ENERGINET.DK

C A S E   S T U D Y

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SAVING €6+ MILLION
by Prioritizing Projects

> " We used...TransparentChoice to really understand what our goals were across the company "

> " Improving this one decision has increased value-delivered to the business by six plus millions of Euros. "
> *- Director Strategic IT, Energinet DK*

BACKGROUND

Energinet is the government-owned electricity and gas transmission company in Denmark. With revenues over $1.6bn and with over 5 million customers relying on Energinet for power, it is essential that their services are reliable and affordable. This drives an ever-present desire for more robust and more efficient processes throughout the business.

PROBLEM

In early 2013, Energinet turned their attention to their portfolio of IT projects. With 60 out of 80 projects in the portfolio being tagged as "top priority", it was difficult for the IT team to know where to focus resources.

At the heart of the issue was a lack of alignment across departments of the business. With no common picture of what was important, it was impossible to effectively prioritize projects.

> When 60 projects have top priority, you can say there is no priority," said Nicolaj Norgaard Petersen. "Moreover, around one third of projects were obsolete before they were even finished. With a combined investment of around €20 million, this was a significant problem.

Energinet is not alone. 80% of project management executives don't know how their projects align with their company's business strategy.

The root cause for many of these problems is lack of clear project prioritization. It's not that companies don't have a process for selecting projects, but that process is not as transparent and structured as it should be.
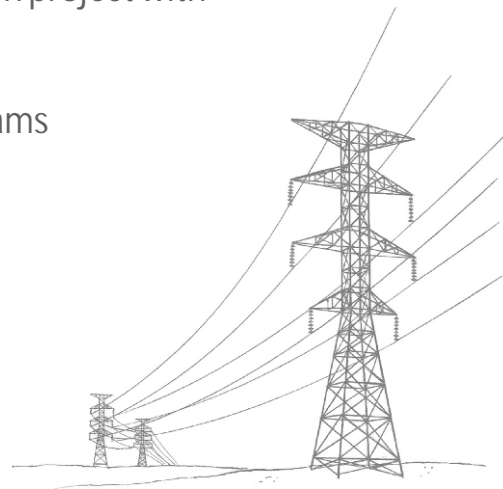
OLD PROCESS

Like many organizations, Energinet had a formal project selection process. Presentation templates helped structure the analysis of projects. Project sponsors then "pitched" their projects to the executives using these presentations, and then the executives selected a portfolio.

While this often feels like a good process, it is open to bias and the result was the lack of clarity and strategic alignment of projects.

THE SOLUTION

Energinet implemented TransparentChoice's project prioritization software to support a more rigorous and transparent project selection process. First, the executive team used the software to capture their strategic goals and priorities which are transformed into a set of weighted criteria. This allows the PMO to;

- Quickly and consistently evaluate projects as they are requested

- Rank projects in terms of the overall value they would deliver to the organization

- Clearly present a picture of the "value for money" of each project with recommendations for an optimal portfolio

- Make the prioritized list transparent to the execution teams

RESULTS

- The most important result of using TransparentChoice is that the executive team and project managers had a shared, clear understanding of the business goals and drivers.

- The structured collaborative process enabled selecting and prioritizing the right projects with a strong buy-in.

- Energinet was able to allocate resources more efficiently in light of clear priorities..

- Energinet was able to eliminate 30% of obsolete projects saving millions of Euros.

> Over a number of executive meetings, we used the collaborative decision making tools in TransparentChoice to really understand what our goals were across the company. We can now automate the process for nominating projects and know that we're collecting the data we need to make a good decision.

> Better projects are selected up-front and regular reviews of the portfolio ensure that any project whose relevance to corporate priorities fails is quickly de-prioritized, saving money and freeing resources to focus on adding real value.
> *- Director Strategic IT, Energinet*

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