



UMS Group Inc.

SOS: Accelerated Implementation



COMPANY

A US northern municipal utility serving over 100,000 customers; their planning process encompasses Electric Generation, Electric Transmission, Electric Distribution, Water Generation, Water Distribution, Steam Generation, Steam Distribution, and Fleet.



BACKGROUND & BUSINESS CHALLENGE

Having recently developed an asset management road map based on the ISO 55000 standard and with a new electric generation plant under construction, the company recognized the need to improve the manner in which capital investments were proposed, evaluated, and selected as part of the annual budgeting process. In addition to meeting ISO 55000 standards, the company was looking to assess future investment decision trade-offs between the newly constructed plant, aging assets, and other investment priorities across a diverse number of business units including Electric Generation, Electric Transmission, Electric Distribution, Water Generation, Water Distribution, Steam Generation, Steam Distribution, and Fleet. In order to accomplish the complex task of evaluating a large number of investment proposals across disparate business units, the company was looking for a web-based program with a flexible structure that would allow for the assessment of investments for the business units listed above as well as one that could be updated in the future to include additional areas such as Facilities and IT. With these requirements at the forefront, the company set out to find a solution which would allow investment evaluation to be completed incorporating a number of differing priorities across business units such as asset risks, resource/skills availability, regulatory expectations, financial risks, etc. Not only was the company looking to evaluate investments from a diverse set of business units, taking into account the differing priorities of each, but the application needed to be implemented, tested, and deployed in under 12 weeks in order to utilize the new investment decision process for the upcoming budget cycle.

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APPROACH

With a short implementation timeframe, UMS Group took a novel approach, coming in on day one with suggested scoring approaches based on knowledge from working with the company as well as UMS Group's experience from prior Spend Optimization Suite (SOS) deployments within the industry. 4-hour sessions were held with representatives from each business unit (generally teams of 3-6 individuals), where these suggested approaches were reviewed and adjusted with input from the subject matter experts. Consolidating several existing investment decision making approaches, SOS streamlined their decision making process and provided the organization with its first "one-stop shop" for entering and evaluating investments. Never before had the company been able to consolidate all investment information in one system, allowing management to access the total portfolio and enabling deeper analysis with greater transparency. The approach was so well received, in fact, that it was decided Facility investments should also be incorporated into the SOS process immediately, before the start of the next budgeting cycle (which was successfully implemented).

Since its initial inception, the company's SOS application has gone through a number of refinements as business priorities have changed and the organization has become more sophisticated in their evaluation process. The next step in their evolution will be gearing the SOS application to align with their new Utility of the Future strategy and the different approach to investments it will require.



OUTCOME

Through the deployment of the SOS application, the company has been able to develop an investment decision process that enables decisions across a broad spectrum of business units, aligning with corporate strategy. This has enabled the organization to transparently make investment tradeoffs between the business units, quickly and easily evaluating the portfolio impacts of these tradeoffs. Through this process, the company has made a number of discoveries, one being that some business units were actually getting underfunded; something that would have gone unnoticed without having implemented SOS.

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