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## **New software product makes switching VAN for Internet a no-brainer**

Energy companies are constantly seeking ways to save money without jeopardizing customer relationships. One way to do that, e-commerce experts contend, is to switch from expensive, proprietary value-added networks (VANs) to the low-cost Internet.

Before the advent of the Internet, no public network existed for companies to send and receive electronic data. Instead, companies signed up with private networks – VANs – to communicate data from company to company. VAN charges are based on a minimum usage charge plus a charge per character - and can therefore be extremely high. Some companies have been known to pay \$15,000 to \$18,000 each month to the VAN. Now, with the Internet, companies can reduce charges to almost zero by using their already-existing Internet connection. In addition, they don't have to pay anyone to send their data. The upfront investment is approximately \$50,000 for a software package – a cost that must be compared with a \$15,000 a month VAN charges for an accurate picture.

Pittsburgh, PA - based Duquesne Light Company switched to the Internet after the state Public Utilities Commission mandated that all energy companies participating in the state's customer choice program move EDI over the Internet," by June 30, says Chris Navadauskas, e-commerce consultant in Duquesne Light's E-Commerce Department. And they had to do it by conforming to the Gas Industry Standards Board (GISB) standards.

The company's goal is to eliminate costly VAN charges, she says. In the process, the rate payer benefits because his or her electric bill goes down.

Luckily, in December 1998, Navadauskas had already been searching the Web for vendors who supported GISB electronic data mechanism (EDM). "I came up with Birmingham, AL-based Group 8760 and that was the right choice for us."

Since then, Duquesne Light purchased Group 8760's software product, GISBAgent®, which eventually will enable the company to eliminate VAN charges. According to Navadauskas, Duquesne is testing GISBAgent, because the company is implementing a pilot choice program and has moved into production with only one supplier. "Our goal is to move all the suppliers that we are doing business with to the Internet," she says. "With our one trading partner, we are exchanging information like meter readings, interval readings, time-of-use meters, invoices, enrollments, drops, and inquiries."

In the next two months, Duquesne will be "ramping up" with additional trading partners, she says. "Most of the suppliers will have employed some type of GISB system — it may not be GISBAgent — but we will be testing with those suppliers and moving into production with them,"

According to Group 8760, four out of the seven Pennsylvania utilities participating in electric choice have chosen GISB-certified GISBAgent.

## 'Cutting-edge technology'

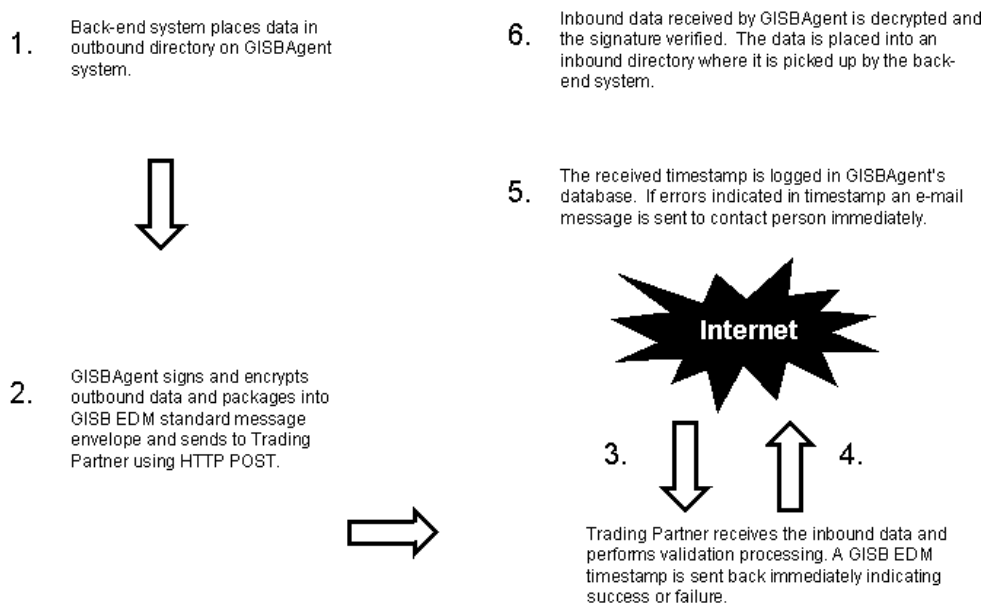
What is GISBAgent? And how does it save money? The answer, according to Jim Buccigross, Group 8760's vice president for energy practice, is that it's a program that enables companies to exchange documents electronically, and yes, it lowers transaction costs and increases efficiency.

"We have given companies who use VANs a solution to cut their costs and actually increase response time by using the Internet, says **Dick Brooks**, Group 8760's CTO. "In the past, people have seen the Internet as being unreliable — largely, because of what they see in their e-mail services or web browsers. With GISBAgent, we've built around the Internet infrastructure to ensure a higher degree of reliability." For example, GISBAgent takes action immediately to notify users the first time a problem is discovered. The system immediately launches an e-mail to a person designated as the contact person in the database.

"Some people tried to use e-mail to send their EDI, but the problem with e-mail is that it's blind," Brooks says. "It's like putting a letter in the mailbox outside on the curb. Once it's inside the box you don't know the status of that message. Once you click on an e-mail message, it must first go to a server, and that mail server is responsible for sending the message to its destination. The problem is that mail server may be having difficulty reaching that destination. You just don't know. With our software, you know immediately if there is a problem and you can take corrective action."

With the help of GISBAgent, data is sent and received directly from server to server, with no intermediaries. Host company files are encrypted and signed before being sent to the trading partner. Then those files are archived, decrypted, verified for signatures before being returned to the host company's back-end system. **(See Figure 1, below)** "We empower our clients to communicate directly with their trading partners and give them control of their own communications," Brooks says.

Figure 1: GISBAgent® Operational Flow



Source: Group 8760, Birmingham, AL

## **GISBAgent's functions**

In addition to its technical capabilities GISBAgent also has the following features and functions according to its developers:

\* **Ease to use.** "We believed the easiest way was to provide a file-based interface with which they were already familiar. And, since we are essentially replacing a VAN, we decided to make GISBAgent look like a VAN," says Brooks.

When a company wants to send a document to a trading partner, the file goes into an out-bound directory, which GISBAgent monitors. Then GISBAgent picks up the document and begins the process of doing encryption, digital signature work and actually sending the data over the Internet to the trading partner. If a company is using a VAN, they must actually dial up to get to its inbound directory. But with GISBAgent, there's no reason to dial up; the system is local, on their site. "So companies have an inbound and outbound directory, and simply monitor the inbound directories for a new files that GISBAgent has placed there from their trading partners," Brooks says.

\* **Security.** GISB decided to use PGP™ to insure that "data is private and not tampered with" notes Brooks. PGP stands for "Pretty Good Privacy" and is the most widely used cryptographic tool in the world, with more than seven million users. "By requiring all the users to sign and encrypt data, GISB was able to insure it had a very secure system with a solid legal foundation. And we incorporate PGP into GISBAgent to ensure that the data we send out is automatically encrypted and digitally signed."

\* **Reliability.** Many people have the perception that the Internet is not reliable. Enron, who has both a VAN and Internet connection, reportedly said last year that its Internet connection was more reliable than its VAN connection, Brooks says.

\* **XML Capable.** XML is a new syntax used to describe business transactions. It associates "tag names" with business data. A purchase order, Brooks explains, would be considered an XML document. All the information in a purchase order, such as the shipping or receiving information or the quantity ordered, would be defined using standard industry-accepted tag names. For example the PO number would be a tag name, and it allows the user to structure the purchase order so that the shipping address always appears before the billing address. According to Group 8760, a "significant function of XML is information exchange between different, potentially incompatible systems."

### ***'FedEx® for the Internet '***

Brooks likes to say GISBAgent is "payload agnostic" and that it's like the "FedEx for the Internet — only better, because we deliver immediately, with no delays whatsoever."

"In terms of Duquesne Light's overall e- business strategy, we want to use its full capacity and consider other applications beyond customer choice," says e-commerce consultant Navadauskas. "Can we use it in HR? Can we use it with other document exchanges? Essentially we're looking at anything that is currently moving EDI. If we want to maximize GISBAgent we have to look at all the other areas of the company beyond customer choice.

"We did not spend a lot of time cost justifying GISBAgent because it is essentially a cost of doing business. However, the cost analysis we did indicated about a one-year payback period — and that was not taking into consideration any other areas. We certainly can increase those benefits if we use the system in other ways," she concludes.

*Editor's note: For more information about GISBAgent, contact Jim Buccigross, [Group 8760's](mailto:jhb@8760.com) vice president of energy practice, at 877-507-8760 or via e-mail at [jhb@8760.com](mailto:jhb@8760.com).*