

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: September 24, 2010

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 10-85
Contract with The Revere Group, Limited for Enterprise Resource Planning (ERP) Implementation Phase II Project

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6823

ACTION SUMMARY

This action will authorize the Executive Director to enter into a contract with The Revere Group, Limited in support of the Enterprise Resource Planning (ERP) Implementation Phase II project for an amount not to exceed \$1,595,000 for implementation of the Financial Systems Consolidation Assessment and Lawson Projects and Activities Strategy Implementation (RFP #10-04). The contract is expected to finish on September 15, 2011.

The contract is necessary to implement the recommendations of the Financial Systems Consolidation Assessment, the Lawson Projects and Activities Implementation Strategy, and the Business Intelligence Strategy as well as to continue forward with the agency's Enterprise Architecture (EA) Strategy and ERP Strategy.

The selection of The Revere Group, Limited for the contract is a result of corresponding public solicitation processes. The agency has budgeted \$1,689,222 for FY10-11 for the effort, as indicated in Attachment A.

PUBLIC BENEFIT

This project helps the Portland Development Commission (PDC) meet its responsibilities to provide consolidated functionality within its Lawson ERP system as well as enabling the agency to provide the public with more timely, consistent, and reliable information.

By completing this project, PDC will move closer to implementing full project cost accounting for the Agency through re-implementation of the Lawson Projects and Activities module.

Also, upon successful completion of this project, PDC will have an improved integration of its financial systems which should help reduce maintenance costs and increase the capability to provide more timely and accurate financial reporting through better system integration.

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

This amendment supports the following Key Outcome in the PDC Strategic Plan:

“Our business policies, processes, and systems infrastructure ensure efficient and effective service delivery and decision making.”

FINANCIAL IMPACT

This is the third contract of the multi-year ERP Implementation Phase II project, in an amount not to exceed \$1,595,000 and lasting for a period not to exceed 12 months.

The total budget amount for ERP Implementation Phase II in the FY10-11 budget is \$2,130,400. The amount budgeted for professional service contracts is \$1,689,222.

RISK ASSESSMENT

One of the goals of this project is to move work performed downstream or at the back end of the financial process flow to the front end. As such, this project will likely result in organizational change to some degree throughout the PDC agency; particularly in the area of workflows. Thus, this risk has been taken into account by incorporating a thorough organizational change management element in the contract.

WORK LOAD IMPACT

The project will use existing positions to oversee and support the project. The current project management staff is working throughout the Agency to incorporate this project into needed staff's workload.

ALTERNATIVE ACTIONS

There is no alternative action if the Agency wishes to move forward with the recommendations in the *Financial System Consolidation Assessment- Consolidated Future State Analysis* document.

CONCURRENCE

This ERP Implementation Phase II project was identified by PDC leadership as a priority project in 2008 during the Budget Development process. PDC's internal Team for Internal Enterprise Solutions (TIES) and Executive Team have recognized this effort as a priority project.

Additionally, on June 29, 2010 the PDC Executive Leadership Team received the Financial Systems Consolidation Assessment and Lawson Projects and Activities Strategy reports prepared by the Revere Group. At that meeting, it was the unanimous decision by the Executive Team to move forward with implementing the recommendations that were in the two reports.

BACKGROUND

In July 2000, PDC implemented Lawson software components for General Ledger, Accounts Payable, Cash Ledger, Projects & Activities, Procurement, Payroll and Human Resources (to support of payroll only), enterprise-wide.

In December 2007, PDC Executive Management adopted an Enterprise Resource Planning (ERP) Strategy that was centered on the continued use and roll-out of additional Lawson functionality. As a result, PDC intends to invest in Lawson to meet the evolving business needs of PDC. The first project towards that end was the build-out of the Lawson Human Resources module which went live in August 2008. Additionally, unrelated to work around the Lawson Human Resources module, an Enterprise Architecture (an examination of all computer systems and data sources) was created to roadmap future business applications to meet PDC needs.

ERP systems attempt to integrate most of the operational support functions of an organization. Functions such as purchasing, accounts payable, general accounting, payroll, human resources and more are all part of an integrated system that shares common processing and data, and thus insuring greater accuracy and making it much easier to produce management information.

In May 2008, PDC Executive Management determined that its Lawson applications, system foundation, and user interface would be upgraded to the most recent version to ensure the integrity of the system and to establish a foundation to build out additional functionality. At the same time, PDC Executive Management also determined that its chart of accounts would be restructured in conjunction with the upgrade to sustain Lawson maintenance and reporting needs. After procuring external consulting services, the Lawson 9 Plus project kicked off in October 2008 and went live at the end of June 2009.

Currently, the PDC Lawson system interfaces with multiple other software systems, databases, and data warehouses in order to accommodate PDC business activities. PDC's second large project to implement its ERP Strategy is the Enterprise Resource Planning Implementation Phase II project that includes multiple components.

During Fiscal Year 2009/10 a contract was awarded to CIBER to implement the Lawson Time Management module (replacing the MS Access based timesheet program) and to develop a strategy to implement Business Intelligence for PDC. In the same time period a contract was awarded to The Revere Group, Limited to develop an assessment of PDC secondary financial systems and a strategy for integrating that functionality within the Lawson ERP system.

This contract award will implement the recommendations from those two previous projects.

The project is expected to finish on August 31, 2011.

The Portland Development Commission's Request for Proposals #10-04 for "Consulting Services" ("RFP") was issued by PDC Purchasing & Contract Services on July 23, 2010. In response to the solicitation, PDC received six responses by the deadline.

Proposals Received:

1. CIBER, Inc.
2. Hitachi Consulting Corporation
3. On Time Consulting Services, Inc.
4. The Revere Group
5. Synthasys Management Consultants
6. Velocity Technology Solutions

Over a period of two weeks, all responses were evaluated by a five member Evaluation Committee comprised of four PDC employees and an individual from the Minority Evaluator Program. From the initial group of proposals three vendors were selected for oral presentations

Based on a thorough review of all proposals it was the consensus of the Evaluation Committee that The Revere Group offers PDC the best overall value, benefit, convenience and service.

ATTACHMENTS:

- A. ERP Implementation Phase II Project Budget

ERP Implementation Phase II Project Budget

| Project and Capital Expenditures | |
|---|--------------------|
| Computer Hardware | 75,000 |
| Software Applications | 35,000 |
| Professional Services Contracts | 1,689,222 |
| Temporary Services | 125,000 |
| Training Expenses | 30,000 |
| Total | \$1,829,222 |
| LTE Costs | 266,178 |
| Contingency Budget | 35,000 |
| Total Project Budget | \$2,130,400 |