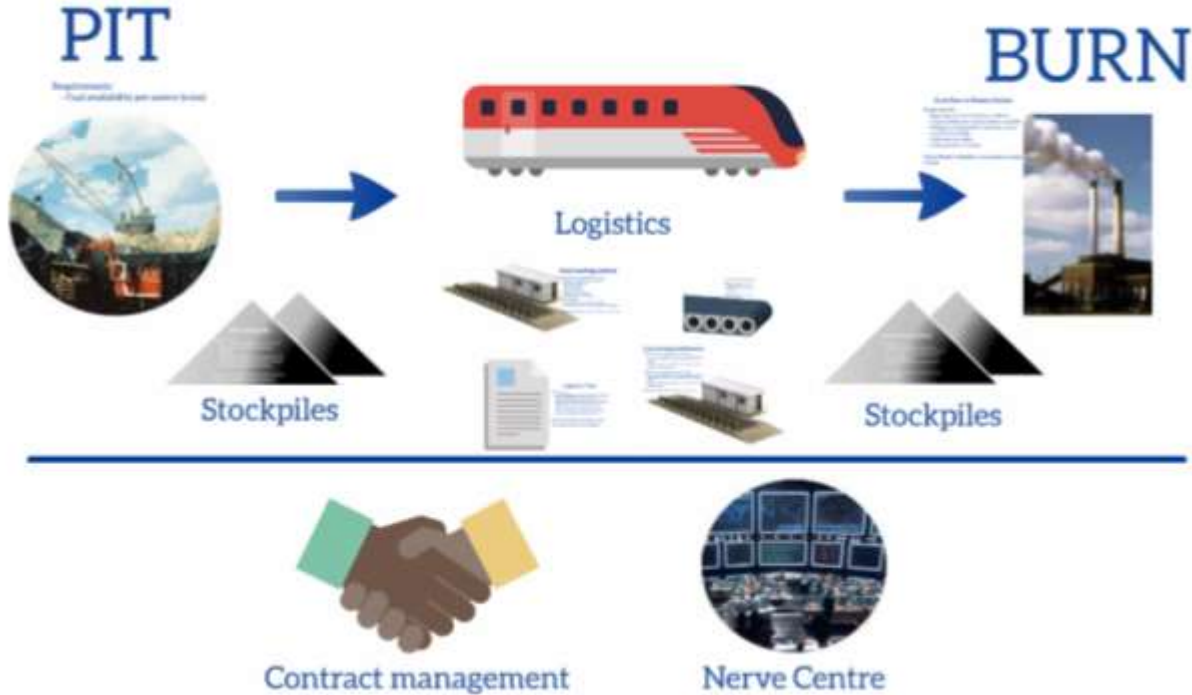


The SAP Leonardo Innovation Portfolio is the core of SAP's IoT Strategy

... SAP Leonardo connects things with people and processes



“Pit to Burn” Automated Solution



Eskom Group IT: SAP HANA



| | | | | | | |
|---|---|----------|--|------|-----------------------------|---|
| Key Objective | Lay the “digital” foundation for the Eskom of tomorrow | | | | | |
| Start Date | Jan 2017 | End Date | Mar 2018 | Goal | Strategic Shift (Y/N) | Y |
| | | | | | Sustaining Operations (Y/N) | Y |
| Expected Outcomes | | | FY18 Key Milestones | | Dates | |
| Digital Core: Implement SAP HANA S/4 – Next generation business suite & Suite on HANA (SoH) | | | SAP EA Modification | | Jun 2017 | |
| | | | SAP Private Sector Participation | | July 2017 | |
| SAP Fiori – The User Experience of SAP S/4 HANA | | | SAP SoH | | Nov 2017 | |
| Cloud 1st Strategy: Migration / Conversion to SAP HANA Enterprise Cloud (HEC) | | | Migrate from on Premise to SAP HEC | | Nov 2017 | |
| | | | SAP S/4 HANA | | Apr 2018 | |
| Implement SAP SaaS • SuccessFactors: eRecruitment • SuccessFactors: Talent & Goals • ARIBA: Procurement Solutions | | | SF: eRecruitment | | Mar 2018 | |
| | | | SF: Talent & Goals | | Mar 2018 | |
| | | | ARIBA: Procurement Solution | | Mar 2018 | |
| Implement SAP Leonardo IoT Solution for Utilities | | | SAP Leonardo / Asset Health / Metering | | Apr 2018 - TBC | |
| Risk / Issues | | | Treatment Action | | | |
| Internal Capability | | | Sourcing mechanism | | | |
| People Change Management | | | Training & Workshops with staff and business | | | |
| Dependencies | Private Sector Participation (PSP) / Business buy in and executive sponsorship / Speed of Technology execution and adoption | | | | | |

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1. Align your digital strategy to the Corporate plan
2. Contract carefully to ensure access to the right enabling technology
3. Form Strategic Partnerships
4. Take note of statutory / regulatory requirements (e.g. data outside South Africa)
5. Cloud adoption is a phased journey and take your people with you through the journey

Thank You!

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THANK YOU



It's time to
Reimagine
infinite possibilities

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