



Information Technology System Separation Plan Quarterly Update

Presented by: Brian Rudowski, Acting Chief Information Officer

Presented for: LIPA Oversight & Clean Energy Committee

June 2024



Executive Summary

- The System Separation Program is actively in progress, with implementation efforts for 71 applications. The Program was initiated in Sept 2022 after approval of the preliminary plan by DPS and the LIPA BOT.
- The Program is like a merger and acquisition / divestiture and is very complex, requiring extensive analysis and planning, coordination of many vendors, internal support teams and functional business unit experts for a highly integrated portfolio of products.
- An experienced PSEGLI team with backgrounds in similar work has been established to orchestrate the Program activities and is supplemented by professional teams of System Integration partners and software providers for execution.
 - Costs are estimated by this PSEGLI team at \$68M for the separation work, followed by \$28M annually for post-implementation maintenance and support.
 - The supporting schedule consists of program management and work activities for each of the systems in scope and is expected to complete in a rolling manner starting in the Fall of 2024 and completing by the end of 2025.

2022 Schedule (Preliminary Plan*)





IT System Separation was split into four implementation bundles. The requirements are detailed in PSEG Long Island's [2023](#) and [2024](#) Performance Metrics IT-07: System Separation recommended by DPS and approved by the LIPA Board in December 2022 and 2023, respectively.

System Separation	LIPA PSEG LONG ISLAND SYSTEM SEPARATION DETAILS											
	2022			2023			2024				2025	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Implementation Bundle 1	P	P	1	2	I	I	I	I	★		
	Implementation Bundle 2				P	4	I	I	I	I	★	
	Implementation Bundle 3*				P, I*	P	5	P	I	I	I	★
	Implementation Bundle 4						P	6	I	I	I	★
* Separation of Caseworks system to start 2023 Q2; remaining systems start 2024 Q1.		P = Planning, I = Implementation, ★ = Go-Live										
		Planning Milestones										
		1 Implementation Bundle 1 - RFP issued by 11/30/2022										
		2 Implementation Bundle 1 - System Integrator Selected by 1/31/2023										
		3 Implementation Bundle 1 - PIP submitted for LIPA approval by 3/31/2023										
		4 Implementation Bundle 2 - PIP submitted for LIPA approval by 6/30/2023										
		5 Implementation Bundle 3 - PIP submitted for LIPA approval by 9/30/2023										
		6 Implementation Bundle 4 - PIP submitted for LIPA approval by 3/31/2024										

* The 2022 Schedule was a preliminary schedule that only included 46 systems. In 2023, an additional 25 systems were identified.

Scope | 71 Applications

Scope was divided into four bundles based on logistics, complexity and importance.

BUNDLE 1: SAP & Ancillary ERP Systems	BUNDLE 2: Email & Identity Systems	BUNDLE 3: Cloud-hosted & Other Systems	BUNDLE 4: Cybersecurity Systems
 <div>1. Catalyst 2. Microsoft Identity Manager >> ISIM/Sailpoint 3. OrgChartsPlus >> Ingentis 4. PowerPlan 5. SAP ECC 6.0 (and related supporting tools) 6. Accenture Clone & Test 7. CLM >> IronClad 8. Maestro 9. PBS 10. Spinifex 11. Winshuttle 12. Zoption 13. SAP Ariba 14. SAP Concur 15. SAP SuccessFactors</div>	 <div>16. Active Directory 17. AirWatch >> InTune 18. Area 1 Security 19. AWS related DevOps 20. CloudHealth 21. CyberArk 22. ForcePoint/DLP 23. Hitachi Password Manager 24. Lookout 25. Lync/Skype >> Teams 26. Microsoft Outlook/Exchange >> M365 27. Okta 28. ProofPoint 29. Zoom >> Teams 30. Move from Bundle 4: RSA appliances (now includes scope from LDAP/PingID)</div>	 <div>31. 3E 32. Barista 33. CaseWorks 34. Compliance 360 35. CyberGrants 36. Encase 37. Guidance Link >> SharePoint 38. iManage 39. IS Networkd (ISN) 40. JAMS >> GoAnywhere 41. Legal Tracker 42. LoadRunner 43. Lotus Notes >> Info Archive 44. P6 for IT 45. Practising Law Institute (PLI) 46. Project Tracking System 47. Relativity One 48. Roxi >> DXC Assure Claims 49. Robotic Process Automation (RPA) 50. ServiceNow 51. SharePoint 52. SIMS-AVA 53. Sitecore 54. The Link (FirstUp) 55. Westlaw Edge</div>	 <div>56. Armortext 57. Bitsight 58. Burp Suite 59. Carbon Black 60. Cyber GRX 61. DigiCert 62. Dome9 63. FireEye Helix 64. Fortress 65. Knowbe4 66. Managed Security Services Provider (Mandiant) 67. Neustar UltraDNS/ UltraDDOS (now Vercara) 68. Skyhigh 69. Symantec Endpoint Protection (SEP) 70. Venafi 71. Veracode</div>

>> denotes a change from the original 2022 asset on the left to the new name on the right
Note 1: Some shifts of products between Bundles have occurred based on dependencies/relationships identified in 2023 and the need to manage the workload effectively.
Note 2: Scope of The Program is to complete the work to separate the systems and does not represent changes to how business operations functions are performed.



June 2024 Schedule

The 6-month implementation schedule for Bundle 1 starting in Q1 2024 was delayed due to onboarding issues with the System Integrator. The revised Q4 schedule reflects the System Integrator's proposed timeline.

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	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4
Program Management & Planning													
Staffing													
Discovery / Document Reviews													
Interviews with Subject Matter Experts & Stakeholders													
Vendor Meetings and ROM Quotes													
Alternative Analysis & White Paper Development													
Estimation and Budget Preparation													
Bundle 1 (SAP Finance, Payroll) - 15													
RFP's and Contract Negotiations													
Acquire Software Licenses, Build Hardware													
Requirements & Design Documentation													
Testing													
Go Live													
Close-out & Hypercare													
Bundle 2 (Email, Identity Mgmt) - 15													
RFP's and Contract Negotiations													
Acquire Software Licenses, Build Hardware													
Requirements & Design Documentation													
Testing													
Go Live													
Close-out & Hypercare													

Note: The integrated schedule reflects a single Go Live event for Bundle 1 due to the tight relationship between its components, while other Bundles depict a rolling implementation plan.

June 2024 Schedule (continued)

[2 of 2]

	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4
Bundle 3 (Cloud-hosted & Misc Other) - 26													
RFP's and Contract Negotiations													
Acquire Software Licenses, Build Hardware													
Requirements & Design Documentation													
Testing													
Go Live													
Close-out & Hypercare													
Bundle 4 (Cybersecurity) - 16													
RFP's and Contract Negotiations													
Acquire Software Licenses, Build Hardware													
Requirements & Design Documentation													
Testing													
Go Live													
Close-out & Hypercare													

Note: The integrated schedule reflects a single Go Live event for Bundle 1 due to the tight relationship between its components, while other Bundles depict a rolling implementation plan.

Approved Budget Update*

- LIPA approved funding of \$21.7M* in the 2024 Capital and O&M Budgets for Bundle 1.
- Bundle 1 schedule delays will likely require use of funds designated for contingency and funds from Bundles 2-4 to fund the Bundle 1 EAC of \$26.3M.

PSEGLI's estimated one-time program cost (as of May 2024)

Estimates		Actuals To Date		Estimate To Complete		Estimate At Completion	
Bundle	Estimate	Bundle	Actuals	Bundle	ETC	Bundle	Estimate
Bundle-1	\$ 24,405,215	Bundle-1	\$10,099,526	Bundle-1	\$ 16,213,497	Bundle-1	\$ 26,313,023
Bundle-2	\$ 15,190,956	Bundle-2	\$1,802,857	Bundle-2	\$ 11,287,250	Bundle-2	\$ 13,090,107
Bundle-3	\$ 13,900,052	Bundle-3	\$2,335,867	Bundle-3	\$ 11,079,839	Bundle-3	\$ 13,415,706
Bundle-4	\$ 15,230,837	Bundle-4	\$1,185,768	Bundle-4	\$ 13,560,723	Bundle-4	\$ 14,746,491
Total	\$ 68,727,060	Total	\$15,424,018	Total	\$ 52,141,309	Total	\$ 67,565,325

PSEGLI's budgetary estimates of ongoing costs to maintain separated systems

	Annual Software	Annual Hardware	Annual Contract	Annual Labor	Annual TOTAL
Bundle-1	\$6,364,879	\$1,032,085	\$1,000,000	\$142,379	\$8,539,343
Bundle-2	\$4,646,050	\$522,900	\$0	\$2,102,858	\$7,271,808
Bundle-3	\$3,178,261	\$525,350	\$24,408	\$1,838,118	\$5,566,137
Bundle-4	\$4,724,648	\$3,125	\$95,591	\$2,775,498	\$7,598,862
Grand Total	\$18,913,838	\$2,083,460	\$1,119,999	\$6,858,853	\$28,976,150

Additional analysis is in progress to identify where cost and schedule may be streamlined. For example, identify applications that only require a contract transfer, are determined as optional, or can be replaced by another separation application.

* Reference Appendix 1-3 for LIPA Approved Budget Details

Key Open Issues / Risks

1. Delays Onboarding the Bundle 1 System Integrator.

- System Integrator | Did not utilize correct background vendor.
- PSEG HR | Did not have bandwidth to handle volume of onboarding.
- PSEG Security | 10 CFR 810 Clearance.

2. Negotiating ~ \$2.5M claim by Bundle 1 System Integrator.

- System Integrator claims above delays have resulted in a three-month delay in six-month fixed fee schedule.
- Cost of change being negotiated with PSEG Procurement.

3. ~ \$2.8M Accompanying Costs resulting from the delays.

- Software Subscriptions – Loss in monthly subscription costs.
- Other Bundle 1 Application Dependencies – PowerPlan Implementation.
- PSEGLI Project Team – PMO, Solution Architects, Business Analysts, Controllers, Schedulers, Change Management consultant costs.

4. Lack of availability of key subject matter experts to move the project forward.

Next Steps

- 1. Work with System Integrator to evaluate options to make up lost time to maintain 2024 approved budget and schedule.**
- 2. Complete Bundle 1 and ServiceNow (from Bundle 3) deployments by November 2024.**
- 3. Identify cost and schedule reduction opportunities across the portfolio of applications in Bundles 2-4 for the 2025 Budget.**

Questions?

Brian Rudowski
Acting Chief Information Officer

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The background of the slide features a blue-toned image of two hands shaking, symbolizing agreement or partnership. Overlaid on this is a network of white dots connected by lines, suggesting a digital or global connection. Large, semi-transparent geometric shapes, including triangles and rectangles, are scattered across the scene, adding a modern, architectural feel.

Appendix

Appendix 1: Budget Update | **Bundle 1**

Bundle 1 Implementation delays will likely require use of funds designated for contingency and O&M as well as funds from Bundles 2-4.

	PSEGLI 2024 Budget Request	LIPA 2024 Approved Capital and O&M Budget	2024 YTD Spent (Ending April 2024)
Software	\$ 3.8 M	\$ 3.1 M	\$ 2.9 M
Professional Services	\$ 21.2 M	\$ 10.2 M	\$ 2.2 M
PSEGLI In-house	\$ 2.8 M	\$ 1.6 M	\$ 0.4 M*
Hardware	\$ 7.1 M	\$ 0.7 M	\$ 0.2 M
PMO**	In Professional Services	\$ 3 M	\$ 1.2 M
Contingency	Not Included	\$ 1.3 M	\$ 0
O&M	\$ 3.4 M	\$ 1.8 M	\$ 0
Total Bundle 1	\$ 38.3 M	\$ 21.7 M	\$ 6.9 M

*Includes Affiliate Cost ** Covers Bundle 2-4

Appendix 2: Budget Update | Bundles 2 - 4

	PSEGLI 2024 Budget Request	LIPA 2024 Approved Capital and O&M Budget	2024 YTD Spent (Ending April 2024)
Software	\$ 13 M	\$ 2.6 M	\$ 0
Professional Services	\$ 5 M	\$ 3.9 M	\$ 0.6 M
PSEGLI In-house	\$ 10 M	\$ 2.6 M	\$ 0.5 M*
Hardware	\$ 1.1 M	\$ 0.7 M	\$ 0.3 M
PMO**	In Professional Services	\$ 0	\$ 0
Contingency	Not Included	\$ 0.7 M	\$ 0
O&M	\$ 2.2 M	\$ 0.4 M	\$ 0
Total Bundles 2-4	\$ 31.3 M	\$ 10.9 M	\$ 1.4 M

*Includes Affiliate Costs ** Accounted for in Bundle 1 Budget

Appendix 3: Budget Update | Program

	PSEGLI 2024 Budget Request	LIPA 2024 Approved Capital and O&M Budget	2024 YTD Spent (Ending April 2024)
Software	\$ 16.8 M	\$ 5.7 M	\$ 2.9 M
Professional Services	\$ 26.2 M	\$ 14.1 M	\$ 2.8 M
PSEGLI In-house	\$ 12.8 M	\$ 4.2 M	\$ 0.9 M*
Hardware	\$ 8.2 M	\$ 1.4 M	\$ 0.5 M
PMO	In Professional Services	\$ 3 M	\$ 1.2 M
Contingency	Not Included	\$ 2 M	\$ 0
O&M	\$ 5.6 M	\$ 2.2 M	\$ 0
Total Program	\$ 69.6 M	\$ 32.6 M	\$ 8.3 M

*Includes Affiliates