

Adaptive Forecasting

Accuracy Matters



An innovative demand and revenue forecasting solution for the energy industry developed collaboratively by Capgemini and SAS.

"Adaptive Forecasting can provide new sources of revenue, capital avoidance and increased EBITDA for utility companies. In addition, Adaptive Forecasting offers other significant ownership benefits by reducing energy and revenue forecast uncertainty. Adaptive Forecasting provides a reliable framework for assuring forecast governance, improving risk management and leveraging results across the enterprise."
 - Chris Grier
 Capgemini Energy Forecast Leader, North America

Adaptive Forecasting is a unique solution that combines the strengths of Capgemini's expertise in the energy industry with data warehousing and predictive analytical software from SAS Institute.

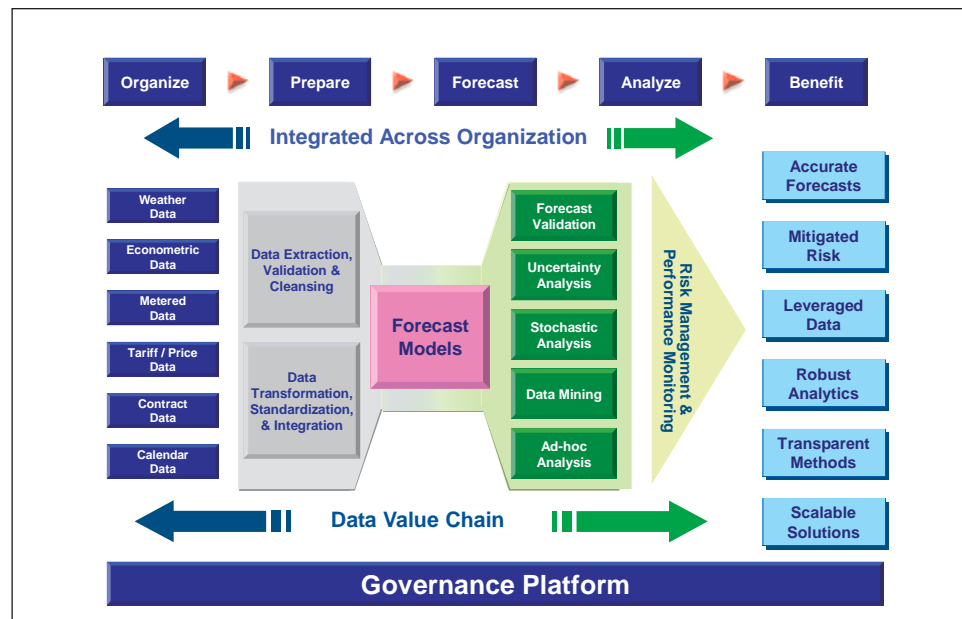
Internally, systems continue to grow more sophisticated while at the same time become more "siloe", making shared data management a strategic corporate objective.

CURRENT STATE

The energy industry continues to adjust to an environment of change. It is beginning to understand the affects of Sarbanes-Oxley on corporate governance, utility commission re-regulation, and the impacts of changes to operations and technology across geographical markets.

NEW CORE COMPETENCIES

To excel in this environment, more precise and focused forecasting has become a necessary core competency. The ability to accurately predict the volume of retail and wholesale demand along with more accurate revenue projections brings significant financial rewards to those who do it well.



Improving corporate governance through these same functions can also significantly reduce risk. Unfortunately the current complex business environment challenges most utilities' capabilities. In a recent benchmarking study by Capgemini and Exelon, it was calculated that improvements of even 0.5% in forecasting accuracy could yield millions of dollars in increased EBITDA even for small and mid-sized energy companies. Additional intangible value can be achieved by improving revenue projections and through reduced needs for re-budgeting. Payback periods for forecasting improvement initiatives are typically measured in months not years and the savings are realized year after year. However, many companies find it difficult or impossible to achieve these savings due to a lack of integration, flexibility, and functionality in their current demand and revenue forecasting systems.

VALUE PROPOSITION

Adaptive Forecasting enables generators and energy delivery businesses to reduce risks and increase EBITDA by:

- Complying with corporate

- governance and PUC requirements
- Balancing energy supply and demand
- Optimizing portfolio and pricing strategies
- Rationalizing sourcing and energy procurement strategies
- Maximizing capital avoidance
- Minimizing customer switching forecast error

THE POWER AND VALUE

To realize economic and operational benefits of world-class forecasting requires the synergy of rigorous process and methodology, combined with robust technology. Adaptive Forecasting provides the complete framework for an end-to-end solution that fully addresses forecast data management and organization, governance, and information distribution needs.

Cashing in on accurate forecasts requires power and scalability across enterprise platforms. Also, critical elements such as historic metered demand and weather data are often of varying quality, or the data requires substantial manipulation (e.g., calendarization). Adaptive Forecasting automates the processes of data extraction, validation and cleansing,

thereby enabling users to concentrate on analyzing and leveraging the information contained within the forecasts, rather than spending countless hours on their production.

The power and value of Adaptive Forecasting extends to the boardroom as well, supporting Sarbanes-Oxley and performance monitoring.



OUR CREDENTIALS

Capgemini is one of the world's largest providers of Consulting, Technology and Outsourcing services. The company helps businesses implement growth strategies and leverage technology. The organization employs approximately 50,000 people worldwide and reported 2003 global revenues of 5 billion euros.

SAS is the market leader in providing a new generation of business intelligence software and services that create true enterprise intelligence. SAS solutions are used at more than 40,000 sites -- including 90 percent of the Fortune 500 -- For nearly three decades; SAS has been giving customers around the world The Power to Know®.

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