Los Angeles **LADWP** Department of Water & Power

Customer Information System Implementation

Why the New System Had Problems ...and What We're Doing About It

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Purpose

The implementation of LADWP's Customer Care and Billing and Mobile Workforce Management systems experienced numerous problems. The purpose of this presentation is to:

- Discuss lessons learned regarding cause
- Outline steps taken
- Provide outlook for future activity

Background

Our Customer Information System is the underlying foundation of LADWP operations and the primary link to our customers.

The problems we encountered with implementation of the new system were harmful for customer relations, Department perception and to internal morale.

While disappointing, the experience provides valuable lessons to be applied to future projects.

What Went Wrong?

Our outside consultant conducted a root cause analysis and found:

- Three key issues:

    1. Inadequate project management
    2. Vendor inexperience with level of system complexity
    3. Unprepared workforce

- Failure to heed QA Contractor warnings

1. Inadequate Project Management

Missing or ineffective critical decision-making regarding:

A. Overwhelming evidence of Customer Care and Billing (CCB) and Mobile Workforce Management (MWM) non-readiness from key indicators

B. Organization's lack of preparedness for daily operation of new systems

C. Lack of detailed project plan to manage and track project status and monitor implementation issues

1C. Project Management Issues

Project team approach as opposed to single project manager

- poor decision making
- lack of accountability

Warning signs ignored by the project management team

- QA Contractor input
- critical project deliverables not available

Overly ambitious project scope that only grew as implementation date approached

Team overlooked problems with the new system due to increasing pressures

- need to replace the expired existing system
- control spending to keep existing system operational

2. Vendor Inexperience

PwC and Oracle were selected as the lowest cost alternative. PwC viewed as qualified, experienced provider but...

- This was the largest complex utility billing system replacement project ever managed by PwC.

- PwC project manager was not experienced or seasoned in CC&B systems. PwC failed to keep consistent team quality throughout the project.

Also, LADWP's project management team did not adequately identify or address PwC gaps in experience.

3. Unprepared Workforce

Staffing constraints and Civil Service exam processes impeded early implementation efforts to hire, train, and prepare staff for new system

Insufficient staffing to handle overwhelming customer surge

Late system integration resulted in

- Lack of testing the system for readiness
- Little time for staff training
- Secure user access issues

Implementation Problems

High percentage of estimated bills: 21%

High billing defects in dollars and accounts in delayed status: $160M, 74K accounts

Billing issues delayed the orderly implementation of the collection process

High average call wait times: 33 minutes

What We Did to Fix Problems

Leadership transition

Increased transparency in communication

- dashboard reporting
- increased community outreach

Refocused resources on critical issues

Hired additional

- Customer Service Representatives
- Meter Readers

What We Did to Fix Problems

Developed formal training curriculums for new and existing employees

Engaged supplemental technical assistance for

- root cause analysis
- system stabilization
- reporting functionality
- customer enhancements
- data clean-up activities
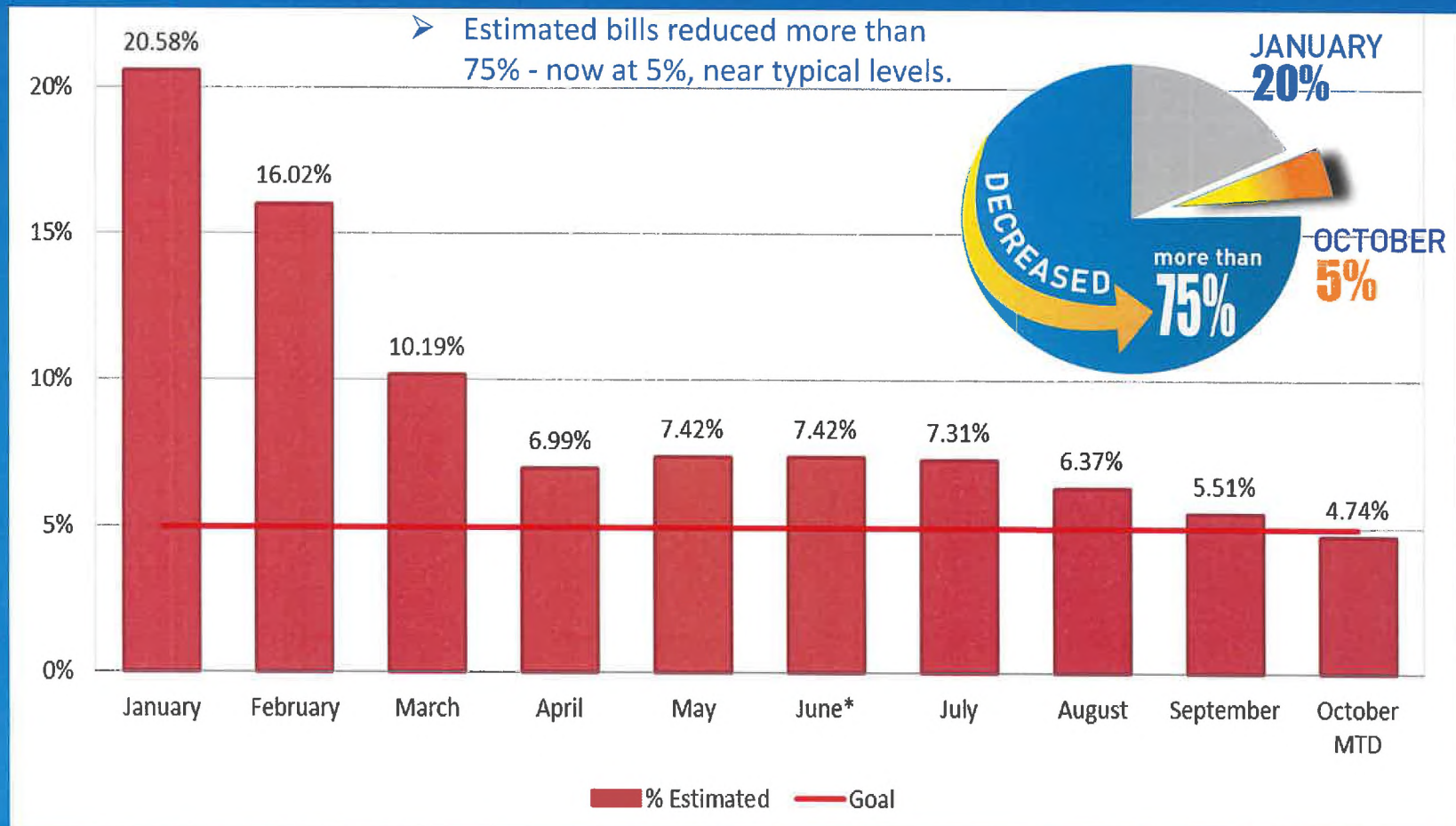
Addressed collections

- lenient payment arrangements

Current Status: Estimated Bills

Problems remain but significant improvement in most areas
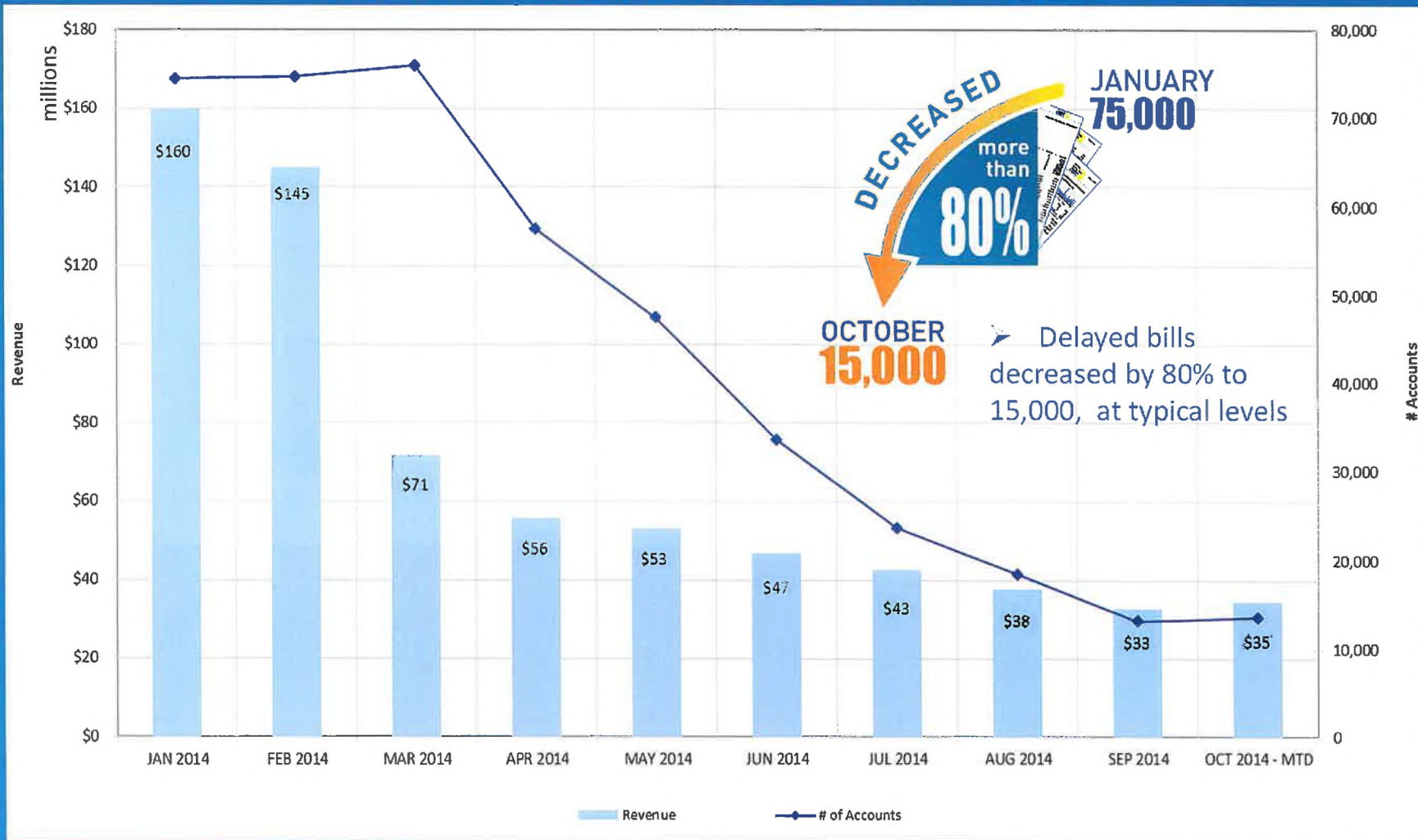
Percentage of Estimated Batch Billing

➤ Estimated bills reduced more than 75% - now at 5%, near typical levels.

JANUARY **20%**

DECREASED more than **75%**

OCTOBER **5%**

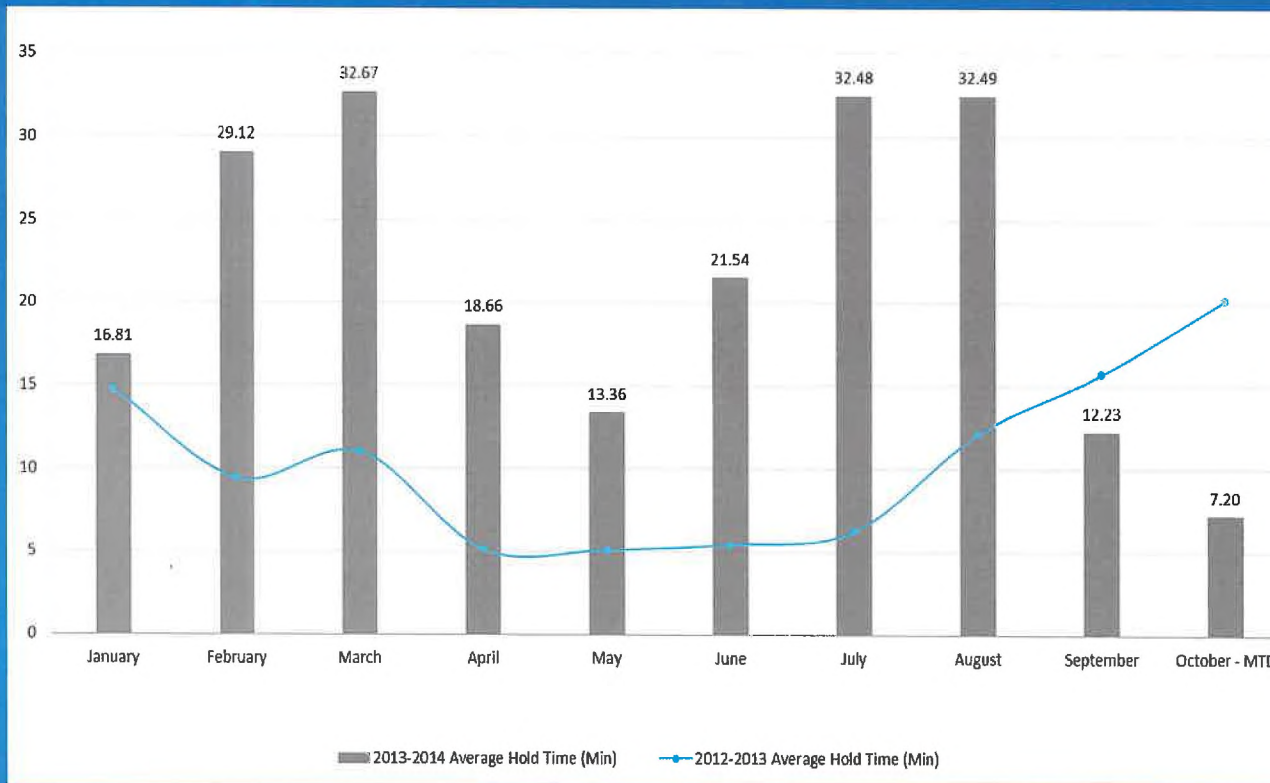| Month	% Estimated
January	20.58%
February	16.02%
March	10.19%
April	6.99%
May	7.42%
June*	7.42%
July	7.31%
August	6.37%
September	5.51%
October MTD	4.74%

■ % Estimated ▬ Goal

Current Status: Customer Wait Times

Approaching historic wait times but still needs improvement

Average Hold Time for Customers Monthly Comparison

OCTOBER
AVERAGE
CALL HOLD TIME

7 MINUTES

Chart legend:
- ■ 2013-2014 Average Hold Time (Min)
- ●— 2012-2013 Average Hold Time (Min)

Monthly values (2013-2014 Average Hold Time):
- January: 16.81
- February: 29.12
- March: 32.67
- April: 18.66
- May: 13.36
- June: 21.54
- July: 32.48
- August: 32.49
- September: 12.23
- October - MTD: 7.20

➤ Additional hiring, training expected to reduce wait times to less than 10 minutes
➤ Proceeding with back-up call center

14

Next Steps

Management Changes

- Current leadership focused on customer issues and responsible for progress to date
- Commit more resources to project scoping activities at the early stages

Project Management (PM) Deficiencies

- Re-evaluating team approach vs. experienced PM for complex implementations
- Identifying new PM talent in organization
- Implementing training for all internal PMs

Next Steps

Customer Service Orientation

- ALL employees highly focused on improving customer service
- Proposed Department-wide customer service training and accountability
- Developing and implementing customer service metrics and dashboards

Increased Transparency

- Mayor's Dashboard provides model for City and customer accountability on change initiatives
- New metrics announced specific to lessons learned and new project activities
- More customer outreach to address specific programs and changes

What Can Our Customers Expect?

Accurate and timely bills

- Continuing to correct billing problems and defects
- Implementing more quality assurance measures- system and interface

More self-service options for customers

- Start/stop service
- Payment arrangements
- Online access to billing data
- Launch communications for paperless billing and electronic payment

What Can Our Customers Expect?

Paperless Billing and Electronic Payment for customers:

- Provide LADWP customers a one-time bill credit of $10 to increase customer adoption of Paperless Billing

- Customer choice to receive an Electronic Notification that Bills and communications are available at ladwp.com; and

- Customer choice to Stop Receiving their Paper Bill.

- 135,000 Customers Participating, or 9% of all Active Accounts
  - 16% is Industry Average for Customer Participation in paperless billing

- Incentive Program Description:
  - $10 bill credit for each account enrolled in Paperless Billing;
  - Requires customer remain enrolled for 12 months, otherwise account is charged $10;
  - Program Duration is January 1, 2015, to June 30, 2015.

- Fiscal Impact
  - Estimated Cost: $785k - $1.6M
    - Based on 5% - 10% customer adoption rate
  - Estimated First Year Savings: $$565k - $1.1M

18

What Can Our Customers Expect?

Monthly billing and level pay

- launch a focused level pay program in Q1 of 2015
- pilot monthly billing on several routes in Q1 of 2015
- transition all Residential Customers to monthly billing by the end FY 2016/2017

Increase program offerings

More customer billing data access and conservation tools

Launch demand response

Proceeding with back-up call center

Summary

1. New billing system problems seriously harmed public and ratepayer trust

2. Independent analysis revealed depths of Project Management and scoping issues

3. Defects still exist, are being prioritized and fixed

4. Customer Service culture change throughout all levels of Department is highest priority

Summary

5. Strong leadership being provided by new GM and senior managers

6. Approaches to hiring, staffing and training are all being evaluated

7. Strong commitment from GM and management team to use these lessons learned

   - To improve customer service
   - For future complex technology projects, such as financial system

8. Recovery progress and transparent communication provides assurance that long-term change will indeed happen