Sydney Water drinks to its health with Cognos TM1

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Agenda

- Sydney Water

- Our TM1 journey

- Demonstration - Budget planning model

- Case Study – Investment Management

- What's next – Activity Based Costing

- Learning's along the way

- Questions

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Sydney Water

- Largest water utility in Australia

- Statutory state owned corporation

- Services provided
  - drinking water
  - recycled water
  - wastewater
  - storm water

- Services more than 4 million people in Sydney, Illawarra and the Blue Mountains
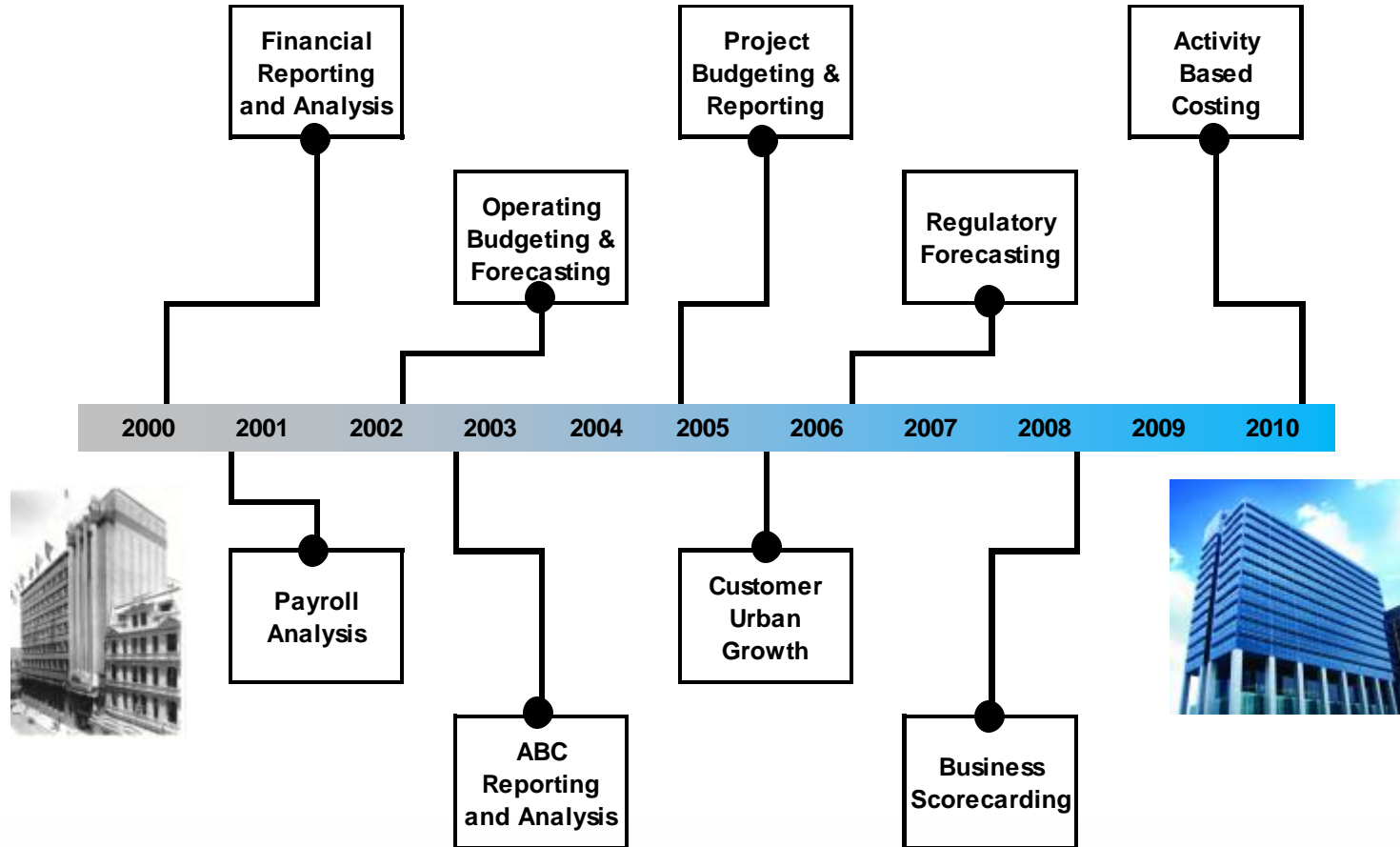

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Sydney Water

- To do this, Sydney Water:
  - Employs more than 3,000 staff
  - Collects over $1.9 billion in income
  - Manages assets worth over $13 billion
  - Has operating expenditure of over $1 billion (2009/10)

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Our TM1 Journey

Demo: Budget planning model

- 5 year operating expenditure budgets
- Budget against IPART targets
- Links to business planning process
- Detailed labour analysis
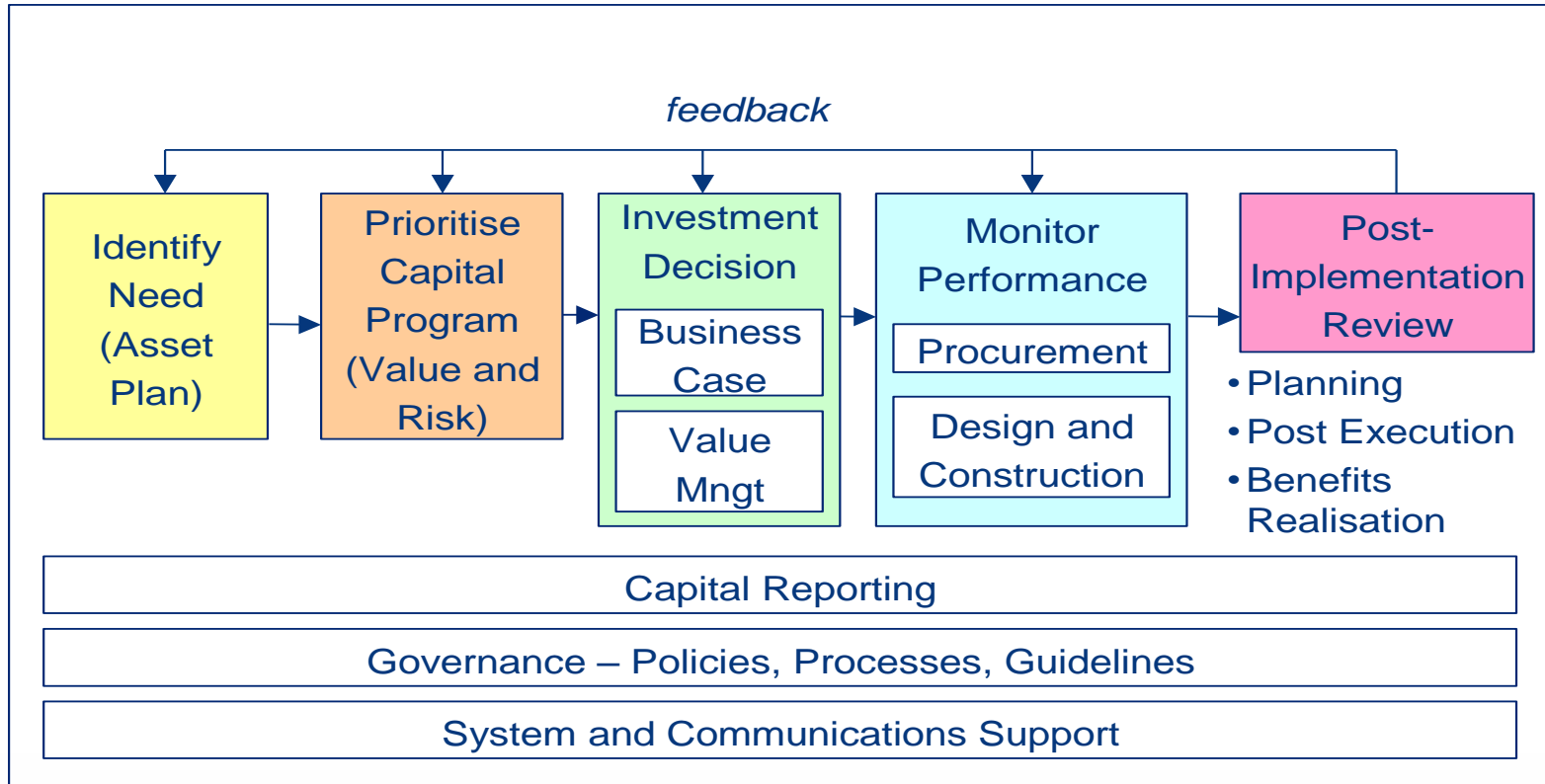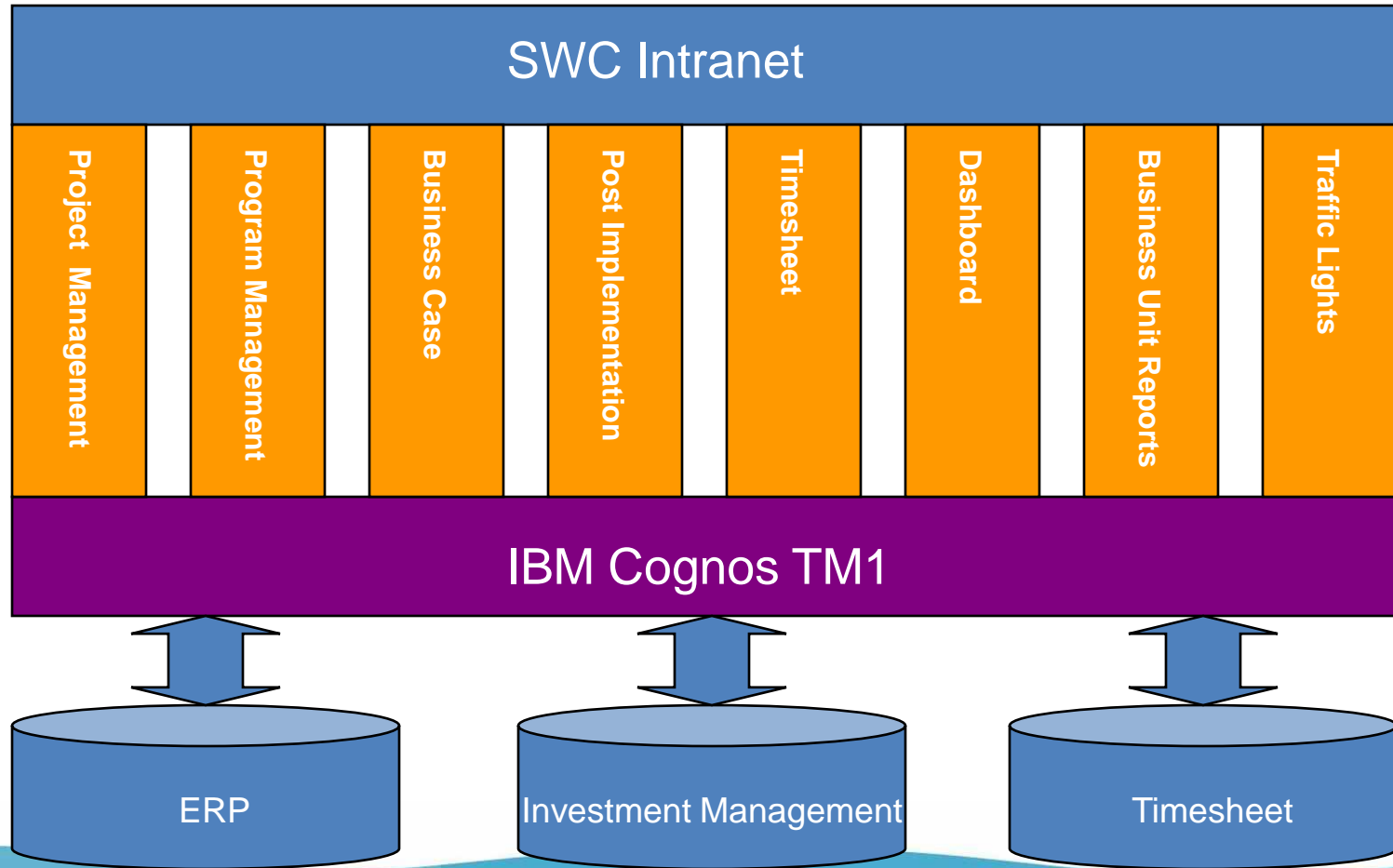- Annual budget phasing of Final SCI

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Case Study

Investment Management

Investment Management

Process Overview

CRIS

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A1   =

Project Progress Report

Reporting Month: August 2010/11

Select Project:

20021383 Londonderry Agnes bank allianc

CRIS Status:

Locked

Forecaster: BALAKRISHNAR,Kandiah	**Project Mgr:** ROBINSON,Wayne	**Program Mgr:** WIGGINS,Ken	**Project Status:** In Progress
Program: TL095-Londonderry Agnes Banks PSP			**Monthly Report Status:**

Financial Indicators ($000)

Forecast Final Cost	Forecast to Approved Fund	Approved Fund	Cost To Date	YTD Exp	YTD SCI	Total Year SCI	Total Year F'cast	In Budget	On Time	In Scope	Risk Profile
22,325	-	22,400	14,056	2,232	1,360	6,862	7,150				

Cumulative Cash Flows($)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Actual	1,254,405	2,231,860											
Forecast		2,231,860	3,000,000	3,500,000	4,000,000	4,300,000	4,450,000	4,550,000	4,650,000	4,750,000	4,800,000	7,150,000	
SCI Budget	780,000	1,360,000	1,940,000	2,520,000	3,100,000	3,470,000	3,830,000	4,090,000	4,300,000	4,380,000	4,440,000	6,862,000	

Period Cash Flows($)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Actual	1,254,405	977,455	(443,689)										
Forecast			768,140	500,000	500,000	300,000	150,000	100,000	100,000	100,000	50,000	2,350,000	
SCI Budget	780,000	580,000	580,000	580,000	580,000	370,000	360,000	260,000	210,000	80,000	60,000	2,422,000	6,862,000
Variance	474,405	397,455	188,140	(80,000)	(80,000)	(70,000)	(210,000)	(160,000)	(110,000)	20,000	(10,000)	(72,000)	288,000

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Year Fcst at Month	4,745,595	4,918,140	4,256,208	4,256,208	3,800,000	3,800,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
F'cast Adjustment			(443,689)								

Yearly Cash Flows

PPR is now locked, PSS will be locked on 5:00 PM, 2 Sep 10.

	Prior to 2009/10 ($)	2009/10 ($)	2010/11 ($)			2011/12 ($)	2012/13 ($)	2013/14 ($)	2014/15 ($)	2015/16 ($)	2016/17+ ($)
			Low	Med	High						
Actual /Forecast	1,263,792	10,560,729		7,150,000		1,800,000	1,550,000				

What's next: ABC

Model Overview

Easy reconciliation required between General ledger inputs and ABC output costs (track the flows)

Outside ABC Model source:	FMIS General ledger (G/L)	Business survey Timesheets	Maximo & Enterprise DB	

Actual, budgeted or forecast opex by department & natural account

ABC Model	Resources	→	Activitities	→	Cost Drivers	→	Assets

| Output: | Labour $ Materials $ etc | | Maintenance Planning etc | | Maintenance hours kWh | | WPS, SPS, STP Networks etc |

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What used to happen

- The ABC system was seen as a 'black box' with no transparency

- Only one person could run and understand the model

- Has met regulatory requirements but the benchmark will be higher in the future

- Cost to improve the process

- No integration with other Finance processes

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ABC with Cognos Express

- Improve transparency of cost allocations

- Simplify the model for regulatory purposes

- Improved cost management

- Integration with other processes in Finance

- Faster generation of reports by product and location

- Users already know how to use the system
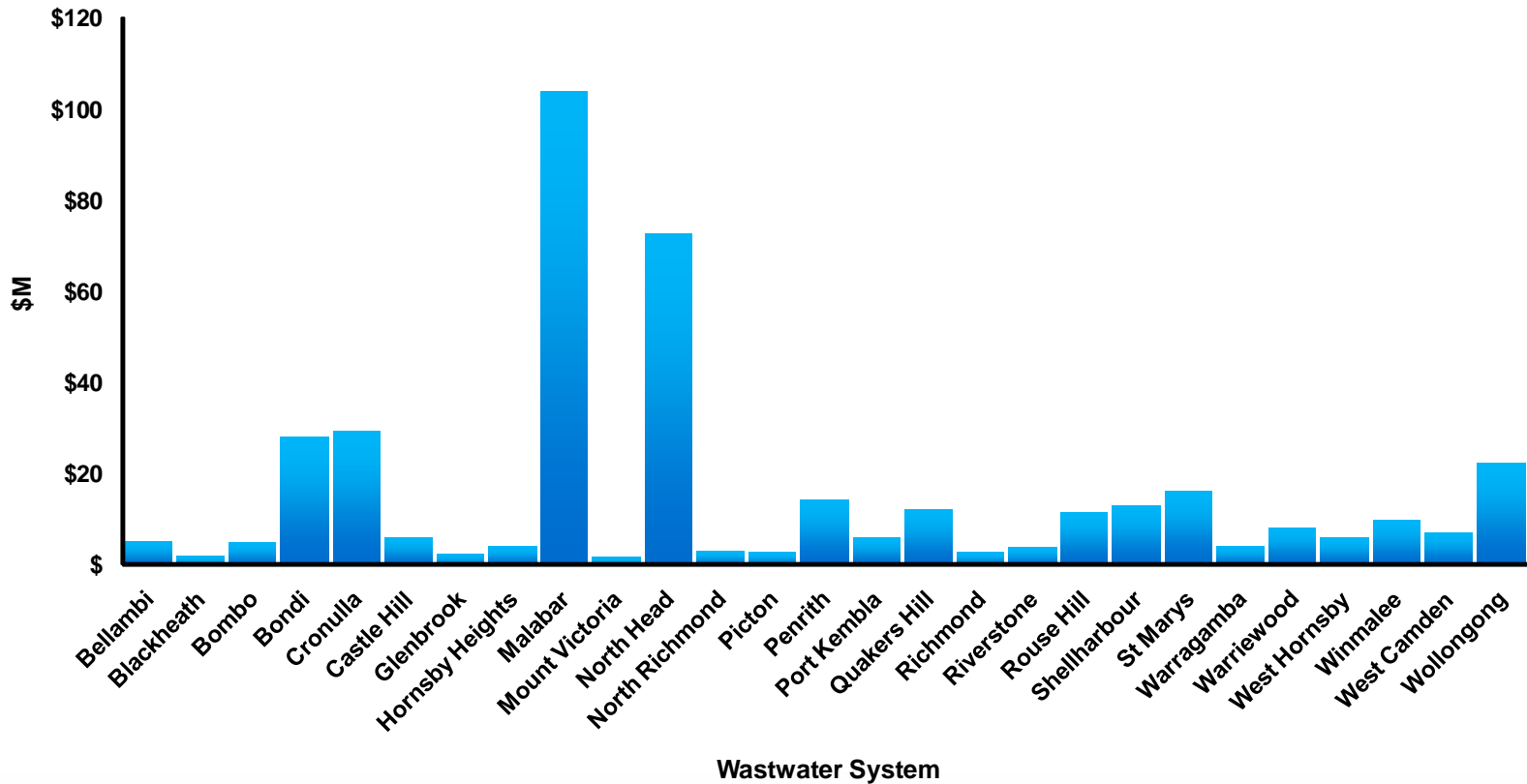
- More flexible and expandable

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ABC – Activity cost by Product
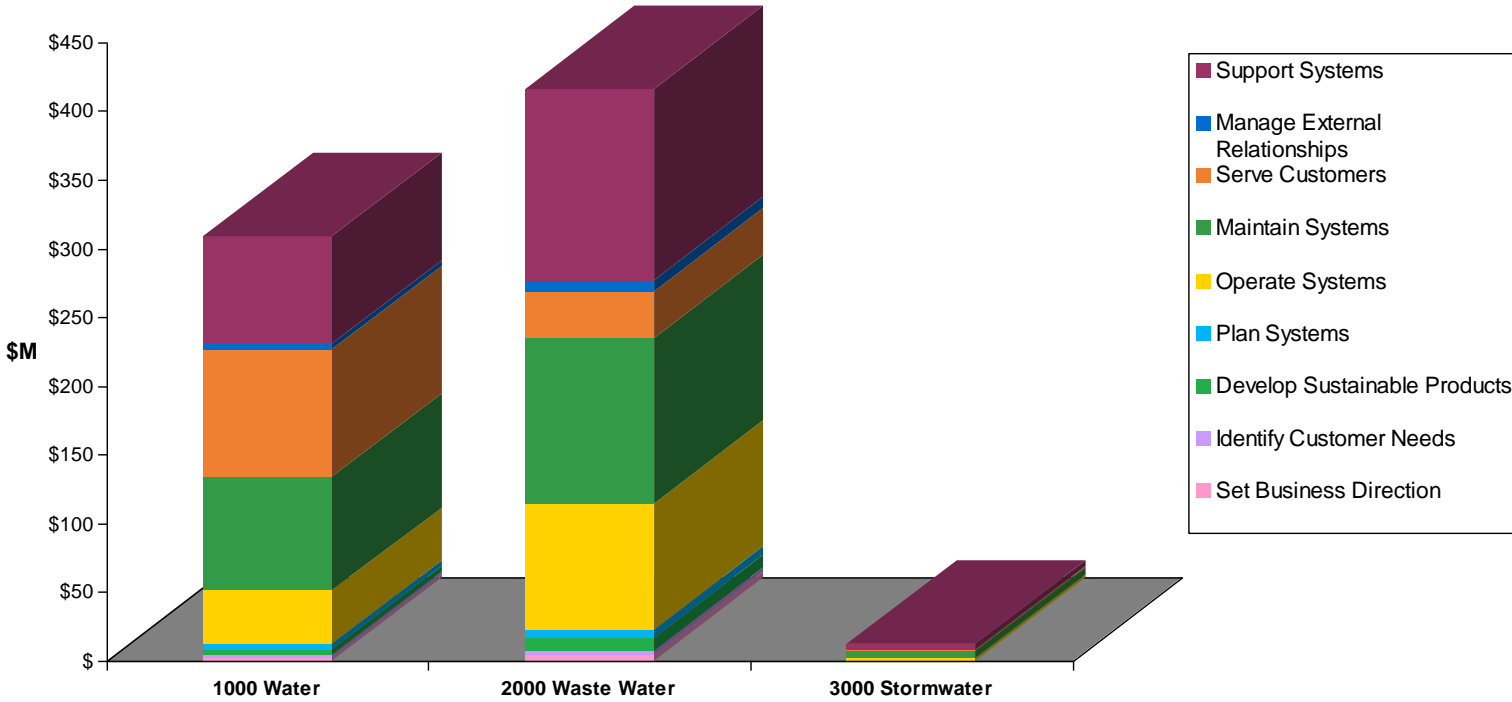
ABC – Cost by location
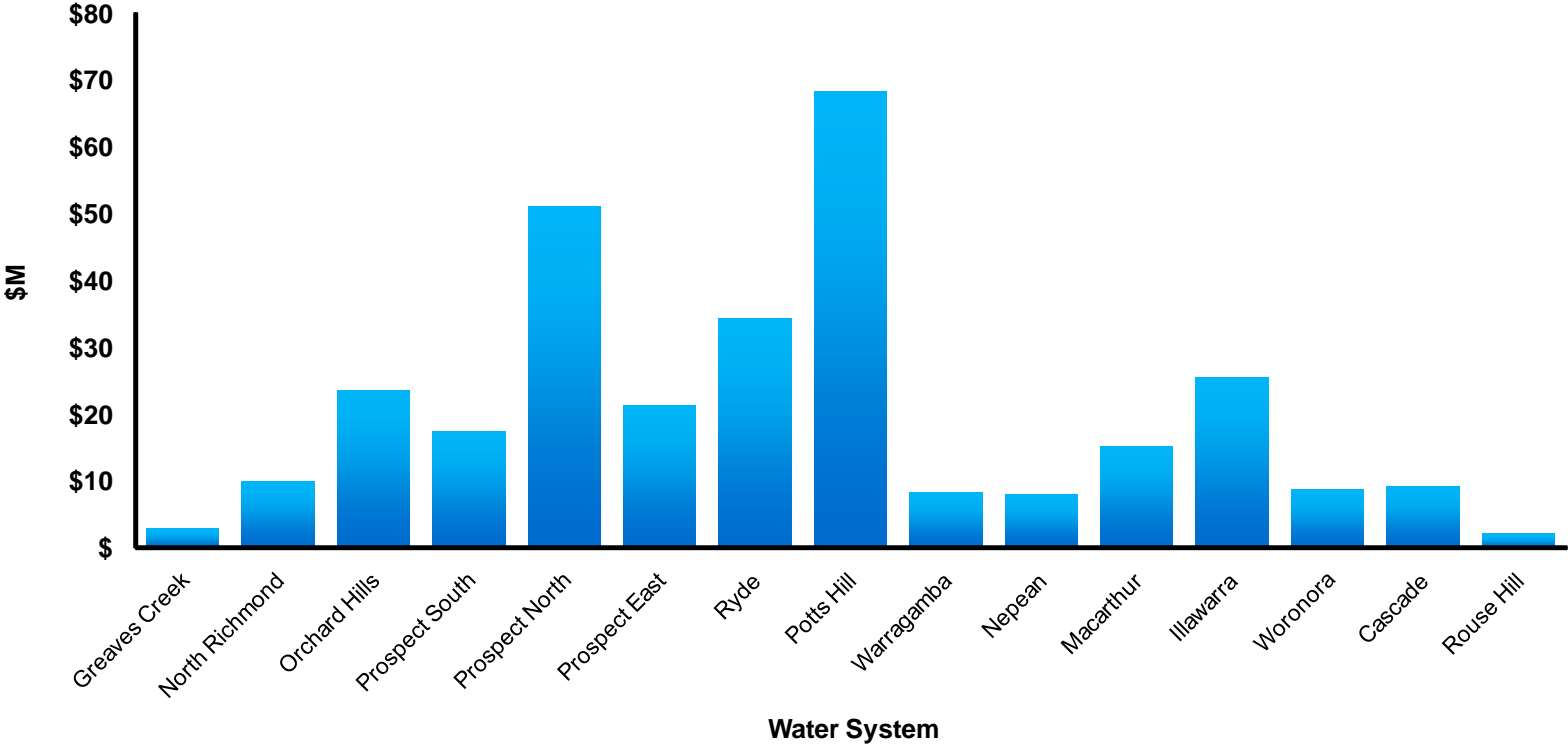
ABC – Cost by location

What we have learnt

What went wrong – Business Scorecard

– The business didn't understand their data

– Implementation was stalled several times trying to get the business data

– KPI's complex and not consistently applied

– Key people didn't work closely together

What went well – Operating expenditure forecasting

– We knew what we wanted at the start of the project

– Worked closely with Calumo consultants to deliver the system

– Kept the model simple and easy to maintain

– The model has stood the test of time

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Lessons learnt

1 **Ask the Experts**

2 **Know your data**

3 **Keep it Simple**

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Questions?