

GREAT PLAINS ENERGY / KANSAS CITY POWER & LIGHT

A WELL-DESIGNED PROGRAM MANAGEMENT OFFICE AND PROVEN METHODS PAVE THE WAY TO SUCCESSFUL INTEGRATION OF IT OPERATIONS.

Great Plains Energy, the holding company of Kansas City Power & Light (KCP&L), acquired the regional operations of Aquila with a deal valued at more than \$1.7 billion.

Great Plains Energy engaged West Monroe Partners to perform pre-transaction due diligence for the potential deal's IT valuation, people, processes, facilities, and strategy. Immediately following the acquisition, KCP&L turned to West Monroe Partners to manage strategy and planning for integrating the companies' IT operations. West Monroe Partners worked closely with the IT organization to develop a strategic integration plan, provide IT CIO advisory services, implement and manage a large-scale project management office (PMO), optimize the organizational staffing model, and perform ongoing budget analysis to ensure the capture of synergies and deal value within this highly regulated industry.

KANSAS CITY POWER & LIGHT.

Operating from headquarters in Kansas City, Missouri, Kansas City Power & Light ("KCP&L") has evolved into a full-service energy provider and resource. The company was founded in 1882 and has become one of the Midwest's most affordable energy suppliers through leadership in fuel procurement, plant technology and efficient power generation, transmission, and distribution. KCP&L services over 500,000 customers in 24 western Missouri and eastern Kansas counties. After the deal closed, KCP&L's customer base increased to more than 800,000 customers.

INTEGRATING COMPLEX IT ORGANIZATIONS.

Great Plains Energy, the holding company of KCP&L, announced its intent to acquire the Missouri and Kansas operations of Aquila, an electric and natural gas distribution company, for \$1.7 billion and to combine Aquila's operations with its own.

In conjunction with the financial close, Black Hills Corporation acquired all of Aquila's former electric and gas customers outside the Kansas City metro area for \$940 million. The simultaneous integration and carve-out efforts by the three parties involved in the deal increased the transaction's complexity.

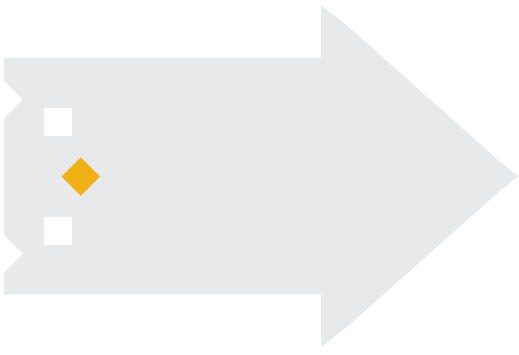
In addition to a potentially long and difficult regulatory approval process, the companies faced several other challenges in preparing for integration:

- ◆ Coordinating diverse teams and managing organizational change among KCP&L, Aquila, and Black Hills Corporation
- ◆ Addressing complex security requirements and processes surrounding corporate data and integration testing
- ◆ Establishing consistent network connectivity
- ◆ Integrating Aquila's and KCP&L's vastly different corporate cultures

For assistance with preparing for integration, KCP&L turned to West Monroe Partners. West Monroe Partners initially provided IT due diligence for the acquisition on behalf of KCP&L and its holding company, Great Plains Energy. It also brought substantial experience in IT integration, infrastructure planning, and project and program management to advise IT leadership during this challenging integration process.

"WEST MONROE PARTNERS DID A GREAT JOB WITH THE INTEGRATION OF KANSAS CITY POWER & LIGHT AND AQUILA. LEVERAGING ITS STRATEGY, PLANNING, AND PROJECT MANAGEMENT EXPERTISE, WE WERE ABLE TO EXECUTE A SEAMLESS INTEGRATION OF OUR IT ORGANIZATIONS AND SUCCESSFULLY SUPPORT OUR BUSINESSES."

Chuck Tickles, Vice President of IT- Kansas City Power & Light



ESTABLISHING A LARGE-SCALE PMO.

During the strategy and planning phase, West Monroe Partners recognized an immediate need for a program management office (PMO) to oversee the integration. The West Monroe Partners project team interviewed key IT stakeholders to assess KCP&L's project management resources, methods, and skills. Based on its findings, the team designed and developed a PMO to provide oversight for more than 100 integration-related projects. The PMO's focus would be to ensure the completion of these key projects by the closing date, "day one"—a significant effort in a relatively short amount of time.

West Monroe Partners designed the PMO to provide the key elements of successful program management:

- ◆ Alignment to business objectives
- ◆ Standardized processes
- ◆ Process adoption and change management
- ◆ Effective communication among teams
- ◆ Effective budget and resource management

ALIGNING PROJECTS WITH BUSINESS GOALS.

The PMO supported the following integration objectives:

- ◆ **Aligning IT with the business**—ensuring that IT projects meet business and overall "deal" objectives. The PMO achieved this objective by establishing an IT liaison role—an IT representative aligned with each key area of the business.
- ◆ **Portfolio analysis and selection**—analyzing project objectives and prioritization. Working with key business functions and IT leadership, the PMO developed a process for prioritizing the portfolio of projects based on their criticality.
- ◆ **Project initiation and project management**—directing the project "kickoff" and ongoing management processes. The PMO implemented a clear and concise project management process. It also provided supporting tools and templates, to guide project managers and leaders step by step through the process
- ◆ **Center of excellence**—implementing a standardized process. The PMO identified a "best of breed" set of tools, templates, and procedures, and communicated these to project teams to ensure consistency and a standardized approach throughout the program.

- ◆ **Tracking and reporting**—providing visibility into the more than 100 projects. By utilizing a PMO dashboard for the portfolio, an integrated "master" IT project plan, and a structured status reporting process, the PMO was able to establish an accurate picture of the projects and overall program status.
- ◆ **Consulting and advisory**—providing guidance for the portfolio of projects and project managers. Through regular "touch points" and review meetings, the PMO provided guidance and training to project managers and leaders to assist in resource development and mitigate the risks of unsuccessful projects.

REALIZING A SUCCESSFUL "DAY ONE."

Preparation, planning, and a carefully designed PMO enabled the IT organization to deliver on its vision of a successful integration of KCP&L's and Aquila's IT operations. Altogether, the IT organization performed thousands of pre- and post-close activities in areas that included network and telecommunications integration, hardware consolidation, and large-scale application migration—all with minimal interruption to the companies' customers and employees.

DELIVERING BENEFITS BEYOND INTEGRATION.

Through a comprehensive integration approach and disciplined project and program management, West Monroe Partners led KCP&L and Aquila down the path to establishing an integrated IT organization. In addition, West Monroe Partners created a road map for capturing synergies in their combined IT operations by identifying process improvements, redesigning the organization, and increasing visibility into contract and vendor management, to name a few.

West Monroe Partners has transitioned management of the PMO to KCP&L, enabling the company to utilize the PMO methodology in its normal business operations—long after the IT integration initiatives are completed. By providing KCP&L with a project and program management "center of excellence," West Monroe Partners has helped the IT organization position itself to align its initiatives with business goals and to provide a higher level of service and support to the organization.

West Monroe Partners is an international, full-service business and technology consulting firm focused on guiding organizations through projects that fundamentally transform their business. With the experience to create the most ambitious visions as well as the skills to implement the smallest details of our clients' most critical projects, West Monroe Partners is a proven provider of growth and efficiency to large enterprises, as well as more nimble middle-market organizations. Our more than 300 consulting professionals drive better business results by harnessing our collective experience across a range of industries, serving clients out of offices across the United States and Canada.