

BearingPoint®

Dwr Cymru Welsh Water: achieving increased IT service excellence at a significantly reduced cost



A partnership between Dwr Cymru Welsh Water, the Innovation Value Institute (IVI) and BearingPoint supports the delivery of improved IT services while reducing operating costs by 20%.

BearingPoint has a reputation for helping its clients to deliver improved and efficient services, along with a strong track record in IT Optimization.

Situation

Dwr Cymru Welsh Water (DCWW) is the sole provider of water and waste water services in Wales and, with 3000 employees, is the fourth largest employer in the country. The company has regulated revenues of around £700m per annum and has adopted a mutual values model, where it either invests profits in its assets or returns them to customers.

DCWW is widely considered to be a top quartile performer in a sector with a variety of regulators that monitor performance on multiple fronts.

Providing water and waste water services to 3 million customers requires an enormous estate of network and treatment assets. This, in turn, requires a complex estate of Information Technology to enable delivery and monitor asset performance. In addition to SAP as its ERP system, DCWW has almost 400 specialist applications to support its operations. The client operated a Service Integration and Management approach where it integrated interdependent services from internal and external service providers into end-to-end IT services to meet business needs.

Challenge

Every five years, the UK water sector is challenged by Ofwat, the economic regulator for the sector in England and Wales, to reduce the costs of delivering service to its customers. This is known in the industry as the 'Periodic Review'.

In preparation for the review, the company's board set targets for a 20% reduction in Opex costs over a 4 year period, with a measurable improvement in Service Excellence for all business functions. Like all departments, this presented a hurdle for Carl Taylor, Head of Business Information Systems (BIS), the company's IT department, and his Senior Leadership Team (SLT).

Recognising significant change would be required, SLT had already determined that insourcing the IT support function would improve responsiveness to business requests, and help BIS meet its cost targets. However, as IT support had been outsourced for some years, the insourcing initiative needed to review and upgrade the function while also ensuring the service could be run at a reduced cost.

There was also an associated cultural challenge in that new personnel, recruited to staff the support function, brought a range of values and ways of working.

In all, the SLT needed to deliver improved Service Excellence in parallel with significantly cutting Opex costs - a challenge likened to 'servicing the car while driving down the motorway'. A longstanding relationship with BearingPoint proved to be the answer.

Approach

Although Taylor and his team already had robust plans in place to meet their challenges, speed of delivery was crucial and freeing up capacity a challenge.

BearingPoint has a reputation for helping its clients to deliver improved and efficient services, along with a strong track record in IT Optimization. Furthermore, it's partnership with the Innovation Value Institute (IVI) and the expertise it's team possessed in using IVI's IT Capability Maturity Framework (IT-CMF) to build a roadmap of improvement changes provided the ingredients necessary to meet the challenge.

The IT-CMF, created through a unique open collaboration between leading academic and industry practitioners, is based on a maturity model approach where IT excellence, and the business benefits that IT delivers, is achieved incrementally.

The first step in the project was the creation of a combined team of client and BearingPoint specialists to review the IT capability and cost baseline so as to form the basis for a service improvement and cost reduction roadmap. A two work-stream approach was developed:

Work-stream 1 – IT Assessment

The initial phase involved gaining a detailed understanding of the IT baseline in relation to services and service quality. Key stakeholders across the business and within IT shared their views of the IT department and the fit of services to business needs. This helped to crystalize the business context for IT service improvement.

Following this, an assessment was conducted of the existing IT capability, using the IT-CMF as a guide. This covered 35 separate areas of the IT function and addressed how IT:

- Is managed as a business
- Manages the IT budget
- Delivers business value from IT investments
- Supports the building and retention of IT skills and capabilities

The output from the assessment was then reviewed to establish the current service baseline. When combined with the business context, the IT team could determine the key areas that would add the most to Service Excellence and support the attainment of the company's key goals. These areas were:

- The creation of a robust Business Relationship Management (BRM) function – to enable IT to work in harmony with the business to achieve joint success.
- The re-engineering of the “Request Management Process” to improve request management from business. This process was used to capture, prioritise and deliver changes to existing systems and support.
- Implementation of a Demand Management and Resource Planning approach to align IT resourcing with priority business demands for new services and solutions.
- Providing transparency to the business on how IT costs were allocated across all services to ensure maximum return on IT investments.

Further workshops were held to review these priority areas and develop clear targets for improvement. The delivery would take place over an 18-month period.

Work-stream 2 – Efficiency & Effectiveness Audit

Simultaneously, an efficiency and effectiveness audit was undertaken using a suite of BearingPoint analytical techniques. The objective was to identify where and how cost savings could be delivered across IT. The audit covered all internal Opex spend, reviewing IT processes and costs; and it considered both process improvements as well as the introduction of new technical approaches and technologies to lower costs. Within a four-week period, the team identified a plan to achieve the 20% cost savings over the 4 year target date.

Results

The key outcome of the project was a compelling roadmap that enabled Taylor to unify his team around a short and medium term plan for the future.

The plan provided clarity on how requirements, identified by senior stakeholders, could be met – not just by re-investing some of the identified efficiencies but also by helping the function to operate at a markedly lower cost. It received quick approval by senior management.

The improvement roadmap is a highly effective and persuasive tool for communicating to business peers and the IT team how service improvements would be delivered while achieving substantial savings.

The client is progressing successfully in delivering to this plan with ongoing support from BearingPoint.

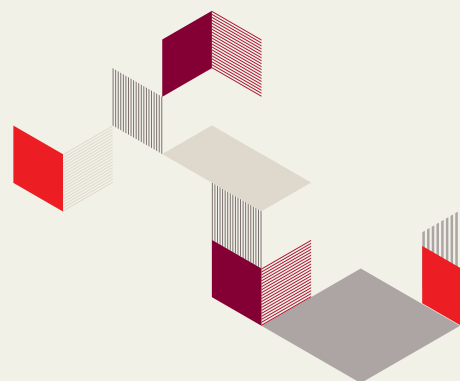
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Committed consultants with adaptive intelligence

BearingPoint consultants understand that the world of business changes constantly and that the resulting complexities demand intelligent and adaptive solutions. Our clients, whether in commercial or financial industries or in government, experience real results when they work with us. We combine industry, operational and technology skills with relevant proprietary and other assets in order to tailor solutions for each client's individual challenges. This adaptive approach is at the heart of our culture and has led to long-standing relationships with many of the world's leading companies and organizations. Our global consulting network of more than 10,000 people serves clients in over 75 countries and engages with them for measurable results and long-lasting success.

For more information, visit our website www.bearingpoint.com.



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