

County of Santa Barbara

Business

Applications

Needs

Assessment



Enterprise

Resource

Planning

System

Board of Supervisors Project Update and RFP Release

August 17, 2021

Project Steering Committee

★ **Jeff Frapwell (Sponsor)**
Assistant County Executive Officer

Betsy Schaffer
Auditor-Controller

Janette Pell
General Services Director

Maria Elena De Guevara
Human Resources Director

Nancy Anderson
Budget Director/ACEO

Daniel Nielson
Social Services Director

Project Management

★ **Kyle Slattery (Project Manager)**
Auditor-Controller's Office

Alex Overbey (Project Support)
Auditor-Controller's Office



Chris O'Brien
Engagement Partner

Collin Lopes
Engagement Leader

Arturo De Guzman
Project Team Director

Recommended Actions

That the Board of Supervisors:

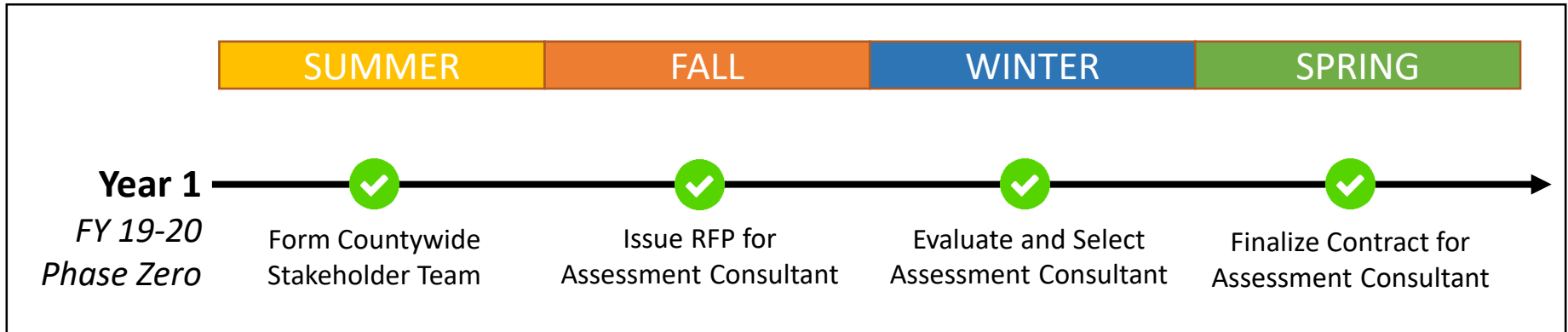
- a) Receive and file a Business Applications Needs Assessment Project Update;
- b) Authorize the release of the Request for Proposal (RFP) for County Enterprise Resource Planning (ERP) Software and Implementation Services;
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA guidelines because they consist of administrative activities of government that will not result in direct or indirect physical changes in the environment.

Presentation Overview

1. Project Overview – Phase 0
2. Project Overview – BANA
3. Vendor Evaluation and Selection Process
4. ERP Project Success
5. Project Structure and Governance
6. Fiscal Impacts
7. Recommended Actions and Next Steps

Project Overview – Phase 0

The County launched the Business Applications Needs Assessment (BANA) project in 2019 to identify requirements for the next generation of enterprise software that will provide the technological platform for the County to operate efficiently and effectively in to the future.



Phase Zero Highlights:

- ✓ Countywide Stakeholder Team of fiscal, HR and IT staff from all County Departments
- ✓ Stakeholder-driven process to develop Assessment Consultant RFP and evaluate proposals
- ✓ Collaborative and transparent process carried out by a diverse and invested team
- ✓ Selected Guidehouse as Assessment Consultant for BANA Project (7/7/20 BOS approval)

Project Overview - BANA

Scope of Assessment Consultant Services:

- ✓ Task 1 – Business Applications Needs Assessment
- ✓ Task 2 – Plan of Action to Implement Solutions
- Task 3 – Evaluation and Selection of Vendors
- Task 4 – Contract Negotiations

TASK 1
Fall - Winter 2021

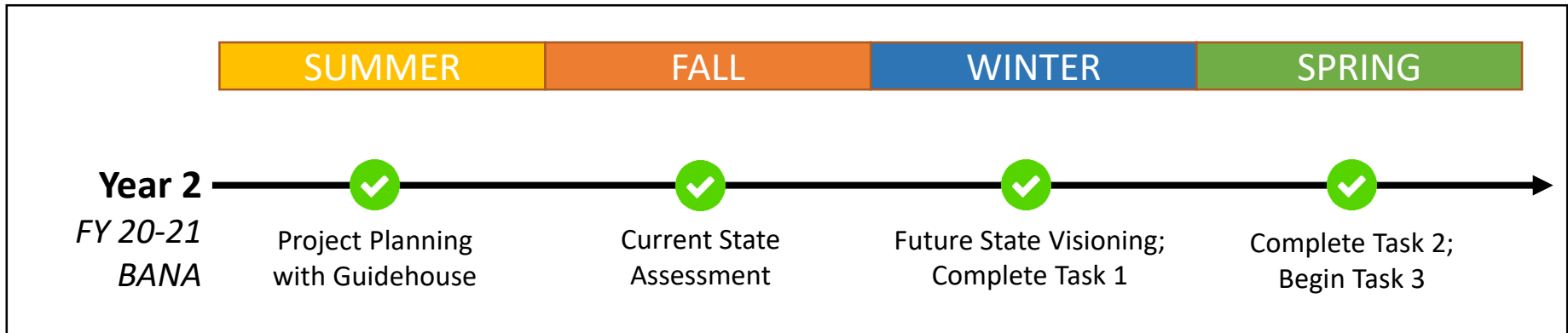
TASK 2
Spring 2021

TASK 3
Summer – Fall 2021

TASK 4
Winter 2022

Project Overview – Tasks 1 and 2

Guidehouse performed a comprehensive assessment of 134 County business applications, conducted 34 interviews across all departments, mapped 16 County business processes and 8 interface diagrams, facilitated 9 future state sessions, and researched 25 best practices.



Tasks 1 and 2 Highlights:

- ✓ 8 indicators the County should replace existing business applications with a unified ERP
- ✓ 87 opportunities identified to improve the current state of County business processes
- ✓ 103 recommendations to prepare for new solution (9) and improve the future state (94)
- ✓ Comprehensive Plan of Action to acquire, implement, support and govern new solution

Why the County Needs an ERP

The following 8 indicators signal that the County must undertake this initiative now:



No New Versions of Custom Applications Available



Maximized Value of Existing Applications



Pervasive Use of Multiple Disparate Systems



Limited Functionality and Integrations



Mature Market for Government Applications



Emergence of Secure Cloud Computing



Changing Expectations of the Workforce



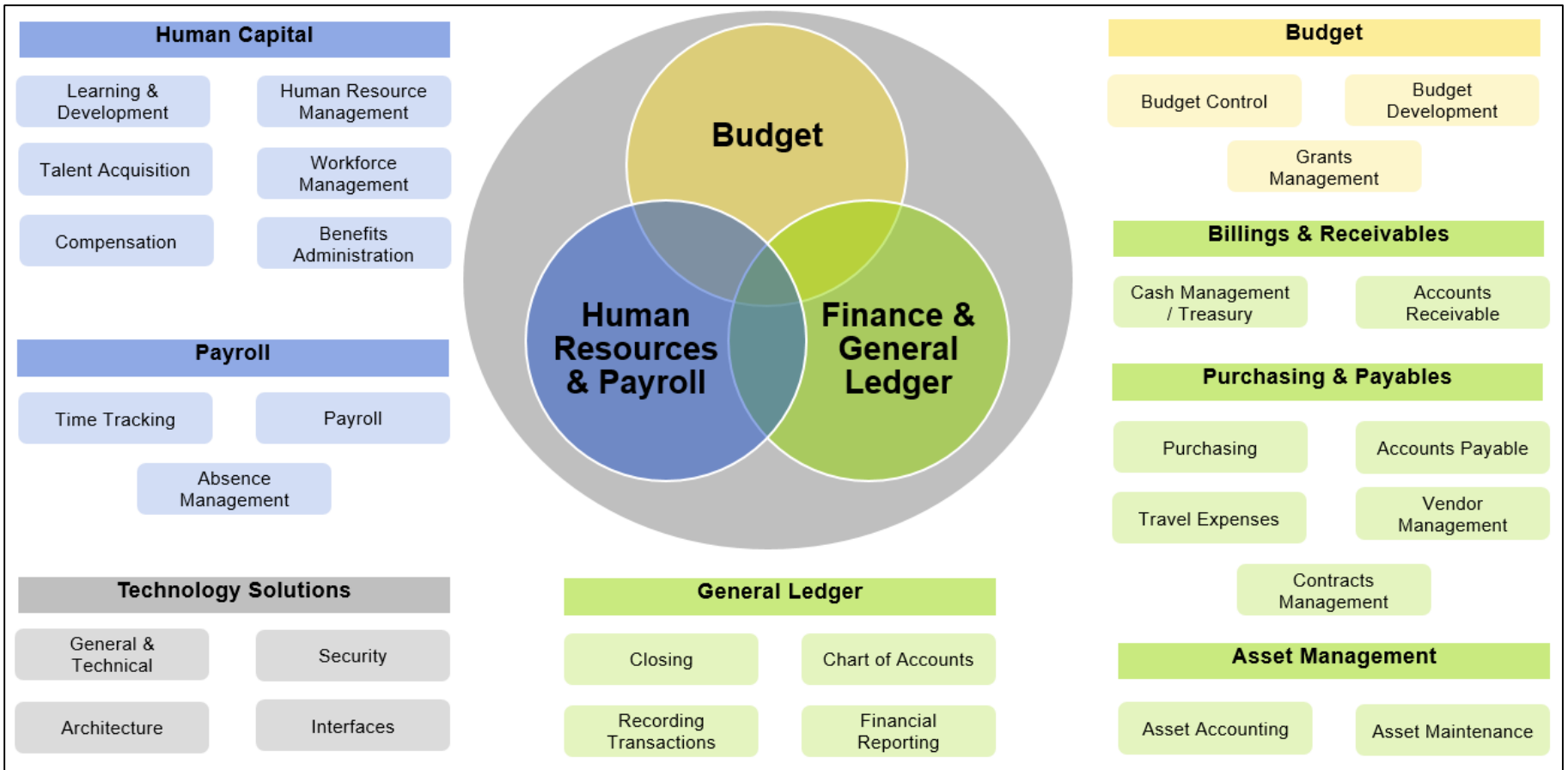
Focus on Core Competencies of County Government



- ✓ Further automate Countywide business processes
- ✓ Better integrate business systems used for Countywide and department-specific processes
- ✓ Provide standardized functionality needed by departments
- ✓ Meet the expectations of the workforce for modern interfaces with robust functionality

Scope of a County ERP System





The scope of a County ERP System includes most of the County's Finance, Human Resources & Payroll, and Budget applications used for standard Countywide business processes:



The ERP is expected to provide greater functionality in one unified system than the County's current infrastructure of multiple systems while enhancing automation and workflows.

How the County should Prepare for ERP

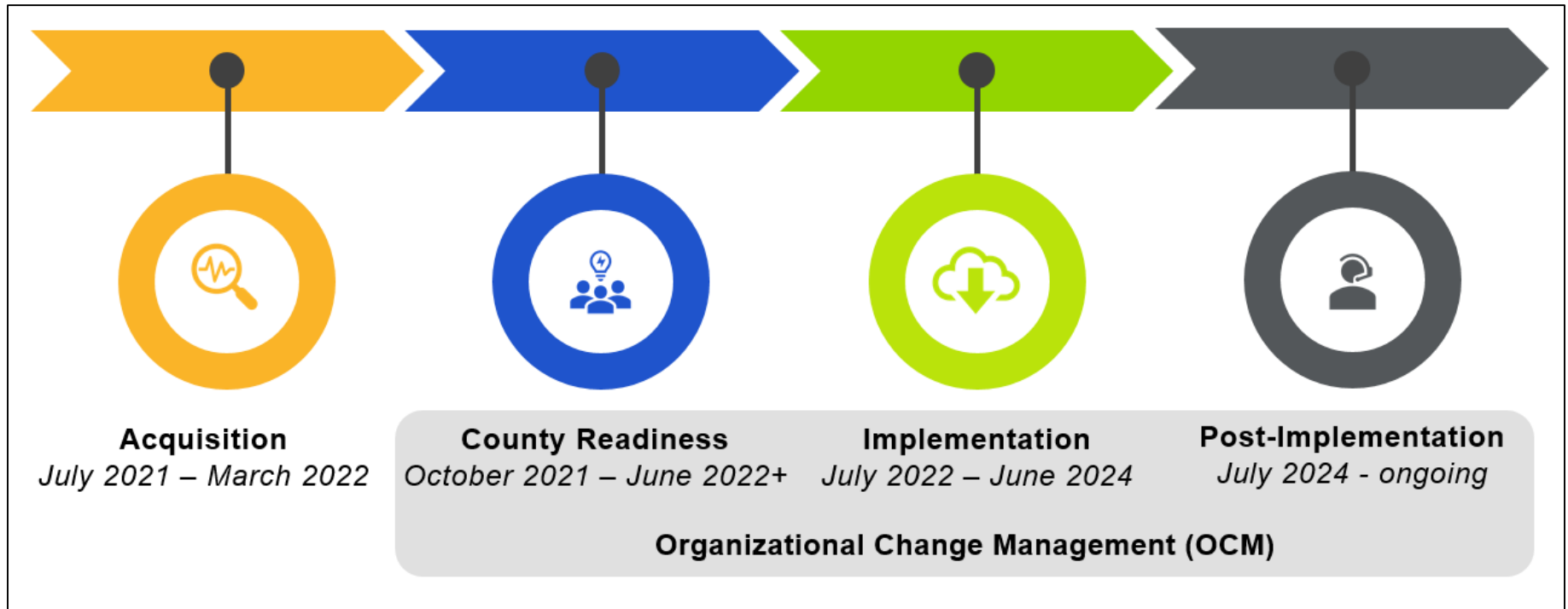
The following 9 readiness recommendations will prepare the County for a successful project:

Objective	#	Recommendation	Description
 <p>1. Drive Accountability & Support</p>	1.1	Formalize Governance Structure	Formalize governance over the implementation of the new ERP System
	1.2	Establish a Project Management Team	Formally establish a PMO to facilitate the preparation and implementation of the new ERP System
	1.3	Establish a Change Management Strategy	Establish a plan that documents the processes, tools, and techniques used to managed the human side of change
 <p>2. Standardize & Improve Performance</p>	2.1	Document standard policies	Determine and document Countywide and departmental policies and establish a method to regularly review/update
	2.2	Conduct business process reengineering	Rethink current processes and build business processes to support the new ERP System's goals and objectives
 <p>3. Prepare to Transform Technology</p>	3.1	Cleanse and Prepare for Data Migration	Determine applications that should interface with the new ERP System and prepare the data files required
	3.2	Evaluate and Prepare Interfacing Applications	Determine list of applications that should interface with the new system and prepare their data files required for the new solution
	3.3	Prepare for Reporting Discovery	Gather and evaluate current reports and forms that will need to be recreated within the new ERP System
	3.4	Prepare Chart of Accounts	Gather a complete list of the current Chart of Accounts used for Financials and Payroll
			

The County Project Team plans to commence these Readiness Activities in Fall 2021.

Plan of Action for New ERP Solution

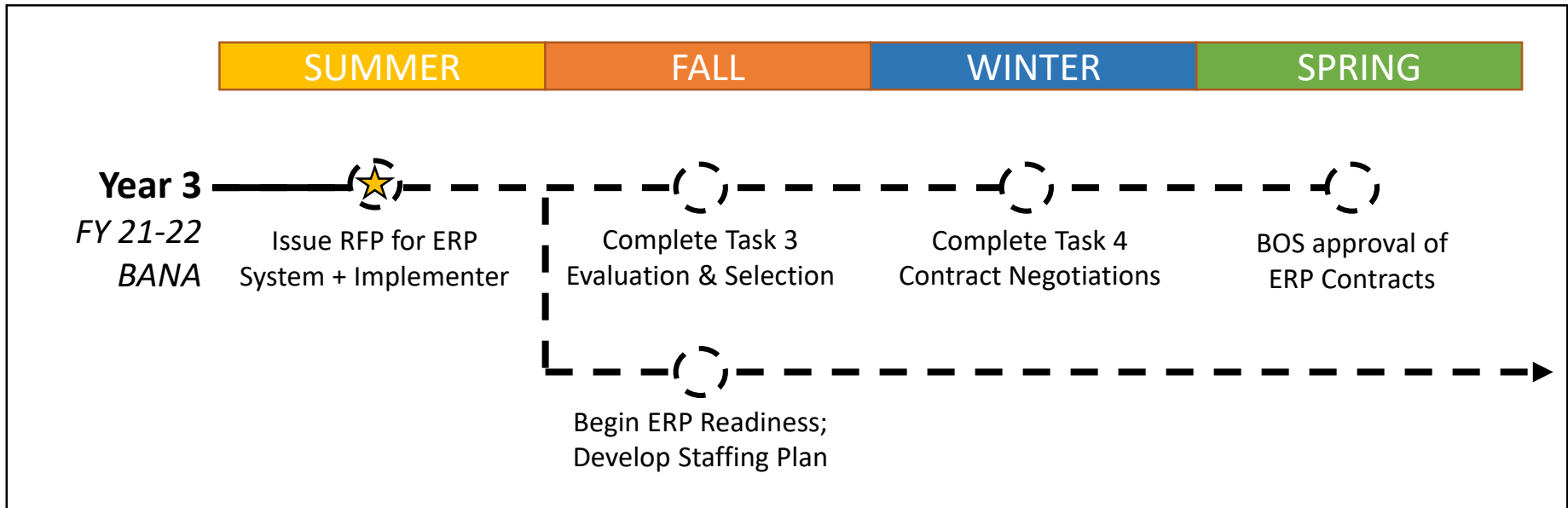
The plan of action to acquire a new ERP is divided into the following four project phases:



- ✓ Multi-year project aimed at dramatically improving how the County does business
- ✓ Benefits from a successful ERP Project may last decades
- ✓ Effective change management throughout the entire process is critical

Project Overview – Tasks 3 and 4

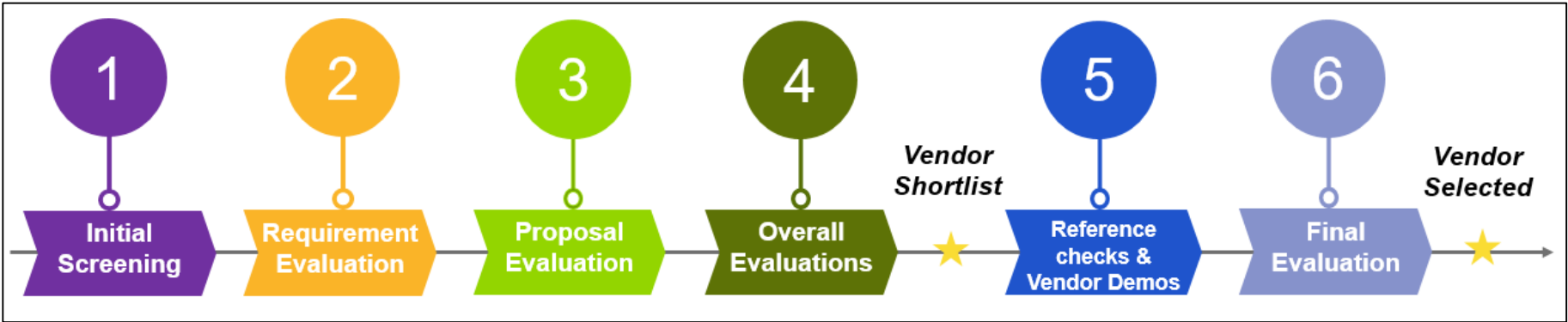
Today's recommended action that the Board authorize the release of the RFP will allow the County to proceed with the BANA project by soliciting proposals from qualified vendors. The RFP process will inform the County of ERP system capabilities and provide quoted prices.



- ✓ Complete Task 3 and Task 4 of the BANA Project in FY 21-22
- ✓ Return to Board in October with Staffing Plan and external resource recommendations
- ✓ Return to Board in 2022 with selected ERP software and implementation vendor contracts

Vendor Evaluation and Selection Process

The vendor evaluation process consists of the following steps to be performed by the County:



- ✓ 9 Member ERP Evaluation Team of County managers (Finance, HR, IT, Operations)
- ✓ Multidisciplinary Vendor Demonstration Evaluation Team of County subject matter experts
- ✓ Controlled & transparent process for determining the vendor(s) that provide the best value

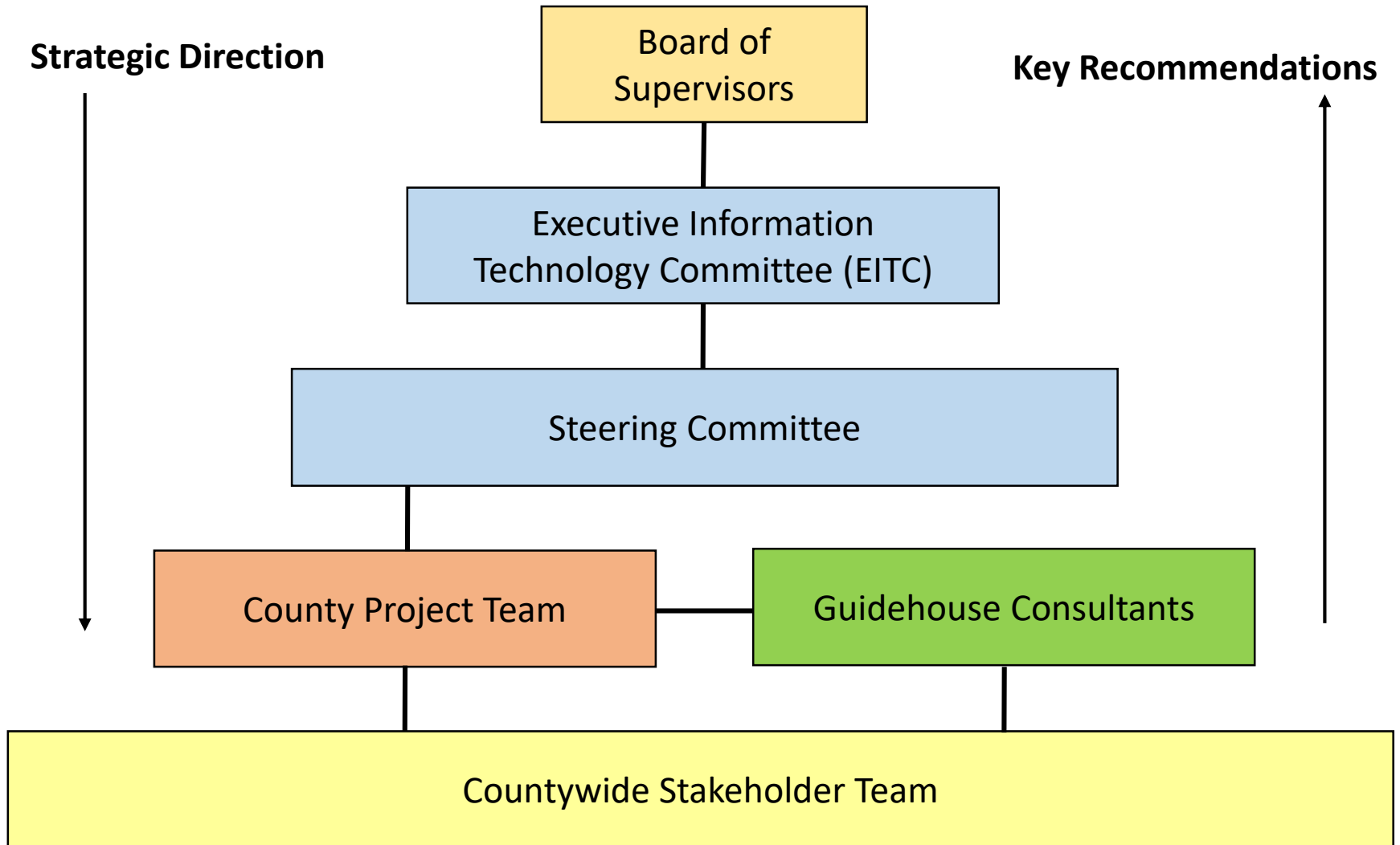
ERP Project Success

Due to a variety of factors and circumstances, ERP projects may fail to meet expectations or are compromised *by the organization* in some way. Key project risks and mitigation strategies identified by staff for projects of similar scope to the County’s ERP Project are as follows:

Risks	Mitigation Strategies
1. Workforce Resistance to Adopting New System	✓ Communicate frequently with all key stakeholders
2. Lack of Collaboration Between Departments	✓ Engage workforce to promote common understanding ✓ Implement effective change management strategy
3. Failure to Standardize Varying Business Processes	✓ Facilitate active role for Steering Committee and CEO
4. Ineffective Policy over Decentralized Operations	✓ Avoid “top down” approach to sell or force change ✓ Form cross-departmental teams to identify solutions
5. Failure to Backfill Staff Assigned to the Project	✓ Engage Project Consultants that understand the County
6. Continued Use of Redundant Specialized Systems	✓ Focus on delivering high value outcomes ✓ Value collaboration over negotiation
7. Failure to Complete Project on Time within Budget	✓ Promote Countywide mindset of “win-early, win-often”

Through proactive risk identification and effective risk mitigation strategies, **the County aims to avoid common and unique points of failure in order to execute a successful project.**

Project Structure and Governance



Fiscal Impacts

Current Fiscal Year 2021-22

- ✓ Remaining BANA consultant work funded through Auditor-Controller fund balance
- ✓ FY 21-22 Budget Development Policy to set aside ongoing amount for eventual ERP System:
 - \$3 million set aside in Technology Replacement & Investment Fund balance
 - Return to Board for any proposed uses for pre-implementation and staffing in FY 21-22
- ✓ FY 21-22 Budget Workshops Digital Transformation Special Issue: BANA → County ERP

Future Fiscal Impacts

- ❑ 2020 5-Year Forecast: ERP System may be \$10M+, plus ongoing licensing & maintenance
 - Vendor responses to RFP in October 2021 will provide actual quoted prices
 - Future contracts will inform actual amounts for licensing, implementation, and support
- ❑ Staffing Plan will inform anticipated temporary backfill needs and ongoing FTE expansions
- ❑ Project Management Consultant costs will be known when return to Board in October 2021

Recommended Actions and Next Steps

That the Board of Supervisors:

- a) Receive and file a Business Applications Needs Assessment Project Update;
- b) Authorize the release of the Request for Proposal (RFP) for County Enterprise Resource Planning (ERP) Software and Implementation Services;
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA guidelines because they consist of administrative activities of government that will not result in direct or indirect physical changes in the environment.

Next Steps:

- ✓ Issue Final RFP on Friday August 20
- ✓ Return to Board in October for ERP Project Management Consulting Services & Staffing Plan
- ✓ Incorporate estimated costs into 5 Year Forecast and FY 23-23 Budget Development process
- ✓ Return to Board in early 2022 with recommended ERP Software and Implementer contracts



Thank You