October 2011

At a glance

Are you confident that business benefits will be appropriately identified and realized?

Do you have confidence that your projects will be completed on-time, on budget and to the required quality?

Have you identified how you can enhance your internal control environment to more effectively and efficiently meet your operational, regulatory and financial reporting requirements?

PwC gate assessments
Project and risk evaluation to help power and utilities companies succeed

pwc

Overview

Today's business environment is continually changing. In this new environment, agility has emerged as a key driver for enhancing shareholder value and ensuring sustainability. To achieve agility, organizations are engaged in complex initiatives that are expected to efficiently deliver strategic and tactical business benefits to multiple stakeholders without compromising the integrity of the existing environment or violating compliance requirements. However, for many executives, these projects conjure images of multimillion-dollar investments, extended implementation schedules, and organization-wide changes.

Power and utility projects are often complex and impact the entire enterprise, while containing significant levels of risk. Additionally, the determination of project success extends beyond traditional on-time, on-budget, on-specification metrics to include factors such as delivery of anticipated benefits, organizational acceptance, and compliance with regulatory requirements. If not properly managed, ambitious, multi-year projects could potentially stumble or derail, costing companies millions of dollars. There is also increased scrutiny from key stakeholders, like the regulators, customers and third party constituents, around potential risks, obtainable benefits, and costs associated with these projects. These factors, along with the greater demand for accountability and transparency in the market, have raised the stakes for project success. Successful delivery of strategic initiatives can significantly impact an organization's efficiency, reputation and market value. With the significant investment power and utility companies are making on these projects, what are the critical risks that management needs to be focused on?

PwC understands the value of successfully implementing or reengineering ERP systems and other utility-specific software applications, such as customer information systems and large scale projects like smart grid. To deliver expected value, it is critical that planning and execution be done with a holistic view of the project's impact on the organization. Companies should approach the process as a business transformation and manage the effort through controlled timelines that include checkpoints for measuring progress. PwC can assist at these critical checkpoints to evaluate and communicate project status and any unmitigated risks facing the implementation.

PwC gate assessments

PwC's Gate Assessments provide management with a high-level evaluation of a project's status and needs by identifying key risks impacting the project. Our approach is designed to perform phased evaluations which are individually tailored based on the type of project. It is imperative that the power and utility company be knowledgeable of their key project risks in order to mitigate project overruns, missed deadlines, and public outcry, resulting in increased regulator and intervener scrutiny. By combining PwC's intimate knowledge of the power and utilities industry, along with our expertise assisting other power companies with similar projects, we help companies avoid the common pitfalls and known risks of these projects.

Through our Gate Assessment approach, PwC can assist management in providing an objective point of view so that management's desired outcomes will be achieved and stakeholders will be satisfied. These assessments evaluate relevant implementation risks throughout a project or Systems Development Lifecycle (SDLC) to provide management with a clearer sense of comfort as to whether a project will accomplish its desired outcomes.

PwC gate assessment approach and methodology

Organizations implementing technology projects face countless risks which could prevent the desired outcomes from being achieved. We recognize these risks evolve as a project progresses through its lifecycle. With PwC's Gate Assessment approach, relevant implementation risks are evaluated and continuous feedback is provided to project sponsors and management, enabling them to proactively identify and address potential project concerns before they impact performance.

Using our Gate Assessment methodology, we have grouped these outcomes into the following three categories:

Project Outcomes—focused on organizing and controlling the work of the project through planning, monitoring and controlling, while motivating all personnel involved to achieve the project objectives on time and to specified cost, quality and performance.

Controls Outcomes—focused on ensuring that appropriate business process, application and IT general controls are built into the system to be implemented so that comfort around financial, operational and/or compliance controls can be provided and compliance requirements met. By focusing on these outcomes prior to go-live, we increase the efficiency of the process.
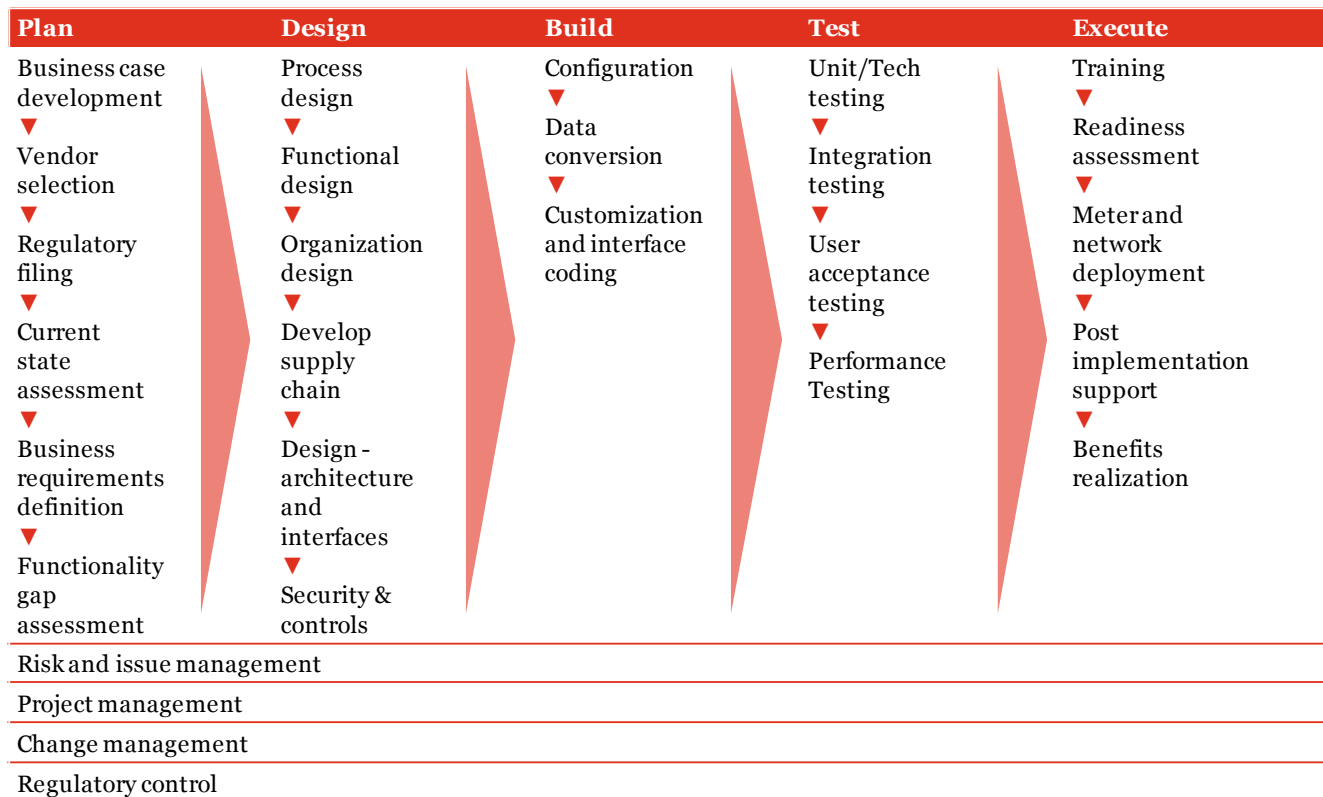
Business Outcomes—focused on placing structure around the project, promoting the achievement of future benefits and return on investment. These activities include development of a benefit strategy plan and procedures to measure and monitor benefit realization.
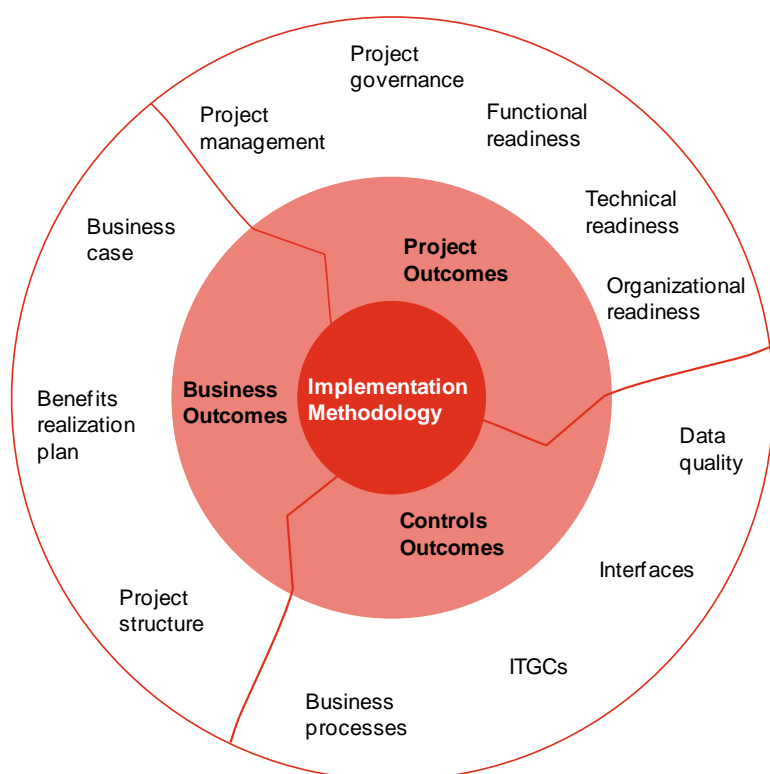
PwC gate assessment methodology tailored to your project

Based on PwC's proven Gate Assessment methodology and our industry experience, we tailor our approach to fit IT projects and initiatives at various stages of the lifecycle. Utilizing our understanding of the common risks associated with these types of projects, we have developed our Gate Assessments to match the key activities and milestones of each phase of the project.

Typical project lifecycle

Plan	Design	Build	Test	Execute
Business case development ▼ Vendor selection ▼ Regulatory filing ▼ Current state assessment ▼ Business requirements definition ▼ Functionality gap assessment	Process design ▼ Functional design ▼ Organization design ▼ Develop supply chain ▼ Design - architecture and interfaces ▼ Security & controls	Configuration ▼ Data conversion ▼ Customization and interface coding	Unit/Tech testing ▼ Integration testing ▼ User acceptance testing ▼ Performance Testing	Training ▼ Readiness assessment ▼ Meter and network deployment ▼ Post implementation support ▼ Benefits realization

Risk and issue management

Project management

Change management

Regulatory control

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Increasing comfort requires the right team. The collective knowledge and experience of our people helps enable success by providing the power and utilities industry with the right mix of project, process, and business knowledge. We provide deep technical experience in utility-specific ERPs, software applications and other technology platforms utilized by our client base in both the public and private sectors. In addition, our project implementation experience further provides proven knowledge of business, project and controls outcomes, while also providing knowledge of issues typically encountered by our clients with the insight into practical solutions for resolution.

For a deeper discussion about our Gate Assessment services within the power and utilities industry, contact:

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