

West Virginia Information Technology Summit 2009



Transforming the Enterprise through ERP

November 3, 2009

Discussion Topics

- Introduction
- What is ERP?
- Why Implement a Statewide ERP System?
- Challenges of Implementing Statewide ERP Systems
- What Other States are Doing?
- How Does WV Get There?
- Questions

Introduction

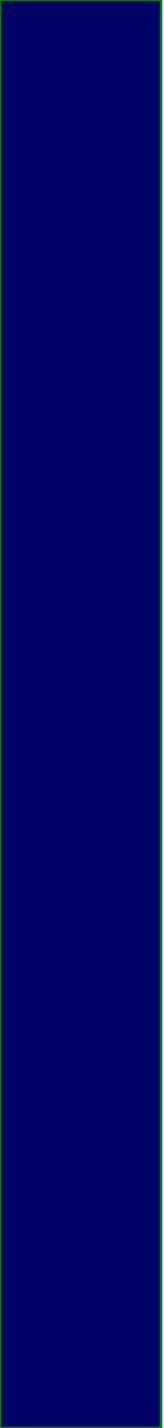
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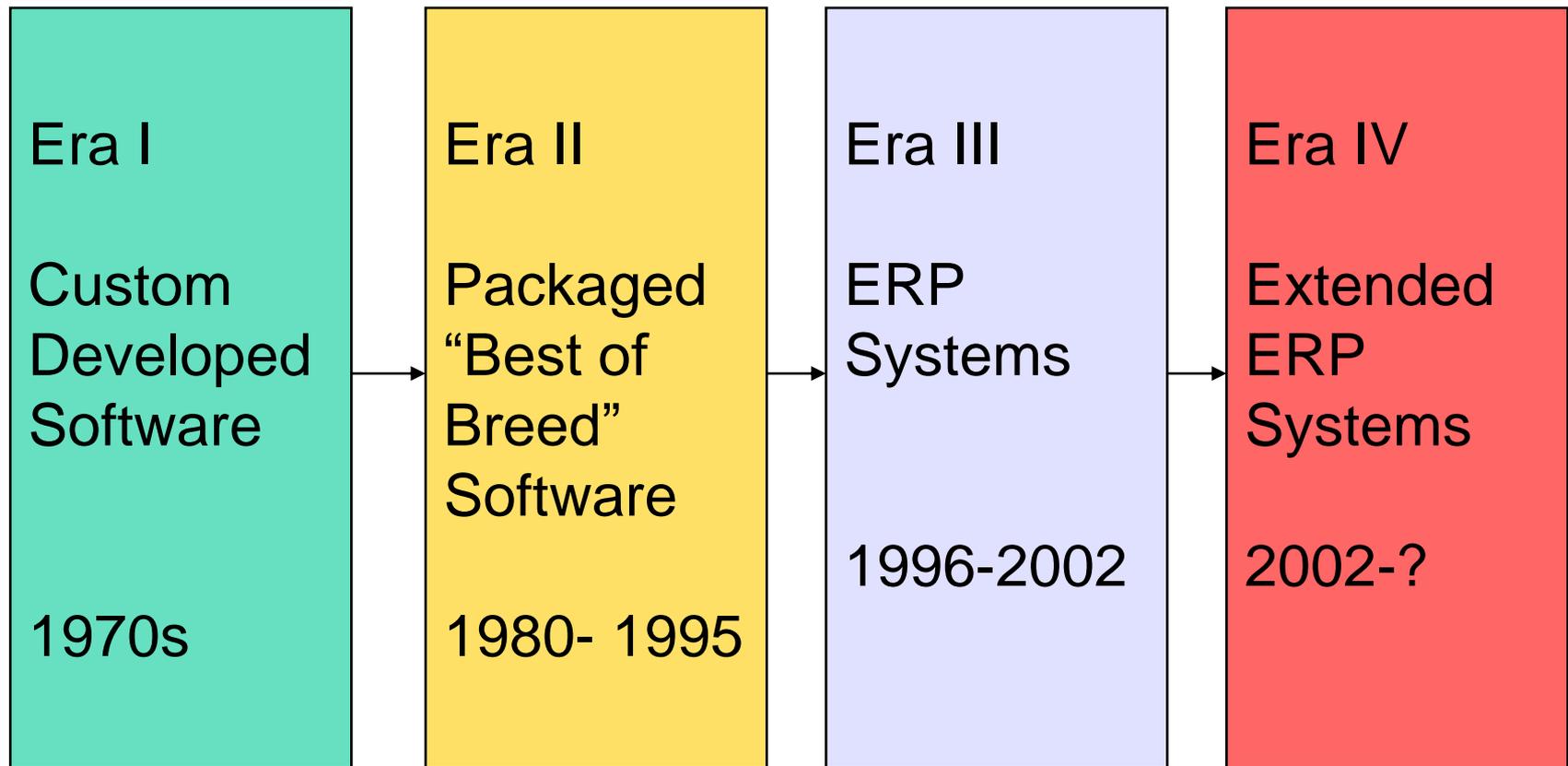


What is ERP?

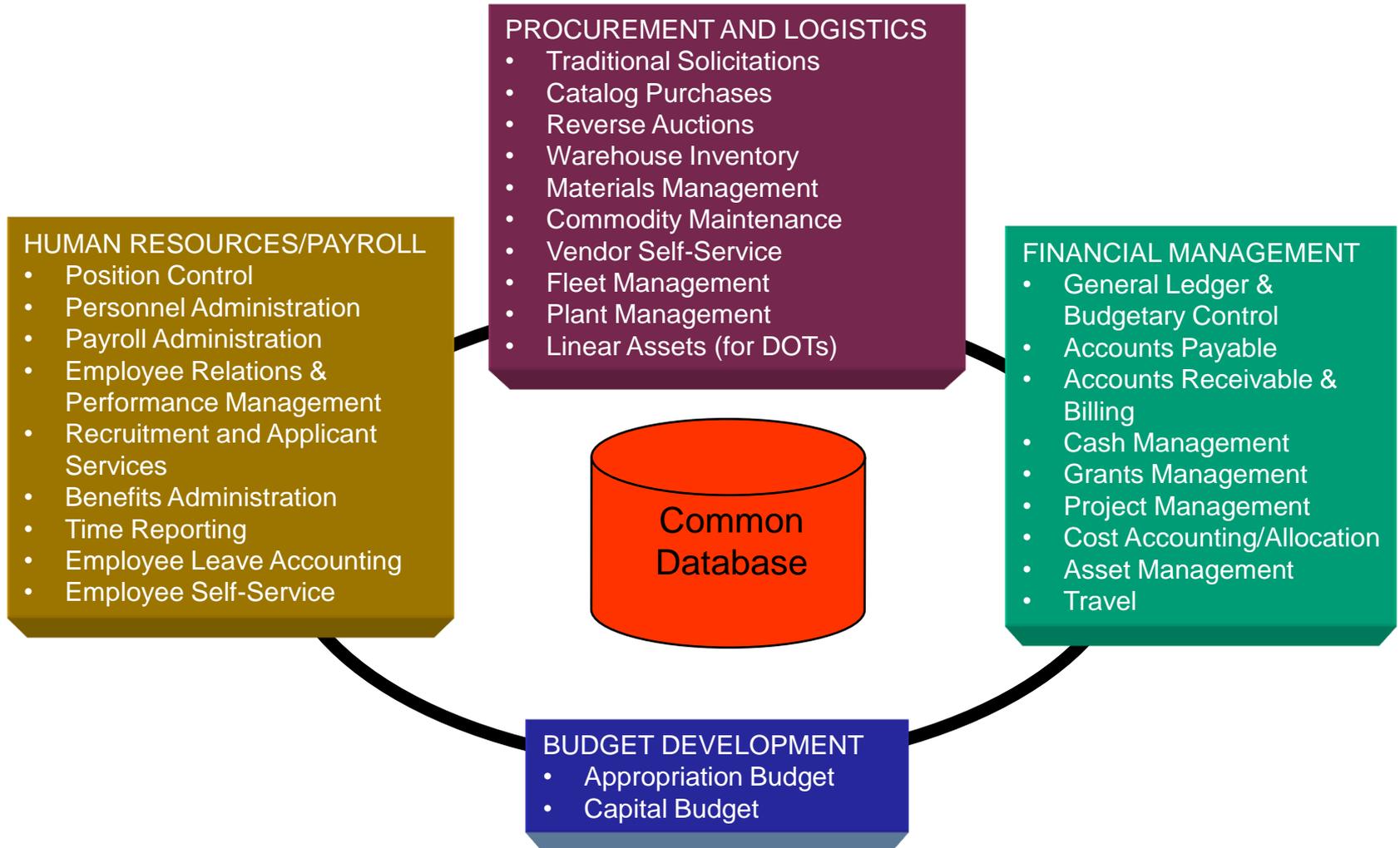
ERP Definition

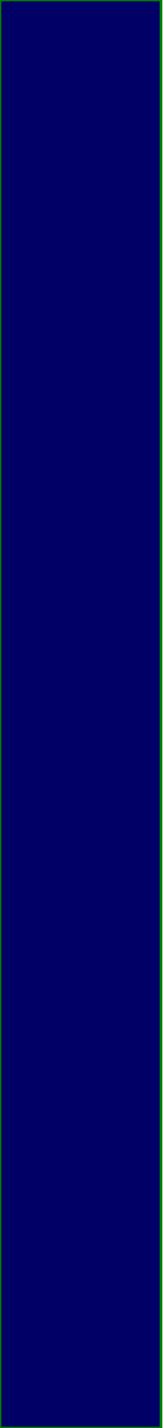
- Enterprise Resource Planning (ERP) – commercially available software package that enables the integration of transactions-oriented data and business processes throughout an organization
- In state government, a comprehensive suite of integrated modules that provide end-to-end support for statewide administrative functions such as:
 - Financial Management
 - Procurement
 - Asset Management
 - Personnel Administration
 - Payroll
 - Time Reporting
 - Benefits Administration

Evolution of Government Administrative Systems



Common ERP Functionality





Why Implement a Statewide ERP System?

Why ERP?

- Replacement of existing administrative systems that are aging and risk technological obsolescence
- Automation and seamless integration of the State's financial accounting, procurement, personnel, payroll, budget development, and other administrative business processes within a single database
- Elimination of duplicate data entry, storage and processing, and reconciling tasks associated with maintaining duplicate data in multiple databases
- Real-time data update/retrieval and enhanced budgetary control through online funds validation
- Ability to meet user agency functional requirements not currently met by central accounting and other statewide administrative systems

Why ERP? (cont.)

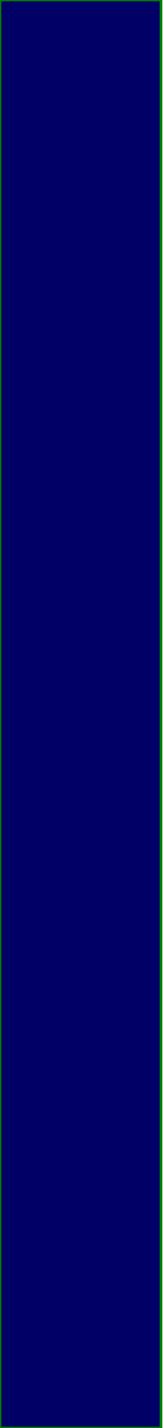
- Elimination of paper documents (e.g., vouchers) and reduction of paper and handling costs
- Significant improvement in the quality, quantity and timeliness of information used in decision-making, and more efficient and accurate research capabilities through enhanced ad hoc reporting and inquiry functionality
- Improvements to the State's business processes and operational efficiency as the designs of commercially- available ERP systems include business processes that are based on industry-standard best practices

Why ERP? (cont.)

- Efficient processing and control of electronic “documents” through workflow management, which provides for document routing, review and approvals, and online inquiries
- Web-enabled self-service for all state employees and vendors that do business with the State
- Ability to support new statewide initiatives
 - Taxpayer transparency
 - Strategic sourcing
 - American Recovery & Reinvestment Act (ARRA) Reporting

Technology Enablers

- Web-enablement
- Graphical user interface
- Real-time processing
- Modular integration
- Common security
- Integration with desktop “office suite” software
- Data import/export capability
- Sophisticated reporting and query capabilities
- Data warehousing
- Audit trail / “drill-down” capabilities
- Workflow management
- Flexible chart of accounts



Challenges of Implementing Statewide ERP Systems (Mitt's Top Ten List)

Challenge # 10

- **Reporting Deficiencies**
 - In the rush to get a fully functional system into production, time to analyze and prepare custom reports is often short-changed
 - We have not observed that the typical ERP end user in state government is developing their own ad hoc reports
 - At a minimum, the State should expect to fund a number of custom report developers for a period of time after “go live”

Challenge # 9

- **Project Team Works in Functional Silos**
 - ERP is an integrated system where most decisions have impacts across the enterprise. It takes considerable time and planning to integrate the efforts of many different work groups
 - Consistent communications
 - Adequate project team facilities

Challenge # 8

- **Inadequate Knowledge Transfer / Continued Reliance on Implementation Consultants**
 - In many ways, it can be easier and faster to let consultants do it all – but then they never leave!
 - It is not uncommon for consulting resources to continue providing post-implementation support to a government for several years after “go live”
 - State needs to commit its best and brightest employees to the project

Challenge # 7

- **Inability to Resolve Issues and Make Decisions in a Timely Manner**
 - Some governments are not accustomed to making the multitude of decisions that will be needed in a very short time period
 - Project manager and team members need to be empowered to make routine decisions
 - An effective issue escalation policy needs to be put in place for those issues that cannot be resolved at the project team level

Challenge # 6

➤ Personnel Issues

- State's failure to dedicate proper level and number of its best and brightest employees to the project on a full-time basis
- High turnover due to failure to properly compensate/incentivize State project team members
- Unqualified implementation consultants

Challenge # 5

- Every Agency Thinks They are Unique
 - Failure to adopt and standardize business processes in accordance with best practices inherent in ERP software – often leads to unnecessary and costly software modifications
 - Everyone supports “no mods” in general, until it is their modification that is being refused
 - Some agencies do not want to participate
 - From a change management perspective, it is much easier to make the ERP system replicate old system rather than using the software as designed
 - Transportation departments **ARE** unique

Challenge # 4

- The ERP System is Considered an “IT Project”
 - Large administrative systems projects have traditionally been managed by IT
 - ERP represents a new way of doing business, and it must be treated as a business transformation project
 - IT provides the technical knowledge and support for an ERP Project
 - Project must receive strong executive sponsorship, project team participation, and subject matter expertise from the functional areas of state government

Challenge # 3

- **Balancing Statewide Goals with Agency Needs**
 - The demands of meeting central (statewide) goals vs. the needs of the user agencies is one of the key reasons projects struggle with scope, change management, modifications, business process changes, funding, etc.

Challenge # 2

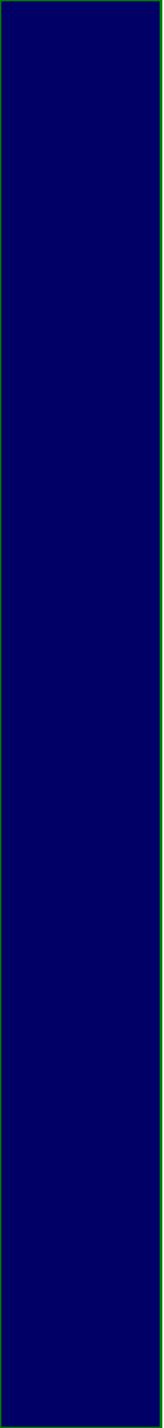
- **Lack of Executive Support / Governance**
 - Strong leadership is necessary for employee “buy-in” to the changes that will be taking place
 - Executive support is best demonstrated through commitment and empowerment
 - Needs to start at the top (the higher the better)
 - Effective project governance is a **MUST!**

Challenge # 1

- Failure to Provide Adequate Change Management and Consistent Communications to the End-User Community
 - When an organization implements a new automated system, the greatest risk to success does not arise from the software configuration and implementation process but from the changes to the existing processes and procedures.
 - The risks associated with not recognizing the change impact and properly managing it can disrupt the project implementation effort and system acceptance, decrease employee productivity, and increase employee stress and anxiety

Other Challenges

- Politics
 - Elected officials not supportive of project
 - Elected officials' agencies not participating in project; often require cumbersome work-arounds to interface
 - Turf battles
 - Conflicting objectives
- Thorough knowledge of GAAP accounting required for certain roles - sometimes a problem for small agencies



What Other States Are Doing?

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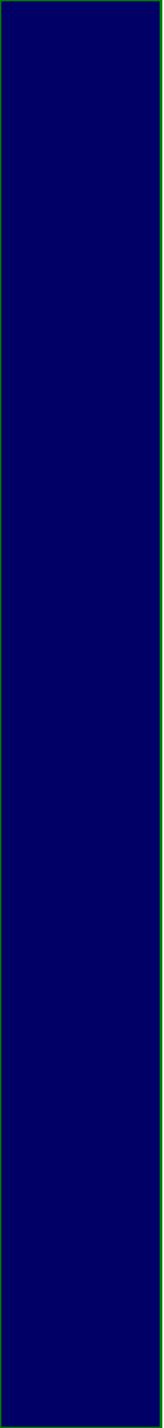
- Alaska – project underway; implementing time and attendance system prior to ERP system
- Arkansas – SAP
- Connecticut – PeopleSoft
- Florida – PeopleSoft (financials) and SAP (outsourced using SAP HR/Payroll)
- Georgia – PeopleSoft
- Indiana – PeopleSoft
- Kansas -- PeopleSoft
- Kentucky – AMS Advantage (financials) and SAP (HR/payroll)
- Louisiana -- SAP

What Other States Are Doing? (cont.)

- Massachusetts – AMS Advantage
- Minnesota – PeopleSoft
- Mississippi – in planning stage
- Missouri – AMS Advantage
- Montana – PeopleSoft
- Nebraska – JD Edwards
- Nevada – AMS Advantage
- New Hampshire – Lawson
- New Mexico – PeopleSoft
- New York -- PeopleSoft
- North Dakota – PeopleSoft
- Ohio – PeopleSoft

What Other States Are Doing? (cont.)

- Oklahoma – PeopleSoft
- Pennsylvania - SAP
- Rhode Island – Oracle e-Business
- Tennessee -- PeopleSoft
- Texas – PeopleSoft
- Utah – AMS Advantage
- Vermont – PeopleSoft



How Does WV Get There?

Major ERP Planning and Acquisition Activities

- Ensure proper governance structure is in place
- Develop business case and funding plan
- Define system requirements
- Develop RFP(s) and supporting evaluation process
 - Conduct procurement for ERP software first, followed by procurement for implementation/integration services for selected software solution; or
 - Conduct single procurement for ERP software and implementation/integration services
- Conduct evaluation of proposals received
- Complete final negotiations with awarded vendor
- Initiate ERP implementation project

Major Decisions to be Made

- How will the Governance Structure function?
- Does the State have a funding plan in place?
- Are all state agencies required to participate?
- What is functional scope?
- Will the State deploy the software utilizing a “big bang” or “phased” approach?
- How will the project team be staffed?

Questions

