ERP Selection, Readiness, and Ongoing Utilization

INTRODUCTION - YOUR PRESENTERS

- David Krout, CPA (inactive)
  - Managing Partner, ClientFirst
  - Assisted municipalities with a broad scope of information technology needs for over 20 years
  - State & Local Speaker (MISAC, CSMFO)
  - Former Government Technology Consulting Manager for a top 5 Accounting/Consulting Firm
    - Assisted in the development ERP Needs Assessment & Selection Tools for the Firm
    - Numerous DIY ERP Assessment & Selection Seminars

- Chrissy Earnhardt, CPA (inactive)
  - Administrative Services Manager, Town of Truckee
  - Town of Truckee Project Manager, ERP Selection and Implementation 2013-2016
  - 13 years experience in local government accounting

APOLOGY

- These Topics are Extensive
- We have Conducted 1- 2 day DIY seminars on these topics
- So…this will be high-level…we will touch on the highlights…and stay within the scheduled window of time

AGENDA

- Available Supportive Materials
- Best Practices
- Makeup of an ERP System
- Selection and Implementation Readiness
  - PMO (Project Team)
  - Individualized Needs Assessment
  - Risk & Readiness
  - RFP Development
  - Proposal Analysis and Short-List Decision
  - Conducting Productive Demonstrations
  - Due Diligence and Final Selection
  - Contract Review & Negotiations
- Ongoing Application Utilization Improvements
  - Implementation – Pair with Process Improvement Efforts
  - Application Roles & Responsibilities
  - User License Matrix (by Module)
  - Ongoing Training
  - Process Reviews & Improvements with Release Updates
  - Application Support Resource(s)

AVAILABLE SUPPORTIVE MATERIALS

Additional Information That Might Help

CLIENTFIRST
TECHNOLOGY CONSULTING

ERP - WHITE PAPER

- 6 Easy-Read Pages in Layman's terms
- We use this as a Primer
- Prerequisite for:
  - Executive Management
  - Department Directors
  - Project Team Members
- Pre-Read for Elected Officials before any Council or Board Meeting

Email Us and We Will
Send You a Copy

CASE STUDY

- Tells a Story
- A Situational Perspective
- Presents a Process
- Quick Read

Email Us and We Will
Send You a Copy

SELECTION & IMPLEMENTATION READINESS

BEST PRACTICES

THIS PRESENTATION
IS ENTIRELY BASED ON
BEST PRACTICES

Ignore at Your Own Peril !!

CLIENTFIRST
TECHNOLOGY CONSULTING

BEST PRACTICES

- PMI – Project Management Institute

Project Management Institute

Your predecessors have identified the pitfalls and cleared your path of landmines

- Every phase is a "Project"
  - Needs Assessment…is a Project
  - Vendor Selection…is a Project
  - System Implementation…is a Project

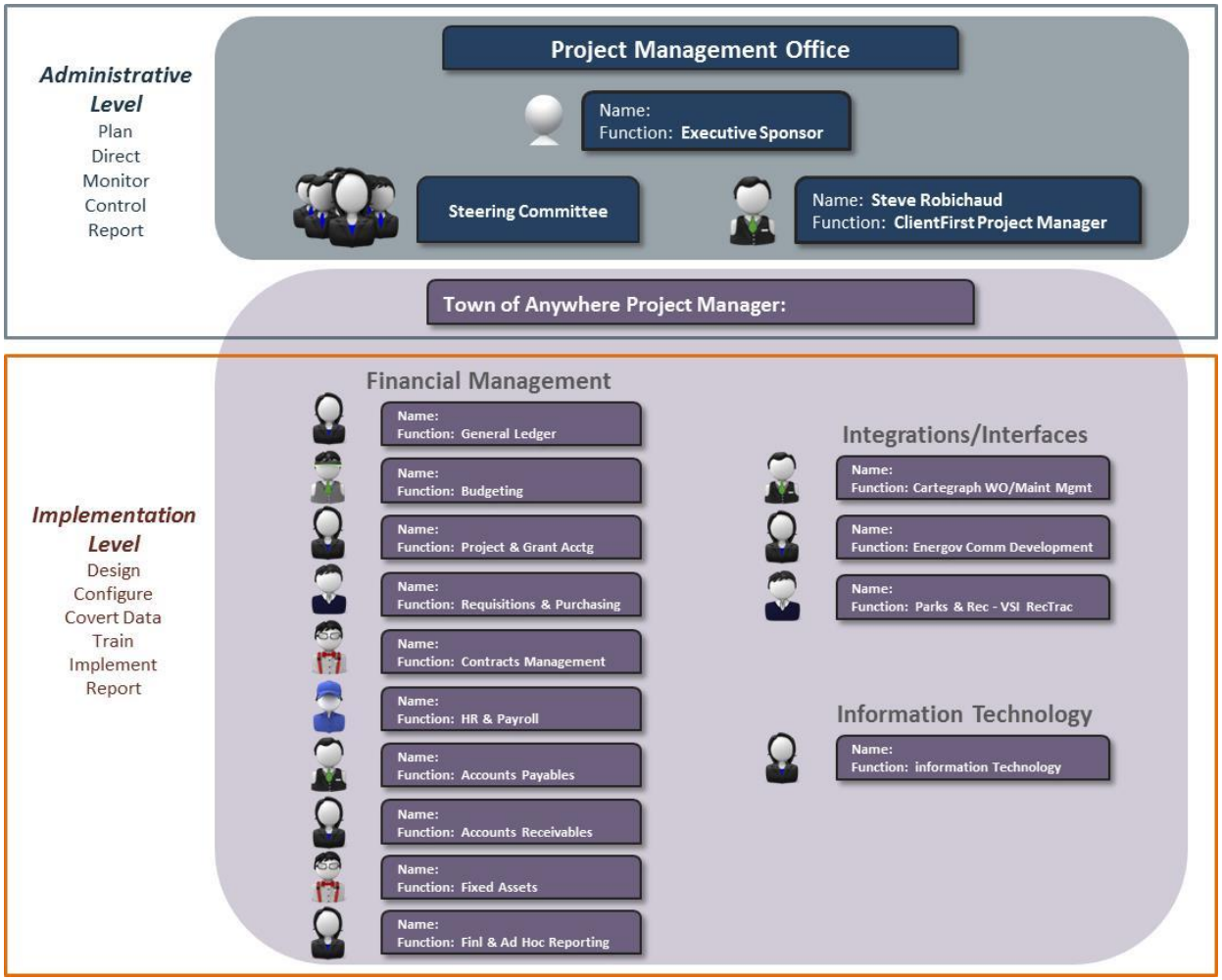
- There are also *Application Management Best Practices* to ensure you maximize the utilization of your ERP system

- Stand on the shoulders of those that have proceeded you…they built the PMI best practices from trial and error

Ignore or cut corners on best practices at your own peril

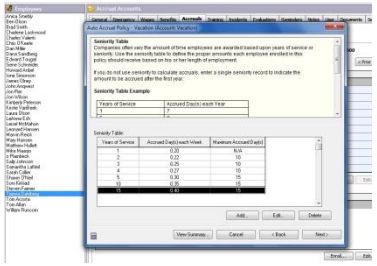
SAMPLE – PMO CHART

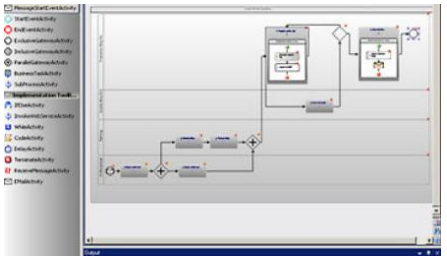
- This is your "Project Team"
- Skill Set
- Knowledge of Business Processes
- Personal Characteristics & Abilities



APPLICATION MANAGEMENT BEST PRACTICES

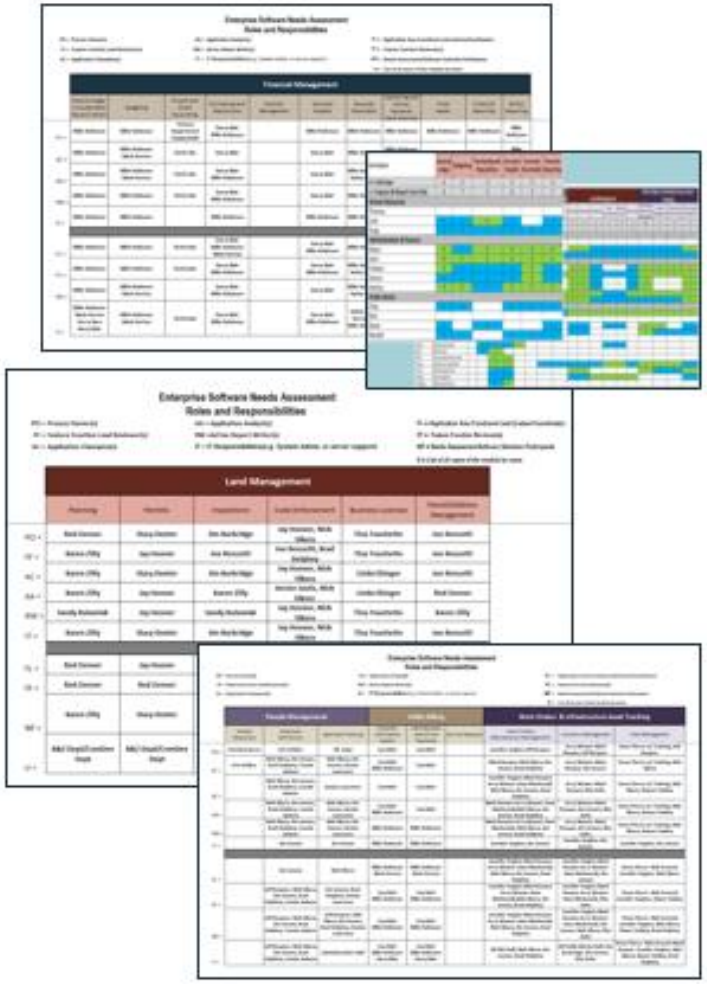
- Best Practice for Departments to:
  - Own and maintain their own business processes
  - More participatory management of application utilization and improvements
  - Understand, document, and train staff to utilize application software
  - Define staff Application Roles and Responsibilities by module





APPLICATION ROLES/RESPONSIBILITIES

- Process Owners
- Application Champions
- Application/Business Analyst Skillsets
- Ad Hoc Report Writers
- Module Leads
- Key Module Stakeholders
- Feature/Function Reviewers



CHANGE MANAGEMENT

- Assessment Workshops and Reports
  - Focused on Fact-Finding, not Fault-Finding
  - Objective:
    - Learn about your processes and needs
    - Uncover opportunities for improvement
    - Share ideas and options for consideration
    - Stimulate department feedback and input
  - Change Management Team Setup

CHANGE MANAGEMENT ISSUES

- Significant human emotions vs. other IT projects
- Fear of change
  - Technology
  - Job security
  - Extra work over next 1-2 years
- Personality clashes
- Defensiveness about current processes
- Workload transference

TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE'S EXPERIENCES

- What did Truckee see in the value of following Best Practices?
  - Systematic approach with proven success (learn from somebody else's mistakes!)
  - Great way to achieve buy-in entity-wide, addresses the human factor
- What risks do you feel you would have been exposed to if you had not solicited help to follow Best Practices?
  - "just trust me" is hard to establish buy-in
  - Not enough or not the right people involved
  - Reinventing the wheel

TRUCKEE'S PMO

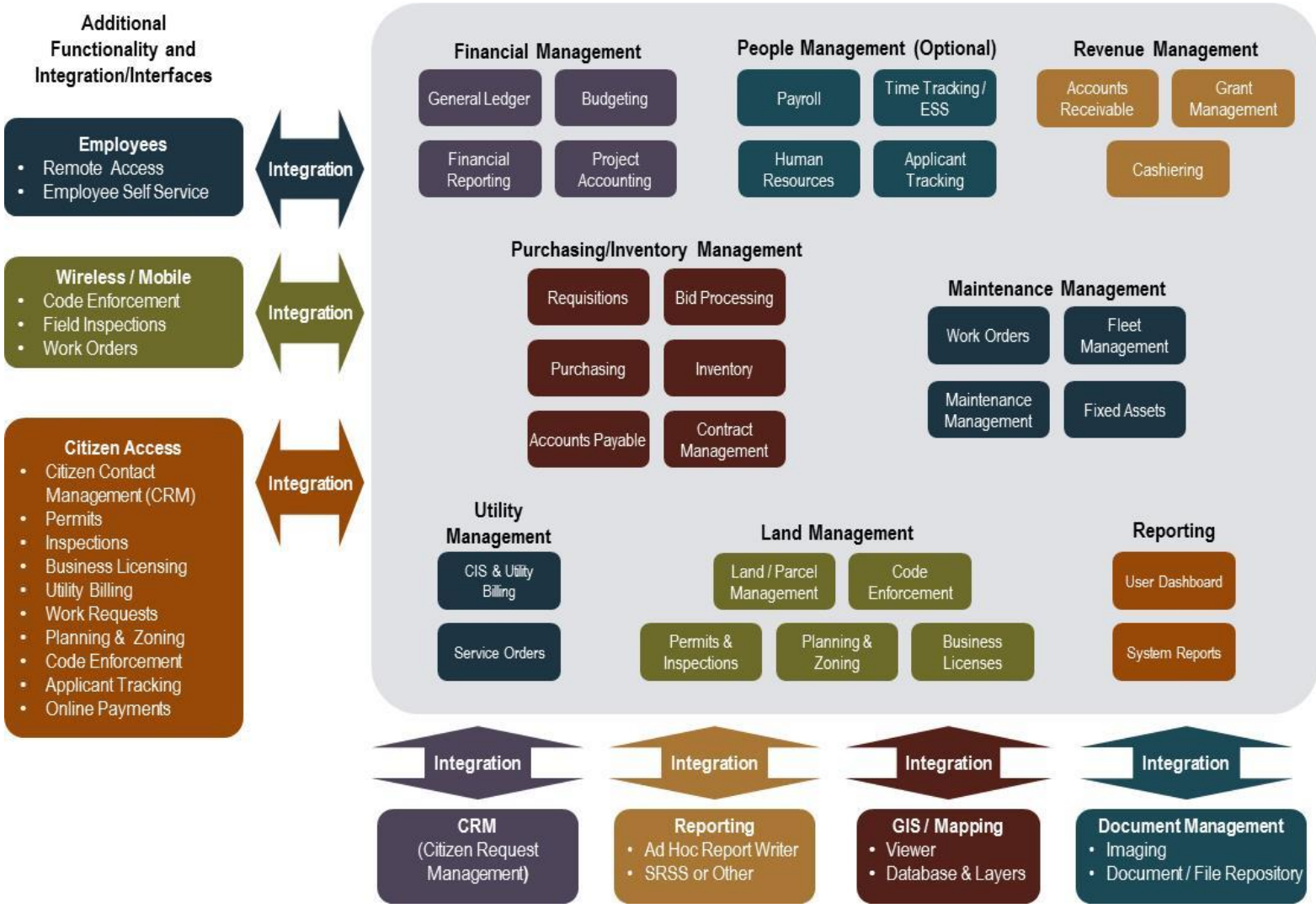
- Value of having a project team during the system selection
  - Involvement from all departments and all levels
  - Consensus across the organization for:
    - Decisions for short listing
    - Demonstration scoring/evaluation forms
    - Decision for final decision
- Some examples for project team during implementation
  - Chief Building Official – Community Development
  - Administrative Technicians – Public Works, Police, Clerks, Engineering, Administration
  - Planners and Engineers

MAKEUP OF AN ERP SYSTEM

What comprises an ERP system?

CLIENTFIRST
TECHNOLOGY CONSULTING

SAMPLE DIAGRAM

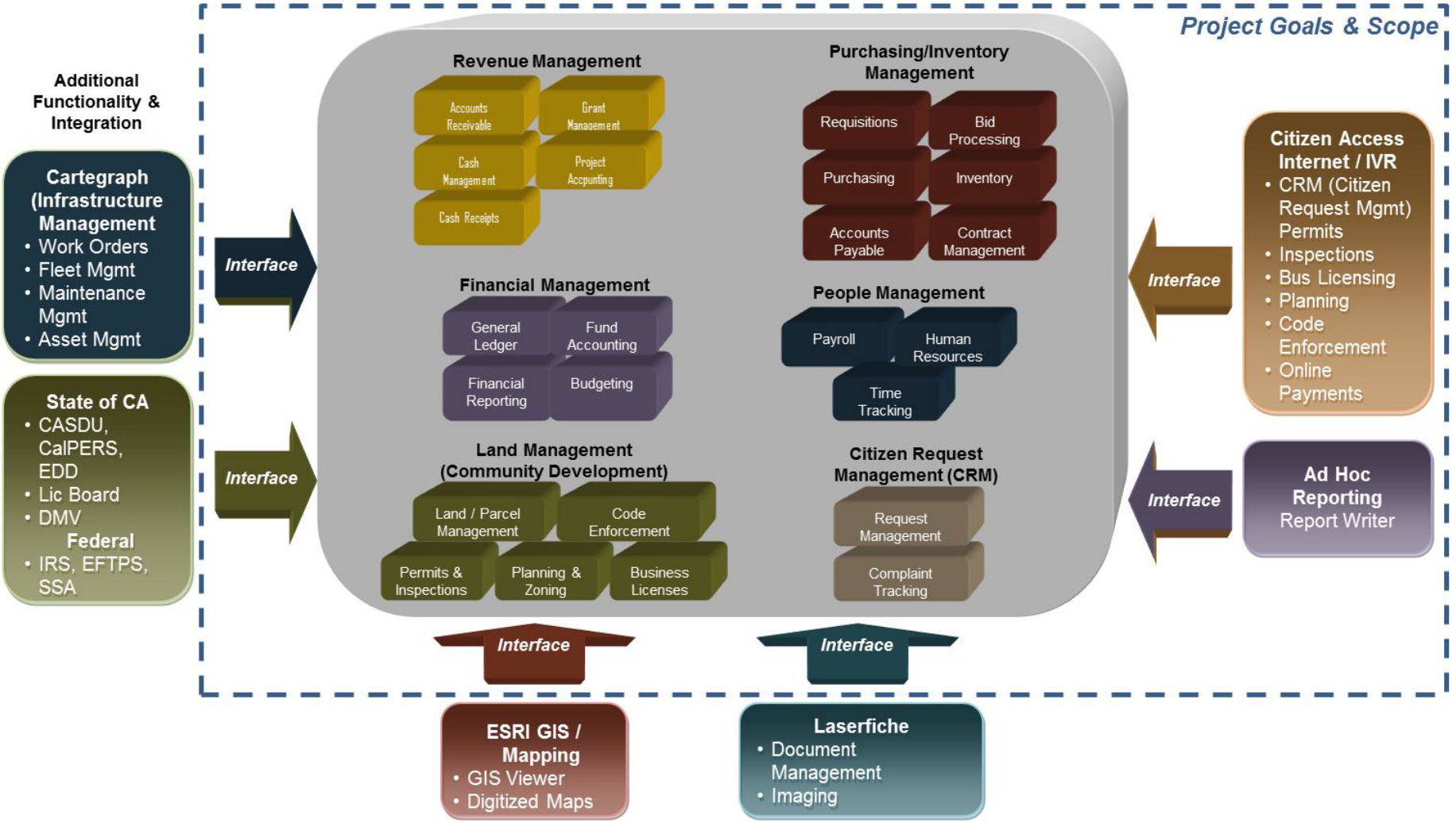


TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE MAKEUP

Enterprise System Overview



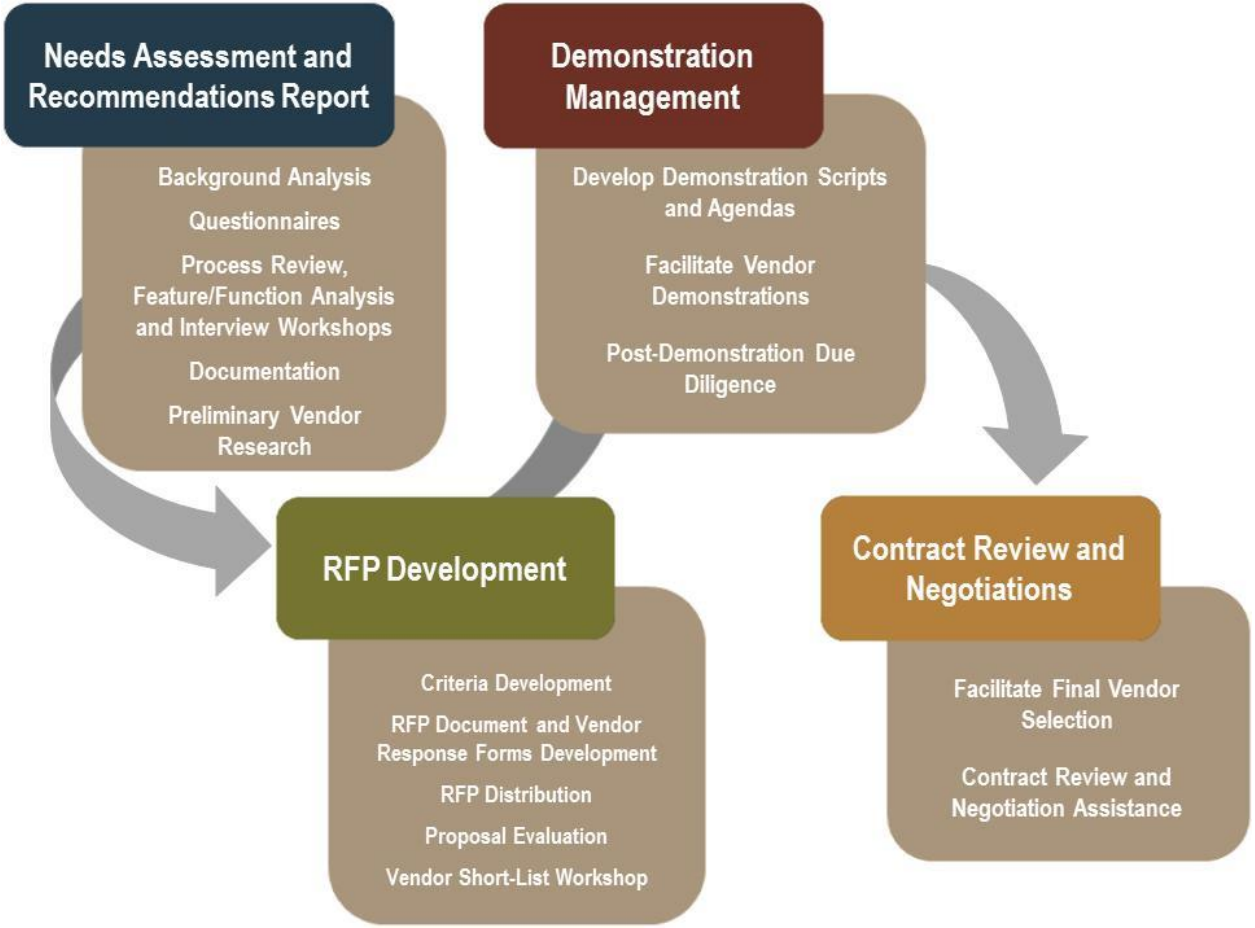
ERP SELECTION & IMPLEMENTATION READINESS

This is where your ERP Implementation Begins

CLIENTFIRST
TECHNOLOGY CONSULTING

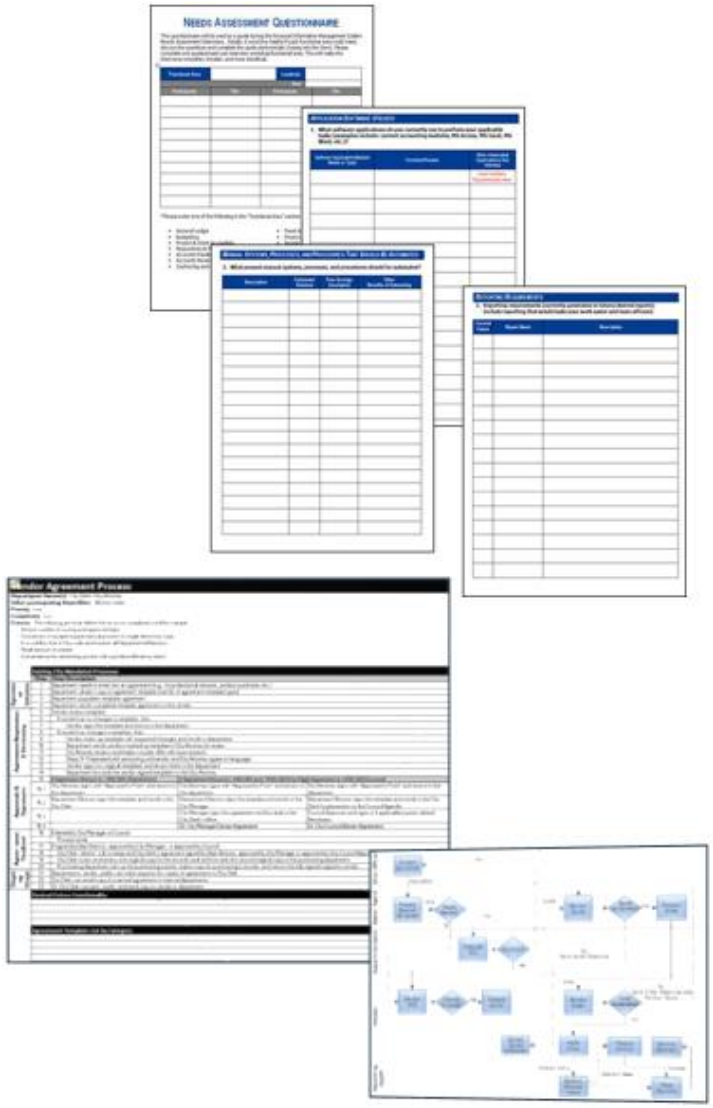
METHODOLOGY & APPROACH

- This is where your implementation begins



NEEDS ASSESSMENT & PROCESS REVIEWS

- Need Assessment
  - Surveys/Questionnaire
  - Process and Needs Workshops
    - Manual Processes
    - Shadow Systems
    - Reporting Gaps
    - Functionality Gaps



- Optional (not always needed)
  - Detailed Process Reviews
  - Workflow Documentation
    - Narrative Steps
    - Diagrams
    - Swim Lanes

Find Ability to:

- **Automate Manual Processes**
- **Eliminate Duplication**
- **Eliminate Spreadsheets & Shadow Systems**
- **Is a Process Truly Necessary?**

FEATURE/FUNCTIONS REQUIREMENTS

- Customize to your specific needs
- No boilerplate feature lists
- Don’t use other agencies

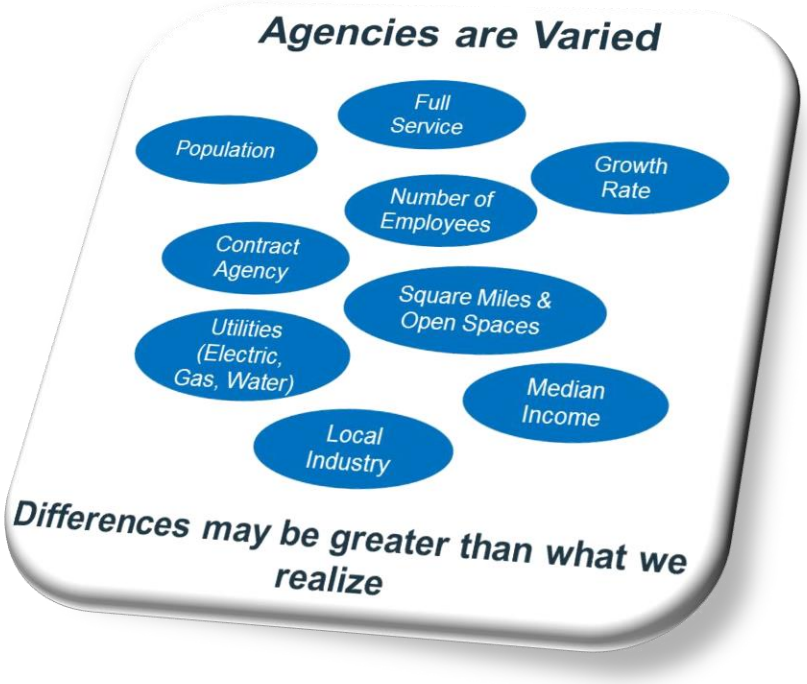
Gotham City - Enterprise Information Management Solution - Request for Proposal

Please input a "Y" in the appropriate column to the right of the feature/function capability statement. Further explanations, or information regarding 3rd party software and/or modification costs should also be provided in the comments column and Project Costs worksheet (Appendix G), if applicable. Each "non-blank" row (1,000 should have only one "Y". **Blank rows will be scored as Not Available.**

Legend:

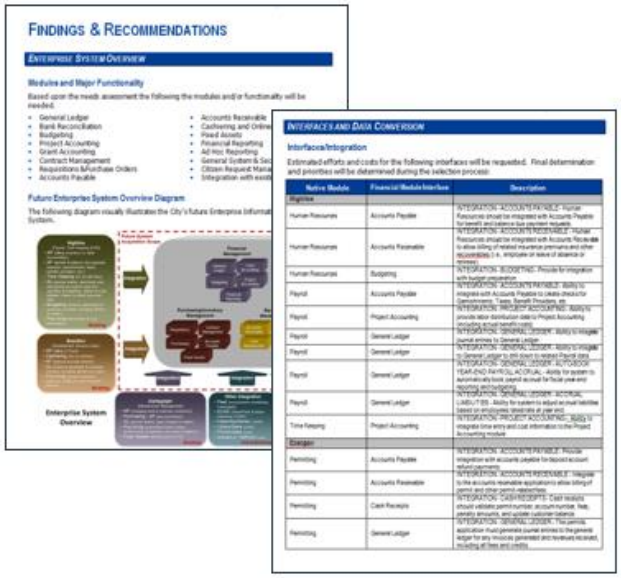
Standard - Current	Available in current software release
Standard - Next Release	Guaranteed available in next release of software
Report Writer	Report Writer function through Standard Reports or Ad Hoc Report Writer
3rd Party Application	Please estimate general cost estimates in comments, not a quote, unless available due to your recent arrangement.
Custom Modification	System programming by vendor (not meant to be a setup configuration that is standard process through implementation. Please estimate general costs in comments, not a quote.
Not Available	Not available in current or next release. Interfaced/integrated third-party application or through custom modification.

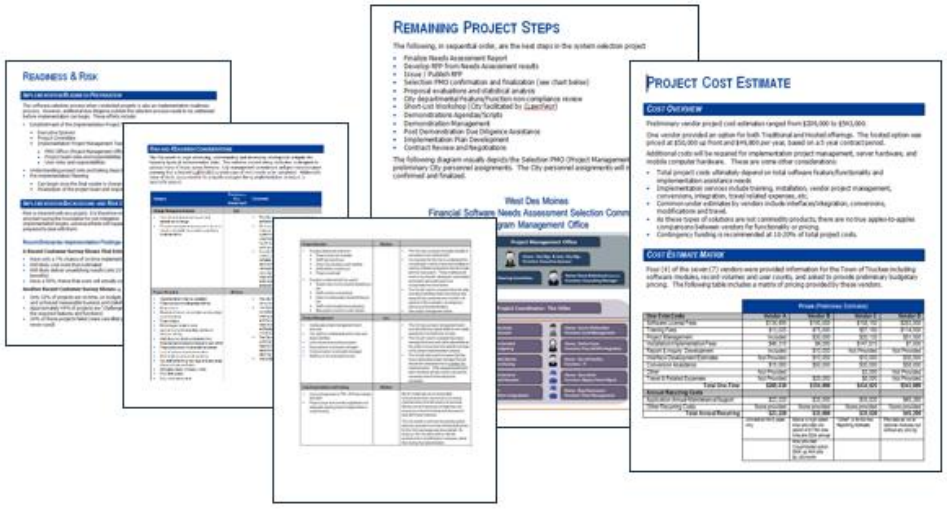
Application	Feature Number	Feature / Function / Capability	Standard - Current	Standard - Next	Report Writer	3rd Party Application	Custom Modification	Not Available	Comments
General Ledger		**General Ledger**							
General Ledger	1.000	**GENERAL LEDGER GENERAL FEATURES**							
General Ledger	1.001	**GASB-34** - System must provide full compliance with the GASB-34 requirements.							
General Ledger	1.002	**OLD GL ACCOUNTS** - Ability to create a field that contains the old account number field.							
General Ledger	1.003	**GL DESCRIPTION** - Ability to have a minimum 200 character account description field.							
General Ledger	1.004	**REGULATORY UPDATES** - Provide updates (as part of normal maintenance) to system for State and Federal mandated requirements for processing and reporting.							
General Ledger	1.005	**CHART OF ACCOUNTS STRUCTURE** - System must provide user-defined chart of accounts structure (numeric) with a minimum of thirty characters for account description, other account number component descriptions, and support the following account structure: fund (4 digits), program/function (3 digits), cost center/department (3 digits), expense type (1digit), object (4 digits).							
General Ledger	1.006	**INACTIVATE & ESTABLISH NEW CHART OF ACCOUNTS** - Ability to inactivate a chart of accounts without losing history and establish a new chart of accounts.							

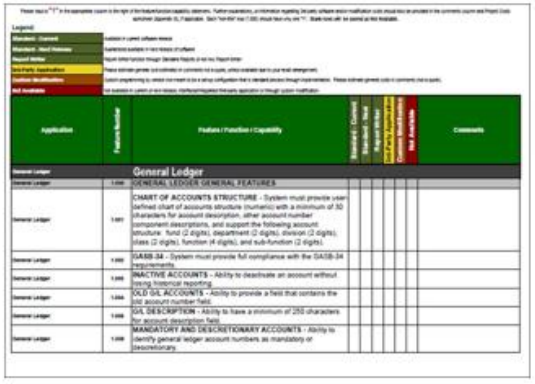


NEEDS & BUSINESS CASE REPORT

- Scope
- Findings & Recommendations
- Interfaces
- Needs and Requirements (F/F's)
- Viable Vendor Solution Options
- Cost/Budget
- Risk Factors (Risk/Readiness)
- Next Steps



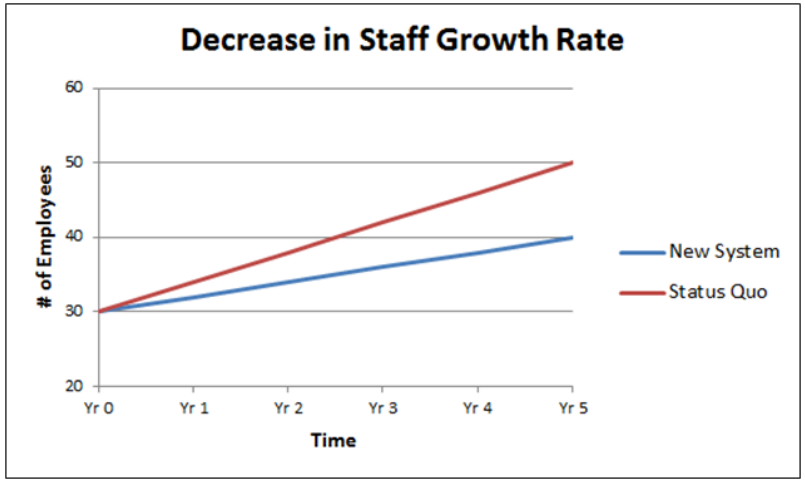




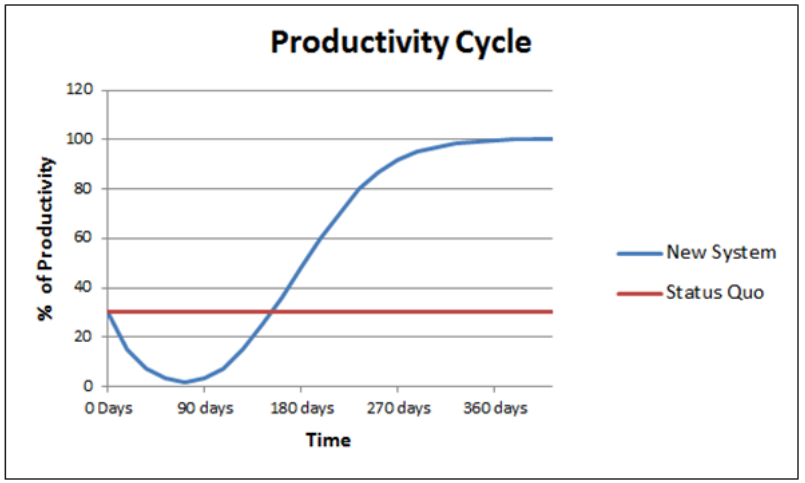
ROI – COST & PRODUCTIVITY

- Automation & Shadow System Elimination

Five (5) Departments each @ 8 hours spent per week on Shadow Systems	**=**	**40 hour per week**	**=**	**One Full Employee**	**=**	**Estimate of $100,000 annual Employee Cost (fully burdened)**	**=**	**$500,000 in Savings over 5 Years**



- Control Staff Growth Rate



- Product Realization Cycle

"As Is" Process (prior to new system)

Person #1 2 Work Units	Person #2 4 Work Units	Person #3 4 Work Units	Person #4 3 Work Units	Person #5 2 Work Units	=	TOTAL 15 Work Units

"To Be" Process (after implementation of new system)

Person #1 5 Work Units	Person #2 Participation Eliminated	Person #3 2 Work Units	Person #4 2 Work Units	Person #5 1 Work Units	=	TOTAL 10 Work Units

- Workload Transference

TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE'S EXPERIENCES & BENEFITS

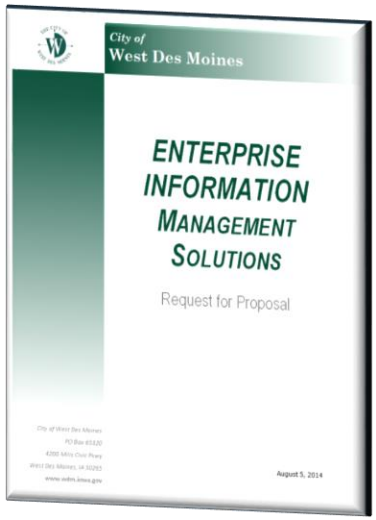
- What were your experiences with:
  - Completing surveys/questionnaires?
    - Provided necessary background info for process
    - At times, we didn't realize just how many software applications and manual processes we were using until it was time to write it down
  - Participating in Needs Assessment Interview/Workshops?
    - Approx. 34 participants over 7 days in 44 hours of meetings
    - Included department heads, mid management staff and line level staff

TRUCKEE'S EXPERIENCES & BENEFITS

- What were some of the benefits you realized from the needs assessment process (examples)?
  - Automation Opportunities – Accounts Payable, Purchase Orders, Timesheets
  - Elimination of reconciliation spreadsheets or shadow systems – AR tracking, position budgeting, contracts
  - Elimination of any duplication – revenue collection receipt entry, planning deposit tracking
  - Any other comments on any time savings, improvements in public services – identified need for online portal for customer service for employees and customers and need for real-time information
  - Risk & Readiness (costs, resource allocation, etc. from matrix)
  - Other – identified need for interfaces that may have otherwise been overlooked

RFP DEVELOPMENT

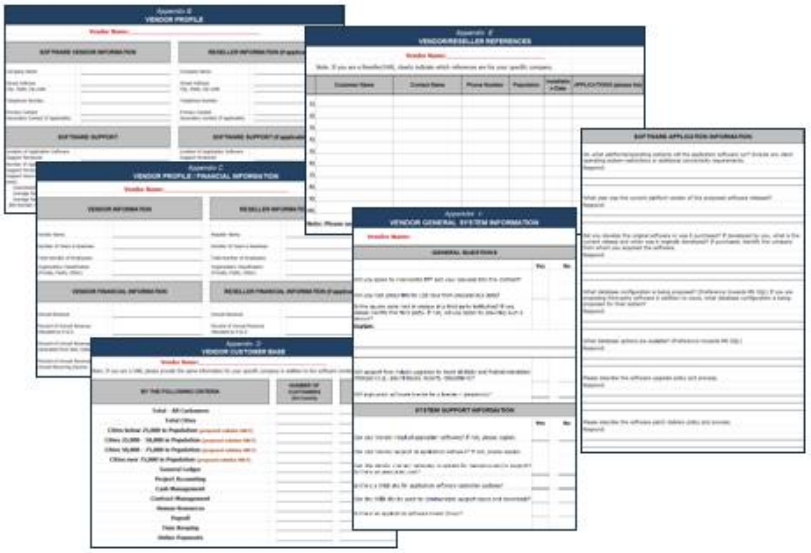
- Costs
- License or Subscription (On-Premise or Cloud)
- Implementation Costs
  - Project Management
  - Training
  - Conversion
  - Interfaces
- Migration from existing to new system (cost and timeline)
- Required module specifications
  - Features & Functions
- New system hardware/network/other requirements

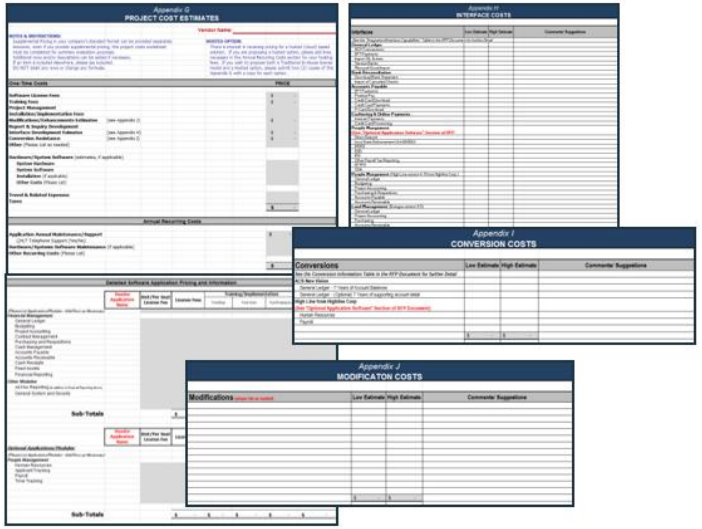


RFP - ELECTRONIC FORMS

- Use Electronic Forms - Will help the Analysis Process (electronic auto-load)
  - Vendor Profile
  - Vendor Financial Info
  - Vendor Customer Data
  - Vendor References
  - Vendor Architecture and Tools
  - Costs Worksheets

Application	Feature Number	Feature / Function / Capability	Standard - Current	Standard - Next Release	Report Writer	3rd Party Application	Custom Modification	Not Available	Comments
General Ledger		**General Ledger**							
General Ledger	1.000	GENERAL LEDGER GENERAL FEATURES							
General Ledger	1.001	**CHART OF ACCOUNTS STRUCTURE** - System must provide user-defined chart of accounts structure (numeric) with a minimum of 30 characters for account description, other account number component descriptions, and support the following account structure: fund (2 digits); department (2 digits), division (2 digits); class (2 digits); function (4 digits); and sub-function (2 digits).							
General Ledger	1.002	GASB-34 - System must provide full compliance with the GASB-34 requirements.							
General Ledger	1.003	**INACTIVE ACCOUNTS** - Ability to deactivate an account without losing historical reporting.							
General Ledger	1.004	**OLD G/L ACCOUNTS** - Ability to provide a field that contains the old account number field.							
General Ledger	1.005	**G/L DESCRIPTION** - Ability to have a minimum of 250 characters for account description field.							
General Ledger	1.006	**MANDATORY AND DESCRETIONARY ACCOUNTS** - Ability to identify general ledger account numbers as mandatory or descretionary.							





TIME FOR A HANDOFF

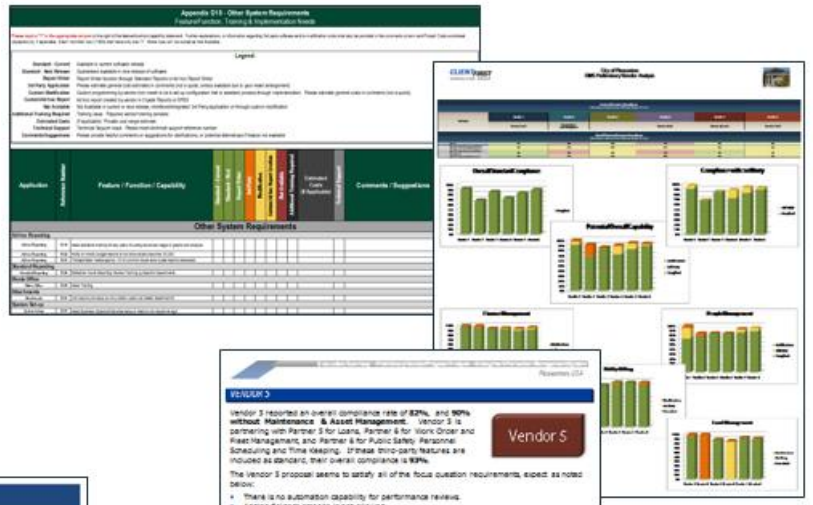
Let's Change it up !!

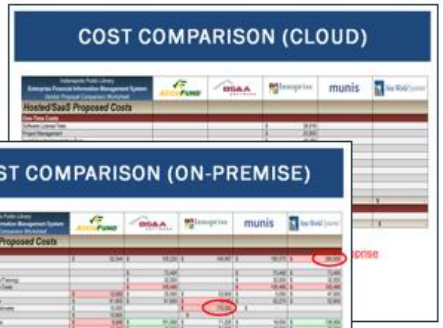
TRUCKEE'S EXPERIENCES

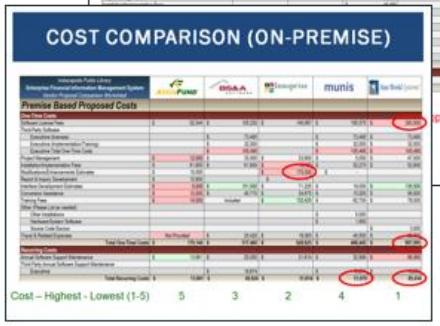
- What was your experience with the RFP process?
  - It's another language! Much added value by using a custom "template" that was in a language that vendors would understand.
- Did you feel you received a valuable variety of proposals
  - Distributed to 9 vendors, received 4 proposals
  - All vendors relevant to our size and budget
- Did you feel the process and RFP structure led to quality proposals that were complete?
  - Feature/Function worksheet tables (developed during needs assessment) were critical to evaluation process. Helped avoid getting distracted by the "bells and whistles".
  - 23 staff involved in reviewing RFP

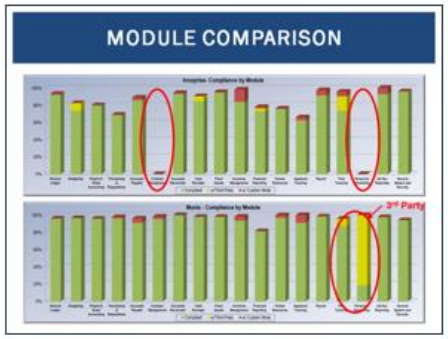
PROPOSAL ANALYSIS & SHORTLIST WORKSHOP

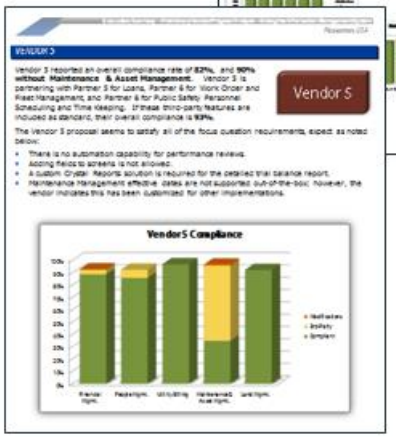
- Proposal Analysis
- Shortlist Workshop (who will move to demos?)









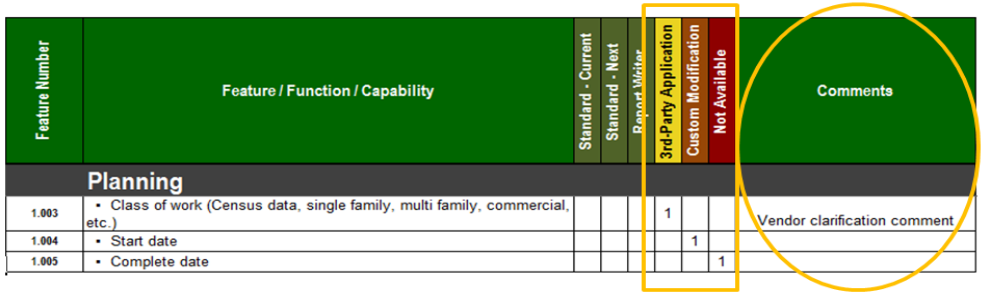


EVALUATION CONSIDERATION CONCEPTS/OBJECTIVES

- **Feature/Function Considerations**
  - Not all feature/function gaps have the same effect
  - Which issues or lack of feature/functions require significant efforts to work around (e.g., 2 hrs./mo. vs. 100-500 hrs./yr., or more)

EVALUATION CONSIDERATION CONCEPTS/OBJECTIVES

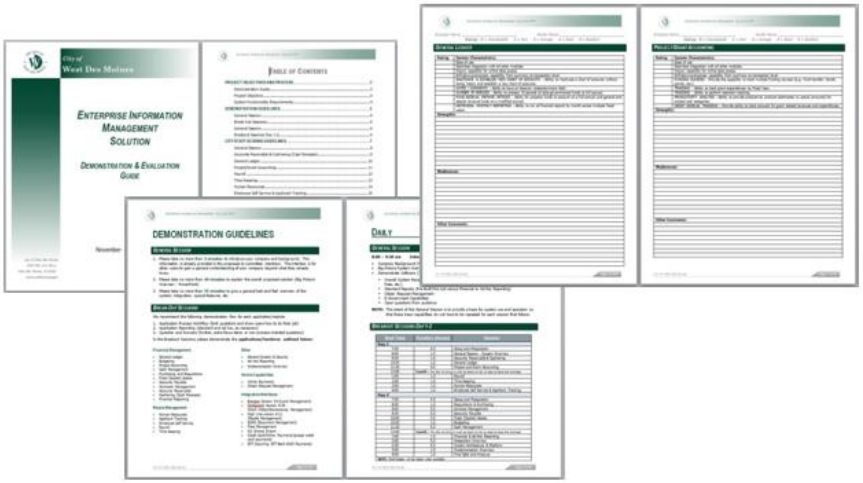
- **Feature/Function Considerations**
  - No 100% compliance
  - What is impact of “specific” feature/function gap
    - How will we work around it (e.g., paper, Excel, another application/database, etc.)
    - Can the work-around still be efficient
    - Can we script information/data flow (e.g., link, import/export, etc.)
    - How many labor hours “annually” to work-around the “gap”
    - Based on the above is it a “show-stopper”



Feature Number	Feature / Function / Capability	Standard - Current	Standard - Next	Report Writer	3rd-Party Application	Custom Modification	Not Available	Comments
	Planning							
1.003	• Class of work (Census data, single family, multi family, commercial, etc.)				1			Vendor clarification comment
1.004	• Start date					1		
1.005	• Complete date						1	

DEMOS, DUE DILIGENCE, SELECTION

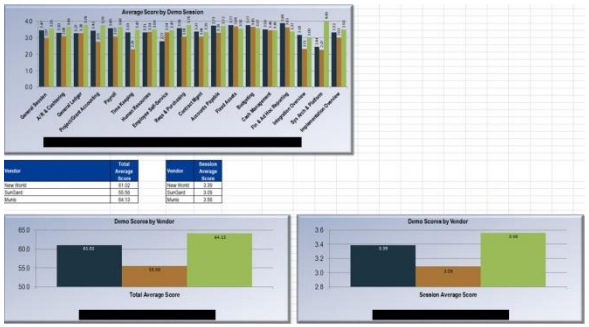
Demo Guide & Evaluation Forms



Conduct Demonstrations

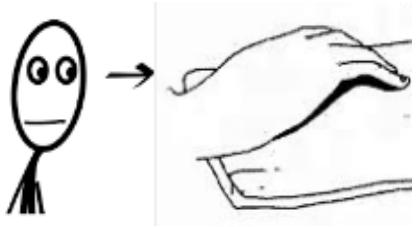
I thought it would take half the pages and half the clicks to make this work??!!

Final Selection/Decision Workshop



Post Demo & Due Diligence Matrix

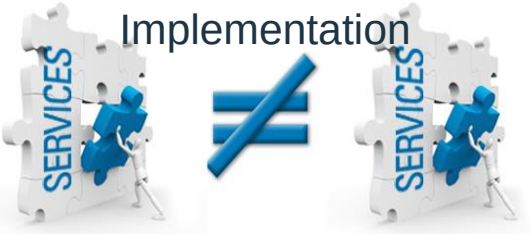
VENDOR COMPARISONS



≠

DIFFERENT

Implementation



Vendor Costs

Technology / Systems Modifications

Willingness & Available Resources

TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE'S EXPERIENCE

- Did the preparation and Demonstration Guides help lead to:
  - Demonstrations truly allowed us to evaluate the vendor options
  - Demonstrations that covered what was important to Truckee
  - Established expectations for vendor and for staff evaluators
- Did the evaluation forms help you:
  - Documented what we observed for future discussion and decision making
  - Evaluated and score vendors so they could be adequately compared

TRUCKEE'S EXPERIENCE

- Value of Post Demo due diligence Outstanding Issues Matrix
  - Provided ability to verify capabilities and get more detailed questions answered
  - Helped get to a point where we could confidently request contract drafts from vendor
  - Site visits were critical!

CONTRACT REVIEW/NEGOTIATION

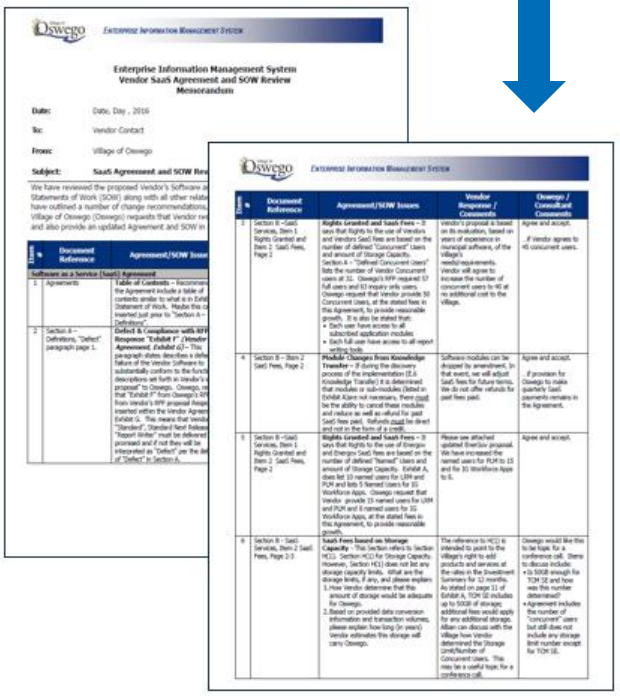
TASK Complete the Process	Final Vendor selected should not be communicated or shared until due diligence is completed Complete due diligence prior to asking vendor for contract & SOW documents
RESULT Achieve Positive Vendor Response	Motivation for Vendor and Negotiation Leverage

Maintain Negotiation Leverage:

- Vendor should understand they are not the only vendor in negotiations
- Use help from Experts…someone who has reviewed and negotiated ERP contracts in the past
- Need to know what to look for and this can help your agency's attorney

Prepare Contract Issues Matrix for:

- Contract
- Statement of Work (SOW)
- Draft Project schedule



TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE'S EXPERIENCE

- What was the value of following a structured contract review and negotiation.
  - Kept everyone on the same page and on track
- What was the value of using the Contract/SOW Issues Matrix to itemize and work effectively in coming to a final agreement?
  - Needs clearly identified. Opportunity for both parties to respond.
- Other experiences or benefits?
  - Clarification of agreed upon enhancements, including training and testing of those enhancements
  - Clarification of flexibility in pricing schedule, (i.e., Swapping software license costs with implementation services, etc.)
  - Escrow account

ONGOING APPLICATION UTILIZATION IMPROVEMENTS

ONGOING UTILIZATION AND MAXIMIZATION

Maximizing your ERP investment continues through the life of your system

CLIENTFIRST
TECHNOLOGY CONSULTING

IMPLEMENTATION

- Maximizing your ERP utilization starts with applying your needs assessment to your implementation…just like discussed earlier

  - Automate Manual Processes
  - Eliminate Duplication
  - Eliminate Spreadsheets and Shadow Systems
  - Is this Process Truly Necessary? If not, Eliminate

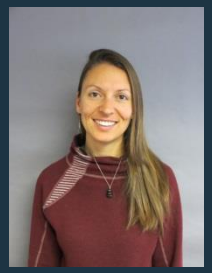
NOTE: Application Management Best Practices begins on day one and continues through the ERP system's life cycle

TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE'S EXPERIENCE

- Who was the Town's designated Implementation Project Manager?
  - Admin. Services Manager and Chief Building Official
- How much time the project manager and staff have to put into the implementation?
  - 40 hours per week dedicated to implementation, plus regular job!
- Did you have people or resources to backfill for daily operations when staff were engaged in implementation responsibilities?
  - Paid for overtime. Wish had backfill. Burn-out factor.
- Did you enlist a 3rd party resource to assist in your implementation? Yes
- Do you wish you would have used more outside assistance? Yes



TIME FOR A HANDOFF

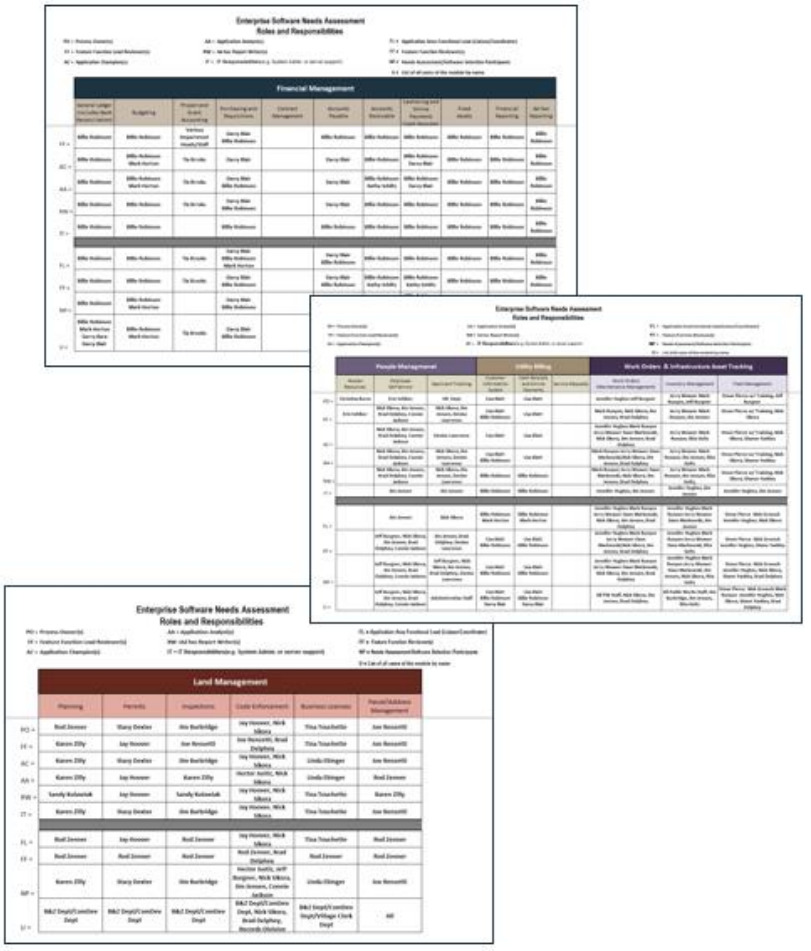
Let's Change it up !!

ROLES & RESPONSIBILITIES

- The days of total dependence on IT for 100% of software application maintenance and support is no longer realistic

ROLES & RESPONSIBILITIES

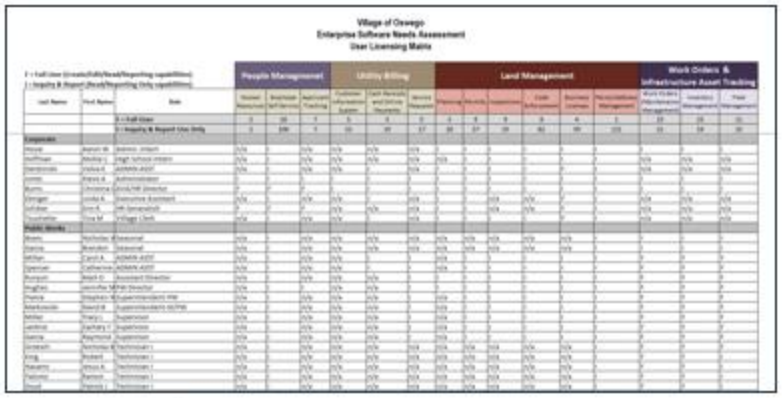
- Use Tables and Forms
  - To identify departmental staff necessary for application management
  - To identify staff roles
  - To identify staff responsibilities
- Roles Include:
  - Process Owners
  - Application Champions
  - Report Writers
  - Application Analyst (IT)



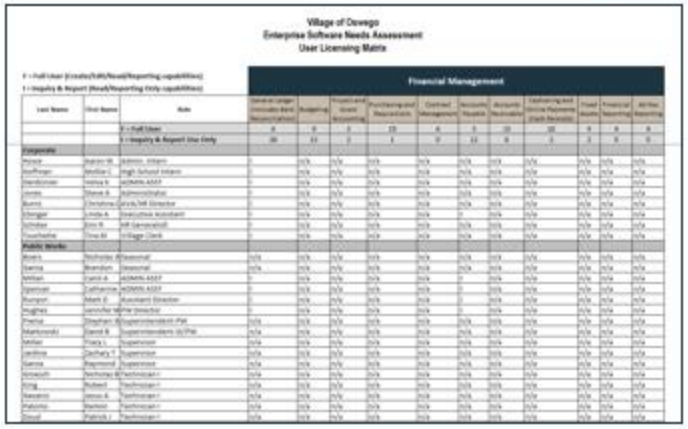
- Re-Evaluate through the ERP System's Life Cycle

BUILD A USER MATRIX

- Who are Users on the System?
  - What are their job duties? So:
    - What can they see?
    - What can't they see?
    - What can they do (add, change, delete)?
    - Etc.
  - Use tables and forms to document these users and access required


Village of Oswego
Enterprise Software Needs Assessment
User Licensing Matrix

People Management | Utility Billing | Land Management | Work Orders & Infrastructure Asset Tracking


Village of Oswego
Enterprise Software Needs Assessment
User Licensing Matrix

Financial Management

- Re-Evaluate through the ERP System Life Cycle

TRAINING – HAVE TRAINING PLAN

- Training – Has highest and shortest Return-on-Investment (ROI)
- Train at All Levels
  - Super Users / Application Champions
  - Expert, Intermediate, and Basic Users
  - System (Application) Administration (Dept & IT)
- Take advantage of Vendor
  - User Conferences
  - Online Training (new employee orientation)
  - CBT (Computer-Based Training)
- Consider Train-the-Trainer (Application Champions or Process Owners)

Seriously Consider Annual or Bi-Annual Training on your ERP System

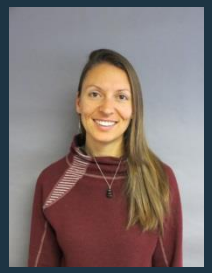
Use Vendor's Self Training or CBT Tools for New Employee Orientation/Training

TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE'S EXPERIENCE

- What recommendations to you have regarding training
  - During Implementation
    - Super user training is constant, super users should create training manuals
    - End user training – multiple sessions for same groups of people
  - Ongoing
    - New employees – who is responsible for training new employees?
  - Existing employees
    - Constantly learning how to use our resources more effectively, need to share the knowledge
    - Need opportunity to get feedback on system and any needs/desires
- How valuable is training and would you have preferred more training? Yes



TIME FOR A HANDOFF

Let's Change it up !!

INVENTORY ALL MODULES

- Review and document all module licenses
- Review existing annual maintenance invoices
  - Are you paying maintenance for items you are not using?
  - Should you implement and un-used modules that you have licensed?
  - If you have a module you don't need: cancel it, pursue a refund, cancel annual maintenance

ERP Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single Vendor Solution
Financial Management			
Eden			
General Ledger	Yes	Yes	Yes
Requisitions and Purchasing	Yes	Yes	Yes
Accounts Payable	Yes	Yes	Yes
Accounts Receivable	Yes	Yes	Yes
Budgeting	Yes	Yes	Yes
Project/Grant Accounting	No	No	Yes
Fixed Assets	Yes	Yes	Yes
Ad Hocl Reporting	Yes	Yes	Yes
Cash Receipting	Yes	Yes	Yes
Modules Not In Use Or Not Available			
Financial Reporting (separate from Ad Hoc reporting)	Yes	No	Yes
Contract Management	No	No	Yes
Bids Management	No	No	Yes
Vendor Self-Service	No	No	Yes
Quadrant			
Quadrant Cash Receipting	Yes	Yes	Yes
People Management			
Eden			
Payroll	Yes	Yes	Yes
Human Resources (Personnel Mgmt and Control)	Yes	Yes	Yes
Personnel/Position Budgeting	Yes	No	Yes
NEOGOV			
Applicant Tracking	Yes	Yes	Yes
Online Applicant Tracking	Yes	Yes	Yes
Modules Not In Use Or Not Available			
Time Keeping/Tracking	Yes	No	Yes
Employee Benefits Tracking	No	No	Yes
Performance Evaluations	No	No	Yes
Employee Self-Service	No	No	Yes
Profile Management	No	No	Yes
Personnel Action Forms	No	No	Some
Leave Requests	No	No	Some
Open Enrollment	No	No	Some
Family Medical Leave Act (FMLA)	No	No	Yes
Workers Compensation	No	No	Yes
Affordable Care Act (ACA) Compliance	No	No	Yes

SOFTWARE UPDATES

- Should never be more than (n-1) release levels back
- Review vendor release notes
- Participate in vendor release webinars
- Attend Vendor User Conferences as a learning opportunity on new releases
- Determine new features/capabilities in each releases you need and want to implement
- Develop a plan with vendor assistance
- Train after implementing new releases
- Consider new modules if benefits & ROI

TIME FOR A HANDOFF

Let's Change it up !!

TRUCKEE'S EXPERIENCE

- Explain your experience with updates and applying new features
  - Update checklist coordinated by IT, Admin and Community Development departments
  - Keep track of implementation/upgrade issues
  - Test server is critical

- Explain your experience with:
  - Attending Vendor User Conferences
    - Maximize your investment!
  - Participating in Vendor User Advisory council
    - Make sure your voice is heard

TIME FOR A HANDOFF

Let's Change it up !!

RESOURCE(S)

- An organization-wide ERP system requires an organization-wide resource(s)
- Applications Management Specialist

Email Us and We Will
Send You a Copy

END

WOULD HAVE LOVED TO HAVE MORE TIME

Thank You

CLIENTFIRST
TECHNOLOGY CONSULTING

Proprietary – Not for Redistribution © 2016 ClientFirst Consulting Group, LLC. All rights reserved.