



SOUTHERN CALIFORNIA  
**EDISON**

An *EDISON INTERNATIONAL* Company

*Key Success Factors for Implementing  
Quality & Compliance Programs*

**Jeffrey Balaban**

**I.T. General Manager**

**November 17, 2009**

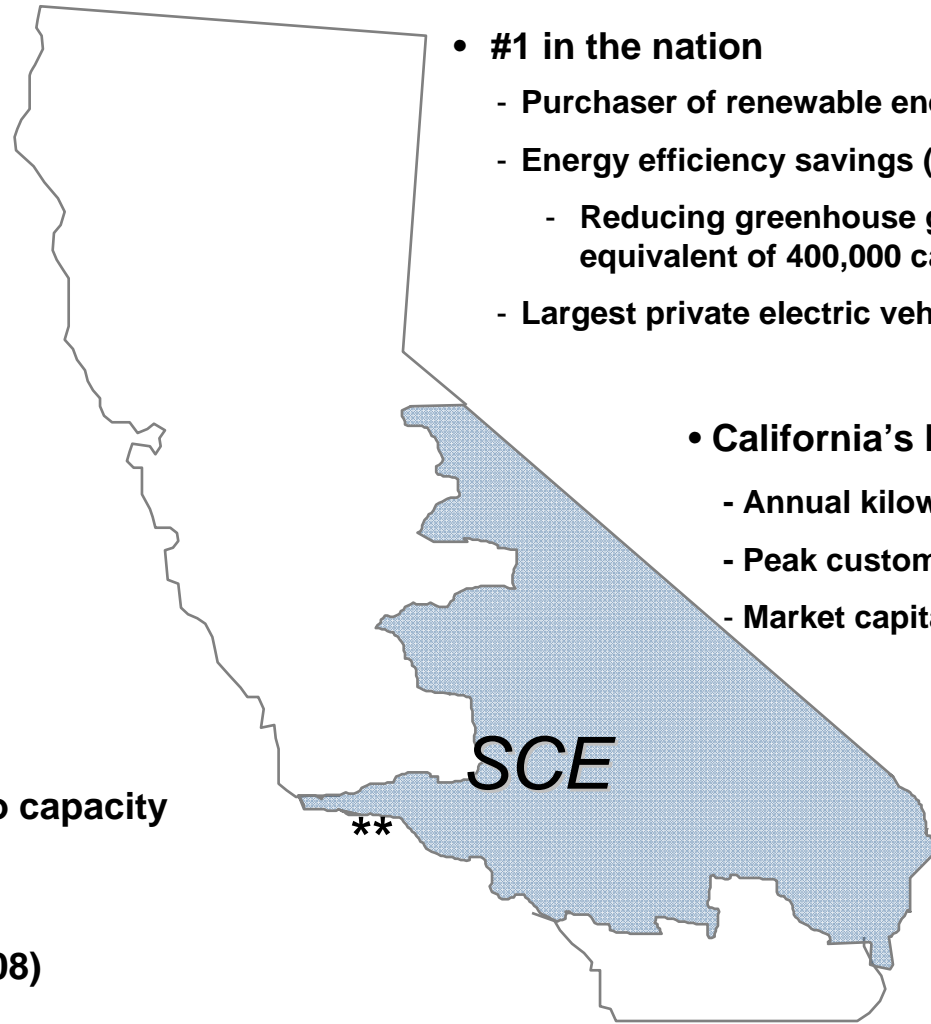
## **BIO – Jeffrey Balaban**

- **30 years Information Technology experience**
  - Industries include banking, utilities, steel, cosmetics
- **B.S. Business & Management**
- **ASQ senior member**
- **Industry certifications**
  - ASQ Certified Manager of Quality
  - ASQ Certified Quality Auditor
  - ASQ Certified Software Quality Engineer
  - QAI Certified Software Quality Analyst
  - QAI Certified Software Test Engineer
- **Southern California Edison – IT General Manager**
  - Quality Assurance
  - Regulatory Compliance
  - Strategic & Operational Planning
  - Metrics & Reporting
  - Research Services & Benchmarking Studies
  - IT Training
  - Resource Management



# Southern California Edison: Profile

- One of nation's largest investor-owned electric utilities – **Serve 13 Million customers**
- 17,000 employees
- Providing electricity for over 120 years
- Service territory is 50,000 square-mile area of central, coastal, and southern California
- Generates approximately 25% of the electricity provided to customers
- Utility generation portfolio capacity 5,662 megawatts
- Revenue \$10.4 Billion (2008)



- #1 in the nation
  - Purchaser of renewable energy (16%)
  - Energy efficiency savings (4 of past 5 years)
    - Reducing greenhouse gas emissions equivalent of 400,000 cars off the road
  - Largest private electric vehicle fleet (300 vehicles)
- California's largest electric utility
  - Annual kilowatt-hours delivered
  - Peak customer demand served
  - Market capitalization



\*\* Excluding Los Angeles

# SCE Information Technology Profile

## Resources

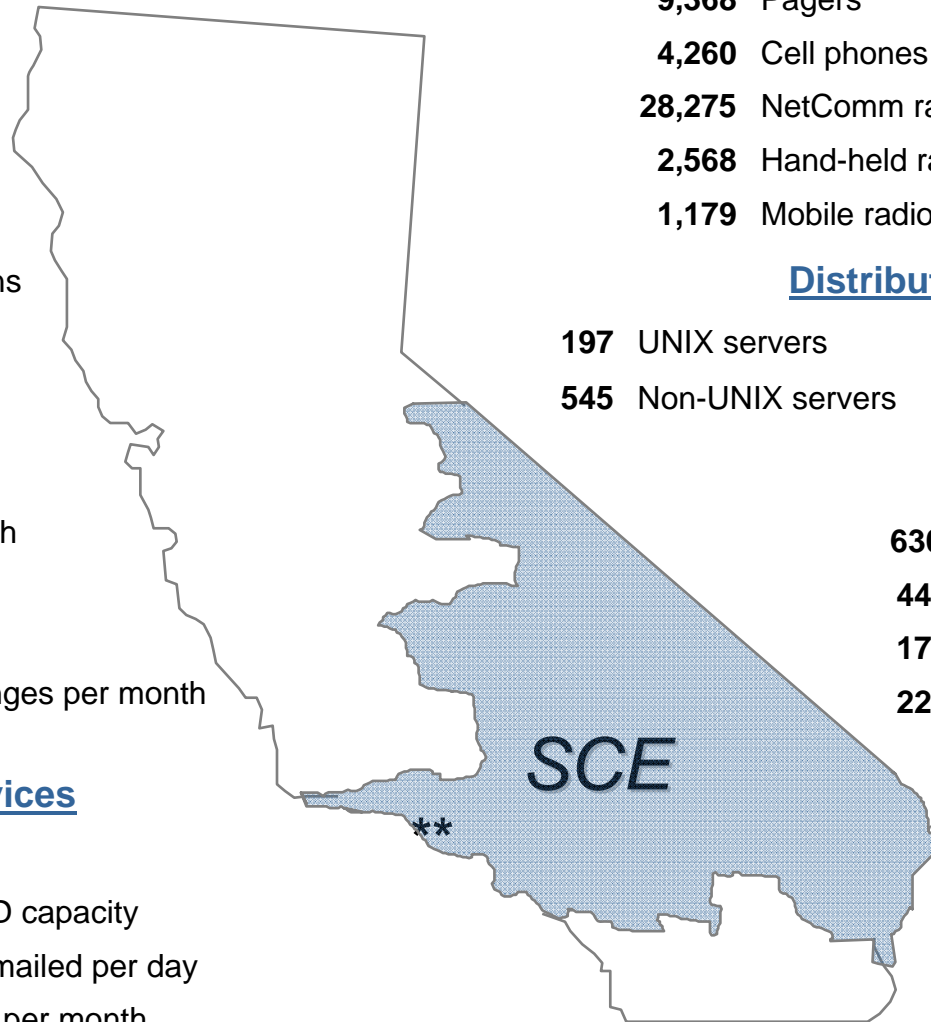
- 2 Data centers
- ~1500 Staff
- ~ 400 Contractors
- ~ 60 College Summer Interns

## Desktop Services

- 14,289 Desktops/laptops
- 1,595 Ruggedized Laptops
- 16,500 Help Desk calls per month
- 15,498 Mailboxes/e-mail IDs
- 228,167 E-mail messages daily
- 1,750 Installs/moves/adds/changes per month

## Mainframe Services

- 4,050 MIP capacity
- 23 Terabytes of DASD capacity
- 240,000 Bills inserted and mailed per day
- 80,000,000 CICS transactions per month



\*\* Excluding Los Angeles

## Communication Services

- 27,308 PAX extensions (modems, faxes, etc.)
- 9,368 Pagers
- 4,260 Cell phones
- 28,275 NetComm radios
- 2,568 Hand-held radios
- 1,179 Mobile radios

## Distributed Services

- 197 UNIX servers — 16.0 Terabytes
- 545 Non-UNIX servers — 42.6 Terabytes

## Applications

- 630 Total Applications
- 44 Application environments
- 17 Databases platforms
- 22 Programming languages



## ***Lessons Learned (the hard way)***



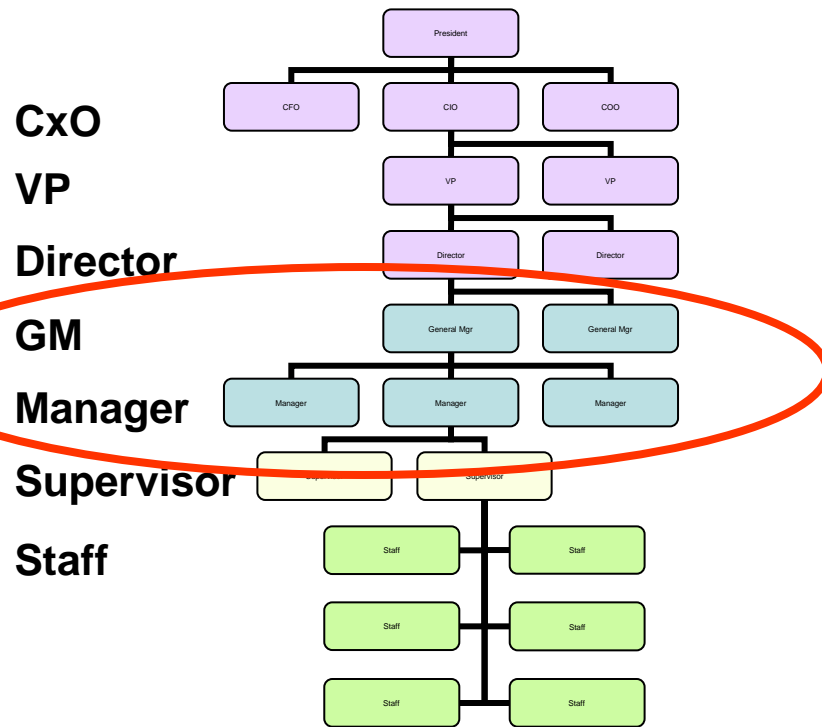
- **12 years with SCE, initiated & implemented**
  - Quality Assurance function
  - SW-CMM level 2 certification
  - Process Management program
  - Project Management Center of Excellence
  - Regulatory Compliance program

# 1. Executive Sponsorship

- Every book says you need executive sponsorship to be successful – **BELIEVE THEM**
- Need to translate benefits into their language
  - ROI
  - Business alignment
  - Lost Opportunities
  - Reduced costs / risks
  - Increased revenue
  - Improved efficiencies



## 2. Management Support (or “Skin in the game”)



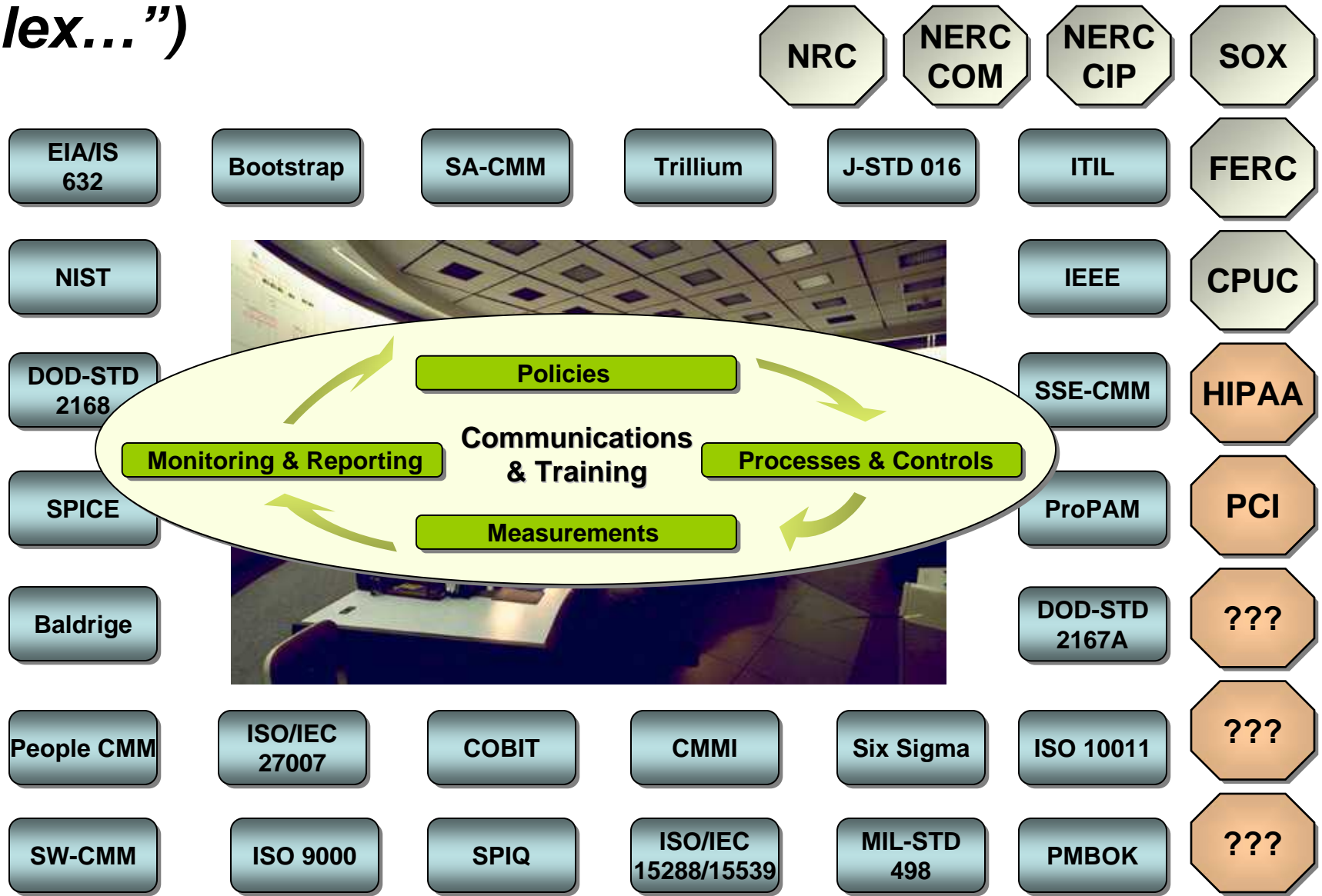
### 3. The Right Objectives (or “Why are we doing this again?”)



- Improve efficiency
- Improve effectiveness
- Improve cycle time
- Improve quality
- Improve reliability
- Improve safety
- Reduce costs
- Reduce risks

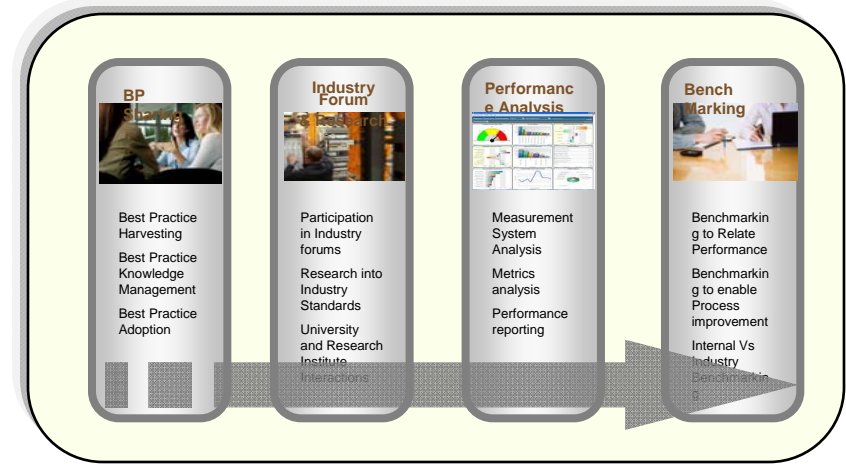
# 4. Alphabet Soup (or "I'll take SOX for 200 Alex...")

Electricity Delivery Through Process Driven Technology Solutions



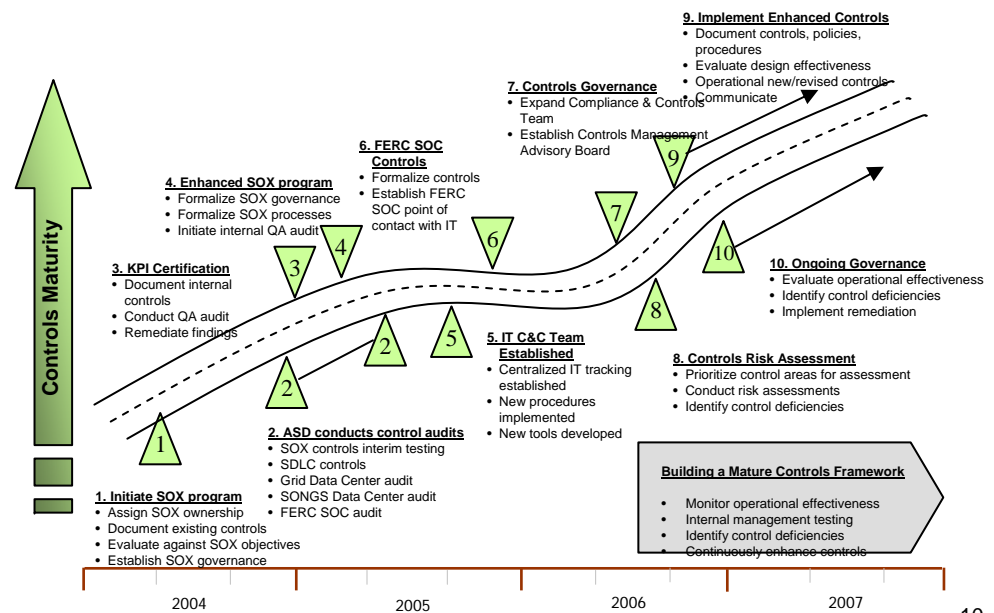
# 5. Which Way is North (or "Follow the yellow brick road")

Strategic Plan  
 Program Plan  
 Operating Plan  
 Maturity Model



Electricity Delivery Through Process Driven Technology Solutions

| IT BPI Operations Center Functions | Process Management  | Governance  | Performance Management  | Centers of Competency   | IT Alignment/Project Portfolio Mgmt  | OCM   |
|------------------------------------|---|---|---|---|--|---|
| <b>Build</b>                       | <b>IT Process Management Framework</b><br>Define and establish process ownership and management model for the core, strategic, governance and enabling processes of IT including development of process management policies, processes and controls           | <b>IT Governance, Controls &amp; Compliance Framework</b><br>Validate and document IT Governance and related activities against industry standards; identify gaps to maximize effectiveness and efficiency of IT Processes and controls | <b>IT Performance &amp; Metrics Framework</b><br>Establish performance and metrics standards for processes, systems, applications and operational functions; incorporate existing scorecard metrics                         | <b>Centers of Competency Framework</b><br>Build guidelines for implementing Centers of Competency across IT designed to grow and mature specific skills within defined disciplines                          | <b>IT Engagement Model</b><br>Establish protocols for identifying resource needs in support of BPI projects and allocating trained resources in response to those needs  | <b>IT BPI Organizational Change Management Strategy</b><br>Design OCM and training strategies that will support the work of the BPI initiative; research and develop tools for assessment; engage resources for OCM and training activities |
| <b>Deploy</b>                      | <b>Assign Process Ownership and Deploy BPI Methodology on Projects</b><br>Establish ownership for core, strategic, governance and supporting processes; ensure resources on IT initiatives are trained in methodology; provide on-going methodology mentoring | <b>Control Standards</b><br>Establish and promote design, systems, and management controls; conduct control assessment identifying control gaps   | <b>Integrate Performance Metrics</b><br>Identify and implement technology needed for managing the metrics framework; deploy standards on process improvement projects integrating metrics into existing tracking mechanisms | <b>Prioritize Centers of Competency Build-Outs and Assign COC Managers</b><br>Establish ownership for Centers of Competency and train managers on COC framework   | <b>Identify Resource Pool</b><br>Designate key individuals for assignment to BPI projects (IT and client-owned) incorporating cross-boundary leveraging of IT assets; establish pool of trained resources  | <b>Assessment</b><br>Conduct change impact and training needs assessments; segment target audiences; develop OCM and training plans that address all targeted audiences   |
| <b>Operationalize</b>              | <b>Process Management Center of Competency</b><br>Establish process management as a Center of Competency; establish network of process owners and specialists   | <b>IT Audit Coordination</b><br>Coordinate and track internal and external audits across IT; implement SOX certification processes; implement consistent management reporting mechanism identifying controls and audit status           | <b>Performance Management Center of Competency</b><br>Establish performance management as a Center of Competency; identify and conduct training in the discipline of performance metrics & planning                         | <b>Organize Centers of Competency Manager Network</b><br>Assemble and facilitate collaborative community of COC managers; supplement mentoring with implementation lessons learned and shared experiences   | <b>Track Resources</b><br>Track availability and assignment of resources across the BPI footprint; implement mechanisms to track funding and spend on internal and external process improvement projects   | <b>Conduct OCM and Training Activities</b><br>Conduct OCM interventions; design and provide targeted communication; provide and track training for targeted roles   |
| <b>Govern</b>                      | <b>Process Management</b><br>Continually monitor process management and improvement activities to ensure continued integration, compliance, and effectiveness; expand existing change management governance to all IT internal processes                      | <b>Governance Oversight</b><br>Provide continual oversight over process and systems controls compliance; SOX certification, internal/external audits in conjunction with the Governance Framework                                       | <b>KPI Certification</b><br>Continually monitor and refine performance metrics; initiate and implement a governance process to certify KPI performance integrity  | <b>Centers of Competency Maturity Assessments</b><br>Conduct assessments of COC's to identify maturity levels and implementation effectiveness; develop maturity improvement roadmap based on COC Framework | <b>Portfolio Management and Governance</b><br>Monitor resources and funding allocations; remove identified bottlenecks and pain points within the IT engagement processes to ensure improved IT responsiveness to client BPI-related initiatives | <b>Assess Training &amp; Change Management Effectiveness</b><br>Measure OCM, communication and training effectiveness; realign strategies and plans, as needed, based on results  |



## 6. The Right Fit (or “One size doesn’t fit all”)



### Decentralized

Resources report into, and take direction from, separate functional managers.

Decentralization gives individual business units autonomy over their own resources and work practices.

### Hybrid

#### *Centralized Governance / Decentralized Execution*

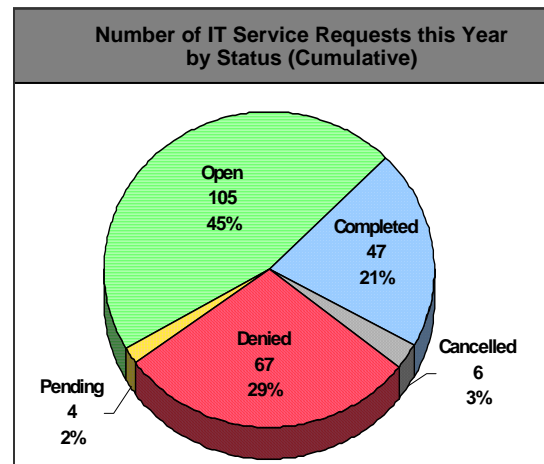
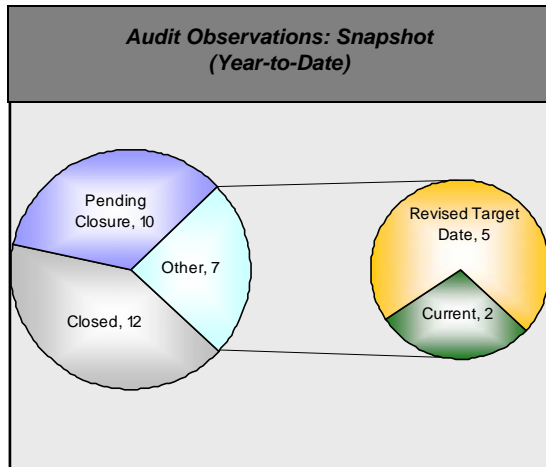
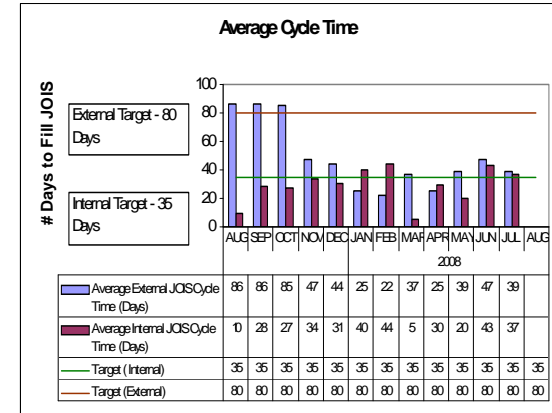
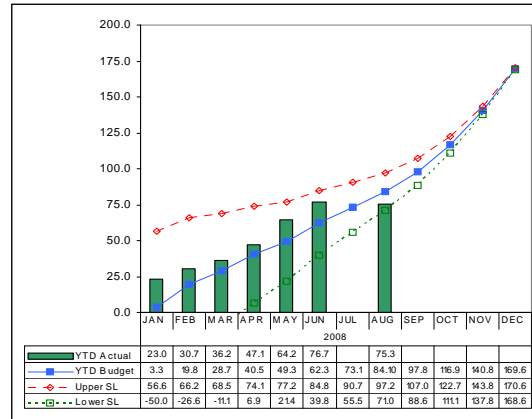
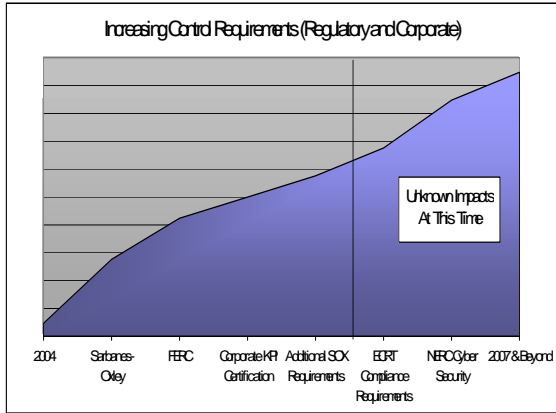
Resources administratively report into separate functional areas but take direction from a centralized team.

### Centralized

All resources reporting into one centralized functional area.

Allows for stronger standardization of work practices and leveraging of resources across the enterprise.

# 7. You Get What You Measure



| Performance Measures                                     |        |              |
|--|--------|--------------|
|  | Target | Year-to-Date |
| # observations closed within original committed schedule | 85%    | 100%         |
| # GRC Data Requests completed within 10 day turn-around  | 95%    | 100%         |
| Regulatory Compliance Assessment                         |        |              |
| Sarbanes-Oxley Certification                             |        | Green        |
| FERC Standards of Conduct                                |        | Green        |
| Affiliate Rules  |        | Green        |
| NERC Cyber Security Standards                            |        | Green        |

SAMPLE DATA

# 8. Value Add (or “Where’s the beef”)



# 9. Get Your Message Out There (or “OCM is not a 4-letter word”)



**Training**



**Communications**



**Change Readiness**



# 10. Bring on the Right People (or “The warm body syndrome”)

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# Summary





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