

Project Justification – IT38 - Customer Experience Improvements

Document Name	Customer Experience Improvements
Reference	IT38
Version	1.0
Issue Date	25/10/2016
Owner	Kristina Thompson
Author	Tony Chenco

Document Control

Change History

Version	Date Issued	Issued By	Comments
1.0	25 October 2016	Tony Chenco	First Issue

Note: Printed copies of this document are uncontrolled.

Document Review

This document has been reviewed by the following parties prior to approval:

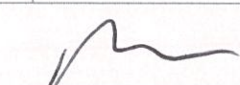
Reviewer Name	Role	Date
Verity Watson	Market Regulation Manager	24/10/2016

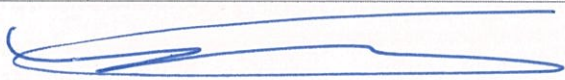
Document Approval

Approval of the Project Justification for the IT38 - Customer Experience Improvements project is provided by the signatories shown below.

Changes to this document will be coordinated and approved by the undersigned or their designated representatives via project change management.

The undersigned acknowledge they have reviewed and approved this document.

Approver Name	Approver Title / Role
Basile Sepsakos	Head of Information Technology as Delivery Owner
Signature: 	Date: 27/10/16

Approver Name	Approver Title / Role
Kristina Thompson	Manager Customer Operations as Business Sponsor
Signature: 	Date: 25/10/16

Approver Name	Approver Title / Role
ITEF	IT Executive Forum
Approved by ITEF – Refer Correspondence	Date: October 2016

Table of Contents

Document Control.....	2
Change History	2
Document Review.....	2
Document Approval	3
1. Project Description	5
2. Objectives / Purpose	5
3. Strategic Alignment and Benefits	5
3.1. National Gas Rules Alignment	5
3.2. Multinet Gas Strategic Themes Alignment	6
4. Options	6
4.1. Option 0 – Do Nothing	6
4.2. Option 1 – Increase staff.....	6
4.3. Option 2 – Modify Existing Systems	7
4.4. Option 3 – Implement New Systems	7
5. Economic Evaluation	8
5.1. Recommendation	8
5.2. Benefits Summary.....	8
6. Proposed Solution	9
6.1. Requirements.....	9
6.2. Solution Overview	9
6.3. Assumptions	9
6.4. Processes and Systems Impacted	10
6.5. Risks	10
6.6. Constraints / Dependencies.....	10
7. Outputs.....	10
8. Project Capital Costs	11
9. Operating Cost Impact.....	11
10. Timeframes	11
11. Risks and Opportunities	11

1. Project Description

Based on feedback obtained during stakeholder focus groups held in July and August 2016, customers have expressed strong support for digital communications (e.g. SMS) for urgent matters related to their supply (e.g. unplanned and planned outages and disconnections).

In addition, increasing retail competition has resulted in an increase in the volume of customer transfers.

This project is to provide a customer portal to enable customers to register for digital communications and track the status of their supply and provide an improved customer transfer process avoiding the need for additional staff to manage the increasing volume of customer interactions.

2. Objectives / Purpose

The objective of this project is to:

- Provide a more efficient and customer friendly channel that will enable customers and other stakeholders to request and track services and obtain information about their supply.
- Maintain customer service through improving the customer transfer process.

3. Strategic Alignment and Benefits

3.1. National Gas Rules Alignment

This project will be implemented in line with NGR expenditure objectives.

The proposed solution for delivering this initiative has been assessed against the NGR's capital and operating expenditure criteria as follows:

Expenditure Criteria	Justification
Rule 79 (1) (a) Costs incurred by a prudent service provider acting efficiently to achieve the objectives	In determining the proposed solution Multinet Gas has considered options to improve the efficiency of customer interactions to avoid increased call centre and back office manual processing costs. The Customer Experience Improvements project improves efficiency of delivery of Multinet's services and contributes to customer satisfaction.
Rule 79 (1) (a) Accepted, good industry practice	Good industry practice is to deploy secure, robust systems to support high volume customer transactions. It is proposed to deploy a fit for purpose portal platform to efficiently manage on-line customer interactions and update existing back office systems to improve customer transfers.
Rule 79 (1) (a) Lowest sustainable cost including operating expenditure impact	As the proposed option extends existing systems developed for Multinet Gas and United Energy, rather than introduce new systems, this results in lower development and operational costs.

Expenditure Criteria	Justification
Rule 79 (2) (c) (iv) Justifiable	The proposed project is the lowest cost option that meets the increasing volume of customer interactions. The increasing volume of transactions and customers' preference for on-line channels means manual processing is not economic and an automated solution is required.

This project supports the National Gas Rule (NGR) expenditure objective relating to new capital.

3.2. Multinet Gas Strategic Themes Alignment

This project supports the key Multinet Gas business strategy to meet changing customer needs and growing expectations by:

- Providing an efficient on-line method for customers to request and track services and obtain information about the status of their service.
- Reducing errors and delays in transfers to new retailers by introducing a standard for address data used when customers switch retailers; and
- Providing information to enable retailers to promptly resolve erroneous customer transfers (where a transfer is requested but the wrong customer is transferred).

4. Options

The following options have been considered to implement the Customer Experience Improvements Project:

- Do Nothing
- Modify Existing Systems
- Implement New Systems

4.1. Option 0 – Do Nothing

Under this option the current processes would remain unchanged. Adopting the “Do Nothing” option would result in Multinet Gas not changing its systems and processes to meet the increasing volume of customer interactions or customer expectations for increased digital communications. This will result in a lower level of customer service. Under this scenario, Multinet Gas may not be able to comply with the National Gas Rules and associated procedures.

4.2. Option 1 – Increase staff

To maintain the current level of service it will be necessary to increase the number of staff engaged in the provision of customer service. As the number of customer interactions is increasing faster than the increase in customer numbers, it will be necessary to increase the number of staff by 2.5 per year. The additional staff will be providing electronic communications for planned outages and additional verification of

customer transfers. Although this option maintains customer service, it does not address the increasing customer preference for on-line channels.

4.3. Option 2 – Modify Existing Systems

Multinet Gas has the opportunity to leverage the portal developed for United Energy to support Multinet's customer interactions. This system could be enhanced to deliver the additional capabilities required to meet Multinet's customer requirements. In addition, to support improved customer transfers, Multinet Gas's existing suite of market systems would be enhanced to deliver the additional capabilities required to improve the accuracy of customer transfers.

4.4. Option 3 – Implement New Systems

This option would involve the development of a new system to specifically support Multinet's customer requirements and integrating this new system to existing customer, market and metering systems. It is envisaged that this project would be of higher cost than extending existing capability. Cloud based providers could be considered in this evaluation.

5. Economic Evaluation

The Economic Evaluation table below is the result from the "Business Case Output" from the "Financial Evaluation Spreadsheet". This is MG's Capital Project Evaluation tool.

The tool ranks the options based on Least Cost (Net Present Value). The least cost project will have a Project Ranking of 1.

	"Status Quo" Reference Case	Option 1: Increase Staff	Option 2: Modify Existing Systems	Option 3: Implement New Systems
Net Capex (\$)	\$0	\$0	\$1,600,000	\$3,200,000
Opex (\$)	\$0	\$1,619,346	\$0	\$0
Risk*** (\$)	\$0	\$0	\$0	\$0
Least Net Cost (\$) (PV)		\$1,619,346	\$1,600,000	\$3,200,000
Project Ranking		2	1	3

5.1. Recommendation

It is recommended that Option 2 (Modify Existing Systems) be adopted as this is the lowest cost option that meets the requirements. This option maintains customer service and provides this at a lower cost than Option 1 that maintains customer service. The "Status Quo" option was not selected as it results in a lower level of customer service. Option 1 (Increase Staff) was not selected, although this maintains customers service, as this was a higher cost than Option 2. Option 3 was not selected as this is a higher cost than Option 2.

5.2. Benefits Summary

The Project delivers the following benefits:

- Improves efficiency by introducing a lower cost platform to support customer interactions. As customer volumes increase this is expected to avoid the need for additional staff.
- Maintains customer service by providing a new on-line channel to service customer requests and provide information on status of their supply (e.g. planned interruptions – as requested during stakeholder focus groups held in July / August 2016).
- Maintains customer service by ensuring a greater proportion of customer transfers complete successfully without the need for additional staff.
- Contributes to Multinet Gas maintaining compliance with NGR.

6. Proposed Solution

6.1. Requirements

This project is to meet the following requirements:

- Avoid the increase in staff costs for managing and processing customer interactions.
- Meet changing customer expectations for on-line service provision.
- Improve the accuracy of customer transfers:
 - Maintain connection point address data for all Multinet gas sites based on a standard to be defined by AEMO.
 - Perform reconciliation, determine the correct address for a connection point, and publish the correct address to the gas market systems in line with the standard to be defined by AEMO.
 - Update gas market systems when a connection point address is created or updated using a transaction to be defined by AEMO.
 - Update gas market systems connection point address data when requested by valid market participant.
 - Implement changes related to Objection Codes to be defined by AEMO
 - On-going Cleanse MIRN Standing Data and reflect this in gas market systems.

6.2. Solution Overview

It is proposed to leverage the portal capability developed for United Energy to provide the capabilities required to meet the requirements of the Multinet gas Customer Experience project. The solution will provide a customer portal to support customer registration and enables customers to request services from Multinet (e.g. Customers have requested electronic planned outage notifications.) The portal solution will be integrated to Multinet's back office systems for high volume transaction. The solution also includes workflow capability to enable customers to monitor the status of service requests.

6.3. Assumptions

The solution proposal assumes the following.

- Detailed requirements have not been developed at this stage. It has been assumed that requirements will be similar to those of United Energy and it will be feasible to leverage the United Energy solution to provide a more cost effective solution for Multinet gas. Since existing applications will be utilised no new software will be required.
- Existing Multinet gas market systems will be enhanced to support improved customer transfers.

6.4. Processes and Systems Impacted

It is expected that processes that support customer requests for services will be enhanced to support on-line delivery channels. Existing processes for customer transfers will be enhanced to improve the accuracy to transfers.

Multinet's market systems (SAP and WebMethods) will be enhanced to improve customer transfers and United Energy's portal solution will be enhanced to provide an online channel for customer requests.

6.5. Risks

Risk	Cause	Impact
Failure to deliver required capability	<ul style="list-style-type: none"> Requirements not well defined or understood. Project scope not well understood. Poor project delivery methodology Project team skills not appropriate to task. 	<ul style="list-style-type: none"> Benefits to consumers not realised. Multinet's reputation diminished. Potential market disruption. Additional cost
New on-line channels not accepted by customers.	<ul style="list-style-type: none"> Consumer backlash 	<ul style="list-style-type: none"> Potential market disruption. Additional cost

6.6. Constraints / Dependencies

The proposed solution leverages the solution provided for United Energy.

7. Outputs

The project will deliver the following:

- Changes to systems and processes that enable Multinet Gas to meet increased volumes of customer interactions including digital communications in a cost effective manner.
- Conversion and cleansing of data from existing systems.
- Testing of system and process changes with customers.

8. Project Capital Costs

This section presents a summary view of the capital and operational costs and benefits of developing, implementing and operating the Proposed Solution.

Capex Category	Cost (\$'M)	CY' 2018	CY' 2019	CY' 2020	CY' 2021	CY' 2022	Source / Explanation
Labour IT	\$1.5	1.5					All IT and business labour costs associated with designing, developing and implementing the project solution.
Hardware (application specific)	\$0						Estimate of Hardware purchase costs based on supplier quotations / price lists
Software	\$0						Software licence purchase including first year support and maintenance
Security	\$0.02	0.02					~1% of Labour
PMO	\$0.1	0,1					Project Management Office including IT Capital Overheads
TOTAL	\$1.6	\$1.6					

9. Timeframes

It is planned that the project will be delivered during CY2018.

10. Risks and Opportunities

The project provides the opportunity to improve customer service at a lower cost than the option to maintain current service by increasing staff.

End of Document

