

Enterprise Cost Management (ECM)

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Enterprise Cost Management

- **Why?**

- *To enhance NYISO's decision making capability*
- *To identify cost management opportunities and implement additional cost management and cost reduction strategies*

- **What is it?**

- **New Business Processes**
- **New Automation Tools**

Enterprise Cost Management

- **Results?**

- *Resource Optimization*
- *Enhanced Planning Capability*
- *Enhanced Reporting*
- *Cost Reductions*

ECM Program

- **New Business Processes**
 - *Business Model*
 - Activities that align to NYISO projects, operations, and markets
 - Cost allocation methodology to better align costs with NYISO projects, operations, and markets
- **New Automation Tools**
 - *Enterprise Project Management (EPM Live)*
 - *Oracle Financials*

New Business Processes

ECM Business Model Departmental Activities

- The NYISO is utilizing specific Departmental activities for time reporting that can support Activity Based Costing (ABC) and resource allocation

Example: Procurement Enhancement Project

- *System setup/configuration*
- *Data Validation*
- *User Acceptance Testing*
- *Training & Education*

New Automation Tools

- **EPM Live**
 - *Time Reporting*
 - *Enterprise Resource Management*
 - *Product Portfolio Management*
- **Oracle Financials**
 - *General Ledger*
 - *Cost allocation and reporting*
 - *Budget management*
 - *iProcurement*

Time Reporting

- **Time reporting integrated with project plans and departmental activities**
 - *Supports more accurate time reporting*
 - *Provides early indication of variance from plan enabling issues to be identified quickly and corrective action to be taken sooner*
 - *Provides comparison of actual hours reported to baseline estimates to improve estimating going forward*
 - *Provides enhanced visibility of actual time reported improving accountability*

Resource Management

- **Resource plans integrated with project plans and time reporting**
 - *Enables managers to commit resources in accordance with organizational priorities*
 - *Provides holistic view of how resources are planned to be allocated*
 - *Enables resource constraints and/or available resources to be more easily identified*
 - *Enables comparisons of project plans to resource plans and actual hours to improve accountability*

Portfolio Management

- **Integrated time reporting and resource plans enables effective portfolio management**
 - *Enables holistic view of how we plan to allocate resources according to organizational priorities*
 - *Provides regular feedback loop on how resources were actually expended*
 - *Identifies resource constraints and available resources to support prompt corrective actions*
 - *Enables what-if analysis to evaluate the impact of emerging business priorities for timely decision making*

Oracle Financials

Enhanced Granularity of Cost Data - The addition of Activity Based Costing will supplement the existing cost structure to enable analysis, management and reporting by:

- ***Department***
- ***Project***
- ***Activity***
- ***Budget Category***
 - **Capital**
 - **Salaries & Benefits**
 - **Professional Fees**
 - **Building Services**
 - **Computer Services**
 - **Insurance**
 - **Telecommunications**
 - **Training, Travel & Meetings**

Procurement

- **ECM Procurement Goal**

- *Measures savings between the budgeted and actual cost of goods and services acquired via the NYISO's Procurement processes*
- *Resulted in 2014 savings of \$2.7M by*
 - **Enhanced automation and reporting via Oracle Financials and iProcurement**
 - **Maximizing competitive bidding opportunities and outcomes**
- *ECM Procurement Goal continued for 2015*

QUESTIONS?

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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