



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Roger Gray, General Manager; Greg Armstead, Architect; Matt Sayre, CIO
DATE: February, 2012
SUBJECT: Information Technology (IT) Update

Issue and Purpose

Board Policy SD 16 authorizes and directs the General Manager to establish and maintain a governance framework for implementing information management technology. As part of this framework, the General Manager will periodically report on the status of strategy development and the implementation of information management plans.

This memorandum and associated presentation are to provide such a periodic status report. It reflects recently completed 2013 IS Department Goal setting.

Background

Policy SD16 identifies five main focus areas of IT governance:

- Strategic Alignment – ensuring the IT organization is aligned with the Board and meets the needs of the business
- Value Delivery – sufficient benefits are obtained for the dollars invested in IT functions
- Risk Management – the degree to which IT assets are safeguarded and continuity of operations is assured through disaster recovery and other means
- Resource Management – optimizing the knowledge and use of IT infrastructure
- Performance Measurement – Tracking project delivery and monitoring the efficiency and effectiveness of IT services

Strategic Alignment

A 10 Year IT Plan has been developed and aligns IS with organizational strategic planning and budget considerations. Longer terms views of IT capital spending have been improved and will be visible to the Board during spring updates of water and electric CIP.

IT Projects are in the process of being more actively managed with strategic focuses. The idea is that projects should be selected similar to a portfolio of investments.. Alignment of the IT Project Portfolio is being done in accordance with EWEB's strategic business objectives. A Project Planning Status 'Dashboard' will be used to report out quarterly to stakeholders. On page 3 of this document, please note the high level overview of the project portfolio of the next 5 years.

Value Delivery

The Project Status Dashboard communicates the expected return of the project portfolio based on the net present value (NPV) of each project. Two of the larger IT investments in the project portfolio (AMI and WAM) already have established positive NPV, as presented to the Board. This approach will be increasingly applied to smaller investments that collectively make up a significant portion of the IT spend.

Risk Management

10% of funding invested in IT will be directed towards reducing/mitigation IT risk. EWEB's Leadership Team recently adopted a set of strategies to add an IT disaster recovery service to the IT service portfolio, based on "warm site" approach that focuses on restoration of critical communications systems within first 5 days and critical business systems in following 5-10 days. Initial DR capabilities should begin to be deployed during the second half of 2013.

Significant investment is currently underway in telecommunications (MetroE) and backup control center IT infrastructure (BCC) that will meet NERC backup control center requirements by June 30, 2013.

Resource Management

One of our core strategies in this area is to simplify and standardize our foundational IT infrastructure, reducing the number of one-off systems at EWEB. We drive toward decreasing spending on maintaining legacy technologies and increasing investment on new enterprise centric innovation. Success in this area will reflect increased operational efficiency. Core IS operations should realize decreasing costs over time. Percent of IT budget spend will be reported annually. 'New Initiative/Innovation' Versus Maintenance target is 50%/50% or better.

In concert with our 'simplify and standardize' approach, we are transitioning to a more modern integration architecture. For companies with complex IT environments like ours, that have multiple systems and ageing integration architectures, the need is urgent and the time-scales immediate. Benefits of this direction include increased organizational agility, reduced integration costs; reduced software cost through re-use, faster time to market for new initiatives and reduced operational risk.

Performance Measurement

Project Execution – We are currently executing our 10 Year Business Systems Plan. Projects are expected to be delivered on time, within budget, and scope. A project execution 'dashboard' will be shared with stakeholders detailing goal outcomes on a monthly cadence.

High level sequencing of major IT initiatives

