



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Cathy Bloom, Finance Manager; Roger Kline, Generation and Fleet Services Manager; Charlie Walker, IT Supervisor; Sheila Crawford, WAM Program Manager
DATE: April 25, 2013
SUBJECT: Work and Asset Management (WAM) Systems Software and Support Services
OBJECTIVE: Board Action – Five Point and partners Contract and License Approvals

Issue

Traditional models of asset management have primarily focused on each individual physical asset (infrastructure), its performance, and short term results. This approach has limited capability and will not position EWEB well to meet the emerging future needs such as responsiveness to market changes, opportunities and threats to which assets are exposed. To address this situation, EWEB is proposing to replace its current work and asset applications that consist of legacy stand-alone, overly complex, and inefficient processes with an enterprise work and asset management system (WAM) and mobile work management (MWM) that will fully integrate core business processes, share and track data across these systems to support better business decision making and reduce operational costs by streamlining functions and reducing redundancy.

Background

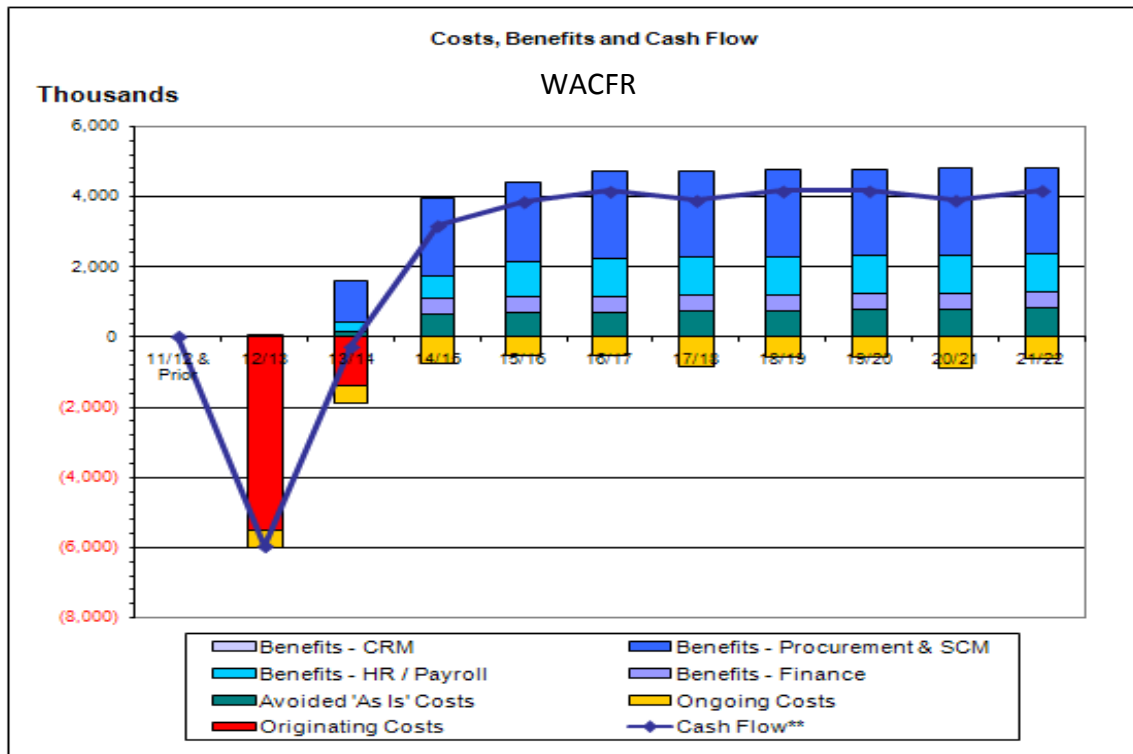
WAM is part of an overall effort to replace EWEB's aging core business systems with an enterprise system consisting of work, asset, mobile work management, customer (CIS), and finance (WACFR). The replacement of these systems will occur over time with WAM and MWM being the first phase of the enterprise system. Included in WAM is inventory, purchasing, and service orientated architecture. Finance and CIS will constitute the next two phases although a preference for order hasn't yet been established. As the enterprise systems are implemented, stand alone applications will be replaced. WAM alone is targeting the replacement of over 20 some applications that aren't standardized or integrated, in addition to being complex and costly. WAM also precedes EWEB's planned AMI rollout which is dependent on implementation of portions of the WAM applications. In the event that AMI is not implemented as planned, WAM is still critical to EWEB's long-term management of the utility.

Over the past few years, the software marketplace has consolidated and created software solutions or "suites" that support utility core business functions. An example of this consolidation capability is the ability to integrate financial systems along with inventory, work, and asset management systems while maintaining high interconnectivity with related core functions, i.e. CIS. This is made possible by the advancement of architecture technology that can provide higher capacity for reusable application integration throughout the enterprise.

Discussion

Business Case Analysis:

The purpose of WAM and MWM is to improve efficiency and reduce costs to EWEB by integrating and standardizing work and asset management applications and business functions through an enterprise system. A very thorough business case was built to: 1) look at the whole enterprise system (WACFR) of the utility; and 2) to break out each component for analysis. The results of the analysis were highly favorable, even at ultra conservative estimates (see figure below).



EWEB underwent a considerable planning effort due to the size and complexity of the project. A grass roots level approach was initiated to identify functionality of core business systems and requirements for each business unit. As information was gathered, a business case was developed using best industry practices. A request for proposal (RFP) was developed to attract vendors who could provide the desired service, followed by extensive review, product demonstration, validation and reference checking that resulted in selection of a solution provider.

Once the solution vendor was determined, EWEB solicited and obtained a contract for an owner advocate to help establish an organization wide asset strategy and structure along with pre-implementation readiness to reduce costs and avoid expensive re-work during implementation. The Board approved Baker Tilly as the owner advocate in January, 2013.

Audit

Since 2005, EWEB has received numerous audit recommendations for improvement on: utility plant; approval of jobs; closing of jobs; asset retirement; and work order management processes. These issues have yet to be completely addressed. As stated in the auditor report, these improvements could

have potential risks and cost impacts to the utility. The implementation of WAM and MWM will resolve these issues by providing the ability to integrate and share data across core business systems, standardize processes, track operational data for better decision making, and reduce operational costs by streamlining functions.

TBL Assessment

The TBL showed a favorable impact to economic, environment and social factors. The excerpts below represent the positive impacts of the project:

Environment: Improved inventory of goods and materials on trucks and warehouse will enable more efficient planning/staging of projects thus reducing associated carbon impacts.

Social: Superior ability to respond to changing customer requirements and field conditions as all equipment/data is in one system with easier access by staff.

Economic: Fewer Customer issues and quicker response due to information available.

Recommendation

Approve Work and Asset Management (WAM) Systems Software and Support Services contract.

Requested Board Action

Approve contract with Five Point and software license and support agreements with their software partners Oracle Utilities, Riva Modeling, and GeoNexus.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____