



SWORD
ACTIVE RISK

Ameren manages multi-million dollar capital projects' risk with Active Risk Manager

Leading US utilities company deploys risk management tool to support risk culture and methodology across the organization

Ameren Transmission Company of Illinois is a wholly-owned subsidiary of Ameren Corporation dedicated to electric transmission infrastructure investment. It is responsible for expanding Ameren's already robust transmission system of more than 7,500 circuit miles of high-voltage transmission lines in Illinois and Missouri.

In recent years the number of capital projects that the company runs at any one time has grown exponentially - an example is the 400-mile-long Illinois Rivers electric transmission project, begun in 2014.

The company has a strong risk management culture and has recently implemented Active Risk Manager (ARM) from Sword Active Risk. Ameren Transmission uses historic and current project risk data stored in ARM to identify and mitigate risk for all projects across the regions.

Darin Hendry, Supervisor, Capital & Risk Management, Ameren Transmission said; "We have a capital portfolio of well over \$3 billion and we place a strong emphasis and value on risk management and analysis.

"We use the knowledgebase in ARM to store all risk-related data and analysis. Every lesson and piece of intelligence we now have in ARM we leverage to make our decisions that much smarter."

Supporting a risk management culture

The initial selection of ARM was carried out by the project risk team, who needed a management tool that could support its strong risk management methodology. The risk team had developed a risk management model using Excel spreadsheets that it applied to projects, yet was finding that increasingly the integrity of the model was compromised by errors in data entry or project team members deleting formulae by accident.

As a result, managing and correcting the spreadsheets was increasingly becoming an administrative burden. The risk team was spending more time fixing the risk model than extracting the data for risk analysis.



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Darin Hendry,
Supervisor,
Capital & Risk Management
at Ameren Transmission

“We already had a robust risk management methodology in place, but the tools we were using were all based on Excel spreadsheets. We were limited from a risk management point of view by what we could do – our methodology was outgrowing the capability of our toolset,” explained Hendry.

Comprehensive risk analysis from a single, central database

One of the business drivers behind the selection of ARM was to have a central risk database to store data from previous projects and be accessible for future risk planning. Information from the company’s project scheduling tool, Primavera, is imported into the database enabling all project data to be accessed.

This integration was a key factor in the selection of ARM, as well as the flexibility and user friendly interface that makes the ARM database easy to use.

“Our multi-year projects rely on a powerful project tool and so it was vital that we were able to import data straight into ARM. It makes the whole process seamless,” said Hendry.

“The implementation was carried out in time, well within budget. ARM does everything that the Sword Active Risk team said it would do. I have worked in IT in the past and a lot of companies claim that their software is user friendly, but ARM truly is,” he added.

Supporting risk compliance

Currently ARM is used to manage risk for between 35–40 large capital projects. A compliance group within the company oversees all large projects, over the value of \$5 million, with risk management criteria built in, against which the risk managers must report.

The risk team is able to draw and build risk registers from previous projects, rather than having to start from a blank sheet. Data can be applied from all levels, from project, programme or portfolio, giving complete visibility of risks.

Underpinning the whole risk management process is a knowledgebase in ARM where all risk data is stored. This includes budget data, risk mitigation and intelligence, triggers and controls to identify risk, as well as response strategies for all projects, short-term and multi-year.

“The knowledgebase is a huge benefit. Before data was in different spreadsheets in different forms. Now I can present it in different ways in minutes – our executive business decisions are now based on more valuable and powerful information,” said Hendry.

“Corporate risk intelligence is stored in ARM, so we have made everyone else exponentially smarter – whether you are a new project manager or a seasoned veteran, you have all that intelligence at your fingertips.”

Organizational learning

For Ameren an important part of the project approval process and budgeting is the contingency budget, against which the key risks must be applied. The risk managers are able to present a strong business case to support the contingency budget required using data and reports from ARM.

Reports display how the budget is applied in percentage terms to different risks, including construction, environmental or weather.

“We produce reports that display and report on data for different risks. We have a contingency provision of approx. \$122 million. ARM has helped us to establish good business cases and gives us quick access to data to support and demonstrate the requirement for contingency budgets,” said Hendry.

Following this success the team is working with ARM to continue to do more with the reporting functionality to develop more complex reports, drawing on the risk data.

“We are able to build more complicated reports thanks to the capabilities of ARM and because it is intuitive and easy to use I can produce them without having to invest in consultancy for custom coding,” said Hendry.

The project team is planning to use the configuration plan as a roadmap for adoption of the software companywide. “The Enterprise risk management group were also part of the implementation team from day one. Once we selected ARM they were interested in watching how seamless it is and how it can manage data from all aspects,” he concluded.

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