

## MEMORANDUM

DATE: February 4, 2020

TO: Ted Corrigan, Interim CEO and General Manager

FROM: Amy Kahler, Director of Customer Service

SUBJECT: Customer Information System (CIS) Update

### Background

In March 2017, the Board approved a contract with Advance Utility Systems (AUS) to implement a new customer information system, CIS Infinity. That same month, the Board approved a related contract with Clevest Solutions, Inc. to implement a mobile field service order system. Both of these vendors and solutions were selected from a field of 5 finalists in an RFP (Request for Proposal) process. The companies were given the opportunity to demonstrate their solutions to a cross functional team of DMWW staff, and vendor score cards unanimously identified the preferred vendors were Advanced Utility Systems for a customer billing and information system, and Clevest for a mobile field and workforce management system. The total projected cost of \$4.2 million was initially split between the 2017 and 2018 budgets.

### Update

Project work began in late summer of 2017, and the Core Project Team (Core Team) has been working to implement these systems since that time. The implementation date was initially November 2018; however, the initial project deadlines were not met. The causes for the project not being delivered on time are:

- The project is complex because we are changing many integrated components at the same time. We are not simply implementing a billing system, but rather connecting many moving parts, including the mobile field system, an electronic invoicing and payment system, a backflow system, and a new website. We are integrating with several meter reading systems, HomeServe, our GIS system, and others. The coordination of those moving parts has been more challenging than anticipated.
- AUS has struggled with resourcing our project due to unexpected staffing turnover in a time of growth for the company. Due in large part to the nature of the industry, they lost several experienced staff members in 2018 and 2019. It has taken some time to bring other team members up to speed on the project. They also underestimated the resources that would be necessary to bring the project up.

Despite these setbacks, the joint AUS/DMWW project team remains committed to the project and the end product. Through some uncomfortable conversations, we have diligently worked with AUS senior level management to get the project back on course. They have made several changes, including assigning a different project manager to our team, requiring their technical resources to be onsite 75% of the time, and pulling their development team off other projects to focus on our project. We have made notable progress in recent months as a result, and we believe we are on a solid path forward.

## Enhancements

Any new system brings about significant change. Human nature tends to lead us to resist change, and the project team is aware of this and will be mindful of this during user training sessions. Most importantly, though, there is positive energy and a level of excitement among the Core Team for some of the enhancements the system provides to users and our customers. A few of these enhancements include:

- **Statements** – Billing statements will include a graph showing historical consumption so customers can better understand their consumption. There is also better description of the charges so customers understand DMWW charges vs. City of Des Moines (and other total service customer charges).
- **Consolidated bills** – Customers who manage multiple properties can ask for a single statement consolidating charges for all their properties. This is a common request that we cannot meet with our current system.
- **Credit scoring** – The way a customer has managed their account in the past can help us determine their collection risk and can guide how much flexibility we extend to a customer.
- **Pre-billing exceptions** - The system allows users to get a “pre-look” at bills and review them for reasonableness and possible errors before the statements are generated. If issues are noted, data is corrected and the billing process is simply run again until the bill is correct. In our current system, the user does not have the opportunity to re-bill an account after it has initially billed.
- **Queries and actions** - Users can query customer data themselves and initiate actions, such as sending a letter to a group of customers meeting user-defined criteria. The letter is automatically attached to the account. Currently, users must rely on IT to provide most customer data and all letters are managed manually outside of the system.
- **User Tasks** – The system has an internal “to do” list for users, which provides greater accountability, shares the workload among groups, and improves how we communicate internally with one another to serve our customers.

## Budget

The delay in the project has had some impact to our budget; however, the largest and most important component of the project, consultant fees, has remained on track with budget. AUS recognizes their role in our project delay, and has absorbed any additional consulting costs resulting from the extended project life. Below are summaries of the costs as presented to the Board in 2017 when the project was approved vs. budgeted expenses vs. actual project expenses.

<b>PRESENTED TO BOARD AT APPROVAL IN 2017</b>			
	<b>Non Labor</b>	<b>Labor</b>	<b>Total</b>
Total Project Anticipated	3,633,741	600,737	<b>4,234,478</b>

<b>BUDGET</b>	<b>Non Labor</b>	<b>Labor</b>	<b>CS Temp</b>	<b>Total</b>
<b>2017</b>	1,549,813	323,950	15,600	1,889,363
<b>2018</b>	2,052,728	448,859	-	2,501,587
<b>2019</b>	-	274,807	-	274,807
	<b>3,602,541</b>	<b>1,047,616</b>	<b>15,600</b>	<b>4,665,757</b>

<b>ACTUALS</b>	<b>Non Labor</b>	<b>Labor</b>	<b>CS Temp</b>	<b>Total</b>
<b>2017</b>	1,341,808	138,381	21,613	1,501,802
<b>2018</b>	1,484,625	424,587	50,176	1,959,388
<b>2019</b>	2,559	495,136	48,560	546,255
	2,828,992	1,058,104	120,350	4,007,446
Projected Remaining	749,748	250,000	25,000	1,024,748
<b>Total Projected Cost</b>	<b>3,578,740</b>	<b>1,308,104</b>	<b>145,350</b>	<b>5,032,194</b>
Over/(Under) Budget	(23,801)	260,488	129,750	366,437

A couple observations from these numbers:

- Non-labor (consulting) expenses comprise 85% of the project’s budget, and these costs are on track with what was presented to the Board in 2017.
- Labor hours and expenses for DMWW staff are approximately double than what was anticipated in 2017 when the project was approved by the Board. The project delays were addressed in the 2018 and 2019 budgets and additional labor was budgeted in those years; however, labor was not budgeted for 2020. DMWW would have paid the involved employees regardless of whether their time was spent on this project or other utility activities, so this is more of an opportunity cost than a true cash overage.
- The CS Temp category represents the cost of a temporary employee to “backfill” at the front desk to accept walk in payments while our regular employee served on the project. This category is not tagged to the capital project, but is an operational cost for Customer Service. The annual variance of \$50k is less than 2% of Customer Service’s operating budget each year.

### **Go-Live**

We are on track to meet our utility goal to go-live with the CIS project this year. At this point, we anticipate a summer implementation. The project schedule includes 6 weeks of user training, and there will be a stabilization period of one or two months after go-live where AUS will continue to be on-site or accessible.

This project has fulfilled its promise of being challenging from the start, and there is no question the project delays have been frustrating for all involved; however, the project team remains positive about our progress and looks forward to implementing this solution in 2020 for our users and customers.