CASE STUDY

Capital program cost controls at Los Angeles Department of Water & Power

Key facts:

Company: Los Angeles Department of Water & Power

Website: www.ladwp.com

Industry: Utilities

Country: United States

Octave products used: Sequence Enterprise (formerly EcoSys)

Company profile:

- Workforce of 9,500 employees
- Population served of 4.1 million
- Annual budget of $4.25 billion
- Water system 10-year capital plan consists of a $6.5 billion budget and over 200 capital projects

The Los Angeles Department of Water & Power (LADWP) is one of the largest U.S. municipal utilities, serving millions of residents and businesses. The city relies upon a complex water system network to support its huge population growth. LADWP therefore manages a corresponding portfolio of capital projects to maintain and expand the system. The utility's Water Engineering and Technical Services (WETS) division uses its Capital Improvement Program Management System (CIPMS) to oversee and manage a 10-year capital water system program currently consisting of more than 200 projects with a budget of $6.5 billion dollars. The scope of the CIPMS encompasses budgeting, forecasting, performance management, earned value management, scheduling and resource management.

One of the primary purposes of the WETS CIPMS is to track the progress of 28 critical projects that are necessary to meet requirements enacted by California's Department of Public Health to improve the quality and safety of the state's water supply. Failure to complete the projects by the regulatory deadline could result in substantial fines and other penalties.

Facing a variety of challenges to performance management visibility and reporting inefficiencies, the organization decided to implement an upgrade of its aging CIPMS that had originally been deployed in 2001. The upgrade, using Sequence Enterprise software as its central hub, created an integration, reporting and analysis platform to address the demand for greater cost accountability and government reporting.

Challenges

- Lengthy monthly procedures were required to capture, process and reconcile data, including: actual costs and resources, budgets, forecasts and earned value
- Understanding project status was a tedious and time-consuming process
- Quality assurance and data validation were difficult
- The system contained no project performance metrics

- Needed to handle multiple, large data sets for analysis and to create what-if planning scenarios
- Consistency was lacking in schedules, WBS and milestones across projects
- Resource loading was overly complex, costing many unnecessary labor hours
- Report generation was manual and time-consuming, resulting in slow reaction to project demands and management requests

Solutions

Sequence Enterprise is the capital planning and reporting hub between Primavera P6, the mainframe budget system and the legacy general ledger system.

- Standardize project structures, milestones, and coding to allow for easy comparisons against actual performance
- Automate data sharing of actuals, budgets and schedules to eliminate manual and duplicate data entry
- Schedule and produce capital program quarterly reports automatically
- Role-based dashboards for managers and engineers provide immediate access to project information
- Quick revisions to project schedules and cash flow help determine true capital needs
- Visibility into labor resource needs and imbalances, help shift project schedules to meet regulatory deadlines, available resources, etc.
- Performance metrics – CPI, SPI, ETC, ETA – provide better project management

Benefits

- Substantial reduction in required labor for monthly data processing (reports generated in minutes rather than days)
- Immediate visibility into project performance facilitating better project management and control, and creating a "feedback loop" for identifying and correcting problems
- Flexible report builder combined with integrated data allowed WETS staff to respond quickly to information requests
- Reduction of data errors from manual extraction and transfer of data
- Hidden data quality issues were exposed and fixed
- The ability to analyze and compare all applicable data sets allowed for the development of a series of Earned Value reports for tracking project performance
- The ability to produce monthly audit reports to compare actual costs versus forecasted costs
- As a web-based solution, Sequence Enterprise required little incremental IT resources following deployment

With the successful implementation of Sequence Enterprise, LADWP's Water System is continuing to develop enhanced metrics for monitoring project performance as well as expanding executive level reporting. It is considering using Sequence Enterprise for Operations & Maintenance (O&M) Budgeting and is evaluating Sequence Enterprise for use by the Power System.

About Sequence Enterprise

Sequence Enterprise is the global standard for Enterprise Project Performance software. Our easy-to-use web-based platform helps organizations worldwide maximize their return on projects investment through optimizing project portfolios, controlling project costs and enabling proactive management of change.

For more information, visit us online.

About Octave

Octave is a leader in enterprise software, turning data into decisive action and intelligence into your edge. Our software solves for and simplifies complexity, from the design and build to operations and protection of people, property and assets – for any scope, at any scale. For decades, we've partnered with customers to sharpen performance, elevate efficiency and amplify results. From factory floors to entire cities, our solutions are tuned to scale up what's possible from day one onward.

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