

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

33380

Agenda Number

57.

Meeting Date:

June 12, 2014

Department:

Purchasing

Subject

Authorize award, negotiation and execution of a contract with KEMA, INC. for consulting services for development of a strategic enterprise-wide information technology assessment and a business and technology roadmap for Austin Energy in an amount not to exceed \$1,400,000.

Amount and Source of Funding

Funding in the amount of \$750,000 is available in the Fiscal Year 2013-2014 Operating Budget of Austin Energy. Funding for the remaining contract amount is contingent upon available funding in future budgets.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing
Language:

Best evaluated proposal.

Prior Council
Action:For More
Information:

Rosemary Ledesma, Purchasing Manager /322-6155

Boards and
Commission
Action:

May 19, 2014 - Approved by the Electric Utility Commission.

Related Items:

MBE / WBE:

This contract will be awarded in compliance with City Code Chapter 2-9C (Minority Owned and Women Owned Business Enterprise Procurement Program) by meeting the goals with 5.89% MBE and 3.81% WBE subconsultant participation.

Additional Backup Information

The consultant services required under this contract will guide Austin Energy (AE) senior executives and business unit subject matter experts through a strategic planning and roadmap development process that leverages existing and planned investments in operations, financial, information, and customer technologies/applications. The intent of this process will be to provide AE with information and utility best practices to support decision making in terms of technology-related spending and implementation across the Department. The deliverables are a current state assessment, five-year strategic plan and roadmap, detailed portfolio plan and specific implementation plan. Implementation work is an optional, second phase of the project, which is not a part of this action, but will be awarded later, potentially in a separate Recommendation for Council Action (RCA).

Creating a utility-specific and Department-wide strategic technology plan (and its subsequent implementation plan) is a significant undertaking that requires high levels of interdependence between business units and levels in the organization. Like most strategy-driven initiatives, its success depends on a shared understanding of corporate strategy throughout the organization. AE seeks to retain an expert consulting firm to guide this strategic effort focusing on the business and technology landscape at AE. The objective is to build the planning and execution tools to deliver process and technology solutions, which advance AE's strategic objectives for customers, owners, employees, and the environment. The scope of work includes seven focus areas:

- Strategic Objective Advancement – support AE's mission and strategic drivers
- Efficiency and Effectiveness – identify deficiencies and corrective actions, includes benchmarking
- Financial Return – cost/benefit analysis and return on investment (ROI) for changes and investments
- Adaptability and Sustainability – a process for continuous strategy review and development post-engagement
- Architectural Integration and Soundness – successful integration into current AE enterprise architecture and identified/quantified changes, if any
- Ease of Organizational Adoption – adoption by customers (internal/external); process for facilitated decision making/conflict resolution
- Innovation – utilizing innovative processes and identifying areas of organizational growth

KEMA, Inc. (KEMA) is a U.S. subsidiary within DNV GL, a not-for-profit organization. KEMA is headquartered in Burlington, Massachusetts and is a global provider of expert services across the energy value chain. To address AE's unique challenge, the firm proposed a diverse team of primary and subcontracting industry experts including top-tier consultants from DNV GL and BRIDGE Energy Group (BRIDGE), a leading consulting and systems integration company focused exclusively on the utility industry. The evaluation team chose KEMA as the best evaluated and sole qualified offeror due to their subject-matter expertise in all four focus areas of the utility technology strategy: operational technology, customer technology, financial systems and information technology. KEMA's track record of successful engagements with AE and other utilities, its comprehensive approach for an integrated technology strategy, and its knowledge of the importance of a coordinated organizational change management plan solidifies AE's confidence that this is the right consultant for the job.

This AE effort is separate and apart from CTM's Citywide IT Risk Assessment which focuses on (i) identifying citywide IT risks and vulnerabilities and associated mitigation actions, (ii) reviewing the current IT governance structure and processes and (iii) gathering input from key stakeholders and citizens to meet the growing demands for technology in the community. While AE's effort starts with a current state assessment, that effort paves the way for the electric utility-specific strategic initiative designed to optimize the people, processes and technologies necessary to advance AE to the levels of a Smart Utility. There will be no duplicate services performed by the consultants for the City-Wide and AE IT assessments.

An AE evaluation team with expertise in this area evaluated the proposals based on corporate and professional

experience, project concept, operations viability, cost and local business presence.

MBE/WBE solicited: 15/19

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. Nine hundred two notices were sent including five MBEs and eight WBEs. Ten proposals were received, with no responses from the MBE/WBE's.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.