Business Transformation
Program Reset Planning

WIP – July 7, 2006

The revised BT program plan focuses on:

- Transitioning from strategy and planning to delivery
- Bundling of items into ‘releases’ allowing better program ‘throughput’, focus and governance around delivery of what ‘goes live’ at points in time
- Establishing an integrated plan with critical paths
- Timeline for delivery and considerations for a go live date
  - Risks and mitigations
- Program organization structures
- Program management rigor
- Business case impacts

The following are key areas of information that were gathered and analyzed yielding input to the reset deliverables. Based on direction of the BTSC in today's meeting – the plan will be deployed in August

Gather Information

- **Process flows / BPIDs** – Determine completeness, validate integration points, determine ongoing maintenance and use
- **Draft / pilot conference room pilot** - have cross Workstream/initiative walkthroughs to confirm assumptions, validate integration points and establish core configurations
- **Organization impacts-** determine the audience and the impact of cutover options
- **Current project dates / MIPP-** address known dates and milestones
- **Dependencies with other initiatives** - establish key dependencies for 'release bundling' and go live sequencing
- **Other integration points outside initiatives (Sox, Finance, etc)** - factor in mandatory items, clarify ongoing support and definition of 'done'
- **Clear entry / exit criteria for a phase of work (e.g. from design to build) –** ensure understanding of the methodology and common definitions of 'done' per phase
- **Scope levers -** determine items that could be deferred to gain 'build' capacity and relieve pressure on the critical path
- **Business case-** ensure business case and leading utility filters are applied to all decisions

A N A L Y Z E

Reset Deliverables

- **Release package and concept** – move from individual projects to 'bundled releases'
- **Timeline for releases** – define the sequence and timelines for the releases
- **Delivery organization model** – based on releases recommend the organization and governance model
- **Release level metrics/deliverable tracking mechanism** – define the measures of progress and individual items to track that roll up into the work plan
- **End State Business Organization impact** – from the release plan and timeline determine the impact to the end business organizations
- **Scope lever impacts** –define scope options
- **Define future checkpoints** – adjustments at each gate
- **Governance processes**

The following have been addressed for design phase planning. Based on decision of 7/10 detailed plans will be finalized by 7/30

- **Confirmation of scope of each release**
- **Business case impact** - revalidate the business case and impacts
- **Details of the Integrated work plan (replaces MIPP)**– detail work plans /critical path for a release
- **Deployment approach** – alternates defined – determine final approach

Release Concept and Considerations

A key foundational element of the reset is the adoption of a new integrated Release Plan. This plan "bundles" related business capability development across Work Streams, to be delivered at a point in time. Release content should be based on:

Release Consideration	*Rationale*	*Illustrative Examples**
Package End to End Processes	Address and end to end process and what is needed to achieve the vast majority of the business case items, need to question purpose of any changes to or deviations from core software	• End to end process needs to be enabled • Question need for conversion of all historical items, can the 'out of the box technology solution' achieve goals • Need to support material handling, work mgmt for DC and field
Manage End User Impact	Group deployments according to end user impact in order to balance what the BT team can achieve with what the organization can handle.	• Defer eBuy rollout to entire organization • Complete Hydro configuration after Foundational WRM (where possible)
Create Capacity	Balance technology and process efforts across releases to (1) impact critical path and (2) factor in constraints (staffing, skills, ability for organization to absorb)	• Manage report development through "checkbook" model (i.e. agree to a maximum number of reports) • Convert assets into Asset Register in stages: (1) regulatory assets, (2) other assets, (3) meter assets
Increase Focus / Minimize Risk	Reduce the number of "moving parts" both technically and within the business to simplify design decisions and issue resolution.	• CFM - Use existing tools and processes for foundational • Procurement Self Service Portal • Separate PG&E Connect and CC&B enhancements (if feasible) – focus on call center first, web second • Configure and deploy Project Systems after foundational WRM is implemented
Prioritize Business Benefits	Defer those items which do not have a significant business case or which potentially will be impacted by future waves of Business Transformation	• Implement vehicle scheduling after crew scheduling is stable • Evaluate need for interim EPCM prioritization solution • Understand FFT/CBM alignment and impacts

*** Impact analysis need to confirm feasibility of deferral**

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Releases Packaged Based On End To End Integration, Organization Impact, And Focus Will Enable Five Broad BT Capability Areas

	2006	2007		2008		
	Early Release	**#1 - Customer**	**#2 – BT Foundational**	**#3- BT Enhanced**	**#4 – Transform Operations**	**#5 – Mobile & Upgrade**
Core Operating Model	• ED Early Release – RMC's • ClickSchedule Base • Geospatial FAS		• ARMP (SAP-PM) • WRM Core (SAP-EAM Click, ITRON) • MDO (SAP-MM) • D&SP (SAP-APO) • Core Procurement • GIS Landbase (ESRI	• *Deferred Scope from Rel 2 (See following slide) – as schedule allows* • GIS Electric / Gas Applications (ESRI)	• Incremental Elec/Gas GIS Converted Data	• Field Force Transformation • Condition Based Maintenance
Customer	• PowerOn Immediate Opportunity	• Customer (CC&B phase 2 and 3) • AMI • Rational Billing • We Care (Cust Exp)		• Customer Web Presentation • Remote Connect/Disconnect • Power On B to B	• Power On - residential	
Network Ops	• Switch Simplification • Tap Line Management				• Outage Reporting • EOO Consolidation	
Generation			• Nexis	• Hydro (new functionality)		
Enterprise Enablement	• HR (SAP-HR) • Asset Optimization (Optimizer) • Workforce Flexibility • Enterprise wide budget,& forecasting • Performance management & rpt		• Finance enablement of BT Foundational (includes BW, forecasting and metrics requirements)			• SAP Upgrade

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Initial Suggestions on Foundational vs. Enhanced release. Need to confirm over the next month. Need to limit foundational to a certain level of effort – targeting approx 300 RICEFs (based on original scope estimates).

- Foundational -

- Existing SAP Realignment (e.g. functional locations, config changes, etc.)
- ARMP – Conversion of Regulatory Assets & Maintenance Plans
- GIS Landbase Implementation
- Demand & Supply Planning
- MDO Alliance Model
- Core Procurement
- WRM Core Functionality
- ClickSchedule & ClickPlan
- ITRON Graphical Work Design
- SAP CU functionality and CU conversion

- Enhanced -

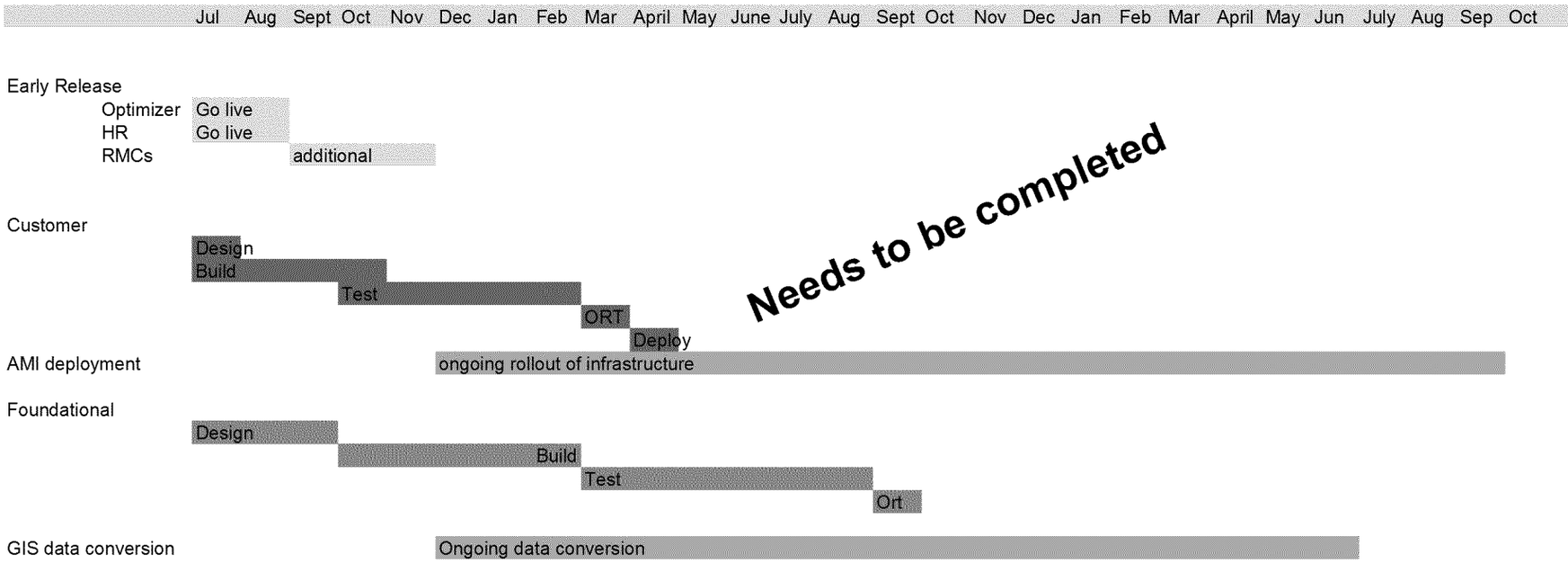
- Vehicle Scheduling
- CFM Integration
- PG&E Connect/CC&B Enhancements
- 50% of WRM Core Reports
- Project Systems Implementation
- Meter Asset Conversion
- Conversion of Remaining SAP-PM Assets
- 50% of AIT Reports
- E-Buy
- Procurement Self Service Portal
- GIS Electric and Gas Applications (ESRI)

- Implications -

- Vehicle needs will be managed through a report &/or manual interface
- New Business Contracts will be created using existing tools
- Reporting needs will be managed as a “checkbook” with a maximum number to be developed for foundational release
- CFM and PG&E connect for WRM put in after WRM stabilizes

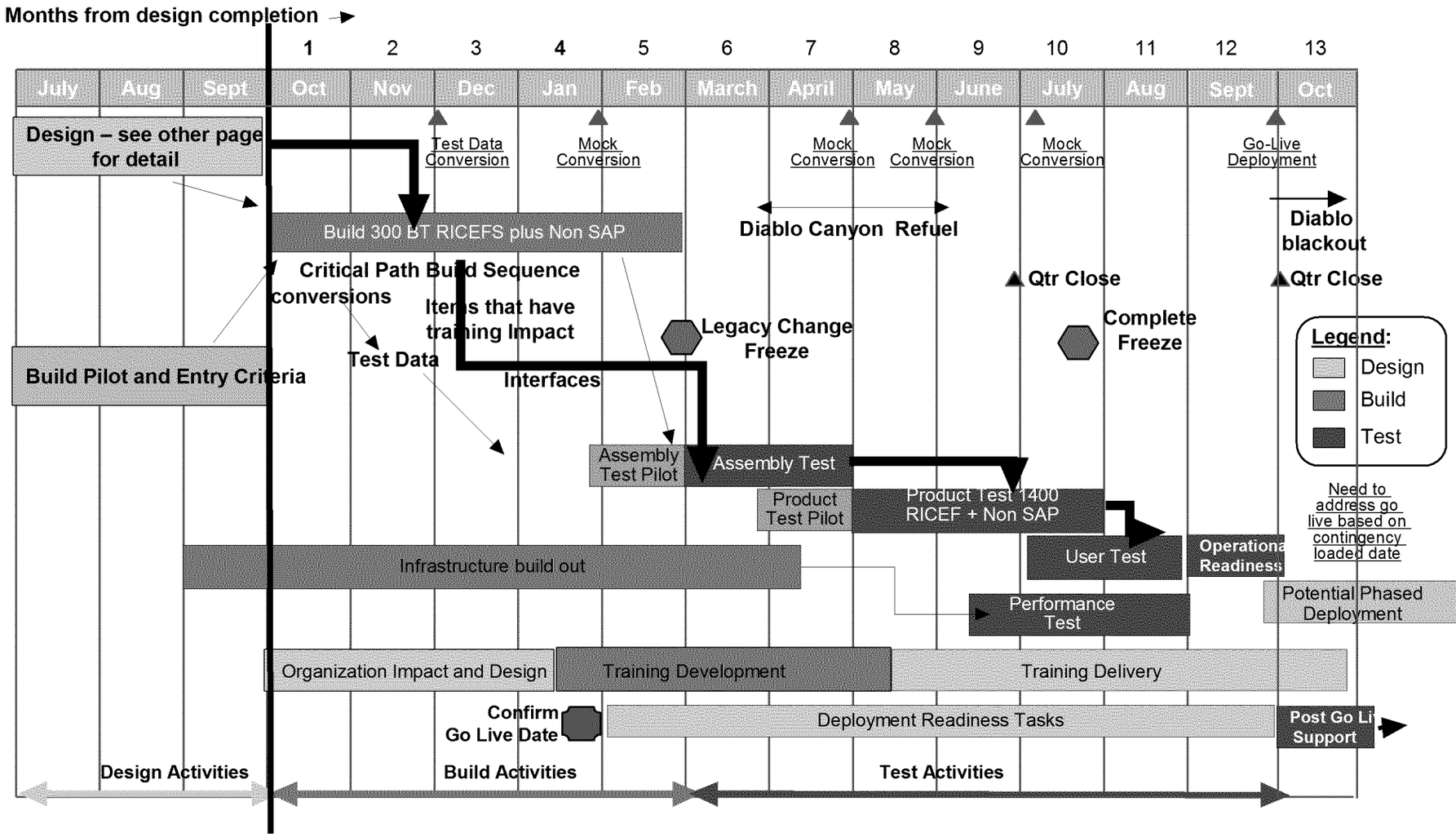
Overlap of Multiple Releases

- Significant overlap of phases, need to manage
  - End user impacts
  - Cascade effect of slippage/date changes
  - Ability to support technical environments and deployments in a tight timeframe



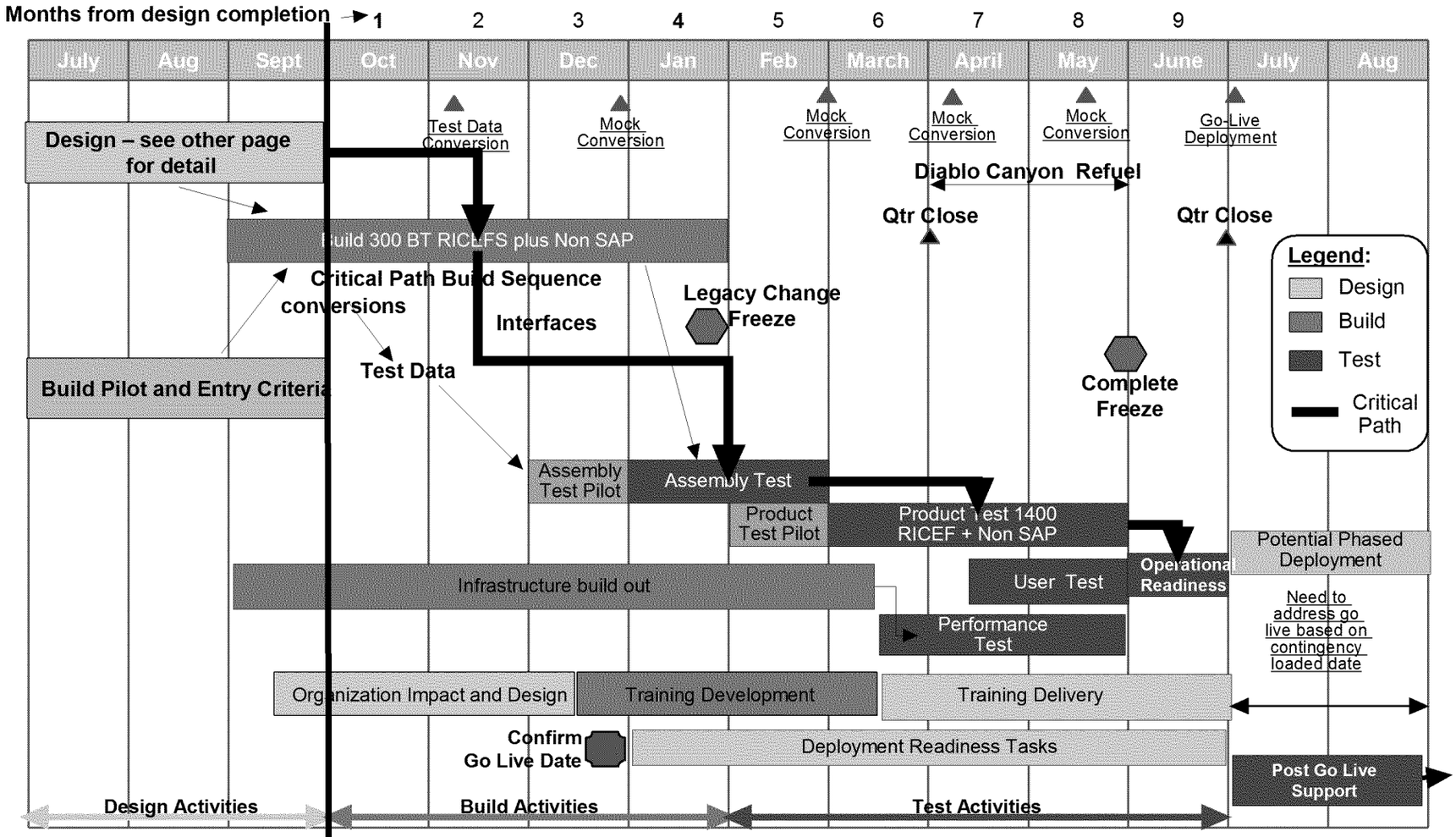
Build, Test and Deploy Timing For BT Foundational

The work estimates and methodology suggest a 12 month Build, Test and Deploy



Build focuses on the approx 300 BT RICEFs and non SAP work (BEA, Itron, Legacy Interfaces) – Testing needs to execute these and the approx 1100 RICEFs from HR, Nexis and Existing SAP.

With phase overlap and significant change in behavior the program may be delivered more quickly



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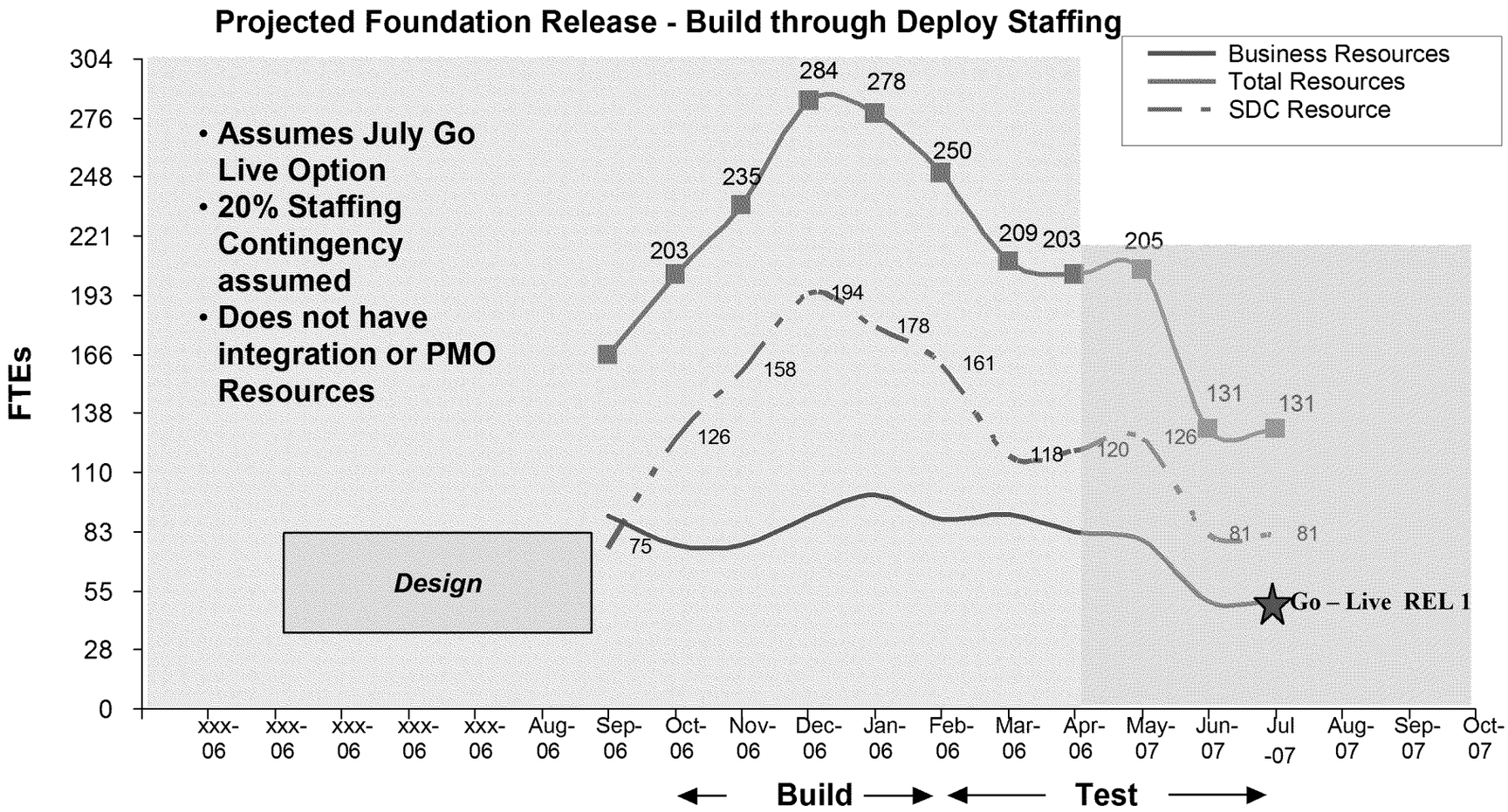
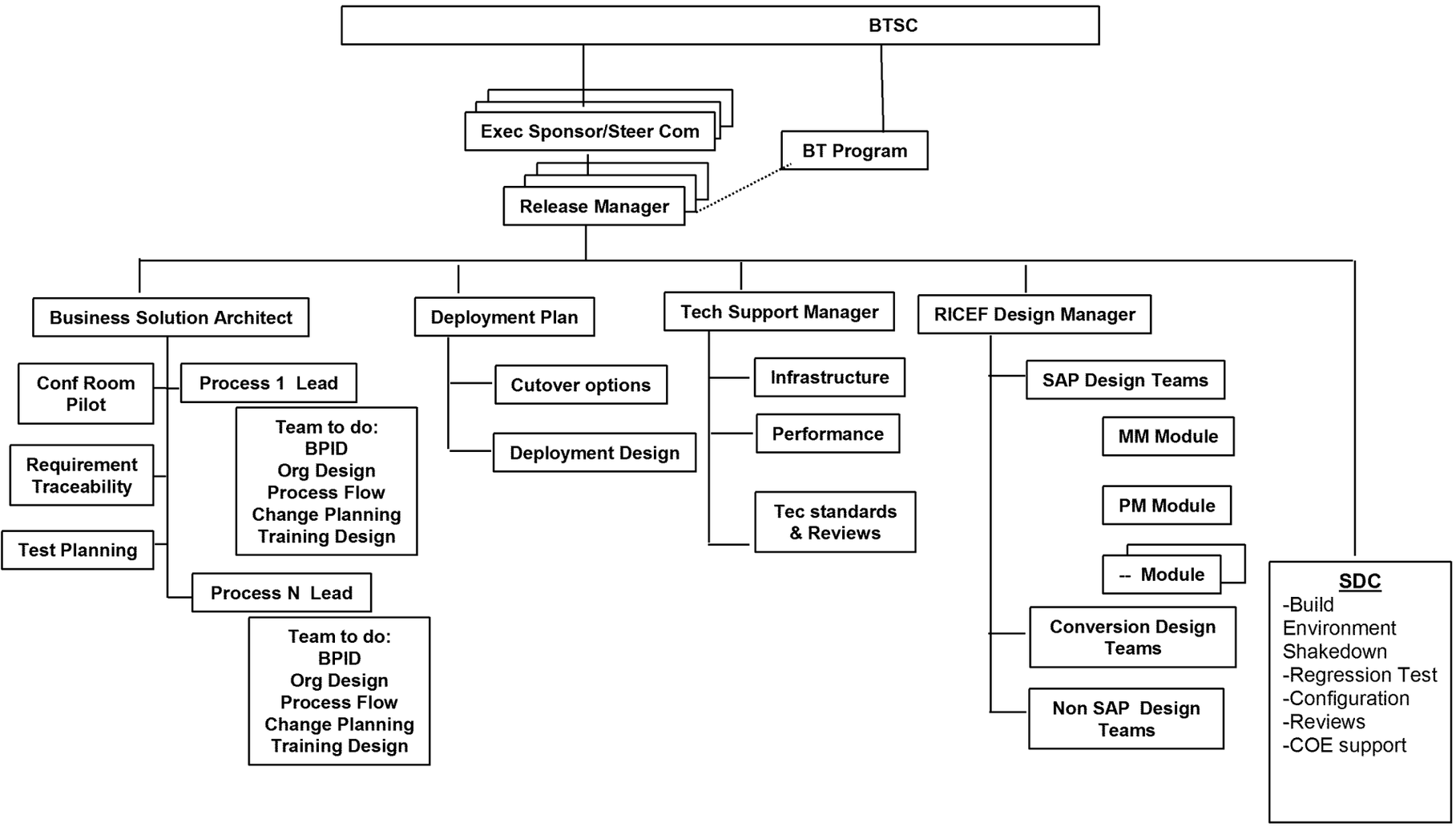
Total Foundational Release team will peak at approximately 285 people. July staffing is approximately 130 people- need to confirm continuity of current resources and manage key risk of addition of 70 skilled people by October and another 70 by Dec



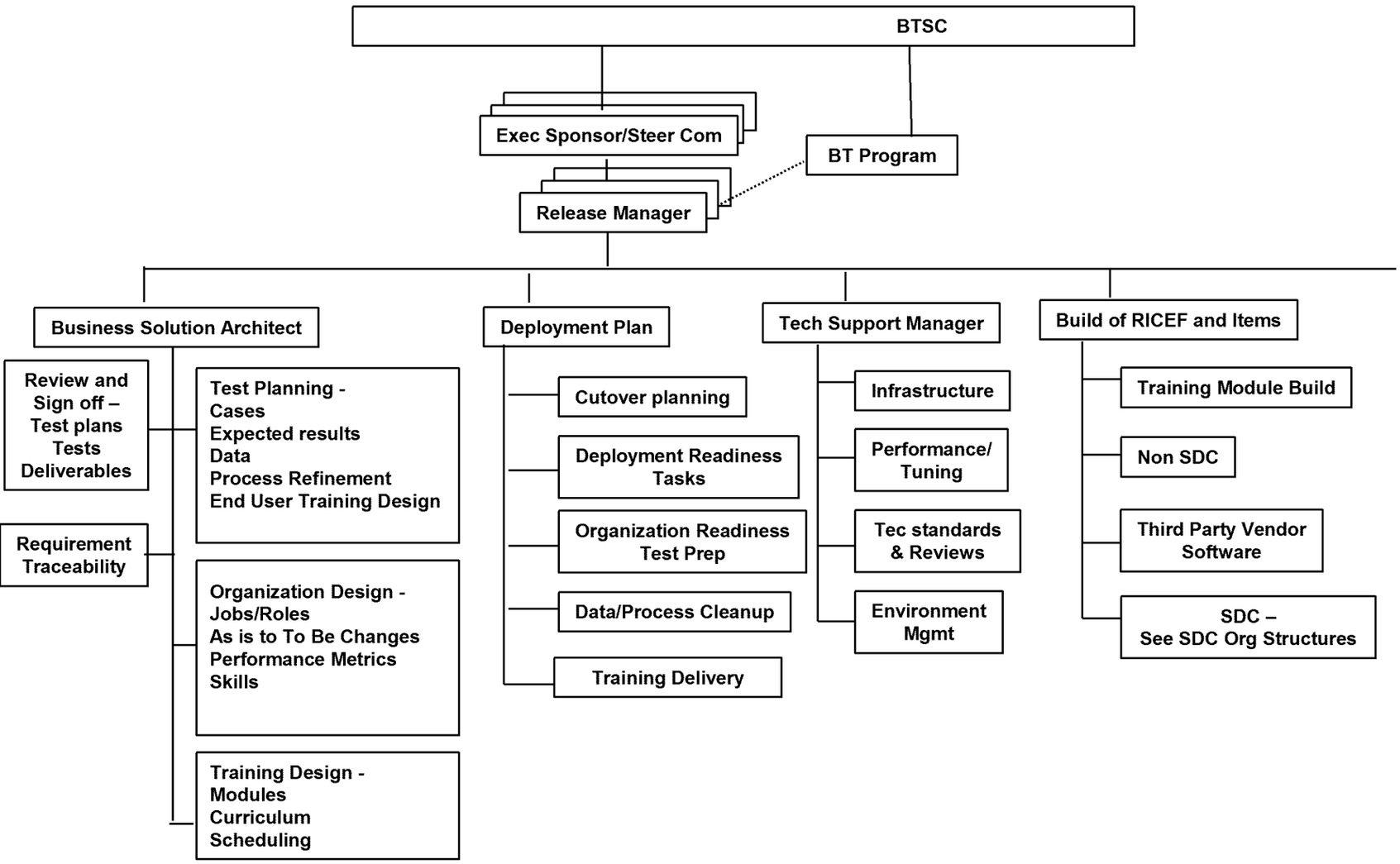
- Business case reset will be done by end of July. Current order of magnitude impacts are:

- **Establish a goal of July 4th go live with a contingency plan for late September**
  - Financial contingency held at the Program level for Sept
  - Checkpoints at Design Completion (End of Sept) and then again midway through Build (end of December)
    - Constantly evaluate and manage information - will be part of weekly executive reporting
    - By January need to lock a go live date to allow deployment activities to begin
- **Key actions needing BTSC support to achieve dates**
  - Absolute Scope Control –
    - Capacity of what can be built is approx300 RICEFS (plus config and non SAP items) – exact scope locked 8/15
    - All Change requests come to BTSC for approval via program office
    - All legacy (existing system) changes need to be approved by BTSC
  - Active issue management
    - Release lead empowered to make operating decisions – impasses or policy items are escalated to BTSC for immediate resolution via program office
  - Commitment to Resources
    - Staffing – need names and commitment date within 3 days of request
    - Commitment to team lockdown – measured on a weekly basis
    - Invest in core individuals (“leaders of tomorrow”)
  - Instill Methodology and Project Management Rigor
    - Detailed level task planning and integrated workplan
    - Mandate everyone ‘enter time’ and track deliverables at a detailed level
    - Actively manage to key program management metric report – (pilot to begin on 7/31)

Design Phase Organization Structure



Build Phase Organization Structure



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Roles and Responsibility Definitions

Role	Responsibilities
Executive Sponsor	• Single, overall executive who has principle ownership for the business change outcomes. Chairs Release Steering Team. Represents Release to UOC and BTSC. Escalation point for immediate issues or decisions that cannot wait for Steering Committee
Steering Team	•Small group of impacted Executives to provide guidance and oversight to the Release Team. Consists of Executive Sponsor, CIO (for technology dependent releases), and process executive sponsors.
Release Manager	• Day-to-day lead for managing the Release to ensure all items on the 'release date' work together. Focuses on issue resolution/escalation, ensuring implementation to plan. Manages issues, ensures staffing, ensures that each component of the solution is coming together. Three people perform this role – Business lead person, IT lead person and Lead from the Integrator assisting with the release. The Business person is the overall lead.
Business Solution Architect	• Leads development of functional solution across release. Manages the integrated process and ensures the business solution provides the capability to achieve the business case and leading practices. Integrates process owners. Integrates other functional delivers – Conference Room Pilots, Requirements definitions, test planning. Resolves functional issues. Ensures that the organization can get from the as is to the to be.
Process Owner	•Overall Subject matter expert in a specifc functional area/processes). Provides detailed support to create the 'to be' solution for a process(s). Understands the impact to the organization, identifies the as is to the to be works with change management support to develop to be roles, impacts, skills, staffing and how to train the people in tools and processes

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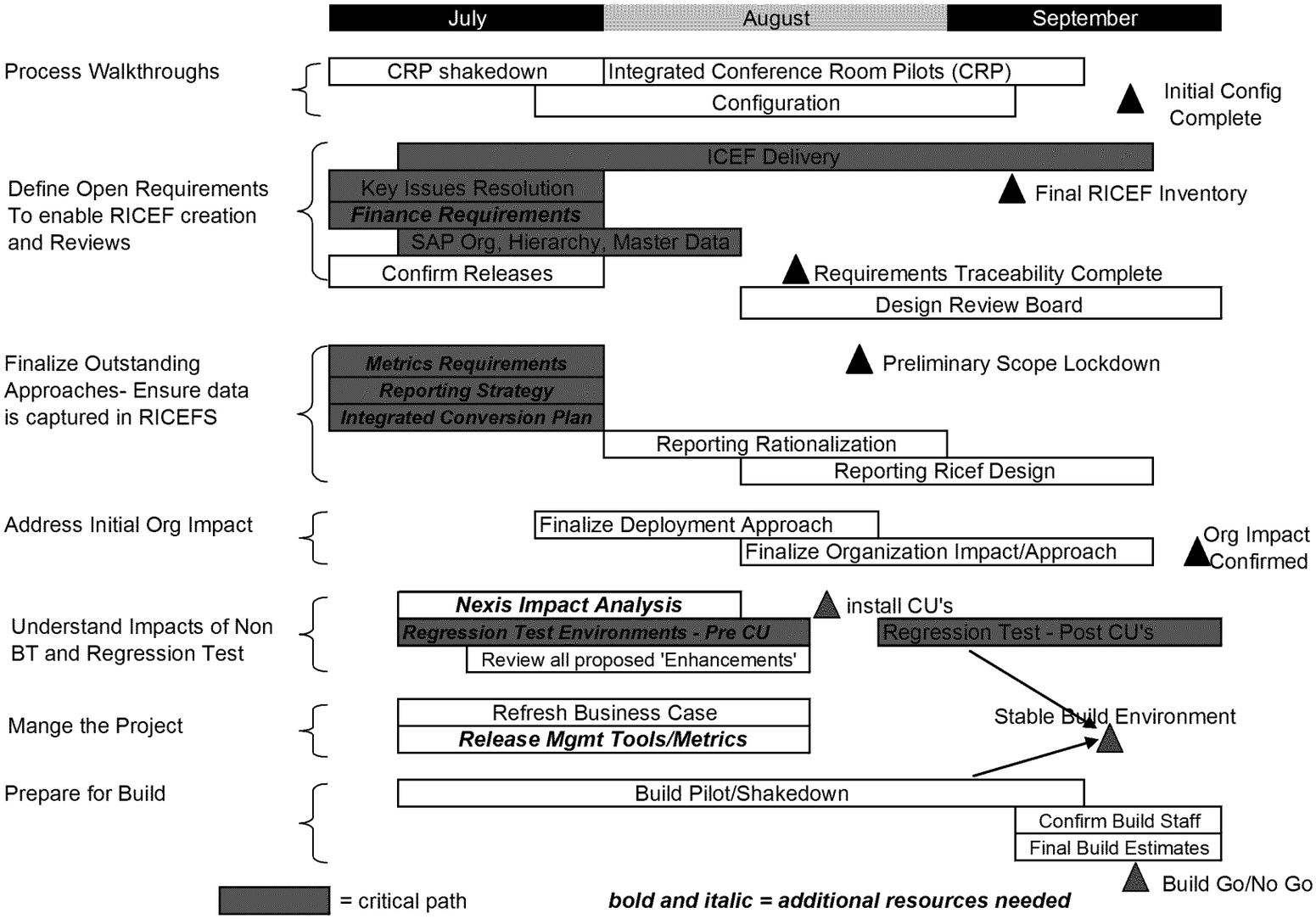
Tasks and Critical Path to 'Design Done' – Results Determine A Go Live Date – for BT Foundational Release

Major Tasks To Drive To Design 'Done' With An Integrated Solution, And Achieve Build Entry Criteria – Slip Of Design 'Done' Date Slips Go Live Date



Actions and Risk Mitigations For Critical Path Items

Issue	Date/Resolution Required	Key Stakeholders	"Owner"
1. Resolve /finalize SAP organizational elements, hierarchy and master data • Org/Hierarchy - work centers, plant codes, storage locations, planning groups • Master Data - equipment master, material master, functional location, maintenance items, task lists	July	ED, SC, AM, IT	Integration Team to Lead Resolution
2. Lock down overall approach, standards and requirements for • Metrics and measures • Reporting/information management • Finance requirements	July	All	Finance
3. Nexis impact and review - code (what has been tested to date) is in the development environment and need to reconcile Nexis processes with BT processes (for example – When Click goes to schedule work – how does it know not to pick up Nexis jobs)	July	IT, DCPP, ED	IT
4. Confirm CU Delivered Scope - Understand exactly what is in the CU delivery and what will still need to be done at PG&E through RICEF's (get early read from Test Team in Germany)	July/August 10th	IT, ED, SC, AM	ED
5. Detailed Organizational Change - Once release scope is finalized (RICEF's locked) determine the overall change impact to each audience, training and practice approach and way to minimize go-live impacts • Deferring, prioritizing, scheduling work for that area (minimize work in progress) • Overall change/impact control – understanding and actively managing what else in the organization is impacting the same audience	August/September	ALL Ops Integration Leads, Change Management	ED

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Ask of the BTSC and Next Steps

- **Approval of the Recommended Reset**
  - Release strategy and timeline
  - Commitment/lockdown of resources
    - Fill open requests within given time constraints
  - Agreement to scope control - working to 300 RICEFs (consistent with original plans)
  - New project organization
  - Current Workstream sponsors to communicate to Workstream leads change in work priorities
- **Next meeting**
  - Confirmation of 'names in the boxes'
  - Staffing of current open roles
  - Governance processes and principles
  - Confirm scope deferrals
  - Issues for resolution
- **Commitment of the Program to the BTSC**
  - Revised business case 7/31
  - Preliminary scope lock down definition 8/15
  - Detailed integrated workplan for design 7/31
  - Project metric reporting - first analysis available 7/31 (new BTSC status rpt)

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