

Case Study

## AEP



### An early adopter of electronic bill delivery and payment finds customer enrollment growing at the speed of light



A product of the merging of two major power companies, AEP is one of the United States' largest investor-owned electric utilities, providing power to parts of 11 states. System wide, AEP supplies electricity to 197,500 square miles through more than 38,000 circuit miles of transmission lines and 186,000 miles of distribution lines.

Like other companies that suffer the inevitable pains of organizational inconsistency induced through mergers and rapid growth, AEP operates its expanding business on five diverse IT platforms. AEP customers receive bills in one of five dissimilar formats, from five distinct bill-processing locations, and are supported by seven disparate customer service centers.

In fact, the only common denominator shared by all of AEP's almost five million customers is the ability to conveniently pay their electric utility bill over the Internet. As one of the early adopters of electronic billing and payment (EBP) technology, AEP has been offering this online service to its customers since early 1998.

#### Laying the Conduit

Now a subsidiary of the parent company AEP, American Electric Power's original consumer footprint spanned more than three million customers in parts of seven states. This 45,000-square-mile area runs from Virginia, northwest to Michigan.

Since introducing electronic bill delivery and payment, AEP has been using CheckFree i-Solutions i-Processing<sup>SM</sup> Services to give these consumers the ability to receive and pay their electric bills through the CheckFree distribution network of more than 400 Consumer Service Providers (CSPs). These bill consolidation Web sites include major portals and financial institutions such as Yahoo!, the United States Postal Service, and Bank of America. When a customer's electronic bill is available, they receive an e-mail notification that links them directly to the CheckFree CSP Web site where they are registered to receive electronic billing.

"We are always looking for ways to cut costs. CheckFree i-Processing Services reduces our paper billing and processing, which is certainly a means to that end. Electronic billing is more efficient and cost effective, plus it has been a real win/win for our customers by offering the ultimate in convenience and flexibility," says Bill Crawford, collection support manager, AEP.

#### Making Connections that Don't Short Circuit

In October 2000, AEP began using CheckFree i-Solutions' customer care tool to give AEP's customer call center the ability to quickly check a payment's status to determine exactly where in the process it stands. Because electricity is seen primarily as an intangible product, customer services are considered an important aspect of AEP's overall offering. To that end, responsiveness is very important, and having answers close at hand goes a long way in providing the "top-notch" customer service AEP is known for. Even so, AEP reports that e-bill customers have become almost self-servicing.

"Compared to customers that receive paper bills, their electronic bill delivery and payment counterparts have fewer inquiries to customer service," says Crawford. AEP attributes this to the CheckFree front-end system being straightforward and easy-to-use. In addition, Crawford reports that customers using e-bill have fewer delinquent payments, "I believe that the reason this customer segment has fewer delinquency issues is due primarily to the ability within the CheckFree application to time, down to the exact day, when a payment is made. In this way, customers can easily coordinate payments with their paychecks."

#### Consolidating the Power Source

AEP's recent merger with Central and South West Corporation was completed in June 2000. The result incorporated territories in parts of Arkansas, Oklahoma, Louisiana and Texas, and also involved the need to

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**Bill Crawford**  
Collection Support Manager  
AEP

Your single source for e-billing and payment and e-statement delivery solutions

## Industry-specific solutions

### include:

- i-Banker
- i-Broker
- i-Insurance
- i-Telco
- i-Utility

## CheckFree i-Processing Services

### include:

- Distribution Services
- Payment Services
- Customer Care

## AEP

meld different IT systems and electronic bill delivery methodologies. "Mergers add a different dimension to operations, the focus shifts to consolidation, consistency and improved efficiencies," says Crawford. He adds, "My first task is always to review the various billing vendors and make consolidation decisions. There can be real benefits to using local services for hard-copy billing and processing, but it rarely makes sense to use more than one Internet billing provider."

"We initially compared our current CheckFree solution with the TransPoint EBP solution that had been supporting the Arkansas, Oklahoma, Louisiana and Texas markets. The decision was immediately clear. AEP was prepared to stay with CheckFree and transfer the newly merged markets previously supported by TransPoint. Ironically, shortly after our decision, CheckFree Corporation acquired TransPoint. This probably made the transition easier for us, but we would have made the move regardless," recalls Crawford.

In March 2001, CheckFree successfully completed the migration of all AEP e-bill customers to the CheckFree platform. Now, although AEP is still wrestling consistency issues among its various operating systems and billing formats, CheckFree i-Solutions easily presents each AEP market an online bill with the same familiar presentation the various utility consumers previously received in hard-copy format.

### Supercharging the Field

Over the last year, AEP has seen rapid growth in customer enrollment for electronic bill delivery and payment. Crawford credits this to consumer adoption of online payment technology, along with a growing familiarity and trust of Internet security. "The first couple of years we were riding along the tide of people becoming comfortable with e-commerce. Lately, our consumer base has become supercharged with interest in e-billing and payment.

We have seen enrollment requests grow by more than 100 percent in the last three months alone, with no slow down in sight," says Crawford.

AEP offers its customers various ways to pay their electric bill, but after having offered electronic bill delivery for a few years, is convinced of the value of promoting the Internet as the preferred form of payment. "We encourage our customers to pay their bills electronically because our records indicate that e-bill customers have reduced service inquiry calls and delinquency issues over customers who use other forms of payment," Crawford explains.

### Power for Everyone

To add fuel to the fire, AEP will soon launch a promotional campaign to educate its paper-bill customers on the convenience of paying their electric bill online. "Lately we have experienced such interest in enrollment that we are really anticipating great things to come from the awareness campaign. At the very least, we expect that enrollment will double yet again over the next two quarters," Crawford explains.

With the help of the CheckFree IMPACT Marketing Team, AEP developed an awareness campaign that consists of a four-pronged approach, including:

- An invitation on the paper bill envelope for customers to use electronic bill delivery and payment services
- A call center incentive program rewarding the employee who is responsible for enrolling the most customers in the e-bill program
- A company-wide initiative to enroll AEP employees in the e-bill program, complete with prize drawings at the end of each month
- A promotion on the AEP Web site promoting e-bill and encouraging customers to enroll at the CSP Web site of their choice

Growing by leaps and bounds seems to be the norm at AEP. With the help of CheckFree i-Solutions, electronic bill delivery and payment enrollments are growing as well. Crawford explains, "We consider the past two years to be time well spent building the e-bill 'grid.' Now, we are almost effortlessly bringing large numbers of new customers into the e-bill 'power net,' which adds up to great savings for us and improved convenience for our customers."

**To learn more about how CheckFree i-Solutions can improve your services offering, visit our Web site at [www.checkfreeisolutions.com](http://www.checkfreeisolutions.com). Or, call 1-800-964-4552.**



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