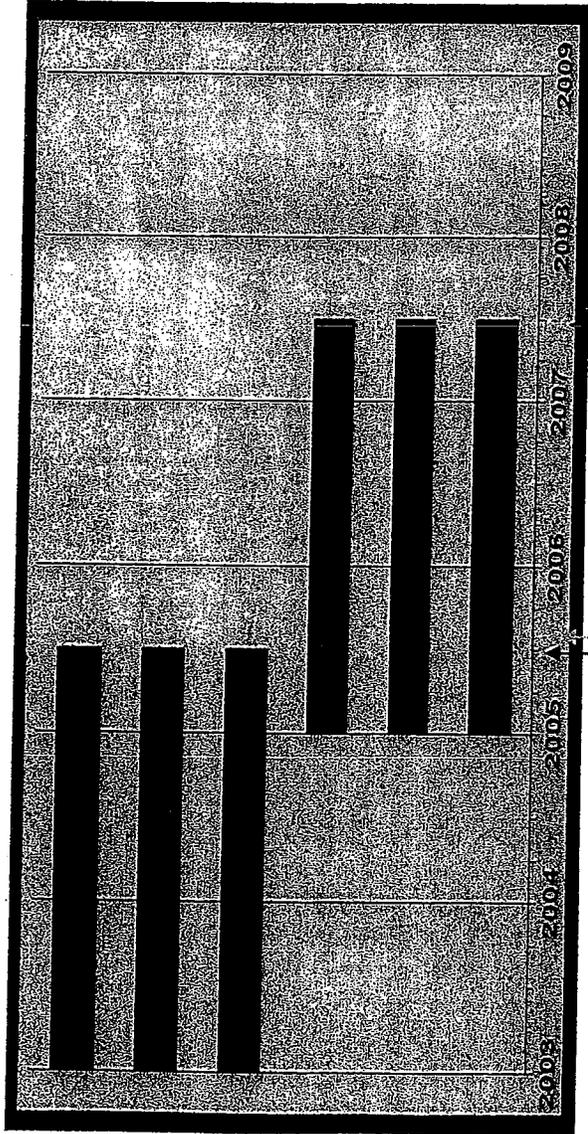


# Sequencing Options: Field Force Management First



## Field Force, Field Orders and Call Center First

1. Focus on Customer Satisfaction and Field Value in next step
2. Aligns 3 of the 4 Change Mgmt Impacts
3. 80% of Call Center on Cordaptix in 2005 - with Portal view of Online A/R
4. Delay billing implementation until summer timeframe – lower bills/risk
5. Does not allow for Mainframe Downsizing in 2005

### CALL CENTER Value

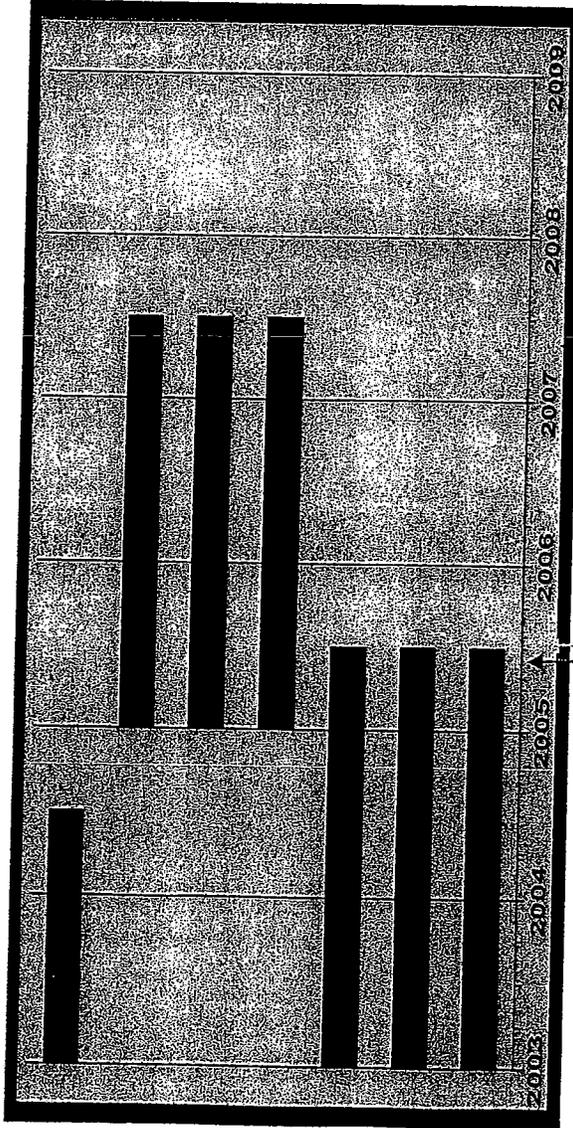
- Visibility into all of Field for Call Center
- Customer Appointment Improvements
- Intuitive User Interface for Call Center
- Landlord Agreements
- Connect Customer Centricity FIELD Value
- Mobilization of all Field along with new devices
- Common Field Mgmt and Tools across Ops, Distribution and System Ops
- Global Workforce Utilization
- Real-time Crew Status
- Mobile Hardware Reliability

### BILLING Value

- Unisys Downgrade
- Billing Flexibility Enhancements
- Payment Processing Improvements
- Improved Billing Quality Assurance



# Sequencing Options: Billing First



## BILLING Value

- Unisys Downgrade
- Billing Flexibility Enhancements
- Payment Processing Improvements
- Improved Billing Quality Assurance
- Mobile Hardware Reliability

## CALL CENTER Value

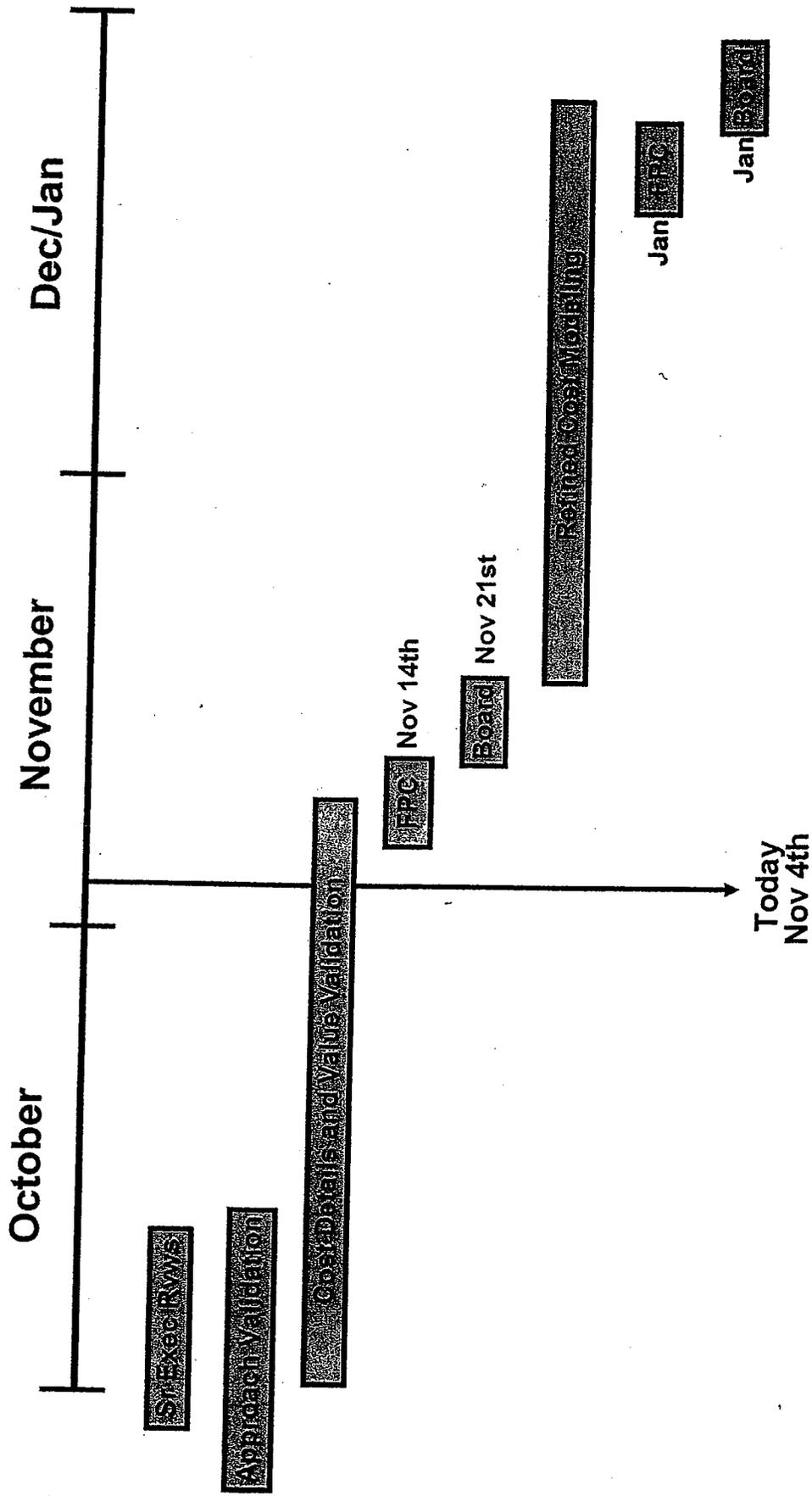
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- Landlord Agreements
- Connect Customer Centricity FIELD Value
- Mobilization of all Field along with new devices
- Common Field Mgmt and Tools across Ops, Distribution and System Ops
- Global Workforce Utilization
- Real-time Crew Status

## Billing, A/R, and A/R Online Next Step

1. Least amount of 'functional migration' costs  
Meets Mainframe downsizing window
2. Roll out of New Operations Mobile Devices with Legacy CAD
3. Full value of Customer Sat and Field Visibility delayed until 2007
4. Next risk/issue dealt with is RA system
5. 80% of Call Center Contacts on Legacy until 2007
6. New Work Codes would not be implemented until 2007



# Next Steps



# Appendix: Definitions



## Cost Categories

1. Total Costs – Costs for complete implementation, assuming:
  - 10% contingency on Workdays
  - Blended rate equal to Credit and Collections (50% Nicor Participation)
  - 0% Contingency on Hardware and Software
2. Infrastructure Costs – All Hardware and Software needed to develop and implement applications (CorDaptix and MDSI) – these costs are independent of Phasing Approach – some of these costs are required in the 'do nothing' also (mobile replacements)
3. Application Costs – Labor needed to design, code, test, configure applications involved (including Legacy, CorDaptix, and MDSI)
4. Functional Migration Costs – Costs incurred from implementing a new CIS in Functional Phases (i.e. data synchronization, multiple test cycles)
5. Duration Costs – Overhead costs incurred in the workplans from implementing in excess of 3 years.

## Value Categories

1. Bottom Line – Created by interviewing the key business owners (Field, Call Center, Credit and Collections, BQA) – these are the reductions in Operating Expenses that can be achieved. (Validation continues.)
2. Employee Efficiencies – Yet to be quantified, but have been captured, this value category captures the ability for an employee to perform work quicker and more accurately.
3. Customer Satisfaction – This category will not be quantified, but will capture the benefits delivered to the Customer through more accurate, timely, and efficient customer service.

**EXECUTIVE PRESENTATION**  
**JUNE 24, 2002**

# **CIS Re-Engineering Business Case Approach**

**June 24, 2002**

- 
- **Credit Update**
  - **Where we have been**
  - **Closing the Gap**
  - **Timeline and Estimate Costs**
  - **Why Now**
  - **Next Steps**

# Credit Project Update

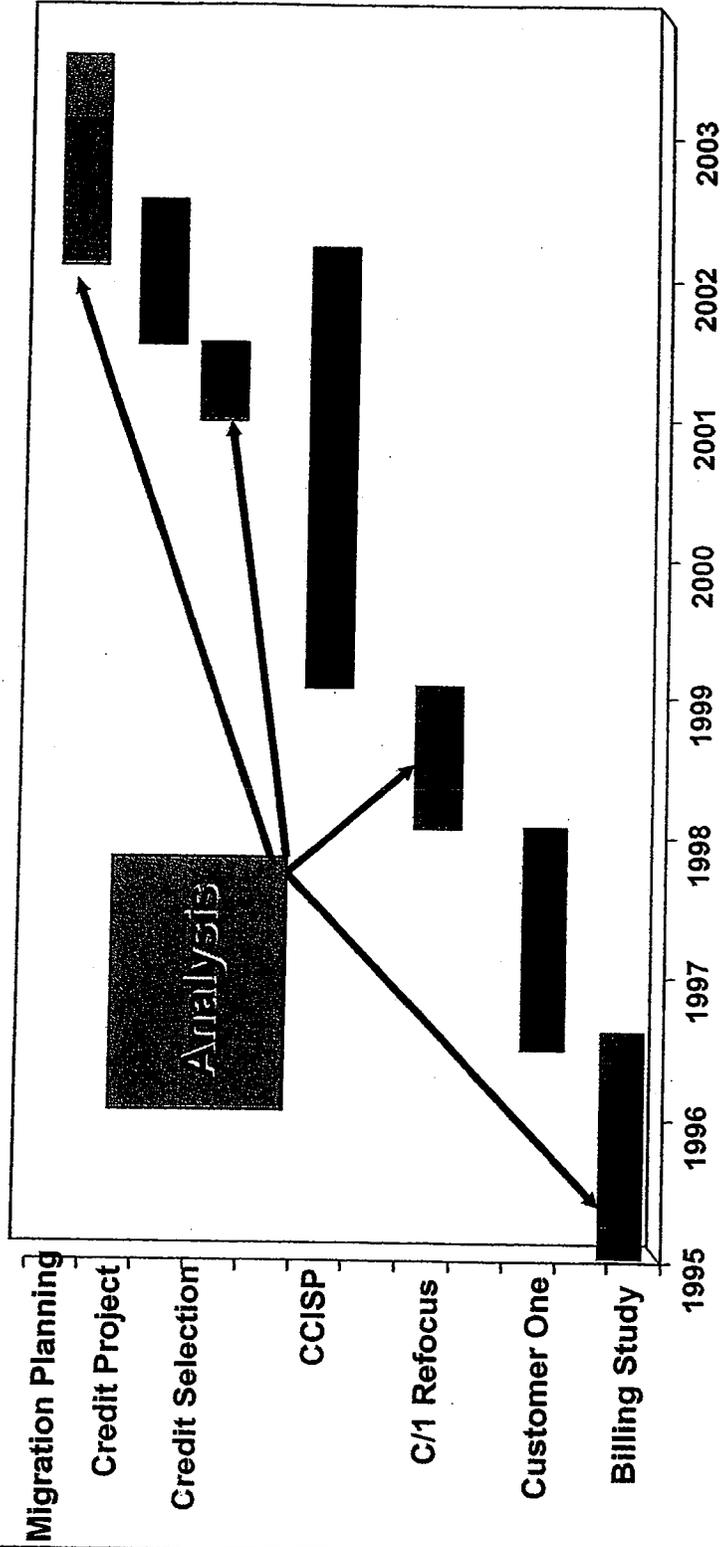
See executive dashboard handout

# Credit and Collections Milestones

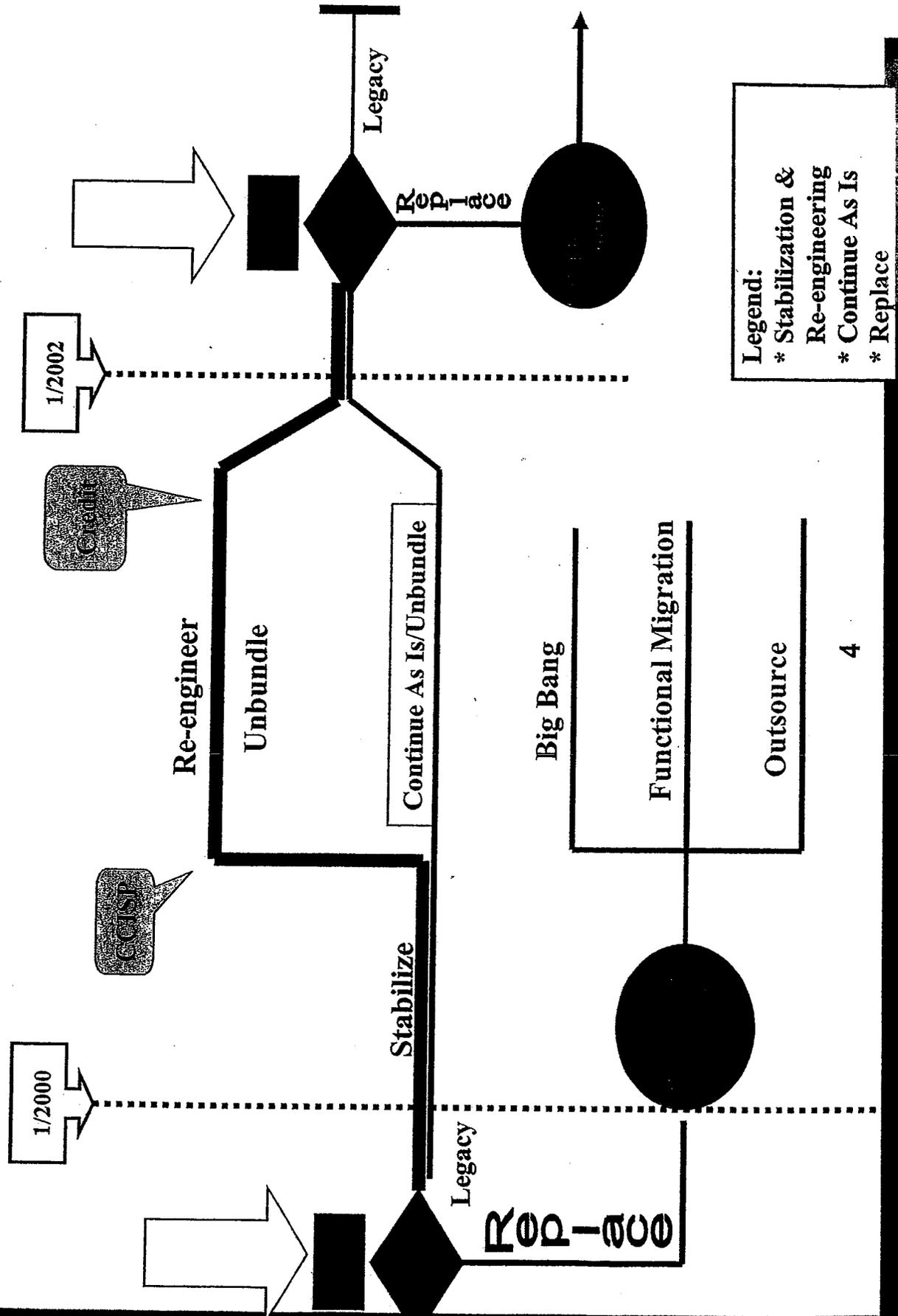
Tasks	Start	End	Revised End	Status	Comments
ion Team					
Data Mapping	10/1/2001	11/30/2001		Complete	Maps signed off - with follow ups
Conversion Build/Test	12/1/2001	3/15/2002		Complete	Conversion Toolkit fully executed - outstanding Financial Issue
Conversion Mocks/Fixit	3/15/2002	9/1/2002		Not Started	Three Full Volume Conversions Tested - 10% Target Times - Quality Excellent
am					
Conceptual Design	10/24/2001	12/15/2001	1/15/2002	Complete	
Detailed Design	12/1/2001	3/15/2002	3/29/2002	Complete	Total 32 - 32 Complete - 100%
Programming Specifications	1/1/2002	4/7/2002	4/22/2002	Complete	Total 158 - 158 Complete - 100%
Programming/Unit Test	1/15/2002	5/1/2002		Complete	Total 238 - 238 Complete - 100%
s/Test Team					
Configuration	11/1/2001	12/7/2001		Complete	Ongoing Maintenance through Testing is required
Product Acceptance Test	12/7/2001	1/7/2002	2/4/2002	Complete	Multiple product releases causing some delays
Integration Test Preparation	1/1/2002	5/1/2002	7/1/2002	In Progress	60% of Business Scenarios developed for Testing;
Integration Test Execution	4/5/2002	8/1/2002		In Progress	2 to 3 Weeks behind schedule - 50% Tested
System Test - Legacy Do No Harm	7/1/2002	8/1/2002		Not Started	Two System Tests Planned - beginning of June and August
Operational Readiness	6/1/2002	9/1/2002		In Progress	Full Volume Operations start week of June 10th
Management Team					
Business Process Design	12/1/2001	3/1/2002		Complete	Process Maps Signed off by Call Center and Collections
Communication	12/1/2001	9/1/2002		In Progress	
Organizational Impact Assessment	3/1/2002	9/1/2002		In Progress	Assessment Complete - 300+ End Users Identified
Training Development	5/1/2002	7/15/2002		In Progress	Core Training material being developed
Training Delivery	7/15/2002	9/1/2002		Not Started	Credit Training Delivery has significant overlap with ongoing Call Center Training
im					
HW/SW Acquisition	11/1/2002	2/1/2002		Complete	
Build Environment Setup	12/1/2002	2/1/2002	2/22/2002	Complete	
Build Support	1/15/2002	5/1/2002		Complete	
Test Environment Setup	3/1/2002	5/1/2002		In Progress	Continued product releases keep this task in progress - last release June 20th
Test Support	5/1/2002	8/1/2002		In Progress	Operational Readiness Setup, System Response Time Tuning ongoing

 - Work Outstanding  
 - Work Complete

# Billing System Replacement - Where We Have Been?

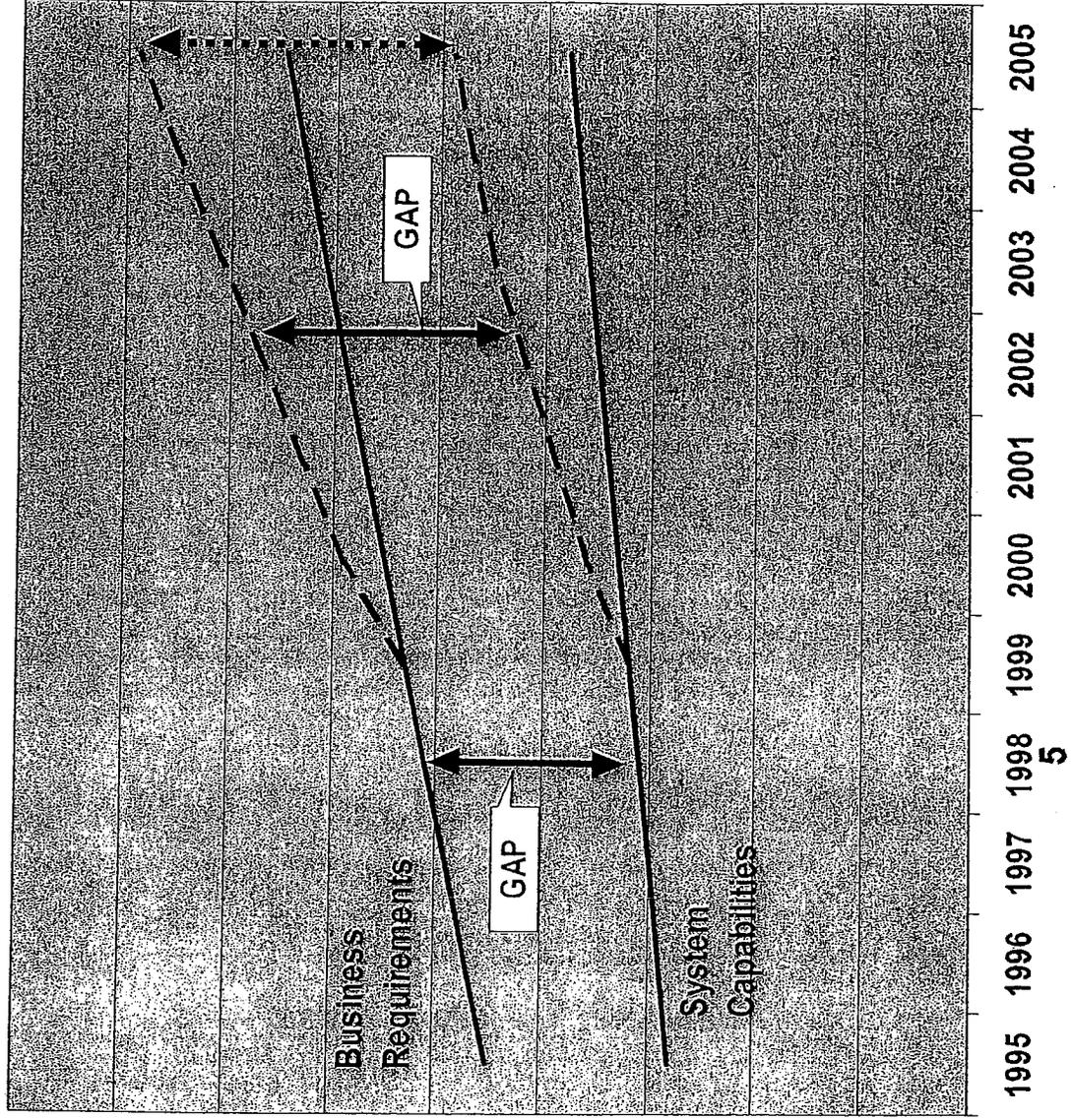


# Decision Tree



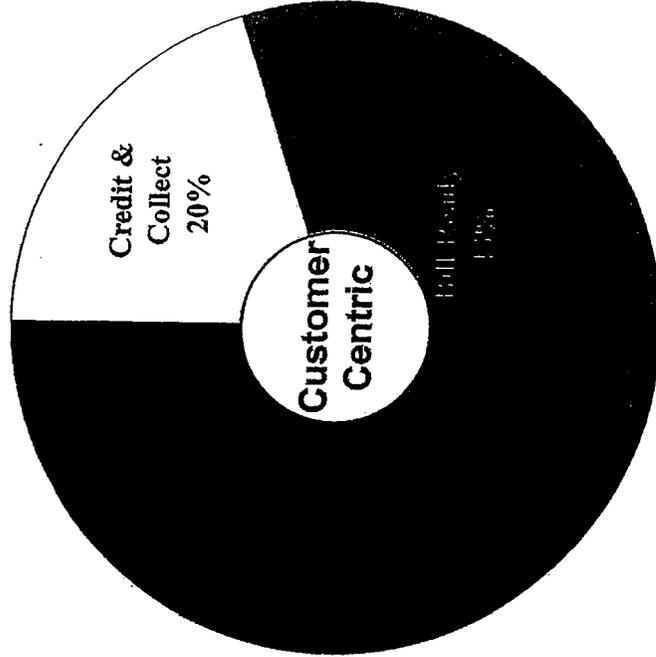
# Requirements - Capability Gap

- ◆ The Pace of Change will continue to drive new business requirements
- ◆ There are not any cost justifiable solutions for closing the gap without replacing mainframe components
- ◆ Complexity of recent system implementations have caused the gap to begin to widen once again



# SPL - Where can we go from here?

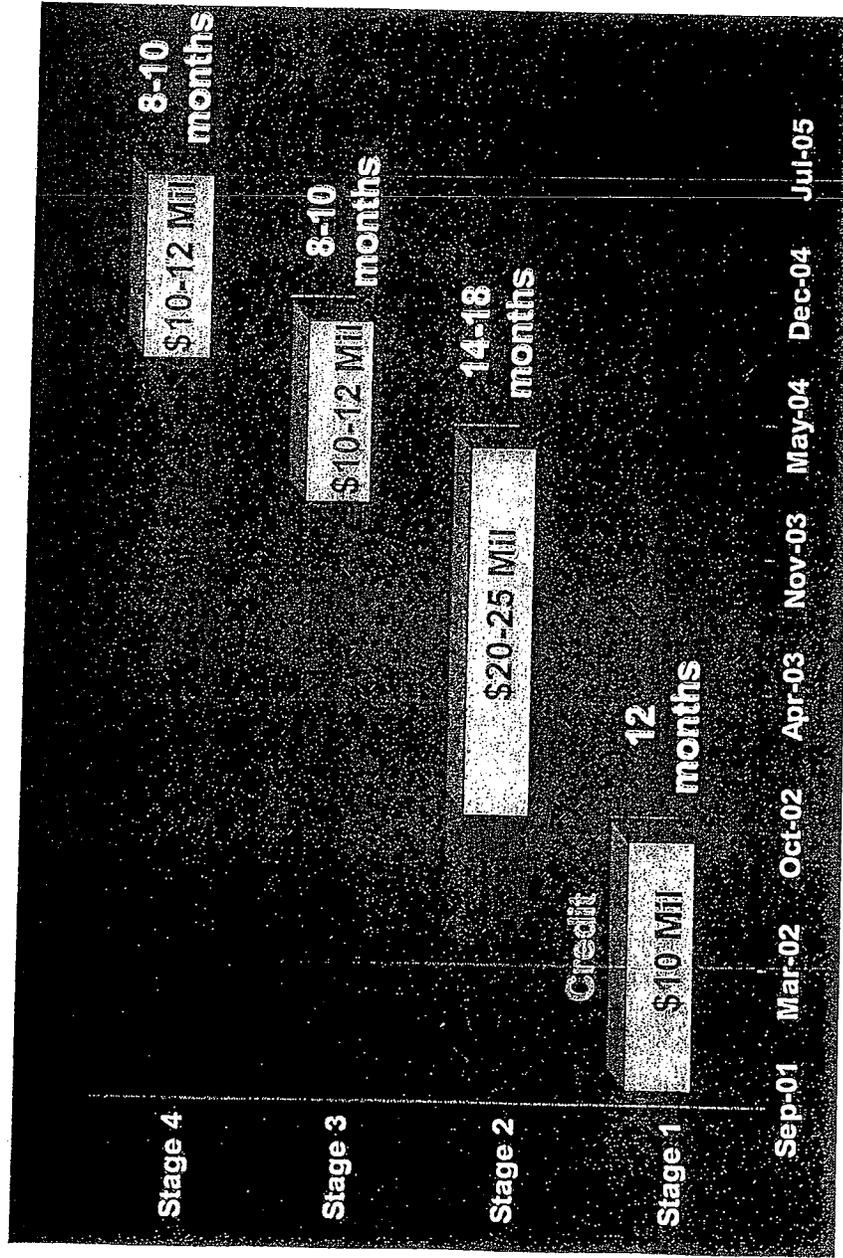
Percent Functionality by Stage



1. Credit and Collections
2. Customer Information, Billing (Bill Ready), Direct Access, A/R
3. Billing (Rate Ready), Meter Reading
4. Meter Management, Field Orders

- ★ Non-CIS project timelines may impact sequencing decisions (i.e.. CAD replacement)
- ★ Low Hanging Fruit: E-Care, Complaint Mgmt, Great Plains

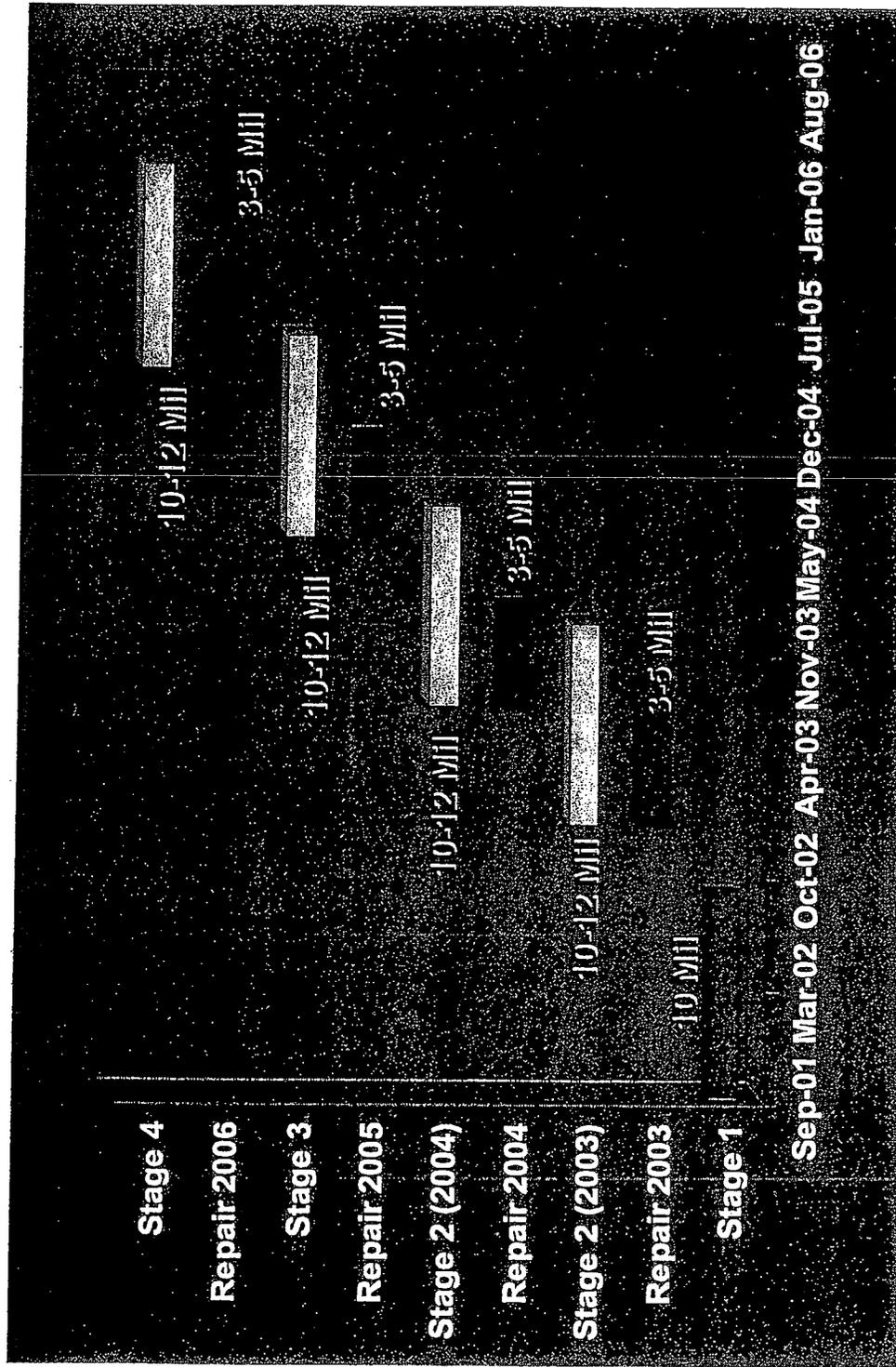
# Implemented Timelines and Estimated Costs



## Cost Components

- SPL/Oracle Licensing
- IT Infrastructure
- CorDaptix Development/Interface
- Legacy Development/Interface
- Conversion
- Training
- Business Support/Change Management
- Project Infrastructure
- Post Production/Transition Costs

# Incremental Costs of Replacement



# Why Now?

## 2003-2006 Migration

### Revenue

- ⊗ Best support for new products and services and Call Center
  - ⊗ Customer Centric
  - ⊗ Technology
  - ⊗ Flexibility
- ⊗ Flexibility to meet unknown opportunities and demands in the early years of de-regulation
- ⊗ Best position for cost recovery and response to potential rate case

### Probability for Success

- ⊗ Lower Project Risks - With the expected success of Credit we are in the best position ever
- ⊗ Change Management Focus
- ⊗ Personnel in place
  - ⊗ Partners (SPL and Accenture)
  - ⊗ Business and IT

# Why Now?

## 2003-2006 Migration

### Costs

- ⊗ Best NPV - Lowest Lifecycle cost - Supports CARE
- ⊗ Benefits realized earlier
- ⊗ Full utilization of infrastructure investment
- ⊗ More timely/less costly implementation of CIS business initiatives
- ⊗ More timely/less costly compliance to mandated changes
- ⊗ Minimize investment in legacy technology (\$3-5 million per year)
- ⊗ Best Additional Investment - \$5 million incremental per year for new system
- ⊗ Integrating non-CIS solutions (i.e. CAD replacement) will be less costly and less complex
- ⊗ Contractual commitment for vendor software license costs
- ⊗ Market Conditions Favorable
- ⊗ Minimize ramp-up expense (\$2-3 million)
  - ⊗ Existing internal knowledge and skills
  - ⊗ Integration partner resources

# Next Steps

## 45 Day Plan

- ⊙ Gain alignment with all Officers including Nicor Services
- ⊙ Determine potential sequencing with other IT Projects
- ⊙ Develop Economic Analysis Model
- ⊙ Further refine Cost Model and Implementation Plan
- ⊙ Publish Draft Business Case
- ⊙ Incorporate into 2003-2005 Business Plans as appropriate