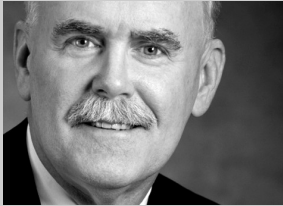


February 5-7, 2012 | The Westin La Cantera Resort | San Antonio | TX

UMS Group:

Evolution of the CFO's Role in the Utility Sector



Jack Shearman, a Solution Provider at the **marcus evans Energy CFO Summit 2012**, on improving day-to-day activities in the energy sector.

Interview with: Jack Shearman, Chief Executive Officer, UMS Group

FOR IMMEDIATE RELEASE

Energy Chief Financial Officers (CFOs) face a sustained negative business environment with growing pressure and risk for the business. Regulatory scrutiny, aging assets and unfunded customer expectations for reliability improvements and "smart" investments are creating the perfect storm for utility earnings and financial health.

CFOs must lead the way through these intractable challenges, developing strategies to achieve significant and simultaneous improvement in operating costs, capital investment focus and returns and performance accountability and control, says Jack Shearman, Chief Executive Officer, **UMS Group**. Otherwise, it may be time to chart an exit course and court the most attractive acquisition offer.

Shearman will be discussing the shifting priorities and role of CFOs and the importance of finding new ways to drive growth, lower costs and improve margins at the upcoming **marcus evans Energy CFO Summit 2012**, taking place in San Antonio, Texas, February 5-7.

What are the current opportunities in the energy sector?

Jack Shearman: Getting "lean" right now is a critically important strategy. Many **energy** companies have again tried the typical cost reduction programs of the past, but with very limited success. Aggressive companies are outsourcing additional activities, taking large inventory reductions, mounting labor productivity initiatives and adopting new maintenance and asset strategies.

Other markets around the world have driven dramatic improvements in efficiency, reliability and system risk over the past 20 years, and now lead the US in virtually all these measures. Studying reform processes as applied in Australia, Europe and South America, and sorting myth from fact on how much efficiency gain is possible can empower stronger leadership of change.

How can energy CFOs prepare for upcoming changes and regulations?

Jack Shearman: It is time for most CFOs to undertake a function-by-function evaluation of the business to jettison non-core operations, tighten spending controls and ruthlessly eliminate unnecessary/low value activities. Leading by example and first trimming corporate overhead staff and costs will be a key driver of credibility and success here.

The approaching conflict between asset replacement needs, current operating costs, revenue and regulatory realities must be communicated in a way that the operations team clearly gets the message and opens up to dramatic changes in approach.

CFOs also need to change the scorecards they use to track the performance of the business, emphasizing leading indicators that provide early warning of risks and impending problems.

How has the energy CFO's role within the organization changed in the past few years?

Jack Shearman: CFOs can no longer only concern themselves with the financial requirements of the business. They must be seen as strategic business partners of the utility's Operating Officers and Chief Risk Officers of their Enterprise. They must provide thought leadership and ensure earnings sustainability by managing risks and uncertainty. To do that, they need to drive greater transparency, operating flexibility and performance accountability into the organization.

What long-term corporate strategies would you recommend?

Jack Shearman: Utilities must find creative ways to replace aging assets, while securing regulatory commitments for future cost recovery. They need to shift their earnings growth strategy from load growth and making investments in new transmission assets, to new areas such as services, **renewables** and green power.

February 5-7, 2012 | The Westin La Cantera Resort | San Antonio | TX

The world is pushing innovation, "smart" technologies and customer choice, and expecting, but not funding "grid modernization". These changes will erode the concept of utility regulated franchises and place relentless pressure on incumbents.

Do you have one piece of advice for those in the energy sector?

Jack Shearman: Leverage the lessons from other global markets, where survivors are those who became aggressive about evaluating new options and then sharpened their tools to become effective leaders of change. This requires driving realignment of corporate priorities and embracing tougher standards of performance and accountability.

Contact: Stacey Melvin, Journalist, **marcus evans**, Summits Division

Tel: + 357 22 849 400

Email: press@marcusevanscy.com

About the Energy CFO Summit 2012

This unique forum will take place at The Westin La Cantera Resort, San Antonio, Texas, February 5-7, 2012. Offering much more than any conference, exhibition or trade show, this exclusive meeting will bring together esteemed industry thought leaders and solution providers to a highly focused and interactive networking event. The Summit includes presentations on fast-changing regulations, ensuring financial stability and growth, and the battle against internal and external challenges.

For more information please send an email to info@marcusevanscy.com or visit the event website at www.energycfosummit.com

marcus evans group - finance / insurance sector portal

Complementing our summit format, the **Finance Network - marcus evans Summits** group delivers peer-to-peer information on strategic matters, professional trends and breakthrough innovations.



Please note that the summit is a closed business event and the number of participants strictly limited.

About UMS Group

UMS is a leading global consultancy and thought leader in the areas of utility asset management, performance assessment and improvement and sustainability of change. UMS proprietary databases, analytical tools and methodologies have been utilized by over 300 gas, water and electric utilities on six continents to build world-class operations.

For more information: www.umsgroup.com

About **marcus evans** Summits

marcus evans Summits are high level business forums for the world's leading decision-makers to meet, learn and discuss strategies and solutions. Held at exclusive locations around the world, these events provide attendees with a unique opportunity to individually tailor their schedules of keynote presentations, think tanks, seminars and one-on-one business meetings. For more information, please visit www.marcusevans.com

All rights reserved. The above content may be republished or reproduced – kindly inform us by sending an email to press@marcusevanscy.com