

UMS Group Inc.

SOS: Experience of a 17-Year User



COMPANY

A public electric & gas utility in the Northeast US serving over 2 million customers.



BACKGROUND & BUSINESS CHALLENGE

The company sought to develop and implement a customized solution for evaluation and selection (funding) decision support for a wide-ranging portfolio of investments. They were looking for a program with a specific yet flexible structure, which would identify and collect all key data relevant to the evaluation of Capital work (projects / investments) and O&M work parcels. The solution would then aggregate those data with a robust, flexible methodology, and perform structured valuation of benefits to be achieved and risks to be averted within the framework of their Balanced Scorecard model. On the basis of those valuations, combined with key financial information, the solution would perform optimization analyses across a wide range of scenarios considering a variety of conditions and constraints, and perform these analyses on demand with user-defined parameters (objectives, constraints) for each scenario. It was also to include well-defined supporting management processes to provide an appropriate, credible and flexible business system for structured, objective and transparent portfolio (budgeting) decisions.

With strong executive support and ongoing refinement to keep the methodology current with the business, SOS has become a critical part of the investment planning process. They are one of the **longest running SOS users at 17 consecutive years.**



APPROACH

UMS Group worked with the company for a period of 3 months to develop, implement and establish the initial version of the Spend Optimization Suite (SOS). The process was linked to the quadrants of their Balanced Scorecard. A solution was developed to facilitate the analysis of investments, consolidating several existing approaches and tools, thus streamlining the budget process. The SOS provided the management team with the first ever look at all the electric and gas investments in terms of the value added and the potential risk if deferred in a consistent and impartial architecture.



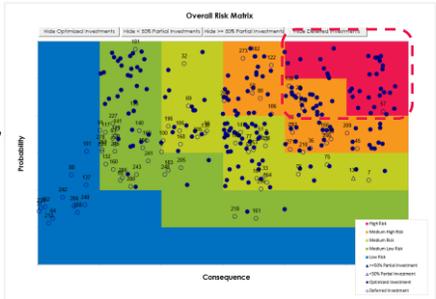
RESULTS

The company achieved:

- A process and tool aligned with their Balanced Scorecard business performance model,
- Recognized relative importance weightings between all value parameters,
- Highly standardized and empirical methods for value and risk quantification,
- Simplified user experience achieved through embedded intelligence, and
- Robust, transparent guidance to management for selection / deferral decisions.

Specifically, the SOS application delivered benefits in terms of:

- A more structured investment selection / deferral process,
- Improved overall portfolio and investment level documentation,
- Greater alignment of resources with value objectives,
- Improved quantification, specificity and use of risk,
- Increased organizational business awareness, and
- Greater value achievement via true optimization analyses.



HIGHLIGHT: BUDGET INCREASE

The company was able to use the scenario comparison analyses and graphical outputs to show management that with a small percentage budget increase, they would be able to mitigate a significant amount of additional risk. As such, they were granted the budget increase.



HIGHLIGHT: CHANGE MANAGEMENT AND TRAINING

A joint change management and training effort between UMS Group and the company ensured that every single one of the ~200 users were individually met with to ensure their input was captured and concerns were addressed. The company also built upon UMS Group's documentation and training to create enhanced materials to drive clarity and consistency for users. This was accompanied by detailed training for new users and annual refreshers for existing users, keep engagement and quality of inputs high.



ONGOING BENEFITS

Since the original implementation, SOS has undergone many updates to utilize the latest available platform and keep it aligned with the changing business, including changes to refine the methodology, improve user input ease and accuracy, and enhance/customize the analyses and outputs. The introduction of the web-based version of the application allowed the company to significantly reduce entry time with the ability to more easily perform pre-optimization data analyses and manage annual configuration updates. The process is widely accepted and integrated.