Financial Plan Refresh

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Information Technology (IT)

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Executive VP Information Technology and Chief Information Officer
Today’s Presenter: Michael J. Harris
IT Asset Manager
IT Capital Prioritization Framework

Asset Base

Office Automation:
- Desktop/laptop
- Monitors/keyboards/cameras
- Smartphones
- Local computer applications
IT Capital Prioritization Framework

Asset Base

Network:
- Wired/wireless
- Routers/switches
- Voice/data
- Security
IT Capital Prioritization Framework

Asset Base

Data Center:
Web/Apps/DB
Storage
Protection
Resilient
IT Capital Prioritization Framework

Asset Base

Enterprise Apps:
- Infrastructure
- Critical Business
- ERP
- Email
- Trade Power
- Enter Time
## IT Capital Prioritization Framework

### Criticality

<table>
<thead>
<tr>
<th>EBS Apps (A)</th>
<th>CBS Apps (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Commercial</td>
<td>Corporate Business</td>
</tr>
<tr>
<td>Trans Asset Mgt &amp; Engineering</td>
<td>Corporate Web</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Development</th>
<th>Test</th>
<th>Failover</th>
<th>Production</th>
</tr>
</thead>
</table>

**Infrastructure**

<table>
<thead>
<tr>
<th>Desktop (A)</th>
<th>Data Center (A)</th>
<th>Network (A)</th>
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<tbody>
<tr>
<td>Discretionary</td>
<td>Policy Commit</td>
<td>Compliance</td>
</tr>
</tbody>
</table>

**Influence on Criticality**
IT Capital Prioritization Framework

Asset Health

Value delivered vs. Cost to maintain

Age Based – Hardware (3 yrs)

Applications:
DOE: N-1
About 4 yrs
IT Capital Prioritization Framework

Asset Risk

IT Failure Mitigation:
- Modularity
- Redundancy
- Local vs regional
- Security Patching

- Cyber Security Program
  - Human – insiders, social engineering, phishing, etc.
  - Malware – email, ransomware, internet probing, etc.
- Financial
  - Value vs cost (benefit tracking)
  - Shrinking budget capacity vs rising demand
IT Current State

- Age-based refreshes for IT hardware are simple, but work.
  - Some hardware can stretch.
  - 90% of hardware assets are included.
- Software assets are a bit tougher
  - Variety and vendor dependencies
  - What’s in a version?
  - User acceptance
## IT Current State

<table>
<thead>
<tr>
<th>Future Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reliability</strong> - Measures the asset’s ability to deliver capabilities without disruption of service or operations. Metric is intended for hardware and for software systems.</td>
</tr>
<tr>
<td><strong>Financial Value</strong> - Intended to be applied to discretionary systems where the annual cost of operations is greater than the annual business value being provided by the system.</td>
</tr>
<tr>
<td><strong>Business Needs</strong> - Measures how well the solution is meeting business needs. Requests for high levels of enhancements indicate the solution is not meeting current or evolving business needs. This is an indication that either a major upgrade is needed or a new solution may be needed to meet current and/or future business needs.</td>
</tr>
<tr>
<td><strong>Security and Risks</strong> - Measures if the asset is adequately addressing security (POAM items) and risks.</td>
</tr>
<tr>
<td><strong>Continuity of Operations</strong> - Measures the asset's ability to meet COOP/DR requirements.</td>
</tr>
</tbody>
</table>
IT Capital Forecast Process

CIO Budget Analyst

IPR History.
Financial History.
Financial Determination.
Agency Strategy.
Asset Plans.
Finance Organization.

Maintain before New

IT PMO

In-flight Projects.
New Project Demand.
Project Backlog.

Capital Forecast
IT Capital Forecast Process

External Influences
- Compliance
- Cost of IT Labor
- IT Job Market
- COVID-19
- Silicon
- Shipping

Internal Influences
- Unknown Business Demand
- Unfunded O & M
- Budget Constraints
- Labor Resources
- Bus Value
- D.R.

Other Influences
- Compliance
- Cost of IT Labor
- IT Job Market
- COVID-19
- Silicon
- Shipping
IT Capital Forecast Process

Are we working on the right things?

- Increasing cost of information availability
- Ability to deliver through shrinking budgets

More business online
More applications
More data

Demand:
The Widening Gap
Supplement:
More requests chasing fewer resources
IT Capital Forecast Process

Effects on Ability of IT to Meet Emerging Business Needs

- Inflation
- Cyber Cost
- New Demand
- Budget
- Capability
Uncertainty in IT Forecasting

- Complexity:
  - Crossing fiscal year borders
  - Scheduling downtime
  - Business SME availability (requirements to user acceptance)

- Known projects:
  - 50%-60% initial accuracy
  - Financial determination – capital vs expense
  - Long before solutions analysis
  - Customization

- Unknown projects
  - Which business line and when?
IT Capital Prioritization Process

Maintain before New

Corp Priority

Power Priority

Trans Priority

Agency Strategy & Agency Goals

APSC

$ Budget Info$

CIO

IT PMO
IT Capital Prioritization Process

- Urgency
- Dependencies
- Strategic Alignment

IT CHR (Criticality)

Additional Criteria:

Cross-Org APSC
- Prioritize
- Monitor

- Costs
- Benefits
- Impact of not doing
- Monitor: Scope/Schedule/Cost

- Definition
- Sponsorship
- Impact
Questions?