Sydney
MATER

Partnering for Success (P4S): A new era in Program Delivery (Exploring Deeper)

Mark Simister, Head of Program Delivery, Sydney Water Project Controls Expo Australia 2022

Melbourne Cricket Ground, Melbourne | 30 November 2022

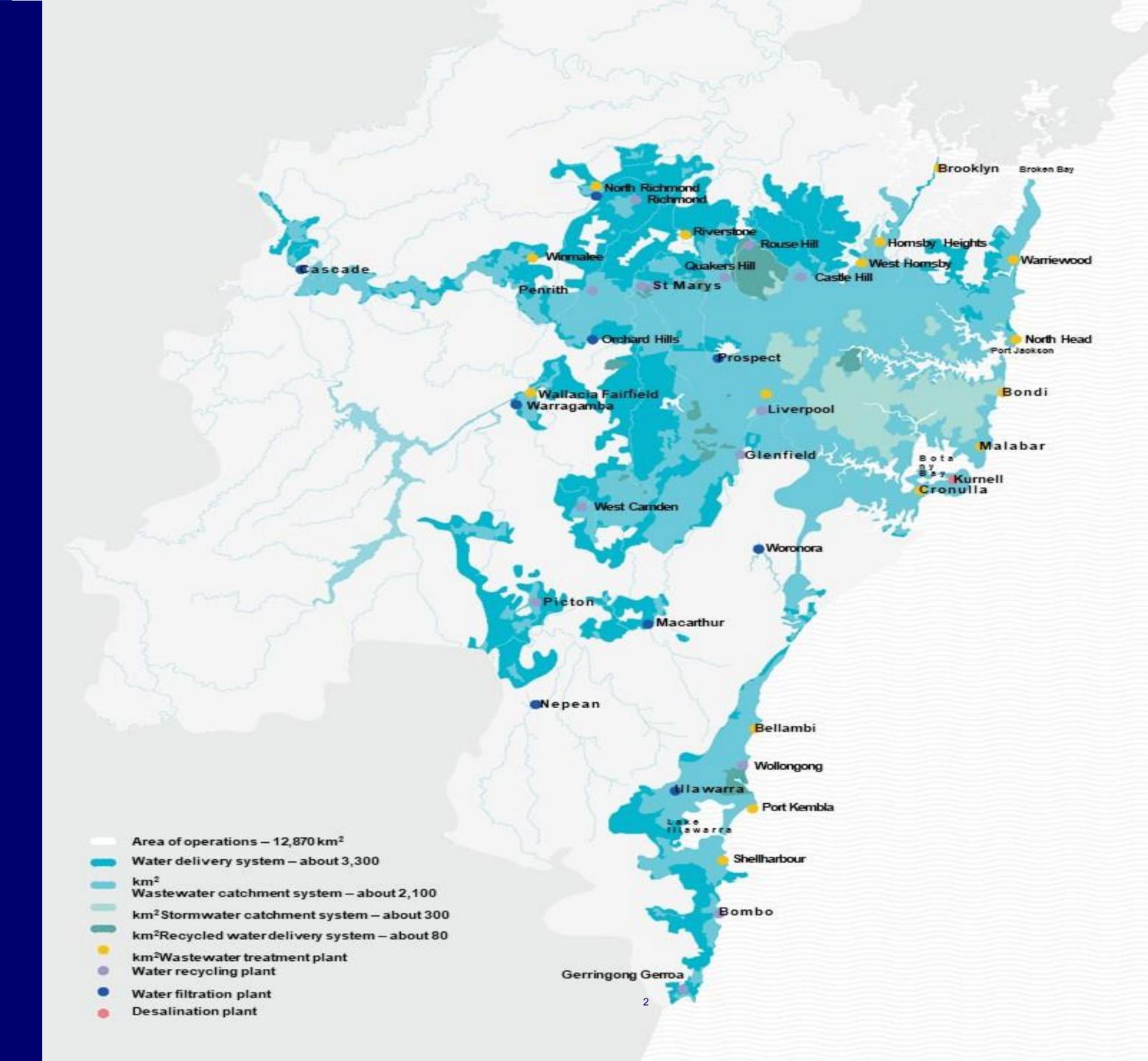


Operations:

- 12,870 km²
- 5 million customers
 across Sydney, Blue
 Mountains and Illawarra

Program Delivery:

- Design and delivery of capital infrastructure
- \$500m+ annually
- 1500 projects



The challenge

Traditional delivery will no longer be valid

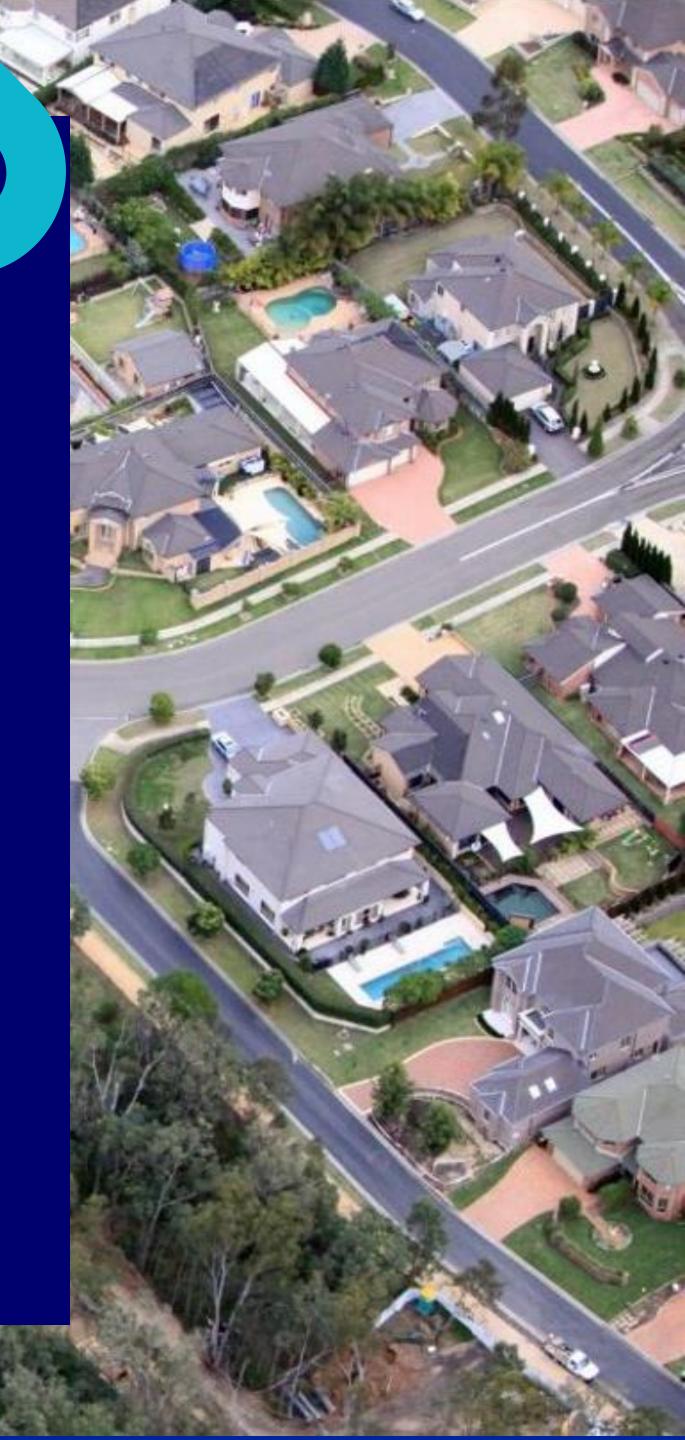
Our response

Sydney Water is transforming its capital delivery model

- 10 year multi-billion \$mega program of works employing 000's of workers
- Integrated design, build and maintain capital Infrastructure

By 2036, across greater Sydney, we can expect:

- an extra 2.7 million people
- over 570,000 new homes
- 600,000 new jobs

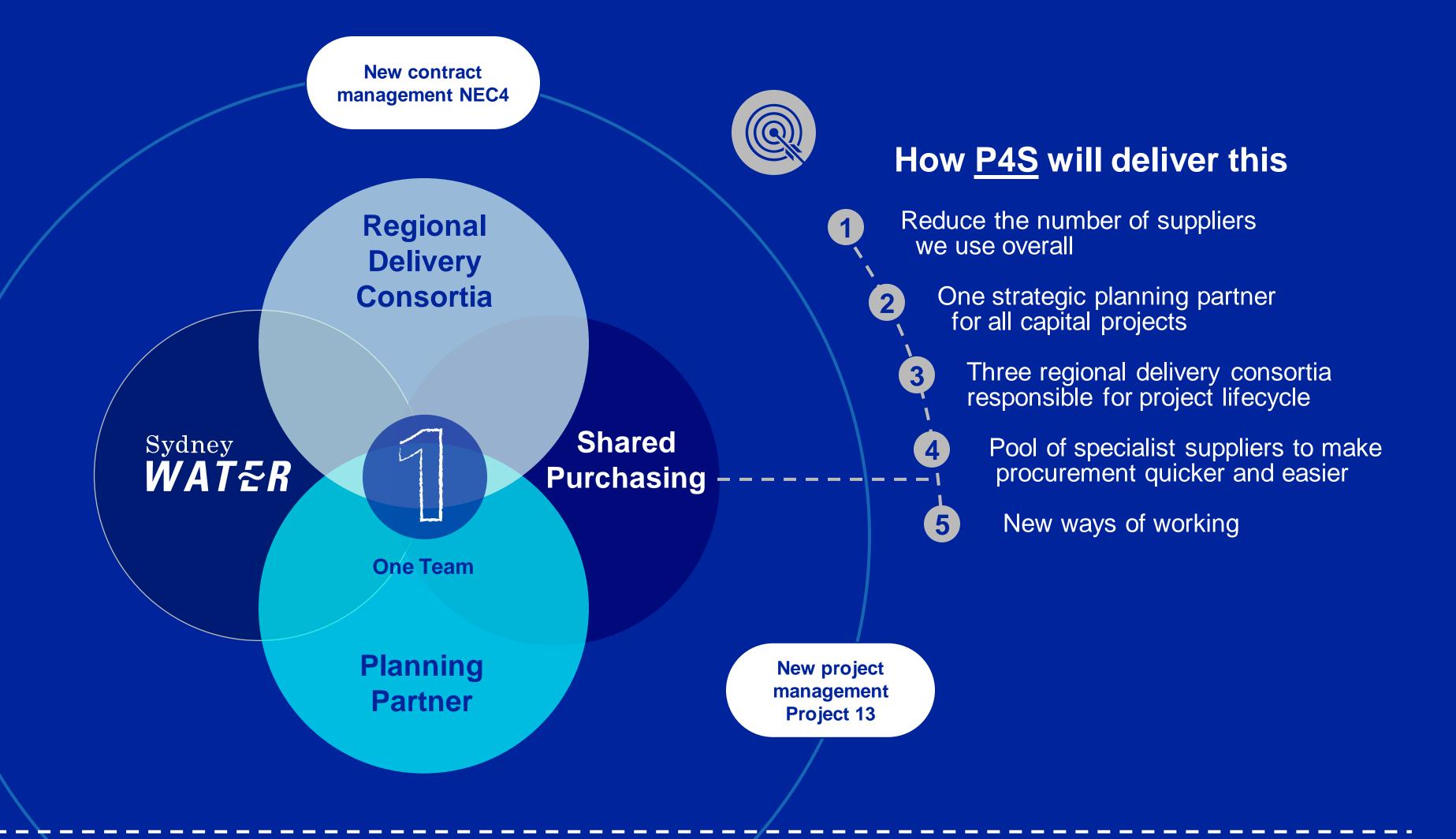


P4S Partnering for Success

Integration, consistency and value

Why we need P4S

- Reduce costs with opportunities to further enhance value for money
- We want to consistently deliver high-quality work to customers every time
- Provides opportunities to further improve our safety record



What are the benefits?

- 1 High quality customer outcomes every time
- 2 Integration and long-term partnerships with suppliers

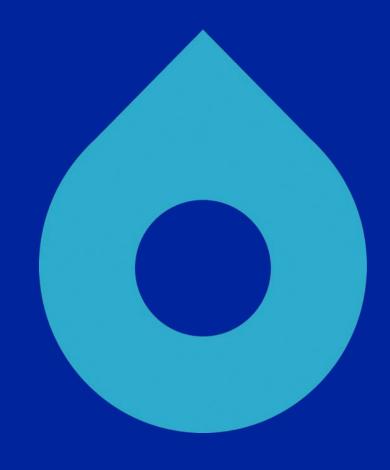
- 3 Resource security for the long term
- 4 Save money and drive efficiencies

- 5 Competitive & incentivised contracts
- 6 Staff upskilled in contract and project management

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Delivery Management: Infrastructure Delivery through NFRP Framework 2013-2020

A business unit centric Directive Delivery PMO



Sydney Water Infrastructure Delivery took a structured and strategic approach towards organisational excellence

Stabilise

Stabilise the organisation.

Restructure to facilitate partnering with customers.

Project management process.

Prepare for change.

- Regionalisation
- Role Classification (PD's)
- Competency Frameworks & assessment
- Helix: Project Delivery Process Mapping

Align

Align individual and team goals with Sydney Water Strategic Objectives.

Clear Expectations.

Functional team process.

- Rollout & embed new Org structure
- · Balanced Scorecards
- · SIPOC & SLA
- Development Planning;
- Helix: Internal Function Process Mapping
- Leadership training in:
- People Management;
- Goal setting;
- SIPPOC & SLA

Enable

Enable standardised delivery methodology.

"The Way we Work"

Enable project management and leadership.

- · Implement SLA's
- · Operating Model
- Operating Manual
- Management Operating System (MOS)
- · Resource Planning.
- Project Management Skills Development

Optimise

Optimise process, deliverables, management systems and governance.

Optimise Helix ACP & enhance complexity tool

"The Way we Deliver"

Embed continuous improvement cycle.

- Embed MOS
- · Productivity Metrics
- Action Planning
- · Capability Planning
- Project Management Skills Development
- Helix ACP & Complexity V2
- · Leadership Training in:
 - MOS;
 - Productivity;
 - Effective Meeting: &
 - Capability Planning

Extend

Extend methodologies and success across DM interfaces

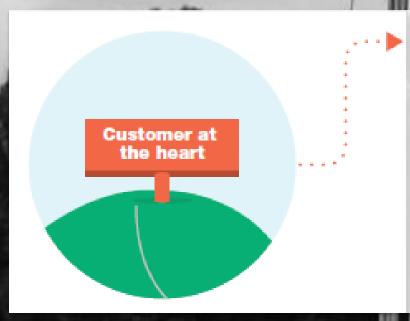
- including Delivery Contractors.
- "Working Together"

- Delivery Contractor Manual
- Partnering for Success

Results

Delivery Management Business Plan





Our Customers will find us easy to deal with, experience transparency and trust us.

DELIVERY MANAGEMENT will . . .

- Better align with our Customers, Client and Suppliers regional structure
- Improve Customer relationships clear stakeholder engagement plan
- Embed customer journey training and developing our team

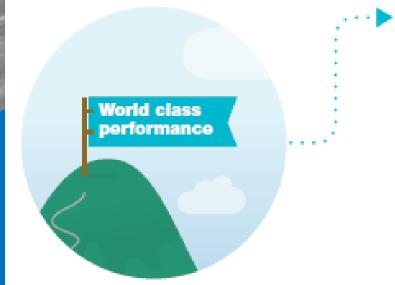


Our Customer will see us living our values, taking ownership as role models for SW.

DELIVERY MANAGEMENT will . . .

- Lead and drive for continual improvement not accepting status quo
- Set clear accountabilities -defining teams and clarifying roles & responsibilities
- Develop a constructive culture within DM internal culture development plan





Our Customers will see us providing great value for quality they expect.

DELIVERY MANAGEMENT will . . .

- Refine our delivery model, benchmark ourselves & improve our KPI regime
- Resource / capability planning
- Process, systems and tools optimised



201

/3.0

2015/16 Delivery Management Business Plan v1.2





What's working well:

People

- Team is committed to make things work, and shown they can challenge, adapt and accept change.
- A one team momentum is building.
- Interaction with the DC has improved performance,

Systems

- Introduced a number of PM systems:
 - Pweb, Data Portal, Workbench, P6, 3D Design

Processes.

- DC payment process is effective
- Global procurement strategy has reduced effort

What needs to be addressed:

People

- Structure & capability to deliver projects with clear R&R's
- Customer focus, perception we are too expensive
- We are not fully empowered as a PM
- Lack of common goal, No one team lots of small teams (team ethos)

Systems

Integration of and access to systems

Processes

- Inefficient processes
- Focus on benefits / outcomes
- Lack of visibility of forward plan

ACTIONS



High Performance Culture

 Increase ripple, leadership framework, cultural plan, clarify R&R's, Internal Culture and Comms Plans

Customer at the Centre

- Driving, Encouraging and Improving
- Implement stakeholder plan, team development and embed customer journey

World Class Performance

- Refine deliveyr model & engage in 4x4 IT roadmap
- Benchmark baseline, resource/ capability planning
- Process, systems and capability review



Horizon 1 – Prepare for success

- Develop cultural improvement plan / maturity plan.
- · Identify current issues / road blocks.
- Formulate capability model and processes.
- Formulate forward program with PMO.

Horizon 2 - Implement Change

- Mould newly shaped team.
- Drive cultural change.
- Embed new processes.
- Focus on our customers.
- Enforce roles & accountabilities across value chain.

Horizon 3 - Deliverer of Choice

- Be a workplace of choice.
- Operate the optimised model.
- Measure & demonstrate improved outcomes.
- Drive continuous improvement.
- Promote our success





Deliverer of choice for Sydney's Lifestream

Horizon 1 (through June 2015) 3 month

- The management team is effective and operating as one team.
- Target 'Quick Wins'. Identified and delivered.
- Identify rules for consistent use of systems.
- Optimised processes developed.
- Shape the success of the Forward Program.

Horizon 2 (July 2015- June 2016) 1 year

- One team culture aligned to corporate values and behaviours working across DM.
- Successfully deliver our Program.
- Processes implemented consistently and reliably.
- Consistently use our current systems.
- Right shape team to deliver program.
- Trusted by customers and stakeholders.

Horizon 3 (July 2016-June 2018) 3 year

- One team culture across Sydney Water and our partners.
- Have a world class delivery model.
- Shape & create the future state.
- Shape integrated systems.





Outcomes

Engaged Team

World class delivery

Trusted Partner

High Performing Team

Measures

Cultural Inventory

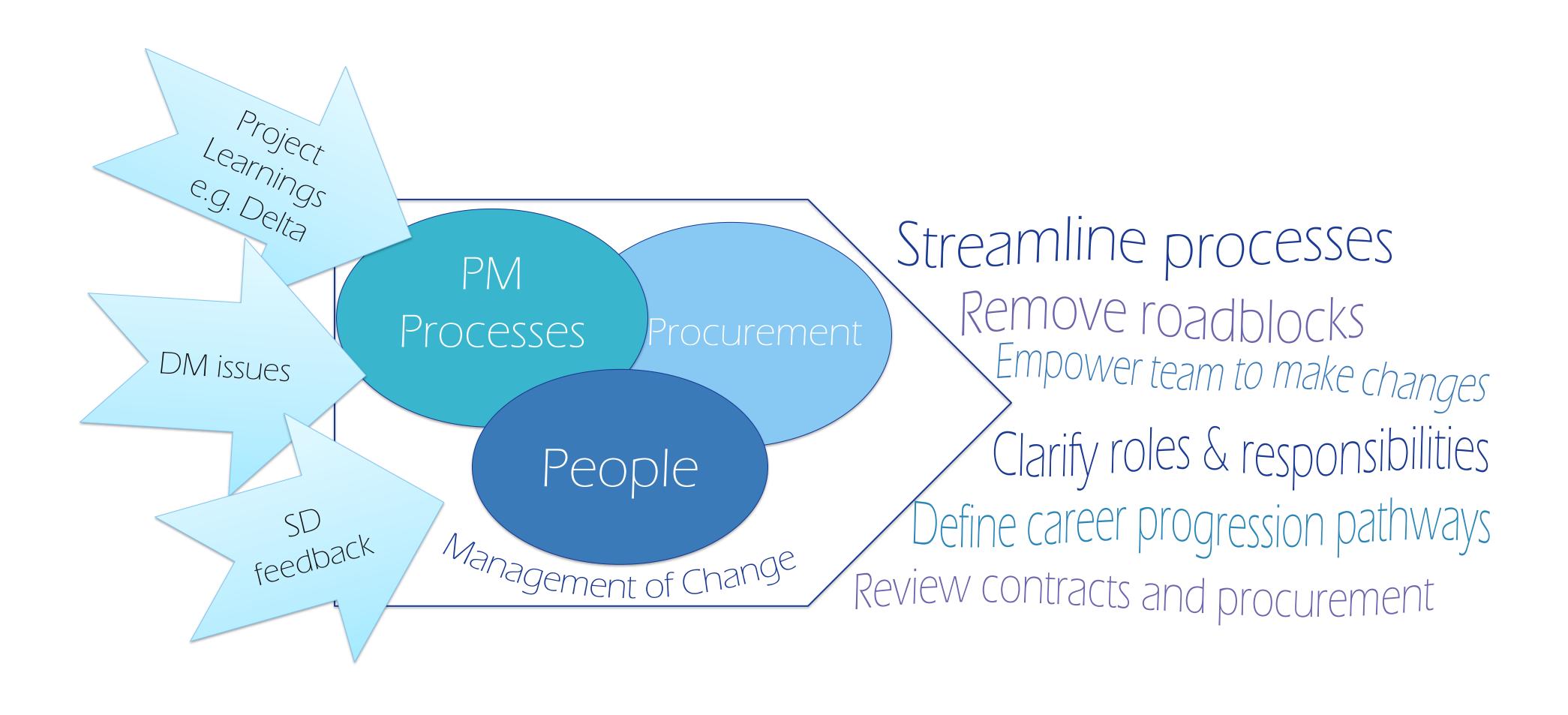
Benchmark/ efficiency target

Customer Satisfaction/ KPIs

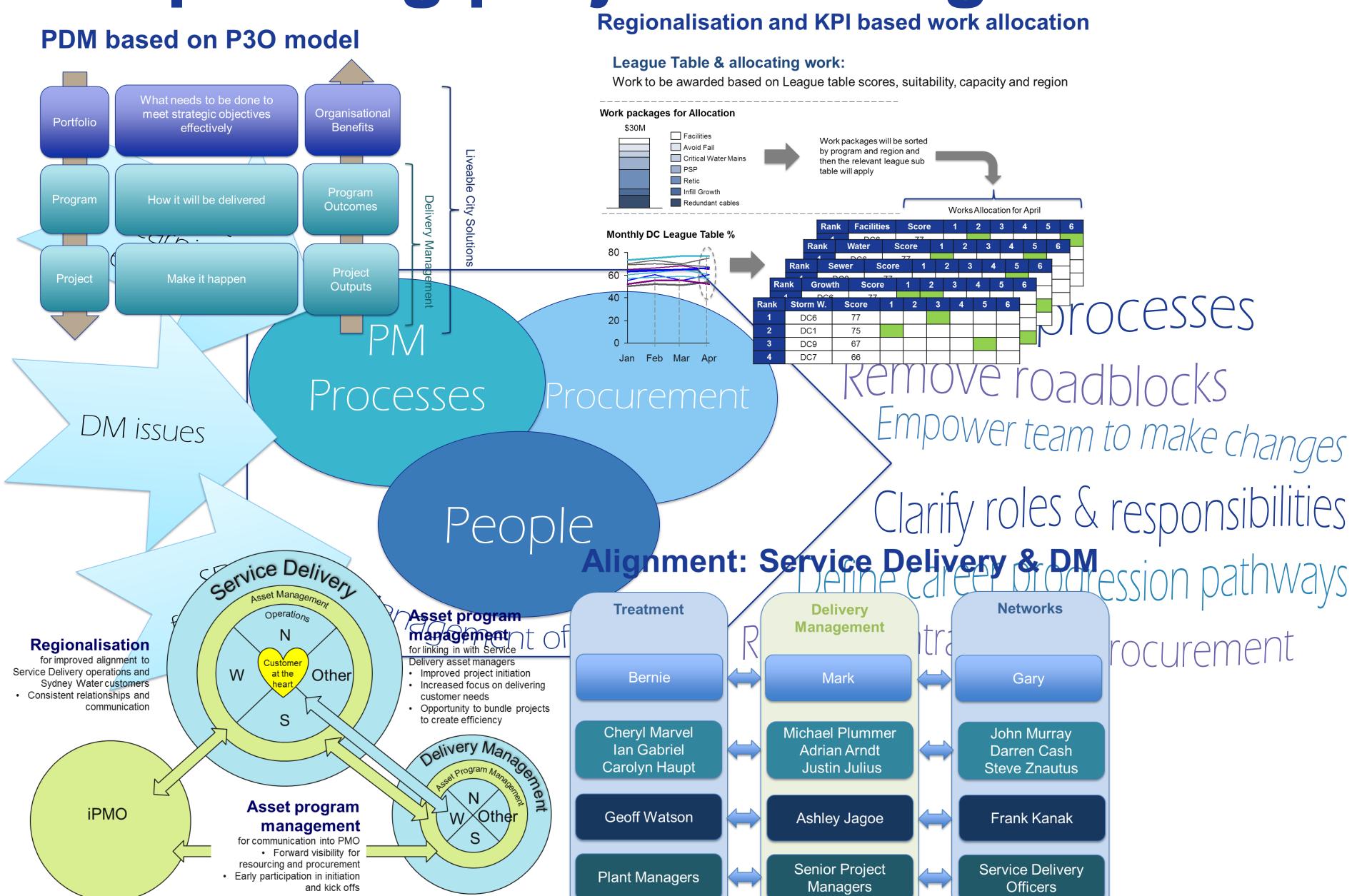
Employee Satisfaction



Improving project management



Improving project management



Deliverables & Progress

Improved and streamlined project management

≥ Clear, practical and useable process maps for project management with associated standard templates

Organisational Organisationa structure that allows DM to deliver forward program of work to client requirements

Functional and efficient support of project management by 'fit for purpose' procurement team and procedures

Identified improvements

- Standalodies et idie 20 Cimeprovie renemptate
- Project on Regionalised delivery

 Approvals Project Delivery Roles

 Approvals Project Delivery Roles
- Simplify validation emptyworthalesses Creation Process

 Familiarity with PM, SD and Stakeholders
- Documentaliamabolityrolssessments
- Streamline EOTs

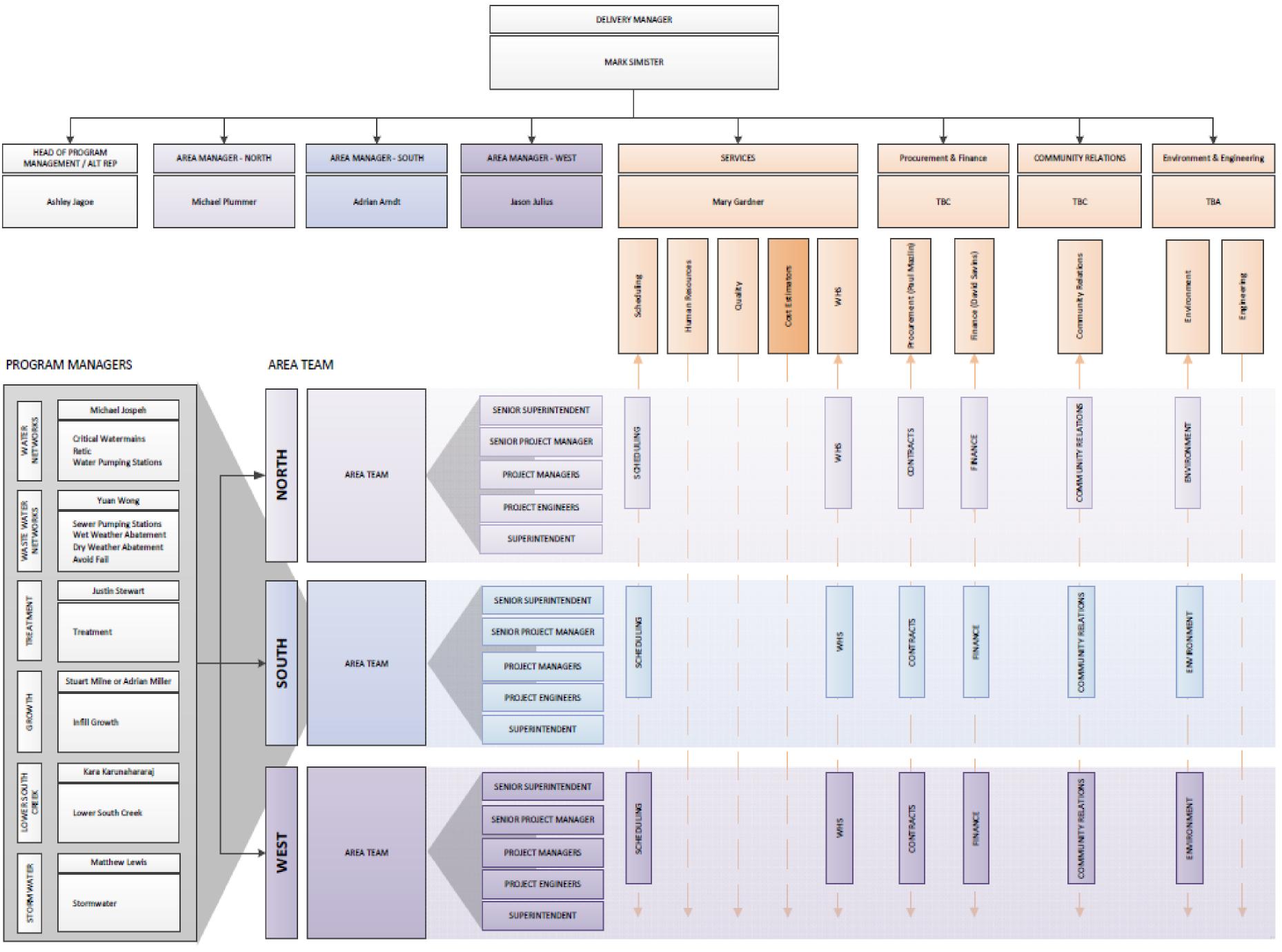
Identified improvements

- Streamling FOTo

 Understand complexity of local environment

 Competitive tension across panel

People

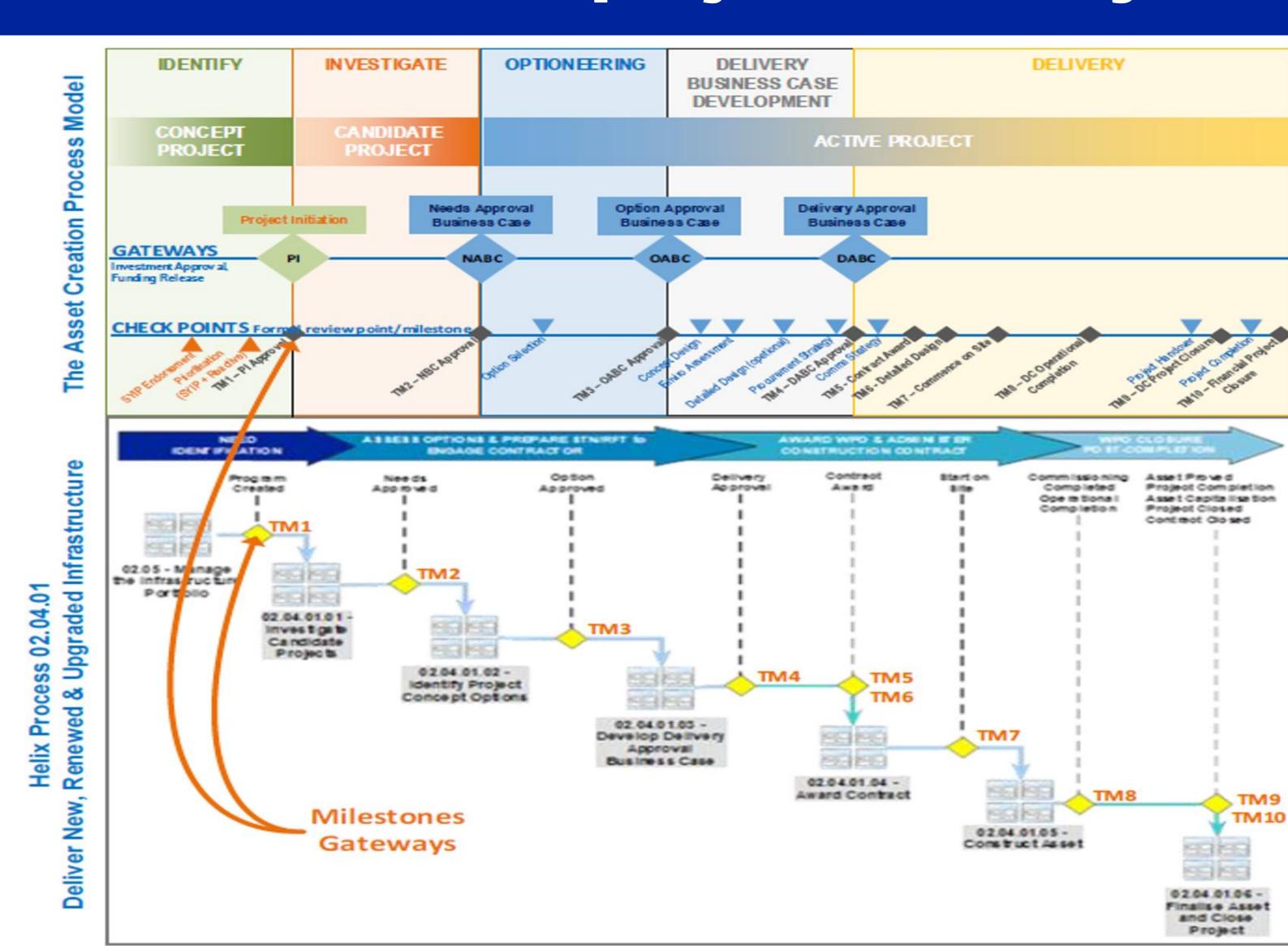


Delivery Management established as a Directive PMO in 2013 and by 2016 had enhanced project delivery

processes.....

- 2013: Renewals program (NFRP) established, using existing SW Project Systems
- 2015: Developed regional structure
- 2016:Project delivery process mapped and into Helix





FY 2016/17: people & performance development key initiatives:

- 1. Service Level Agreements:
 - Between DM COE's and Regions
 - External to DM
- 2. Contribution discussion training:
 - Why & when
 - Ohrow to conduct it effectively
- 3. My Career: Training program for PM's & PE's:
 - Evaluated individual capabilities
 - Identified development opportunities
 - **OCHOSE THEIR OWN CAREER PATH**











Contracts & Procurement

Contracts & Procurement

Key initiatives

- Introduce best practice procurement
- Redesign the delivery contractor KPI framework
- Expand procurement team to provide a full contracts & procurement service to DM
- Redesign procurement approval documents
- Support the rollout of regionalisation
- Established new process for
 - Direct negotiation
 - Early Contractor Involvement
 - Developing collaborative TOCs
- Develop capital project delivery model selection tool
- Conduct procurement strategy workshops in-house

A partnering approach was adopted in addition to project processes

Three core elements of new approach:

- 1. Regionalised delivery and contracting structure
- 2. Global procurement strategy with a collaborative framework core
- 3. Performance KPI based award





Regionalised teams

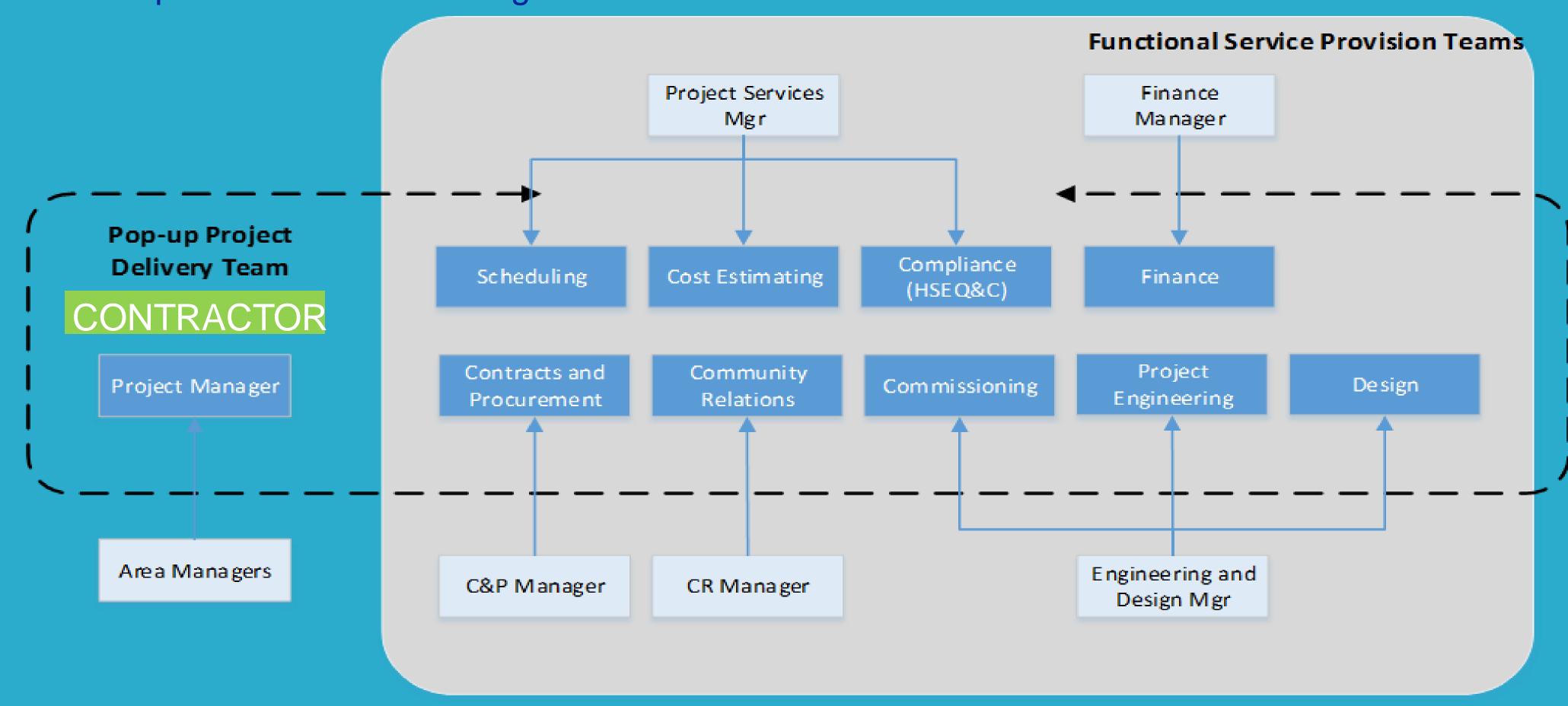
- Project Managers
- Regional Support
- Contractors

This regional focus improves

- Customer at the heart
- Performance
- Collaboration
- Consistency

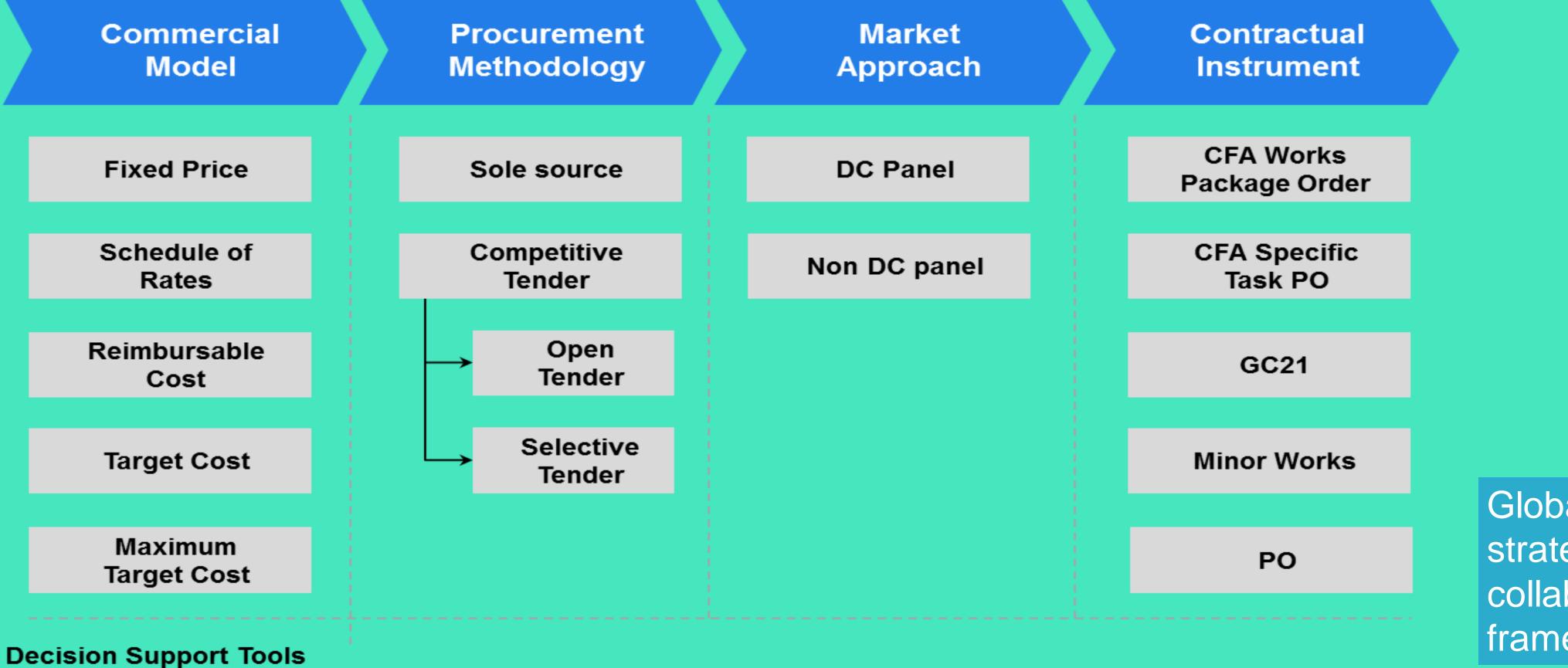
Regions delivered through "pop-up project teams"

A team came together for the duration of the project led by the Project Manager, but the team members continued to report to their Line Managers



Global procurement strategy

The strategy consists of four key steps that focus on efficiency and collaboration



Global procurement strategy with a collaborative framework core

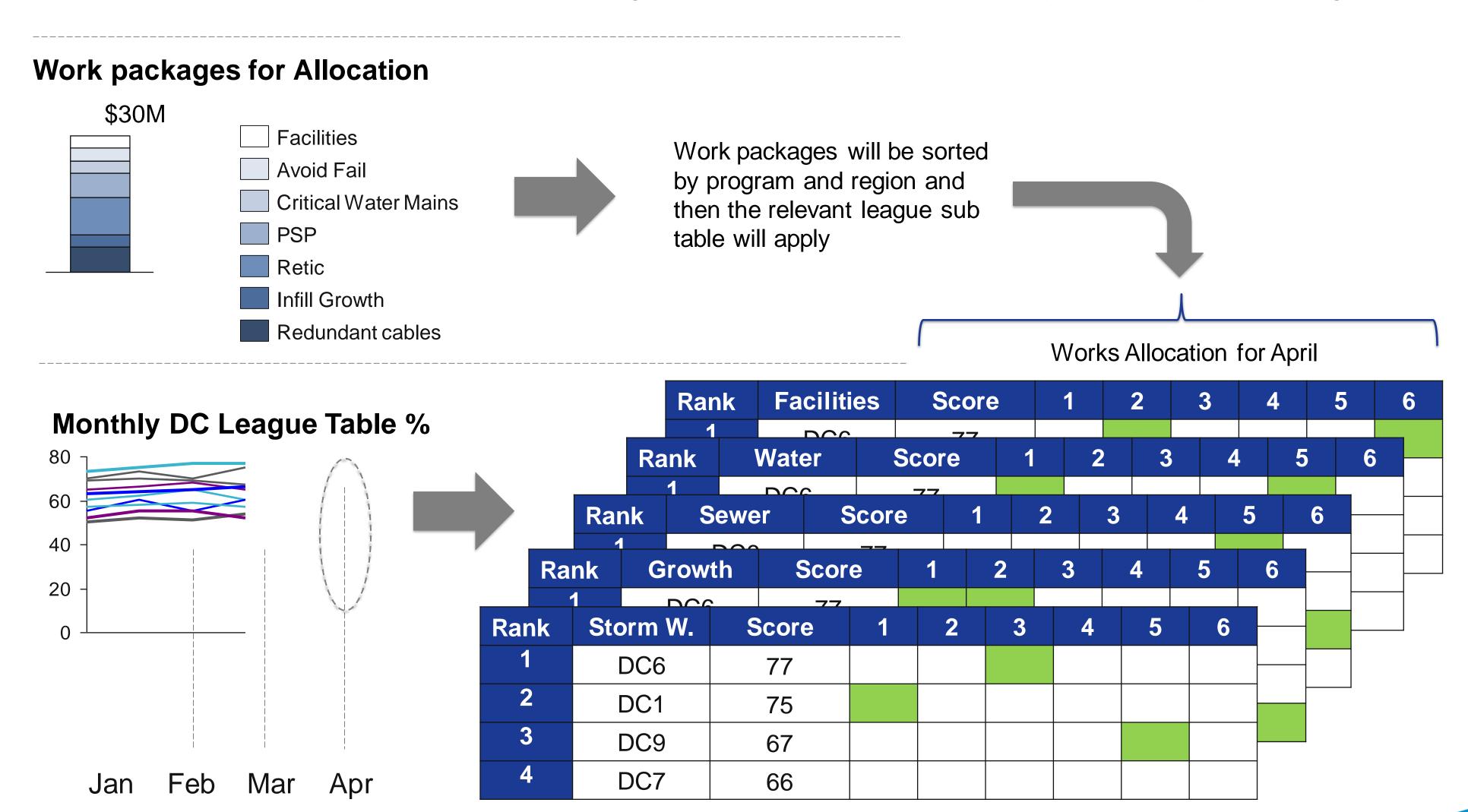
Commercial Model
Decision Tree

Procurement Approach Decision Tree

KPI based work allocation

League Table & allocating work:

Work to be awarded based on League table scores, suitability, capacity and region



Performance KPI based award

Strong competitive framework supported global procurement strategy though a simple performance centered core (KPIs)

We decided not to focus on the KPI table and just focus on getting things right, we soared up the table

We all continue to work towards the common goal

League Table Weightings	League	Table	Weight	ings
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100%

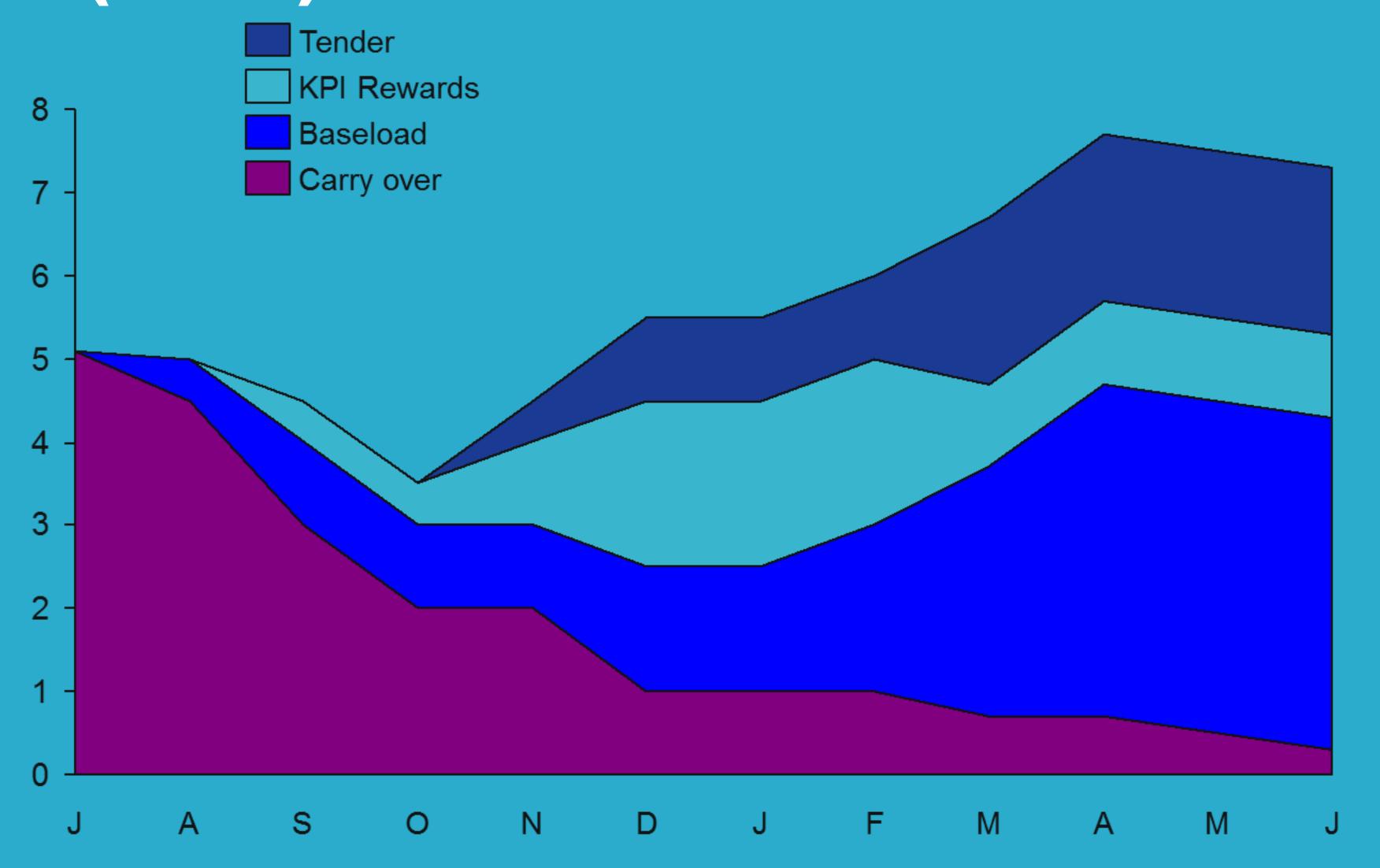
No.	KPI's	Scores
1	Safety	20%
2	Environment	10%
3	Community	10%
4	Quality	25%
5	Schedule	20%
6	Stakeholder Satisfaction	15%
	Total	100%

Sydney Water Delivery Contractors (DC) League Table – June 2019 results



KPI Performance Based Award for Collaborative Framework Delivery Contractors (DC's)

DC revenues have four cash flow elements



After achieving so much in project delivery, Business Improvement tackled processes for the wider DM operation

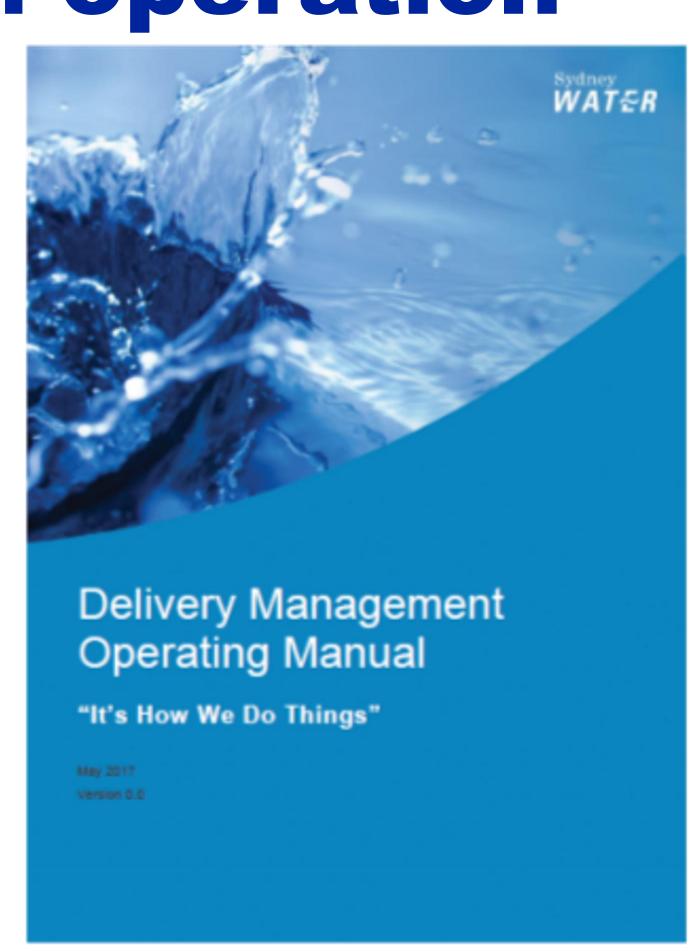
- Commenced development of the DM Operating Model in Jan 2017
- Commenced development of the DM Operating Manual in Feb 2017

"It's How We Do Things"

 Commenced development of the DM Management Operating System (MOS) in July 2017

"Its How We Deliver"

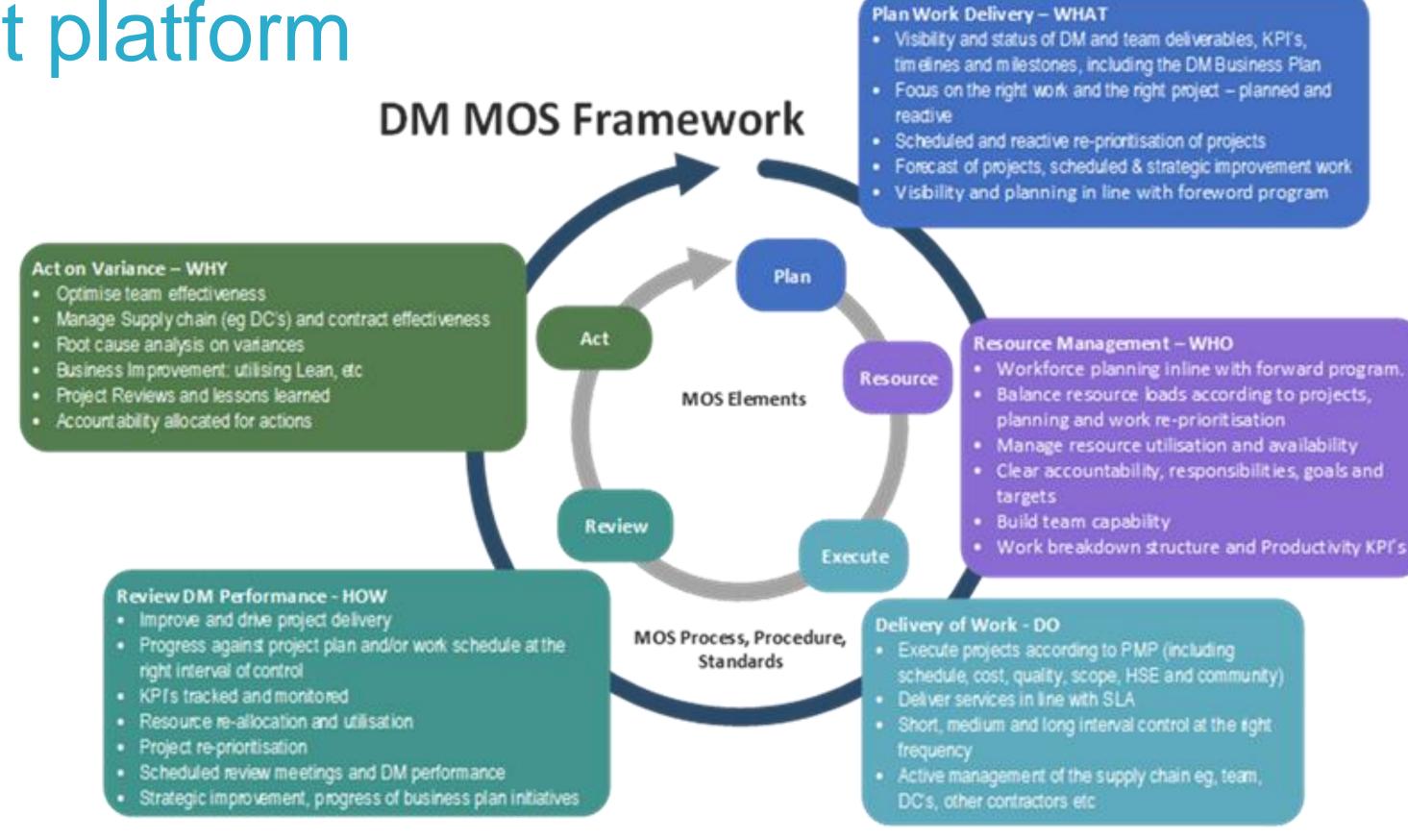
By 2017 we were ready to implement!



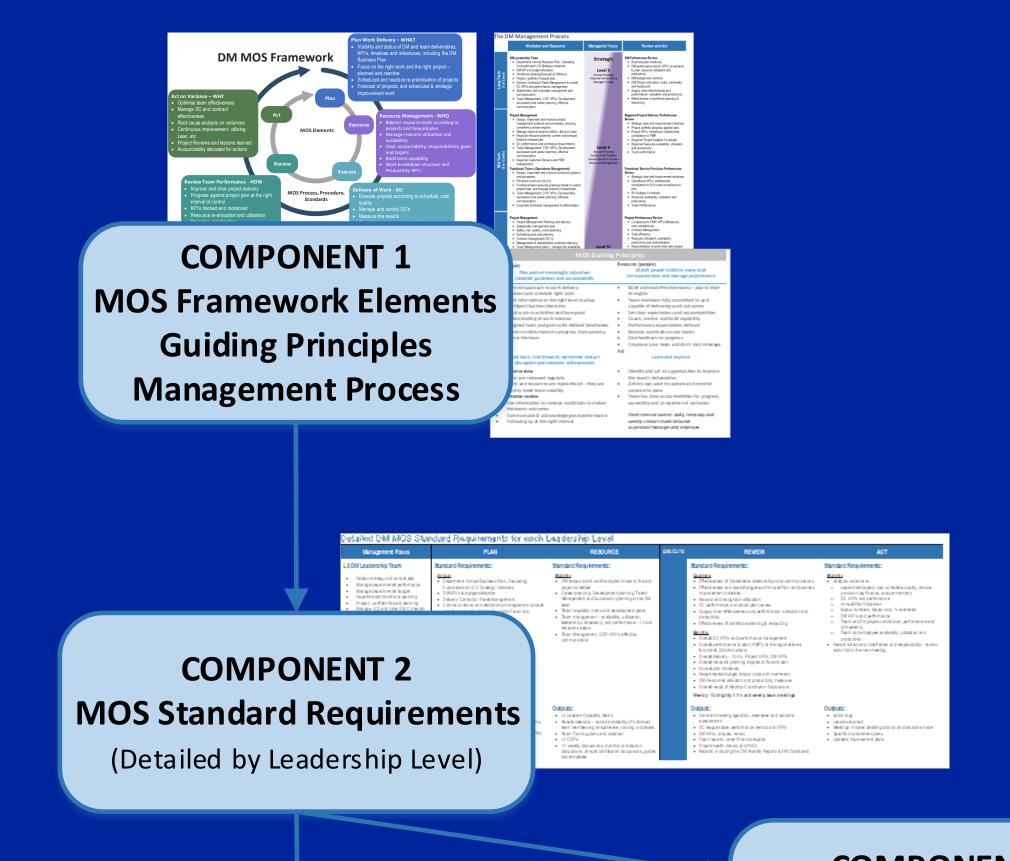
What is a Management Operating System (MOS)?

Common management platform

- Alignment of Operations with Corporate Goals
- In its most basic form it overlays the continuous improvement elements of Plan, Do, Check, and Act
- Consistent approach
- How we act on variances to still deliver what was planned.
- Comprised of structured tools, templates and processes which allows businesses to control operational/project delivery, and trade-offs between different KPIs.



The MOS framework and management process has four prime components



COMPONENT 4

MOS Standard Meetings

(details purpose, inputs,

outputs, and data flow)

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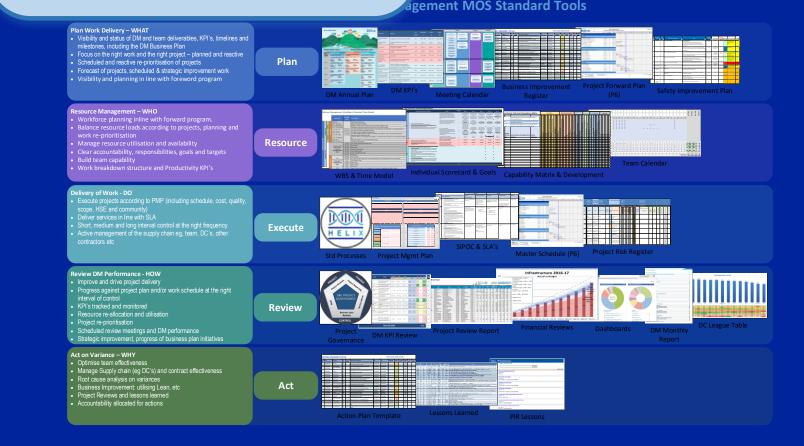
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COMPONENT 3 MOS Standard Tools

(for each element)



The MOS overlays the Plan-Do-Check-Act cycle on the Management time horizons

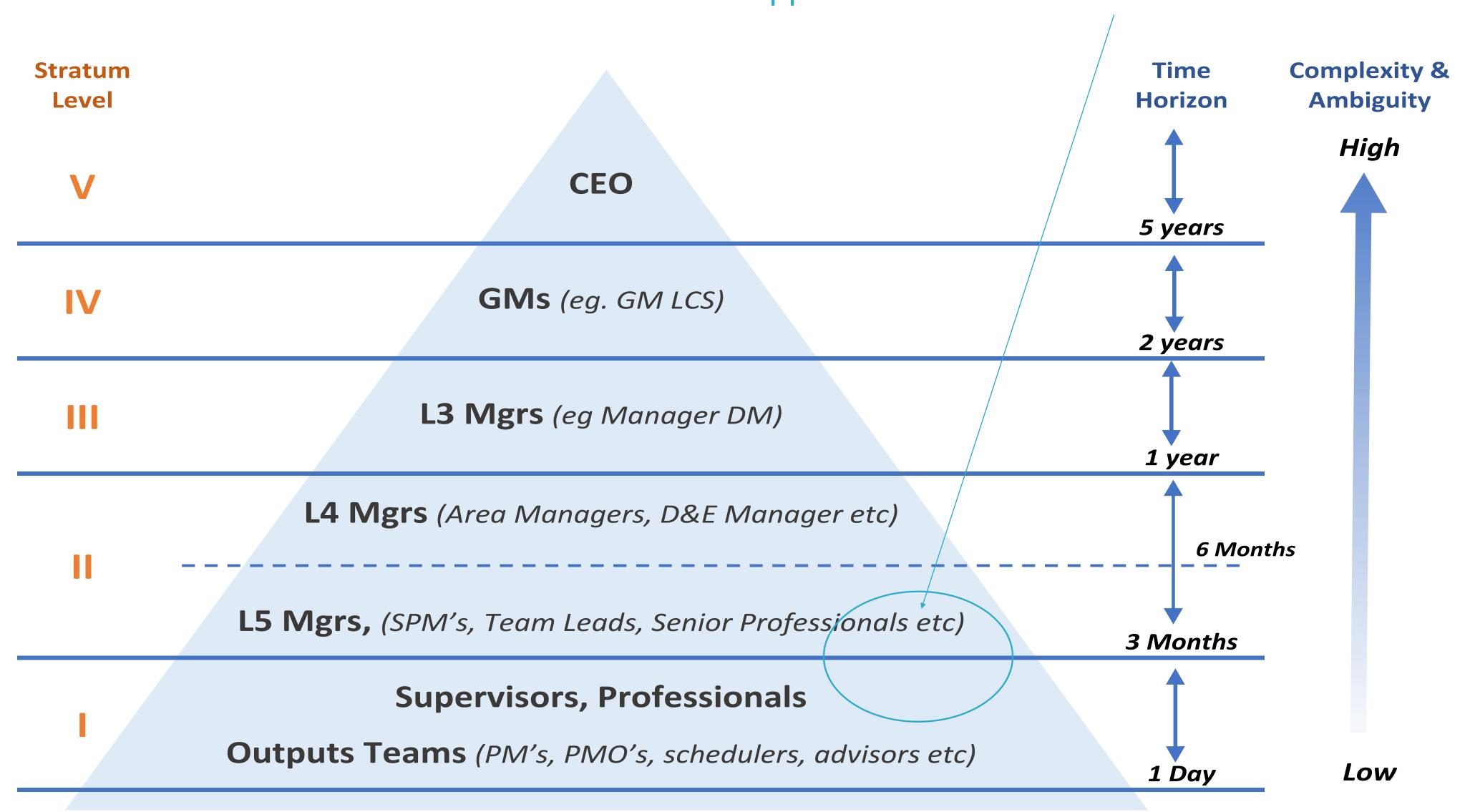
The DM Management Process

Training and development within the team

	Workplan and Resource	Managerial Focus	Review and Act
Long Term (1 to 2 year)	DM Leadership Team Department Annual Business Plan, Cascading Corporate and LCS Strategic initiatives DM KPI's & budget allocation Workforce planning/forecast at DMIevel Project / portfolio Forward plan Delivery Contractor Panel Management & overall DC KPI's and performance management. Stakeholder and corporate management and communication. Team Management, CDP, KPI's, Development, succession and career planning, effective communication.	Strategic Level 3 Annual Planning Improve Performance Manage Process	DM Performance Review Business plan initiatives DM performance report, KPI's compliance to plan, resource utilisation and productivity. DM budget/cost variance DM Project and labour costs, overheads and headcount. Supply chain effectiveness and performance— utilisation and productivity Effectiveness of workforce planning & resourcing
Mid Term (6 to 12 mths)	Project Management Design, implement and improve project management systems and processes, ensuring consistency across regions. Manage regional project portfolio, deliver to plan Regional resource planning current and forecast linked to forward plan DC performance and contractual requirements Team Management, CDP, KPI's, Development, succession and career planning, effective communication. Regional Customer Delivery and PMO management Functional Team's (Operations Management) Design, implement and improve functional systems and processes. Provision of service (SLA's) Functional team resource planning linked to current project load, and forecast linked to forward plan Team Management, CDP, KPI's, Development, succession and career planning, effective communication. Corporate functional management & relationships	Level 4 Improve Process Deliver Area Projects Deliver Service Provision Resource Management	Regional Project Delivery Performance Review Strategic plan and Improvement initiatives Project portfolio progress against plan. Project KPI's, milestones, dashboards, compliance to PMP. Regional Project budgets Vs actuals Regional Resource availability, utilisation and productivity Team performance Functional Service Provision Performance Review Strategic plan and Improvement initiatives Operational KPI's, dashboards, compliance to SLA's and compliance to plan. BU budgets Vs actuals Resource availability, utilisation and productivity Team Performance
Short Term (1week to 6mths)	Project Management Planning and delivery. Stakeholder management plan Safety, risk, quality, enviro planning Contract management (DC's) Management of stakeholders (customer delivery) Team Management plans – manage the availability and utilisation of the team to deliver required outcomes with CDP alignment Training and development within the team Functional teams BAU Plans – work volume identification & scheduling Business improvement activities Overseeing tactical delivery of functional service provision to PMs in accordance with SLA's Team Management plans – manage the availability and utilisation of the team to deliver required outcomes with CDP alignment Training and development within the team	Level 5+ Deliver workplans Deliver Projects Manage Team Operational	Project Performance Review Compliance to PMP, KPI's Milestones, cost, schedule etc. Contract Management Task efficiency Resource utilisation, availability, productivity and reprioritisation Reprioritisation of work inline with project priority. Improvement initiatives Team Performance Review Team work volume/plan KPI's Task efficiency Compliance to plans and SLA's Resource utilisation, availability, productivity and reprioritisation Reprioritisation of work inline with project priority.

Concept of Levels of Work for team leaders Every role will always do some work of the level above it, and be

Every role will always do some work of the level above it, and below it. The MOS standard applies to the roles main level of work.

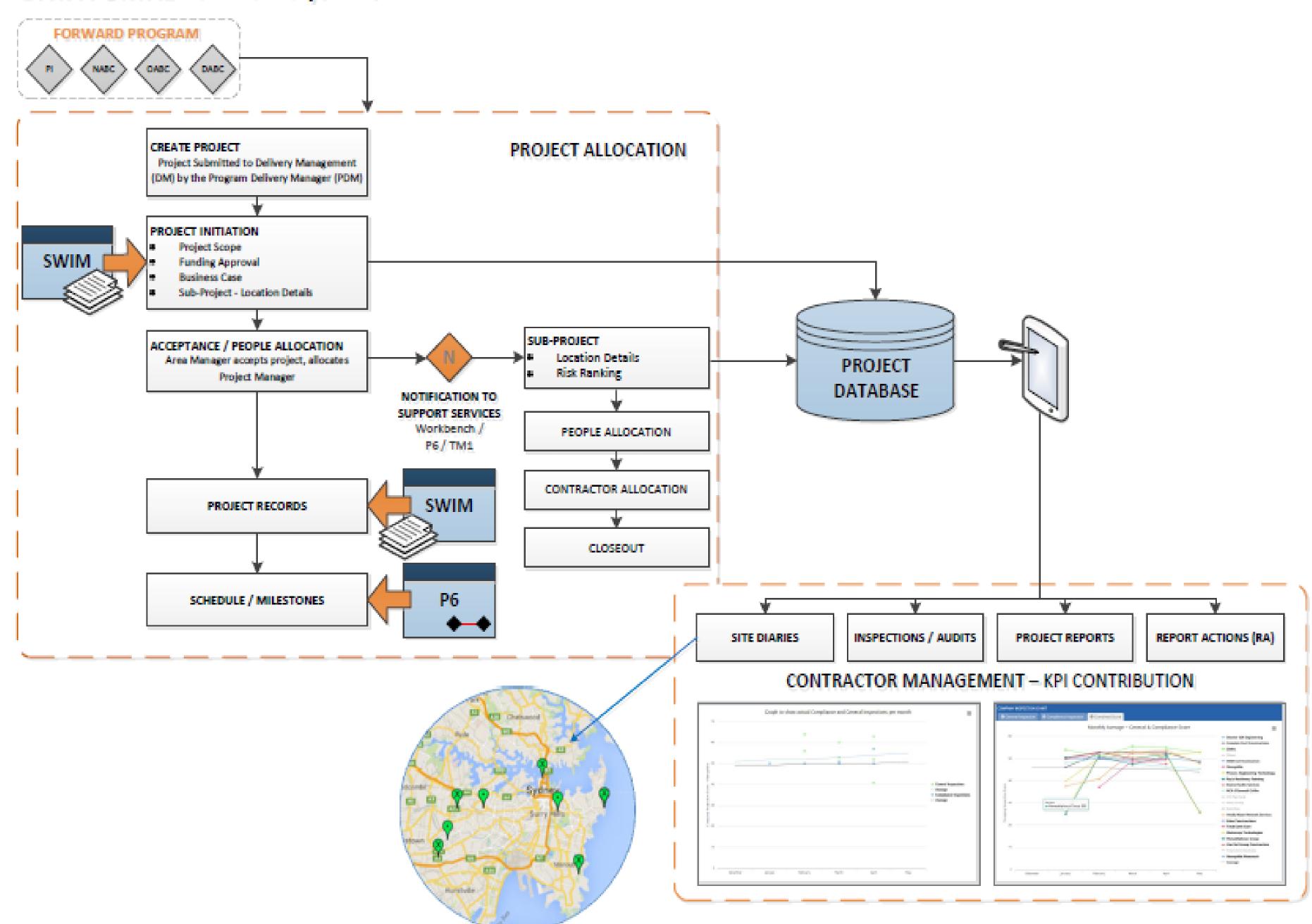




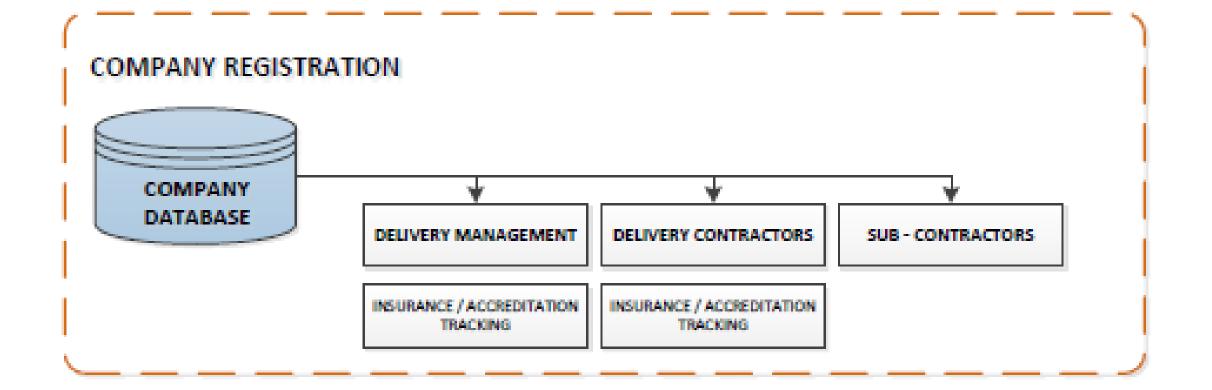


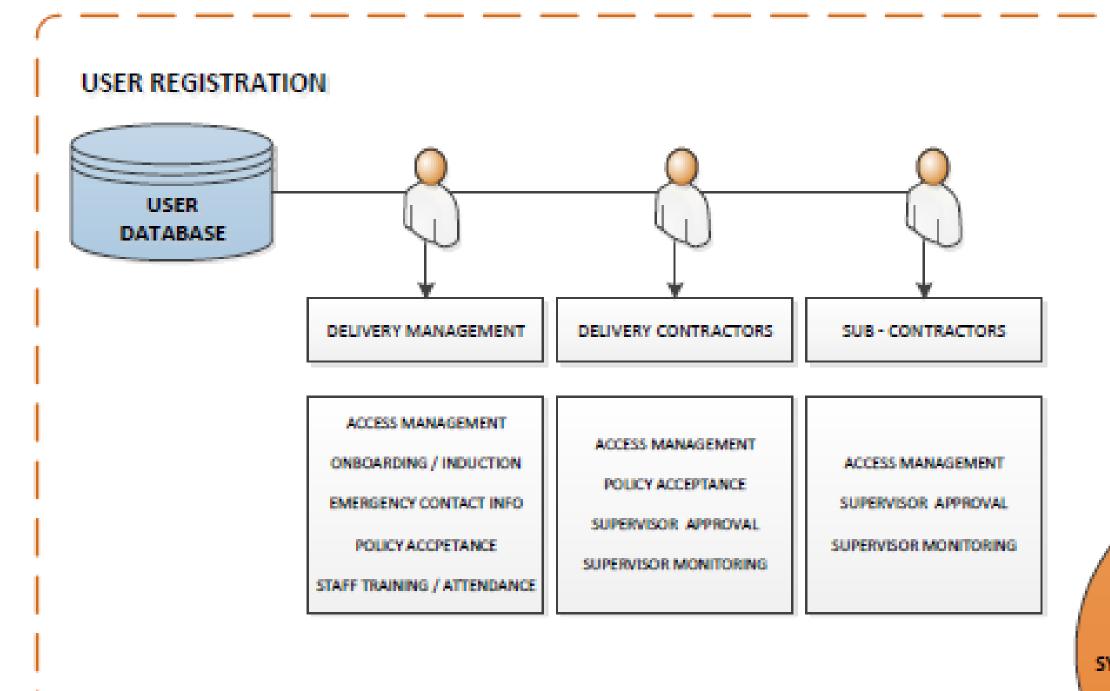
Business Systems

DATA PORTAL – SWDelivery.com.au



DATA PORTAL - SWDelivery.com.au





Tuesday 0:13 AM

DELIVERY MANAGEMENT
NOTIFICATION: Potential
SafeWork NISW Notifiable Finger
laceration, Weolia Toongabbie
School Project, approx. 7:40 am.
Finger injured while starting
generator. DC Supervisor
transported man to hospital.
Site shut down and secured.

M Project Manager Paul Busst
ay to ensure site is safe and
cident is reported to
prk NISW.

USER LONE WORKER
SYSTEM & INCIDENT NOTIFICATION

We very much reaped the benefits



15% cost efficiency

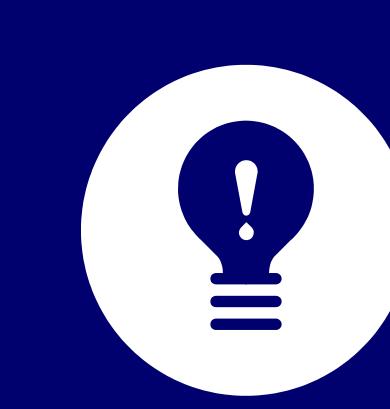
(keeping customer bills affordable)

ExemplarDelivery model:

Major Project Association UK

Delivery Contractor scores improved by

6%



Enhanced collaboration and innovation



Contract allocation streamlined

3 more efficient from 2014 to 2018

Contractor Management Excellence 2019

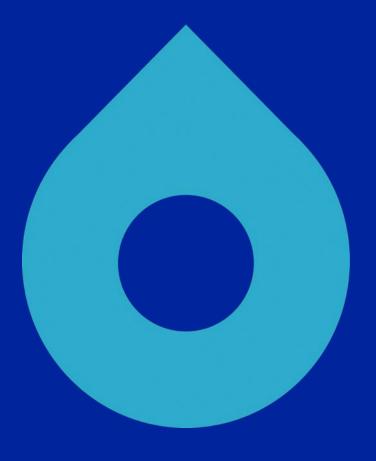
Key Takeaways

- 1. Build key fundamentals:
 - People skills/ roles & structure (RACI)
 - Clear Processes & Systems
 - Simple KPIs aligned to commercial objectives
- 2. Vision & leader to champion across all parties involved
- 3. Ensure key Executive fully understand and are bought into the vision & objectives

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P4S Partnering for Success: Enterprise program framework

An Enterprise Directive Delivery PMO



Why have we implemented P4S?

P4S creates an opportunity to drive efficiencies and increase value through a new sourcing, contract and delivery approach



supply

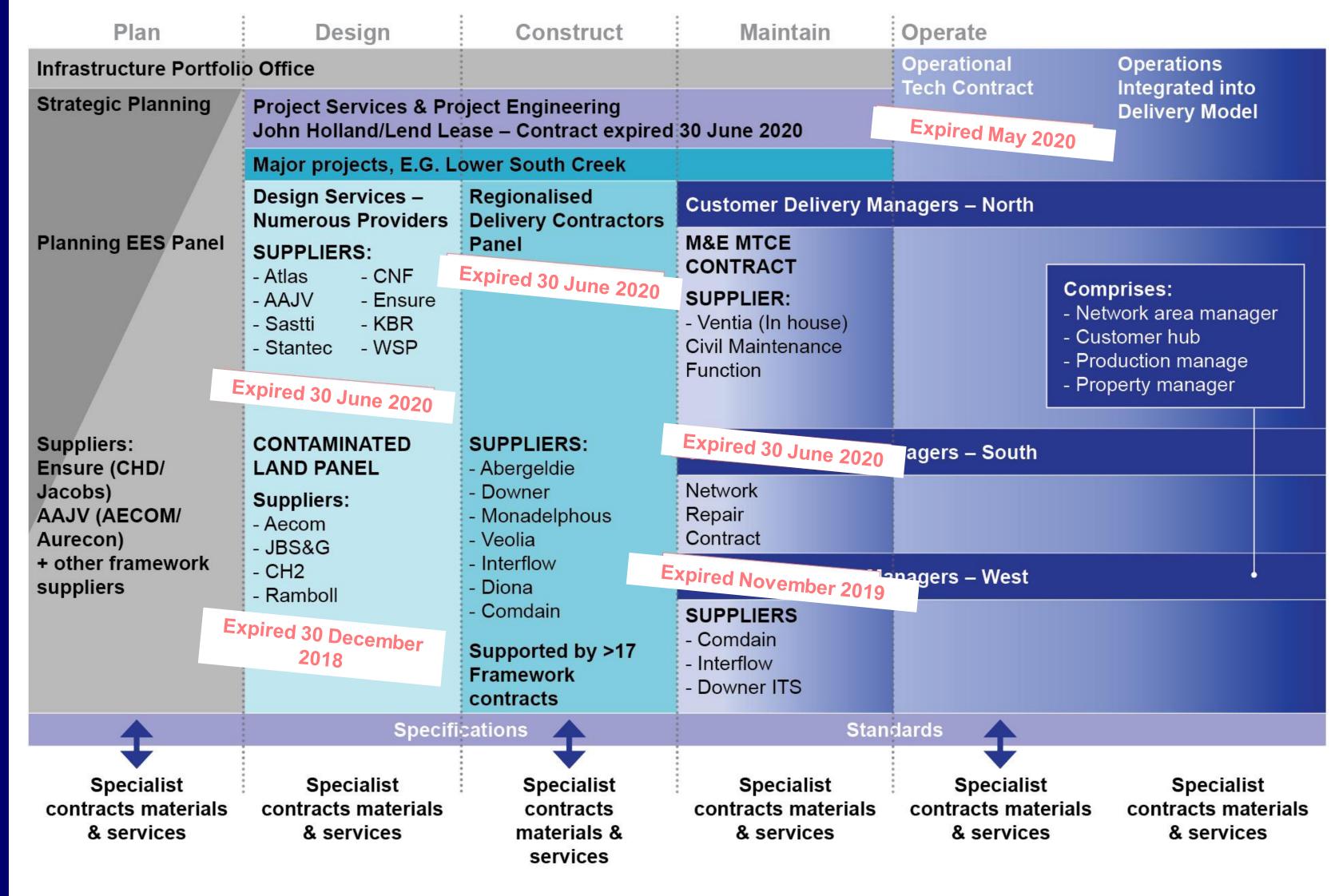
chain

Panels

expired in

2020

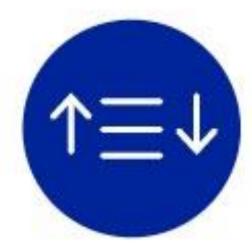
annually





Opportunity to improve efficiency and integration across Asset Creation and Operations

P4S primary objectives



Improve collaboration and integration across the value chain



Outcomes that customers value



Enhance management of lifecycle costs across all stages of asset lifecycles



Promote innovation for new and improved solutions



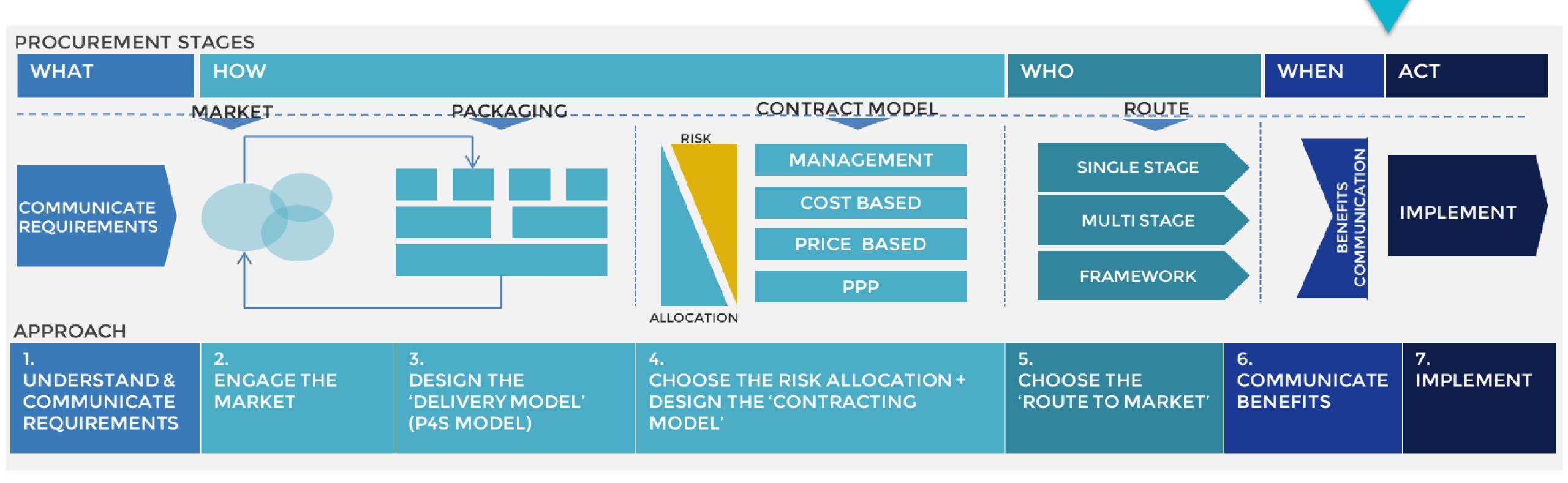
Effective management of safety



Develop flexible model providing long term stability and promoting partnerships

P4S Procurement Planning

Procurement planning of P4S took a six-pillar approach to develop the next evolution of Sydney Water's Infrastructure planning, delivery and maintenance framework



Development of P4S structure





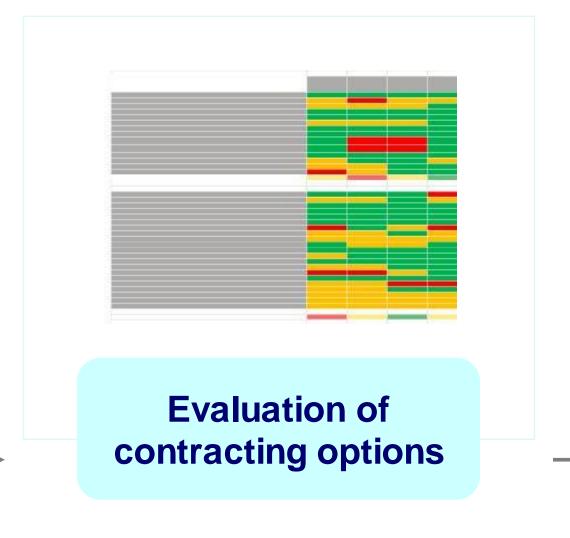
- 1. Procure & manage in a more collaborative way
- 2. Adopt a partnershipbased approach to risk allocation
- 3. Standardise contracts & procurement methods

Key Government commitments











So how did alignment with Project 13 in 2018 as an Early Adopter help Sydney Water develop the model: Partnering for Success (P4S)?

There was a strikingly clear alignment of goals between P13 principals and Sydney Water's aspirations for Infrastructure Delivery

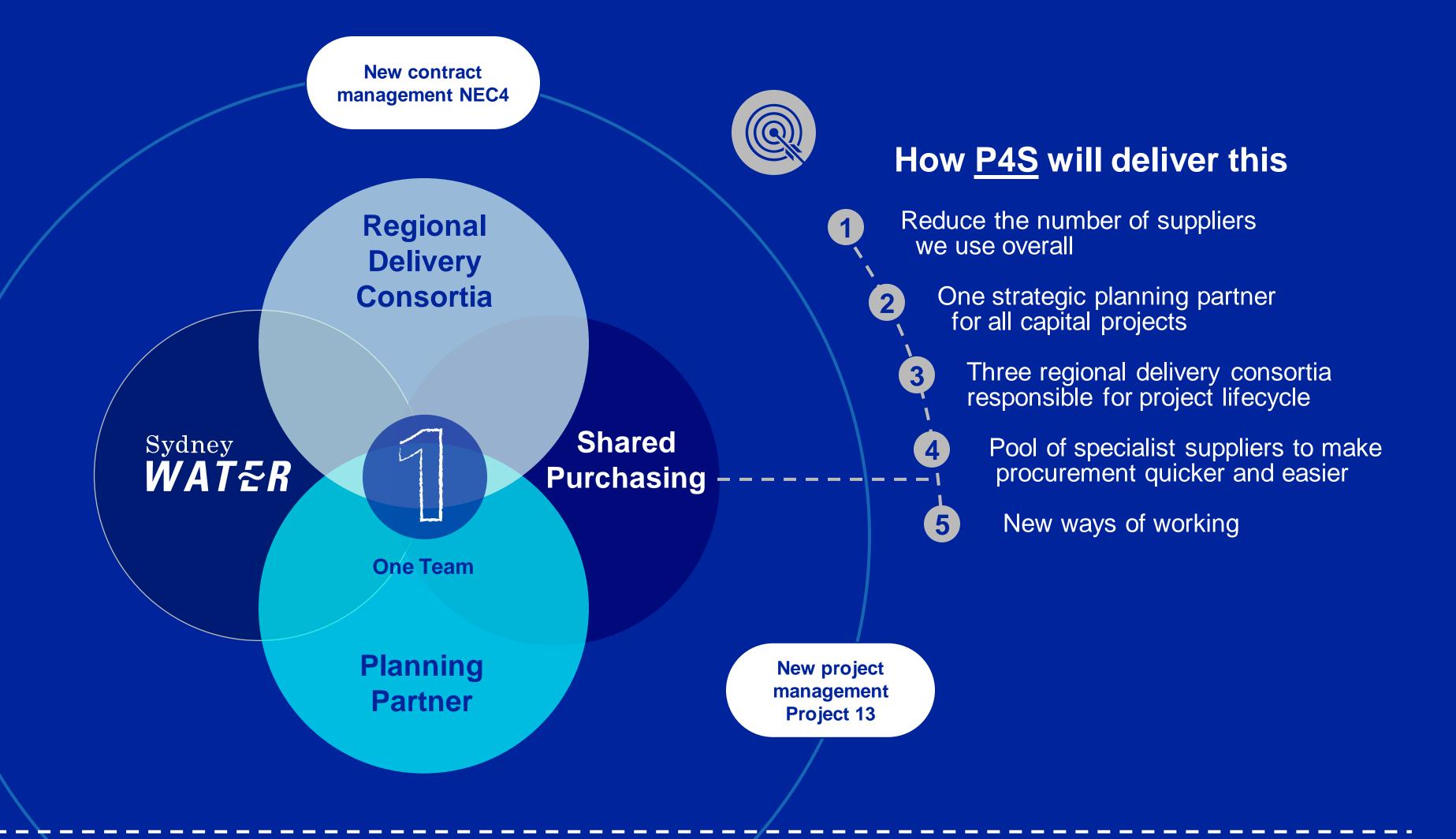
- P13 offered an enterprise blueprint for an integrated business model supporting closer collaborative working between owner and supply chain
- Concepts of owner, integrator, supplier chain, shareholders are clear, simple and easy to understand. It is not always so easy to convince the owner business to adopt
- The community is multi-dimensional a wide variety of industries are involved
- Openness and sharing are a core of the movement/ community
- All members share in open forum what works, doesn't work, lessons learned, new ideas, successes and challenges
- Joining allowed Sydney Water to test ideas, evaluate options and build a framework for P4S that could be shared with our supply chain, AND THE FEEDBACK IS AMAZINGLY POSITIVE!

P4S Partnering for Success

Integration, consistency and value

Why we need P4S

- Reduce costs with opportunities to further enhance value for money
- We want to consistently deliver high-quality work to customers every time
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What are the benefits?

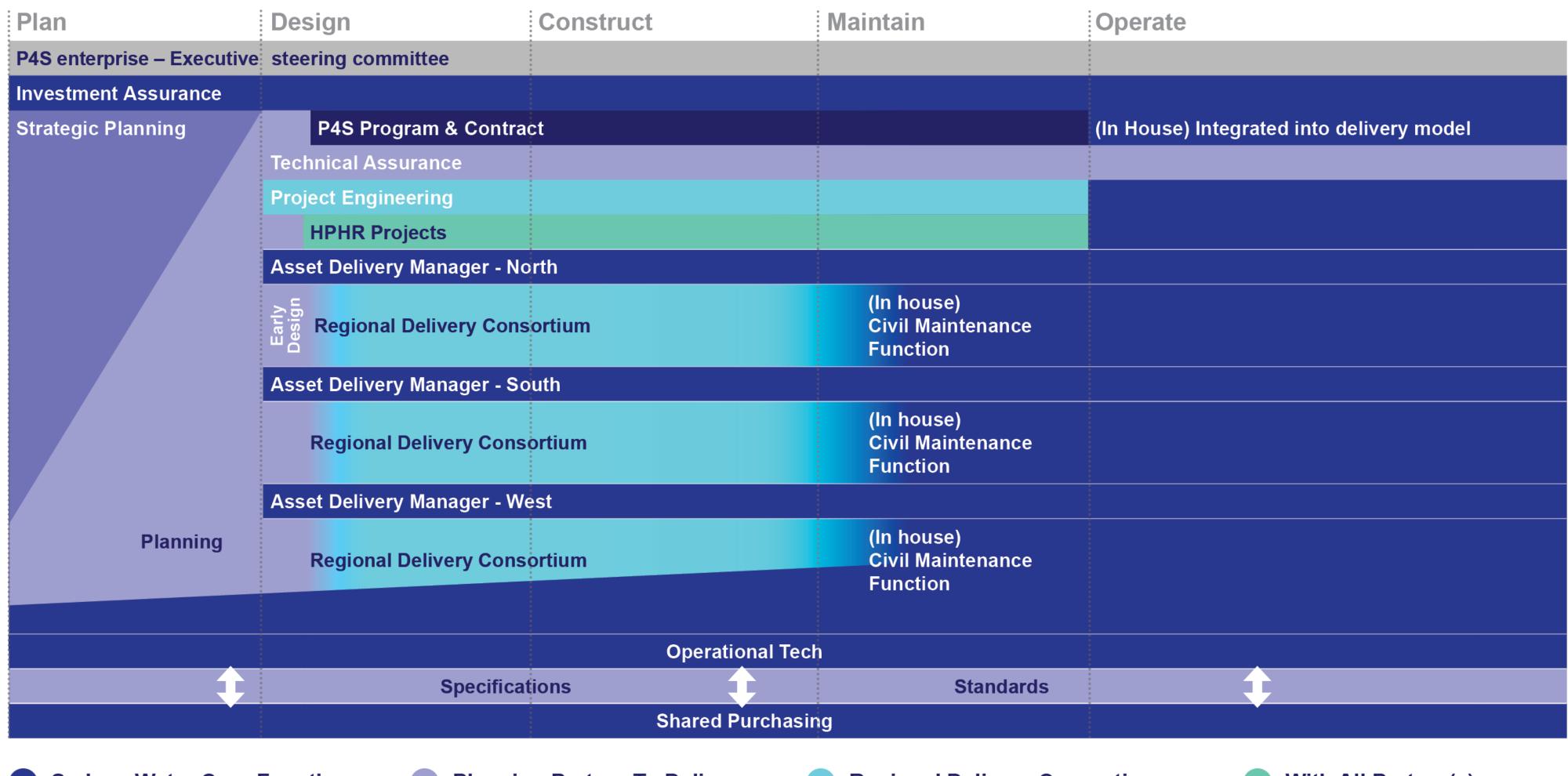
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P4S Model

An Enterprise Directive Delivery PMO



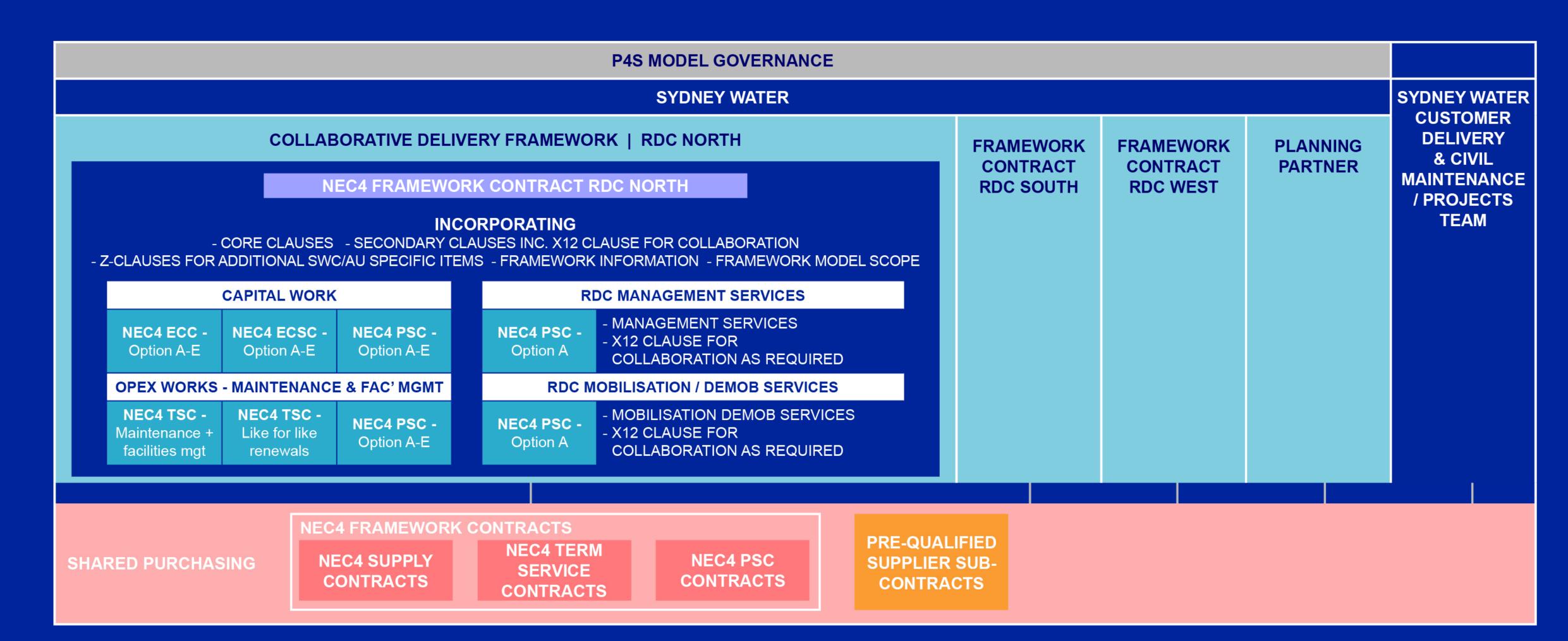








P4S Contract structure



RIEC4 Contracting Philosophy

Contract model development Why standardise using NEC4 forms of contract?

- Collaborative Framework Agreement and Work Order forms based on **NEC4 suite of contracts**;
- NEC philosophy promotes / requires **proactive project management** distinct from "set and forget" contract terms common in traditional government contracts;
- Parties agree to act in a "spirit of mutual trust and cooperation";
- Core clauses incentivise early identification and resolution of issues which may affect time and cost outcomes of project;
- Drafted in the **present tense**.

Contract and delivery model development

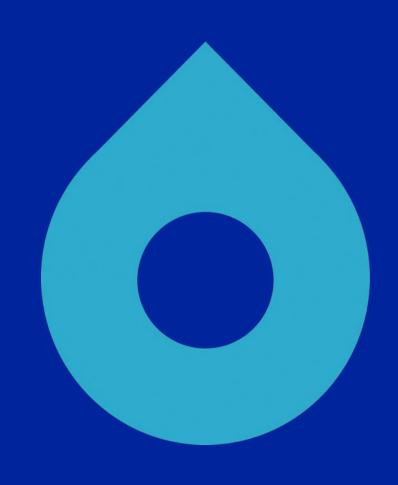
Forms of contract evaluation

NEC = Opportunity

EVOLUTION NOT REVOLUTION	NEC is similar in philosophy to SWC's current approach. NEC represents a further level of maturation and evolution to 'best practice'
LOW COST	Minimal legal costs associated with development of contract
	Minimal training required in it's use
CAPABILITY ALREADY DEVELOPED	Will need some capability development and awareness training, but DM resources are already on the journey
APPLY TO SPF AS WELL AS RDC	NEC contains a full suite of contracts that apply to the full range of services/products procured by SWC. Opportunity to have a standard suite of contracts across the supply chain including for all suppliers in the Shared Purchasing Function.
BACK-TO-BACK	Standard form of contract makes it easier for organisations to go 'back-to-back' in contracts, thereby driving business efficiency for all parties
INNOVATOR IN THE MARKET	Opportunity for SWC to be the 'first mover' in introducing NEC to Australia. Opportunity to collaborate with other major infrastructure providers, e.g. Sydney Metro to pioneer new practice in the market
FOMO	Given the RDC is a 10-year contract, there is a potential reputational risk that if SWC does not adopt NEC, the rest of the market will 'overtake' SWC in adopting 'best pratice'
MINIMISE RISK OF DISPUTE	NEC is built on a fundamental philosophy of collaboration and dispute avoidance. The level of successful delivery has increased under NEC whilst the number and scale of disputes has minimised significantly.

Project Controls

Eyes and ears of the P4S PMO



P4S addresses common challenges and promotes opportunities for integration, consistency and value

Many mega projects are late and over budget.....with disputes and blowouts increasing!

We need the ATeam on the project,
it's losing
millions!....???

Contractors are losing millions... \$\$\$\$\$ restructures, sales, new CEO's, old CEO's...

"...we need to be more 'commercial...", "...we need people to make commercially based decisions...", "...we need accurate commercial data...", "...we need our projects to be more commercially astute...", "we need to improve our commercial processes and procedures"...

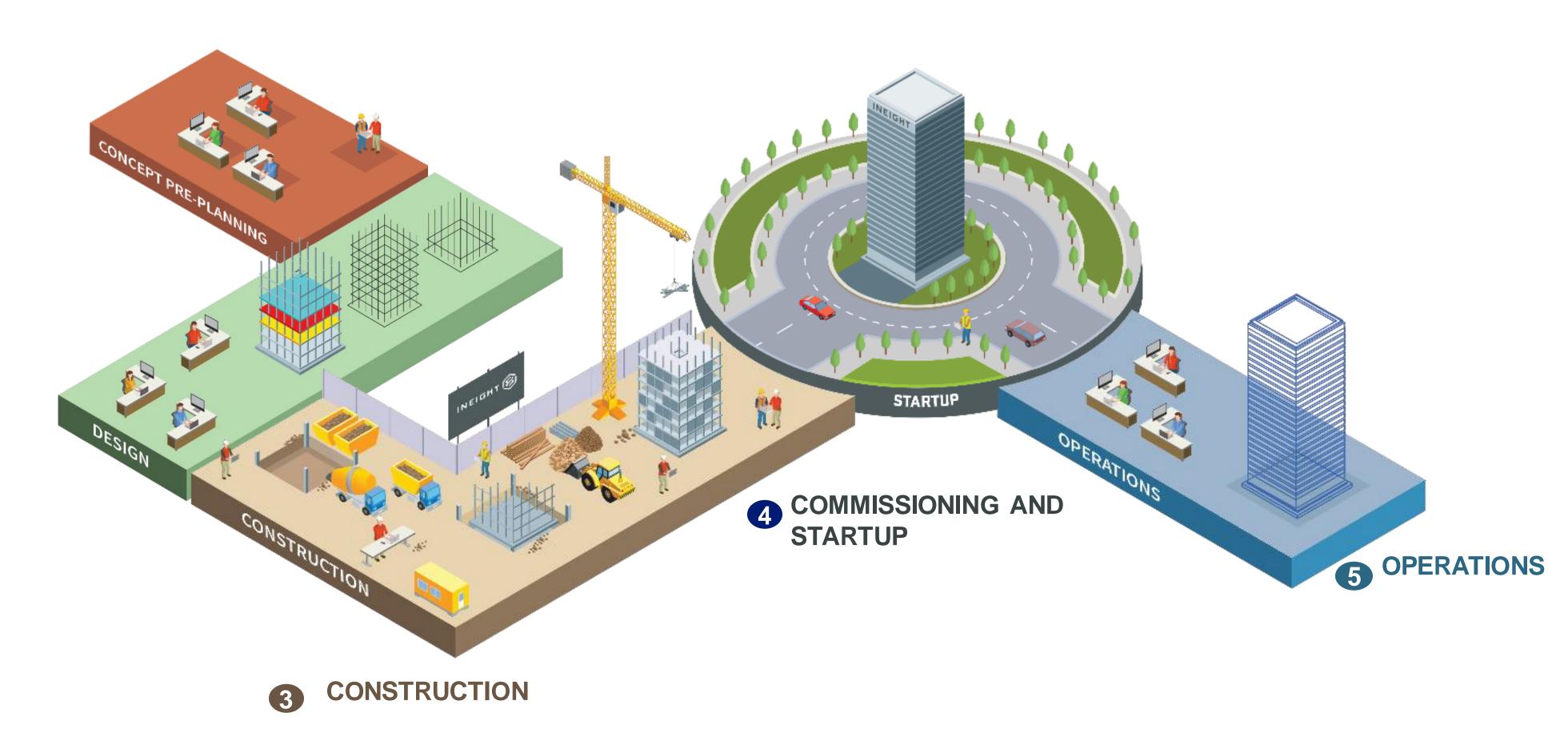
Investment in tools and systems are lagging behind the demands of owners and stakeholders

13/01/2023

Controls for the end-to-end project lifecycle



2 DESIGN AND ENGINEERING



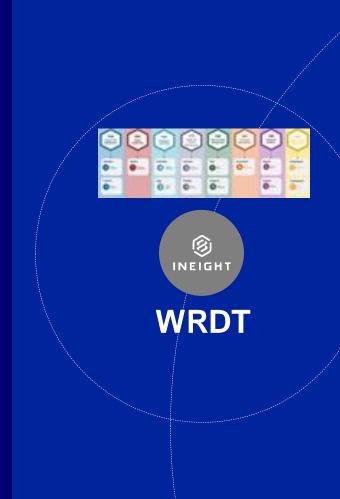
InEight: Providing a shared system for Sydney Water and the RDCs

Shared SW Configured environment for:

- Consistent data collection
- Controlled data formats
- Consolidated reporting
- Digital asset material

RDC configured environments for:

- Provide contained working environment
- Facilitates ease of sharing data with Sydney Water and other collaborating RDC's
- Provide a record of all project data created by the RDC







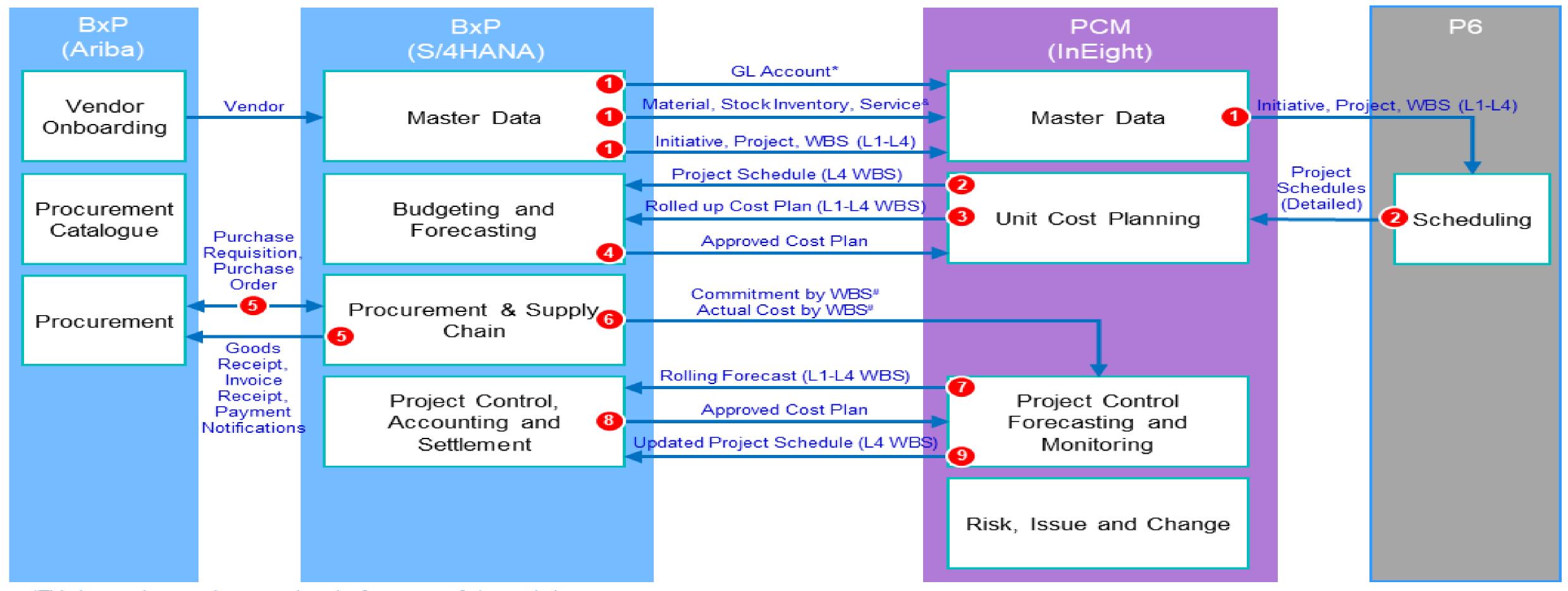






P4S and InEight

Integrated Project Controls requires both master data and transaction data from SAP to function. Integrations are very complex



^{*}This integration may be manual as the frequency of change is low

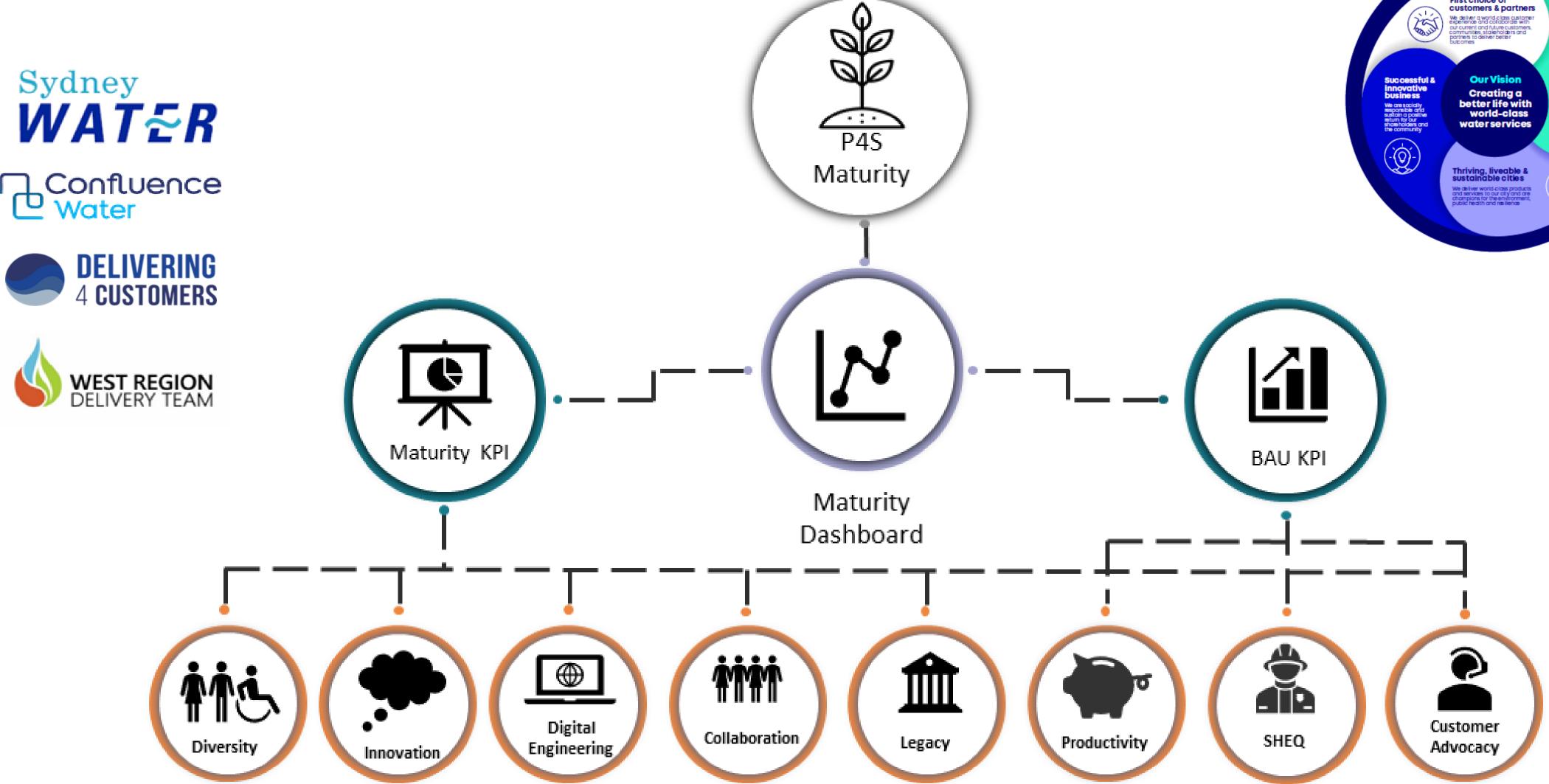
L4 WBS elements may not provide what PCM requires

- Master data synchronisation
- Project scheduling and schedule synchronisation
- Planned cost synchronisation for budget approval
- 4 Approved cost plan and budget synchronisation
- 5 Procurement execution and supply chain operations
- Provision of commitment and actual costs to PCM
- Rolling forecast
- Update of approved cost plan and budget
- Update of revised schedule

⁸Potentially the same interfaces between S/4HANA and Maximo can be reused

^{*}Granularity of integration to be further discussed. If line item level detail is required, integration will be highly complex but rolled up comment and actual costs to

P4S Integrated Maturity Framework and BAU KPIs

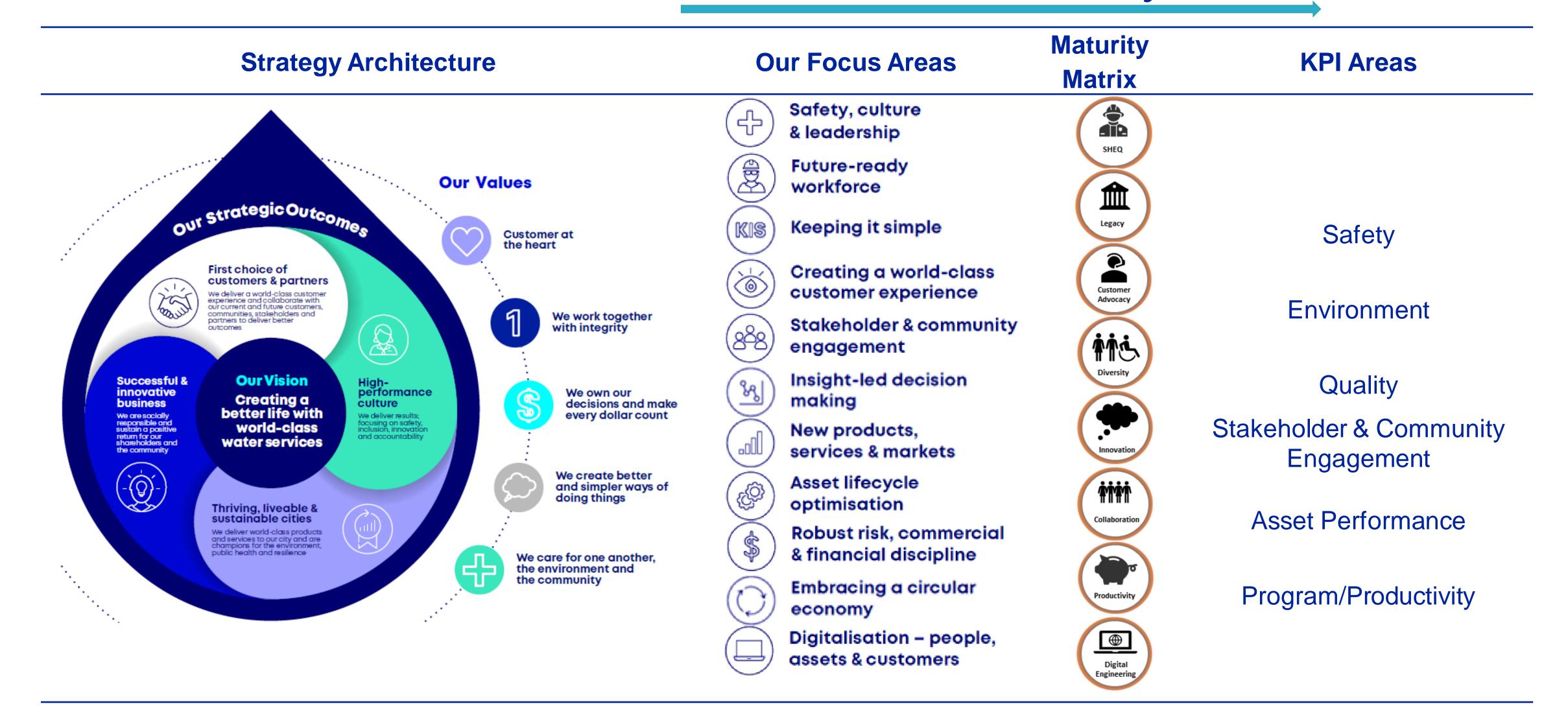


Our Strategy architecture



Integrated KPIs with a clear line of site to corporate strategy

KPI Hierarchy



P4S achievements to-date

- Awarded over 400 projects, started construction in 96 projects and delivered over 210,000 maintenance work orders in the last 20 months
- Established 3 regional offices and onboarded over 1,000 employees working in a fully integrated environment
- Became the first Australian major infrastructure company to implement the NEC4 contracting framework
- Prequalified 600 suppliers as part of Shared Purchasing, with 400 contracts awarded
- Uplifted HSE maturity of our supply chain with zero environmental incidents and achieved lower TRIFR of 4.63 (June 2021 – May 2022)
- Started the implementation of integrated project controls (or IPC) project
- Won various awards for best practices across project management, human resources and procurement areas



