

# United Utilities Compliance Initiative Brings Competitive Advantage and Best Practices

## Project Management Highlights:

- Simple integration of investment, contract administration, construction management and work commissioning systems
- Exceeded Office of Water Services Asset Management Plan requirements
- Better decision-making possible due to oversight of all United Utilities projects in a single database
- Real-time integration with SAP and assesment management system
- Use of Primavera allowed United Utilities to bring project management function back in-house
- Technology implementation completed at 15% under budget



Managing projects and resources efficiently to reduce costs is nothing new, but for British water companies it's becoming a real priority. Tighter budgets and new Government legislation that restricts prices has focused the attention of leading utility companies on becoming more efficient to increase their competitive advantage over other providers.

The United Kingdom's Office of Water Services (Ofwat), a non-ministerial government department, strictly regulates these companies to ensure that customers will not be over-charged or under-served. One of the regulations imposed is the submission of a five-year plan called the Asset Management Plan (AMP). This plan imposes performance-based limits on the prices that customers can be charged, in order to set companies targets to improve efficiency and performance standards. By managing the AMP as effectively

as possible, companies can provide best value to customers, whilst still improving profit margins.

## Recognising the need for change

When one of the UK's biggest utility companies decided to create a central system for managing its projects and investment, in a bid to improve efficiency and exceed AMP requirements, just implementing the best IT solution wasn't enough. The entire organisation would have to change culturally as well.

United Utilities is responsible for providing nearly three million customers in the North West of England with water and wastewater services. It develops and operates renewable

energy generation projects and delivers electricity to more than two million households - one in five of UK residents are United Utilities customers.

"Increasingly stringent legislation and our own desire to be the best meant that we needed to find a visionary solution," explains Glyn Hughes, programme manager at United Utilities.

Following a comprehensive evaluation process, United Utilities selected Primavera to serve as the nerve centre for the proposed Programme and Investment Management System (PIMS). The system would enable management of UU's capital programmes, spread out across the country, whilst improving efficiency and delivery by better overseeing its core competency of utility provision. A centralised approach to asset management would also help manage and support future business development opportunities.

PIMS required a complete rethink of the way United Utilities was managing projects and controlling capital expenditure. As part of a collaborative design process, Glyn Hughes wanted to make sure everyone involved in using the system contributed to its implementation and buy-in, in order to get maximum use out of the Primavera software. "A key risk was whether people within UU would embrace the culture change. This was addressed from the start. Rather than going to senior management we asked the business what it wanted and tailored the solution to deliver it. The business has remained fully involved throughout the process." This in itself was a different way of approaching such a large-scale change for the business, and it set the tone for the entire implementation.

## Building the vision

A strategic vision for the collaborative system was emerging. United Utilities' would bring together previously separate aspects of capital expenditure required to maintain and improve the asset base. Simply by having easy access to an overview of ongoing activities, decision makers would be

able to make better-informed decisions. Investment planning, contract administration, construction management, work commissioning, suppliers and third-party management would all be integrated. By doing this, UU would standardise its business processes, going beyond AMP requirements to make substantial competitive gains. It was also uncovered that using the Primavera software would allow project management to be brought in-house rather than outsourcing it to a third party. As Hughes puts it: "Third parties often have a limited incentive to plan for these variables. It depends upon the nature of the contract, and ultimately, a third party will always have its own interests at heart." Lastly, as utilities provision is influenced by highly unpredictable factors – examples in recent years include the impact of drought and foot and mouth outbreak – the new system would give UU the skill-set and capability to carry out the necessary planning for any such occurrences. Hughes continued, "The idea behind an integrated Primavera system was that we'd be able to proactively manage all aspects of our capital programmes, knowing that the choices we made were supporting company objectives."

An elite team of IT and project management specialists was selected to propel the process of implementation. Hand picked from the upper-most ranks of United Utilities, Primavera and Tata Consultancy Services (TCS), UU's framework information systems vendor, the mission was to align business change with system change. This included setting up Primavera for United Utilities' unique activities, and providing in-house training to ensure everyone involved took full advantage of the system's capabilities. Communication would therefore have to be central to helping UU staff accept the new technology and processes. A dedicated website was established to familiarise users with functions and procedures. This included an online users' manual, FAQs and a dedicated help desk to address questions. Regular users' meetings were also used to help share best practices. Primavera was involved throughout the process to help United Utilities get the most out of the system. Glyn Hughes praises the collaboration: "The joint team of Primavera, UU and TCS has worked together so seamlessly that you wouldn't know who belongs to which organisation."

System and data integrity was a legitimate worry. The utility company wanted to make sure its information would be available for business continuity in case any of the hardware crashed. Consequently, UU doubled up on infrastructure to assure that if a server went offline, another was in place. The implementation was completed by December 2004. Hughes remarks on the final stages of bringing the system to life:



“We used the system to manage the implementation project itself, and we’re therefore the first users of the system. The implementation was a great success – we delivered the project on time and 15% under budget.”

## Benefits and future challenges

The Primavera-based system was able to eliminate duplicate management costs and improve data quality and analytical capability by creating role-based procedures that allowed each team member to better focus on their core responsibilities. The improved efficiency and synergy meant savings, as did replacing costly outdated systems and reducing document storage costs. Hughes explains the simple reason for all this centralisation: “To the best of our knowledge, no other water company has integrated its systems to this extent, so we knew that our actions would deliver a clear competitive advantage.”

The system interfaces in real-time with both UU's SAP accounting system, and MAMS asset management system.

Most importantly, it is designed to change and evolve depending on United Utilities’ needs. Anyone involved in the capital programmes will have PIMS available on their desktop and external contractors will access the system online. Everyone now has the information they need, without having to try and chase it across the organisation.

Like all businesses, United Utilities seeks to win new customers and expand its operations. The PIMS system is a key tool needed to manage capital programmes for other clients, as part of the organisation’s growth agenda, and UU will have the system fully rolled out by the start of the AMP four regulatory period. The creation of PIMS was very much a customised deployment of the Primavera solution, and when AMP regulations change in the future, it will be able to adapt to these changes. According to Hughes: “The ability to modify the system according to regulatory requirements will improve our efficiency as a utility. All in all, it feels great to be associated with this project.”

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