

# Project Overview



**Project Name:** WebMethods Refresh – IT15

**Description:**

WebMethods is the core application integration software used by MG for the transfer of data between its metering, asset, financial and market systems. WebMethods also plays a critical role in sending and receiving information with retailers and AEMO – including meter data, service orders and network bills.

MG currently operates on WebMethods v8.7. However the product is consistently being updated by the vendor and further releases are available. The latest release of the product is v9.7.

MG has undertaken a review of the WebMethods platform and assessed a number of upgrade paths. MG could commit to remaining on WebMethods for the long term and migrate to each new version of the software as it becomes available. Alternatively, MG could remain on the current version for some time and then reassess the option of upgrading WebMethods compared with migrating to other alternative (and potentially more cost-effective) products and technologies.

MG has determined that the most effective option is to remain on the v8.7 of WebMethods and then in 2021, following a review, migrate either to the latest version of WebMethods or to an alternative product. This migration would be completed in line with the timetable for the major refresh of SAP ERP/ISU in 2023 (refer to IT17).

This approach is in accordance with MG's "IT Asset Management Policy 2.0".

**Strategic Alignment:**

This project allows MG to maintain core business capability and supports the following key MG strategic themes:

- Maintain systems to industry standard – directly supporting MG's ability to mitigate against the increasing likelihood of failure and hence risk associated with operating ageing and unsupported software.

The capital expenditure for this project is justified as it is:

- Prudent and efficient in line with accepted good industry practice: and
- Necessary to maintain the integrity and safety of MG's services.

**Options:**

All options have been assessed including refreshing WebMethods with the release of each major version which has been dismissed as not cost justified.

The options considered include:

1. Do Nothing – No lifecycle refresh during the 2018 to 2022 period
2. Migrate to the latest version of WebMethods after every second release – requiring two further refreshes in the 2018 to 2022 period
3. **Remain on the current version of WebMethods until 2021 and then migrate to the latest version of WebMethods or an alternative solution** – postpone all upgrades and then upgrade in line with the timetable for the major SAP ERP/ISU upgrade planned for 2023 (refer to IT17)

**Rationale:**

The recommended option is:

3. **Remain on the current version of WebMethods until 2021 and then migrate to the latest version of WebMethods or an alternative solution.**

This project will refresh MG's core application integration capability in-line with the lifecycle programme for the core MG applications with which it interfaces and in accordance with MG's IT Asset Management Policy.

A major upgrade to MG's SAP ERP/ISU system is required by no later than 2023 as SAP withdraw support for their current offering and migrate to SAP HANA (refer to IT17). This upgrade will directly impact Multinet Gas's (MG) metering, asset and financial systems and require major changes to the application integration layer.

Initial analysis has confirmed that savings from cancelling the WebMethods refreshes required in 2018 and 2022 (see Option 2) will allow MG to evaluate options and then migrate either to the latest version of WebMethods or to an alternative product in 2022 in preparation for the major SAP ERP/ISU refresh.

Alternative products may include a 'cloud' implementation of WebMethods technology (or similar) or an open source offering.

The overall capital cost of this solution is estimated to be less than the cost of the two WebMethods refreshes considered in Option 2 plus the cost of modifying WebMethods to integrate with SAP HANA. In addition, this solution offers a more agile integration platform and more cost effective long term solution.

The risk associated with cancelling future WebMethods refreshes, given the maturity and stability of MG's current environment has been evaluated and assessed as acceptable (Low to Medium). This makes the recommended option a viable and preferred alternative.

The Do Nothing or Status Quo option reduces business effectiveness as transaction volumes grow, system performance declines and operational cost and business risks increase with the ageing system.

The Do Nothing option also exposes MG to an increasing likelihood of failing to meet regulatory obligations associated with providing meter reads to the market in a timely manner. Based on MG's Risk Management Framework and Policy this option would (in the long term) expose MG to unacceptable risk in managing the distribution network and maintaining current reliability and security of supply, power quality and safety standards.

Option 2, involving a refresh in 2018 and 2022, whilst similar in cost to Option 3 is not recommended as it does not deliver the more cost effective long term solution offered by Option 3 nor does it prepare for the major SAP upgrade required in 2023.

<b>Timing:</b>	2022
<b>Cost:</b>	<p>The total replacement cost of the WebMethods platform is estimated at \$4.5M comprising \$3.4M in 2022 and \$1.2M in 2023.</p> <p>No impact on ongoing IT operating cost is expected for an in-house solution. However, if the detailed Business Case preparation results in a Cloud solution being recommended then IT operating costs post 2022 will be impacted.</p>
<b>Notes:</b>	Estimates are based on previous costs for WebMethods refresh to v8.7 ~\$1.5m (real 2015), previous UE&MG experience and an indicative WebMethods replacement cost sourced from industry integration specialists.