

Case Study – Utility Distributor

ICT Management & Governance

The Utility Distributor had engaged a new CIO who in turn hired all new direct reports with the goal of implementing best in class ICT management and governance. With a majority of ICT build and run functions having been outsourced with the previous CIO, the new ICT Portfolio Solutions and Delivery Manager (reporting to the new CIO) was charged with bringing these functions back in-house.

The Challenge

Sentric was engaged to set-up and manage financial performance, governance and reporting across the whole ICT portfolio which consisted of 4 strategic outcomes:

1. 4 regulatory businesses (electricity, gas, transmission and smart meters)
2. 8 program of work delivering the new CIO's strategy
3. an average monthly Work-In-Progress project count of 40 projects
4. an annual Capex and Opex spend of \$150m

The Response

Sentric started by creating a portfolio level cost model that would allow for the capture and reporting of all required financial information against the 4 strategic outcomes listed above. One year tactical and rolling 5-year strategic plans were prepared that allowed portfolio financial management which in turn provided the Portfolio Manager and the CIO with:

1. The ability to present the ICT tactical and strategic portfolio work program to the Executive Leadership Team for review and approval
2. An understanding of life to date, estimate to complete and estimate at complete against all 4 strategic outcomes at any time
3. Variance analysis against financial year and regulatory 5-year period budget constraints
4. The ability to make decisions on which projects/programs of work should proceed at any time/gate and which should be delayed or stopped

Lead governance indicators were created and reported via a dashboard that provided the following information and allowed decisions to be made on reallocating funds where required:

1. Monthly and annual forecasting accuracy
2. Percentage of project/program spend spent and committed by financial year or regulatory period elapsed time
3. Percentage of budgeted resource (time and materials) and non-resource (fixed price) engagement
4. Monthly alignment of Capex versus Opex/Propex actual versus forecast spend which identified issues such as funds misalignment and at risk of being exhausted

Sentric introduced a software product called “@-Risk” and integrated it into the Portfolio Financial Model which performed risk analysis using Monte Carlo simulation. The product was instrumental in providing

probabilities and risk associated with desired outcomes and advised on which financial decisions to avoid, allowing for the best decision making under uncertainty.

Outcomes

Sentric introduced new functions into the ICT group that improved stakeholder management with the rest of the organisation and especially with the Finance group. Successful financial management and governance supported improved Portfolio delivery and project/program outcomes that resulted in more efficient and effective delivery of joint ICT/business benefits.