



UMS Group Inc. SOS: Linking Prioritized Risk Register “Needs” to Investment Solutions



COMPANY

An Electric and Gas grid operator in the Netherlands, serving over 3.5 million customers in a densely populated area. Customer profiles range from households to small and large enterprises to heavy industries.



BACKGROUND & BUSINESS CHALLENGE

The Independent Grid Operation Act came into force in the Netherlands, very clearly defining the legal tasks for independent grid operators, such as this company. At the beginning, a project was started to establish a new Asset Management department within the company that could be ready for PAS 55 certification in a few years. The project was in the diagnostics, design, implementation and certification phases including organization development, process redesign, assessment of capabilities and enhancement of the information systems infrastructure all based on the PAS 55 requirements. This drove the need for a robust risk and investment planning application and process.



APPROACH

The company commissioned UMS Group to support their transformation program, with the goal of implementing a risk-based asset management focus within their Asset Management (AM) function, based on PAS 55. The program started with a qualitative assessment of their AM capabilities based on the PAS 55 requirements. Based on the results, UMS Group adapted the Strategic Asset Management Model as the guiding principles for the design of the new organizational structure. UMS group facilitated the development and implementation of the appropriate structure, accountabilities, processes, capabilities, enabling technologies, performance expectations and transition path for the business units within the Asset Management function.

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APPROACH (continued)

UMS Group guided the organization in the realignment of the existing Asset Management business unit and staff to the new structure and trained staff in the newly developed processes and work practices.

As part of this, the Spend Optimization Suite (SOS) was implemented, not only to align their investment evaluation methodology and spending decisions with their business value framework, but also to capture their asset issues and risks, resulting in a risk register with evaluations that allowed for risk prioritization and linkage to investments as mitigating solutions.



RESULTS

- Implemented and embedded processes and trained staff in work practices (by means of pilots) which eventually lead to the PAS 55 certification.
- Identified capability gaps and development needs of AM staff.
- The AM information plan and IT architecture design provided direction for the investment in data quality and support tools.
- Developed Business value framework and risk criteria and risk matrices.
- **Implemented the SOS application to optimize investments based on their risk profiles which lead to the reduction in the investment portfolio (OPEX and CAPEX) of about 8%.**
- Performed scenario & sensitivity analyses of the investment portfolio.



HIGHLIGHT: BOTTOM-UP + TOP-DOWN RISK “NEEDS” ASSESSMENT, MITIGATION LINE OF SIGHT

The company implemented the full complement of Strategic Alignment, Risk Identification & Opportunities, Investment Definition & Scoring, and Investment Optimizer Modules, demonstrating an “Excellent” maturity level for risk management within their Investment Planning process. This allowed them to:

- Capture Issues (i.e. Asset Health Issues),
- Link those together and to Risks (or Opportunities)
- Evaluate each risk across their strategic objectives and over time,
- Compile their risk register and prioritize it
- Link to mitigating solutions (investments),
- Track a line of site from investment optimization (funding) status back to each risk with amount mitigated.

