

Jackgreen energises billing applications with pay-as-you-grow hosting from IBM

Overview

■ **The Challenge**

Renewable electricity retailer Jackgreen Energy launched in early 2005 with a business model based on keeping operations lean and costs down so it could offer customers 100% renewable energy at no extra cost. During its startup phase, Jackgreen had scant resources available to purchase technology. The retailer needed a vendor that could host its billing software and provide a pricing plan geared to its growth forecasts.

■ **The Solution**

Jackgreen contracted IBM to host its Peace Software energy billing application and Formfill electronic forms software on an IBM System p™ server at the vendor's Baulkham Hills data centre. IBM deployed Virtual Server Services to dynamically allocate computing resources based on demand. IBM is also supplying storage, network connections and other equipment under the deal.

■ **The Benefits**

IBM's Virtual Server Services enabled Jackgreen to obtain computing resources on demand rather than make a large upfront capital investment in IT. IBM's flexible pricing model means Jackgreen only ramps up its technology spending as customer numbers and revenues warrant.



About Jackgreen Energy

Jackgreen Energy is a unique energy retailer licensed to operate in New South Wales, Victoria and South Australia. The business guarantees that for every kilowatt hour of energy used by its customers, an off-setting hour of renewable energy is generated from sources such as low-impact hydro and wind.

Growing a green energy business

When you head to the fridge for a snack, the environmental impact of running that appliance is unlikely to be foremost in your thoughts. But when you consider that the fridge is a healthy contributor to the eight tonnes of greenhouse gases produced to generate the electricity used by an average house every year, you may start thinking seriously about alternatives to fossil fuels. Renewable energy sources can sharply reduce the environmental damage caused by these emissions.

Jackgreen Energy was launched in early 2005 to capitalise on growing consumer awareness of environmental issues and electricity market reform in Australia by selling renewable energy. The Australian Stock Exchange-listed retailer – licensed to supply energy in New South Wales, Victoria and South Australia – guarantees that for every kilowatt hour of energy used by customers, an off-setting kilowatt hour of renewable energy is generated from sources such as hydro-electric and wind.

The retailer was established with a business model based on keeping operations lean and costs down so it could offer customers 100% renewable energy at no extra cost. As a startup, Jackgreen could not afford the prohibitive up-front cost of buying the technology required to host its billing software.

It also lacked the in-house technology resources or the funds to pay for trained staff to manage its own server infrastructure. The retailer needed a vendor that could support its billing application with secure, reliable hosting services and a flexible pricing model.

“Pay-as-you-go pricing was very important. We could not afford to invest heavily in technology without having customers and revenue to support it. Our business is based on customer growth.”

— Andrew Woodward, Jackgreen's Chief Financial Officer

After deciding to use the Peace Energy billing software, Jackgreen conducted an extensive review to find a vendor to host its systems.

“We needed something that was extremely robust, capable of handling large volumes of data and could work with the billing software,” said Woodward. “We fairly quickly leaned towards IBM but we were concerned IBM wouldn't deal with us because we were too small.

“The more we investigated, the more we realised the other vendors didn't have the technology we needed or couldn't meet the price we were looking for.”

Helping Jackgreen's decision was the fact Peace Energy was already negotiating a partnership with IBM to win more business. Jackgreen and IBM were able to negotiate a pricing model that accommodated the startup's business plan.

IBM's Virtual Server Services support cost-effective growth

IBM hosted Jackgreen's Peace Energy and Formfill software, which serves as a gateway to regulatory systems, on an IBM System p 690 server at the vendor's at Baulkham Hills datacentre. IBM continually monitors the server environment to ensure high availability and adequate capacity to accommodate the company as it grows.

IBM's Virtual Server Services provided a flexible hosting solution that allowed it to allocate computing resources to Jackgreen's applications as customer numbers grew. IBM also supplied storage, network connections and IT management services.

“Jackgreen Energy has been able to focus on differentiating itself in the crowded energy marketplace while we manage the growth of its critical billing systems,” said Michelle Bendschneider, Services Executive. “Our virtual server services infrastructure dispense capacity to applications as needed, meaning clients such as Jackgreen can get on with business confident our systems can handle peak scalability requirements without performance problems”.



Reaping the rewards

The IBM hosting solution helped Jackgreen manage growth in customer numbers from zero to about 30,000, with 100,000 targeted by June 2007. The solution minimised Jackgreen's upfront investment and allowed for scalability as sales increase. This incremental approach keeps costs from outpacing revenue growth and helps Jackgreen deliver services at competitive prices.

Recognising Jackgreen's need for pay-as-you-go infrastructure, IBM uses a pricing model based largely on cost per customer served. The flexible model allows Jackgreen to estimate and adjust the baseline capacity it needs monthly then pay for the capacity actually used.

By tapping into IBM's Virtual Server Services, Jackgreen's technology costs are estimated at 75 per cent lower than those of its competitors, many of whom are industry heavyweights carrying the burden of overgrown, inflexible infrastructures.

Woodward concedes it only took a small amount of exposure to the virtual server services concept to convince him it was "the only technology model that was ever going to work" for Jackgreen. The energy retailer also lauds IBM's service ethic.

"The one thing that stood out for us was that IBM gave us premium service, despite our small size," Woodward said. "The account managers have been helpful beyond the call of duty."

Woodward also appreciates the boost that being associated with a vendor of IBM's credentials gives Jackgreen.



"IBM had significant experience with the software and energy industry, but the standout benefit is we have a credible partner that can support the growth in our business."

— Andrew Woodward, Jackgreen's Chief Financial Officer

For more information

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