

UTILITY – IT Infrastructure Project Restructuring and Management to Completion

Si2 Client

Large Multinational IT Company

Project

Design, development and roll out of a new IT Infrastructure platform hardware and software for a large Utility organization with 13 geographically distributed sites

Complex IT systems integration between ERP modules and data migration

Complex environment with difficult labour relation issues with end customer personnel

\$43m Fixed price contract

Situation

Project out of control with large cost and schedule overruns

Project managed on an ad hoc basis with no project planning and control processes

Subcontractors working on project without signed subcontracts leading to issues and disputes

Very large team of contractors with no effective cost controls leading gross inefficiencies and cost blow out

Ineffective customer management allowing scope creep and commercial disputes

Customer very unhappy threatening litigation, invoking liquidated damages and escalating issue to Corporate CEO level

Preliminary risk assessment indicated potential loss exposure of over \$20m

Assignment Brief

Restructure the project to regain control of customer, subcontractors and project teams

Avoid litigation for breach of contract

Reduce potential losses estimated at over \$20m

Si2 to take a risk sharing position with clearly defined goals and rewards

Action taken

New project strategy and plan developed and agreed with local and corporate executives

Instituted rigorous project planning, control and contract management

Projects team restructured, 60% of project team contractors laid off in the first 4 weeks

Project performance metrics developed agreed and implemented

Regular meetings with end customer and client CEOs established to report performance against the project plan, performance metrics and agree on actions

Subcontractors' agreement finalised and forced to perform against commitments where necessary legal action threatened

Unresolved issues escalated at CEO levels and brought to conclusion

Rigorous contract management introduced to ensure that all commitments were met and prevent scope creep

Outcome

Project completed within original contracted time scale

All disputes with subcontractors resolved

Scope reduction negotiated with end customer to resolve disputed items and further cost/schedule overruns

Additional hardware sales realised through contract variations

Negotiated deed of mutual release with customer and subcontractors bringing the project to completion

Project completed yielding a \$3m profit

Si2's brief successfully completed with all performance goals achieved or exceeded

About Si2

System Integration Services International (Si2) is an Australian owned company which has been providing specialised services for the management of large and complex ICT projects since 1993.

Si2's experienced team of management professionals specialises in creating predictable outcomes from strategic decisions focussing on tangible business benefits for its clients, not technology. Si2 has successfully managed ICT projects in industries as diverse as aerospace, biomedical, defence, banking, finance, and manufacturing in Australia, New Zealand, Asia Pacific and North America. Si2 is an accredited organisation to ISO 9001:2000 for the management of large and complex IT projects.

Services Provided by the Si2

- Personalised Executive Coaching
- Project Benefits/ Cost/ Risk Evaluation
- Project Definition and Risk Minimisation
- Project Assurance through Audits and Reviews
- Project Planning and Control Services
- Project Risk Analysis and Management