

**ID07 Contact Centre Technology
Consolidation and Replacement
Preliminary Gate 2 Business Case**

**2020-25
January 2019**



Preliminary Gate 2 Business Case

ID07 CCT Consolidation & Replacement



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Preliminary Gate 2 Business Case

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1 EXECUTIVE SUMMARY

1.1. Background & Business Problem

Energex and Ergon Energy use multiple channels to engage with their distribution customer base, including telephony, Interactive Voice Response (IVR), SMS, social media and internet websites. Customers rely heavily on telephony-based interaction through the IVR service and direct engagement with customer service agents. The telephony-based channel handles over 800,000 customer contacts per annum across the combined Energy Queensland distribution customer base (based on 2017/18 data).

The core technology platform supporting the telephony-based customer interaction is the Contact Centre Technology (CCT) solution. The CCT solution was implemented in May 2015 and services the Energy Queensland distribution businesses and the Ergon Energy Retail business¹. The solution is delivered through a managed service arrangement with Optus. The solution is provided on a private cloud Software-as-a-Service (SaaS) arrangement [REDACTED]

[REDACTED] The CCT solution provides the following functionality for the distribution businesses:

1. Call handling for 13 and 1300 telephony traffic
2. IVR services for customer outage information (both planned and unplanned)
3. Contact Centre agent based services
4. E-mail customer service interactions
5. Integration with social media channels [REDACTED]
6. Web Chat customer service option
7. Contact Centre workforce planning and scheduling
8. Call and customer interaction analytics and reporting

The technology set upon which the CCT solution is based (Cisco + Nice) will [REDACTED] require replacement during the FY21-25 regulatory period, which also aligns to the end of the SaaS arrangement with Optus. [REDACTED]

[REDACTED] This CCT Consolidation and Replacement initiative is primarily in response to the need for a supportable and sustainable contact centre platform to service the Energy Queensland distribution customer base.

1.2. Investment Overview

Through this business case proposal, the CCT solution will be replaced with a scalable, flexible and well integrated solution that meets both the customers' service demands and the operational objectives of Energy Queensland. The new solution will ensure the ongoing supportability, sustainability and security of core business processes covering the customer service domains of Energex and Ergon Energy. Scoping and business requirements for the new solution will be in alignment with the current business capabilities enabled, ensuring a prudent and cost effective replacement solution is selected.

The new CCT solution will form part of an integrated suite of service channels that provide the expected unified omnichannel experience for customers. This will lead to a consistent customer service experience, while delivering efficiencies within the customer service operations of Energy Queensland.

1.3. Options Analysis

Three options are considered in this business case:

- Option 1 – Proceed with the CCT Consolidation and Replacement (Preferred Option)
- Option 2 – Upgrade the existing CCT platform and then replace in FY26-30 regulatory period
- Option 3 – Do Minimal

"Option 1 - Proceed with the CCT Consolidation and Replacement" is the preferred option, as it meets all the business case objectives, it is aligned with Energy Queensland's strategic objectives and is consistent with Energex and Ergon Energy's obligations under the National Electricity Rules.

¹ This business case focusses on the distribution business and therefore the retail CCT solution is not explored further.



Both Options 2 and 3 each represent material risks to Energex and Ergon Energy's customer and market operations [REDACTED] These options also do not support realisation of Energy Queensland's forecast 10% reduction in indirect costs.

1.4. Financial Summary²

1.4.1 Energex Option Comparison

1.4.2 Ergon Energy Option Comparison

1.4.3 Energex Expenditure Summary (Option 1 – Preferred)

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

1.4.4 Ergon Energy Expenditure Summary (Option 1 – Preferred)

100

² Bracketed figures indicate negative values.

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1.5. Investment Benefits

The preferred option delivers the benefit of sustainment of Energy Queensland's customer service operations for ongoing supportability, serviceability and security.

The investment is also a critical enabler of Energy Queensland's planned productivity improvements which result in a forecast 10% reduction in indirect costs. The consolidation of CCT capability supports this productivity improvement through increased automation and better scheduling and allocation of resources.

1.6. Investment Risks

1.7. Customer Focus

As part of Energy Queensland's "Customer Xchange and Community Engagement" forums, a number of themes have been identified that directly relate to delivering expected customer outcomes through the CCT Consolidation and Replacement initiative including:

1. **Products and Services** - enable new technology that is easier to access, intuitive to use and provides more choice
2. **Systems and Processes** - simplify systems and processes, provide multi-channels for customers differing needs
3. **Interactions and Communications** - simplify language, know customers and how they want to be engaged

2. INVESTMENT OVERVIEW

2.1. Background and History

Energex and Ergon Energy use multiple channels to engage with their distribution customer base, including telephony, Interactive Voice Response (IVR), SMS, social media and internet websites. Customers rely heavily on telephony-based interaction through the IVR service and direct engagement with customer service agents. The telephony-based channels handle over 800,000 customer contacts per annum across the combined Energy Queensland distribution customer base (based on 2017/18 data).

The core technology platform supporting the telephony-based customer interaction is the Contact Centre Technology (CCT) solution. The CCT solution was implemented in May 2015 and services the Energy Queensland Distribution businesses and the Ergon Energy Retail business³. The solution is delivered through a managed service arrangement with Optus [REDACTED]

[REDACTED]. The solution is offered on a private cloud Software-as-a-Service (SaaS) arrangement [REDACTED]

The CCT solution provides the following functionality for the Distribution businesses:

1. Core call handling for 13 and 1300 telephony traffic
2. IVR services for customer outage information (both planned and unplanned) including the ability to handle large call volumes in the event of widespread network outages
3. Agent based services including:
 - Outage management
 - Vegetation clearance
 - Streetlight faults
 - Cold Water faults
 - Guaranteed Service Level claims
 - New connections
 - General enquiries
 - Retailer support
 - Contractor and partner enquiries
4. E-mail customer service interactions
5. Integration with social media channels [REDACTED]
6. Web Chat customer service option
7. Customer Service Centre workforce planning and scheduling
8. Call and customer interaction analytics and reporting

2.2. Business Problem and Rationale

The current CCT solution will have been in service for 5 years by the end of the current regulatory period, with [REDACTED] provisions for extension of the CCT solution for a further five years through to the end of the coming FY21-25 regulatory period.

³ This business case focusses on the distribution business and therefore the retail CCT solution is not explored further.

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This CCT Consolidation and Replacement initiative is primarily in response to the need for a supportable and sustainable telephony-based platform to service the Energy Queensland distribution customer base. As new solution offerings evolve, the ability to access cost effective support from the existing CCT solution vendor will diminish.

In the meantime, it is planned that one moderate upgrade will be undertaken during FY19. This upgrade will address a number of supportability issues, security requirements and performance issues ensuring the longevity of the solution into the next regulatory period and obtaining full realisable value from the initial solution investment.

A complementary outcome of the CCT Consolidation and Replacement investment is the opportunity to address the increasing customer service demands that drive the need for a more integrated suite of service channel solutions. The core tenet of the Energy Queensland Customer Strategy is for “customer needs to be the focus of everything we do” and this is underpinned by the Energy Queensland Customer Experience Framework.

The framework focusses on five key areas:

1. State-wide service alignment
2. Understanding of customers
3. Operational excellence
4. Connected employees
5. Improvement and Innovation

Consistent with the Customer Strategy and Customer Experience Framework, it is proposed to leverage the CCT Consolidation and Replacement initiative, at no additional expense, to support enablement of the unified omnichannel customer experience. The omnichannel approach ensures whoever is dealing with the customer, via any channel, will have a complete and up to date view of the customer’s interactions with Energy Queensland. Figure 1 (over page) provides an overview of a typical omnichannel customer service solution.

As part of Energy Queensland’s “Customer Xchange and Community Engagement” forums, a number of themes have been identified that directly relate to delivering better customer outcomes through the CCT Consolidation and Replacement initiative including:

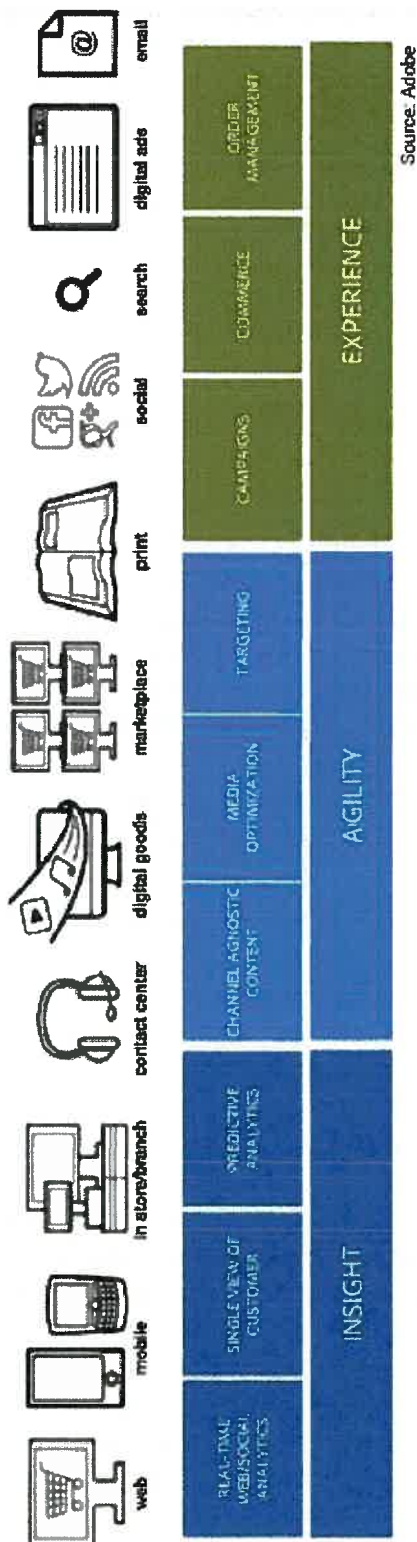
1. **Products and Services** - enable new technology that is easier to access, intuitive to use and provides more choice
2. **Systems and Processes** - simplify systems and processes, provide multi-channels for customers differing needs.
3. **Interactions and Communications** - simplify language, know customers and how they want to be engaged.

When overlaying the customer experience framework and forum feedback on the current CCT solution there are a number of clear capability gaps:

- The disparate/bespoke solutions for the various channels (including CCT) means that customers cannot easily move between modes of contact, and Energy Queensland customer service staff do not have context to the extent of contact a customer has had across the various channels. This doesn’t support the customer expectation for a unified omnichannel customer service experience and limits the ability to effectively engage with the customer.
- The CCT solution is not flexible and cannot be easily and cost effectively enhanced to meet the changing needs of customers in how they wish to engage with Energy Queensland.
- The CCT solution and associated business processes limit the ability to share customer service resources across Energy Queensland and meet the peak and trough demands in a cost-effective manner for each of the distribution businesses. This impacts the ability to provide a consistent customer experience throughout the year.

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Design for Persona, Context and Best Next

Context

- Intent
- Identity
- Environment
- Community

Persona:

- Gerry
- Bought a house
- Is on a business trip
- Searched for "furniture refinishing"
- Is in a good mood ...

Content:

- Granularity
- Variety (of type)
- Diversity (of sources)

Best Next ...

- Action/Task
- Intelligence
- Content
- Interaction
- Design

Figure 1 Omnichannel Customer Experience⁴

⁴ Extract from "Creating Your Digital Experience Platform" – Gartner July 2017

2.3. Investment Objectives

The investment in CCT Consolidation and Replacement will deliver on the following objectives:

- Ensure the ongoing supportability and sustainability of core business processes covering the customer service domain of Energy Queensland.
- Ensure the availability of a solution that can scale to handle peak call volumes and integrate with other solutions to provide a seamless and flexible experience for customers as they choose the way they engage with Energy Queensland – e.g. shift from telephony to web, voice, email, SMS and social media channels.
- Deliver a CCT solution that is part of an integrated suite of service channels that provide a unified omnichannel experience for customers. This will be achieved through leveraging the proposed solution replacements in the customer and market domain during the FY21-25 regulatory period. I.e.
 - ID04 Customer Market Systems Consolidation & Replacement;
 - ID09 Service Interactions Portal Consolidation & Replacement;
 - ID14 Customer Management System Consolidation & Replacement; and
 - ID03 Field Force Systems Consolidation & Replacement.
- Improve the quality and consistency of the customer service experience while delivering improved productivity across customer service operations through unified collection, storage and retrieval of customer interaction data and records.
- Provide more relevant and timely information to customers in relation to queries, such as loss of supply and status of service requests.
- Improve the analytical capabilities relating to customer interactions, in order to better tailor solutions to meet customer needs.
- Enhance the Contact Centre workforce management and scheduling capabilities to better balance agent capacity to meet customer demand and provide a consistent customer experience.

2.4. Principles

This initiative will be guided by the following principles.

- Customer service solutions enable the core business of Energy Queensland and must remain supportable, sustainable and secure.
- The customer is at the centre of everything that Energy Queensland delivers.
- A seamless, timely and integrated customer experience is provided across all service channels.
- Customer service solutions are cost effective to implement and financially sustainable.

3. STRATEGIC ALIGNMENT

3.1. Alignment to Energy Queensland Strategic Objectives

This investment aligns with the Energy Queensland Strategic Objectives in the following ways:

| Strategic Objective | How this investment contributes to the Strategic Objective of EQL | Impact |
|---|---|--------|
| 1. Community and customer focused Maintain and deepen our communities' trust by delivering on our promises, keeping the lights on and delivering an exceptional customer experience every time. | Provides a positive customer experience through an omnichannel presence that delivers the right information to customers at the right time in their preferred channel and allows them to interact efficiently with Energy Queensland. | High |
| 2. Operate safely as an efficient and effective organisation Continue to build a strong safety culture across the business and empower and develop our people while delivering safe, reliable and efficient operations. | Provides a robust and reliable telephony-based service channel for customers to interact with Energy Queensland in times of major weather and network events - "being there when our customers need us most". | High |
| 3. Strengthen and grow from our core Leverage our portfolio business, strive for continuous improvement and work together to shape energy use and improve the utilisation of our assets. | Leverages scale across the Energy Queensland business to deliver the most cost-effective telephony-based service channel. | Medium |
| 4. Create value through innovation Be bold and creative, willing to try new ways of working and deliver new energy services that fulfil the unique needs of our communities and customers. | Provide choice to the customer in how they interact with Energy Queensland, by providing a telephony-based service channel that enables customers to readily traverse the organisation into other channels such as social media, email, voice, SMS and web without losing the context of their previous interaction(s). | Medium |

3.2. Alignment with National Electricity Rules (NER)

The table below details the alignment of the proposed solution with the NER capital expenditure objectives as regulated by the AER.

| NER Objective Alignment | Rationale |
|---|--|
| 6.5.7 (a) (2) The forecast capital expenditure complies with all applicable regulatory obligations or requirements associated with the provision of standard control services | This business case proposes to provide a solution (both business process and technology) that services all distribution customers across Queensland. The solution will ensure compliance with all regulated, legislative and policy obligations to enable efficient delivery of standard control services. |
| 6.5.7 (a) (3) The forecast capital expenditure maintains the quality, reliability and security of supply of standard control services | The telephony-based service channel will continue to be a primary method for customers to interact with Energy Queensland, particularly during loss of supply events. Up to date outage information coupled with the ability to better analyse customer call trends will support the faster restoration and security of supply for standard control service customers. |

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| NER Objective Alignment | Rationale |
|---|--|
| <p>6.5.7 (c) (1) (i) The forecast capital expenditure reasonably reflects the efficient costs of achieving the capital expenditure objectives</p> | <p>Costs for this investment have been forecast based on knowledge of the CCT implementation completed in 2015, other recent procurement activities and general information gathered through market scans and vendor discussions. It is intended for Energy Queensland to undertake competitive market procurement processes to ensure cost efficiency in project cost and operational expenditure.</p> <p>Energy Queensland also has a cloud services strategy which assesses each potential investment to ensure the optimal use of cloud and internal services with considerations of cost, risk, service requirements and other parameters. Given the current CCT solution is provided as a “private cloud” SaaS, it is expected the replacement will similarly be sourced under SaaS arrangements.</p> <p>Opportunities will be explored to leverage multi tenanted facilities where the overall cost of the CCT solution is shared across multiple corporate clients, therefore providing cost reduction opportunities to Energy Queensland.</p> |
| <p>6.5.7 (c) (1) (ii) The forecast capital expenditure reasonably reflects the costs that a prudent operator would require to achieve the capital expenditure objectives</p> | <p>The requirement for this investment is premised on industry typical ICT Asset Lifecycle Management principles to prudently and efficiently ensure the supportability, serviceability and security of Energy Queensland’s telephony-based service channel.</p> <p>Currently this investment has been analysed to a “Preliminary Gate 2” level. Prior to investment, a Gate 3 business case will be prepared with further detail to be assessed in accordance with the established investment governance processes.</p> |
| <p>6.5.7 (c) (1) (iii) The forecast capital expenditure reasonably reflects a realistic expectation of the demand forecast and cost inputs required to achieve the capital expenditure objective</p> | <p>Costs for this investment have been forecast based on knowledge of the CCT implementation completed in 2015, other recent procurement activities, and general information gathered through market scans and vendor discussions.</p> <p>Further detailed cost build-up will take place in development of the Gate 3 business case. This detailed cost build up may be subject to further competitive market procurement processes, sourcing analysis and peer consultation.</p> |

3.3. Alignment with the Digital Application Asset Management Guidelines

The table below indicates alignment of the solution with the Digital Application Asset Management Guidelines:

| Digital Application Asset Management Guidelines Assessment | Rationale |
|--|--|
| <p>The CCT solution is classified as a System of Record according to the PACE layer categorisation described in Energy Queensland's Digital Application Asset Management Guidelines.</p> <p>These guidelines describe key defining criteria for Systems of Record including that:</p> <ul style="list-style-type: none"> • They support core business processes – “running the core business” • The business process is understood & stable (either common or subject to regulatory requirements) • They contain information that is core to the business (key information entities – system of record) • They have high data integrity requirements (needs to be auditable) • They are an information source for other systems through exposing business services (SOA) <p>On the above basis, the guidelines forecast that Systems of Record (Foundations) should maintain currency, supportability and effectiveness through the following investment lifecycle.</p> <ul style="list-style-type: none"> • Minor Upgrade – 3 years after implementation • Major Upgrade – 7 years after implementation • Replacement – 12 years after implementation <p>The guidelines further describe that Upgrade and Replacement investments should consider the extent of “obsolescence” of the solution. E.g.</p> <ul style="list-style-type: none"> • Technical Obsolescence – The solution is still functional but not supportable • Financial Obsolescence – The cost of maintaining the solution outweighs the value derived from it. • Asset Obsolescence – The asset has reached the end of its reasonable functional life as indicated through failure rates, inability to meet business requirements etc. | <p>The CCT solution proposed for replacement through this investment will meet the criteria for replacement identified in the guidelines.</p> <p>The proposed investment is planned to conclude in FY25.</p>  |

3.4. Regulatory Implications

A robust and reliable CCT solution is essential to delivering Energy Queensland's obligations for the distribution network service providers (DNSPs). These obligations include:

- Ability to answer emergency calls on a 24 x 7 basis.
- Achieve grade of service targets of loss of supply calls.
- Ensure sufficient capacity to meet prescribed call volume thresholds.
- Supports achievement of National Electricity Customer Framework (NECF) obligations including:
 - Life support customer service,
 - Adherence to Guaranteed Service Levels (GSLs), and
 - Outage management notifications.

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4. INVESTMENT SCOPE

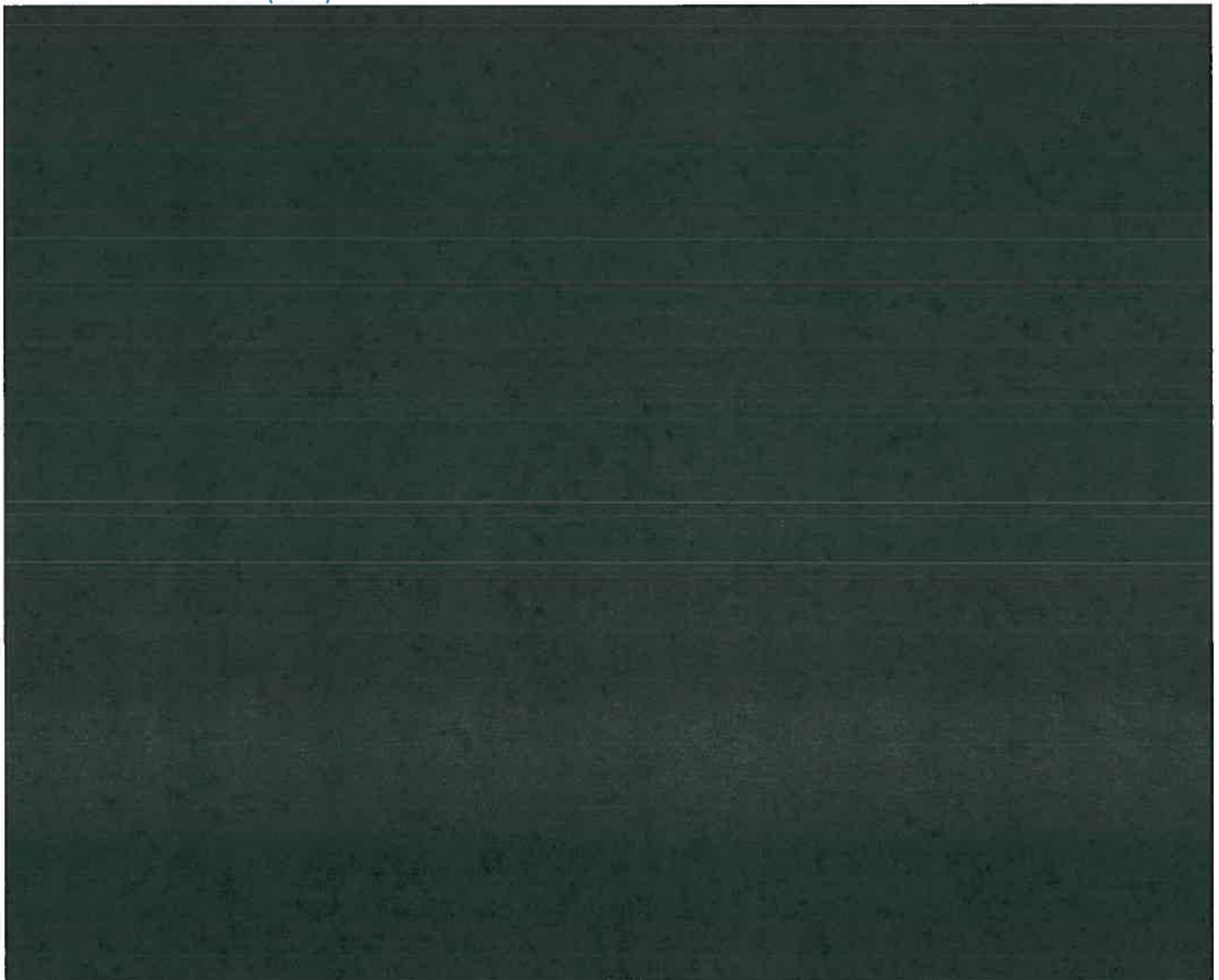
4.1. Functional Scope

Energy Queensland comprises multiple business areas and functions as defined in the organisation's Business Reference Model. The proposed investment in CCT Consolidation and Replacement is essential for the ongoing efficient service delivery to Queensland customers as delivered through the Queensland's business areas and functions listed below.

| Business Area | Business Function | Business Reference Model Description |
|----------------------------|-----------------------------|---|
| Customer Management | Customer Service Operations | A function that manages service requests from customers. This includes the handling of customer requests/enquiries and complaints. Sub functions of this function are touch points between Customer Sales Management and Connection Point Management. |
| Network Operations | Network Outage Management | A function to identify, evaluate, prioritise and manage the restoration of network outages. This includes the dispatch of planned/unplanned outage work to work crews and the notification of customers. |

4.2. Solution Overview

4.2.1 Current State (2018)



4.2.2 Target State (end of the proposed investment)

4.3. Assumptions

This business case is based on the following assumptions.

- The scope, inclusions, exclusions, costs and impacts of the initiative will be further detailed through the Gate 3 business case prior to investment. This may be subject to competitive procurement processes as appropriate to ensure cost efficiency of delivery.
- The initiative will be delivered consistent with the overarching omnichannel architecture.
- The product offerings in the market are sufficiently mature and the product vendor's intellectual property enables effective implementation of best practice business processes and supporting capability.

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4.4. Dependencies

This investment is dependent on the following programs, projects or business activities:

| Program/Project | Dependency | Effect |
|---|---|--|
| ID04 Customer Market Systems Consolidation & Replacement | The CCT solution will be integrated into the Distribution Customer Market Solution (ID04), relying on a range of customer and market information from that solution (e.g. customer details, NMI data, contact history). | <p>Having the Customer Market Solution replacement completed and embedded will provide a stable platform upon which the CCT solution can be integrated.</p> <p>The risk of CCT Consolidation and Replacement increases if the customer market platform has not been stabilised resulting in potential time delays, increased cost and lower quality business outcomes.</p> |
| ID14 Customer Management System (CMS) Consolidation & Replacement | The CCT solution will be integrated into the distribution customer relationship management solution. The CCT solution will rely on a range of customer and relationship information within the CMS solution (e.g. customer details, contact history, relationship history). | The CMS implementation will occur in parallel with the CCT Consolidation and Replacement. This will require tight alignment between the initiatives to ensure integration development, testing and business change activities are sequenced to manage the interdependencies. Schedule and cost impacts could occur if the interdependency is not well managed. |
| ID03 Field Force Systems Consolidation & Replacement | The CCT solution will be integrated into the Field Force solution and will rely on a range of the field base information in relation to outages and restoration of supply. | <p>Having the Field Force solution implemented and embedded will provide a stable platform upon which the CCT solution can be integrated.</p> <p>The risk of CCT Consolidation and Replacement increases if the Field Force platform has not been stabilised resulting in potential time delays, increased cost and lower quality business outcome.</p> |
| ID09 Service Interactions Portal Consolidation & Replacement | The CCT solution will be integrated into the service interactions portal solution and will rely on a range of information relating to service requests from customers, contractors, partners and retailers. | <p>Having the service interactions portal solution implemented and embedded will provide a stable platform upon which the CCT solution can be integrated.</p> <p>The risk of CCT Consolidation and Replacement increases if the service interactions portal has not been stabilised resulting in potential time delays, increased cost and lower quality business outcome.</p> |

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| Program/Project | Dependency | Effect |
|-----------------------------------|---|---|
| ERP EAM Program | <p>The initiative will be dependent of a range of outcomes from the ERP EAM Program including:</p> <ul style="list-style-type: none"> • That ERP EAM program delivers to its proposed scope and schedule • Availability of the ERP, Asset and Works Management SMEs and solutions experts to ensure consistency and alignment of the end state business processes and solution. | <p>The successful completion of the ERP EAM Program will enable the series of proposed investments in Customer and Market capability to proceed in the next regulatory period, leveraging the core ERP/EAM foundation.</p> |
| Brand Strategy and Implementation | <p>The CCT solution is dependent on decisions related to the Energy Queensland branding strategy.</p> | <p>The way the Energex and Ergon Energy brands are presented to the customer will drive a range of configuration items as part of the CCT replacement. Having branding decisions resolved will avoid rework to incorporate changes at a later date.</p> |

Other programs or projects are dependent on this investment:

| Program/Project | Dependency | Effect |
|--|---|--|
| ID14 Customer Management Systems (CMS) Consolidation & Replacement | <p>The CMS solution will be integrated into the CCT solution. The CMS solution will rely on a range of interaction data gathered through the CCT solution and will also provide the customer and relationship information (e.g. customer details, contact history, relationship history).</p> | <p>The CMS implementation will occur in parallel with the CCT Consolidation and Replacement. This will require tight alignment between the initiatives to ensure integration development, testing and business change activities are sequenced to manage the interdependencies. Schedule and cost impacts could result if the interdependency is not well managed.</p> |

5. OPTIONS ANALYSIS

This section considers the following options:

- Option 1 – Proceed with the CCT Consolidation and Replacement (Preferred Option)
- Option 2 – Upgrade existing CCT platform and then replace in FY26-30 regulatory period
- Option 3 – Do Minimal

5.1. Option 1 – Proceed with the CCT Consolidation and Replacement (Preferred)

The existing CCT solution will be replaced for ongoing sustainability, supportability and security. Further consolidation and alignment of business process will be implemented to maximise synergies across the Energy Queensland's customer service operations.

5.2. Option 2 – Upgrade existing CCT platform and then replace in FY26-30 regulatory period

The existing CCT solution will be upgraded in the FY21-25 regulatory period and then the solution will be locked down with minimal change until replacement occurs late in the FY26-30 regulatory period.

5.3. Option 3 – Do Minimal

The existing CCT solution will be locked down with minimal change [REDACTED] until replacement occurs early in the FY26-30 regulatory period.

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5.4. Option Comparison

Each option has been assessed against the key criteria contained in the table below.

| Advantages | Option 1 - Proceed with the CCT Consolidation and Replacement (Preferred Option) | Option 2 – Upgrade existing CCT platform and then replace in FY26-30 regulatory period | Option 3 – Do Minimal |
|------------|---|---|---|
| | <p>Consistent with the business case objectives, this option:</p> <ul style="list-style-type: none">• Achieves supportability, sustainability and security of core customer service business processes.• Further consolidates the CCT platform which supports process alignment and efficiencies across the Energy Queensland business.• Ensures a scalable and flexible solution that can grow and adapt to the way Energy Queensland will interact with its customers into the future.• Supports the enablement of a unified omnichannel customer experience, through providing a telephony-based channel that is seamlessly integrated with other customer interaction channels.• Uplifts the quality and consistency of the customer service experience.• Provides a more fulfilling service experience through with expected real-time information available to customers.• Enables customer analytics in order to better tailor solutions to meet customer needs.• Improves workforce productivity through better scheduling and utilisation of Contact Centre resources. | <p>Partly consistent with the business case objectives, this option:</p> <ul style="list-style-type: none">• Achieves supportability and sustainability of core business processes for a period of time• Defers replacement investment into FY26-30 period. | <p>This option does not effectively achieve any of the objectives of the business case.</p> <p>It does however represent the lowest near-term expenditure on the CCT solution by deferring replacement investment into the FY26-30 period.</p> |

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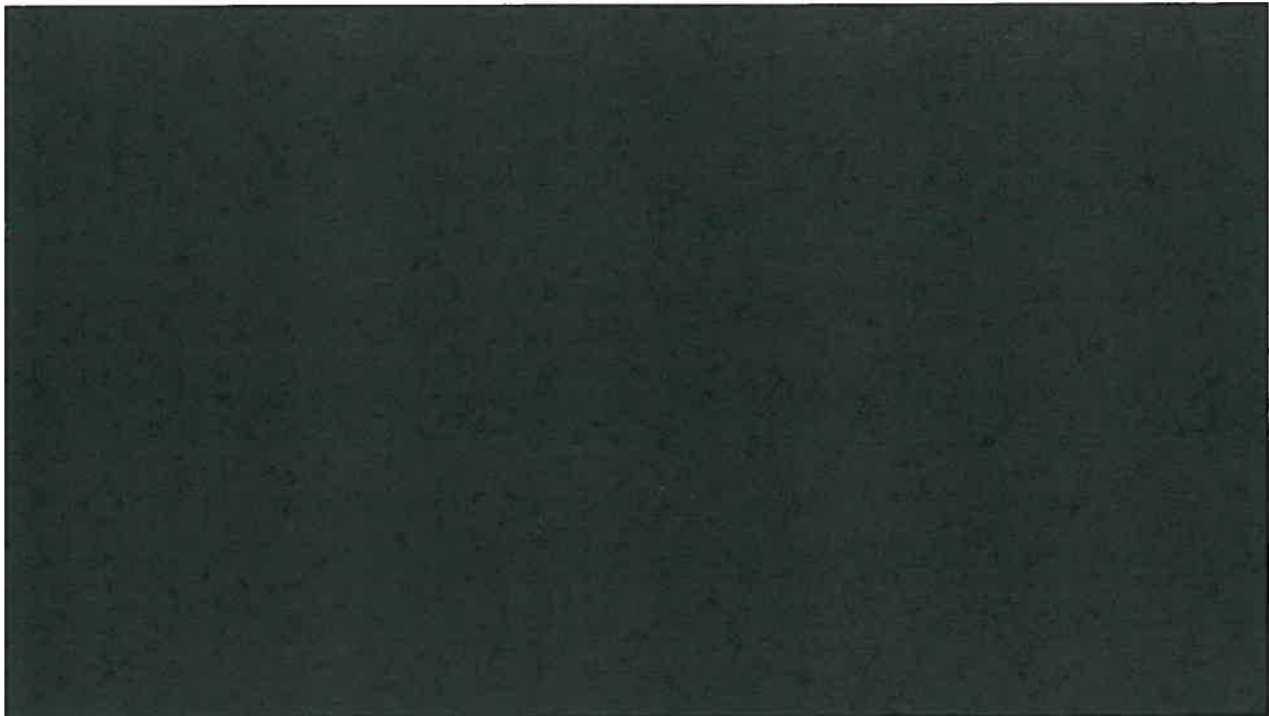
| Option 1 - Proceed with the CCT Consolidation and Replacement (Preferred Option) | | Option 2 – Upgrade existing CCT platform and then replace in FY26-30 regulatory period | Option 3 – Do Minimal |
|--|---|--|--|
| Disadvantages | This option meets all of the objectives of the business case. | <p>This option does not meet the following objectives of the business case:</p> <ul style="list-style-type: none"> Limited ability to provide an omnichannel unified customer experience as the technology upgrade will not move to a latest technology suite that natively supports seamless integration across channels. Limits the ability for business process optimisation as investment is focussed on a technical upgrade of the solution to provide an extended support window. Therefore, this option does not support the forecast Energy Queensland 10% reduction in indirect costs. There will be limited flow of customer analytics from the CCT platform in order to better understand customer behaviour and tailor service offerings. | <p>This option does not meet any of the business case objectives, and puts significant risk to core operations of the Energy Queensland business. This is therefore an unacceptable option.</p> <p>This option does not support the forecast Energy Queensland 10% reduction in indirect costs. This will impact the companies' FY26-30 revenue requirements, resulting in a negative price outcome for customers.</p> |
| | As the “preferred option”, a specific implementation risk assessment is provided in section 10.2. | <ul style="list-style-type: none"> Ability to cater for the evolving business model to service customers is reduced, therefore increasing reputational risk. Cost reduction benefits/efficiencies are minimal making it more difficult to achieve financial performance targets. | See the organisational risk assessment in section 10.1 for information. |
| Key Identified Risks | | | |

6. PREFERRED OPTION

“Option 1 - Proceed with the CCT Consolidation and Replacement” is the preferred option, as it meets all the business case objectives, it is aligned with Energy Queensland’s strategic objectives and is consistent with Energex and Ergon Energy’s obligations under the National Electricity Rules.

Both Options 2 and 3 each represent material risks to Energex and Ergon Energy’s customer and market operations [REDACTED]. These options also do not support realisation of Energy Queensland’s forecast 10% reduction in indirect costs.

6.1. Delivery Timeline and Approach



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7. INVESTMENT BENEFITS OVERVIEW

This section outlines the benefits associated with the investment. This business case has currently been analysed to a “Preliminary Gate 2” level. As such, the benefits will be further detailed, tested, and verified in preparation of the Gate 3 business case prior to investment.

This initiative is primarily an ICT Asset Replacement of legacy systems, required to ensure the ongoing sustainability, supportability and security of business critical capability. Energy Queensland will leverage the opportunity associated with this ICT replacement to also enable planned productivity improvements, resulting in a forecast 10% reduction in indirect costs. The benefits listed below represent contributions to the overall Energy Queensland productivity improvement targets.

7.1. Financial and Other Benefits

| Area | Benefits Identified | Value |
|--------------------------------|---|---------------------|
| Financial Benefits | | |
| Market Operations Productivity | <ul style="list-style-type: none">• Better resource utilisation through alignment of processes and allocation of resources across the Customer Operations and Market group.• Reduced level of agent based customer interactions (as a percentage of call volume), as automated solution delivers the required customer experience. | |
| Compliance Productivity | <ul style="list-style-type: none">• Agility and synergy in responding to changes in market rules transaction specifications. | |
| Other Benefits | | |
| Customer Satisfaction | <ul style="list-style-type: none">• Customers are provided a better range of options to interact with Energy Queensland resulting in a more fulfilling customer interaction experience.• Increased solution agility which allows Energy Queensland to be more responsive to customer demands. | Customer Engagement |
| Reduced Operational Risk | <ul style="list-style-type: none">• Replacing the aging CCT solution reduces the operational risk of having major technology outages, that will have significant customer, financial and reputational impacts. | Risk |

8. FINANCIAL ANALYSIS

8.1. Scope of Costs

The table below summarises the potential cost inclusions to deliver the outcomes described in this business case.

| Phase | Description / Rationale |
|--|--|
| All Phases | Project management |
| | Project support |
| | Internal corporate logistics / overheads |
| | Communications and engagement |
| | Review and assurance (excluding normal Internal Audit functions) |
| Planning & Procurement Phase | Tender facilitation, probity management and legals |
| | Gate 3 business case development |
| | Development of planning deliverables (e.g. PMP, Stakeholder and Communications Plan etc) |
| | Software licences, hardware purchases, cloud services procurement |
| Design Phase | Software, infrastructure and information design |
| | Data profiling and migration design |
| | Solution architecture |
| | Integration design |
| | Business process design |
| | Organisational change design and change management planning |
| Build, Integrate, Test and Deploy Phase | Data migration and ETL (Extract, Transform, Load) build |
| | Data migration execution (incl. Trial Migrations, Dress Rehearsals, Verification etc) |
| | Software, infrastructure and environment configuration |
| | Integration build |
| | Business process design and organisational change implementation |
| | Testing (incl. information consistency, capacity, performance and load, security etc) |
| | Training |
| | Production deployment |
| Warranty Phase | Post implementation operational support |
| | Transition to business-as-usual (BAU) support |
| | Post implementation review |

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8.2. Cost Assumptions

The table below summarises the key cost assumptions for the initiative.

| # | Assumption | Description / Rationale |
|---|--|---|
| 1 | Project phasing and deployment | <p>The initiative will be delivered over a two year elapsed period with an up-front design phase followed by multiple deployments. The deployment plan will be structured with consideration of:</p> <ul style="list-style-type: none"> • Alignment with other dependent initiatives. • Sequencing to maximise business performance benefit. • Intention to progressively transition to the new solution through a sequence of capability deployments. |
| 2 | Use of market services | The initiative will be delivered through a team comprising internal subject matter experts and external solution delivery specialists, to ensure project cost efficiency and mitigation of project risk. It is assumed that the project will be able to procure suitably skilled and experienced resources from the market and that these resources can be retained for the duration of the project. |
| 3 | Energex and Ergon Energy costs | The project costs for Energex and Ergon Energy are consistent with the effort and complexity of transitioning each company from their respective current state to the common target state. The respective estimates (CapEx and OpEx) are as described in the following section. |
| 4 | Availability of corporate ICT environments | The project costs are based on corporate ICT environments being available to facilitate end-to-end testing across the enterprise. |
| 5 | Regulatory environment | The project costs are based on there being no significant changes (up to and during the period of implementation) within the regulatory frameworks that impact the customer and market environment. |
| 6 | Addition software licencing | Integration with the core ERP/EAM solution will not require additional third-party licencing costs to be incurred. |
| 7 | Option 2 (Upgrade existing CCT platform and then replace in FY26-30 regulatory period) | |
| 8 | Option 3 (Do minimal) | |

8.3. Financial Summary⁵

8.3.1 Energex Option Comparison



8.3.2 Ergon Energy Option Comparison



8.3.3 Energex Expenditure Summary (Option 1 – Preferred)



8.3.4 Ergon Energy Expenditure Summary (Option 1 – Preferred)



8.4. NPV Calculation Parameters

The above NPV and financial calculations are based on the following parameters.

- The Energy Queensland Net Present Value (NPV) model has been used to calculate the NPV calculations for this business case.
- The financial analysis has been based over a 10 year period after a 24 month phased implementation period.
- 5.40% Regulated Rate of Return/WACC is applied with present values discounted to FY17/18.

⁵ Bracketed figures indicate negative values.

9. PROGRAM DELIVERY

9.1. Program Governance & Delivery

The governance and delivery model depicted in Figure 4 (below) is planned to be used for delivery of the initiative.

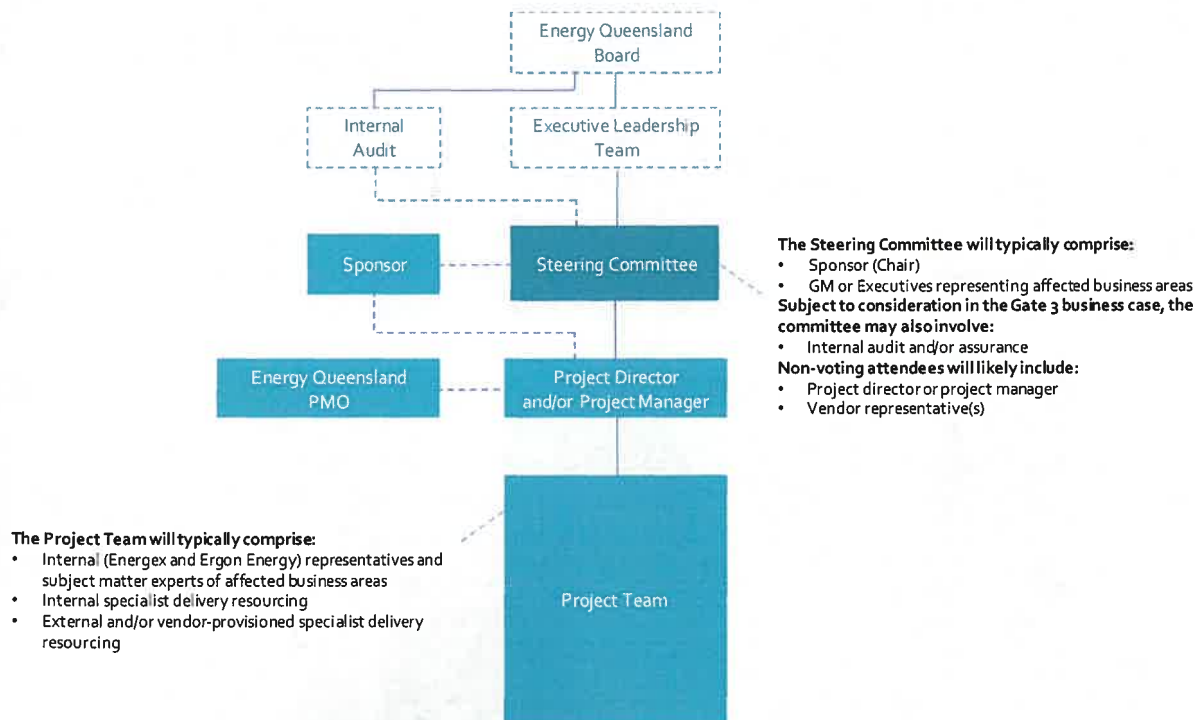


Figure 4 Governance and delivery model

| Role | Key Accountabilities |
|---------------------------|--|
| Steering Committee | <p>Provides a single point of accountability for delivery of the initiative in accordance with the business case, as well as decision making aligned with strategic directions of the company. The committee governs the initiative with appropriate balance between delivered outcomes (time, fitness for purpose, cost), risk, business impact and enabled business value.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Attend and be an active participant in committee meetings • Foster positive communications outside of the committee regarding the initiative • Be the voice of the initiative, including communications where appropriate to the Group Executive, Energy Queensland Board and other key stakeholders • Review and approve/reject any request for change (change requests) to the agreed scope, budget, schedule or deliverables. • Ensure all approved change requests align with the program objectives • Ensure program quality outcomes are balanced with other competing priorities • Review each completed phase (or defined stages or gates) and provide go/no-go direction after consideration of quality, risk, cost and schedule • Undertake a Post Implementation Review (PIR) • Ensure the appropriate independent auditing and review of the program is undertaken at the logical stage gates of the program |

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| Role | Key Accountabilities |
|--|--|
| Sponsor | <p>The Sponsor is accountable for delivering the business value enabled by the initiative and meeting the objectives set through the business case.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Oversee development of the business case • Oversee development of the project management plan (PMP) working closely with the Project Director • Monitor and advise on delivery outcomes working closely with the Project Director and/or Project Manager • Ensure that any proposed changes of scope, cost or delivery timeline are checked against possible impacts to program benefits • Approve Change Requests within delegated authority levels • Ensure Change Requests have been endorsed by all impacted parties (Business Change, Design, Delivery, Finance, BAU) • Brief Executives and Board on program progress • Ensure that the benefits realisation plan is realistic and achievable |
| Project Director and/or Project Manager | <p>The Project Director and/or Project Manager has responsibility for the delivery of the overall initiative while maintaining the balance of competing priorities and alignment with initiative objectives as specified in the business case and as directed by the Steering Committee.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Deliver the overall initiative outcomes • Agree delivery strategies with the Sponsor and the Steering Committee • Develop the PMP and oversee specification of all initiative deliverables including assessment of interdependencies and appropriate sequencing across the initiative • Manage development of the communications plan and ongoing communications with guidance and feedback from key stakeholders • Manage mobilisation of the initiative, including resource provision and procurement • Oversee technical delivery of solution design, development, implementation, integration, testing and data conversion • Oversee the delivery of training, deployment, organisational change management and business process re-engineering • Resolve all issues concerning project plans, schedules, budgets, risks and issues as they relate to the initiative • Manage cross-project dependencies, scope and resourcing issues • Ensures audit feedback is actioned in a timely, verifiable manner and validated |
| Program Management Office | <p>The Program Management Office is a centralised Energy Queensland business function which provides coordination, standards, administrative support and end-to-end reporting for Energex and Ergon Energy's business transformational and ICT initiatives.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Provide a central repository and framework for all program and project issues and risks • Co-ordinate and manage all project plans under guidance from the Project Managers and/or Project Directors • Overall program / project risk mitigation management • Overall program / project issue management • Program financial tracking and reporting • Deliverables monitoring • Program key performance monitoring and reporting |

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| Role | Key Accountabilities |
|-----------------------------|--|
| Project Team Members | <p>The Project Team undertakes the core delivery of the project under direction of the Project Director and/or Project Manager. The team typically comprises internal representatives and subject matter experts of affected business areas as well as internal and vendor-provisioned delivery resourcing.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Develop and deliver assigned project deliverables • Identify issues and record, monitor and report status • Manage issues with appropriate actions • Escalate issues as required • Attend reference groups and other forums as required |

9.2. Stakeholder Management

The following tables summarise the key internal and external stakeholders for the investment. A detailed stakeholder management plan will be developed as part of delivery planning for the initiative.

9.2.1 Key Internal Stakeholders

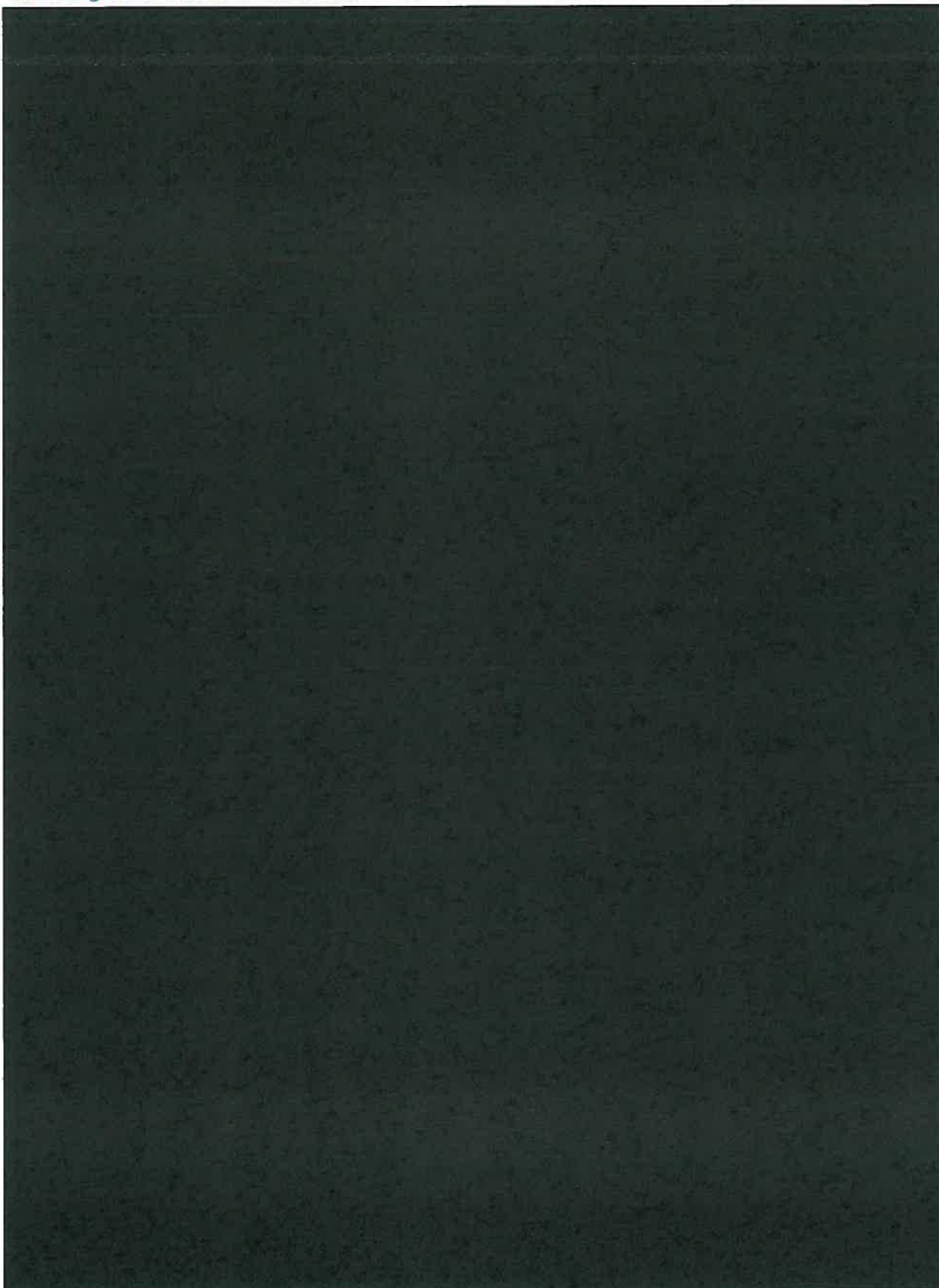
| Stakeholder | Interest |
|---|--|
| Energy Queensland Executive Leadership Team (ELT) and Board | Operational performance outcomes across customer service delivery. |
| Energex & Ergon Energy Customer and Market Operations Business Unit leaders | Availability, reliability and serviceability of the CCT platform. Consistency of CCT tooling, configuration and business processes, to enable work delivery productivity, as well as contact centre “avalanche” and fail-over capacity. |
| Customer and Market Operations staff | Effectiveness of the CCT solution to deliver the capability required for business operations and analytics to improve business performance. |
| Network Operations staff | Effectiveness of the CCT solution to deliver the capability required for business operations and analytics to improve business performance. |
| Customer Brand & External Relations | Overall strategic responsibility for contact with customers portfolio-wide |

9.2.2 Key External Stakeholders

| Stakeholder | Interest |
|-------------------------------------|--|
| Shareholder | Performance effectiveness of customer service operations in terms of achieving grade of service outcomes and level of escalated customer complaints. |
| Customers | Customers will rely on the CCT solution as the entry point for telephony-based interactions. |
| Retailers | Retailers will rely on the CCT solution as the entry point for telephony-based interactions. |
| Contractors and Electrical Partners | Contractors and Electrical Partners will rely on the CCT solution as the entry point for telephony-based interactions. |

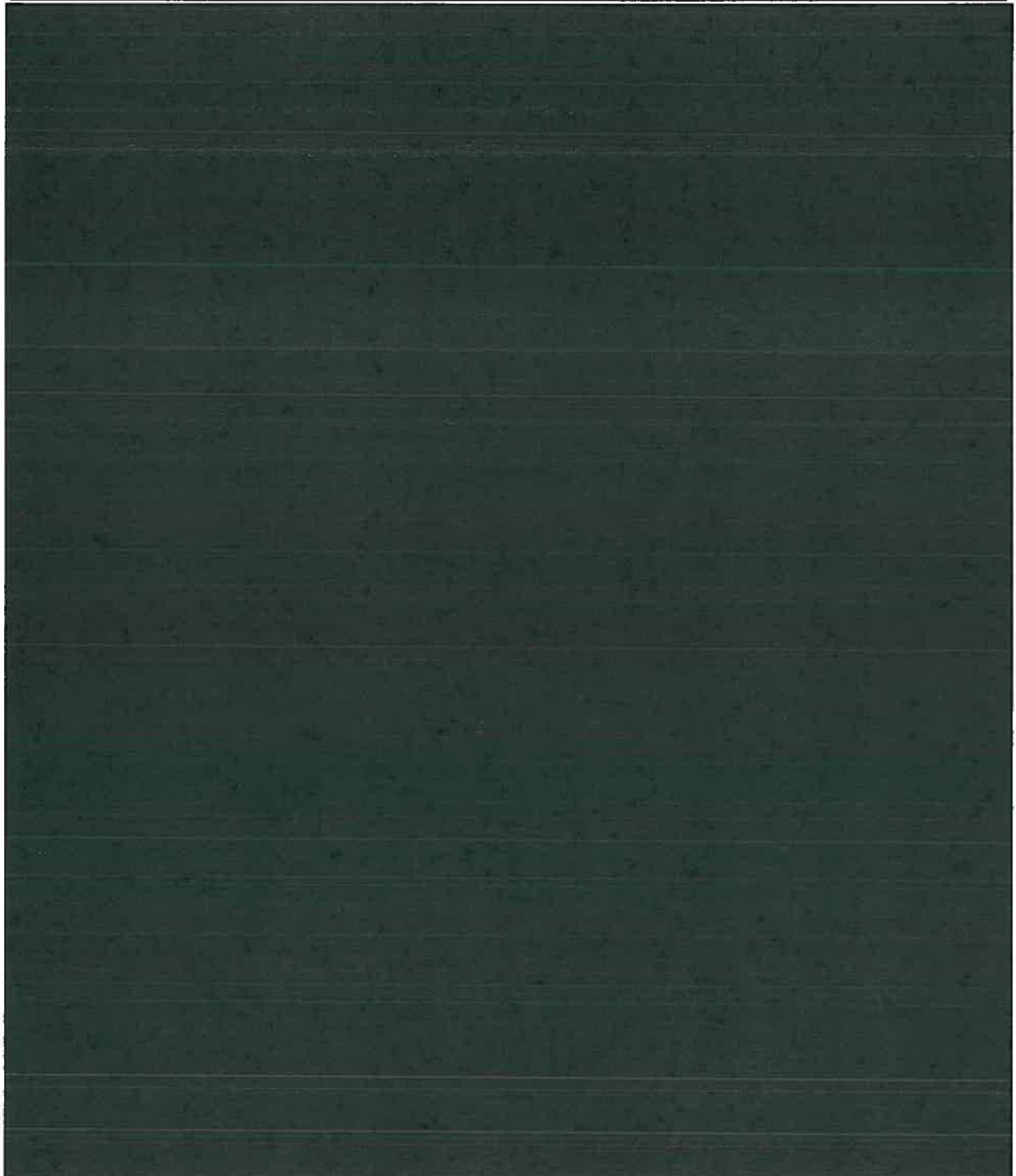
10. RISK ASSESSMENT

10.1. Organisational Risk Assessment



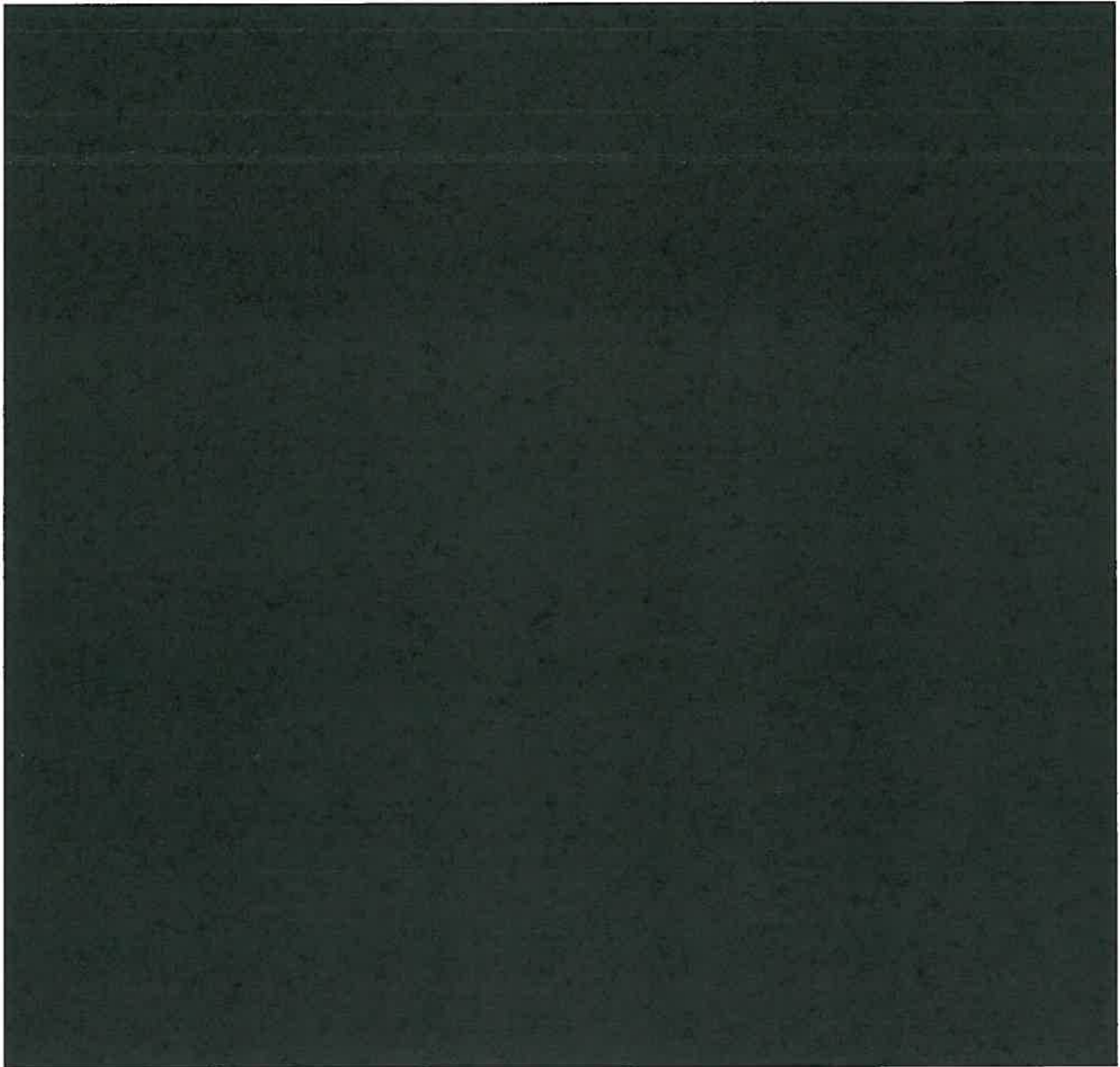
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10.2. Preliminary Implementation Risk Assessment

This section provides a preliminary assessment of the key implementation risks of the preferred investment option.

| Risk Description | Inherent Risk | Planned Mitigation | Residual Risk |
|---|---------------|---|---------------|
| Risk 1. Resource capacity and availability The initiative requires mobilisation of a skilled delivery team comprising internal subject matter experts and external solution delivery specialists. The required internal subject matter experts may be limited in capacity due to other initiatives and organisational change. Availability of required external solution delivery specialists is dependent on the capacity of the market. | Moderate | Continue to perform prudent program management planning to minimise internal resourcing conflicts, ensuring adequate capacity is committed to each initiative prior to delivery. Also prior to delivery, verify the availability of external solution delivery expertise through market procurement processes. | Low |
| Risk 2. Achieving the omnichannel customer delivery experience outcome Current vendor product offerings need to further mature in order to achieve the desired omnichannel customer experience. Given the significant changeout of capability within the customer domain it will become critical that the selected solution set have open integration to allow the flow of customer interactions to be seamless across the various channels. | Moderate | Ensure the omnichannel strategy is fully articulated and product selections keep the long term objective front-of-mind. | Low |

11. CHANGE IMPACTS

The below section details the potential impacts to occur across the Energy Queensland environment during and after the implementation of this investment.

11.1. System Impacts



11.2. People & Process Impacts



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APPENDIX A - Glossary

This section describes key terms and acronyms used in this document.

Source: Energy Queensland internal sourcing

AEMO Retail Electricity Market Procedures – Glossary and Framework v2.1 December 2017

| Term | Definition |
|---------------------|--|
| ACS | Alternative Control Services |
| AEMO | Australian Energy Market Operator |
| B2B | Business-to-Business: A generic term used to refer to certain business-to-business interactions between Participants through the B2B e-hub |
| BAU | Business as Usual |
| CapEx | Capital Expenditure |
| CCT | The Energy Queensland Contact Centre Technology solution comprising IVR and telephony |
| CIS | Customer Information System |
| DNSP | Distribution Network Service Provider (i.e. the Energex and Ergon Energy distribution businesses) |
| EENSP | Exempt Embedded Network Service Provider. Referred to as an Embedded Network Operator by the AER. For the purposes of the Retail Electricity Market Procedures, references to an EENSP can be taken to mean the Embedded Network Operator. |
| ELT | Energy Queensland's Executive Leadership Team |
| ETL | Extract Transform Load (data migration and integration technology) |
| FFA | The Energy Queensland Field Force Automation solution(s). Includes work schedule/despatch and mobile information management |
| FRC | Full Retail Contestability |
| FRMP | Financially Responsible Market Participant, usually a Retailer, Generator, Market Customer or an MSGA, identified as such in respect of a connection point in MSATS |
| GSL | Guaranteed Service Levels |
| ICT | Information Communication Technology |
| IVR | Interactive Voice Response |
| Life Support | A situation where an End User relies on electricity for the operation of 'life support equipment' |
| LNSP | In the context of a Network Service Provider's distribution network: Local Network Service Provider In relation to a child connection point: EENSP. For the purposes of the Metrology Procedure: If there is more than one Local Network Service Provider for a local area, a reference to the LNSP in respect of a metering installation or connection point is a reference to the LNSP that holds a licence in respect of the network to which that metering installation or connection point is connected |
| NBM | Network Billing Management |
| NECF | National Energy Customer Framework |

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| Term | Definition |
|----------------------|--|
| NEM | National Electricity Market |
| NER | The National Electricity Rules made under Part 7 of the National Electricity Law |
| NMI | National Metering Identifier |
| NMI Address | The physical location of the connection point |
| NPV | Net Present Value |
| OpEx | Operating Expenditure |
| Participant | An organisation with a Participant ID to sign into MSATS |
| RoLR | Retailer of Last Resort |
| SCS | Standard Control Services |
| Service Order | A B2B request to perform specified work |
| WACC | Weighted Average Cost of Capital |

