Multnomah County
Board of Commissioners

ERP Analysis Outcomes

February 17, 2015

What is an ERP system?

ERP is an acronym for Enterprise Resource Planning and is defined as, "a single system used to integrate data of an organization, including planning, financials, manufacturing, human resources, payroll, and sales."

An ERP provides…

✓ An integrated software suite

✓ A foundational application architecture

✓ A consistent view of key enterprise financial and resource data

✓ Embedded 'best practice' business processes

SAP is our current ERP system

Examples of critical functions are: Payroll, Accounts Payable/Receivable, and Capital Asset Management

Project Background

- SAP was implemented in 1999 and a life cycle analysis hasn't been completed since that time

- County business units have system needs that are not being met by SAP

- In FY 2015, the ERP Analysis Project was funded as a one-time-only request of $500,000

- Gartner Consulting was hired to conduct an independent analysis

Selecting Gartner Consulting

- Gartner is the world's leading information technology research and advisory company

- Gartner specializes in State and local government matters related to ERP analysis and contract review

- Contract for services: $383K

Gartner's Approach

PHASES

Understanding Business Drivers	Document Requirements & Assess Existing SAP installation	Market Scan & Alternatives Analysis	Develop Solution Roadmap
Deliverables + Conduct Stakeholder interviews + Identify existing SAP support costs + Learn how the County uses SAP	**Deliverables** + Identify current and future functional requirements + Perform gap analysis + Calculate all SAP current and ongoing costs + SAP contract review	**Deliverables** + Conduct market scan of ERP solutions + Assess alternatives against requirements + Research similar projects for cost comparison	**Deliverables** + Define total cost for top option(s) + Develop roadmap to implementation for top option(s)

Project Outcomes

Functionality categories identified by stakeholders

Categories of Future Functionality Requests

+ Asset Accounting	+ Time Collection	+ Performance Mgmt.	+ Contracts Mgmt.
+ Project Accounting	+ Controlling	+ Learning Management	+ Vendor Management
+ Cash Administration	+ Finance Integration	+ Payroll Administration	+ Solicitations
+ Grants Management	+ Labor Distribution	+ Benefits Admin.	+ Strategic Sourcing

Categories of Current Functionality

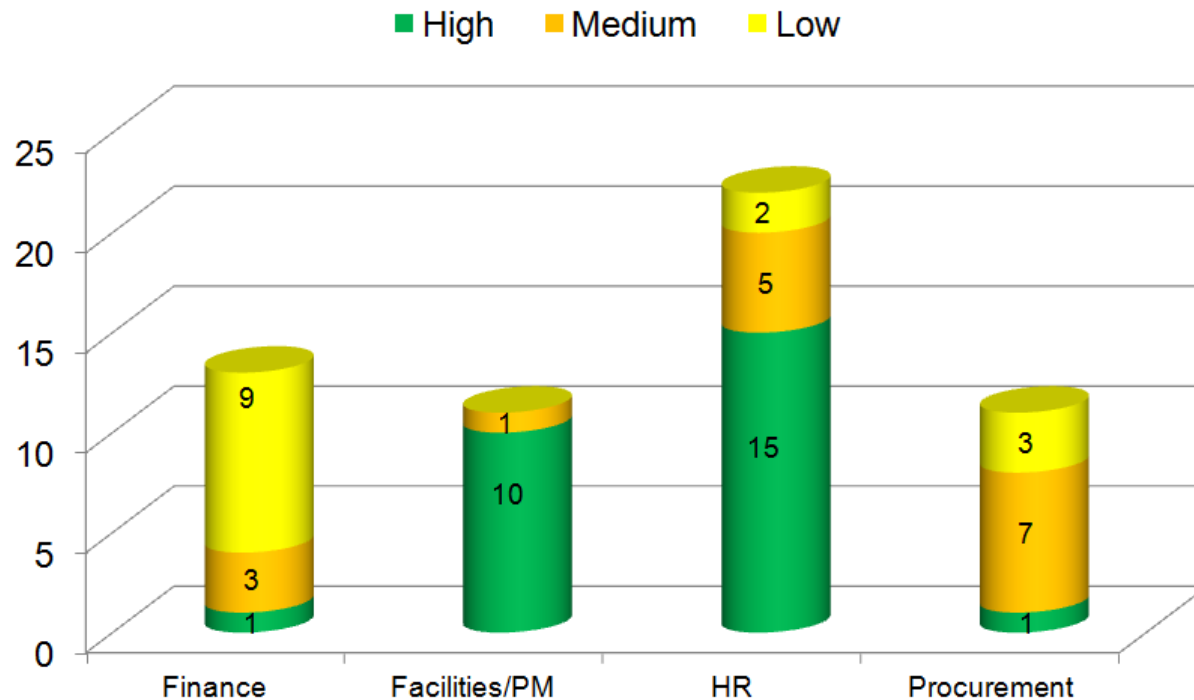|			
+ Accounts Receivable	+ Inventory Management	+ Position Management	+ Purchase Orders
+ General Ledger	+ Asset Management	+ Time & Attendance	+ Accounts Payable
+ Chart of Accounts	+ Facilities Management	+ Personnel Admin.	+ Fixed Assets

Finance	Facilities/PM	Human Resources	Procurement

Project Outcomes

57 Future Functionality Requests - by Priority

High priority examples include: Performance Management, Asset Management, Mobility, and Self-Service.

Project Outcomes

## Vendor Cost Comparison - High Level TCO Summary

Top options for further analysis

	CGI	Infor	MS AX	Oracle	Workday	SAP
Scope	CGI, Success Factors, IBM Websphere, IBM Maximo	Infor	AX, IBM Maximo	PeopleSoft	Workday, IBM WebSphere, IBM Maximo	Additional software needed to meet future state needs
Implementation Time	24 mths	18 mths	18 mths	24 mths	18 mths	<12 mths
Software Costs	$4.3M	$1.9M	$2.7M	$4.8M	$0.6M	$2.3M
Implementation Costs	$22.3M	$11.2M	$13.8M	$28.2M	$9.6M	$9.4M
Recurring Costs	$0.9M	$0.4M	$0.6M	$1.1M	$3.0M	$2.0M

Dollars spent to date on SAP for software and support (1999-2014): $9,299,185

Project Outcomes

10 Year Cummulative Cash Flow Analysis - top options
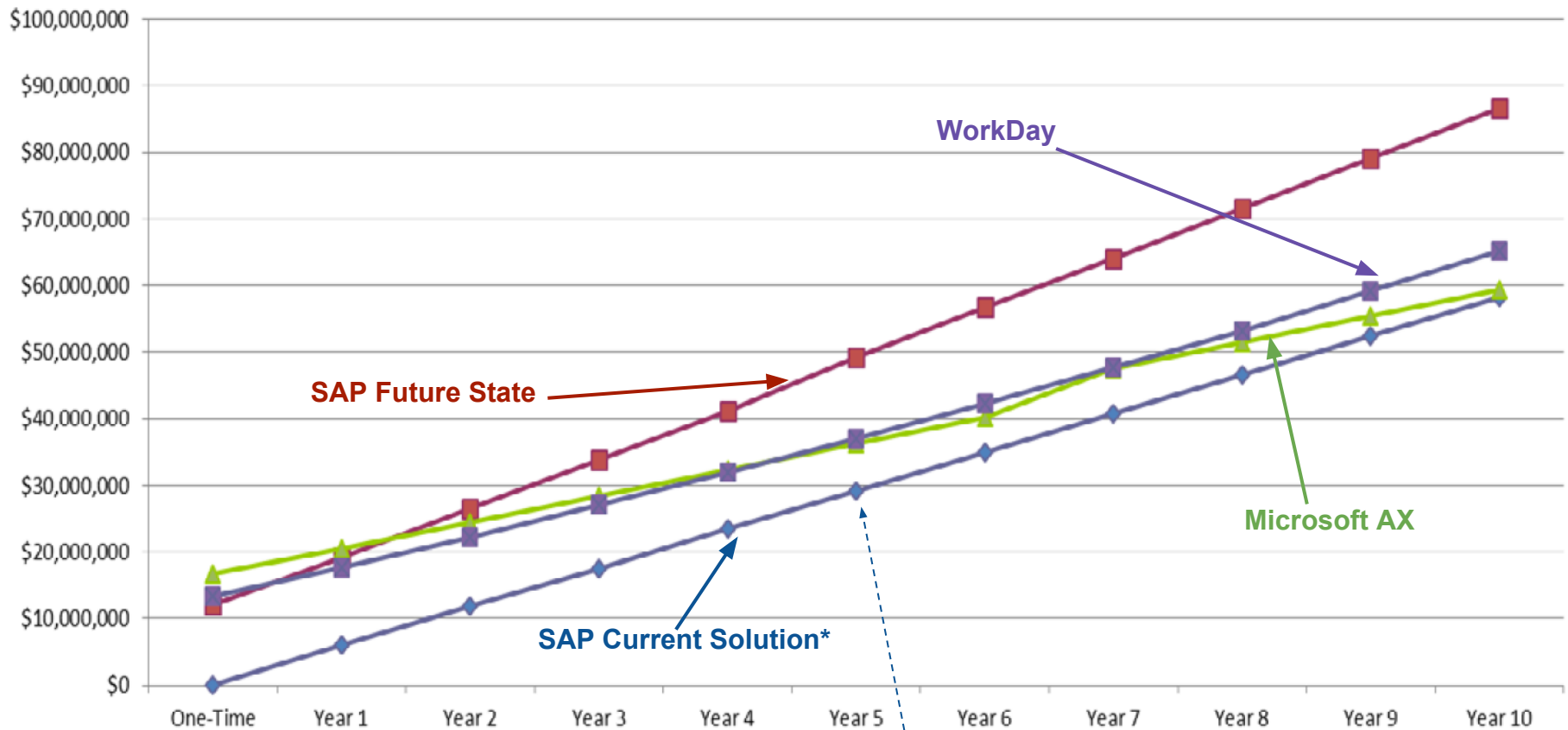
Project Outcomes

Net Present Value Analysis - 10 years

Current SAP Solution*	$46,856,828	
SAP Future State	$71,467,187	53% increase
Microsoft AX	$50,240,027	7% increase
Workday	$54,126,899	16% increase

* Costs associated with the anticipated required upgrade in 2020 to the SAP Cloud framework is not included. With the upgrade and associated ongoing maintenance, the total amount for our current SAP Solution is estimated at $47,701,828.

Next Steps

- Generate Request for Proposal (RFP) for the future ERP system

- Discuss potential contract modifications with SAP

- Continue additional research
    - Visit to Pierce County, January 2015
    - Pursue references from other entities

- Anticipate no additional funding request in FY 2016