

# UMS Group Inc. SOS: Balancing Aging Infrastructure and Strategic Directives



## COMPANY

A US west coast municipal utility serving over 1.5 million customers. The project included their Electric Transmission, Distribution, Energy Supply, Customer Services, Fleet, Facilities (General Plant), and Business Technology business units.



## BACKGROUND & BUSINESS CHALLENGE

The company was facing a situation where an increasing portion of its infrastructure was exceeding design life and driving up operating and maintenance costs. The age of the infrastructure was creating a demand on resources to fund corrective maintenance as opposed to a proactive preventive maintenance program, which can become a slippery slope to manage. Concurrently, the company did not want to lose focus on competing yet similarly important strategic directives, such as maintaining strong customer and employee relations and continuing its dedication to green initiatives. With limited funding and multiple lines of business competing for resources, leadership recognized the need for an investment optimization application and process that enabled the optimal selection of investments, thereby maximizing the return on these strategic objectives.



## APPROACH

UMS Group was engaged to implement the Spend Optimization Suite across multiple business units throughout the organization – Electric Transmission, Distribution, Energy Supply, Customer Services, Fleet, Facilities (General Plant), and Business Technology. A key challenge throughout the engagement was to convince subject matter experts that the investment scoring approaches would provide a fair assessment of the many different types of investments being analyzed. UMS Group overcame this obstacle by engaging individuals from all of the lines of business to assist in the development of the value and risk of deferral scoring approaches for each scoring measure.

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## APPROACH (continued)

After development of the scoring approaches and configuration of the application, the company teams scored a large set of sample projects. The purpose of this larger scale sample scoring initiative was to instill confidence in company employees and executives alike that the optimization results clearly supported investments which maximized the assigned priority of the company directives. From this effort, UMS Group was able to reaffirm the Executive leadership's confidence in the selected weightings and strategic objectives and finalize tool customization.



## RESULTS

By effectively deploying the Spend Optimization Suite, the company was able to make the most economical and informed decisions possible in the face of scarce resources. They were able to sustain desired financial performance while meeting ever-increasing reliability standards. Through yearly optimization of proposed investments given value and risk of deferral scoring and known cost constraints, disciplined allocation of growth and reliability capital continues to keep them a low cost regional supplier.



## HIGHLIGHT: RESOURCE CONSTRAINTS

Subsequently, they expanded their capabilities to collect and constrain on resource data, with the option to utilize maximum or minimum annual constraints across up to 30 different resources types. This capability helped them ensure would be able to execute their plan, once the optimal portfolio was decided upon.

The screenshot shows the 'Set Criteria' window of the UMS group optimization software. It features several tabs: 'Optimization Criteria', 'Forced Projects', 'Constraints', and 'Optimization Options'. The 'Constraints' tab is active, displaying a table for setting constraints for the years 2020, 2021, 2022, 2023, and 2025. The table includes columns for 'Max.' and 'Min.' values. A sidebar on the left lists options: 'Select Optimization Criteria', 'Select Mandatory Criteria', 'Sel Optimization Constraints', and 'Select Optimization Options'. The 'Sel Optimization Constraints' option is currently selected. The main area contains a list of resources with checkboxes and dropdown menus for selecting resources and setting their constraints.



After the original implementation, UMS Group also worked closely with the company to create a company-wide performance management framework. To fully support the concept of strategy driving performance, the responsibility for the SOS was moved to the Enterprise Performance department.