Extending the Life of Your Enterprise Resource Planning (ERP) Solution

Presenters:

- Moderator: David Keller, Asst. City Manager & CFO
- Speakers:
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  - Amy Griser, Deputy Controller, Allegheny County, PA
  - Cory Kampf, Finance Director, City of Brooklyn Park, MN

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Modern ERP Systems Can Drive Significant Benefits

- Improve Labor Productivity
- Reduce Expenses
- Improve Decision Making
- Reduce Risk
Industry Analyst Research Supports Specific, Quantifiable Benefits

“By moving to a single ERP system for Finance and at the same time implementing consistent data and technology standards, companies can cut the cost of finance operations by 23%.” Hackett Group

“World class purchasing organizations have 48% less staff and 30% lower costs than average purchasing organizations.” Hackett Group

“Research has found that adopters of e-Sourcing could negotiate a 14.3% avg reduction in goods & services costs, cut sourcing cycles in half and reduce sourcing administration costs by nearly 60%.” Aberdeen Group

“Organizations can typically count on a 20% to 25% reduction in HR administration staff when they move to a modern, integrated, self-service HR platform.” Hackett Group
However, Many Orgs Never Realize the Full Benefits of Modern ERP

Most organizations report a decline from baseline performance during the initial stage after going live. Continual investment & focus is required to get through the trough and achieve the true value of a modern ERP system.
Common Mistakes Orgs Make that Limit the Value of Modern ERP

1. Lack of continued governance & leadership after “Go-Live”
2. Inadequate focus on change management / end-user training & adoption
3. Customizing ERP system to match legacy processes & procedures
4. Only implementing core transactional systems
5. Moving down a “point solution” path to fill capability / functionality gaps
6. Lack of emphasis on measuring performance
Transition to a Best Practice ERP Competency (CC) Support Structure

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6. The mission of an ERP CC is to progress the organization through the ERP lifecycle & drive maximum value from investment in ERP

- Organizationally, an ERP CC is a permanent, stand alone dept., headed by a Director-level position, aligned under the CFO, COO or CIO

- Staffed with functional/business unit SMEs

- Gartner has found that...”companies with ERP CCs have shown dramatic decreases in consulting costs for each additional project and have the ability to support many more concurrent users per support FTE.”
Invest in Change Management Services & Training Material & Delivery Technology

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- **Invest in change management & training consulting services** – resist urge to take this out of services/implementation contracts

- **Leverage training technologies** that streamline the development & delivery of training material

- **Many ERP vendors provide pre-built process flow content** that can be leveraged:
  - During an implementation project to train SMEs,
  - Before “Go-Live” to train end-users, and
  - At any time a new hire starts & needs get up to speed on how to do things
“Go Vanilla”

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- Oracle has found that many organizations that heavily customize their ERP systems end up re-implementing with a mandate to “go vanilla”
- Organizations should re-engineer legacy processes & procedures (where legislatively possible) to match the pre-delivered, best practice processes in the ERP system
- The earlier organizations begin the change management effort the earlier they will achieve benefits promised by modern ERP systems
- “Going vanilla” enables organizations to more easily take advantage of best practices & new modules made available in future versions
Focus on **Administrative, Delivery, & Performance Excellence**

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- Focusing on and achieving all three levels of excellence is imperative to the overall success of an ERP modernization effort
- **Administrative Excellence** (core transactional systems) – drive *core administrative efficiency* by automating the core transactional processes
- **Delivery Excellence** (self-service) – drive *workforce efficiency* by automating & electronically capturing information at the source
- **Performance Excellence** (reporting & analytics) – drive *organizational effectiveness* by providing employees & managers the information they need where and when they need it
Fill Key Capability Gaps by Implementing Pre-Integrated, ERP-Based Solutions

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- ERP vendors continually invest in advanced functionality/capabilities & new modules
- Many of these systems are on par with “best of breed” systems, but have the additional critical benefit of being pre-integrated to their core ERP system
- Mainstay Partners found that:
  - Consolidated systems drive faster implementation times of up to 50%
  - 20% to 50% lower implementation and upgrade costs via consolidated infrastructure
  - 20% to 70% reduced IT headcount by consolidating systems
  - 25% increased uptime via consolidated infrastructure
- Gartner found that...“running an integrated system usually costs less due to a single technology platform, lack of interface costs, easier support, and lower training costs for both IT and end-users.”
Identify & Baseline KPIs & Actively Measure Progress

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- Before any organization implements an ERP system or begins a modernization effort it should identify a set of standard KPIs for each area
- Baseline the organization’s performance & identify a set of realistic improvement targets for each line of business
- At periodic times after “Go-Live” measure organization’s performance
- Continually compare performance to baseline measures, and hold managers accountable
A Success Story of Allegheny County and the City of Pittsburgh

- The County’s Department of Human Services made a decision to purchase JDEdwards (JDE) with substantial funding provided by state and federal grants.

- The County Controller determined to leverage this purchase and use one Enterprise Resource Planning system (ERP) across the County.  
  
  (Single source of truth)
A Success Story of Allegheny County and the City of Pittsburgh


- Implemented Phase II modules of Payroll and Human Resources in 2008.
Discussions went on for more than 2 years with City and County officials discussing merits of Shared Services
A Success Story of Allegheny County and the City of Pittsburgh

Project was 30% under budget and on time

- City had a need (running on unsupported software)
- Forward-thinking and committed elected officials
- Intergovernmental Cooperation Authority, created once Pittsburgh was declared a Distressed City under PA Act 47, fosters managerial accountability and efficiency, mandated that the City move to a comprehensive management system
- Good Project Management – Scope Control
- Smart utilization of internal resources
A Success Story of Allegheny County and the City of Pittsburgh

Project was 30% under budget and on time

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<th>Original Estimate to the City</th>
<th>Actual Amounts Incurred by City</th>
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<td>Phase II (Services)</td>
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Project Timeline Summary

**Licensing & Preparation**
- June 2, 2011
- Approved Implementation Charter
- Approved Implementation Plan
- Approved Implementation Resource Plan
- June 30, 2011

**Environment Creation**
- June 13, 2011
- Environment Acceptance
- Status Reports
- August 31, 2011

**Configuration & Development**
- June 13, 2011
- Design Acceptance
- Status Reports
- County live on 9.0
- November 30, 2011

**Conversion & Training**
- November 1, 2011
- + Analysts & SME’s
- + All Users
- Status Reports
- January 31, 2012

**Go Live & Support**
- January 1, 2012
- + Analysts & SME’s
- Vendors and GL Balances converted
- 2012 1st Quarter Financials Created
- Status Reports
- May 15, 2012
A Success Story of Allegheny County and the City of Pittsburgh

5-year Agreements signed in 2011

1) Oracle JDE ERP Licensing Agreement
   • Provides for additional governmental organizations or agencies with Pennsylvania to share existing license and maintenance

2) City & County JDE Shared Services Intergovernmental Agreement
   • Infrastructure, Help Desk Services, and JDE Management Board
A Success Story of Allegheny County and the City of Pittsburgh

Environment Creation

• County created a unique and secure instance of JDE based on County’s instance
• Share Objects but Data is kept separate
• Servers are maintained by County’s Administration
• Functional Support provided by County Controller’s JDE Service Center (JDESC)
• 3 Environments maintained: Development, Test and Production.
• All changes are documented by Work Orders or Project Design Plans. Work Orders approved in weekly change meetings, Projects go through integration testing by team members before being promoted to production.
A Success Story of Allegheny County and the City of Pittsburgh

Oversight of the Shared Service Operation

- **JDE Steering Committee** of elected officials meet as needed to set direction and resolve issues.

- **JDE Management Board** review quarterly updates, set project priorities.

- **JDE Shared Service Center** provides all day-to-day services and support to end-users.
A Success Story of Allegheny County and the City of Pittsburgh

- **JDE Management Board Members are appointments made by:**
  - Allegheny County Executive
  - Allegheny County Controller
  - Allegheny County Dept of Human Services
  - City of Pittsburgh Mayor
  - City of Pittsburgh Controller
A Success Story of Allegheny County and the City of Pittsburgh

Goals of Shared Financial Management

• Pooling of costs and reducing IT overhead, including third party consultants, hardware, licensing and software

• In-house system and software expertise available on-demand

• Accelerated, collaborative system expansion on shared priorities
Service Level Agreements

- Signed by JDE Management Members and JDE Service Center Manager
- Include services to be provided and response times
- Define Incidents (i.e. system down), Work Orders (need for new or improved process), and Projects
- Projects require a Charter to be submitted by Member, Design Document prepared by JDESC
- Weekly Change and Technical meetings attend by JDESC personnel and Business Process Owners (BPOs)
A Success Story of Allegheny County and the City of Pittsburgh

Service Delivery Model

- Member Users
- Member Super Users
- JDE Service Center
- Vendor(s)
- Technical Support
- JDE Change Team
- JDE Member Board

Issue/Request → Resolution
A Success Story of Allegheny County and the City of Pittsburgh

JDE Service Center Org Chart

- Support Clerk
- JDE Service Center Manager
- Security/JDE Project Associate
- UPK/ OnBase Support
- JDE Project Associate
  - County Financial
  - City Financial
- JDE Project Associate
  - County HR/PR
  - City Asset Mgt (PR)
- JDE Project Associate
- County HR/PR
- City Asset Mgt (PR)
- JDE Project Associate
- County HR/PR
- City Asset Mgt (PR)
- CNC
- AS400 Administrator
- Developer
- Developer (Vacant)
- BPO - County Controller Representative
- BPO - City Controller Representative
- BPO - County Human Resource Representative
- BPO - City Human Resource Representative
- BPO - County Budget Representative
- BPO - City Budget Representative
- BPO - County DHS Representative
- BPO - County Controller PR Representative
A Success Story of Allegheny County and the City of Pittsburgh

Only 2 Analysts for each organization – 1 financial and 1 payroll/human resources because users are empowered!

- Use of UPK
  - Used to a) document system design, b) for training material and eventually c) to automate running of scripts to test upgrades

- ReportsNow
  - User friendly report writing tool
  - User group meetings/trainings monthly

- OnBase
  - Imaging and workflow software used primarily in accounts payable process
Brooklyn Park’s ERP Story
Brooklyn Park ERP Story

- Acquisition – 2008
- Implementation – 2009-2011
- Maintaining 2011 - ????
Brooklyn Park MN

- Sixth Largest City in MN
- Population – 77,400 residents (64 Parks, 80% developed)
- Located along the Mississippi River, Northwest of Minneapolis.
- Area - 27 sq. miles
- $42 Million General Fund Budget ($100 Million Total Budget).
- 431 FTE (Finance Division has 9.48FTE, IT has 7 FTE)
- 78% of its General Fund supported by Property Taxes.
- Thirty-Three (33) year recipient of GFOA Certificate of Reporting Excellence
Change is inevitable... how are you preparing for it?

If you are addicted to a rigid ERP system, the first thing to do is admit you have a problem.
Why Did We Replace our System?

- City Council Desire for improved information
- Current System obsolete (purchased in 1991- AS400)
- Difficult getting relevant data out of system
- Manual processes in place due to system limitations
- Not easily interfaced with Microsoft Based Technologies
- Cost of business continuity and disaster planning high
- Existing vendor relationship is poor
### Disc management

**Printer idle. Using none.**

**Drive A:**
- **414k used 292k free 44 files**
- **SYSTEM 146k**
- **MEMOS 2k**
- **group 1 38k**
- **LABELS 2k**
- **LETTERS 2k**
- **INVOICE 4k**
- **MANUSCRP 2k**
- **MAILSHOT 168k**
- **13 files**
- **1 limbo files**
- **6 hidden 124k**

**Drive B:**
- **empty**
- **0k used 0k free 0 files**
- **SYSTEM 190k**
- **MEMOS 2k**
- **group 1 0k**
- **LABELS 2k**
- **LETTERS 2k**
- **INVOICE 4k**
- **MANUSCRP 2k**
- **MAILSHOT 4k**

**Drive M:**
- **206k used 1.6M free 16 files**
- **SYSTEM 190k**
- **MEMOS 2k**
- **group 1 0k**
- **LABELS 2k**
- **LETTERS 2k**
- **INVOICE 4k**
- **MANUSCRP 2k**
- **MAILSHOT 4k**
- **16 files**

**A:**
- **SYSTEM 13 files**
- **group 1 22 files**
- **1 limbo files**
- **6 limbo files**

**A:**
- **LETTERS 1 files**
- **0 limbo files**
- **TEMPLATE.STD 2k**

**Filing commands:**
- C=Create new document
- E=Edit document
- P=Print document
- D=Direct printing
- F=Fill
- M=Merge
- f1=Actions
- f2=Disc
- f3=File
- f4=Group
- f5=Document
- f6=Settings
- f7=Disc change
- f8=Options
Business Drivers - 2008

- Market had moved to browser based systems
- Desire to implement “Best Practices”
- Council’s strong desire for a two-year budget process and multi-year budget modeling
- Need better Technology Infrastructure for integration to existing investments:
  - Desktop Tools
  - Document Management System
  - e-Gov, Employee and Citizen Self-Service
  - Business Continuity Strategy
  - Reporting Tools
Evaluation Criteria -2008

New ERP System Must Provide the following:

- Increased reporting/analysis functionality
- Integrated functionality with MS Office
- Multi-year budgeting/forecasting
- Desired E-Service functionality
- Integration with City’s upgraded network infrastructure
- Preference for a .NET solution
- Desire an integrated Finance / Utility Billing / Land Management ERP System
Project Timeline

- System Replacement was added as a 2009 CIP Request.
- Council and BAC indicated strong desire to implement a two-year budget process beginning with 2010-2011.
- RFP process approved in Feb of 2008
- RFP Issued in April of 2008
- Product and vendor evaluations – June 2008 thru July 2008
- Contract negotiations complete - July 2008
- Implementation began - October 2008
- Planned implementations:
  - Financials – April 2009  - actual April 2009 (receipts June 2009)
  - Payroll - July 2009 -- Actual July 2009
  - Community Development first quarter of 2010 – Actual Feb 2010
- Contracted-for E-permits and E-License capabilities
Extending ERP Life – Change

“I want you to find a bold and innovative way to do everything exactly the same way it’s been done for 25 years.”
CHANGE

- “There is nothing so difficult as initiating change” Michelavelli

INITIATING CHANGE

- When initiating change remember “People support what they create”
Extending ERP Life

- ERP Implementation
- Sustain & Augment ERP System
- Maintain & Upgrade
- Integrate & Optimize
Maintain & Upgrade

Subject Matter Experts (SME’S)

Security

Upgrades
Maintain & Upgrade

Subject Matter Experts (SME’s)

- Develop them in each major area
- Document procedures (we are in the beginning stages)
- Develop ongoing training specific to organization
- Use Companies Support Line (call help desk)
- Stay engaged with ERP Company
  - BP hosts State Users Group
  - Participate in Company Development Teams
  - Attend national users conferences
  - Network with peers using same software
  - Participate in Show N Tells
Maintain & Upgrade

Security (who maintains)

✓ Finance controlled from beginning.
✓ Recently began moving parts to ITS.
✓ Develop a process with HR for new hires
✓ Who decides who gets what? Understand boundaries to maintain data integrity.
✓ Standardize security forms
✓ Set up Standardized templates for easy add/ change maintenance.
Maintain & Upgrade

Upgrade Regularly

✓ Falling behind limits ability to leverage technology.
✓ Develop a process to test upgrades (critical)
✓ Assign process for each module to users and... TEST TEST TEST (don’t skimp)
✓ Hold users responsible to complete testing and note any issues.
✓ Time upgrades to not interfere with critical activities (example: Payroll, Year-end, Statutory Dates).
✓ Plan for Network Equipment (infrastructure) upgrades to meet software’s changing needs.
Integrate & Optimize

Interface Development (slowly coming along)

- Recreation Software (close to complete)
- Bank Purchasing Cards (complete)
- E-utilities (used 3rd party and integrated)
- Fire Department Payroll (Upload process – easy and quick)
- Imaging software – attaching scanned invoices to records (future).
- E-timesheets (exploring options).
- E-permits / E-licenses (close to complete).
- E-HR (employee portal / Benefit enrollment) – 2014 launch.
Integrate & Optimize

Optimization of System

✓ Deployment to other departments (budget process, PO’s, reporting, etc...)
✓ Report Development
✓ Business Analytics (training / using)
✓ Dashboards (available)
✓ Workflow processes
✓ Mobile Applications / Cloud Applications
Future

Maintain

Continuous Development

Cloud? / Mobile Apps?
Thank You & Questions