

Customer Information System Solution Project

Presentation to the Representative Policy Board



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Premjith Singh and Dana Bochan

Project Objective

The RWA is seeking approval for a Customer Information System (CIS) project in order to address the looming technology obsolescence of the RWA's current SAP CIS and provide a dynamic platform for future growth and innovation.

Project Background

- The RWA's current CIS is a mission-critical SAP solution implemented in 2010.
- As the "cash register" for the organization, more than \$130 million flow through the RWA CIS annually and touches every one of the RWA's customers.
- Incremental investments have sustained SAP and introduced new business capabilities but have not updated the core SAP technology.
- In 2027, SAP will cease security patching, product development, and break-fix support for the older SAP platforms like the RWA has today.
- Partnering with AAC Utility Partners, the RWA conducted a due-diligence assessment of the RWA's CIS to determine the right long-term CIS strategy for the organization.
- Key aspects of the long-term CIS strategy included a reliable software platform, a cloud-based solution with incremental approach to updates, and a standardized flexible solution to address the RWA's growth and changing customer needs.

Need for the Proposed Action

Technology Obsolescence

SAP End-of-life by 2027 of current solution

Security & Data risks increase without patching & upgrade support

Business Capabilities

Functionality lacking and costly to enhance

Antiquated user interface and manual processes

Customer Expectations

Not meeting service delivery metrics

Performance decreasing over time

Strategic Alignment

Integration with other systems is limited by older methods

Data Analytics are hindered

Increased operational and maintenance costs over time

Preliminary Steps

- Request for Proposal (RFP) issued September 2021 using AAC's NavigateOne™ methodology
- Four (4) of the vendor proposals best met the business, technical and implementation needs of the RWA
 - Vendor 1 SAP HANA Solution
 - Vendor 2 Independent CIS Solution
 - Vendor 3 SAP HANA Solution
 - Vendor 4 MS Dynamics Solution
- The RWA is actively engaged in negotiations with Vendor 4.

Project Scope

The CIS Solution Project entails the full replacement of the RWA's Customer Information System

CIS Core Functionality

- Delivers the complete meter-to-cash lifecycle

Field Mobile Work Management

- Provides real-time visibility of field work

Reporting Tools & Analytics

- Supports operational, financial & regulatory reporting

Implementation Services

- Utilizes best practice project methodology, tools & governance



































Technology, Security & Managed Services




- Ensures stable, secure and reliable performance in a modern cloud environment

CRM Capabilities

- Manages all utility interactions with the customer including specialized outreach

Analysis of Alternatives

KEY COMPONENTS	Vendor 1	Vendor 2	Vendor 3	Vendor 4	Alternative 5
	SAP HANA	Independent Solution	SAP HANA	MS Dynamics	Legacy SAP w/HANA Data Transformation
User experience/customer benefit					
Business process optimization					
Technology					
Hosting/managed services capabilities					NA
Implementation costs					
Implementation risk					
Ongoing cost					

-  Neutral = meets RFP expectations
-  Minus = below expectations
-  Plus: better than expectations

Summary of Business Case Evaluation

CIS Software

Option	Project Name	Total Cost ¹ (12 years)	Life Cycle Costs - Annuitized Cost Stream	Risk Reduction Effectiveness Factor ²	Benefit Cost Ratio ²	B/C Ratio Rank
Alternative A	No Action	NA	NA	NA	NA	NA
Alternative 1	Vendor 1	\$31,374,416	\$1,733,732	0.12	1.93	3
Alternative 2	Vendor 2	\$29,994,480	\$1,689,769	0.12	1.99	2
Alternative 3	Vendor 3	\$32,381,450	\$1,968,552	0.12	1.87	4
Alternative 4	Vendor 4	\$28,178,176	\$1,136,493	0.14	2.41	1
Alternative 5	Legacy SAP with HANA Data Transformation	\$48,685,622	\$2,777,610	0.02	0.36	5

1 Total Cost represents Capital and O&M cash out the door, excludes RWA labor post-project implementation

2 Higher value is more cost effective

Based on the results of the BCE, **Alternative 4** was determined to best address all aspects of the need for proposed action while balancing the impact of the work as it relates to the Triple Bottom Line concerns.

Estimate of Costs to be Incurred: Capital

Opinion of Probable Project Cost for CIS Solution

Project: Detail

Prepared by RWA

May 18, 2022

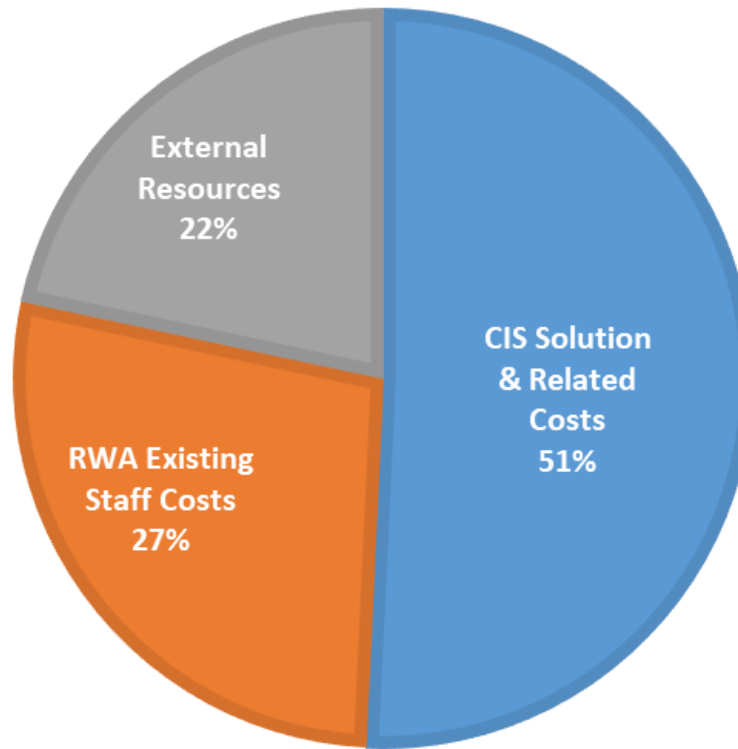
Cost Description	Total
Implementation Costs - Capital	
CIS Solution & Related Costs*	\$6,802,043
RWA Staffing Resources^	\$6,660,000
Total Implementation Costs - Capital without Contingency	\$13,462,043
Contingency (10%)	\$1,346,204
Total Implementation Costs - Capital with Contingency	\$14,808,247

* Includes Vendor RFP Costs, 3rd Party Vendor Integration, Data Migration, and Implementation/Development Tools & Environments

^ Includes \$3.7M of existing RWA staff and \$2.9M external resources

Distribution of Estimated Costs to be Incurred: Capital

% DISTRIBUTION BY AREA - WITHOUT
CONTINGENCY



Preliminary Project Schedule

Proposed 21-month Implementation with 3-month Post-Go-Live Support

1. RFP Issued	September 2021
2. RPB Application	Submitted May 2022
3. Public Hearing	July 2022 & August 2022
4. Assuming RPB approval, Final Design, & Permit	September 2022*
5. Contract Award	October 2022
6. Kick-off	January 2023
7. Go-Live & Post-Go-Live Support	July to September 2024

*The timing of the RPB approval, negotiations, contracting and final contract award will impact the above schedule.

Summary of Facts

Process

- The current SAP CIS Solution will no longer be supported after 2027, creating significant risk.
- Replace the current SAP CIS landscape with a comprehensive cloud-based CIS Solution.
- Actively engaged in Evaluation Phase 3 of the CIS Solution RFP.
- Employing the AAC Utility Partners NavigateOne™ Methodology to ensure a “win-win” Statement of Work with the selected vendor.

Summary of Facts

Rationale

- Urgent action is needed to address the obsolescence of the RWA's current SAP CIS platform by 2027.
- Beyond 2027, the current platform will introduce significant cybersecurity risks.
- Demand for CIS solution vendors will increase as the 2027 deadline approaches.
- The RWA is requesting this project at this time to ensure completion comfortably in advance of the 2027 deadline and avoid the challenges of a high-demand CIS marketplace.

Summary of Facts

Benefits

- Brings best-practice process and technology automations.
- Provides direct benefits to customers via improved service delivery.
- Delivery as a SaaS solution on a cloud platform with hosting and managed services.
- Streamlines the RWA's current multi-vendor CIS environment.
- Supports revenue enhancement and future programs.

Conclusion

- The RWA's current Customer Information System (CIS) solution is being rendered obsolete in 2027.
- The project addresses the looming technology obsolescence & security risks of the RWA's current CIS.
- The CIS is a mission-critical technology solution and RWA's "Cash register" processing more than \$130 million in revenue annually.
- The proposed project will ensure the RWA's critical CIS infrastructure remains viable and effective.
- The CIS Solution provides a dynamic platform for future customer expectations and growth (innovation).
- RWA is seeking approval for the planned CIS Project.

Questions & Discussion

