



**Service Contracts
Electronic
Document Management System
For Custom and Business Markets of Retail
Services
Business Case**

March 10, 1998

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I. Current Situation

Access to information on customers' service contracts is necessary to ensure correct billing data, monitor contract expirations, review rate comparisons, document proper treatment for regulatory filings, and discuss rates and billings with customers. Today, Entergy's customer service contracts are not easily accessible by employees. There is not a consistent method or process for handling service contracts, and there is no corporate inventory of these critical documents. Contracts are currently filed at various locations throughout the Entergy service territory, and in some cases, service contracts have been misplaced and employees have even had to ask customers to provide copies of their contracts. As a result, some customers are billed incorrectly, contract expiration dates are not adequately monitored, and employees lose opportunities to discuss rate and billing options with customers.

Rate consultants are contacting Entergy customers and performing rate audits for these customers. These consultants are discovering billing errors and thus, recovering money for these customers. The customers must pay fifty percent of the recovered monies to the rate consultant, and as a result, these customers are angry with Entergy. Given an opportunity, these customers will probably select another energy provider. It is a very conservative estimate that at least one-fourth of one percent of business and custom revenue is at risk as a result of Entergy's failure to have a method to store and access service contracts in a timely fashion. It is possible for one percent of this revenue to be at risk.

In addition, without Entergy's knowledge and management of the service contracts, customers could terminate service with Entergy and select another option for electric service.

II. Proposal

The Service Contracts-EDMS Project will result in the identification, inventory and central storage of service contract hard copy files as well as provide online access of Entergy's critical customers' contracts. In addition, a database will allow access to contract information through querying tools and specific service contract management reports. This project will provide improvements that address contracting, records management and billing concerns. The service contracts addressed are those within the Business and Custom Market units. Implementation of this system will improve billing accuracy, reduce cycle time, ensure the security and integrity of these records, and enhance internal and external customer satisfaction.

This system will support Entergy's aspiration to "develop, implement, maintain and enhance an infrastructure that facilitates an end-to-end approach to the offer and delivery of profitable products and services and provides timely decision support".

The Custom and Business Markets support this project.

III. Evaluation Summary

The EVAL prepared for this project is summarized below:

- Net present value of \$69,676
- Internal rate of return equal to 30.40%
- Payback will occur in the year 2000

Software Development and Implementation Cost

Description	Incremental Amount	Total Amount
Vendor Software - 50 Users @ \$500/Seat	\$25,000	\$ 25,000
Entergy IT Development		26,000
Hardware - Scanning Station - \$5,000	5,000	5,000
- Database Image Server - \$25,000	25,000	25,000
Contractor - System Integrator - \$329,000	329,000	329,000
- Temp Clerks for Scanning - \$6,000	6,000	6,000
Project Team Meetings 6 employees/16 hrs + Travel	1,000	7,000
Systems Development Project Mgt - 240 hrs + Travel	2,000	14,000
User Acceptance Testing - 4 employees/2days + Travel	1,000	4,000
User Training - 25 employees/1 day + Travel	5,000	12,000
Sub-Total	\$399,000	\$453,000
Contingency Cost (10%)	40,000	40,000
TOTAL	\$439,000	\$493,000

Annual Maintenance Cost

Description	Amount
Document Analyst	\$54,000
Vendor Software Maintenance	4,000
Vendor Storage	12,000
Entergy IT Maintenance	17,000
TOTAL	\$87,000

Savings

Description	Amount
Cycle Time Savings	\$42,000
Cancel/Re-bills	24,000
Lower Administration Costs	6,000
Net Operating Profit After Taxes*	260,000
Total	\$332,000

*Note: Based on potential revenue loss of 1% of custom and business accounts revenue or \$260 million and 1% profit margin.

IV. Assumptions

- 500 Custom and 2000 Business Documents for Phase I
- Storage provided by commercial vendor - Phase I documents could be stored with Contracts Analyst
- Scanning to be performed internally by temporary clerks within Entergy facilities
- One central scanning station that all contracts route through
- Database / image server will be necessary for electronic storage of the document. Will be purchased in this project
- Services of a systems integrator (consultant) will be required to assist with design and implementation for 2 to 3 months
- Minimal transaction cost
- Minimal storage cost
- Average analyst cost used for salary information
- Potential revenue loss based on 1% of revenue for Custom and Business Accounts (1/2 for 1998, 3/4 for 1999, full amount for remaining years)