

# **ID16 Process Management Systems Consolidation & Replacement Preliminary Gate 2 Business Case**

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# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



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# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## Contents

<b>1</b>	<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
1.1.	BACKGROUND & BUSINESS PROBLEM .....	4
1.2.	INVESTMENT OVERVIEW .....	4
1.3.	OPTIONS ANALYSIS .....	4
1.4.	FINANCIAL SUMMARY .....	5
1.4.1	ENERGEX OPTION COMPARISON .....	5
1.4.2	ERGON ENERGY OPTION COMPARISON .....	5
1.4.3	ENERGEX EXPENDITURE SUMMARY (OPTION 1 – PREFERRED).....	5
1.4.4	ERGON ENERGY EXPENDITURE SUMMARY (OPTION 1 – PREFERRED).....	6
1.5.	INVESTMENT BENEFITS .....	6
1.6.	INVESTMENT RISKS .....	6
1.7.	CUSTOMER FOCUS .....	6
<b>2.</b>	<b>INVESTMENT OVERVIEW .....</b>	<b>7</b>
2.1.	BACKGROUND AND HISTORY .....	7
2.2.	BUSINESS PROBLEM AND RATIONALE .....	7
2.3.	INVESTMENT OBJECTIVES.....	8
2.4.	PRINCIPLES .....	8
<b>3.</b>	<b>STRATEGIC ALIGNMENT .....</b>	<b>9</b>
3.1.	ALIGNMENT TO ENERGY QUEENSLAND STRATEGIC OBJECTIVES .....	9
3.2.	ALIGNMENT WITH NATIONAL ELECTRICITY RULES (NER).....	10
3.3.	ALIGNMENT WITH THE DIGITAL OFFICE APPLICATION ASSET MANAGEMENT GUIDELINES .....	12
3.4.	REGULATORY IMPLICATIONS .....	13
<b>4.</b>	<b>INVESTMENT SCOPE .....</b>	<b>14</b>
4.1.	FUNCTIONAL SCOPE.....	14
4.2.	SOLUTION OVERVIEW .....	14
4.2.1	CURRENT STATE (2018).....	14
4.2.2	INTERIM STATE (COMMENCEMENT OF PROPOSED INVESTMENT) .....	15
4.2.3	TARGET STATE (END OF THE PROPOSED INVESTMENT).....	16
4.3.	ASSUMPTIONS.....	17
4.4.	DEPENDENCIES .....	17
<b>5.</b>	<b>OPTIONS ANALYSIS .....</b>	<b>19</b>
5.1.	OPTION 1 – PROCEED WITH THE CONSOLIDATION AND REPLACEMENT OF THE CURRENT PROCESS MANAGEMENT SYSTEMS (PREFERRED OPTION) .....	19
5.2.	OPTION 2 – INDEPENDENT ENERGEX AND ERGON ENERGY PROCESS MANAGEMENT SYSTEM REPLACEMENT .....	19
5.3.	OPTION 3 – DO MINIMAL .....	19
5.4.	OPTION COMPARISON.....	20
<b>6.</b>	<b>PREFERRED OPTION .....</b>	<b>23</b>
6.1.	DELIVERY TIMELINE AND APPROACH .....	23
<b>7.</b>	<b>INVESTMENT BENEFITS OVERVIEW .....</b>	<b>24</b>
7.1.	FINANCIAL AND OTHER BENEFITS .....	24
<b>8.</b>	<b>FINANCIAL ANALYSIS.....</b>	<b>25</b>
8.1.	SCOPE OF COSTS .....	25
8.2.	COST ASSUMPTIONS .....	26
8.3.	FINANCIAL SUMMARY .....	27
8.3.1	ENERGEX OPTION COMPARISON .....	27
8.3.2	ERGON ENERGY OPTION COMPARISON .....	27
8.3.3	ENERGEX EXPENDITURE SUMMARY (OPTION 1 – PREFERRED).....	27
8.3.4	ERGON ENERGY EXPENDITURE SUMMARY (OPTION 1 – PREFERRED).....	27
8.4.	NPV CALCULATION PARAMETERS.....	27

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



<b>9. PROGRAM DELIVERY .....</b>	<b>28</b>
9.1. PROGRAM GOVERNANCE & DELIVERY .....	28
9.2. STAKEHOLDER MANAGEMENT .....	30
9.2.1 KEY INTERNAL STAKEHOLDERS .....	30
9.2.2 KEY EXTERNAL STAKEHOLDERS .....	30
<b>10. RISK ASSESSMENT .....</b>	<b>31</b>
10.1. ORGANISATIONAL RISK ASSESSMENT.....	31
10.2. PRELIMINARY IMPLEMENTATION RISK ASSESSMENT .....	34
<b>11. CHANGE IMPACTS .....</b>	<b>35</b>
11.1. INVESTMENT SYSTEM IMPACTS .....	35
11.2. PEOPLE & PROCESS IMPACTS.....	35

## 1 EXECUTIVE SUMMARY

### 1.1. Background & Business Problem

Energex and Ergon Energy currently maintain separate management tools and repositories for the design, storage, access and maintenance of business process information. While both solutions utilise Casewise Corporate Modeller for process management, Microsoft Visio for process design and Microsoft SharePoint to enable access to the process document repositories, they rely on different configurations, standards and underlying enterprise corporate process models.

A fit-for-purpose process management system is essential for the effective baselining, communication and continuous improvement of work procedures, detailed work instructions and standards across the workforce. The current systems are aging and require prudent investment to ensure ongoing supportability, sustainability and security. Further, through the merger of Energex and Ergon Energy, Energy Queensland is rolling out consistent work practices for efficient state-wide business operations.

### 1.2. Investment Overview

This business case proposes the consolidation and replacement of the current Energex and Ergon Energy process management systems onto a single target platform. This will enable the adoption of consistent state-wide business processes and drive operational productivity improvement through improved accessibility.

The key objectives of the initiative are:

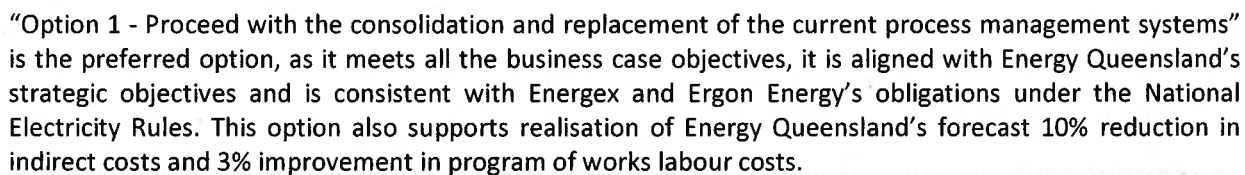
- Ensure the ongoing accessibility, supportability, sustainability and security of business process management across Energex and Ergon Energy.
- Implement a contemporary process management solution to meet organisational needs, in terms of accessibility, usability and functionality.
- Support consistent operating practices across the Energex and Ergon Energy networks to support organisational efficiency and interoperability.
- Reduce duplication and administrative overhead in designing, publishing and maintaining process documentation.
- Capability to model end-to-end process chains and present these in an accessible and engaging format to drive adoption and ensure compliance throughout the organisation.
- Provide a flexible technical system design able to integrate securely with existing and future business systems.

### 1.3. Options Analysis

Three options are considered in this business case:

- Option 1 – Proceed with the consolidation and replacement of the current process management systems (Preferred Option)
- Option 2 – Independent Energex and Ergon Energy process management system replacement
- Option 3 – Do minimal

## ID16 Process Management Systems Consolidation & Replacement



“Option 2 - Independent Energex and Ergon Energy process management system replacement” is viable but requires duplication of costs across the two distributors, also requiring the manual overhead of ensuring process documentation in both systems stay in alignment increasing administration costs and risk of inconsistent work instructions for field crews.

“Option 3 - Do minimal” defers renewal of the companies’ legacy process management solutions. It therefore represents a material risk to the companies’ continued delivery of their customer service obligations.

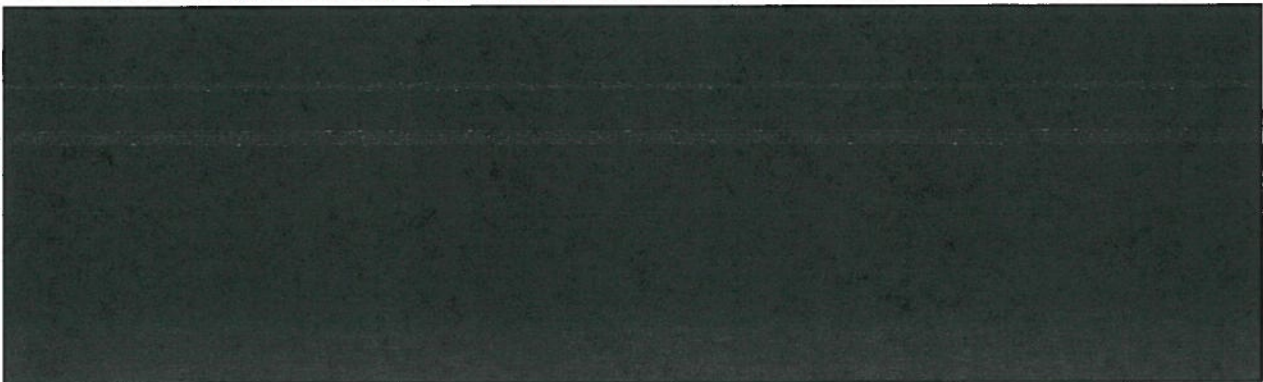
### 1.4.1 Energex Option Comparison

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[illegible]<sup>1</sup> Bracketed figures indicate negative values.

## 1.4.4 Ergon Energy Expenditure Summary (Option 1 – Preferred)



## 1.5. Investment Benefits

This initiative is primarily an ICT Asset Replacement of legacy systems, required to ensure the ongoing sustainability, supportability and security of business-critical capability.

The investment is also a critical enabler of Energy Queensland's planned productivity improvements which result in a forecast 10% reduction in indirect costs and a 3% improvement in program of works labour costs. The initiative supports this productivity improvement through benefits including:

- Improved operational productivity resulting from easy access to common best practice processes;
- Ability to model processes to assess change impact and improved monitoring and automation; and
- Reduced effort associated with content administration through the consolidation of current independent process management systems.

## 1.6. Investment Risks



## 1.7. Customer Focus

Effective and consistently applied processes will support the delivery of services our community and customers rely on. The disparate process management platforms and standards currently in use across the organisation make this outcome difficult to achieve.

A contemporary, functionally rich and accessible process management platform will address this issue by driving common standards and best practice across the organisation. This capability is a vital component in delivering consistently exceptional customer service.

## 2. INVESTMENT OVERVIEW

### 2.1. Background and History

Energex and Ergon Energy currently maintain separate management tools and repositories for the design, storage, access and maintenance of business process information. The Ergon Energy ProcessZone is built on Casewise Corporate Modeller and SharePoint, with process design utilising customised templates in Microsoft Visio. The Energex Process2Go site is built on an aged version of a similar technology suite. In addition to these repositories, Energy Queensland maintains a SharePoint site to store corporate processes.

The process management systems are used to author, publish and maintain individual processes and the business process models for Energex and Ergon Energy as a whole. These enterprise-level process models provide 4 to 6 levels of granularity for process diagrams. Supporting process documentation (including work instructions, manuals, checklists and forms) are also published through the process management systems.

The systems are pervasive across the organisation, covering every aspect of Energex and Ergon Energy's operations. The processes are actively maintained and reviewed to support safe and efficient operations across the business.

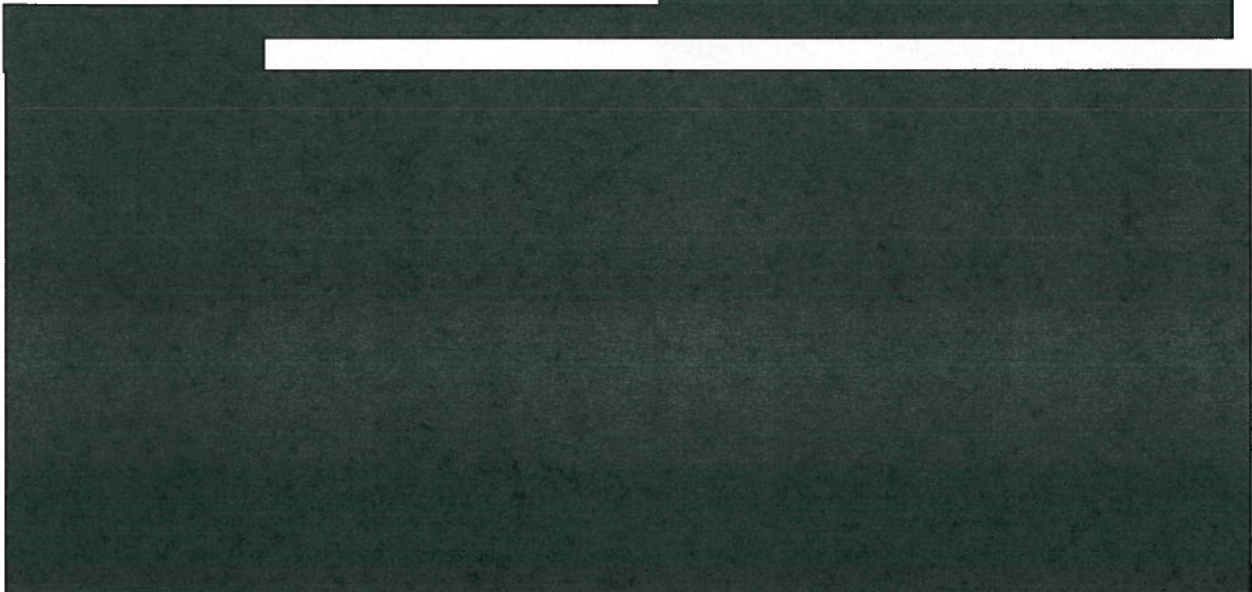
While the DNSPs use similar platforms for process management, the systems remain separate and require independent administration. Energex and Ergon Energy also use different process notation standards, with Energex employing BPMN (Business Process Modelling Notation) and Ergon Energy using UML (Universal Modelling Language).

Work is currently being undertaken to define an over-arching process model for Energy Queensland as a whole. This combined process model underpins Energex and Ergon Energy's plans for state-wide productivity improvement, including 10% reduction in indirect costs and a 3% improvement in program of works labour costs.

### 2.2. Business Problem and Rationale

The companies' process management systems are essential tools for the effective baselining, communication and continuous improvement of work procedures, detailed work instructions and standards across the work force. The current systems are aging and require prudent investment to ensure ongoing supportability, sustainability and security.

Through the merger of Energex and Ergon Energy, Energy Queensland is rolling out consistent work practices for efficient state-wide business operations.



## 2.3. Investment Objectives

The investment to consolidate the Energex and Ergon Energy process management systems onto a single target platform will deliver on the following objectives:

- Ensure the ongoing accessibility, supportability, sustainability and security of business process management across Energex and Ergon Energy.
- Implement a contemporary process management solution to meet organisational needs, in terms of accessibility, usability and functionality.
- Support consistent operating practices across the Energex and Ergon Energy networks to support organisational efficiency and interoperability.
- Reduce duplication and administrative overhead in designing, publishing and maintaining process documentation.
- Capability to model end-to-end process chains and present these in an accessible and engaging format to drive adoption and ensure compliance throughout the organisation.
- Provide a flexible technical system design able to integrate securely with existing and future business systems.

## 2.4. Principles

This initiative will be guided by the following principles.

- Fit for purpose processes should be readily accessible to the workforce wherever and whenever they are required.
- Processes should be valued, trusted and clearly understood.
- Process management should drive consistent operational best practices across the workforce.
- Process management should enable controlled refinement of processes to drive efficiency, safety and performance through continuous improvement.
- Processes should be securely prepared, provisioned and integrated with information systems.
- Consistently applied and operationally appropriate processes are integral to the core business of Energy Queensland and must remain on a platform that is accessible, supportable, sustainable and secure.

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 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
<b>1. Community and customer focused</b> Maintain and deepen our communities' trust by delivering on our promises, keeping the lights on and delivering an exceptional customer experience every time.	<p>Effective and consistently applied processes will support the delivery of services our community and customers rely on. The disparate process management platforms and standards currently in use across the organisation make this outcome difficult to achieve.</p> <p>A contemporary, functionally rich and accessible process management platform would address this issue by driving common standards and best practice across the organisation. This capability is a vital component in delivering consistently exceptional customer service.</p>	Medium
<b>2. Operate safely as an efficient and effective organisation</b> Continue to build a strong safety culture across the business and empower and develop our people while delivering safe, reliable and efficient operations.	<p>Safe, efficient and effective operations rely on appropriate and fit for purpose processes to be applied consistently by the workforce. However, the use of different process management systems and repositories undermines the objective of operating efficiently and effectively due to the inherent duplication and inconsistency. Further, there is an overhead and risk involved in maintaining alignment of best practice safety procedures due to the different operating models and standards in place.</p> <p>Contemporary process management tools with a consolidated, readily available and maintained process repository will drive operational efficiency and effectiveness. The platform will support the move to a single overarching business model, drive consistency and remove duplication. This would in turn alleviate the risk inherent in maintaining safety procedures in multiple repositories and ensure the most recently approved process is the one presented to the user when it is required.</p>	High
<b>3. Strengthen and grow from our core</b> Leverage our portfolio business, strive for continuous improvement and work together to shape energy use and improve the utilisation of our assets.	<p>The current lack of contemporary process management tools places limitations on process design, automation, monitoring and governance. The lack of support for a single process model impedes the ability of the organisation to work together as a whole to improve operational productivity and performance.</p> <p>Investing in a single contemporary business process platform would provide the right tools to manage how processes are authored, maintained, accessed, monitored and refined.</p>	High

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



Strategic Objective	How this investment contributes to the Strategic Objective of EQL	Impact
<b>4. Create value through innovation</b> 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.	A contemporary process management platform will deliver new organisational capabilities to identify, design and model opportunities for new or improved ways of working. Process monitoring capabilities will expose operational bottlenecks, while support for end-to-end process modelling will enable the impact of changes to be assessed prior to implementation. This capability to simulate operations will enable process owners to be bold and creative in experimenting with new ways of working without the risk of major operational impacts.	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
<b>6.5.7 (a) (2)</b> The forecast capital expenditure complies with all applicable regulatory obligations or requirements associated with the provision of standard control services	The solution will ensure compliance with all regulated, legislative and policy obligations to enable efficient delivery of standard control services through consistent business processes and work practices.
<b>6.5.7 (a) (3)</b> The forecast capital expenditure maintains the quality, reliability and security of supply of standard control services	The replacement of aging legacy process management systems ensures sustainability of systems and the consistent communication of work practices for the safe and efficient delivery of standard control services.
<b>6.5.7 (c) (1) (i)</b> The forecast capital expenditure reasonably reflects the efficient costs of achieving the capital expenditure objectives	Costs for this investment have been forecast based on knowledge of the Energex and Ergon Energy process management platforms, other recent procurement activities, as well as general information gathered through market scans and vendor discussions. Energy Queensland undertakes competitive market procurement processes to ensure efficiency in project cost and operational expenditure prior to investment. 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.
<b>6.5.7 (c) (1) (ii)</b> The forecast capital expenditure reasonably reflects the costs that a prudent operator would require to achieve the capital expenditure objectives	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 the Energex and Ergon Energy process platforms. 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.

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



NER Objective Alignment	Rationale
<p><b>6.5.7 (c) (1) (iii)</b></p> <p>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 Energex and Ergon Energy process management platforms, other recent procurement activities, as well as general information gathered through market scans and vendor discussions.</p> <p>A further detailed cost build-up will take place in development of the Gate 3 business case. This detailed cost estimate may be subject to further competitive market procurement processes, sourcing analysis and peer consultation.</p>

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 3.3. Alignment with the Digital Office 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>Process management systems are classified as foundation system of record according to Energy Queensland's Digital Application Asset Management Guidelines.</p> <p>These guidelines describe key defining criteria for Systems of Record including:</p> <ul style="list-style-type: none"> <li>• Supports core business processes – "running the core business"</li> <li>• Business process is understood and stable (either common or subject to regulatory requirements)</li> <li>• Contains information that is core to the business (key information entities – system of record)</li> <li>• High data integrity requirements (needs to be auditable)</li> <li>• Information source for other systems through exposing business services (SOA)</li> </ul> <p>On the above basis, the guidelines forecast that foundation systems of record should maintain currency, supportability and effectiveness through the following investment lifecycle.</p> <ul style="list-style-type: none"> <li>• Minor Upgrade – 3 years after implementation</li> <li>• Major Upgrade – 7 years after implementation</li> <li>• Replacement – 12 years after implementation</li> </ul> <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"> <li>• Technical Obsolescence – The solution is still functional but not supportable</li> <li>• Financial Obsolescence – The cost of maintaining the solution outweighs the value derived from it.</li> <li>• Asset Obsolescence – The asset has reached the end of its reasonable functional life as indicated through failure rates, inability to meet business requirements etc.</li> </ul>	<p>The Process Management Systems 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 FY24.</p>

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 3.4. Regulatory Implications

A robust and reliable process management platform is essential to the delivery of Energex and Ergon Energy's statutory and regulatory obligations including:

- Compliance with AEMO ringfencing requirements to keep regulated and non-regulated functions separate.
- Compliance with process certification and accreditation requirements consistent with ISO and other industry standards.
- Compliance with the Disability Discrimination Act 1992 ensuring the accessibility of content in a non-discriminatory manner.
- Compliance with the Government Owned Corporations Act 1993 and Queensland Government policy regarding public reporting.

## 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 Process Management Systems Consolidation & Replacement supports ongoing efficient service delivery throughout the organisation. The capabilities the investment will deliver are essential to the following business areas and functions.

Business Area	Business Function	Business Reference Model Description
<b>Develop and Manage Business Capabilities</b>	Process Management	This function includes establishing and maintaining process management governance, defining and managing process frameworks, designing and defining processes, process performance measurement, and process improvement.
	Organisational Change Management	A function to manage the change management process across the organisation.

### 4.2. Solution Overview

#### 4.2.1 Current State (2018)

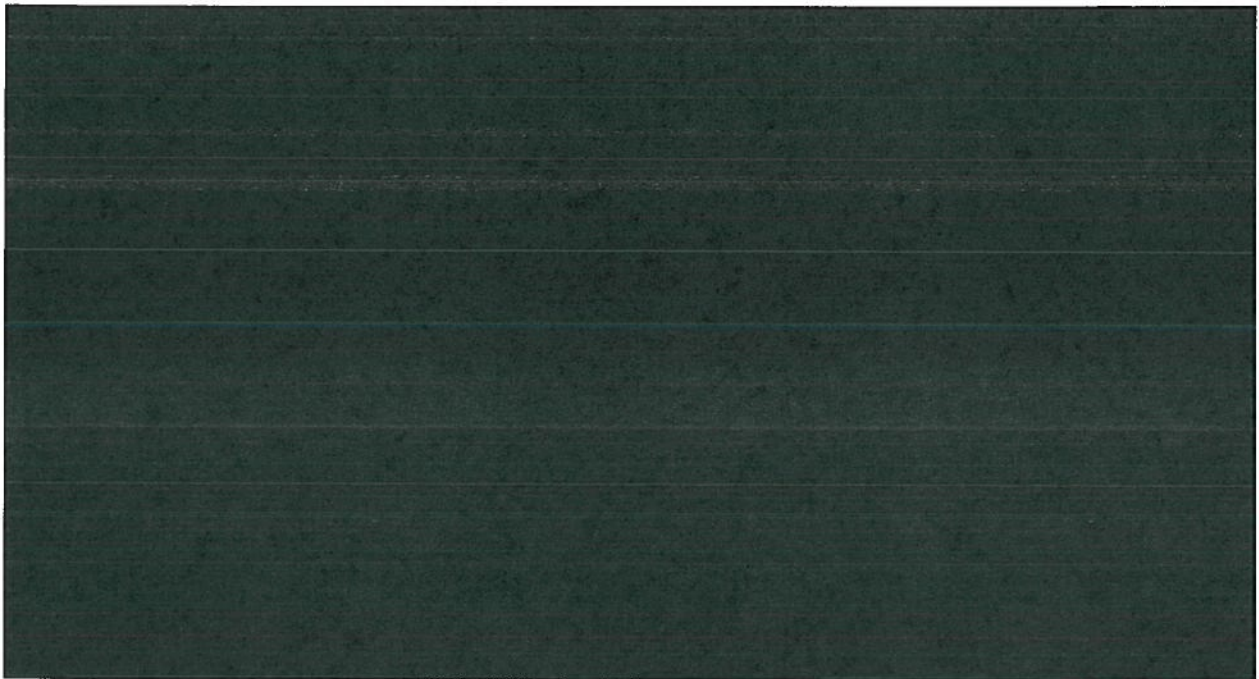
The management tools and repositories for the design, storage, access and maintenance of business process information are currently separate for Energex and Ergon Energy. [REDACTED]

The process management systems are used to author, publish and maintain process models. Supporting process documentation (including work instructions, manuals, checklists and forms) are also published through the process management systems.

While the DNSPs use similar platforms for process management, the systems remain separate and require independent administration. Energex and Ergon Energy also use different process notation standards, with Energex employing BPMN (Business Process Modelling Notation) and Ergon Energy using UML (Universal Modelling Language). [REDACTED]

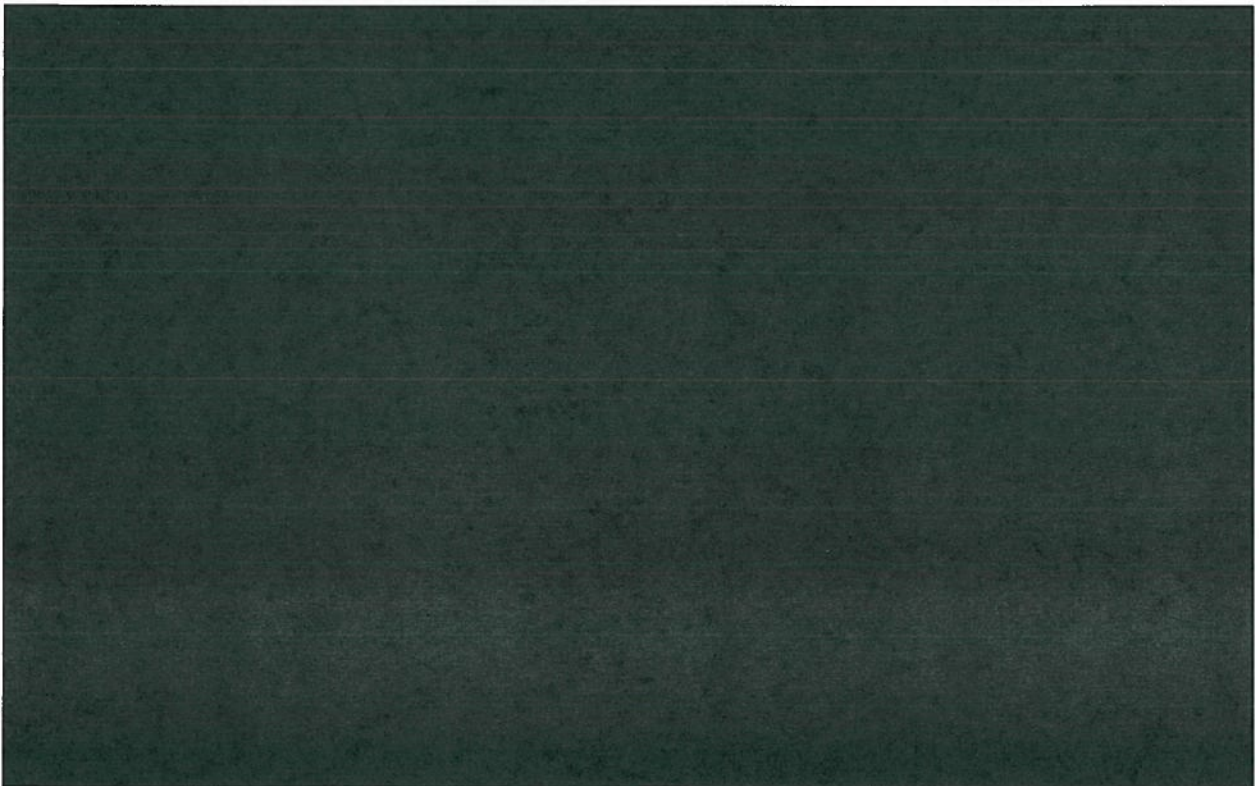
# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 4.2.2 Interim State (commencement of proposed investment)

Energy Queensland is currently defining a single process model for consistent, efficient state-wide business processes. This is an important pre-requisite for the Process Management System Consolidation & Replacement investment. However, the process management systems will remain separate for the two DNSPs until the investment in Process Management Systems Consolidation & Replacement. Alignment of the process model will need to be maintained manually, with different formats, templates and repositories remaining in place for the existing Energex and Ergon Energy processes.



# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 4.2.3 Target State (end of the proposed investment)

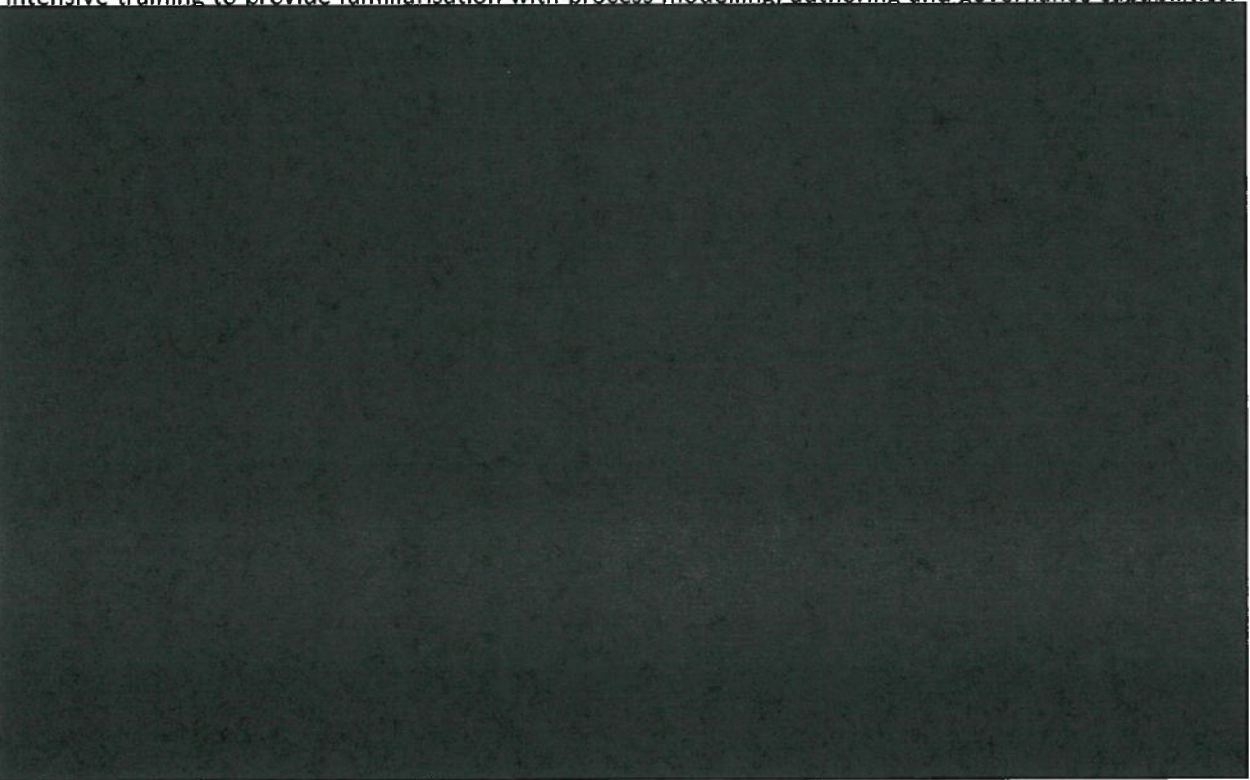
The Process Management Systems Consolidation & Replacement investment will implement a shared and common platform

As well as consolidating the process management tools and providing consistency across the capabilities currently available, the target platform supports operational productivity through the following:

1. **Monitoring** provides rich information on aspects of process that require interaction with back-end systems. This will enable workflow analysis to be undertaken to identify trends and bottlenecks requiring attention.
2. **Simulation** permits proposed process changes to be modelled prior to implementation within the context of end-to-end process chains. This will aid the assessment of potential change impacts and facilitate experimentation with innovative work practices without impacting operations.
3. **Automation** supports certain aspects of processes requiring integration with back-end systems to be undertaken with limited manual intervention required. This will require the process management system to be integrated with other back-end systems and connective technologies.

Replacement and consolidation of the process management systems will provide the opportunity to implement state-wide business processes. The solution will drive improved operational efficiency and effectiveness through accessible, consistent and fit-for-purpose best practice processes. This in turn will lead to improved community and customer outcomes in terms of cost to serve and ability to meet customer expectations.

Successful implementation will require careful business change management, roll-out planning and communication to ensure the solution is effectively adopted and embedded in business operations. As the core information source for business practices, there will be a need to ensure the workforce understands how to navigate, access and interpret business processes. Business process owners will require more intensive training to provide familiarisation with process modelling, authoring and governance capabilities.



# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 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 system design developed through the ID12 Document Management System Consolidation & Replacement investment and deployment of Enterprise Content Management capability within the ERP EAM Program.

## 4.4. Dependencies

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

Program/Project	Dependency	Effect
Enterprise Content Management (ECM)	The consolidated process management systems will publish process diagrams and documents to the shared repository implemented by the ECM investment.	The ECM investment is planned to complete prior to the commencement of the Process Management Systems Consolidation & Replacement project. This will require system design consideration to ensure any technical limitations on the process management system selection and implementation are minimised.
ID12 Document Management System Consolidation & Replacement	The Document Management System will implement document lifecycle management, including retention and disposal, for corporate records. This will apply to policies, processes and procedures managed through the proposed process management system.	The Document Management System investment is planned to complete prior to the commencement of the Process Management Systems Consolidation & Replacement. This will require the process management platform to work consistently with the Document Management System.

Other programs or projects are dependent on this investment:

Program/Project	Dependency	Effect
ID08 Information Repositories Consolidation and Replacement	The process management platform will need to work with the Enterprise Intelligence Platform to enable automation and reporting / monitoring of process throughput.	The process management platform will be implemented prior to the Information Repositories Consolidation & Replacement investment. Therefore, the system design of the process management system platform may place some technical limitations on the information repositories investment. These should be considered during the planning and design of the Process Management Systems Consolidation & Replacement investment.

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



Program/Project	Dependency	Effect
ID13 ICT Management Systems Replacement		

## 5. OPTIONS ANALYSIS

This section considers the following options analysis:

- Option 1 – Proceed with the consolidation and replacement of the current process management systems (Preferred Option)
- Option 2 – Independent Energex and Ergon Energy process management system replacement
- Option 3 – Do minimal

### 5.1. Option 1 – Proceed with the consolidation and replacement of the current process management systems (Preferred Option)

The existing process management systems will be replaced and rationalised onto a single platform employing contemporary capabilities for process design, modelling, publishing, monitoring and governance. The solution will enable the common process model currently being developed to be managed centrally without the need for manually maintaining alignment between disparate systems. The investment will also improve the accessibility and consistency of process documentation through a consolidated process repository with agreed standards across the organisation.

### 5.2. Option 2 – Independent Energex and Ergon Energy process management system replacement

The existing process management systems will be replaced within each DNSP for ongoing supportability, security, and serviceability. No state-wide consolidation or alignment of business processes will occur. The interim state of a common process model kept aligned manually with differing process standards and disparate repositories will be underpinned by contemporary tools for managing process in the two DNSPs.

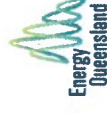
### 5.3. Option 3 – Do minimal

The existing current deployments of Casewise Corporate Modeller will be locked down, and where possible, maintained to enable continued operation until the FY26-30 regulatory control period. There will be no consolidation of process repositories or alignment of process management practices and standards across the DNSPs or improved tools for managing process.

A comparison of these options is provided over page.

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 5.4. Option Comparison

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

Assessment Criteria	Option 1 - Proceed with the consolidation and replacement of the current process management systems (preferred option)	Option 2 - Independent Energex and Ergon Energy process management system replacement	Option 3 – Do Minimal
Advantages	<p><b>Consistent with the business case objectives, this option:</b></p> <ul style="list-style-type: none"> <li>Ensures the ongoing accessibility, supportability, sustainability and security of business processes.</li> <li>Implements a contemporary process management solution to meet user expectations in terms of accessibility, usability and functionality.</li> <li>Supports consistent operating practices across the Energex and Ergon Energy networks to support organisational efficiency and inter-operability.</li> <li>Reduces duplication and administrative over-head in designing, publishing and maintaining process documentation.</li> <li>Provides capability to model end-to-end process chains and present these in an accessible and engaging format for users to drive adoption through the organisation.</li> <li>Provides a flexible technical system design able to integrate securely with existing and future business systems.</li> </ul>	<p><b>Partly consistent with the business case objectives, this option:</b></p> <ul style="list-style-type: none"> <li>Ensures the ongoing accessibility, supportability, sustainability and security of business processes.</li> <li>Implements a contemporary process management solution to meet user expectations in terms of accessibility, usability and functionality.</li> <li>Provides a flexible technical system design able to integrate securely with existing and future business systems and customer/contractor applications.</li> </ul>	<p><b>This option does not effectively achieve any of the objectives of the business case.</b></p> <p>However, it does represent the lowest near-term capital expenditure for process management systems by deferring replacement investment into the FY26-30 period.</p>

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement




Assessment Criteria	Option 1 - Proceed with the consolidation and replacement of the current process management systems (preferred option)	Option 2 - Independent Energex and Ergon Energy process management system replacement	Option 3 – Do Minimal
Disadvantages	<p>This option meets all the objectives of the business case. <b>However, the following disadvantage is recognised:</b></p> <ul style="list-style-type: none"> <li>Implementing a consolidated process management system will involve a significant degree of disruption as the business cuts over from existing processes. A level of complexity is expected in delivering alignment between legacy Energex and Ergon Energy processes.</li> </ul>	<p><b>This option does not meet the following objectives of the business case:</b></p> <ul style="list-style-type: none"> <li>Does not support consistent operating practices across the Energex and Ergon Energy networks to support organisational efficiency and inter-operability.</li> <li>Does not reduce duplication and administrative over-head in designing, publishing and maintaining process documentation.</li> <li>Does not provide capability to model end-to-end process chains and present these in an accessible and engaging format for users to drive adoption through the organisation.</li> </ul> <p><b>Therefore, this option does not support the forecast Energy Queensland 10% reduction in indirect costs and 3% improvement in program of works labour costs.</b></p> <p><b>Furthermore:</b></p> <ul style="list-style-type: none"> <li>Replacement without consolidation will be costlier than the preferred option (both in project and ongoing costs). This is due to the need to deliver and support two separate sets of process management solution assets rather than one.</li> </ul>	<p><b>This option does not meet any of the business case objectives</b> with a consequence that the process management systems will be 14 years old by the end of the regulatory control period. This is therefore considered an unacceptable option.</p> <p><b>This option does not support the forecast Energy Queensland 10% reduction in indirect costs and 3% improvement in program of works labour costs.</b> This will impact the companies' FY26-30 revenue requirements, resulting in a negative price outcome for customers.</p>

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



Assessment Criteria	Option 1 - Proceed with the consolidation and replacement of the current process management systems (preferred option)	Option 2 - Independent Energex and Ergon Energy process management system replacement	Option 3 – Do Minimal
Key Identified Risks	<p>As the “preferred option”, a specific implementation risk assessment is detailed in section 10.2. Key amongst these risks are:</p> <ul style="list-style-type: none"> <li>• Resource capacity and availability – mitigated through use of market-provisioned services and established practices, tools and techniques.</li> </ul>	<p>Similar to Option 1, this option involves a substantial investment. Therefore, the risks are similar as follows:</p> <ul style="list-style-type: none"> <li>• Resource capacity and availability – mitigated through use of market-provisioned services and established practices, tools and techniques.</li> </ul> <p>In addition, this option will also jeopardise the alignment of Energex and Ergon Energy for improved productivity and performance. Continuing with two sets of processes limits interoperability of the companies.</p>	 <p>See the organisational risk assessment in section 10.1 for information.</p>

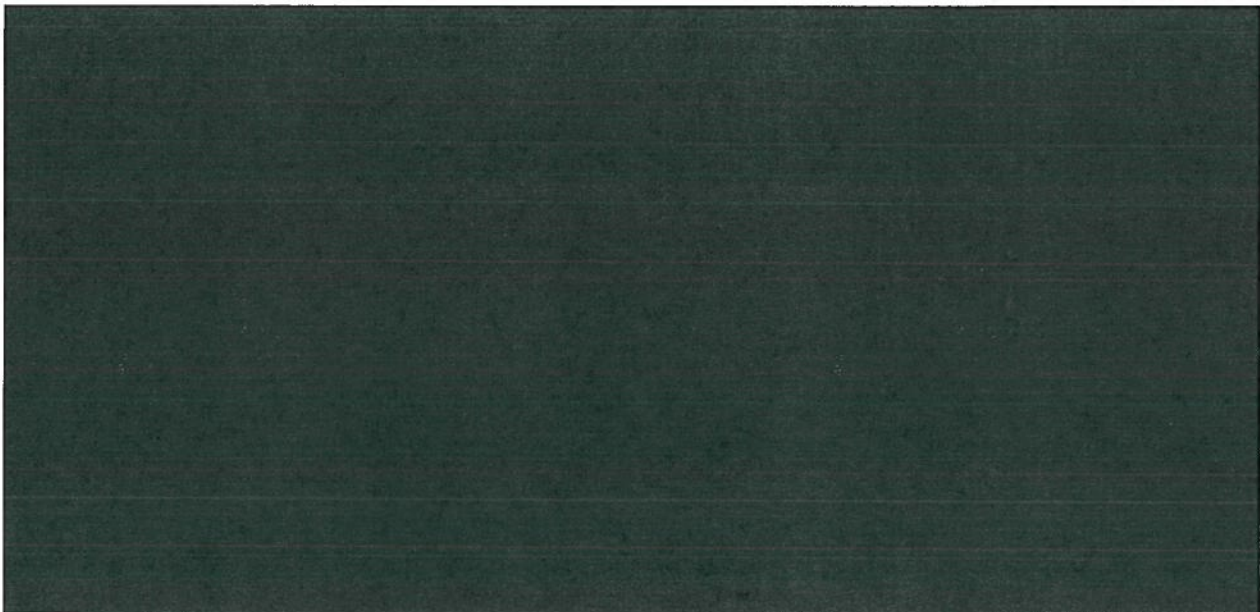
## 6. PREFERRED OPTION

“Option 1 - Proceed with the consolidation and replacement of the current process management systems” 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. This option also supports realisation of Energy Queensland’s forecast 10% reduction in indirect costs and 3% improvement in program of works labour costs.

“Option 2 - Independent Energex and Ergon Energy process management system replacement” is viable but requires duplication of costs across the two distributors, with little opportunity for process improvement.

“Option 3 - Do minimal” defers renewal of the companies’ legacy process management solutions. It therefore represents a material risk to the companies’ continued delivery of their customer service obligations.

### 6.1. Delivery Timeline and Approach



# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 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		
Operational Productivity	<ul style="list-style-type: none"><li>Improved operational productivity resulting from easy access to common best practice processes.</li><li>Ability to model processes to assess change impact and improved monitoring and automation.</li></ul>	
Process Management Productivity	<ul style="list-style-type: none"><li>Reduced effort associated with content administration through the consolidation of current independent process management systems.</li></ul>	
Other Benefits		
ICT Asset Management	<ul style="list-style-type: none"><li>Sustain the companies' process management capability for ongoing supportability, serviceability and security. Failure or extended outages of the current solution may have significant operational and safety impacts.</li></ul>	Sustainment
Change Management	<ul style="list-style-type: none"><li>Ability to model processes to assess change impact and improved monitoring and automation.</li></ul>	Operational Effectiveness

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 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
<b>All Phases</b>	Project management
	Project support
	Internal corporate logistics / overheads
	Communications and engagement
	Review and assurance (excluding normal Internal Audit functions)
<b>Planning &amp; Procurement Phase</b>	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
<b>Design Phase</b>	Software, infrastructure, interaction and information design
	Data profiling and migration design
	Solution architecture
	Integration design
	Business process design
	Organisational change design and change management planning
<b>Build, Integrate, Test and Deploy Phase</b>	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
<b>Warranty Phase</b>	Post implementation operational support
	Transition to business-as-usual (BAU) support
	Post implementation review

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 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 an 18-month elapsed period with an up-front design phase followed by agile development and deployment. The deployment plan will be structured with consideration of:</p> <ul style="list-style-type: none"><li>• Alignment with other dependent initiatives.</li><li>• Sequencing to maximise business performance benefit.</li><li>• Intention to minimise customer disruption and confusion by avoiding parallel running of multiple websites.</li></ul>
2	Use of market services	<p>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.</p>
3	Energex and Ergon Energy costs	<p>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.</p>
4	Option 2 (Independent Energex and Ergon Energy process management system replacement)	
5	Option 3 (Do minimal)	



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

Page 27 of 35 EQL AER ICT Prelim Gate 2 ID16 Process Mgt 3\_1  
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## 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.

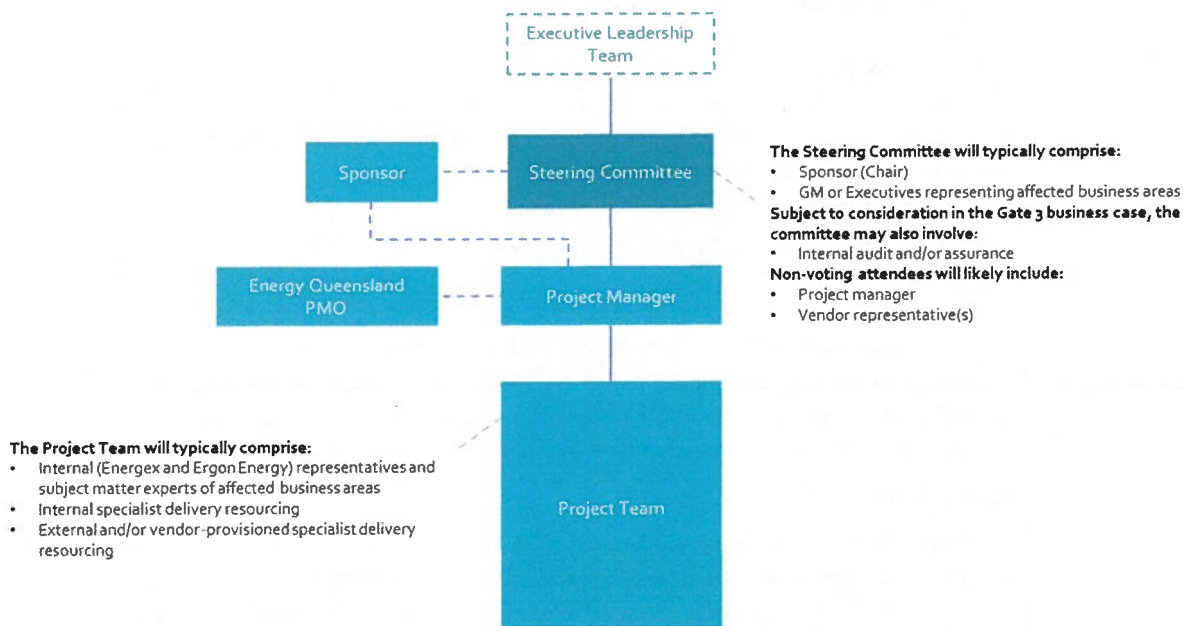


Figure 4 Governance and delivery model

Role	Key Accountabilities
<b>Steering Committee</b>	<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><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>• Attend and be an active participant in committee meetings</li> <li>• Foster positive communications outside of the committee regarding the initiative</li> <li>• Be the voice of the initiative, including communications where appropriate to the Group Executive, Energy Queensland Board and other key stakeholders</li> <li>• Review and approve/reject any request for change (change requests) to the agreed scope, budget, schedule or deliverables.</li> <li>• Ensure all approved change requests align with the program objectives</li> <li>• Ensure program quality outcomes are balanced with other competing priorities</li> <li>• Review each completed phase (or defined stages or gates) and provide go/no-go direction after consideration of quality, risk, cost and schedule</li> <li>• Undertake a Post Implementation Review (PIR)</li> <li>• Ensure the appropriate independent auditing and review of the program is undertaken at the logical stage gates of the program</li> </ul>

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



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

# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



Role	Key Accountabilities
<b>Project Team Members</b>	<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><b>Responsibilities</b></p> <ul style="list-style-type: none"><li>• Develop and deliver assigned project deliverables</li><li>• Identify issues and record, monitor and report status</li><li>• Manage issues with appropriate actions</li><li>• Escalate issues as required</li><li>• Attend reference groups and other forums as required</li></ul>

## 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)	<ul style="list-style-type: none"><li>• Process impacts on operational performance outcomes.</li></ul>
Process Management Group	<ul style="list-style-type: none"><li>• Improved process management capabilities, including design, publishing, monitoring, simulation and governance tools. It is anticipated this will necessitate training and development of the current team.</li><li>• Removal of duplication in administration of current separate process management systems.</li><li>• Cut-over of current processes from current to target format and mediation of dispute to resolve inconsistencies in current operating practices.</li></ul>
General Workforce	<ul style="list-style-type: none"><li>• Effectiveness of the replacement solution to support business operations and analytics to improve business performance.</li></ul>

### 9.2.2 Key External Stakeholders

Stakeholder	Interest
Contractors and Electrical Partners	<ul style="list-style-type: none"><li>• Relevant processes will need to remain accessible to contractors and electrical partners. Guidance on accessing and interpreting processes will be required.</li></ul>

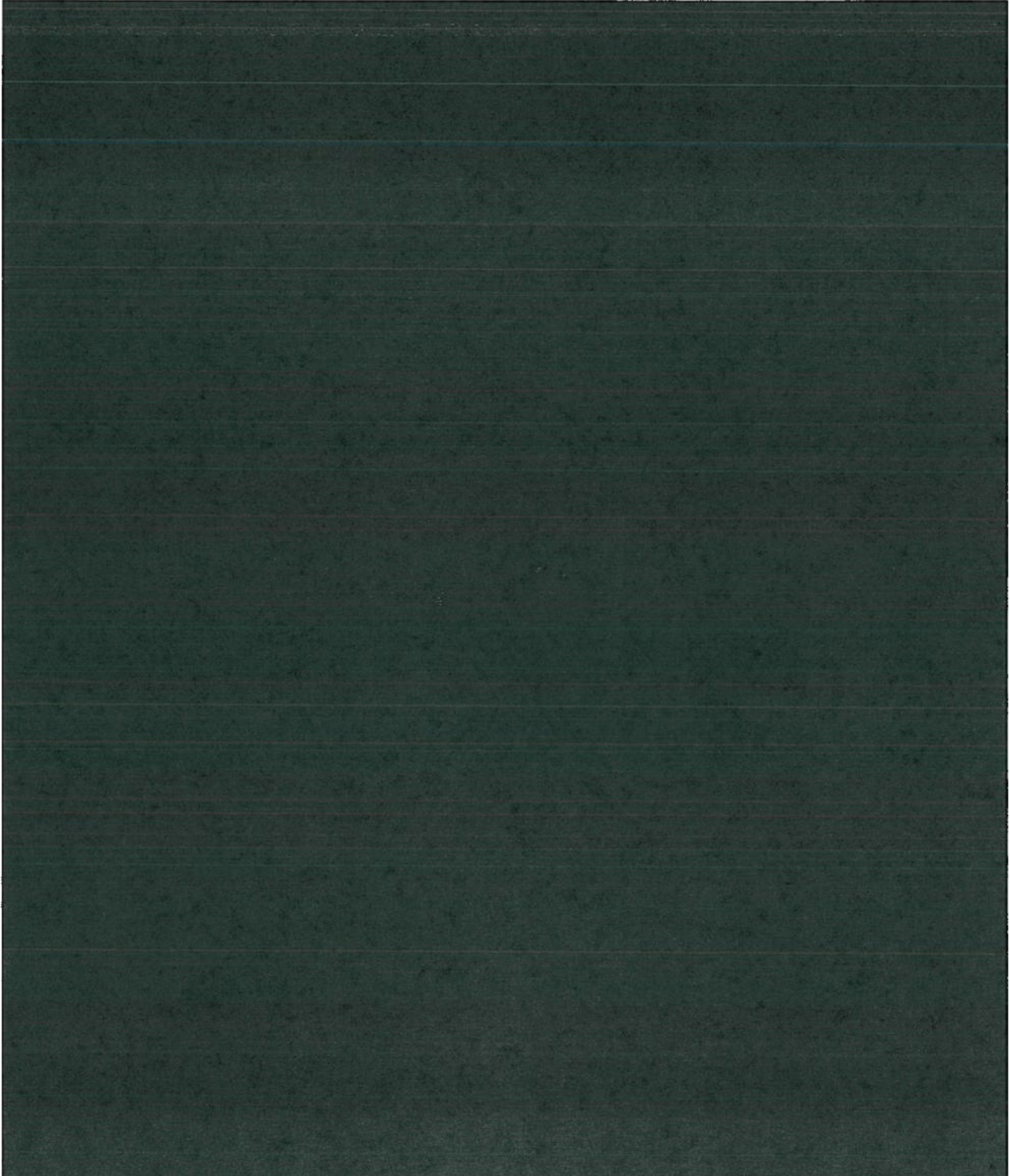
# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



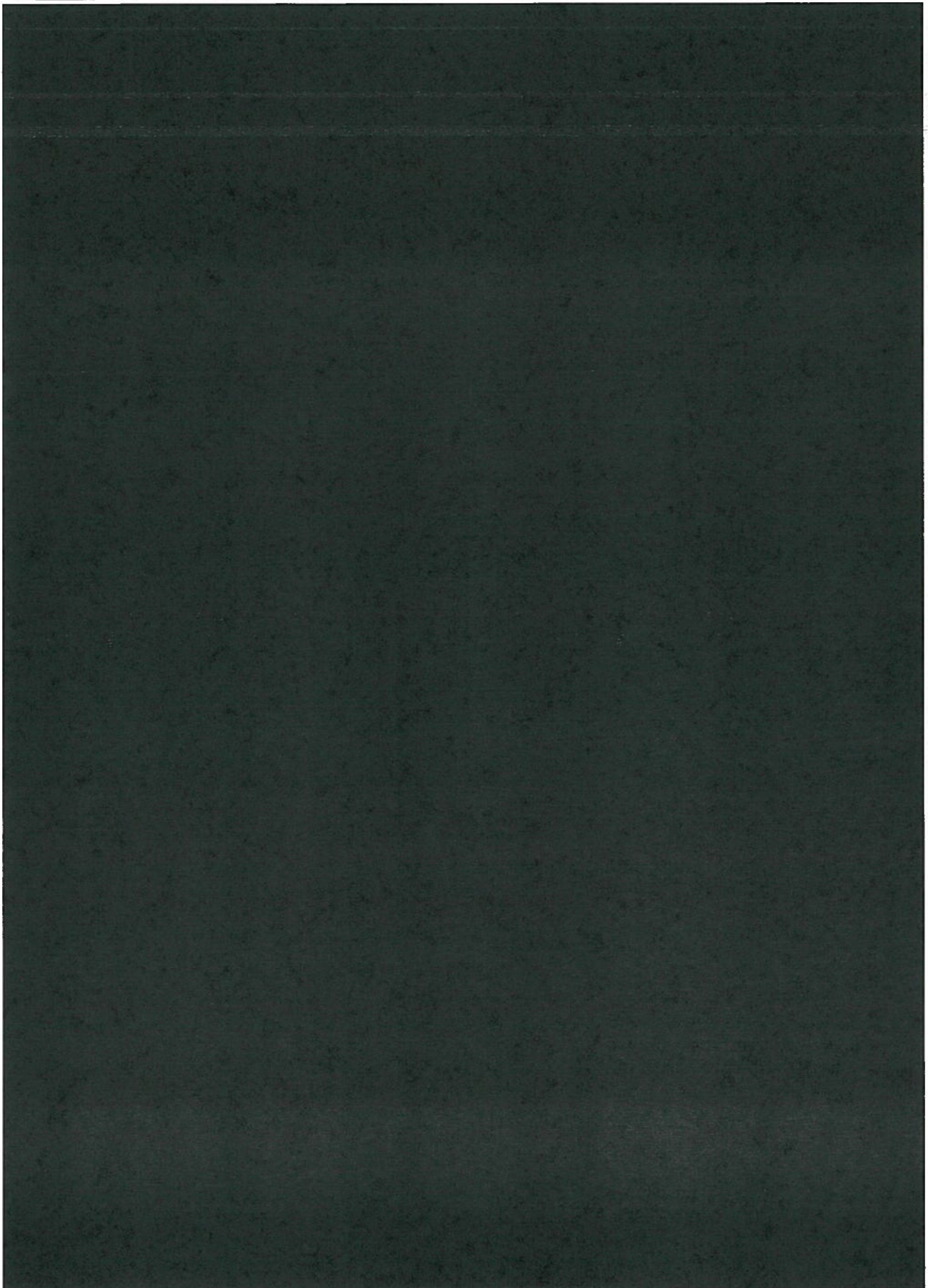
## 10. RISK ASSESSMENT

### 10.1. Organisational Risk Assessment



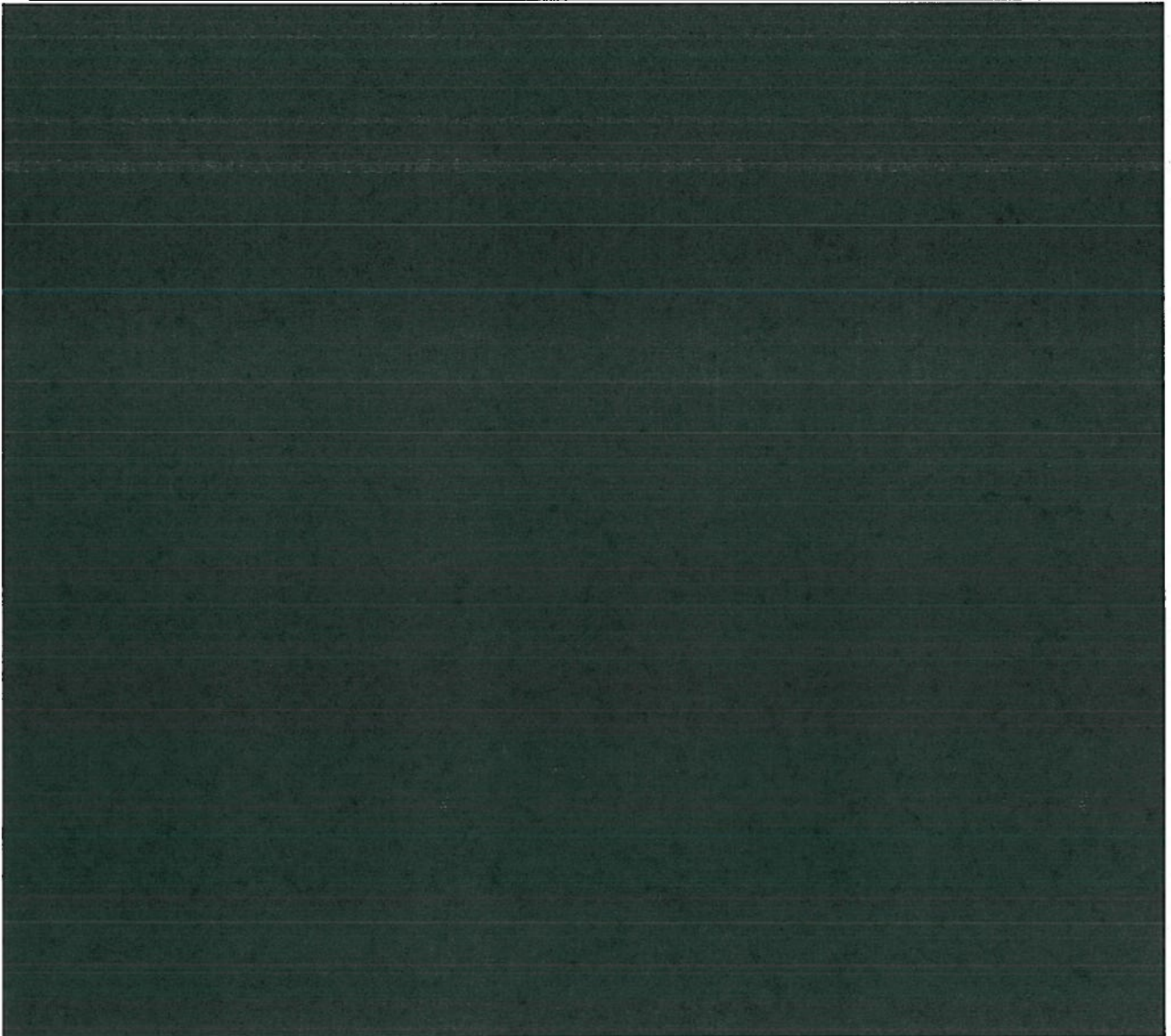
# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



# Preliminary Gate 2 Business Case

ID16 Process Management Systems Consolidation & Replacement



## 10.2. Preliminary Implementation Risk Assessment

This section provides a preliminary assessment of the key implementation risks of the preferred investment option. These risks will be managed and mitigated by standard program controls and therefore have significantly reduced likelihood of occurring.

Risk Description	Inherent risk	Planned Mitigation	Residual risk
<b>Risk 1. Resource capacity and availability</b> 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
<b>Risk 2. Ring-fencing obligations</b> There is a requirement to ensure the non-regulated functions within Energy Queensland do not have access to information regarding the DNSP functions that could give them an unfair competitive advantage. As such, there is a need to ensure process documentation is classified and locked down as appropriate. New obligations may or may not be able to be accommodated by the current platform.	Moderate	Access to process documentation should be controlled as part of the document management capabilities to be deployed through the ECM and Document Management System Consolidation & Replacement programs.	Low
<b>Risk 3. Program Interdependencies</b> Interrelated upgrades and/or replacements of related systems have been sequenced to minimise risk and duplication of effort. The system design adopted in earlier planned items may impose some limitations on subsequent implementations.	Moderate	Ensure an open system design is adopted wherever possible to minimise limitations on future deployments.	Low

## 11. CHANGE IMPACTS

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

### 11.1. Investment System Impacts



### 11.2. People & Process Impacts

