Linking Information Technology Strategy to the Business Imperatives of a Major Electricity Utility

The Client

The client is an Australian electricity generator that supplies a significant proportion of the nation's power needs. The organisation operates a number of power stations linked by a sophisticated IT&C network and managed by state of the art software applications. Staff tends to move between the organisation's numerous locations and hence require mobile access to information.

The Challenge

The client operated in the emerging environment of market-traded electricity and was undertaking significant investment in systems that enabled it to track and price the electricity it sold. The surging demand for power had placed a strain on the existing infrastructure and the technology that supported it. Furthermore, the organisation was vulnerable to terrorist attacks on its generation assets as a result of the rapidly changing geo-political environment.

The key drivers for the IT Strategy were the impending expiration of the current outsourcing agreement and the new, 3-year business strategy. The client needed to develop a coherent blueprint that mapped out its technology investment over the ensuing three years. Specifically, the IT Strategy was to address the following questions:

- What are the future technology implications in the electricity trading market environment?
- How can we move from being focussed on the delivery of technology solutions to the delivery of value-adding business solutions?
- How can technology costs be driven down further while maintaining current service levels?
- What is the best approach to outsourcing the IT function?
- Was the previous IT Strategy delivered successfully by the organisation?
- How can we align the performance of staff to our corporate objectives?
- Does the existing Enterprise Resource Planning (ERP) system fit with the business objectives?
- What opportunities for improvement exist within the IT organisation and what are these worth to shareholders?
- How can the organisation better manage its technology risks eg. terrorist attacks, business continuity, project implementation risks?
- What is the best framework for organising the store of knowledge within the organisation and what are the implications for the systems architecture?
- What should the technology, communications, software and knowledge architecture look like in 3 years time and how do we get there?

The Approach

Our consultant led the engagement team of four consultants and three client executives and drove the intellectual content and frameworks used to analyse the business drivers. The team assessed the current situation, defined the future IT service delivery model, identified the gaps and created a plan of action for transitioning the organisation from the current to future states. The team addressed all aspects of the IT organisation across the dimensions of people, process and technology.

Review of Business Strategy and IT Customer Needs

The team began by reviewing the client's business strategy and interviewing all key executives to gain a deep understanding of the strategic direction and key success factors. The team also interviewed the front-line users of IT and created a user needs map for future IT services delivery and as the basis of identifying skills gaps.

Diagnostic Review of Current Service Delivery

The team constructed a set of hypotheses based on the results of a detailed issues analysis. A number of workshops were conducted to discuss the key issues and obtain the support of all IT customers. Data was collected to analyse the hypotheses across the following areas: review of technology infrastructure and applications architectures, service level information, budgets, data centre topology, business processes, IT culture, roles, skills and organisation structure, internal performance metrics. The team assessed how well each business process was supported by the existing applications and information architectures.

The diagnostic review of the current service delivery revealed significant opportunities for improvement. Line staff was engaged continuously throughout the process to promote buy-in across the organisation. Quick wins were identified and actioned.

Define IT Vision

The team conducted a number of vision-development workshops with key executives and IT users to help establish the true purpose of the IT organisation. The workshops defined the IT mission, vision and service delivery outcomes and the associated performance goals. An innovative model, the plan-build-operate-people framework, was used to link the business vision to the core business processes for delivery of IT service outcomes.

Develop the Future IT Service Delivery Model

The team developed the future state IT Service Delivery Model by defining the future state business process model and identifying the gaps between the current and future state models. The model included a definition of future roles, skill requirements, cultural impacts and organisation design to support the process model. The team undertook a full assessment of the impact that the new process model has on the technology infrastructure, telecommunications, applications, and knowledge / information models.

A future state sourcing model, based on the process and people design, was defined using a selective, per process approach. A performance management framework based on the Balanced Scorecard was developed.
During this phase, the potential opportunities for improvement identified earlier where further assessed and an initial business case was developed for each. Again, critical input was obtained from staff throughout the design process.

Define the IT Roadmap

Once the gaps between the current and future states were developed, a set of Transition Projects were defined, each of which was to produce measurable "packets of value". The projects were prioritised and a Transition Plan was created showing interdependencies throughout the 3 year life of the IT Strategic Plan.

The Outcome

The engagement provided significant shareholder value for the client and was

- Identified projects yielding net benefits exceeding 10% of the 3 year IT budget.
- A clear direction for all technology acquisition for the ensuing 3 years.
- A risk management strategy outlining the approach to protecting the client's technology assets.
- The IT strategy was endorsed by all senior executives, the Board and major shareholders.
- Stakeholders felt that they had been consulted extensively throughout the process and indicated strong buy-in to the recommendations.

> For further information about this case study and how we helped this client call us on 02 9439 7908 or email us at enquiries@aqintus.com

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