



MEMORANDUM

TO: Electric Utility Commission Members

CC: Mark Dombroski, Interim General Manager
Kerry Overton, Deputy General Manager

FROM: Elaine Kelly-Diaz, Vice President Customer Account Management 

DATE: May 11, 2016

SUBJECT: Recommendation for Council Action – Oracle America Inc. (May 16, 2016 Agenda Item 2)

This memorandum provides additional information for item 2 on the May 16, 2016 Electric Utility Commission Agenda. The agenda item is a request for authorization to utilize the State of Texas Department of Information Resources (DIR) cooperative purchasing program to enter into a contract with Oracle for support of the City of Austin Utilities' Customer Information System, Oracle Customer Care and Billing (CC&B), replacing IBM as the current vendor.

As addressed in a previous memo to this Commission (Response to Billing Agenda Update, dated 9/11/15), Austin Energy has been engaged in ongoing discussions with IBM and Oracle to facilitate a transition in hosting, maintenance, and support from IBM to Oracle. The ability for this transition will occur through execution of a new contract with Oracle and termination of the City's current contract with IBM. IBM is partnering with Austin Energy and Oracle for this vendor changeover.

The transition of vendors will allow Austin Energy to recognize several benefits over the contract term, including:

- Elimination of unknown transition costs at the end of IBM contract
- Cost stability of billing system standard operations through the term of the contract with no anticipated budgetary impacts
- Direct sourcing of appropriate resources (Oracle products on Oracle infrastructure supported by Oracle experts)
- Improved customer and employee experience through an improved system and more robust infrastructure

This will be a seamless transition to our customer base, as systems will run in parallel for a period of three months to ensure stability with no interruption in service. We anticipate the full vendor transition to occur over a period of six months. Initially, all functionality will remain the same; however, the Oracle contract covers future functionality improvements such as a software version upgrade, revamped portal design, and improved reporting capabilities. Based upon current operations and identified necessary improvements, Austin Energy has attempted to include as many current costs of operation as possible into this contract; however, functional needs, operational changes, technology improvements, and customer growth may require additional funding requests at future dates.

Attached is Austin Energy's presentation to the Austin Energy Utility Oversight Committee on April 28, 2016, addressing this authorization request and associated transition (Customer Information System Hosting Services, Support, and Maintenance). This authorization approval request will go before Council on May 19, 2016.



Customer Information System Hosting Services, Support, and Maintenance

Presentation to Austin Energy Utility Oversight Committee
April 28, 2016





Request for DIR Contract Approval

- Review of Council's request for DIR approval
- Approve DIR contract with Oracle for 36-month initial term and two 12-month extensions
 - Transition maintenance and support of current Customer Information System (Oracle Customer Care and Billing - CC&B) from IBM to Oracle
 - Costs include infrastructure and system enhancements
 - Upgrade to higher version of CC&B with increased functionality
- Request for Council Action next steps:
 - Electric Utility Commission 5/16/2016
 - Council 5/19/2016



CC&B Overview

Oracle's Customer Care & Billing software has been COA's utility billing system since Oct 2011.

- 5.4 Million bills and \$2 Billion in revenue generated annually
- Each bill includes up to 7 COA services:
 - Electric
 - Water/Wastewater
 - Solid Waste/Anti-Litter Fee
 - Transportation User Fee
 - Drainage Fee
- Citywide system, serving 17 departments and almost 1,000 users
- CC&B is a robust and flexible utility billing system with successful use at other utilities of similar and larger size
 - Jacksonville Electric (similar to COA customer size)
 - Las Vegas Water (similar to COA customer size)
 - PG&E (over 6x COA customer size)



Vendor Change

- Oracle Customer Care and Billing (CC&B) selected as billing system in 2011, with current vendor (IBM) provider of system conversion, integration, and support and maintenance
 - In 2011, Oracle was not in the hosting, support, and maintenance space
- Current contract with IBM ends November, 2017; All parties agree to a transition to Oracle
 - City of Austin to terminate current agreement without cause
 - Current contract end transition costs are unknown and expected to be high \$, but are waived with the transition from IBM to Oracle
- IBM partnering with City of Austin and Oracle to transition system operations and oversight
- Oracle will be new vendor (DIR contracting method) for new 3-year term
 - Provision of necessary infrastructure and version upgrades
 - Oracle products hosted on Oracle infrastructure supported by Oracle experts



Benefits to City of Austin

- Immediate transition to a more robust infrastructure
- Direct sourcing of appropriate resources
 - Support and maintenance
 - Enables AE to more nimbly respond to functional changes
- Improved disaster recovery functionality
- Hardening of system and database security
- Addition of COA system monitoring and visibility
- Improved customer and employee experience
 - Version upgrade with additional functionality
- Close collaboration with Oracle Product Development and other utilities on same platform
- Vendor transition with no budgetary impacts
- Aligns with original IBM contract end date of 2019 (2017 with two 1-year extension options = 2019)
- Request for Proposal will be issued for new 2019 contract

