



DEPARTMENT OF FINANCE


Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

November 16, 2011

TO: Nancy Navarro, Chair
Government Operations Committee

FROM: Joseph F. Beach, Director
Department of Finance 

SUBJECT: Status of Enterprise Resource Planning Project

Project Implementation

This memo is intended to provide the Government Operations (GO) Committee with an update on the status of the Enterprise Resource Planning (ERP) project based on the Finance Department's recent request for Council approval of a contract amendment with Clifton Gunderson. As mentioned at the recent Audit Committee meeting on the contract amendment, I believe the ERP project has been very successful. As detailed below, we have implemented the ERP project on time and within budget including replacement of all core financial systems, payroll, human resource management, as well as implementation of electronic timekeeping in all departments. We are continuing to implement new modules to enhance the functionality of the system and develop reports to allow departments to track and manage their budgets.

However, this has been an extremely challenging project and we have experienced certain post implementation issues that are not uncommon for this type of complex project. Among these challenges have been implementing and managing significantly different business processes under the new ERP system. The transition from the County's fragmented, mainframe based legacy systems and the tightly integrated ERP system has been a challenge for training (end users and managing departments), knowledge transfer (between Consultants and County staff), and administering financial programs. Since the go-live date for the financial systems on July 6, 2010 and the go-live for the human resource system on January 1, 2011 we are implementing several "first-time" processes under the new system including year end closing and production of the Comprehensive Annual Financial Report (CAFR), production of W2 tax reporting forms, group insurance open enrollment and other major enterprise processes. This presents challenges in terms of communication, training, and problem resolution.

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Lessons Learned

Reports: One of the challenges we have experienced this year has been the need to reproduce reports that had been routinely used under the legacy system for several years. In order to expedite completion of other tasks and conserve resources on the project a decision was made to produce reports after the go-live date. On hindsight, availability of certain reports would have permitted the ERP team and departments to identify process implementation issues earlier and would have provided end users access to information about the status of their budgets.

Change Management/Knowledge Transfer: As mentioned previously, the County's transition to ERP was a major change from the legacy systems. Additional investments in change management and knowledge transfer would have better prepared County staff for the magnitude of change, the complexities of the new system, and facilitated adoption of the new system and business processes. In addition, a more concentrated effort with the "core business" departments (Finance, OMB, OHR, DGS-Procurement) should have been engaged along with the departmental end-users. The reason for this is that core business departments are the business process leaders within the government and are essential to system adoption as well as to identifying and resolving process and system issues.

Sustaining Organization: The County was very successful in preparing for and implementing the new system on time and under budget. However, a substantial investment in resources are needed post implementation to resolve problems, facilitate communication across business processes because of the system integration, produce reports, and re-engineer business processes. The Government Finance Officers Association (GFOA) and Gartner (a premier IT consulting organization) recommend that organizations implementing an ERP also establish an enterprise business support structure (often called a sustaining organization or Enterprise Service Center) after project implementation to maintain, enhance, and focus on: business strategy, functional / technical expertise, software integration, technology, project management and continuous process improvement. Investing in a sustaining organization is key to fully exploiting the capabilities of the new ERP system.

Testing Across Modules: Before go-live on all systems and modules, extensive testing was done to ensure the system specifications were satisfied. However, with the tightly integrated nature of the ERP system, it would have been beneficial to have performed additional testing across certain modules (for examples General Ledger and Projects and Grants) to identify process and system issues that were identified after system implementation.

Turnover and Position Abolishments: While the implementation of the ERP system will allow the County to operate in a more efficient, streamlined manner, the transition to the new system has been affected significantly by turnover in key positions within the Department of Finance and across the government as well as the abolishment of hundreds of administrative, fiscal, information technology (IT), and clerical positions within the government over the past four years due to severe economic and fiscal constraints. The Controller's Division in the Department of Finance has experienced a significant turnover in its staff over the past year primarily due to retirements. This loss of expertise and experience has created significant

challenges during the very difficult transition from the County's legacy systems to the ERP system. In addition, because of the very competitive market for individuals with the functional and IT experience in ERP systems it has been difficult to recruit and retain contractual resources to remain on the ERP project.

ERP Accomplishments

Below I have listed in detail the many accomplishments and successes of the ERP project as well as the remaining tasks for this year:

Objectives Accomplished:

- Implementation on time and within budget (ERP Financials, Human Capital Management)
- Core Business Enterprise Legacy systems replaced
- Standardized and automated processes using a single, integrated computer system
- System Workflow and Approvals implemented to reduce manual, paper business processes and enhance internal controls
- Integrated business process sharing a centralized database and servers
- Internal controls with electronic timesheets and budgetary controls
- Self Service functionality for employees to access applications

Oracle e-Business Financial and Human Capital Management modules implemented since July 2010.

- General Ledger
- Accounts Payable
- Purchasing
- Accounts Receivable
- Cash Management
- Fixed Assets
- iAssets
- Projects and Grants

- Time and Attendance (MTime)
- Active Employee Payroll
- Employee Self Service
- Manager Self Service
- Advanced Benefits
- Pension Administration
- Labor Distribution
- iRecruitment

Oracle e-Business modules being implemented in FY 12

- Retiree Payroll
- Performance Management
- Compensation Workbench
- Learning Management
- Hyperion
- Inventory
- eAsset Management
- iExpense
- iSupplier
- Advanced Collection
- iReceivables

Financials Accomplishments

- Implemented employee self service web portal
- Provided employees on-line pay slips, W2's, federal tax forms, etc. .
- Eliminated mailing of payroll advices for employees with computer access. Employees can access through self service web portal.
- Streamlined business processes in Payroll:
 - Retroactive pay process
 - Automation of Garnishment payments
 - W2 availability on-line (January 2012)
- Successfully implemented Budget Controls
- Streamline process for Journal and Budget entries, including elimination of manual paper processes
- Eliminate Finance from imaging approved Budget Change paper documents
- Prior to the new ERP budget change process, OMB was imaging the approved budget change packets (totaling over 800 annually), using the ZyImage document imaging process. The new ERP provides information on budget change approvals in the system and reports can be generated for auditors and reporting to end users

Retirement of Legacy Systems

Prior to implementation of the ERP, the County identified 300 stand alone systems that departments were using for their core business processes. Many of these systems have been or will be retired with the implementation of the ERP system. Below is a list of retired systems,

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licenses and software and the related savings that have already been realized in previous budgets approved by the County Council.

Eliminate paper timesheet process for department end users (MTime)	\$416,580
Eliminate Merkel Timesheet Key punching contract – pre ERP implementation	\$325,000
Elimination of ADPICS (procurement) software and maintenance	\$70,000
Elimination of annual license fee and support for ePerform	\$260,000
Eliminate contract costs related to ePAF (position action form), Unified Data Modeler (identity management), and pension and benefit applications	\$300,000
Eliminate Human Resource Management System (HRMS) annual license/maintenance agreement with Integral	\$175,000
Eliminate PeopleClick applicant tracking contract	\$200,000
Eliminate annual license fees for SAS (statistical analysis software used in HR and financial applications)	\$115,000
Eliminate Mainframe After-hours Operations	\$802,810
Eliminate Mainframe Disaster Recovery and reduce Mainframe licensing/maintenance	\$190,000

I look forward to discussing this project with the GO Committee at the meeting scheduled for November 21.

copies:

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