



BEYOND THE UPGRADE:

Reimagining the ERP Approach for Canadian Utilities

Why Starting with the Greenfield Path Offers a Clear Advantage

EXECUTIVE SUMMARY

Canadian utilities are at an inflection point. With provincial net-zero commitments accelerating infrastructure investments and aging workforces threatening institutional knowledge, the window for ERP modernization is closing rapidly. Yet most utilities haven't meaningfully evaluated their ERP platforms in 20-30 years, even as technology has advanced at an unprecedented pace. An ERP transformation is far more than a systems upgrade - it's a once-in-a-career opportunity to reimagine how your organization operates. The rapid rise of AI alone has transformed business models, workflows, and the way we interact with technology.

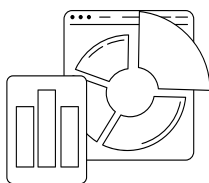
This whitepaper, derived from the Electricity Canada webinar series, "ERP Best Practices From the CFO's Perspective," outlines the key considerations for organizations embarking on an ERP transformation. It features insights from the webinar panelists representing PowerPlan, EY, Deloitte, PwC, KPMG, Accenture, and

Capgemini, who explored the foundational phases IT, Transformation, and Operations leaders should follow to set the stage for success with their finance partners. This includes the critical decision of choosing the right transformation path: Brownfield, Bluefield, or Greenfield.



Why Now?

The Case for an ERP Transformation



TECHNICAL DEBT

Legacy ERP systems are showing their age. Most systems were implemented in the 1990s or early 2000s, long before cloud, AI, real-time analytics, or modern regulatory demands. The growing influence and power of AI have widened the gap. Utilities now face a critical window to modernize their systems before technical debt becomes unmanageable.



"While there used to be one monolith ERP, and everybody had to get in line, what we're seeing more and more now is citizen development with multiple integrations. The job of enterprise architects is becoming harder and harder, but the message in all of this is to adapt to the changes."

Prajakt Dhumal, Senior Manager, EY

TALENT SHORTAGE

Utilities also are facing an industry-wide talent shortage. As legacy employees approach retirement, the risk of losing institutional knowledge grows. An ERP transformation offers a timely opportunity to capture and embed that expertise and business insight into future-ready systems. This ensures continuity, supports knowledge transfer, and lays a stronger foundation for new employee acquisition and onboarding.

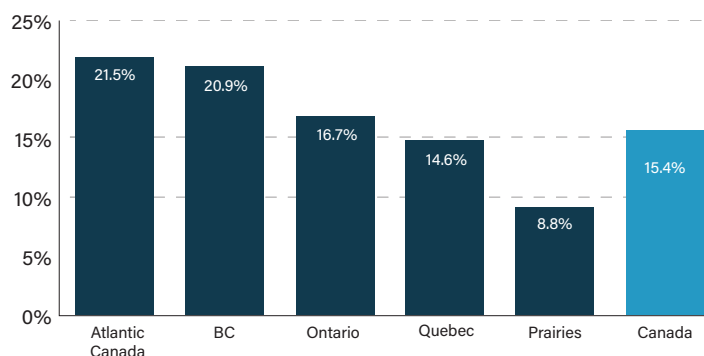


Figure 13: Share of older workers (age 55+) in core electricity sector occupations by region (%), 2022

Source: Statistics Canada, Labour Force Survey, 2022.

Phase Zero: Laying the Groundwork for Success

Approaching your ERP transformation as a large-scale business transformation, not just an IT system replacement, is essential. This is the opportunity to guide your organization in rethinking both the financial ecosystem and how the organization operates. A clear ERP vision, anchored by guiding principles, sets the foundation for an outcomes-driven approach.

During the Electricity Canada webinar series, "ERP Best Practices From the CFO's Perspective," the panel discussed this important groundwork as **Phase Zero** - an essential step that precedes all other pieces of the project.

STAGE 1

The Hard Questions

The starting point for any ERP transformation is a ground-level, honest assessment of your current state. This is the time for asking hard questions to begin building your project vision:

- Do your current systems enable growth or inhibit it?
- How customized is your current environment, and how far have you strayed from industry-standard processes?
- What is your organization's risk tolerance?
- What business outcomes are you trying to achieve, and how will you measure success?
- How much technical debt are you carrying, and what's the long-term cost of maintaining it?



"Modern ERPs are an evolving capability. This is not just about go-live, although that's massively important. You have to ask questions such as: How do I get this system live? What other systems are being impacted? What are we doing post go-live?"

Marino Fremis, Accenture

STAGE 2

Data Integrity

Data Integrity is an often-overlooked aspect of the implementation, yet it is one of the most foundational pieces of success. Take a close look at the data stored in your financial systems and the data your finance teams may be storing in ancillary places (such as spreadsheets). Consider whether a data clean-up project would be beneficial in setting the stage for success.



"Data credibility is currency with regulators."

James Major, Director, Industry Strategy and Advisory, PowerPlan



"When you carry over legacy data and don't optimize your master data, it corrupts the analytics. Why are you doing an ERP transformation if you won't have the real-time insights you need in the boardroom to make an executive decision? The whole purpose of the transformation falls flat."

Vinod Kumar Neelamegam, Partner, National Leader, SAP Practice, KPMG



"As a finance leader, you have to think about the entire enterprise. You have to go deep into the details to identify the integration points to understand the complete solution that you need."

Luke O'Regan, Client Group Lead - Resources, Canada, Capgemini

STAGE 3

Assembling the Right Team

The best ERP teams include three key components:

Executive Sponsor

Champions the vision for the transformation and serves as the face of the initiative.

Cross-Functional Leads

Gives a voice to the people in the organization whose departments will be impacted by the transition.

Change Management

Facilitates the organization's transformation beyond the technical execution (often this person is from outside the organization).



"You need to be cross-functional. If you think this is just an IT project or just one department is steering the project, you are dooming yourself to failure from the very beginning."

Tarah Schulz, Partner, Deloitte

STAGE 4

Technology Strategy - Integration and Modern Tools

This is the time to define your long-term technology architecture. It's important to note that the future of ERP is composable, not monolithic as it used to be. The focus is no longer on forcing one system to do it all, but on ensuring all the right systems are talking to each other seamlessly and intelligently. Consider engaging with new technology partners that allow you to remove customizations in favor of integrated, best-of-breed tools. The most effective solutions are built to complement, not compete with, your new ERP functionality.



*"How am I getting data flowing between systems?
How am I enabling best-in-breed tools?"*

James Major, Director, Industry Strategy and Advisory, PowerPlan



"Most of the ERP vendors now have their own integration platform that's highly robust, with adapters and preconfigured integration points that are delivered out-of-the-box. There are tremendous efficiencies to be found there."

Bernie Semenjuk, Managing Director, Oracle Alliance Leader, PwC Canada

Choosing your Path: Greenfield, Brownfield or Bluefield

After completing these four steps to establish a framework for ERP success, the question becomes: Which transformation path will lead your organization to meet its goals? During the webinar, the panel encouraged evaluation of a path only once Phase Zero work has been completed. Then, it's time to examine the common paths for ERP transformation to identify which approach offers the best path to unlocking your organization's goals.

UNDERSTANDING THE OPTIONS

BROWNFIELD

In the Brownfield path, the existing system is upgraded in a "lift and shift" approach. You start with the assumption that if the business is operating today, everything can remain as-is. Brownfield projects retain much of the current configuration, including legacy customizations and business processes. The change management needed within the organization is minimal, and on the surface the risk involved with the transformation appears minimized.

However, this approach significantly limits the opportunity for innovation and your ability to realize the full benefits the project offers. It also opens up the possibility of missing gaps where an ERP vendor may have changed or eliminated functionalities that your finance team relies on. A worst-case outcome from your ERP transformation would be to unwittingly send finance teams back into extensive manual processes due to a loss of functionality.

BLUEFIELD

The Bluefield path begins with the acknowledgement that there are some areas where improvements are needed. This hybrid model selectively transforms specific functions or business units while preserving others. It offers flexibility, allowing organizations to focus investment and change management on the highest-impact areas while maintaining continuity in stable, lower-priority systems.

While it may be attractive to begin with the Bluefield approach from the start, organizations run the risk of carrying over one too many legacy processes and missing the opportunity to innovate in every area that needs it. It becomes easy to skip areas that appear to be functioning "just fine." Canadian utilities benefit greatly from evaluating the needs of the whole business, understanding where there are gaps in the system, and identifying proven solutions designed specifically to fill those gaps for asset-intensive organizations.

GREENFIELD

The Greenfield path means starting fresh. Rather than carrying over legacy processes or customizations, you commit to using the ERP project to unify the business from the ground up for true modernization. This approach opens the possibility of adopting best practices, streamlining operations, and eliminating outdated structures that no longer serve the business.

This path offers the most extensive opportunity to transform the organizational ecosystem. It also necessitates a steadfast commitment to change management from the entire organization. These projects re-examine every process touching the ERP to uncover improvement opportunities and identify gaps throughout. An important aspect also becomes helping the people involved in the change to overcome obstacles to adoption or modernization. This path certainly falls under the category of High Risk / High Reward.

Unlocking Real Transformation with a Fresh Start

The webinar panelists offered pros and cons for each approach, ultimately pointing to the importance of a Phase Zero initiative in determining your goals for the project and then selecting the approach that will work for your organization.

For leaders aiming to drive the most financial value from their new ERP system, the Greenfield approach was noted as the best starting approach for the project. It offers the strongest opportunity to innovate, achieve enterprise-wide efficiencies, and attract the next generation of talent.

By starting with an overarching look at where the organization does things well today, where there could be improvements, and where there are gaps that need to be addressed, Canadian utilities can align with modern best practices and cloud-native architectures from day one.



"You can say, 'I'm going to keep life easy in that I don't want to learn something new,' but is that the right answer? Or, instead ask, 'What do we want to be, and what are we going to be doing in the next 10 to 30 years?' Though there's temporary pain now, it's exciting that we're getting to create something we want it to be."

Tarah Schulz, Partner, Deloitte

Greenfield frees teams from decades of patchwork systems, creating space for agility, innovation, and sustainable growth. Starting with Greenfield opens the possibility of ending in Bluefield, without the risk of overlooking critical items.

SPECIALIZED SOLUTIONS TO FILL THE GAPS

Essential to the Greenfield and Bluefield paths is an audit of areas where your new ERP system may carry over existing gaps or create new gaps in functionality. This offers a unique opportunity for IT and finance leaders to work together, evaluating opportunities for:

Cost Recovery

Canadian utilities historically have lagged their US peers in recovering prudently incurred costs through depreciation rates and accelerating rate base. How can automating key financial processes strengthen your organization's regulatory recovery?

Analysis and Compliance

Canadian utilities are consistently asked to do more in response to the energy transition while lowering costs to consumers. Will your ERP offer detailed insights and in-depth analysis into your company's capital processes to support informed decision-making? Acquiring a solution that provides industry-leading functionality to manage your asset retirement obligations (IFRS 16) and regulatory deferral accounts (IFRS 14) can help.

ERP Optimization

Canadian utilities have leveraged ERP systems that are heavily customized to meet industry-specific needs. Now outdated and unwieldy, new technologies exist to streamline core ERP functions without customizations. This helps minimize the risks of the transition to cloud-native software while reducing the total cost of ownership (and retaining the functionality needed by finance teams).



PowerPlan

PowerPlan provides mission-critical software for the highly regulated and incredibly complex world of Canadian utilities. Our solutions are designed to complement ERP systems by delivering specialized financial capabilities essential to financial success. With decades of experience in the Canadian market, we have a deep understanding of the industry problems facing IT and finance departments during ERP transformations.



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PowerPlan.com/Canada
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About PowerPlan

PowerPlan began with a simple realization: The more fixed assets an organization has, the more challenging it is to manage them financially and to strategically understand how compliance requirements impact the treatment of each asset. Our founders saw ERPs and EAMs alone didn't capture enough data to optimize decisions, so they built the first software platform that combined granular financial and operational asset data from every corner of the organization; filling the gaps ERPs and EAMs could not provide. For more information, please visit powerplan.com.