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CGEY: THE NEXT-GENERATION CONSULTING PLATFORM

**World Energy interviews Regina Kennison,
Vice President, Energy, Utilities & Chemicals Practice,
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Regina Kennison has helped implement large-scale business transformations in multiple environments across the entire energy value chain, including exploration and production, refining, supply and distribution and retail marketing. In 2002, she received an award from the Houston chapter of the Association for Women in Computing.

World Energy: Although energy prices are at high levels and energy companies are showing favorable results, the mood in the executive suite still appears to be very conservative, based on the number of challenges the industry faces in the near term.

Has the energy industry's relentless search for cost reductions had an impact at the professional services level?

Kennison: Yes, all the cost items in the balance sheet are closely scrutinized, and now, more than ever, a consulting contract has to be able to pay for itself – and more. The key is to define the benefits and then ensure they're achieved.

World Energy: What about the underlying need for outside consulting? Has it declined for energy companies?

Kennison: Actually, no. There are two major issues facing energy companies that require attention. First is the issue of stock prices. Many companies have posted record earnings and yet their stock prices are still flat or lower. That reflects the markets' viewpoint of the second issue, the need for more rationalization of assets and step changes in cost reduction. There are still many redundancies creating expenses – across business units that reside in geographic regions around the world – that can be wrung out.

World Energy: After a decade or more of improving operations, you'd think all the inefficiencies would be wrung out.

Kennison: We're talking about immense energy and chemical company operations spread around the world. It isn't so easy for such large companies to overcome regional differences in conducting business. The trend now is to remove large chunks of business organizations and then outsource those functions, taking better advantage of labor arbitrage and then making sure that transformation strategies are applied across geographic boundaries. These strategies can save a great amount of money.

World Energy: That's always been the selling point, hasn't it?

Kennison: Well, there are other reasons to engage a professional services firm besides improving operational efficiency. But finding ways to do things better is always attractive. Saving money through cost reduction is always a good start but companies need to make money by growing as well. They need a better understanding of their customers and channel partners, to increase market share and find and create new markets.

World Energy: Is consulting changing to reflect industry needs?

Kennison: Typically, consulting services have been product-based, and we don't have to go much beyond remembering the IT implementation boom of the 1990s to find a reference for what I mean there. Our new model – called issue-based consulting – focuses on how to improve business results with speed and high repeatability, delivering results to the bottom line consistently.





World Energy: What happens to the products or offers that would normally trigger a consulting project?

Kennison: The solutions are still there. But now, they are baked in to the implementation plan with specific business benefits attached. In fact, the starting point for most transformation initiatives, regardless of their structure, are what we call "Red Issues," the ones that keep the CEO and senior executives awake at night. These are complex, involving many functions within the organization, and they can drag down performance.

World Energy: How does CGE&Y employ technology solutions to clients in this new model?

Kennison: One way that we do that is through our Accelerated Delivery Center (ADC), a global network of 26 facilities where we conduct technology projects with our clients to realize speed of design and development with predictability. We created the Accelerated Delivery Center network to offer our clients the option to conduct system development work in an environment totally focused on technology projects delivery. The ADC network of facilities is a unique capability offering creativity, speed, knowledge reuse, leading technologies and robust infrastructure.

World Energy: How does a typical ADC project for an energy company work?

Kennison: A typical ADC project starts when we identify a need to enhance or extend one or many systems. Our analysts and architects work in parallel with client sponsors to gather initial requirements and architectural frameworks. Using our iterative approach, we then refine the requirements, build the application, and test the application. Finally, we assist our clients in deploying the software and transitioning knowledge.

We encourage our clients to work on the project team with us during development because of the many benefits of a partnership and joint teaming approach. Three examples of this are quicker resolution of issues and scope changes, an easier transition when development is complete and a better understanding of client business and technology issues.

World Energy: That's very interesting. Is the joint teaming approach around the technology of the ADC extending to other aspects of your consulting work?

Kennison: Actually, we have another global network of 21 facilities called Accelerated Solutions Environments (ASE) that help to do just that. An ASE is the most creative workspace that we know. Configured to inspire "group genius," the ASE is a technology enabled, collaborative design studio for solving complex business issues. With 21 centers located around the globe, the ASE has successfully conducted over 1,000 sessions with over 500 different clients, including 52 of the Fortune 100, 44 percent of Business Week's Top 100 Global Brands, and dozens of energy and power companies.

World Energy: How does an ASE session work?

Kennison: There is a high degree of energy and excitement during ASE events. Up to 100 participants gather in the center for one to three days of intensive work towards a common goal. Fundamental to the ASE is the process of collaboration – all participants develop a solution together. Participants are facilitated through a rigorous, iterative process of exploration, co-design, assessment and decision-making. This progression facilitates breakthrough thinking and wide-range support by incorporating all aspects of the creative process. Participants leave the session with a clear action plan and the energy and intent to implement it quickly.

World Energy: Any closing thoughts?

Kennison: One of the great strengths of issue-based consulting is that it enables the consultant and client to jointly establish expectations at an early stage in their relationship. Then if the project isn't working at various test stages, it can be revised or abandoned, limiting exposure. Basically, we're putting more effort up front so the client gets more value at completion. It's just a smarter way for the client to solve problems.

Further information about Cap Gemini Ernst & Young can be obtained from:

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