

TransCanada's Mainline Responds to Changing Business Environment with Seagate Holos

“A lot of the talk about OLAP tools revolves around data mining and warehousing,” says Lynne Ralston, project leader for Financial Simulations within the Systems Department at TransCanada PipeLines (Calgary, Alberta, Canada), “but we’re at the other end of the spectrum when it comes to using this technology—you might consider the term ‘reverse data mining’ to describe what we’re doing with Seagate Holos.”

While most companies apply their OLAP tools to historical results for analytical purposes, TransCanada applies Seagate Holos to consider potential events for modeling purposes. So, in a sense, they’re mining data that’s yet to come into being; just the reverse of what one usually thinks of when discussing data mining.

TransCanada is a leading North American energy services company with businesses in transmission, marketing, and processing. The company, through its Cdn\$21 billion asset base, provides high value-added energy service solutions to the North American and international marketplace. TransCanada’s Canadian Mainline operates the 14,492-kilometer natural gas pipeline that delivers more than 2.5 Tcf/yr. of gas across Canada and into the North Eastern U.S. markets. The Mainline currently uses a Seagate Holos application to project the long-term tolls on the system.

“Business modeling is the key to determining our direction in the future,” Ralston continues, “and we need to have baseline assumptions to create our models, business rules that we build around the logic, and the ability to post scenarios and assumptions about what might happen with the business to come up with projections around which our costing is developed.”

According to Ralston, business modeling is the process by which a company uses historical information and parametric projections to ‘see’ what the business will look like in the future according to different potential events.

“It’s the quantification of what-if analysis,” she says, “a tremendous advantage in a rapidly changing environment. Seagate Holos enables us to do this better than any other application.”

Seagate Holos is an application development environment optimized for the delivery of business intelligence systems that encapsulate and report on an enterprise’s

business processes. By supporting users with a framework that inherently understands their needs, these business information systems provide organizations with a key strategic and tactical weapon in their battle to make effective use of business intelligence within an organization. It does this by effectively addressing the core components of enterprise information management—information delivery, analysis, and availability.

“For my partners on our business side,” says Ralston, “what was key about Seagate Holos was its ability to provide them with the flexibility to build complex business scenarios—as complex as they want. When we compared other tools, we found them limited in terms of what they could do to help us in this modeling.”

For TransCanada’s Mainline, transportation tolls are based on a Canadian National Energy Board-approved Revenue Requirement and tolling methodology. The determination of the tolls, including detailed cost data and calculations, are submitted as part of the annual Tolls Application process. The Tolls Application is a public document that all interested parties can review and comment upon. In contrast to typical market practices, as prices fluctuate, modeling rather than data drives the business. “Seagate Holos allows us to adapt, in a timely and efficient manner, our current business logic to the changing business environment,” says Rob Whitmore, business project sponsor and pricing specialist at TransCanada.

Particularly in the changing business environment, where competing pipelines are emerging, Seagate Holos allows TransCanada to analyze pricing alternatives, see their ramifications with precision, and prepare the most advantageous alternative that will align the interests of all TransCanada’s stakeholders.

The Implementation Process

TransCanada implemented Seagate Holos in 1992, in response to a series of clear business challenges: the inability to effectively model the current business environment, the lack of user empowerment, and the need to meet an ad hoc reporting requirement with presentation-quality reports for management review.

TransCanada’s prior system was built on a Comshare product that was written in Fortran and used its own proprietary database. According to Ralston, access to the

rules for our business analysts were inflexible under this system. “We needed a system that would be easily adaptable for future growth as the nature of business changed,” she says, “be it change at the technological level, governmental level (i.e., regulation), or corporate level (e.g., acquisition and consolidation).”

Product evaluation was originally done jointly by TransCanada’s Planning Group and their Functional Systems Team (FST), which needed a complex modeling tool that allowed simulations with simultaneous data calculations. “Being able to put this modeling functionality into the user’s hands is the important thing that sets Seagate Holos apart from its competition,” Ralston says.

According to two of our power users, Paulo Deoliveira and Heather Poole, pricing analysts for TransCanada, “Holos gives our team a large range of options. It allowed us to build a complex system and have the complexity disappear.”

In 1992, Seagate Holos was the only true cross-platform (Mac and Windows) client/server environment. At the time, the application didn’t support Sybase—but Seagate Software worked with TransCanada to quickly develop this capability. Another key factor is the codevelopment effort possible with the product. “We use a dedicated Systems team to build the Seagate Holos project infrastructure for interfacing/navigation and database conductivity,” says Ralston, “but the business users develop all the business rules and reports. Jointly we quickly develop powerful, effective applications.”

TransCanada today is using three Seagate Holos applications: FORCITE (Forecasting Revenue and Cost Incentive Toll Evaluation); FATE (Financial Analysis and Tactical Evaluation); and CBS (Corporate Budgeting System).

FORCITE is used by TransCanada’s pricing team to determine toll and cost projections for various gas pipeline expansion alternatives. “FORCITE is key in providing analysis we could not perform elsewhere,” says Whitmore, “because of its multidimensionality and business-driven logic.”

FATE is used by the company’s corporate planning team to assess, at a high level, the impact on the company of North American and international acquisitions and divestitures, as well as changes in economic and financing assumptions. The

application supports the company's five- and 10-year financial plans that are used by the executive team in determining TransCanada's long-term strategic direction.

CBS is used by the corporate budgeting team for high-level corporate financials done yearly and updated quarterly. "The flexibility of our Seagate Holos application," notes Ralston, "allowed our CBS analysts to quickly meet unforeseen analytical requirements and look at their data in a way not possible in the base accounting system."

Powerful Benefits

The benefits Ralston cites since their implementation of Seagate Holos include: more robust financial analysis and a forecasting tool with user-programmable logic; a wider variety of forecasting and analytical tools that provide models more closely matching business needs; a simpler, better understood system—allowing faster, more flexible response to evolving business requirements; better, more flexible visibility of data and results; simplified and improved reporting of analysis; improved productivity of analysts in evaluating the financial impact of planning strategies; reduced training and support costs; and better integration of database, modeling, and desktop tools.

"With the new system," says Ralston, "the system work is kept to a minimum. With the old system, 70 percent of the system use was IS driven and 30 percent business driven. This didn't allow staff to keep up to speed with business or the impact of industry changes in one single modeling tool. Multiple modeling tools were necessary to complete the appropriate analysis. The flexibility of Seagate Holos modeling gives us a significant time savings from the data collection phase to the analysis phase. The ratio, which used to be 9:1, is now 1:1. That's a dramatic impact."

One of the ramifications of this change is the sheer amount of forecasting TransCanada can now do. "When you look at the corporate planning scenario," explains Ralston, "we used to prepare a corporate plan once a year for a planning session held with all of our executives. It is now used as one of the key analytical tools to assess major business decisions, as well as the impact of changes in the business environment. If we hadn't chosen Seagate Holos to develop our applications, we wouldn't be able to do this."

Bottom line: Seagate Holos has helped empower TransCanada to keep pace with the accelerating pace of business change by putting information into the hands of those that need it, when they need it, in the form that makes it a powerful decision-making tool.

Differentiating Flexibility

Ralston cautions those considering OLAP tools not to focus solely on the reporting side. “There are tons and tons of OLAP tools out there,” she says, “and all of them do reporting. Seagate Holos stands out because of analysis capabilities enabled via tremendous flexibility on the rules side.”

This, according to Ralston, is the key to modeling a business. “Instead of just collecting and summing up data, which is used to populate a hierarchy,” she continues, “Seagate Holos allows you to literally build logic around what you want to do with the business.”

Immediate and Future Considerations

This flexibility has proved highly valuable to TransCanada as it considered its merger with Nova—something that is moving forward. The combined TransCanada/Nova organization will make the company the fourth largest energy services company in the world.

“In the preliminary stages, our planning model was key,” says Ralston, “for evaluating how to position the merger. We could very quickly do a lot of analysis and scenarios regarding how to structure the company financially, and get back to our executives with a picture of how the new entity would look.”

In comparison, analyses attempted in spreadsheets of this scope have historically taken days, if not weeks, to build, and many hours, instead of minutes, to run.

TransCanada is currently considering implementation of Seagate Crystal Info as a means to extending the benefits of the modeling and analysis done with Seagate Holos-based applications. Seagate Crystal Info simultaneously incorporates multidimensional OLAP and push technology, combined with an extraordinary reporting system and proven enterprise scalability.

At TransCanada, Seagate Holo is largely used by the company's "power users," who must react to the business rules—which change daily at TransCanada—and change forecasting and modeling accordingly. With Seagate Crystal Info, the company will be able to push this information out via the Web and keep a broader array of staff current with the effects that change is having on the business.

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