Representative Policy Board

Public Hearing Transcription

Customer Information System Solution Application

July 28, 2022 at 7:00 p.m.

Mark:

I'd like to call the public hearing to order. I'd like to remind everybody that this meeting is being recorded. And we're going to read the notice of the public hearing. Oh, did something happen here? Oh, here it is. Oh, thank you, Jennifer.

Mark:

The represented policy board at the South Central Connecticut Regional Water Authority water district will hold public hearing to consider the South Central Connecticut Regional Water Authority's application for approval of the customer information system solution project. The public hearing will take place on Thursday, July 28th, 2022 at 7:00 PM via remote access. Members of the public may attend the meeting via remote access. For information on attending the meeting and to view the application and accompanying information please go to https:tnyurl.com/4Z6MUJWR. The public hearing is being held pursuant to section 10 and 19 of special act 77-98 as amended. All users of the public water supply residents and original water owners of property served or to be served in other interest shall have an opportunity to be heard concerning the matter under consideration. Questions may be submitted in writing to the board office by emailing Jay Soblowki at rwater.com or by calling (203) 401-2515. Mario Ricozzi, chairperson representative policy of our South Central Connecticut Regional Water Authority, 90 Sergeant Drive, New Haven, Connecticut, 06511.

Mark:

Now the procedure to observe during the hearing. There will be no time limits set for speakers, although I hope you just keep it concise and to the point. I want to advise that anyone wishing to offer testament that they will be sworn in. They will be asked to state their name, residence, and business affiliation, if any, and may be subject to questioning by the presiding member and members of the representative policy board. Members of the public will be given an opportunity to ask questions at the end of the public hearing and are not required to be sworn in.

Mark:

Now I'm going to ask all individuals who will testify to identify themselves by name, home address, and organization, if any. Ask those present to rise and raise their right hand. Those that are attending by remote method raise right hand. Okay. Do you solemnly and sincerely swear or affirm and declare that the evidence you shall give concerning the case now in question shall be the truth, the whole truth, and nothing but the truth upon the pains and penalty of perjury or false statement?

Jeff:

Yes, I do.

Prem:

I do.

Lyndal:

Yes I do.

Dana:

Yes I do.

Mark:

Okay. Now, this application contains confidential information that is subject to protection under the terms of protective order granted by the RPB. If the information is going to be used during the public hearing members of the public hearing will be asked to leave the meeting and can return after discussion has ended. I would ask if anybody wants any confidential information brought forward that we wait until the end of the meeting so we can go in executive session, though we have to go out and come back in. Okay. The RW 30 will begin the presentation. Okay, let's go.

Prem:

Okay. Thank you. Thank you, Mark. Good evening, everyone. Thank you for an opportunity to present information and alternate analysis of the customer information system solution project. As you remember, this was submitted to the authority board on May 26th, 2022, and subsequently to the RPB. I'm Prem Singh, vice president of customer care and chief information digital officer at the South Central Connecticut Regional Water Authority. Accompanying me is Dana Bochan, customer care director.

Prem:

We also have members of the CS project team joining us today. Laura Gonzalez, who's our transitioning customer care director. We also have [inaudible 00:05:21], who's our PMO director, Tiffany Lifkin, she's actually our business case evaluator. And from AAC Utility Partners, we have Lyndal Haddox. All are here today to assist Dana and I as experts in addressing any specific questions you may have. I also want to mention that we have attempted to answer questions, clarifications that were formally and informally submitted to us and the team is addressing as part of the presentation. That being said, Jennifer, will you please move to the next slide?

Prem:

The RWA is seeking approval for a customer information systems project. The customer information systems solution project will address 2027 technology obsolescence of the current RWA's CIS system. The proposed project will ensure the RBS critical CIS infrastructure remains viable and effective on a fully supported, flexible, and a modern CIS platform, which will provide our customers with a good service experience. At 14.8 million, the CIS solution selected for this project maximizes the cost and non-cost benefits for the RWA. The project addresses the looming technology obsolescence, and then provides a platform for current and future customer expectations, growth, and innovation. Jennifer, could we please move the next slide?

Prem:

So now to provide a little bit of a background to our members here. In 2013, the developers at SAP moved the entire SAP business suite, which is our CIS platform, onto a radically new technology platform. And from then on, they have been providing retroactive support for clients such as ourselves to continue to maintain the older platforms. SAP has established a deadline for support to 2027. In 2027, SAP will deprecate earlier platforms and end current retroactive support for clients like RWA who continue to maintain the older SAP platforms.

Prem:

This fundamental shift of the SAP ecosystem compelled RWA to reassess our approach to CIS investments. This is to ensure our business continuity, continued security, support and functionality of this critical system. In 2017, RWA began assisting the effort and cost to make this fundamental technology shift. As you all know, CIS is a mission critical technology solution that supports our entire meter to cash process. Some of the competence of the process is creating customer accounts and management of the customer accounts, billing, revenue collections, field service work management, as well as financial and regulatory reporting. The CIS does touch every one of RWA'S customers.

Prem:

As the cash register for the organization, more than $130 million flows through the CIS annually. Despite incremental investments in SAP over the last 12 years, to ensure security and functionality and new business capabilities like AMI and monthly being introduced, these efforts have not kept pace with the core SAP technology shift and have left the RWA several iterations behind in the SAP ecosystem. In 2027, SAP will cease security patching, product development, and break fixed support for the all SAP platforms such as ourselves.

Prem:

RWA then partnered with AAC Utility Partners, as you're aware, a strategic vendor with extensive water utility experience in the CIS assessment, selection and implementation. RWA conducted at full due diligence of RWA CIS with three key takeaways. The first takeaway is to think about what is our long-term CIS strategy? Just like today, we don't want to come back to the board after 12 years and ask for another big bank project. So one of the key lessons that we had take taken as a takeaway was to really look at the longevity of the solution, picking a reliable platform.

Prem:

The second would be cloud solution as one of the key strategies for CIS. We want to make sure that incremental improvements will be part of regular maintenance so we do not have to come back for another big project. Flexibility is another aspect of the long-term CIS strategy. Providing more flexibility for growing customer expectation needs. As an example, the customer expectation in 2008 is not the same in 2022.

Prem:

We also wanted to make sure there's flexibility for employee growth and skills development and growth of the RWA in hall. The second biggest key takeaway was meeting the business expectations and

organizational needs. The third big takeaway we had was to really create a modern CIS marketplace with experience learned from other peer utilities as well. So upon recommendation from AAC, RWA then launched a full CIS solution RFP last September, which will be covered in further slides. With that as a background, Dana will cover further details. Dana.

Dana:

Planning that smooth transition and I'm muted. So thank you everybody for the opportunity to present some additional details and background on the CIS project application. Thank you for the introduction and background, Prem.

Dana:

The assessment Prem referenced helped to clarify and highlight the needs for the proposed CIS project. This slide covers some of the areas that Prem mentioned, including technology obsolescence, which is noted in the background coverage. SAP's transition to a newer platform will result in an end of life scenario for RWA's current SAP CIS solution by 2027. The CIS solution project is necessary to ensure the RWA's critical CIS solution remains viable and effective given this 2027 deadline. The current SAP CIS has fewer than five years remaining in its viable life. Without ongoing patching and upgrade support from SAP, the older platforms like RWA's will become increasingly vulnerable to cyber attacks.

Dana:

Two other key areas driving this project are the business capabilities and customer expectations. The CIS assessment conducted with AAC highlighted not only the technology imperative, but also opportunities to improve business capabilities and meet changing customer expectations, as well as provide a simpler and more efficient user interface. Manual processes and complicated navigations through multiple screens are driving increased call handle time, driving up customer wait time and affecting our abandonment rates, as well as hindering our ability to deliver a first contact resolution experience for our customers.

Dana:

Additionally, the strategic alignment is imperative that our CIS solutions support the direction and objectives of the RWA. RWA has leveraged the existing infrastructure and manual processes to the maximum extent possible. The ability of the current SAP CIS to support integrations with newer systems results in increased complexity, due to the older integration methods available on the platform. The RWA has a constantly growing appetite for data and turning that data into information that can drive business decisions, create efficiencies, and improve customer experiences.

Dana:

Modern analytics platforms will enable the RWA to access, analyze, and present data in more meaningful ways and with much more efficiency than our current solutions allowed. And a modern platform with a centralized vendor support structure will avoid increasing operational and maintenance costs associated with our current end of life platform. Next slide, please, Jennifer. Thanks.

Dana:

As Prem mentioned, based on the assessment findings, the RWA did follow AAC's recommendation to issue an open CIS RFP in September, 2021. This RFP was to address the transition that SAP was presenting for their newer platform. AAC guided RWA through a rigorous RFP selection process using their NavigateOne methodology to shortlist four vendors that best meet the business technical and implementation requirements of the RWA.

Dana:

As the RWA is still in the RFP process, these vendor names are represented by their aliases vendor one through four. The vendor number simply represents the order in which the vendors were slotted into the demonstration schedule based on a first come, first serve scheduling preference. Vendors one and vendor three proposed an SAP HANA solution, each bringing their own strategic approaches to the SAP software, as well as their own methods for managing and completing an SAP implementation project.

Dana:

Vendor two proposed their own self-implemented proprietary CIS software, and vendor four proposed their self-implemented platform for CIS based on the Microsoft dynamic solution. Through additional evaluation steps the RWA has identified vendor four as the preferred vendor solution, and the RWA is actively engaged in negotiations with them as part of the RFP efforts. All four vendors submitted project proposals that met the RFP requirements and project scope, and each has been included in the business case evaluations, which we will discuss shortly. If you could move to the next slide for me, Jen. Thanks.

Dana:

I'm going to spend a little time talking about the project scope that each of these solutions was being evaluated on and that our current CIS project proposal will encompass. The CIS solution project comprises the full replacement of the RWA's SAP CIS. The project will deliver a cloud-based landscape to provide flexible billing and collection functionality, provide a holistic view of our customers, and streamline processes and workflows that enable the delivery of a positive user and customer experience. Each of these six core areas I'll cover in a little bit of detail. If you could, can you ... Thank you, Jennifer.

Dana:

The core CIS functionality is the critical component serving as the hub for the meter to cash functions of the RWA. Whereas the RWA's current SAP CIS implementation required customizations and enhancements, the modern platforms being evaluated will deliver more functional capability without the need for costly modifications. The RWA will maintain critical core functionality and adopt best practices and automations without the need for customization.

Dana:

For field mobile work management, our next section, this will provide, when combined with the core CIS functionality, the necessary business capabilities to create, dispatch, and complete field work with seamless, real time visibility and communication between office personnel and field technicians. This

type of connectivity and collaboration will expedite the completion of work orders and provide just in time information to benefit dispatchers, the contact centers, and our customers.

Dana:

The reporting tools and analytics capabilities of each CIS solution is a critical part of each project implementation. A dedicated track in the project plan will focus on ensuring the RWA's financial and regulatory reporting requirements are met, and that key operational and customer reports are accurate and easily accessible.

Dana:

As we transition to implementation services, each project proposal includes a comprehensive solution for implementation services, leveraging the selected vendor's implementation framework and expertise, utilizing best practice methodologies, tools, and governance. The RWA's portfolio management office, or PMO, will oversee the full solution deployment with its own experienced project manager. The RWA staff with will staff the project with skilled internal and third party external resources to augment and support the needed vendor's implementation team.

Dana:

Given the broad reaching implications ... I'm sorry, I'm going to stay on implementation services for just another moment. Thank you. Given the broad reaching implications of the project implementation, there will be an emphasis on effective project management, organizational change management, training, and communications to prepare RWA's workforce, as well as internal and external stakeholders for this change. Training initiatives includes efforts to familiarize current staff with the base underlying technology to ensure staff readiness. The implementation aspects will include data migration, integrations with over 35 internal and external systems, such as our GIS, geographic information systems, financial systems, as well as third party vendors, such as banks. It will include a robust cutover, go live prep, and support activities. And in addition, RWA will continue to work with AAC as an independent CIS implementation expert for the duration of the project.

Dana:

AAC is supporting the RWA in negotiating a detailed project statement of work to proactively mitigate potential implementation risks part of their NavigateOne methodology, the SOW, will hold both the vendor and the RWA accountable for respective project deliverables, tasks, and timelines, and support the governance process.

Dana:

Moving on to technology security and manage services, the selected CIS solution vendor will deploy and host the solution for the RWA in a cloud environment that will ensure stable, secure, and reliable performance. The CIS solution is delivered as a service. This is a SaaS, S-A-A-S service. The RWA will keep ongoing support and maintenance costs manageable while ensuring the RWA can more easily accept upgrades, security patches, and new functionality as they are released, maintaining a current and viable system. The solution will provide strong security management and adopt robust information security management system standards, which align and adhere to RWA's cyber security policies and strategy.

Dana:

In addition to implementing and hosting the CIS solution, the selected vendor will also provide critical managed services to support the solution. Regular periodic upgrades and patches are included as part of the managed services offering, enabling the RWA to stay current while avoiding large costly investments for updates and technology. Additionally, CRM, our customer relationship management tools, will provide functionality to manage all utility interactions with the customer and even manage special marketing and campaign programs that will allow us to support our enhanced revenue strategies. Thank you, Jennifer. Next slide.

Dana:

In determining the best course of action to address the aging SAP solution and the variety of needs identified through this application, the CIS selection team evaluated five overall alternatives against the base alternative case of no action. The no action alternative is a continued operations with our current infrastructure. No additional capital investments would be made under this scenario and the SAP outside support would cease in 2027. A significant increase in third party services and RWA's port staff would be necessary, increasing costs from present day. Risk of system failure and future cyber vulnerability remains high. Given the state of the existing systems, RWA cannot afford to do nothing and must take action. The no action alternative is not viable.

Dana:

I'll spend a little bit of time talking about some of these assessments for each one of the vendors. Vendor one is, as I mentioned earlier, an SAP system implementation that has taken the core SAP CIS solution and preconfigured it for the use in the utility industry. This vendor has packaged a preconfigured SAP HANA solution and positioned it as an accelerated implementation with limited utility IT involvement. The solution offering provides for some business process improvements, but does not reduce the complexity of the operating system. And while favorably priced for implementation, vendor one's ongoing support costs are higher than the other alternatives.

Dana:

Vendor two is a non-SAP self-implemented solution that focuses on utilities of similar size to RWA. The solution's been very successful in both water and electric utilities, but the user interface is very dated and the technology still relies on desktop deployments of software to run the application, which is not aligned with the current evolution of cloud computing, and would require a major upgrade and additional investments and resources within a three year post go live period. Additionally, typical implementation timelines with this vendor in previous experience that AAC has shared with us have been four to six months longer than typically proposed.

Dana:

Vendor three was our other SAP integrator. They proposed a recently preconfigured instance of the SAP application. Again, based on the HANA platform. This pre configuration consists of software hosting and implementation services that would provide a system configured to account for RWA's service needs and reduce the implementation timeframe. Due to the recent release of this preconfigured system, there have not been a large number of installations to prove the stability of the solution. And the offering provides for some business process improvements, but again, does not reduce the complexity

of the end user operation of the system. Additionally, vendor three did not provide for a geographically disparate disaster recovery environment, which is critical in terms of any sort of disaster recovery situations that we might encounter. And RWA would need to procure that separately, adding implementation costs not accounted for in the vendor's proposal.

Dana:

Vendor four. They are a self-implemented non-SAP solution. As I mentioned, based on the Microsoft dynamics platform. Their solution provides a feature-rich CIS functionality that improves customer engagement and streamlines front and back office business workflows. The application is cloud based and the technology behind the CIS application allows for enhanced integrations with the RWA's existing financial application, providing better reporting and organizational financial visibility.

Dana:

Furthermore, the CIS application presented by vendor four is fully integrated with the web customer self-service portal and CRM tools all as part of their service offering. This application is implemented by vendor staff using a proven implementation methodology with a positive record of accomplishment. In addition, the Microsoft dynamics platform aligns very well with RWA's current and long-term vision as a Microsoft shop through configuration and integrations.

Dana:

The RWA also evaluated an alternative five, which would be to maintain our current SAP configuration, which is essentially the same course that we have followed over the last five years. Keeping our current SAP solution afloat while investing in only a data migration of SAP applications to HANA. This is a distinction between the user interfaces, which we would not make any changes to, and the underlying technology, which would be upgraded to the HANA platforms that SAP offers.

Dana:

This alternative assumes we would continue with our current build out, including customizations, functionality, and user interfaces. So no new net functionality would be achieved through this investment. In fact, functionality loss of certain modules is likely after the 2027 sunset date of the RWA's current solution. This alternative would require the addition of support staff and specialty outside consultants to keep the program running, as well as additional license fees to support both the HANA and the current environments.

Dana:

Continual capital investment will be required to combat loss of functionality with as yet undetermined support systems. The alternative may be a viable alternative, but continues to leave the RWA open to considerable future risk and increasing cost over time, even with diminishing performance of the system. In this case, N/A relative to the hosting managed services is really that this would no longer be applicable should we take this path. If we could go to the next slide, Jennifer. Thank you.

Dana:

The alternatives have been assessed through the business case evaluation process, which is a standard methodology RWA has been applying to the capital budget request process for the RPB for a few years now. Alternative four through this BCE, business case evaluation, process was determined to be the most favorable alternative using the standard evaluation metrics. Notably, vendor four highlighted here in yellow has the lowest total costs, lowest annual life cycle costs, and provides the highest benefit/cost ratio.

Dana:

While all alternatives provide favorable risk reduction compared to both no action and alternative five, alternative four results in the most favorable risk reduction factor. Based on the results of the BCE analysis, alternatives one through four all address the primary need for the proposed action, delivering reasonable life cycle costs, reductions in risk, and considerable benefits to the RWA. Based on the information available at the time of the evaluation, alternative four CIS solution proposed by vendor four was determined to be the best to address all aspects of the need for the proposed action while balancing the impact of the work. RWA is actively engaged in phase three discussions with vendor four as part of the CIS RFP selection process. You can go to the next slide, Jen. Thank you.

Dana:

Here is the overall estimate of the costs to be incurred as part of this project. These are the capital costs. Using the RFP and confirmation session information conducted during the RFP process, the RWA is proposing a not to exceed project budget of $14.808 million. The costs include the vendor solution and implementation and related costs, including integration costs with third party vendors, like our banking partners and GIS, and specialized resources to assist with data migration of the SAP data to the selected solution and providing for specialized tools and cloud environments to support the project efforts.

Dana:

RWA staffing resources. Thank you. RWA staffing resources include a combination of reassigned existing staff members, as well as specialized external resources where critical expertise and key projects areas is necessary. The project accounts for a 10% contingency, which is aligned with AAC Utility Partners' best practices for CIS solutions. And I also wanted to point out that the RWA plans to utilize a 10 year depreciation and/or amortization term from the in-service date to align with the vendor contract term, which includes two years of implementation. Plus 10 years of hosting and support services. Thank you, Jennifer. We can go to the next slide.

Dana:

This chart is depicting how the project costs excluding the contingency are distributed. Approximately 51% of the project capital costs, or $6.8 million, are associated with the selected vendor solution. Third party vendor costs to integrate with that solution, data migration, and the implementation development tools and necessary environments to support the project. The remaining 49% or 6.6 million are costs to staff the project appropriately. 27% are existing RWA staffing costs that will be allocated to the project, and 22% are costs for external resources that will bring strong CIS project experience and expertise to supplement the RWA staff. We can go to the next one. Thank you.

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Dana:

This is the preliminary project schedule. This schedule highlights the milestones, including the RFP issued this past September, which has led us to this application process and public hearing. The remainder of the schedule is subject to change based on the RPB approval process and successful negotiations with the selected vendor. Assuming the timeline here, the RWA is targeting a January, 2023 kickoff with a go live of the new solution in July of 2024. We can do the next slide. Thank you. Excuse me.

Dana:

In summary, I'll cover some of the key aspects of the application and presentation so far. SAP has established 2027 as the end of support for the RWA's current SAP solution, which creates significant risk for this critical system. The CIS project is a comprehensive replacement of the current CIS landscape with a modern cloud-based CIS solution. RWA is actively engaged in the final stages of the CIS RFP selection process with vendor four, and the NavigateOne methodology will help to mitigate implementation risks and ensure a win-win SOW to ensure project success.

Dana:

Some of the rationale and things driving this project include an urgent need to action based on the 2027 deadline for support, which will increase our vulnerability to cyber attacks as patching and updates will no longer be offered by 2027, beyond that date. All SAP clients are required to transition to HANA, to avoid the end of life scenario of their current applications. We are making the request for the project at this time, as demand for CIS solution alternatives will continue to grow over the next five years. Acting now will RWA can secure the best vendor alternative and complete implementation before the deadline and in advance of the anticipated marketplace demand. We can go to the next slide, Jennifer. Thank you.

Dana:

The project will bring best practices to RWA's meter to cash processes and introduce automations, improved workflows, and modern web service integrations to support key operational activities. The project will benefit customers with improved service delivery via reductions in handle time, faster call answer time, and improved self-service capabilities. The new CIS will be a cloud-based SaaS solution in a securely hosted environment with vendor provided vantage services, which will also streamline RWA's current multi-vendor environment and provide efficiencies to the technology team. The CIS solution is capable of supporting RWA's revenue enhancement and program growth objectives. We can go to the next slide. Thank you.

Dana:

The RWA's SAP CIS is a 12 year old solution that is being rendered obsolete by SAP in 2027, as they have introduced their new HANA platform. The project effectively addresses the technology obsolescence of our current CIS and positions the RWA on a dynamic platform for future growth. A full meter to cash process is dependent upon the mission critical CIS solution. Over $130 million of revenue flow through the CIS cash register annually, and the system is critical to supporting the RWA's financial and regulatory reporting.

Dana:

This CIS solution project constitutes the full replacement of SAP and all its related components with a comprehensive CIS solution providing out of the box functionally rich solutions that meet the RWA's business and technical capability requirements. And the project will ensure our CIS solution remains viable and effective as it addresses key aspects of our long-term CIS strategy, including a reliable software platform, a cloud-based solution with an incremental approach to updates, and a standardized yet flexible solution to address customer needs and support the growth of RWA. And with that, the RWA is seeking approval for the planned CIS project. And we're available to answer any questions that any members or public stakeholders may have for us.

Mark:

Thank you.

Dana:

Thanks.

Prem:

Thank you.

Mark:

Does anybody have any questions?

Prem:

Yeah, I just wanted to say that while we answer questions, please do identify yourself. I didn't want to forget that. So Mark, just to set the stage. So we are open for questions. So please feel free to ask any questions that you have here.

Mark:

Or would everybody like to hold their questions until after our OCA speaks? If there are no objections, why don't we have our OCA speak?

Stephen:

Mark, this is Steve Mongillo. The OCA is not going to render his opinion tonight, is he?

Mark:

No, not that I know of.

Stephen:

It's just him asking whatever questions he wants to ask.

Mark:

Or give a report or whatever.

Stephen:

He did submit 37 questions.

Mark:

I understand that not all of them answered and that's why we'll have a recess towards the end of this meeting and continue it in our August meeting.

Stephen:

Okay. Somehow I think that the answer to those questions should get, not just in written form to the board, but somehow should be delivered during this hearing process so that everybody really understands the answers to Jeff's questions, which were really excellent.

Mark:

Well, maybe we can ask management to answer those questions at the next meeting, question by question. If that's okay with everybody.

Stephen:

Yeah. I'm not asking for tremendous detail here, but essentially address what Jeff's concerns were.

Mark:

Okay.

Prem:

I just wanted to add, so based on the 37 questions that were submitted, the management did answer all the questions. And I did have a conversation with Jeff to make sure that we do have all the answers for the questions. But that being said, we do want to make sure that we provide the opportunity based on any questions that we may have today. So we will follow up and we want to make sure that we address any questions. And I'm open for really going through question by question or however the team here feels comfortable. So we are okay with that.

Mark:

Well, we've all received the written answers, right? I believe. Right?

Prem:

That's right. Yeah.

Mark:

Okay. I think we've all received the written answers to Jeff's questions. Steve, I think's asking that they be one by one, be part of your report at next meeting. That would be good. Part of your report. Would that be satisfactory? Okay. Jeff, would you like to speak now? Would the OCA like to-

Jeff:

I would. Thank you. Jeffrey Donofrio, Office of Consumer Cffairs. As you indicated, I submitted 37 interrogatories to the authority, and the authority did respond to all of those interrogatories and give me the information that I saw, including any documents that I was looking for. They provided me with a link to some extensive presentations by vendor four, and I've engaged a consultant to assist me with the technical aspects of the application. I provided that information to my consultant and the consultant is expected to get me their deliverable early next week. So after I get that, I'll prepare my memorandum to the RPB well in advance of the August meeting and provide my testimony.

Jeff:

I did have a few questions just to kind of clarify some things. If I could, Prem. One of the questions, we've seen in the application materials and in the presentation tonight, several references to a product called NavigateOne. Can you explain a little bit about what that tool is and what its relevance is to the application?

Prem:

Sure. Go ahead, Dana.

Dana:

Thank you. I'll take that, if you don't mind, Jeff. We've been working with AAC Utility Partners for a few years now throughout this assessment, and what the NavigateOne methodology is, is essentially their approach and their accumulation of market expertise and CIS assessment and implementation knowledge into a variety of tools that they bring to each utility engagement.

Dana:

It includes everything from some standardized approaches to SOWs that address various risks that are inherent within a CIS project. It includes a variety of reports and metrics for those projects. Includes organizational assessment tools, a preconfigured set of requirements that can help serve and did help serve RWA as a baseline for establishing our RFP set of requirements for the vendors to address.

Dana:

And again, as they've accumulated this repository of tools and this methodology to approaching vendor assessments and implementations, they have been continually evolving this tool to include new things as new entrants into the marketplace. So they have a good understanding of the vendors and their successes. And we've referred to that in a few places, some successes and challenges with a variety of the vendors that they have personal experience with as well. I do know Lyndal Haddox is on the call. She is from AAC. Lyndal, I hope I did justice to the methodology, but if you're there and would like to add anything additional, that could be helpful.

Lyndal:

Dana, thank you. You did a good job explaining what the methodology is. One thing that I would add is that a lot of it is based on our experience over the past 17 years in these types of projects. And on the implementation side especially, it's to address and help shore up consistent problems that we've seen.

So the tools and the templates and the technology that we bring to the table have been proven on many projects.

Prem:

And if I may add, Lyndal, in terms of tools, just to provide a few examples, one of them would be project management tool, the IQ tool that is part of the NavigateOne methodology. We also have a tool because, a lot of these implementations fail during testing. So we do have HBLM as a tool to make sure that the testing is fully done throughout. So those are some examples of making sure the product is on track, it's on schedule and on budget. But I just want to add that, Jeff.

Dana:

Thank you. great examples.

Jeff:

With respect to the projected capital cost which is set forth on page 16 of the application, I just want to clarify, the projected capital cost is for ... I think you've basically assumed a 13 year life for this solution, right?

Prem:

It's [inaudible 00:45:50] Go ahead.

Dana:

Sorry, Prem.

Prem:

Go ahead, yeah.

Dana:

It's essentially a 12 year, it's two years of implementation plus 10 years of life cycle.

Jeff:

Okay. And in terms of the responses to the interrogatories, I just had a couple of follow-up questions. One of the issues that I think the RPB and I are probably on the same page about is that the replacement of the legacy CIS with SAP posed quite a few challenges operationally and financially for the authority. And I understand that the current team did not select the SAP option. The current team was not involved in implementing the SAP option, but are you satisfied that there's enough information available from a historical perspective about lessons learned from that project so that the likelihood of success of the proposed solution is maximized?

Dana:

Yes, I think ... Sorry. I really want to share with you that one of the things the team has spent a lot of time talking about is not just the formality of the lessons learned and the documentation from the

previous project, but also the lessons learned because we live with the aftermath of those challenges every day. And one of the reasons we are relying heavily and utilizing the tools that AAC is bringing for us and making sure that we have strong statements of work, strong project management, thorough implementation approaches is really to ensure that we don't end up in the same boat. We are really working to adopt best practice automation. We'll be revisiting our processes and possibly some policies as we look at what those best practices are. So that we can adopt and avoid the customization and additional cost that was inherent in the SAP implementation.

Dana:

And we feel that, again, looking at vendor four, that that really provides us a very strong solution, both to achieve those objectives, avoid some of those pitfalls, and then also to ensure that we have a solution that we can maintain and keep up to date, which was one of the challenges we also had with the SAP solution as well. Again, a very costly upgrade and update platform, moving into something that has a much more rigorous, frequent, and flexible solution for us to retain a positive CIS function.

Jeff:

I appreciate that.

Prem:

Yeah. A couple of things, Jeff, I would like to add to that is also some of the lessons learned, like you said. I would not say that it's going to be a perfect project. So we all know there's going to be bumps in the road we need address as part of the project governance. But one thing that we want to be really careful about is, as you mentioned, the lessons learned is so critical. And from the last implementation, some of the things that we came about was training as a good example, to make sure that we have training.

Prem:

So our technology team is already looking at some of the training from a technology perspective, what do we need to have on board? And then in terms of business, we are looking at business process mapping across the board. As you all are aware, we implemented an SAP solution back in time, but we customized the hell out of the system. We don't want to do the same exact thing again. So we are making sure to look at our processes and make sure we gather all the requirements and implement a solution which is out of the box and not to have all these customizations.

Prem:

One of the key things that I also underlined that we learned is the change in technology itself. 2008 was different, and 2022 is totally different. And we spoke about it in the past examples, and now customers are expecting totally different things. When we look at that, and we picked a cloud solution for the same reason. So we don't want to be in a position to come back and ask for another big bank project approval, rather have incremental improvements so we can avoid that kind of investment in the future.

Prem:

So those are some of the colors that we are taking from lessons learned, and we are implementing it. As a matter of fact, we also spoke to peer utilities as well, DC Water, Boston Water, WPCA. We spoke to a lot of peer utilities who run water, and then we really got some of their lessons learned. And the team actually has a stage in the project in requirements to collaborate and introduce all the lessons learned. So the team is prepared. So I know it's a long-winded answer, but those are things-

Jeff:

No, that's great. You just touched on something I was going to ask you as a follow-up question, which is, in the interrogatories I had asked for a list of water service providers for both AAC and vendor four for whom CIS implementations had been completed in the last five years. And AAC provided a list of customers similar to the RWA that provide water services, and vendor four provided a list of over 30 successful implementations. And my question in follow-up to that, and I should have asked this in the interrogatories to drill down a little bit more is how many of those projects where Microsoft Dynamics? In other words, I assume that not all of the vendor four projects are Microsoft Dynamics because some of the projects go back, I think before Microsoft Dynamics existed.

Dana:

Sorry, Prem, can I take that? Yeah. The lists of projects for vendor four are all in terms of their itinerant solution. They may have evolved their platform and the tool itself over time, but those are all implementations that that company has performed. All of the US implementations in that list are all on the UMAX platform.

Jeff:

Okay. Yeah, because I shared with Prem the other day, Microsoft is a different animal.

Prem:

That's right.

Jeff:

In terms of their licensing and just the warranties, the types ... I've dealt with them in litigation and their documents are special. So if that's the road that you ultimately go down, it's going to be really critical contractually that the risk be allocated to vendor four. If that's their selected solution, they're going to have to own it and not try to point you to Microsoft. Because that's a dead end.

Prem:

Yeah. That's a great point. Jeff. I think one of the key things we are considering is, as we saw the managed services, we are holding the vendor accountable in terms of making sure that we have a good platform. And the Microsoft platform is tricky, like you said. And certain operating systems like Windows, for example, has been here around from 1985. So oh, 35 years or so, versus some of those newer platforms are a little bit challenging to really negotiate with them.

Prem:

But like you said, we actually are looking at, in terms of vendor accountability and responsibility, this is their only ERP platform. They do not have anything else. So the chances of this being sunset is way, way low if you compare to other providers. We took that into account. And then we started talking to other peer utilities, like Department of Environmental Protection of New York and Boston Water, et cetera. And city of Tallahassee is another one.

Prem:

So we actually talked to them asking specifically about this Microsoft solution as to what they have done and how they've been holding the vendor accountable, and looks like those things are all checking out for us. And so that's another the reason, but I do agree with you 100%. And we got to really carefully navigate the contract negotiation process and lock these thing in keeping the vendor accountable. And that's what we are trying to do.

Jeff:

I appreciate that. Thank you.

Prem:

Yep.

Mark:

Jeff, probably you asked the questions that a lot of the members probably wanted to ask. Don't forget, we're going to be recessed and there'll be more information coming out in our August meeting. So unless you have any questions that are pertinent now. Let me know. Is there any more questions?

Stephen:

Mark, I have some questions.

Mark:

Okay.

Stephen:

Steve Mongillo, Hamden representative. Since we're talking about this, I had a similar concern to Jeff. 12 years ago, I was here when we were asked to approve $13 million initially and overall the same amount of money for these solutions. That solution was never fully implemented. It is, I'm told inflexible now. Can't be rehabilitated as an option, in essence. My first question is, how long will we be paying for that system that we're no longer going to be using? And I don't need a day to day kind of number, but 10 years, 15 year bonds? Is it in 30 year bonds?

Prem:

So I think maybe, Rochelle, you can take the first half of the question in terms of the bonds and the depreciation, and then I'll probably take the second part of it. Yeah, go ahead.

Rochelle:

Right. As far as the asset, we have accelerated the initial SAP asset and the initial is now fully depreciated. And then for any new investment, we're also accelerating the depreciation. So the asset will be fully depreciated when the new system comes on board.

Stephen:

Okay. So are you saying it will be essentially paid for?

Rochelle:

The cash outlet was definitely paid for, and from an asset perspective, we're definitely monitoring the timing of the new system and we've adjusted our depreciation accordingly.

Stephen:

Okay. Thank you.

Prem:

So to answer, I think the other part of your question, Steve. In terms of, would we come back for another approval for other $12 million or $40 million? I think one of the key difference I see from the last one to this one, we are negotiating a fixed price contract with accountability and milestones of payment. So that would assure that some of the accountability of the vendor stays with the vendor. It is not an OM based contract, it's a fixed price contract. So that would help to kind of keep the cost on tap.

Prem:

We also have built contingency in every part of the face of the project. So for example, if, for whatever reason, if there's a slide in the product schedule, because time is equal to cost. We have made sure we build some contingency on schedule side as well. So the vendor and ourselves can hold ourselves accountable and get those things delivered. So that's another piece of it. That's going to help the overall project to be delivered.

Prem:

And I'll tell you, and I've been through 12 implementations at least in my lifetime, these kinds of implementation. And one thing I realized is that I can see when a vendor says, Hey, I can do this in eight months or 10 months, versus somebody saying, it's going to take time and doing the right thing and then take into account on the resources from our side. This has been really vetted through in terms of our cost and our resource needs, et cetera. So we are very comfortable in terms of what we have selected or down selected these vendors. We had 13 different vendors applying or submitting the proposal. And we actually took into account of weaning those ones that we think is not really going to stick to the game.

Prem:

So that's a little bit of the background, Steve. So our goal is to really make sure that we deliver this project on time, on schedule, and really making sure we keep our costs. So hopefully that's helpful.

Stephen:

Okay. Yes. Thank you. And I would like to know, if we go down this road again, what are the differences? You've already mentioned some that would assure us that this is going to in fact be there for even 12 years. With technology advancing so rapidly, do you have confidence in that?

Prem:

I'll tell you, I can't guarantee for technology after 12 years. And I'm sure that none of us on this meeting can guarantee the 12 year guarantee. But that being said, we made sure we looked at the laundry of this whole platform. We picked a platform that's more reliable. We did not pick somebody who was new to this game in the ERP system and we didn't pick a customized solution. So that should help us in terms of making sure there's longevity of the whole platform itself.

Prem:

The second thing is a fundamental shift in the cloud. That's totally different. In the past, there was dependency on premise solutions where we constantly needed to upgrade. Or the hosting solution, like the one we have requires upgrades. And this one is going to be something on cloud. It's a software as a solution. We should help us to get some real time upgrades. And we are holding our vendor accountable to keep the platform up and running for us.

Prem:

So I know while I can't guarantee that it's going to be the same technology, I can see through that it's going to be a technology that's not going to go away. And there will be incremental improvements, but at the same time, there's not going to be a big bang. So we're now going to come back and ask for another 14, $15 million after 12 years. So that was one of the quick ideas we kept in mind.

Prem:

And again, we also looked at in terms of flexibility too. So the customer expectations, as I mentioned to Jeff earlier, has changed quite a bit. We are looking at having this technology to support us, and Microsoft, again, if you look at the tier two or top vendors, there are only a few that are in the market from a pretty long time. So we looked at some of that as well in terms of flexibility for customer needs and employee scales and development. That's another big consideration of us.

Prem:

We are trying to make sure that as we go through this whole program, we'll be training our employees. And as you see some of the costs that we had shared earlier, there's a huge portion of the internal cost just from that perspective, to take our employees and make sure they adapt to the solution, then they use the solution. So again, 12 years is a pretty long time, but I think we are confident that it's going to be there and it's going to be continuing to support us.

Stephen:

Okay. Last time around, this project absorbed a tremendous amount of resources in terms of training staff. Do you expect that that would go quicker this time?

Prem:

So in terms of training and staff, I think one of the fundamental differences from last time to this time is we are trying to make sure there is a core team. One of the lessons learned to earlier questions, we talk about lessons learned is to make sure that we have a core team that's focused on the project. This cannot be treated as a project on the sideline where people are working on their day-to-day stuff and also doing the project.

Prem:

So one of the things we are trying to make sure is we have a core team that's going to be working on the project. And that is part of our internal cost. You have seen before. And while we're working through the core team, we have identified SMEs across the organization who will be providing value and requirements and specifications, et cetera. So our goal is to really be able to execute the project with the core team while we could actually tap into resources across the organization as needed. And we also have built a firm plan to really have some shadow resources built in. So we are not double dipping on our employees.

Prem:

One thing I would say is that one thing we got creative about this resource is that we wanted to retain the knowledge that had been in a fundamental, that we want to make sure that we retain the knowledge. So we are not bringing in a team from outside so they finish up the project and they leave. We are trying to take our team who can work on the project. So they retain the knowledge. And when they go back to their jobs, they are able to actually execute and adopt a solution.

Prem:

So that's all part of the plan. And training is again a big part of the plan. We'll be focusing on bringing change management and training all the way from the beginning of the project. The other difference, I would say, from last time to this time is we have a pure functional project governance team. You heard about the PMO in the presentation, our internal PMO would be overseeing the project. We are not just relying on outside resources. So we want to make sure there's fundamental accountability on our side. And the governance would actually bring in issues such as training and change management, et cetera, as we go along, and we would actually help the team to make those decisions so we can actually execute the product successfully. So those are some of the things they're trying to do, Steve.

Stephen:

Okay. Want to thank Dana for a very clear presentation. Please keep in mind, we're not techy. So when you're answering questions, in some sort of understandable form, please. Couple more questions. With regard to the cloud based system, I'm not familiar with it. Are there any vulnerabilities to that approach that you could explain to us?

Prem:

Yeah. So I think I'll probably take the question and then the team can add upon it. So, absolutely. In terms of vulnerability, cloud had always been a scenario where we think about our customer data, we

think about our finance data. So there is always this piece where we want to make sure that we are secure.

Prem:

So one of the key aspects in the project is that we are standing up, this environment with what we call us, again, layman's terms, an Azure platform. We are fundamentally a Microsoft shop. So we are selecting an Azure platform where we will host the data. And this data is in a secure platform where if you look at in terms of how we operate, the security protocols that we have, and some of the cyber security policies we have put in place is at a very high level. So we are taking that into account.

Prem:

Another thing I would like to add is we don't collect customer data. For example, we don't collect SSN numbers, we don't collect their bank credit card information. We don't do that because we are PCI compliant. So the way we really operate is that we have handshake with the customers. For example, when a customer comes in to make a payment, et cetera, they're actually navigating through a secure protocol and then the transaction happens in a secure way.

Prem:

So from that perspective, I think we have a lot of insights in the project. It's one of also a biggest considerations that we had. Hopefully that kind of explains in layman's terms. And absolutely. We are looking at our cyber security. That's been one of the key areas of focus. If you remember, we have established an enterprise security team. We have a cyber-governance now. Every month we meet on a cyber-governance, we talk about different security protocols, what's happening across the company, IT and also scalar, which is operational technology. So we take it very seriously. And this is going through that lens. This project is going through the lens under that governance, and making sure that we have a secure protocol. So hopefully that kind of helps in understanding at a high level.

Stephen:

Okay. Thank you. I have one last question on this topic. You mentioned in the application that the vendor will be the one supporting this and you won't be using a number of outside people. Is there a possibility that the vendor can hold you hostage in any way with either the technology or the particular ... I don't know if there's any hardware you use from them, but is there any alternative to that vendor, if you have an issue?

Prem:

That's a great question, Steve. So I would try to make a comparison of what we have today and what we are going to be going and taking with this vendor. So in today's world we are hosted with IBM. They have our data center, we host data with IBM. We have our application support with the vendor called [inaudible 01:07:37]. We have our SAP environment, which is licensed through SAP themselves. So we have multiple parties in the mix where we take into account contracts and terms and conditions we have in place.

Prem:

So if you compare that in terms of the multi-vendor scenario, I think another slide in the presentation talked about it, where now we are going into a scenario where we have Microsoft as a platform. And we use vendor four in this case, as holding them accountable. Our contract terms are written in a format where the platform that they're building on is actually a Microsoft platform.

Prem:

So in the future, if we have to go through a different solution, the one way we would have to do it is that we have to go to a vendor that's similar to the Microsoft dynamics platform because that's the core. But we cannot use the vendor solution itself. But that being said, the host data and everything that resides in the Microsoft Dynamics platform. So if we have to go to a different vendor, if your question is, can we? The answer is yes, we can, but it's going to take a bigger project than just keeping it incremental improvements.

Prem:

Them holding us hostage, that's a great question. It actually works both ways. Today we have a lot of references that we talked to, like Boston Water was one of them, city of Tallahassee is another one in Florida. We talked to New York DEP as well. So all of them are hosted on this platform. And when we asked them the same question, the contract terms and the things that we are learning, as lessons learned, we are building it in a fashion where we are holding both sides accountable. It's not just them holding us as a hostage, but on the flip side, they will be accountable from a contractual perspective, from a legal perspective.

Prem:

So we are making sure we are tying that up. It is definitely better than what we have today, but if we have to change tomorrow, absolutely we can change, but it's going to have an additional cost to it. So I just want to put out full transparency and honesty there.

Stephen:

Thank you. I may have some more questions at the next meeting, but I'll give somebody else a chance here.

Prem:

Thank you, Steve. Yep.

Mark:

Like I said, most of the questions should be answered next meeting, and they're going to go through the interrogatories in next meeting included in the presentation, I believe. Right? Okay.

Prem:

That's right.

Mark:

Are there any other questions by anybody? Okay. Is there any members of the public that would like to offer testimony? Jennifer, are there any public people out there?

Jennifer:

I'm not certain. We have quite a few people calling in. So if anybody who is calling in is a member of the public, please identify yourself. I don't think so.

Mark:

Okay. That took care of that. Anybody else have additional questions before we recess the meeting? Now, do you want me to read the exhibits at this meeting or the end of the next meeting, Jennifer? Does it matter?

Jennifer:

Mario, go ahead.

Mario:

This is Mario Ricozzi from Brantford. Just a couple of points. The exhibits, I believe we will read at the end of the next meeting, as there will be additional exhibits to be added to the overall list. I believe our secretary, Mr. Havrda, would hopefully graciously read that. If I can twist his arm as I did yours. And I believe it is still appropriate since we received a presentation this evening and the record is still open. If people wish to submit interrogatories, if you think of something, you have a question, please get them in as soon as possible so that Prem and Dana have a chance to go through them, try and figure out what we're asking and be able to answer them in layman's terms, if you will.

Mark:

Just to add, I think management has done a good job of presenting it in layman's terms so far.

Prem:

Thank you. Thank you.

Mark:

Okay. So before we close the meeting, is there any other questions or comments? We're going to just recess the meeting. So we're not going to close the hearing. We're going to close this meeting, recess it to August ... Jennifer?

Jennifer:

25th.

Mark:

25th.

Jennifer:

At 7:00 PM.

Mark:

August 25th at 7:00 PM. Thank you very much all for coming.

Prem:

Thank you, Mark.

Jeff:

Good job, Mark.

Mark:

All right.

Stephen:

Good job, Mark, and presenters.