M E M O R A N D U M

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae

FROM: Travis Knabe, Chief Information Officer

DATE: May 26, 2021 (June 1, 2021 Board Meeting)

SUBJECT: Information Services Technology Investment Planning

OBJECTIVE: Discussion/Endorsement of Direction

Issue
EWEB's 2021 annual organizational goal (4c) is to "develop a multi-year Technology Investment Plan in support of both business continuity and strategic priorities". This plan will forecast the 10-year annual benefits and expenditures and will be incorporated into EWEB's long-term financial plan beginning with the 2022 annual budget.

Background
EWEB takes great responsibility in the delivery of electric and water services to our community. We are passionate in our mission to enhance our community's vitality through ongoing operations and executing on the Board-approved strategic goals and initiatives. Our ability to continually improve service quality and to deliver on customer commitments have become increasingly challenging as our core business information platforms have aged and are now legacy by all industry standards. This limits our ability to seamlessly adapt to modern business and industry trends and promote technical innovation across the Utility.

Our business application platforms, such as Banner CIS, SmartStream, and Oracle Work & Asset Management (WAM) are now legacy, stifling our ability to be agile, flexible, accurate and secure in responding quickly to business and utility operational demands. These aged systems can turn small enhancements or upgrades into large complex projects with high levels of customization, integration complexities, and costs. The impact of these legacy business platforms is pronounced on the operation of the utility as it limits the types of solutions we can consider for utility-specific applications such as AMI, Allegro, Backflow, and other mission-critical utility services. The complexity and customization further delay the lifecycle management of these systems causing extended obsolescence.

Moreover, these application platforms are disparate which introduces countless integrations across applications, thus creating complex business processes, data flows and silos of data stores requiring transformation of data formats among these platforms to produce common reports. This limits our ability to effectively capture and analyze data useful in the understanding overall business and utility trends. Modern solutions have native integrations and compatible integration with other modern platforms using standard protocols. This facilitating access to real-time data for decision makers.

Discussion
To modernize EWEB's core business applications needed for the business agility to meet our strategic initiatives and ultimately our commitment to our customers, Management is preparing for

an Enterprise Resource Planning (ERP) approach. An ERP represents a modern application platform that natively integrates core business applications and automates these business application processes into a master data repository (a single record of truth for business/utility data). With information compiled in a central database, it allows us to gain cross-divisional end-to-end visibility of data and to understand, monitor, and control our data with unprecedented access to data analytics. The ERP selection will be specific to Energy and Utility organizations with a modular design framework supporting Finance, Customer and Asset Management, AMI as well as options for Distribution & Outage Management.

Key ERP features:

- Resiliency – cloud hosted solutions are designed to be operationally resilient and natively facilitate high system availability, disaster Recovery and business continuity.
- Centralized data – a single record of truth for all major applications improves access to information and provides analytics to decision-makers. This is critical as EWEB creates products, services, and infrastructure to facilitate consumption flexibility.
- Operating efficiency – allows resources to focus on the information (the data) over complex custom-coded integrations and the need to transform data into useable information. Modern technologies are integration-ready by default.
- Agility – legacy systems are difficult to update and modify and can limit innovation - modern systems are grounded in agility with efficiency in processes through architecture and automation.
- Mobility – employees have access to critical information from anywhere – modern enterprise system allows for native portal access - cloud-based ERP systems provide access to information in real-time anywhere and at any time.
- Security & Compliance – modern systems utilize the latest cybersecurity methods to secure systems and provide native (built-in) GRC (Governance, Risk & Compliance) tools for system assessment.
- Customer Confidence – we will be better prepared to provide faster, more accurate, and more impactful customer service – an ERP takes many streams of data and makes everything accessible from one place, and in real-time.

Expected Impact
The ERP Program approach will have much impact across the organization. All systems that integrate with CIS, SmartStream, and WAM will be impacted during the early phases of the implementation. As the ERP system develops, utility specific services such as MDM and Distribution and Outage Management may become candidates to be moved in later phases. The ERP technology roadmap will be developed in the coming months as the overall program will be developed in 2021 with the project kicking-off in 2022.

An ERP implementation is a large and timely undertaking and may run 5-8+ years. It represents a new modern way to manage our business and utility processes and will challenge us to think in new and innovative ways as we streamline our existing processes to achieve the outcomes outlined previously.

Method of Implementation
The ERP implementation will be an organization-wide program. It will demand direct oversite from managers and their supervisors, with focus commitment from process owners and SME (subject matter experts) within the respective divisions. These resources will assist in identifying existing processes that need to be mapped from the legacy platform to the ERP.

An ERP-Partner will be selected to guide us through the assessment of our platforms and business/utility processes, establishing the roadmap based on this assessment and then design the implementation plan. They will also assist in the evaluation process as we select the best Utility specific ERP to meet our needs.

Requested Board Action
Management is requesting the board's initial support of the strategy to modernize critical business applications by implementing an ERP system. Information Services will work with key stakeholders in the Utility and external partners to develop a roadmap and budget with intent to present to the board in Q4 of 2021 for approval.