Statewide ERP Update
for
Agency Executive Management

Feb. 27, 2012

Agenda

I. Statewide ERP Project Background
- Overview of where we started
- ProjectONE plan: adjustments and accomplishments

II. Update on ProjectONE
- CAPPS update
- TxDOT update
- User agency testimonials
- Next steps

III. Agency ERP Project Review
- Project review process
- How to request funding for CAPPS

IV. Q&A

V. Future Meetings

VI. Adjourn

Statewide ERP Project Background

Overview of Where We Started

Current State of Texas Environment

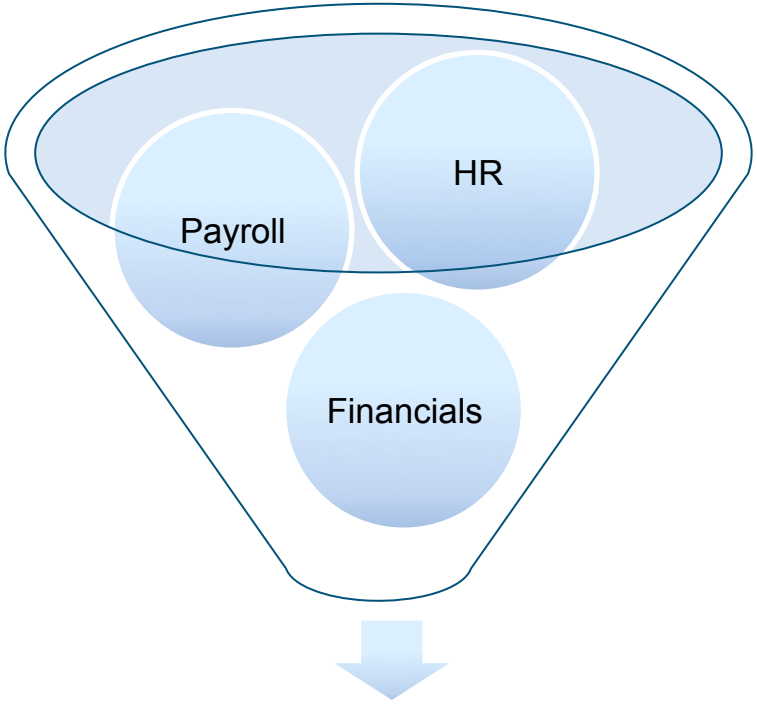
Over 200 agencies with different legacy systems

- Expensive to maintain
- Numerous manual processes
- Data not easily shared
- Inconsistent information
- Cumbersome reporting process

"In the age of the Internet, there is seldom a good reason why government cannot keep citizens informed about how tax dollars are spent."
– Susan Combs

What Is ERP?

Enterprise Resource Planning (ERP) integrates business processes and practices with modern technology to accomplish specific business objectives.



ERP takes information from many departments and integrates it within a single computer system.

Why ERP?

Easy

- Intuitive, Web-based system
- Data can be accessed by multiple agencies

Fast

- Data readily available
- Reports can be processed faster

Efficient

- Single set of books
- Eliminates manual processes and saves time

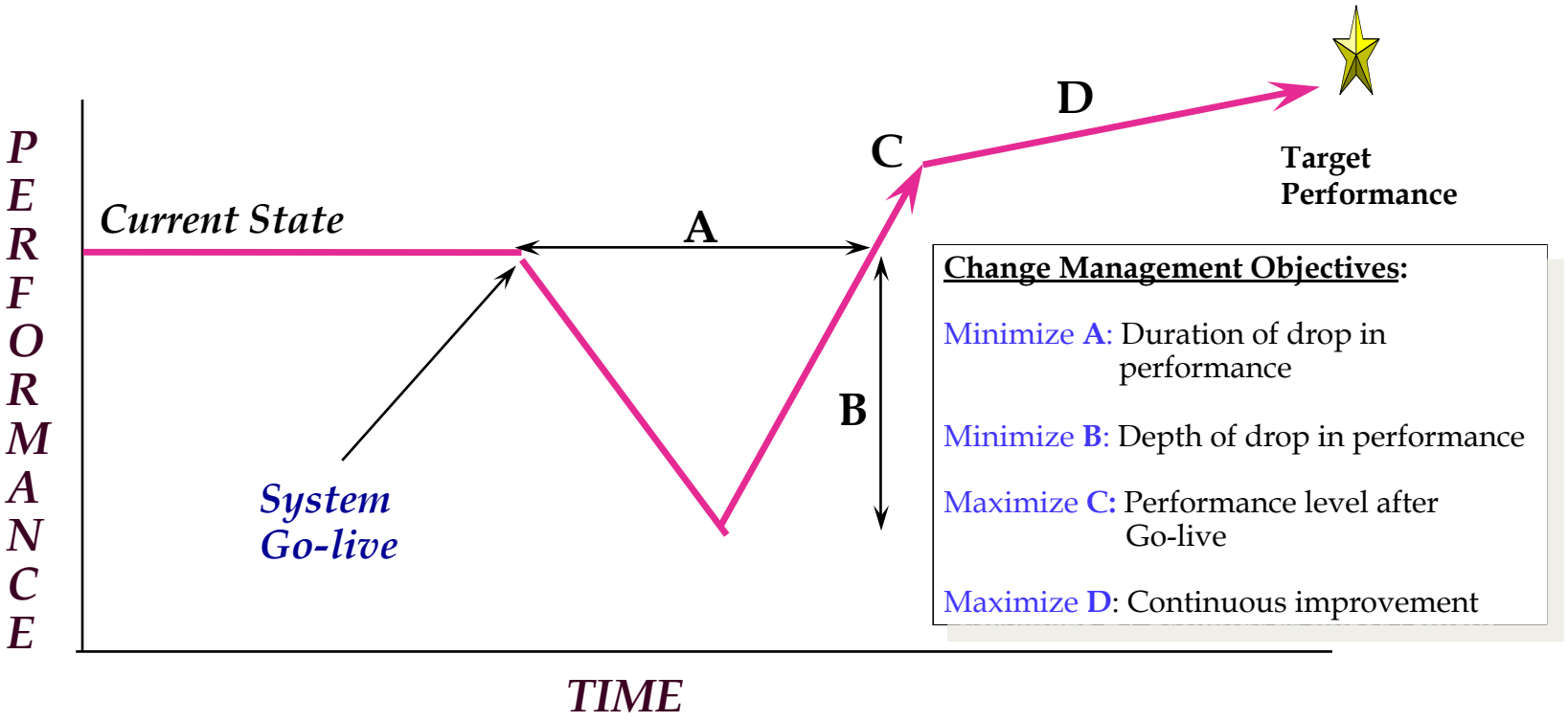
Successful ERP Implementations

Essential elements of a successful ERP implementation include:

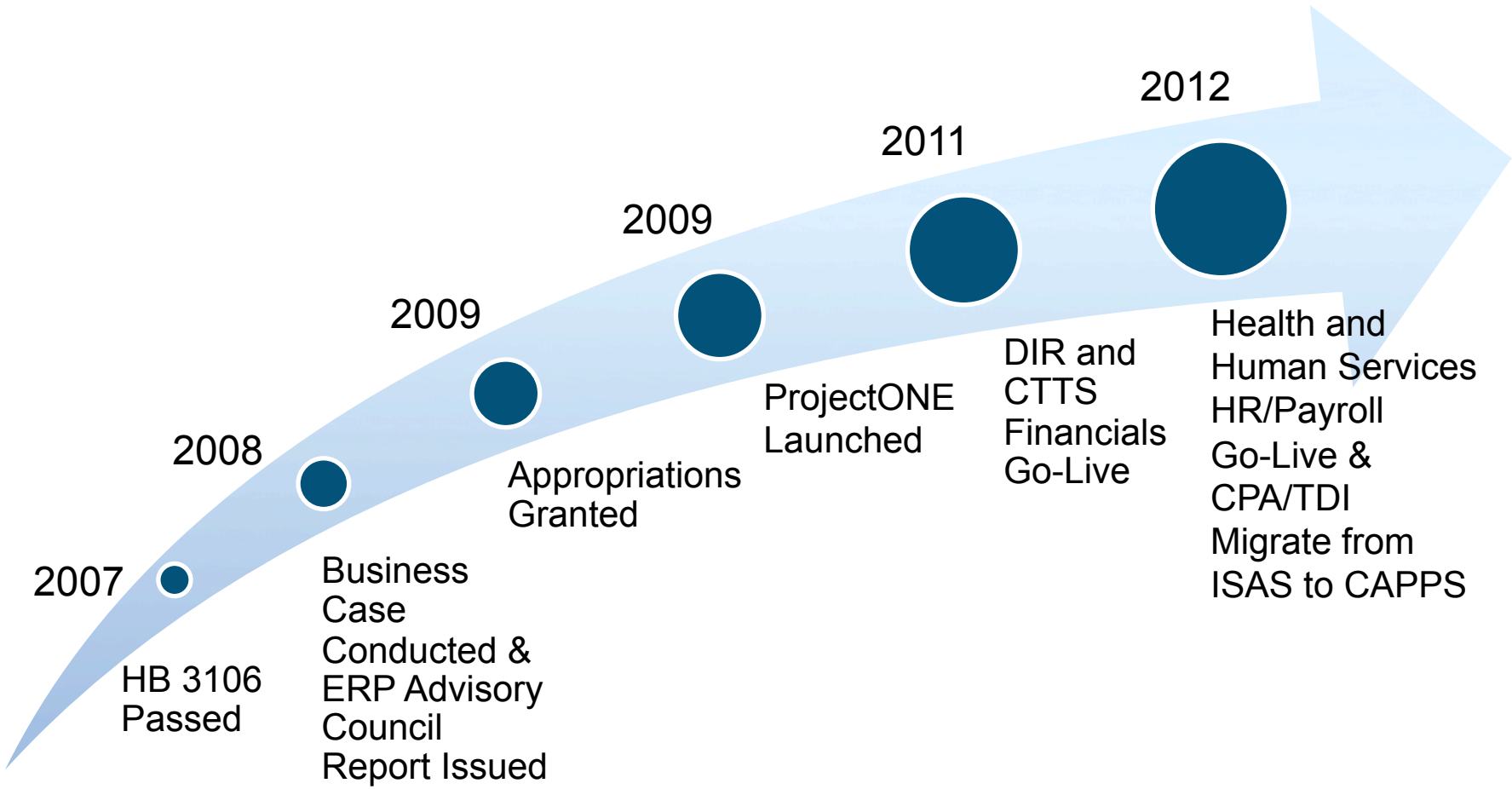
- Consistent executive sponsorship throughout project
- Prioritized lists of value expected through implementation
- Plans for allocating resources aligned with expected values
- Designated business process improvement champion with appropriate authority and oversight
- Teams of specialists deployed to help facilitate prioritized issues as implementation plan is executed
- Consistent messaging to ensure employees understand change will be positive and significant

Managing Expectations

Fluctuations in performance are common in all ERP implementations. Even the most proactive organizations will see some performance slippage when the new system goes live.



Texas' Path to Statewide ERP



House Bill 3106, 80th Leg., RS

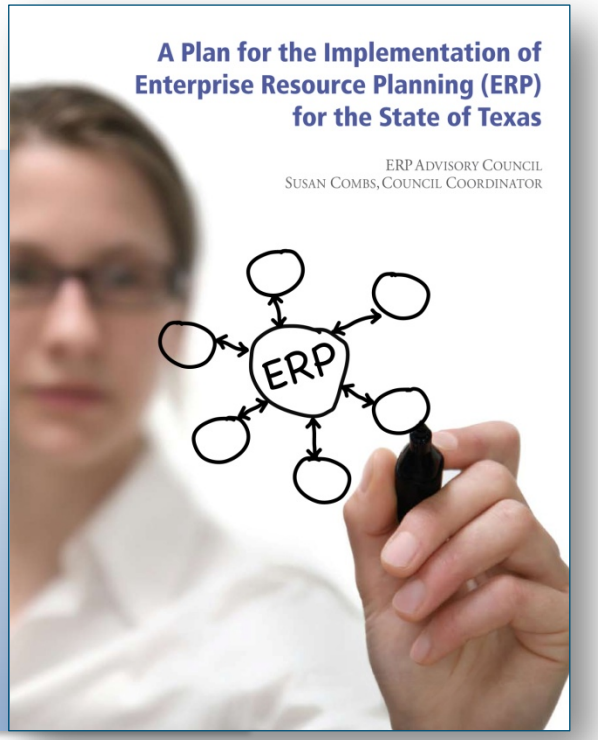
- Defined ERP as 11 functional areas
- Moved ERP responsibility to CPA from DIR
- Required CPA to ensure uniform statewide accounting project included ERP
- Allowed CPA to require agencies to modify, delay or stop system implementations
- Created ERP Advisory Council

2007 | 200 | 2009 | 2010 | 1 | 2012

Business Case Conducted

- Performed by independent consulting firm
  (Salvaggio, Teal & Associates: June 2008 – September 2008)

- Legislative report prepared by
  ERP Advisory Council:
  - — September 2008 – December 2008
  - — Supported Alternative 3 from business case study
  - — Sent to Legislature
  - — Estimated eight-year project cost of $285 million (includes 15% contingency)



2007 | 2008 | 2009 | 2010 | 2011 | 2012

Appropriations Granted

- 81st Legislature appropriated funds to HHSC, TxDOT, and DIR for ERP projects:
  - Established CPA as project manager
  - Provided funds to each agency
  - Required IACs with participating agencies
  - Required processes change to accommodate software best practices
  - TxDOT received ERP funding in Capital Budget
- Statewide Software license procurement:
  - Leveraged existing investment in software
  - Obtained statewide perpetual license based on 160,000 FTEs
  - (Human Resources [HR], Payroll and Financials)
- Implementation services, oversight services and hardware procured
  - Competitive process

2007 | 2008 | 2009 | 2010 | 2011 | 2012

Statewide ERP
Project Background

ProjectONE Plan:
Adjustments and Accomplishments

ProjectONE Beginning

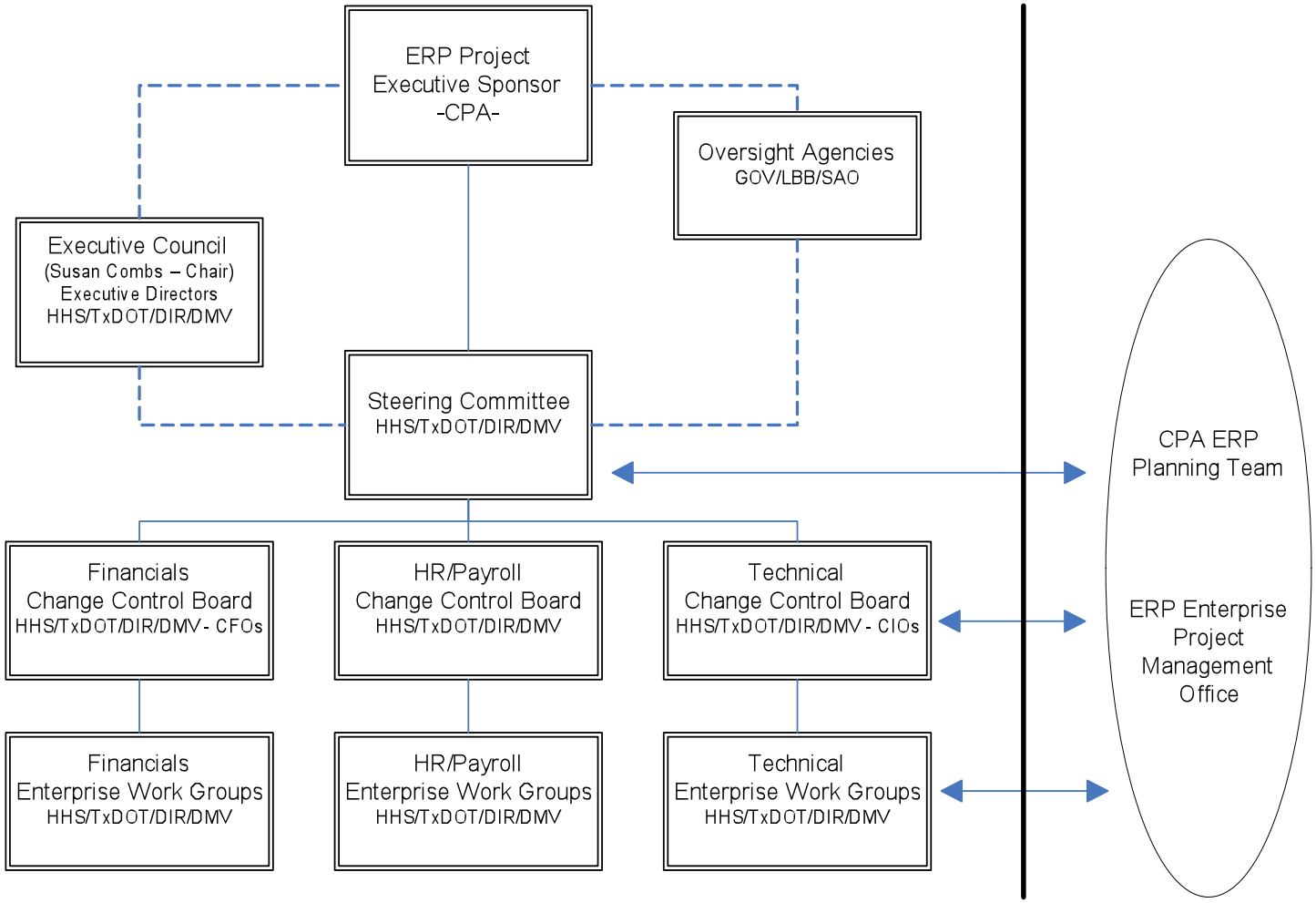
(**O**ur **N**ew **E**nterprise)

ProjectONE is committed to partnering with every state agency in Texas to implement CAPPS HR/Payroll and Financials and ultimately create a single statewide system of record. We will provide our insight, lessons learned and customer service to fully support each agency and ensure that CAPPS meets each agency's individual needs.

2007 | 2008 | 2009 | 2010 | 2011 | 2012

Project Governance

ERP Project Governance Infrastructure



Project Guiding Principles

- Engage agencies in the project.
- Establish and implement standardized business processes and common data standards where possible.
- Ensure future ERP systems projects are compatible with statewide standards.
- Adapt our processes to best practices inherent in the software rather than the software to our processes.

Requirements Gathering

Requirements Gathering workshops were held from January – April 2010

- Financials Team:
  - — 175 four-hour workshops
  - — 4,081 approved requirements
- HR/Payroll Team:
  - — 97 four-hour workshops
  - — 5,612 approved requirements

2007 | 2008 | 2009 | 2010 | 2011 | 2012

Requirements to Software Fit/Gap

Fit/Gap workshops were held in April and May 2010

- Financials Team:
  - — 159 four-hour workshops
  - — 2,414 “fits” and 1,335 “gaps”
- HR/Payroll Team:
  - — 148 four-hour workshops
  - — 2,674 “fits” and 2,732 “gaps”

2007 | 2008 | 2009 | 2010 | 2011 | 2012

Testing

Successfully completed:

- More than 1,500 Functional Tests
- Integration Testing of 377 test scripts
- User Acceptance Testing (UAT) on more than 400 test scripts

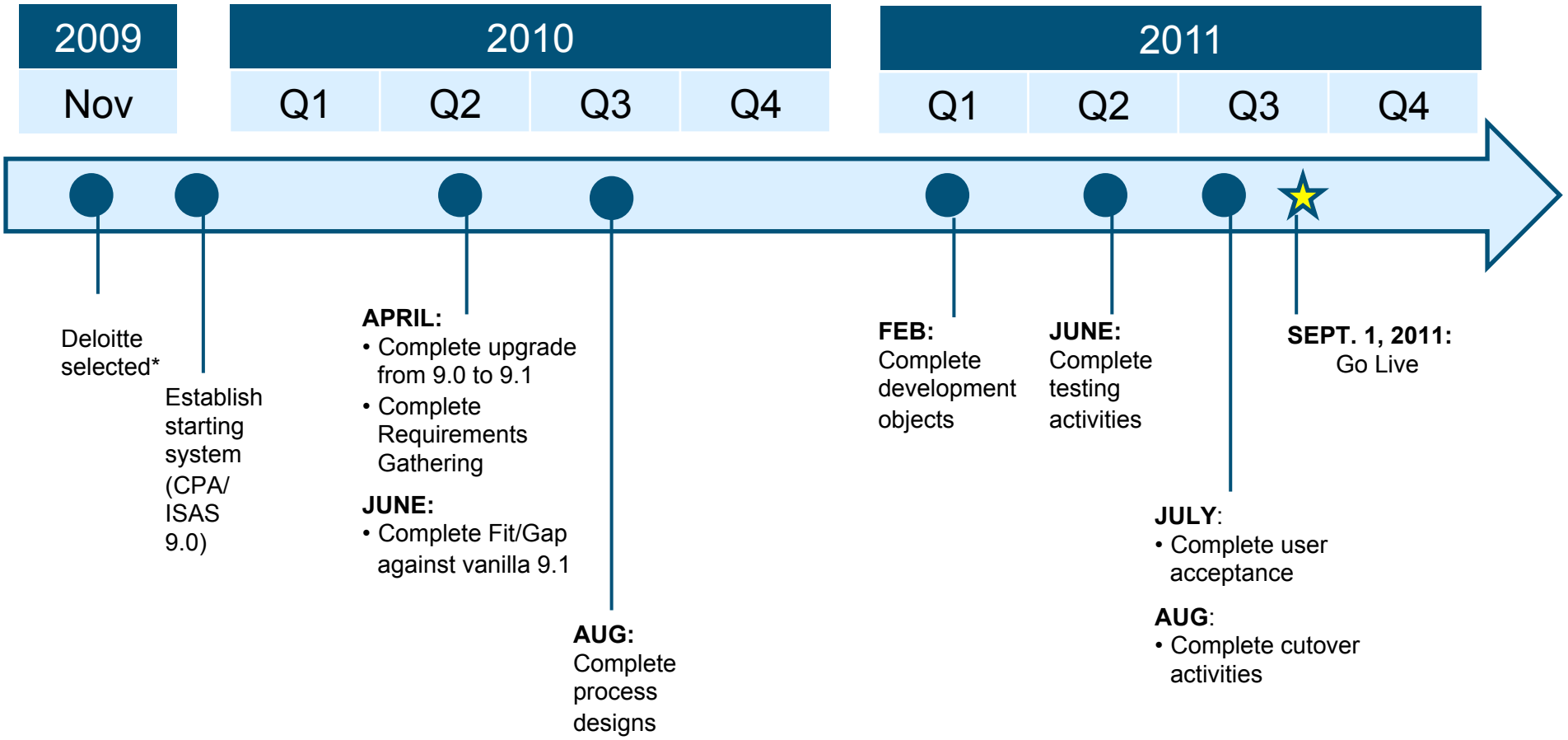
2007 | 2008 | 2009 | 2010 | 2011 | 2012

Training

- Developed training materials on time and in budget for original scope
- Developed a style guide that will be useful for future development work
- Solid and flexible design structure to support ongoing changes
- SME/Instructor Support made documentation and delivery a success
- Job Aids will be beneficial going forward
- Ability to respond to Business/SME content development requests

2007 | 2008 | 2009 | 2010 | 2011 | 2012

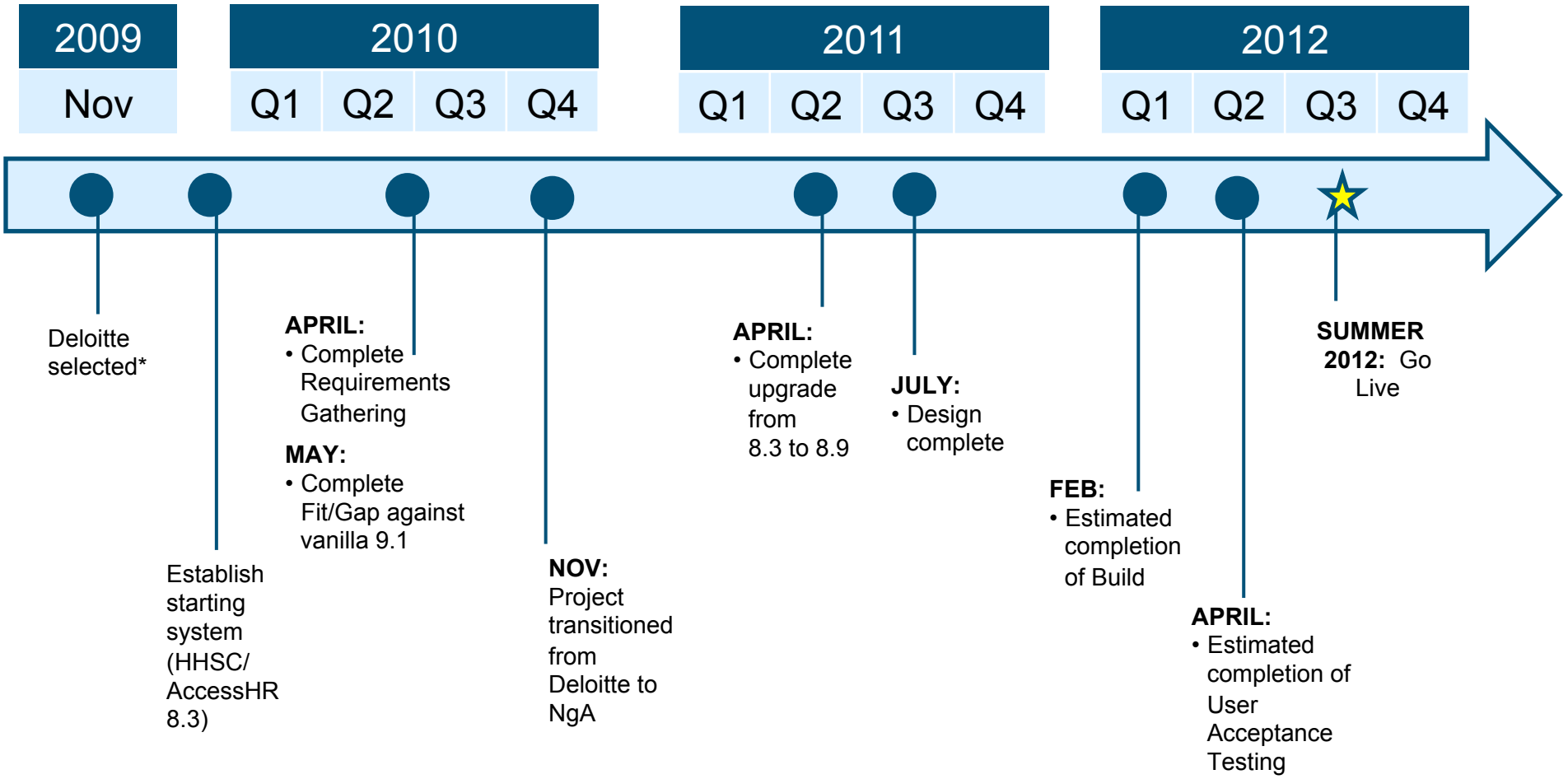
Financial Project Timeline



Though the activities listed above end at specific times, they may run concurrently.

***Single Implementation Vendor**

HR/Payroll Project Timeline



Though the activities listed above end at specific times, they may be running concurrently.

***Single Implementation Vendor**

ProjectONE Accomplishments

ProjectONE designed and built the Centralized Accounting and Payroll/Personnel System (CAPPS).

The system went live at DIR and the Central Texas Turnpike System (CTTS), an enterprise fund of TxDOT, on Sept. 1, 2011.

ProjectONE Accomplishments

ERP Advisory Council Recommendation	CAPPS	In Progress
Address HB 3106 requirements and the functionality required by the Comptroller's Rider 16 regarding fleet management.	✓	
Leverage the considerable work done by HHS in implementing their own ERP system.		✓
Achieve business process standardization through the implementation of a single, unified platform for almost all state agencies while still allowing for the differences in the functional requirements of the hubs.		✓
Enhance statewide reporting and facilitate a "single source of the truth" and taxpayer transparency.	✓	
Eliminate the use of Social Security Numbers as the primary identifier in the statewide administrative systems.	✓	
Comply with Section 508 of the Americans with Disabilities Act regarding accessibility.	✓	
Eliminate fragmentation associated with the state's existing administrative systems environment.	✓	
Provide a plan to retire the legacy systems (USAS, SPRS, USPS, HRIS, SPA, TINS) over a period of seven years.		✓*
Establish a common language for reporting expenditures through use of commodity codes (NIGP), and focus on the use of Comptroller Object Codes for financial reporting (CAFR, GASB).	✓	
Provide for a statewide procurement system that is fully integrated with the financial accounting, asset management, and Inventory management modules as well as the Online Ordering System currently in development by the Comptroller's office.	✓	
Provide for better tracking of the state's assets, thus helping agencies and the Legislature in budget planning by identifying replacement costs and schedules.	✓	
Allow for the hubs to consider ERP consolidations through an evolutionary process should their existing systems reach the end of their useful lives.	✓	

** Activity may take longer than seven years based on Legislative funding*

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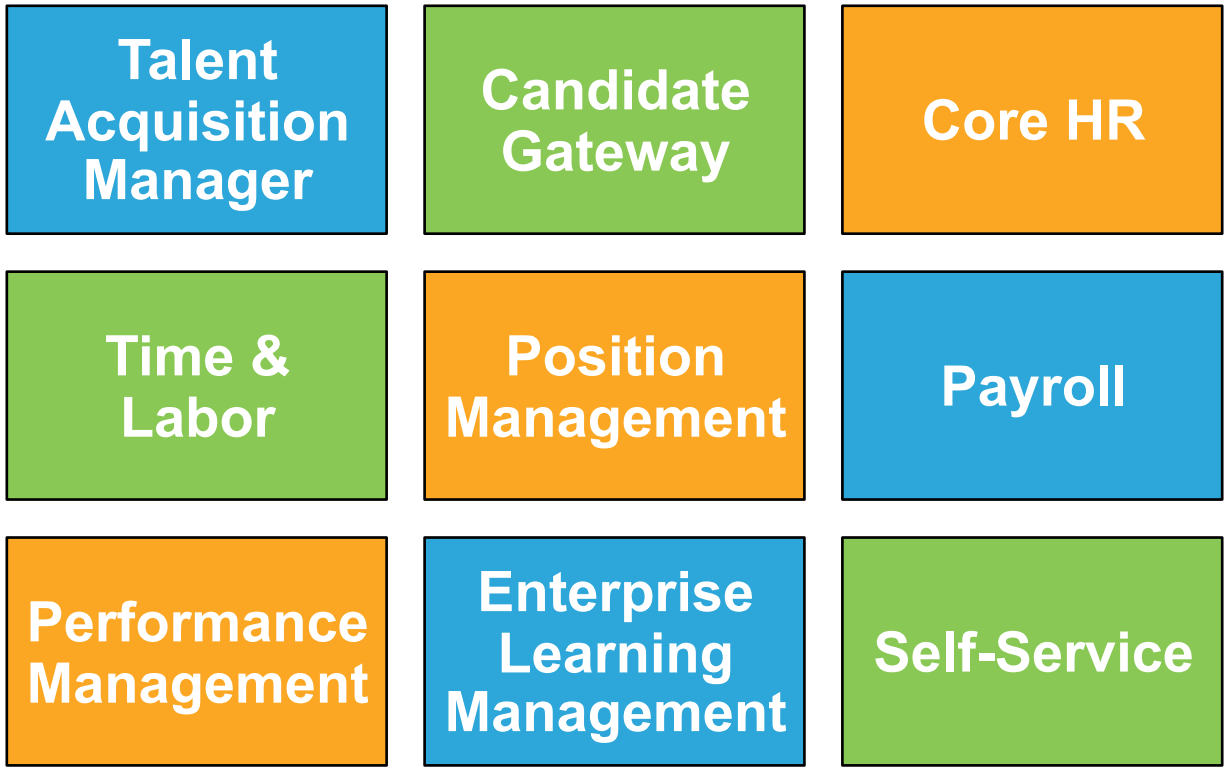
Update on

CAPPS Update

CAPPS Financials Modules

CAPPS HR/Payroll Modules



CAPPS Lessons Learned

Lessons from other state ERP Projects

- Agency Involvement and Support: Upper-Level Management
  - — Set up cross-agency ERP Advisory Council for developing recommended approach for ERP (Business Case)
  - — Set up cross-agency ERP Steering Committee for decisions affecting ERP solution
  - — Texas Comptroller Susan Combs is routinely updated on project progress and communicates with participating agency executive management to ensure project is going well
- Agency Involvement and Support: Workers
  - — Set up user groups on CAPPS solution for all agencies to recommend any system changes
  - — When new agencies are added, start with prototype of actual solution so agencies can see how it works and easily identify any issues where solution does not meet agency needs (gaps)

CAPPS Lessons Learned

Lessons from Initial CAPPS Implementation

- It's all about the data: Getting data out is as important as putting data into the system
  - — Setup technical team with PeopleSoft knowledge dedicated to creating reports
  - — Continue to enhance reporting solution and architecture
  - — Create routine processes and templates for requesting reports
  - — Develop standard data interfaces for systems maintained by agency. Ensure successful interfaces with internal agency systems.
- ERP Implementation is a major time commitment; meanwhile, day-to-day business operations must continue
  - — If unable to dedicate employees to project, work closely with agencies to ensure a realistic schedule that balances project work with daily work
  - — Involve agencies in testing (in addition to training) as early as possible to ensure good understanding of the system by go-live
  - — Continue support after go-live, on-site if needed, to ensure smooth transition

Update on

TxDOT Update

James Bass
Chief Financial Officer

Texas Department of Transportation

Update on

User Agency Testimonials

Robert Snipes
Financials Business Lead

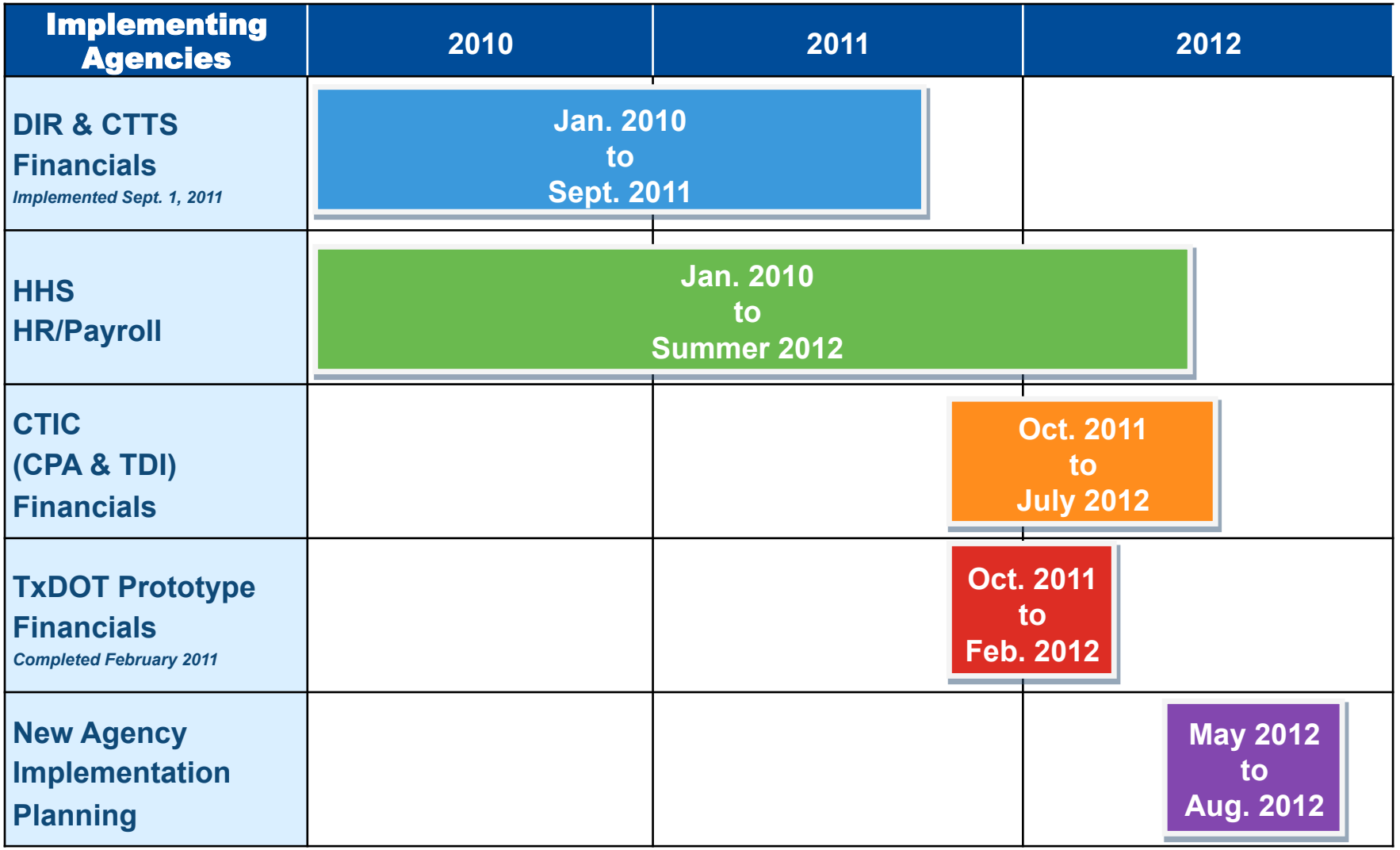
Nick Villalpando
Chief Financial Officer

Dept. of Information Resources

Update on

Next Steps

Implementation and Planning Timeline



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Agency ERP Project Review

Project Review Process

Agency ERP Project Review Process

Project Submission Criteria if implementing:

- a new system,
- a new module,
- a change to the software version, or
- any ERP change costing more than $500,000 that does not fall under one of the above categories.

Agency ERP Project Review

How to Request Funding for CAPPS

How to Request Funding for CAPPS

- For agencies interested in replacing their current financial or human resource systems and joining the ERP Project in fiscal 2014-15, an Exceptional Item Request Schedule is required as part of the agency's LAR submission.
- The request must be supported by a detailed description and justification clearly demonstrating the enhanced services or increased effectiveness of agency operations.
- Additionally, the request for new funding for CAPPS/ProjectONE must be included in the Administrator's Statement portion of the LAR submission.

How to Notify CPA

What should you do now?

Submit a project request form at:

www.txprojectone.org/participation

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Q&A

Future Meetings

capps

Centralized Accounting and Payroll/Personnel System

Questions?

Send them to:

txprojectone@cpa.state.tx.us

PROJECT ONE
Our New Enterprise

www.txprojectone.org