

Great Lakes Water Authority *ERP System Options*

December 4, 2015



Executive Summary

- ▶ On 11/19/2015, the GLWA Board was presented with Enterprise Resource Planning & Accounting system options for GLWA
- ▶ The driver of a condensed timeline for assembling these options was the combined effect of:
 - City of Detroit's Oracle Fusion implementation nearing a "go-live" date in March 2016
 - Stand-up of the GLWA and DWSD-R in January 2016
 - Oracle Fusion cost proposal received by GLWA in October 2015
- ▶ Based upon the 11/19/15 GLWA Board presentation, staff and advisors were provided additional time to refine the design and cost implications of each option as well as expand stakeholder engagement

Executive Summary – continued

- Concurrently, realignment of staff in finance and procurement between GLWA and DWSD–R is resulting in a loss of existing Oracle Fusion subject matter expertise gained since January 2015
- The key decision day was 12/1/2015 with a series of meetings that included the DWSD–R CFO, DWSD–R Deputy Director, City CIO, E&Y and AST consultants implementing Oracle Fusion, HP and EMA, Inc. consultants supporting WAM and GIS for DWSD, Plante & Moran (advisors to GLWA) as well as DWSD and GLWA staff

Executive Summary – continued

- The pivotal decision was to utilize the “multi-plant” feature in Oracle WAM
 - Allows DWSD-R and GLWA to reside in the same instance of Oracle WAM while maintaining separate inventory, purchasing, internal controls
 - DWSD-R and GLWA are both “plants” within a larger enterprise
 - Requires some configuration consistency at the “enterprise level” of WAM such as general ledger account structure
- The DWSD-R team is presently evaluating Oracle Fusion configuration options and related costs
 - Regardless of the outcome, there is no impact on DWSD-R’s ability to use of WAM (in fact, Oracle Fusion/WAM integration and testing is underway)

Executive Summary – continued

- ▶ Staff recommends the BS&A option with the WAM multi-plant configuration for the following reasons
 - Significantly reduced project cost
 - Less disruptive to the operations
 - Provides a viable long-term solution for finance and asset management
 - Continues NPDES permit compliance strategy
 - Continues shared systems and cross-entity business process opportunities

Budget Scenarios

GLWA ERP Comparison	BS&A			Oracle Fusion		
Cost Category	1-Time Initial	Annual		1-Time Initial	Annual	
Software License / Fees	115,245	23,050			880,000	5
Base Project Management	17,490			539,000		
Implementation / Customizations	39,300			4,900,302		
Training	80,620			incl		
Data Conversion (Transactions, Budget, Vendors, Purchase Orders, Assets)	28,000			incl		
Interfaces (WAM General Ledger, Purchase Orders, Products, Receiving, Payroll)	30,000			incl		
Contingency	75,000			500,000		
Total Software & Configuration	385,655	23,050		5,939,302	880,000	
Implementation Resources						
Plante & Moran Project Management	206,400	-		206,400	-	
Coordinating Committee Support	100,000			100,000		
Additional Support for Internal Finance Staff	243,200	-		785,400	-	6
Internal Staff Time - Finance		264,000	1			
BS&A: Internal IT Time; Oracle: AST Support		125,000	2		1,030,000	5
City IT Support		-			400,000	7
Total Support Resources	549,600	389,000		1,091,800	1,430,000	
Split WAM Into Two "Plants"						
HP Configuration and Consulting Costs	1,200,000	300,000	3	n/a		
Total BS&A and WAM	2,135,255	712,050		7,031,102	2,310,000	
Use of DRMS for 4 Additional Months	520,000		4	520,000		4
Project Contingency	300,000	100,000		300,000	100,000	
Total Project Costs	2,955,255	812,050		7,851,102	2,410,000	

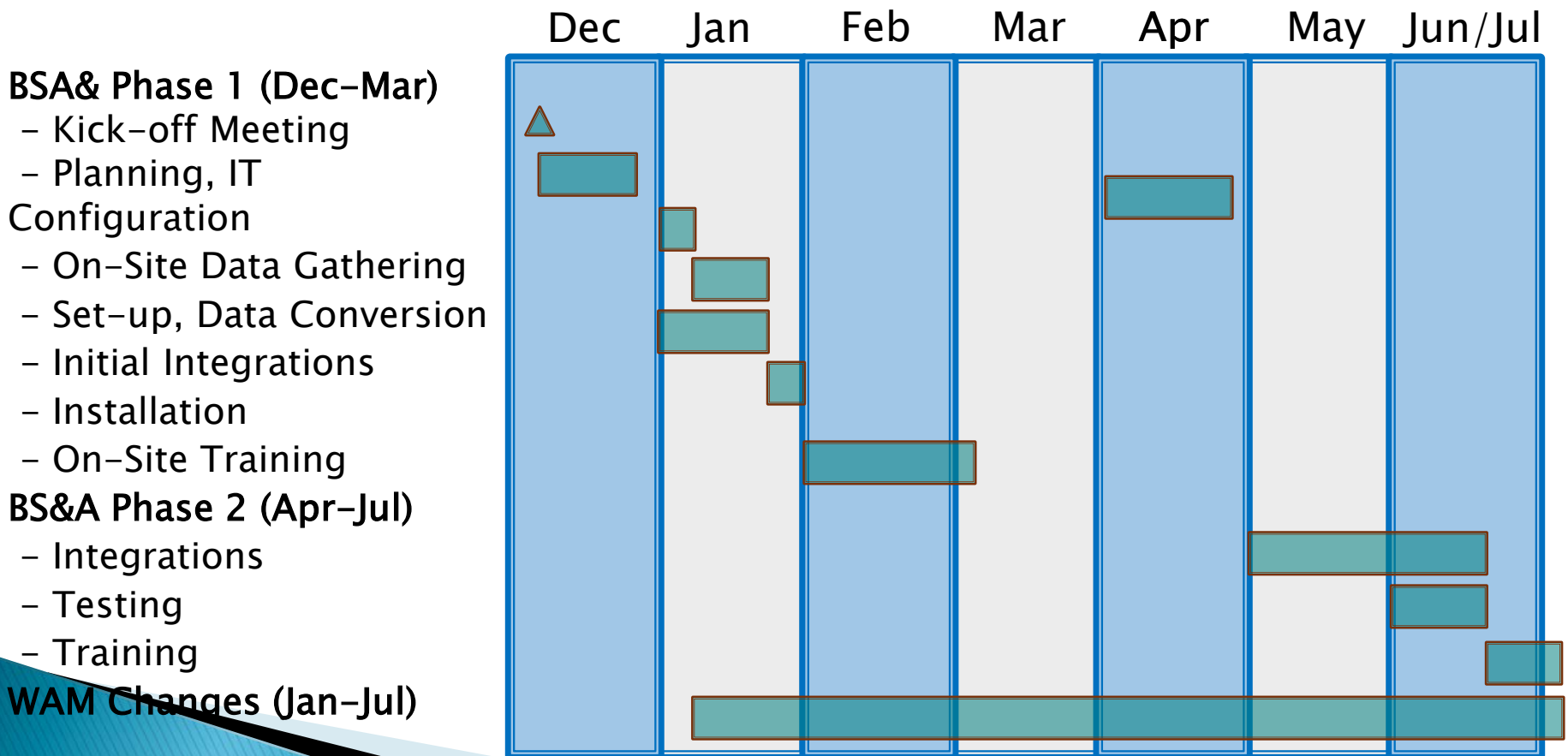
Notes:

- (1) Four procurement staff to process purchase orders in first year
- (2) Additional IT personnel to support on-premises BS&A software
- (3) Increase annual WAM support costs estimated at \$600,000 to be shared with DWSD-R
- (4) Additional time using Oracle DRMS after March 2016 will average \$130k per month
- (5) Based on AST estimate for DWSD to license its own instance of Oracle Cloud from Spring 2015. Actual cost will vary
- (6) GLWA no longer has employees with knowledge of Fusion design and testing requiring additional resources
- (7) GLWA anticipates some support required from City IT staff to maintain and operate Oracle

BS&A and WAM Timeline

The BS&A implementation would occur in 2 phases:

- ▶ Phase 1: Core Functions: GL, AP, Budgeting, Procurement, Billing
- ▶ Phase 2: More robust interfaces, Fixed Assets, additional data



Next Steps

- ▶ GLWA asked to authorize project budget of \$3 million for BS&A/multi-plant WAM solution
- ▶ Finalize scope change order and timeline from BS&A, Oracle, HP, Plante & Moran, and others by 12.8.2015
- ▶ Engage cross-functional (DWSD-R + GLWA divisions) implementation teams and cross-entity (DWSD-R + GLWA + City of Detroit) steering team to align resources, priorities, timeline, and identify/mitigate risks such as:
 - Recognized nature of start-up entity (GLWA)
 - Reprioritization of 5-year GLWA/DWSD-R IT transition plan
 - Re-evaluation of organizational priorities
 - Reassignment of key personnel