



Advanced Asset Management Service Bureau

BACKGROUND

Huefner MANAGEMENT SYSTEMS (**HMS**) have now been directly involved in the provision of asset management systems and services to local government for over 15 years. During that time **HMS** have supplied a large number of programs to local government throughout Australia and New Zealand.

The initial need for asset management systems was primarily prompted with a need to comply with statutory requirements (AAS27/FRS3), which most of our customers achieved without undue difficulty by the mid 1990's. Some customers understood the benefits that could be gained from 'True' asset management and proceeded to utilise the various tools available within our systems. Some clients, who had difficulties and/or limited resources, called on us to provide additional training, consulting and advice ranging from data pickup to defining long term strategies. Others struggled with insufficient funding, change in personnel leading to loss of valuable information and lack of resources to maintain their systems.

Meanwhile, the concept of outsourcing part, or all, of the functions required to establish and maintain an asset management system has become more acceptable to our Australian customers (the New Zealanders are well versed in this already).

In consequence, we have established a new service for our customers, comprising "The Advanced Asset Management Service Bureau", which enables any part of the functions required to achieve proper and effective asset management to be carried out by us under your direction and to your criteria.

We have proven that we can effectively and economically clean up or scrub customers data, pickup field data, then analyse and augment that data for creation of relevant statutory and management outputs and to use the cleaned up data for strategy and program determination.

We have prepared this document to define the procedures required for the establishment and maintenance of a successful bureau service for our customers. Through this facility, we can provide you with economic and efficient advanced asset management.



ADVANCED ASSET MANAGEMENT

The art of asset management is applied to achieve the following:

- Determine current cost and written down current cost of all relevant assets.
- To define the optimum replacement strategies for each asset.
- To define risk management issues.
- To determine maintenance strategies.
- To establish needs-based bench marks for capital expenditure.
- To determine lease rates and competitive business unit strategies including cost recovery options.
- To make relevant statistical data available.
- To clarify roles and responsibilities for infrastructure provision and maintenance.
- To model the effect of degradation and/or utilisation of an asset or groups of assets.
- To define optimum operational and service delivery requirements.

Advanced asset management is therefore much more comprehensive than the provision of valuations and statistics only.

THE PROPOSAL

Recent history has shown that there has been a steady movement from in-house asset management to management by contract.

Local government infrastructure does not change so rapidly that hourly, daily or even weekly updates of data are essential. In consequence there is no real-time need for asset management (there is for Customer Service and Maintenance Management), hence the provision of centralised management with continuous access to information is not only viable but can be provided very economically.

Significant reduction in costs will be incurred with data maintenance and analysis being much more efficiently being carried out by experienced operators than by someone who only reviews strategies once a year.

The proposed total process is as defined below. The process can be adjusted to suit each customers requirements.

1. **Huefner MANAGEMENT SYSTEMS (HMS)** obtains relevant data from the customer. **HMS** prepares a comprehensive report on what is right / wrong / missing.

Where applicable, whole or partial data pickup services from the field is available.

2. **HMS** reviews all relevant actions required to:
 - a) Obtain 'clean' data ie data that contains all relevant information.
 - b) Define all workflow processes including forms and procedures to enable:
 - i) Clean-up of existing database
 - ii) Maintenance of existing database
3. **HMS** instigate the actions in item 2 via the Asset Manager – monitoring is done by **HMS**. Alternatively **HMS** 'cleans up' the data.
4. **HMS** consults with the Asset Manager and/or Executive Staff to determine business case requirements and strategy constraints as applicable.



5. Once the requirements eg minimum level of service etc. are defined and agreed on by the Asset Manager and **HMS**, **HMS** applies those business rules to the data available and produces relevant strategies which are formulated in reports.

The scope of the service can be varied to suit each individual Asset Manager's needs.

In general terms it is envisaged that the base service comprises the services outlined above plus:

- Updating of data
- Status reports
- AAS27/FRS3 reports
- Strategy reports

Various options on frequency are available, however it is expected that AAS27/FRS3 and Strategy reports will be required once per year whilst updating and status reports will be required every quarter. Other options including ad-hoc actions are available.

COSTS

The cost of reviewing your data and preparing a report is in the order \$600.00+ per system.

The cost of defining an implementation plan, ie the process and action plan to obtain clean data is in the order of \$ 600+ depending on complexity and extent of data

The cost of scrubbing and cleaning up of data (if required) will be charged on an hourly basis.

Defining strategies with the customer, and preparation of appropriate reports is dependant on complexity of data, number of strategies to be explored and extent of detail required in the reports.

A final and continuing phase, comprising updating and maintenance of the database plus regular reviews with the customer and including regular reports and reviews of strategies etc will cost in the order of \$4,000 to \$6,000 per annum per discipline. Multi-discipline discounts apply.