



# INTEROFFICE MEMO

EUGENE WATER & ELECTRIC BOARD  
CORPORATE SERVICES DIVISION



TO: Commissioners Brown, Cunningham, Cassidy, Ernst and Farmer  
FROM: Terry Bequette, Manager of Information Services  
DATE: January 12, 2010  
RE: Policy SD16 Board Update – Strategic Direction for Information Technology

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## Issue Statement

Per the Board's adoption of SD16: Strategic Direction for Information Technology, as part of the governance framework, the General Manager will periodically report on the status of strategy development and the implementation of information technology initiatives.

## Background

This is a semi-annual update to the Board Policy for the Strategic Direction of Information Technology. Since the policy is established in the context of five focus areas we will continue to update the Board in a format based on these focus areas: Alignment, Value Delivery, Risk Management, Resource Management, and Performance Management.

Strategic Alignment is the application of resources to the strategic priorities of the organization. This starts from the top with the Board Strategic Direction Policy as interpreted by the General Manager and carried out by the Executive Management Team. Priorities are established and organizational results are then obtained in accordance with these priorities. Progress is periodically reported to the Board in accordance with the Board's technology policy (SD16).

Value Delivery is the realization of business value from the investments made in technology. Computing capabilities must be made available in such a way as to provide value to the business units and ultimately to the utility customer.

Risk Management is the continuous assessment and control of things that could go wrong. Due to regulatory initiatives from NERC and others, attention continues to be focused on maintaining adequate security of data and information. However, risk management also extends to doing what is necessary to provide for continuous business operations, such as business interruption plans and disaster recovery.

Resource Management is the organization of people, money, computers, and software to obtain the most efficient and effective utilization of technology.

Performance Management is the creation and monitoring of performance measures and standards so as to provide continuous feedback on alignment, value delivery, risk management, and resource management.

## **Discussion**

The Gartner Report, an IT “health check” commissioned by the General Manager in 2008, continues to guide our efforts in improving our IT effectiveness, in the context of both SD-16 and EWEB’s primary business strategies. As in our August 4, 2009 update, progress is reported below according to the goals set out in SD-16.

### Strategic Alignment

As reported in the August 4, 2009 update, the EMT continues to take a stronger role in setting priorities for IT initiatives. A Project Portfolio Management Team has been formed and processes and procedures for promoting IT projects are in place. Proposed projects are now classified into investment categories including Operational Support, Operational Performance, Business Enhancement and Strategic. Within each category, projects are categorized as to the stage they are in: Idea, Initiation, Planning or Execution. The EMT retains ultimate decision making responsibility and has approved an initial portfolio for 2010. Project Portfolio review is now a monthly topic with the EMT so that progress can be monitored and changes can be considered.

One outcome of the initial 2010 Portfolio review is a decision to resurrect the Enterprise System Planning Project (WACFR, standing for Work, Asset, Customer and Financial system Replacement). Efforts are now underway to refine the internal staffing requirements for the planning phase of that project.

The General Manager has further directed that information technology planning be carried out in accordance with widely accepted planning principles called Enterprise Architecture. The Enterprise Architect role continues to be staffed on a provisional basis, but the 2010 budget supports establishing this as a permanent role. The Architect is an important contributing member of the Project Portfolio Management Team. In addition, virtually all projects now go through an architecture exercise to define the specific technology choices that must be made.

### Value Delivery

During 2009 emphasis on delivering business value was centered on three applications: Voice over Internet Protocol (VoIP) telephone system, Energy Trading and Risk Management System (ETRM) and Human Resource Information System (HRIS) projects. Both VoIP and ETRM are now in production, and the HRIS project will be in production with an initial phase of services by mid-year.

The VoIP System has an associated Interactive Voice Response System which has been developed to accept credit card payments over the phone. This development is a response to the 6,000 calls received each month for credit card payments. To date the success of this development has exceeded our anticipated adoption rates. Approximately 2,000 customers a month now make their credit card payments using touch-tone phone entries, without taking the time of a Customer Service Analyst. In 2010, the VoIP priority will be the provisioning of the Roosevelt Data Center and network for “Day-1” operations in November.

ETRM has replaced an obsolete power scheduling system while adding many new features that will substantially improve trading activities and risk management controls. The ETRM system is in production with some on-going process improvements being refined. HRIS will add many new functions that allow for decentralized processing of HR transactions including manager and employee self-service options.

### Risk Management

Risk response has focused on maintaining continuous business operations in light of the discovery in mid-2008 of serious deficiencies in the power and cooling systems serving the data center. An infrastructure project was commissioned on an emergency basis to upgrade the Uninterruptible Power Supply (UPS), emergency generators, battery banks, and air conditioning systems. The infrastructure project was completed at year end and has been made available for conversion of all data center equipment to the new power source. Approximately 50 servers have now been transferred to new power, with the remainder to be completed by early February.

A new Oracle Infrastructure has been developed, to replace an end-of-life Oracle Infrastructure. The new infrastructure first supported the new ETRM and HRIS developments, and attention is now focused on migrating existing Oracle-based applications, including customer billing and geographic information systems, to the new platform.

Another prominent risk management priority for 2009 was bringing critical cyber asset protection into compliance with NERC critical infrastructure protection standards. This work required the deployment of substantial contractual resources as well as information and physical security personnel to the goal of achieving full compliance by December 31, 2009. Initial compliance was achieved by year end.

### Resource Management

Resource Management progress continues to be made through improvements in project management. The Project Office has developed standards and processes for project management and an initial training class was held in the fourth quarter of 2009. The Project Office Manager provides valued input as a member of the Project Portfolio Management Team. The Project Office is staffed provisionally, pending a hiring process supported by the 2010 budget.

### Performance Management

Performance metrics for the business strategy to “leverage technology” are currently being developed as part of the Balanced Scorecard initiative taking place at the organization-wide level. An initial set of metrics are being refined for 2010.

### **Options/Board Action**

No Board action is expected as a result of this update.