

FOREWORD

A message from the Roadmap Executive Sponsors

As we have learned from other studies, surveys and interviews, this analysis of enterprise data needs shows that the state currently uses out-of-date, hard to maintain and fragmented tools to support decision makers. However, we have overcome these limitations through the efforts and talents of staff who must often assemble data from numerous sources and methods instead of relying on common sources of information. The benefits of financial management tools and information are becoming more apparent as Washington continues to measure and manage the performance of state government.

This summary provides a high-level perspective on the key findings of this report – along with other information gathered from Roadmap Program positioning activities – and what it means for the next steps we can take as a state government to modernize our core financial systems.

Washington requires modern tools to meet needs for management information

While some unmet data needs can be addressed by optimizing the foundation provided by the existing chart of accounts, other data key to the strategic improvement of state government can only be acquired through new systems and tools. For example:

- Integrated cost accounting and performance measurement tools to identify and respond to questions about the efficiency and effectiveness of state government activities.
- Time collection, attendance tracking, and labor distribution tools critical to supporting detailed cost analysis.
- Tools that fully support the procure-to-pay business cycle to include strategic sourcing, the automation of purchasing and payables tasks, and providing an enterprise view of procurement contracting and spending.
- More comprehensive and integrated asset management tools.
- Searchable, on-line reporting tools that provide the public with access and transparency to the financial and business activities of state government.

The public expects government to employ management practices and demonstrate and report on results that can only be attained efficiently through the use of tools like those described above. The state has a duty to acquire the tools necessary to capture the information and data necessary to continue managing Washington efficiently and effectively.

Comprehensive and sustainable data integration is necessary to take advantage of the state's data and information

To fully realize the value of information and data collected by the state's systems it must be easily shared throughout the enterprise. The smart and effective integration of data is key to meeting this goal. Our current financial systems largely rely on point-to-point interfaces. Changes in either system require the interface to be modified as well. The Central

Accounting System Interface Inventory project identified over 500 known direct interfaces to and from the state's Automated Financial Reporting System (AFRS). In this environment, the level of effort necessary to implement the kinds of enterprise data changes proposed in this report can seem prohibitive.

As Washington moves to modernize the state's core financial systems, two key integration strategies have emerged as possibilities:

- Take advantage of the comprehensive integration already built into the SAP system by using SAP for financial system components that meet the state's business requirements. The project team identified challenges the state faces in pursuing this direction and has described critical steps that must be completed before we can be certain that the potential benefits of this approach can be realized. The plan to modernize the state's core financial systems, currently under development by the Roadmap Steering Committee, must address these steps.
- Use service oriented architecture (SOA) principles to achieve a more sustainable integration between the SAP and non-SAP components. No single system is likely to adequately meet the requirements of every financial and management related function in state government. Under any scenario there will always be some best-of-breed or in-house developed systems as part of the suite of core financial systems. Modern SOA messaging techniques reduce the cost and inflexibility associated with Washington's existing point-to-point system interfaces.

There are efforts underway to improve the state's capacity for this type of integration. The Office of Financial Management (OFM) is implementing an SOA architecture as part of the Grants Contracts & Loans Management system project that will be expanded to all OFM financial systems. The Department of Information Services (DIS) has established an Integration Competency Center to provide efficient, secure, reliable, and cost-effective integration of disparate information systems and supports messaging throughout state government. The Information Services Board (ISB) Enterprise Architecture Committee (EAC) has embarked on a project to develop statewide SOA standards and re-useable frameworks. All of these efforts build on the state's strategic Information Technology (IT) plan and IT Workgroup goals of data sharing, leveraging investments, and efficiencies.

Improved system integration requires state level data definition standards

As the state pursues strategies to more fully and sustainably integrate data, we must first agree on what it means. This report provides important insights about the critical role of standards in meeting the state's data needs for effective and efficient management as well as the barriers and challenges associated with developing and enforcing such standards.

Today, agencies are overcoming barriers and challenges to set data standards. Some examples of these efforts are:

- The Justice Information Network helps to integrate data and systems for criminal justice information throughout the state.

- The Department of General Administration, in collaboration with other state agencies, is establishing guidance on the usage of national commodity codes to ensure the availability of enterprise procurement data.
- The ISB EAC is beginning work on a data standards initiative to provide a repeatable framework and governance guidelines to assist agencies in creating and maintaining enterprise data standards as well as a proposed initial set of common data definitions, templates, and standards for ISB adoption.

Examples from these and other recent efforts provide practical lessons learned on how to approach governance for a comprehensive, statewide set of data standards.

An effective governance structure is necessary to set clear and practical standards for data and common processes

The need for effective governance goes far beyond data definitions. This report identifies barriers posed by competing statutes, the state's decentralized culture, and the variances in business practices which must be addressed before the state can benefit from data and process integration. Enterprise Resource Planning (ERP) systems like SAP are designed to realize the benefits of data and process integration, but they only make sense if the state will embrace the standardization required to make the systems and integration approaches economical to operate.

While ERP systems require standardization, this report makes clear that as a state, we must move to a greater degree of standardization to maximize the benefits achieved through any approach to modernize the core financial systems.

It is important to note that there is an opportunity, and a need, to establish a comprehensive, streamlined governance approach to provide more clarity, authority, and efficiency around the standardization work necessary to modernize our core financial systems and obtain the statewide data that state needs to manage more effectively and provide public access to comprehensive financial information and program results.

Future Milestones

- **The Roadmap Steering Committee**, this December, will adopt an implementation plan for modernizing the core financial systems and a budget proposal to support the 2009-11 Biennium portion of the plan. The multi-year plan should identify the proposed sequence and schedule for modernizing the core financial system components deemed to be in scope. The plan should also identify necessary predecessor and supporting tasks necessary for success, including those identified in this report.
- **The Roadmap Program**, in Fiscal Year 2009 will complete a project to determine how SAP can best accommodate state master data, the statewide chart of accounts, and agency charts of accounts for existing and future SAP implementations in state

government. This project will replace the original plan for phase II of the EDD/COA project. This effort will address two key needs:

- SAP applications exist in two state agencies. The Department of Natural Resources (DNR) operates and uses a SAP application for revenue accounting. The Department of Personnel (DOP) uses SAP for statewide payroll and personnel management and is operated by DIS. Both DNR and DOP transmit accounting data to AFRS. To accomplish the transfer, both applications have used standard and customized SAP database fields to store the Washington State chart of account data elements in their SAP databases. However, each agency has used a different approach in mapping the state's chart of account data elements to their application's SAP database.

An additional instance of SAP is planned to support the state's benefits administration activities. If each new SAP application is allowed to establish unique SAP database definitions, then the integration benefits of SAP are significantly reduced, and will result in higher costs associated with the exchange of data between the SAP applications.

Development of a Washington State standard for SAP master data definitions and usage for our current and future enterprise chart of accounts will ensure consistency in data definition and management, and could reduce SAP implementation and operational costs statewide. A standard SAP chart of accounts would also reduce costs for any future consolidation of applications into a single, or few SAP instance(s).

- Developing a standard master data blueprint for SAP as a next step will also offer more flexibility in sequencing the components of the core financial systems to be modernized, and will reduce the cost, risk, and difficulty of implementing and integrating those components whether they are SAP or non-SAP products.
- **The Office of Financial Management** will support the ISB EAC's data standards initiative by proposing data definitions for financial systems for which OFM is the owner of the system of record and by assisting in the development of other initiative deliverables.

Sincerely,
Executive Sponsors of the Roadmap Program



Wolfgang Opitz, Deputy Director, OFM



Gary Robinson, Director, DIS