

Roadmap Agency Advisory Group

11/12/2008 Meeting Materials – Updated with meeting results

Agenda

- Discuss evaluation of sequencing options for modernizing the state's core financial systems
- Discuss options for the scope of next biennium's piece of the plan
- *Action Item*: Which sequencing option should we recommend to the Steering Committee?
- *Action Item*: Given the state's financial situation, what components of the recommended sequencing option do you see as "must do" activities for next biennium?
 - Which, if any, would you rate as a top agency business priority for funding in the 09-11 biennium—higher in priority than other agency requests or base activities?

Review: A building-block approach to develop the plan to sequence and schedule the modernization of core financial systems

September meeting

- Confirm which systems/processes are in the scope of this plan
- Confirm agreement on which systems/processes have the highest priority for modernization
- Confirm the characteristics of a successful core financial system modernization sequence, schedule and plan

October meeting

- Review options and best practices related to the implementation sequence for the general ledger and other priority components
- Review the pros and cons of implementing in a sequential fashion over an extended time and full implementation within a shorter period of time
- Confirm components and timing of ERP-related costs – deferred until more is known about the components
- Confirm any other critical dependencies
- Begin discussion to answer the question, “What modernization sequence makes the most sense give the urgent business priorities and key dependencies?”

First November meeting (Advisory Group only)

- Review answers to questions from October meeting
- Recommend the modernization sequence options to analyze
- Discuss other issues critical to resolving in order to produce a successful implementation plan

Second November and December meeting

- Select the desired modernization sequence and confirm the portion to be conducted next biennium
- Review draft costs of the next-biennium proposal
- Finalize issues and high-level implementation plan components

Which enterprise sequencing options did we decide to evaluate further?

	Option 1 – Business Needs Priority Order	Option 2 – Modified Business Needs Priority Order	Option 3 –Fast track-Modified Business Needs Priority Order
Phase I	Time, leave and labor distribution (TLLD), payroll enhancements, benefits management, position management <i>(tier 1 priority)</i>	Time, leave and labor distribution (TLLD), payroll enhancements, benefits management, position management <i>(tier 1 priority)</i>	Implement core financial functionality* Time, leave and labor distribution (TLLD), payroll enhancements, benefits management, position management <i>(tier 1 priority)</i>
Phase II	Accounts Receivable <i>(tier 2 priority)</i> Other Revenue Management Elements <i>(tier 3 priority)</i>	Implement core financial functionality*	Other elements of Procure to Pay Other elements of Asset Management Performance Management
Phase III	Procure to Pay, Asset Management <i>(tier 3 priority)</i>	Other elements of Procure to Pay Other elements of Asset Management Performance Management	The other functions in scope
Phase IV	Performance Management <i>(tier 4 priority)</i>	The other functions in scope	
Phase V	The other functions in scope including core financial functionality		

* In this case, Core Financial Functionality is: General ledger accounting—including chart of accounts, financial reporting, payables accounting, vendor relationship management, accounts receivable/collection management, local fund management, asset lifecycle management, capital asset accounting, cost accounting, project accounting

Prerequisite or ancillary tasks assumed to be included in every sequencing option

- Requirements for Time, Leave and Labor Distribution (TLLD) will be developed in FY 2009
- Financial object mapping, planned to begin in FY 2009, will be completed prior to the implementation of systems in any sequence option
 - The mapping will 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
- State Procurement Reform Project (Roadmap Positioning Activity #5) will continue to develop enterprise policy changes and strategies to be authorized by agency directors, governing boards, in WAC or in law
- Complete the efforts underway to ensure all Olympia-based agencies are operating under the same networking platform (Roadmap Positioning Activity #7)
 - The Departments of Transportation, Fish and Wildlife, and the Utilities and Transportation Commission are working towards the implementation of enterprise active directory, exchange mail service and the State Government Network
- Align the Roadmap Program Office staffing as needed to support the new direction
- Establish a Data Standards Program to ensure common data definitions exist, or are being considered, across the enterprise
 - OFM will also work with the Information Services Board Enterprise Architecture Committee's data standards initiative by proposing data definitions for financial systems for which OFM is the owner

Prerequisite or ancillary tasks assumed to be included in every sequencing option (cont.)

- Implement low-cost AFRS changes suggested in the EDD/COA report that could improve uniform enterprise information in the short term. Consider pursuing the following items recommended in the report including:
 - Aligning budget to actual expenditure information by budget activity and Priorities of Government Result Area
 - Tracking capital projects by a common number to capture project revenues and expenditures over the biennia of a project
 - Creating non-appropriated and non-budgeted expenditure authority types
 - Establishing standard data definitions surrounding IT expenditures
 - Tracking expenditures by state facility

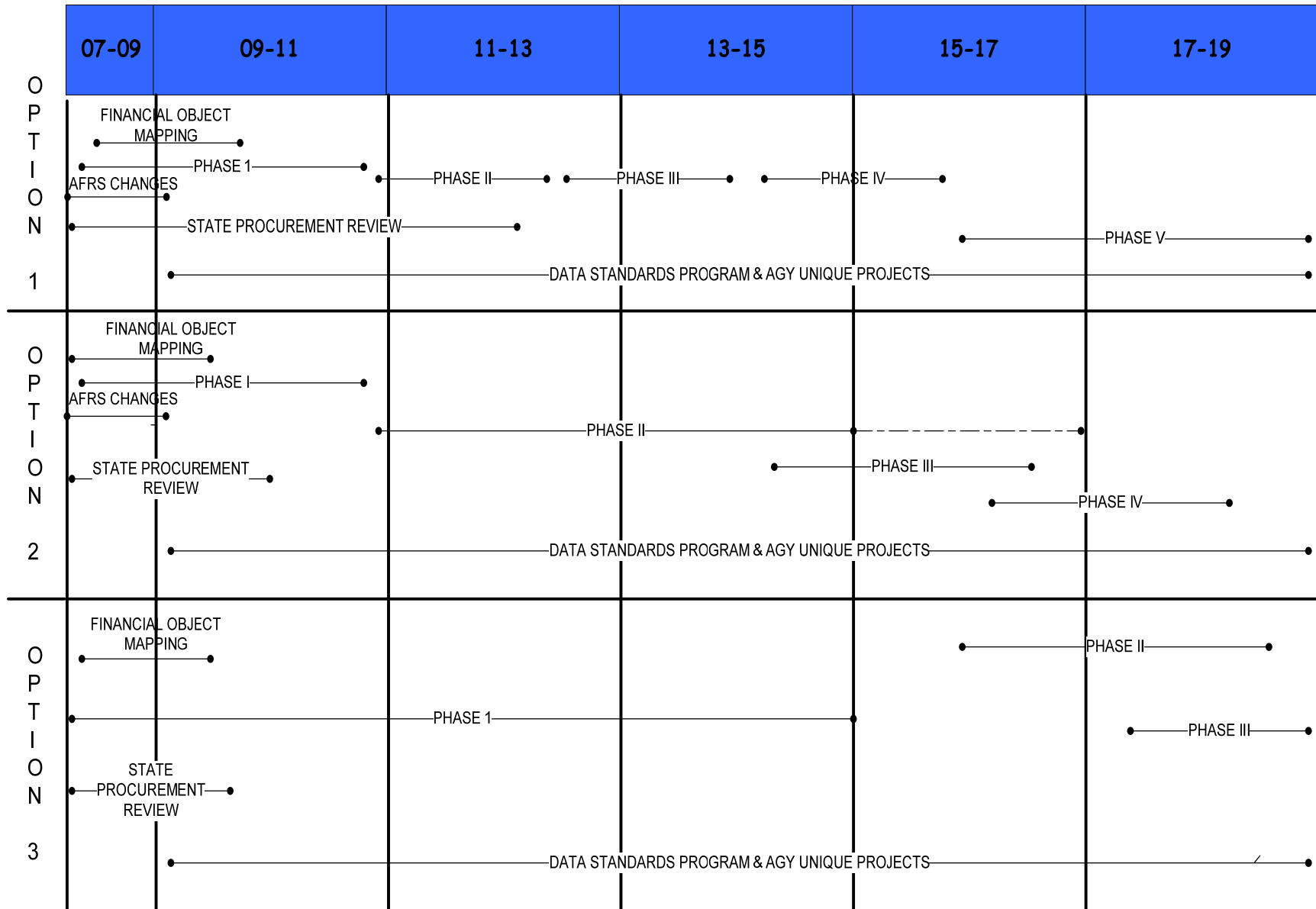
Tasks included in each sequencing phase

- Assurance that the authority (executive and legislative) for making decisions required for project success is secured (Includes governance issues, partnership structures, etc.)
- An analysis of the business process and identification of process improvements and necessary process changes
- Requirements definition for the functionality to be delivered in that phase
- An evaluation of how an SAP solution would meet state requirements
- An evaluation of other solutions, if SAP can not satisfactorily meet state requirements
- A solution selection
- Determine implementation roll-out strategy:
 - By system component or groups of components
 - By groups of agencies
 - By system components and agency groups
- Solution implementation
 - Project management tasks
 - Training development
 - Change management implementation
 - Knowledge transfer plan to state resources
 - Plan to include agency users in training, business process reengineering and detailed requirements development
 - Business requirements mapping and “gapping” with selected product
 - Functional application team and technical training
 - Establish the required technology infrastructure

Tasks included in each sequencing phase (cont.)

- Set up application environments (development, QA, training, production)
- Solution Design
 - Make decisions on solutions for “gaps” identified in operations analysis
 - Perform initial functional design and configuration
 - Create specifications for data conversion
 - Create detailed design specifications for integration (data messages, adaptors, queues, interfaces)
 - Initiate change management and readiness efforts
 - Begin system application and acceptance test plans
- Build and test
- Documentation and User Training development
- Product support plan
- Transition
- Production
- Stabilization

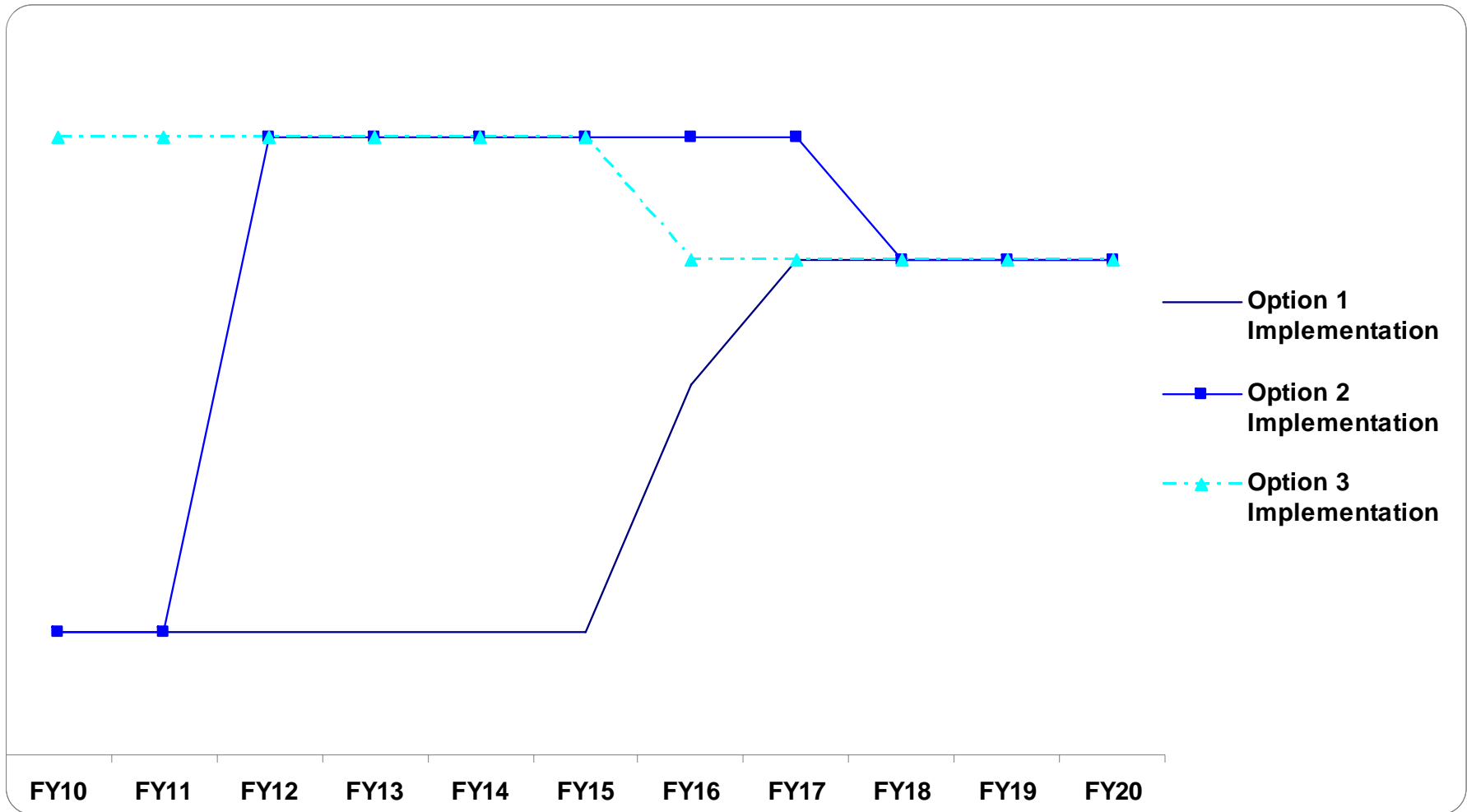
Conceptual Timeline for Each Option



Assumptions for the Conceptual Timeline Sequencing Options

- **PLEASE NOTE:** The key word on the previous slide is “Conceptual.” We hope the timelines offer some useful visual distinction between the selected options, but it’s important to note they are concepts only at this point. Many different implementation strategy and resource decisions could affect the actual scheduling and timeline of any of these options.
- Phase estimates in the conceptual timelines are based on experience with statewide projects in general, other states’ ERP experiences and our own experience with SAP/HRMS.
- **AFRS Changes Activity** --refers to implementing selected recommendations in the EDD/COA report. That activity is NOT shown in Option 3 because the core financials are being replaced as one of the first steps in the effort.
- **Phase Assumptions:**
 - Financials ‘go live’ should occur at the beginning of a biennium in order to have all of the activity for a budgetary & financial reporting period in one financial system.
 - Procure to Pay, Revenue Management, and Asset Management functionality are estimated to take 18 months each.
- **Procurement reform** shows the time available to complete the work. The procurement process reform needs to be substantially complete before configuration and implementation of the Procurement solution.

Conceptual State Staffing Profile for Each Option



Assumptions for the Conceptual State Staffing Profile for each Sequencing Option

- **PLEASE NOTE:** The key word on the previous slide is “Conceptual.” We hope the chart offers some useful visual distinction between the relative demand for state staff in the selected options, but it’s important to note they are concepts only at this point.

- **All Options**
 - State staffing resources needs are assumed to be at a peak during the core financials implementation.

- **Option 1**
 - One business process is worked on at a time, leading to smaller projects that are worked on sequentially. This results in lower but longer lasting resource levels by comparison to other options. For larger agencies this may mean different personnel are involved at different times. For smaller agencies they may be the same individuals involved at every phase.

- **Option 2**
 - Initially the resource requirements seem very similar to Option 1 because TLLD and Payroll enhancements are the only effort. When the core financials project begins resource requirements will ramp up quickly and will stay high until Phase IV.

- **Option 3**
 - Initially the resources are the highest of the three options because more is being done at one time. When Phase II begins, resources may increase because of the ongoing maintenance and stabilization required for the solutions implemented during Phase I. Resource requirements drop off after Phase II is completed.

Relative Importance of Various Evaluation Factors - Worksheet

How would you and your agency rank the relative importance of these evaluation factors?

Evaluation factors	Rank
Does the sequencing option:	
Meet Implementation Best Practices of implementing core financials first?	
Meet urgent business needs in the near term?	
Offer flexibility to re-sequence to meet new urgent needs?	
Require relatively complex interface requirements?	
Offer cost impact differences?	
Require additional business expert capacity, and if so, when?	
Establish a clear timeframe which agencies can use to make decisions regarding their need to replace aging/failing systems necessary to support their business?	

DRAFT Evaluation of the Options

	Option 1 – Business Needs Priority Order	Option 2 – Modified Business Needs Priority Order	Option 3 – Fast track-Modified Business Needs Priority Order
Does it meet Implementation Best Practices of implementing core financials first?	No. Deferring implementation of core financials until later in the project increases the risk of rework and reintegration later.	Not quite but close. Phase I functionality is implemented prior to the core financials. The financial object mapping work may reduce the risks of doing Phase I first.	Yes
Does it meet urgent business needs in the near term?	Functionality is addressed in business urgency order.	Tier 1 priorities are addressed in Phase I and most of the other priorities are addressed in Phases II and III.	Most of the top tier priorities are addressed in Phase I. Depending on resource availability it is not certain that this functionality would be delivered significantly sooner than in Option 2.
Does the option offer flexibility to re-sequence to meet new urgent needs?	This is the most flexible option. The sequencing order could be rearranged as urgent needs change or if new needs emerge.	Offers flexibility to meet emerging needs after Phase II because there are no strong dependencies between the additional modules.	Offers flexibility to meet emerging needs after Phase I because there are no strong dependencies between the additional modules.
Does the option require relatively complex interface requirements?	The solution in each phase will have to be integrated with AFRS. If the GL is replaced with an ERP, there is greater potential of re-integration work required in each phase as additional solutions are added in this very linear sequence approach.	In Phase II, an integration strategy is needed to migrate existing agency applications that interface to AFRS to the new GL solution.	In Phase II, an integration strategy is needed to migrate existing agency applications that interface to AFRS to the new GL solution.

	Option 1 – Business Needs Priority Order	Option 2 – Modified Business Needs Priority Order	Option 3 – Fast track-Modified Business Needs Priority Order
Does the option offer cost impact differences?	Data for analysis not readily available. Agency Advisory Group confirmed that cost impact differences, if any, would not likely materially differentiate between the options.	Data for analysis not readily available. Agency Advisory Group confirmed that cost impact differences, if any, would not likely materially differentiate between the options.	Data for analysis not readily available. Advisory Group confirmed that cost impact differences, if any, would not likely materially differentiate between the options.
Does the option require additional business expert capacity, and if so, when?	Somewhat less expert capacity required as functionality is assumed to be implemented in a linear sequence, until later phases.	Significant capacity required in Phase II as all core financial functionality to be implemented.	Most capacity required of the three options in Phase I as all Tier 1 priorities and the core financials are implemented at the same time.
Does it establish a clear timeframe which agencies can use to make decisions regarding their need to replace aging/failing systems necessary to support their business?	Somewhat. There is clarity on when the business need priorities set by the steering committee will be met, but the general ledger and other core functionality is not addressed until the last phase.	Yes, it does provide a clear timeline. The implementation of the majority of functionality in scope happens sooner than in Option 1. It will be easier for agencies to wait for the enterprise solution.	Same as Option 2.

Recommendation received at the 11/12 Agency Advisory Group meeting

	Option 1 – Business Needs Priority Order	Option 2 – Modified Business Needs Priority Order	Option 3 – Fast track-Modified Business Needs Priority Order
Votes	2	12	13
Rationale	<ul style="list-style-type: none"> • Accounts receivable is an early priority critical to certain agencies • Offers more flexibility • Focuses on addressing urgent business needs in order with less risk 	<ul style="list-style-type: none"> • Option 1 pushes out the modernization of core financial functionality too far out into the future • Option 3 is too much to take on in the next phase—unlikely there is state agency capacity to support the magnitude of that effort in the near term • Addresses the most urgent business priorities first that will provide efficiencies and resource relief to agencies at a time it is critically needed • Enough meaningful work planned in phase 1 and 2 to demonstrate a credible, good faith effort toward modernizing the financial systems—makes it worthwhile for agencies to stick with the Roadmap process 	<ul style="list-style-type: none"> • The ideal for a number of agencies, if funding issues set aside. All of this functionality in Phase 1 and 2 is a high priority and would be addressed sooner than any other option • By the time Time, Leave and Labor Distribution work is completed, significant progress toward general ledger configuration needs have likely been made — why not combine both in the same phase • Makes the most significant commitment and progress towards the effort to modernize the financials
		<p>OPTION 2.5 - Many of those voting for Option 2 or 3 expressed interest in a hybrid-option. In that option Phase 1 would include the items under Option 2 + the business process analysis and requirements definition tasks related to the core financial functions</p>	

Most important next steps for the 2009-2011 Biennium

Listed below are the functions that are included in Phase I of each option as well as the prerequisite/ancillary tasks that support every option.

The current budget situation may mean that only a subset of any Phase I functionality may be funded for the 2009-11 biennium. How would you prioritize these items? Which are absolute “must do” items to maintain minimal acceptable progress next biennium on modernizing the core financial systems?

Timing of Task	Task	Rank	Must do
Prerequisite/Ancillary	Continue Financial Object Mapping		
Prerequisite/Ancillary	Continue Procurement Review and Reform		
Prerequisite/Ancillary	Align the Roadmap Program Office as needed to support the new direction		
Prerequisite/Ancillary	Development of a formal Data Standards program		
Prerequisite/Ancillary	Changes to AFRS per EDD/COA recommendations		
Phase I, Options 1, 2, 2.5 and 3	Time, Leave and Labor Distribution (TLLD)		
Phase I, Options 1, 2, 2.5 and 3	Payroll Enhancements		
Phase I, Options 1, 2, 2.5 and 3	Position Management		
Phase I, Options 1, 2, 2.5 and 3	Benefits Management (BAIAS)		
Phase I, Option 3	Implement Core Financial Functionality		
Phase 1, Option 2.5	Business process analysis and requirements definition tasks for core financial functionality		

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