

**BOARD OF COUNTY COMMISSIONERS**

DATE: January 5, 2010

AGENDA ITEM NO. *32a*

Consent Agenda

Regular Agenda

Public Hearing

County Administrator's Signature: *[Signature]*

**Subject:**

Approval of Final Negotiated Contract - Implementation Software Services - Oracle E-Business Suite (Re-Bid)  
Contract No. 089-0255-P (CLM)

**Department:**

Oracle Business Applications Executive Committee  
(OBAEC)/Purchasing

**Staff Member Responsible:**

BTS (Paul Alexander); Clerk of the Circuit Court  
(Claretha Harris/Neal Fuhler/Suzanne Mucklow);  
County Administrator (John Woodruff/Joe Lauro);  
Human Resources (Peggy Rowe)

**Recommended Action:**

I RECOMMEND THE BOARD OF COUNTY COMMISSIONERS (BOARD) APPROVE THE FINAL NEGOTIATED CONTRACT FOR IMPLEMENTATION SERVICES OF THE ORACLE E-BUSINESS SUITE WITH APPLICATIONS SOFTWARE TECHNOLOGY CORPORATION, DOING BUSINESS AS AST CORPORATION (AST), NAPERVILLE, ILLINOIS.

IT IS FURTHER RECOMMENDED AFTER PROPER EXECUTION OF THE AGREEMENTS BY THE CONTRACTOR, THE CHAIRMAN BE AUTHORIZED TO SIGN AND THE CLERK BE AUTHORIZED TO ATTEST.

**Summary Explanation/Background:**

On February 27, 2009, the Purchasing Department, on behalf of the Oracle Business Applications Executive Committee (OBAEC), let a request for proposal (RFP) for a qualified and experienced firm to provide implementation services of the Oracle E-Business Software Suite. On August 18, 2009, the Board approved the ranking of the firms from this RFP process and authorized staff to negotiate a final contract with the number one ranked firm, AST. OBAEC is a committee that falls under the governance of the Business Technology Services (BTS) Board and consists of representation from the Clerk of the Circuit Court, Human Resources, BTS and the County Administrator. The primary purpose of the implementation solicitation was to meet collective organizational business requirements identified in a series of workshops spanning several months, and to redesign and re-think how we are currently doing business for collective efficiency. Another major objective is the replacement of the 30-year-old financial system that runs on the County's mainframe. The entire initiative is also known as the Oracle Project Unified Solution (OPUS). The Government Finance Officers Association (GFOA) was hired and retained to assist the County in the development of the business case, functional requirements, RFP and statement of work, and led cost negotiations for the final contract.

The implementation of this Enterprise Resource Planning (ERP) system leverages changes to our business processes and encompasses software applications that will provide the ability to manage information and resources more effectively and efficiently. It will utilize an integrated business model, enabled by technology to improve operational efficiency and organization-wide decision support through information integration and business process improvement. Upon successful implementation, each functional area of the organization will utilize the ERP system in day-to-day activities to record, access, analyze, modify, and report on information using updated technology standards, automated workflow capabilities, drill-down menus and audit trails, advanced security / reporting / analysis, dashboards, document management, web enabling / internet capabilities, and self-service functionality.

Initially, the ERP system will support the following organizations including, but not limited to: Board of County Commissioners, Business Technology Services, County Attorney, Office of Human Rights, Pinellas County Construction Licensing Board, Human Resources, Clerk of the Circuit Court, Property Appraiser, Supervisor of Elections, Tax Collector, and the Pinellas Planning Council. Strategically, the ERP system would be scalable, and could be further leveraged to support the business processes of other organizations as well, providing a strategic platform from which the county can leverage for the foreseeable future as it sees fit.

There will be various cost savings realized as a result of the ERP implementation. It is expected that savings will be realized in relation to retiring legacy applications and infrastructure as well as savings from the streamlining of business processes. Additional savings will be realized in the form of both direct and indirect costs through data availability, transparency, and reporting that will result in more efficient operations and decision making. Cost-benefit analysis recognizing these factors and the one-time and recurring costs associated with the implementation and maintenance of the integrated system demonstrates that the County will realize over \$7 million in net benefit over a 20-year timeline.

Negotiations with AST centered on final costs, statement of work, functional requirements, master agreement and other associated documents. The final, negotiated, not-to-exceed contract value is \$7,600,806.00. The contract provides opportunities to reduce costs associated with custom interfaces and reports if the County deems its business requirements to be fulfilled by the software without such customizations.

The Contract Period will begin upon formal notice to proceed through project completion which is estimated to be 90 days after January 1, 2012. This time frame will provide the County with final support and warranty of this implementation project.

The contract provides for Board delegation of signature authority to the County Administrator or his designee for each change order(s) not exceeding \$250,000 that arises after this approval for the purpose of keeping the project on schedule and mitigating additional costs due to approval delay.

#### **Fiscal Impact/Cost/Revenue Summary:**

Contract Expenditure Not to Exceed \$7,600,806.00

Performance Bond expenditure is due upon approval. Services will be due upon task completion in accordance with the master agreement at a rate of minus 15% for retainage.

In addition to the implementation services associated with this project, the following are areas that will be finalized through other procurements and are estimated to cost:

Project Staff and Operating Expenses – Project Sponsor (1.0 FTE), Change Manager (1.0 FTE), and Administrative Assistant (0.5 FTE) and miscellaneous operating expenses to include office supplies. \$0.7M

Hardware - will be specified to meet the disaster recovery and business continuity requirements of critical business functions. \$1.1M

Licensing – current Oracle investment will be leveraged to obtain favorable pricing of additional licensing necessary to meet the critical business functions. \$3.7M

Quality Assurance Oversight – A consultant may be leveraged to provide independent oversight and quality assurance throughout the implementation. \$0.7M

Backfill Key Positions - due to the importance of this implementation, key staff in the core departments will be heavily involved in the project. Funding will be required to backfill some of the key positions during implementation. \$1.1M

Contingency (15% of total project costs). \$2.2M

**Total Estimated Expenditure for the OPUS Project. \$17.1M**

Funding for this project will be provided through the Business Technology Services (BTS) Fund. The FY2010 approved budget of \$7.2M for OPUS, along with a portion of BTS reserve funding of \$7.7M set aside for both OPUS and the Justice Consolidated Case Management System project, is sufficient to cover project expenses anticipated during FY2010. Additional funds will be identified during the FY2011 and FY2012 budget development processes to cover project expenses anticipated in future fiscal years.

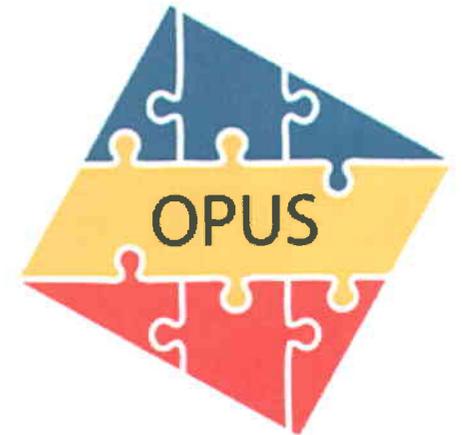
**Exhibits/Attachments Attached:**

**Contract Review**

**Master Agreement (all are available electronically through Board Records)**

- Exhibit A - Statement of Work
- Exhibit B - Fee Schedule
- Exhibit C - Consultant Personnel
- Exhibit D - Warranty and Support Incident Response
- Exhibit E - Performance Metrics
- Exhibit F - Project Plan
- Exhibit G - Interface List
- Exhibit H - Functional Matrix
- Exhibit I - Server Requirements
- Exhibit J - Staffing Plan
- Exhibit K - Detailed Cost Schedule
- Exhibit L - HIPAA Non-Disclosure form

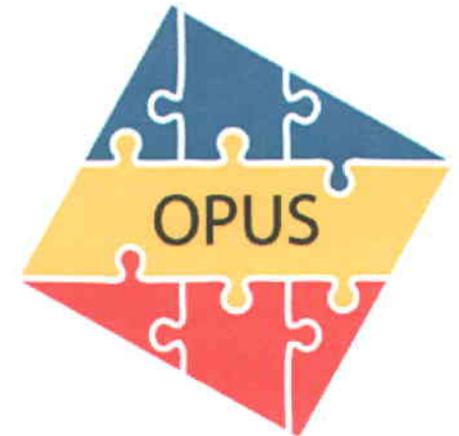




# **Oracle Project Unified Solution**

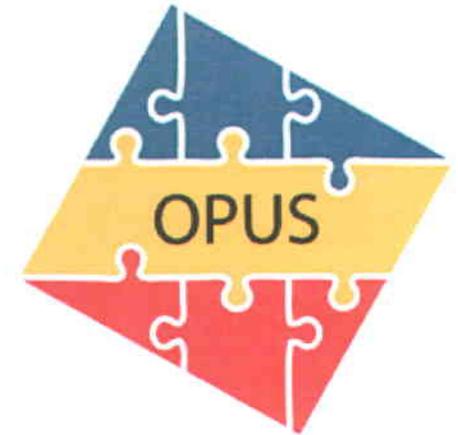
**January 5, 2010**

# What is OPUS?



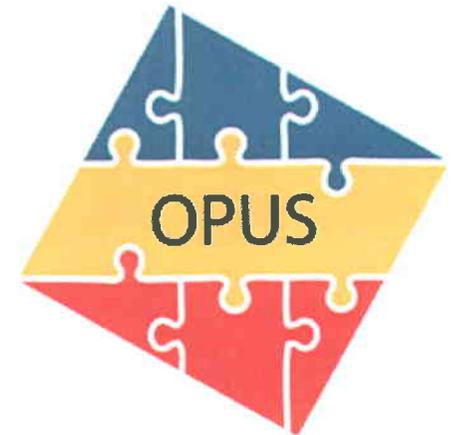
- **Joint Enterprise Resource Planning (ERP) Project**
  - **Clerk of the Circuit Court**
  - **Board of County Commissioners (BCC)**
  - **Human Resources (HR)**
  - **Business Technology Services (BTS)**
- **Integrate and consolidate all financial, human resources, and administrative functions under one system**

# What is OPUS?



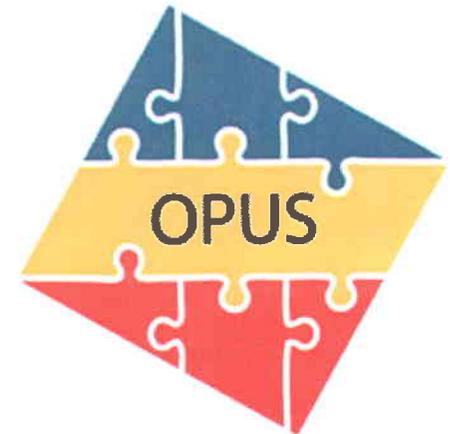
- **Essential Infrastructure**
  - Backbone for Financial, Purchasing, HR & Budget Operations
  - Once in a generation project
- **Multi-Agency Cooperation**
  - Best & Brightest Talent
  - Focus on Organization-Wide Needs
- **Efficiency & Process Improvement**
  - Adopt Best Practices
  - Improve Level of Service to Citizens

# What is OPUS?



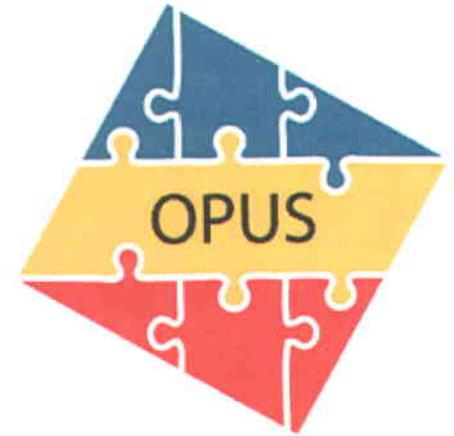
- **Not a technology project**
  - Oracle software platform is a powerful tool
  - Change dependent upon people & processes
- **Process improvement project**
  - Success driven by changes in process
  - Efficient processing of simple tasks
  - Improvement necessary due to reduced staffing

# Current Issues



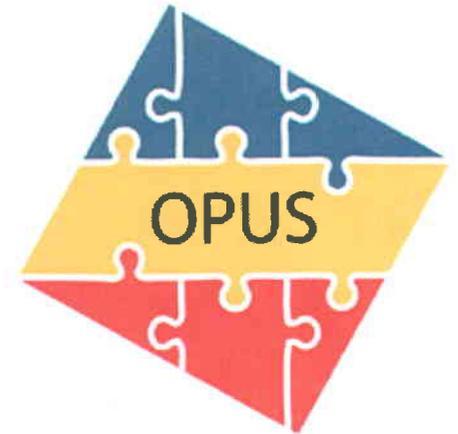
- Multiple stand-alone systems
- Compensating for deficiencies – legacy financial system installed over 30 years ago
- Heavily customized applications
- Inadequate and costly reporting
- Extensive, inefficient manual processes
- Redundant data entry
- Business continuity exposure

# OPUS Benefits



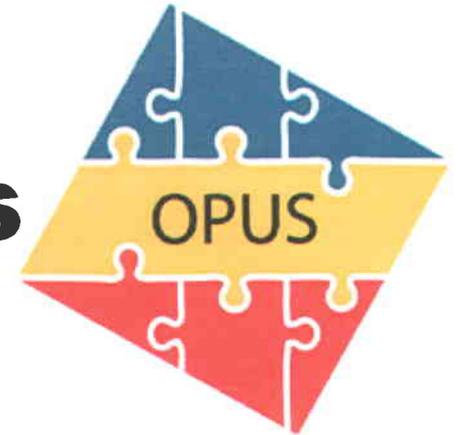
- **Greater Transparency and Accountability**
- **Program Budgeting and Scenario Development**
- **Mitigate Security Risks**
- **Empower Users with Self-Service Options**
- **Automate Business Processes**
- **Economic Benefit and Value-Added Services**
- **Solid Foundation to Enable Strategies**

# Timetable



- |                |   |
|----------------|---|
| <b>Jan '10</b> | <b>Recommendation to BCC for Award of Contracts</b> |
| <b>Jan '10</b> | <b>Project Launch</b>                               |
| <b>Dec '10</b> | <b>Phase 1 Go-Live: Human Resources</b>             |
| <b>Jun '11</b> | <b>Phase 2 Go-Live: Financials</b>                  |

# Implementation Phases



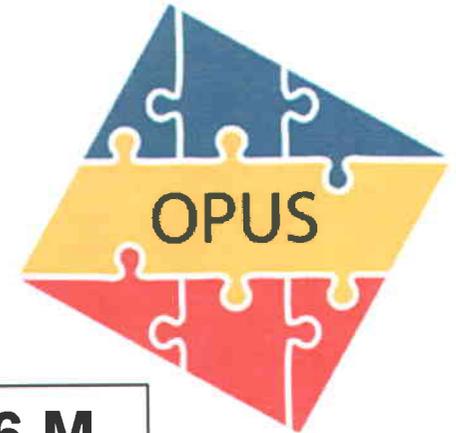
## Phase 1

- **General Ledger (Structure)**
- **Human Resources**
- **Oracle Time and Labor**
- **Payroll**
- **Oracle Learning Management**
- **Advanced Benefits**
- **Self Service HR**

## Phase 2

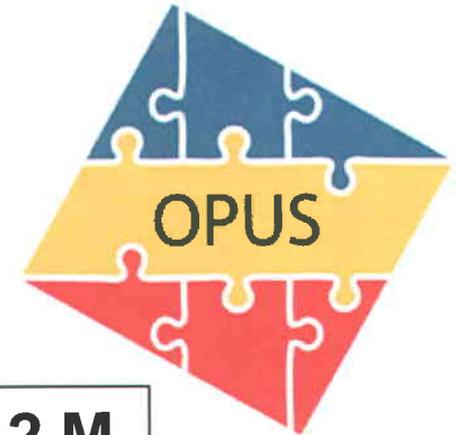
- **General Ledger**
- **Budgeting**
- **Accounts Payable**
- **Accounts Receivable**
- **Fixed Assets**
- **Cash Management**
- **Projects/Grants**
- **Purchasing**
- **Business Intelligence tools**

# Estimated Project Costs



<b>Implementation Services (AST)</b>	<b>\$7.6 M</b>
<b>Oracle Software Licenses</b>	<b>\$3.7 M</b>
<b>Hardware (including related software and infrastructure)</b>	<b>\$1.1 M</b>
<b>Project Staff and Operating Expenses</b>	<b>\$0.7 M</b>
<b>County Staff Backfill &amp; Overtime</b>	<b>\$1.1 M</b>
<b>Quality Assurance</b>	<b>\$0.7 M</b>
<b>Contingency (15%)</b>	<b>\$2.2 M</b>
<b>Total Estimated Project Costs</b>	<b>\$17.1 M</b>

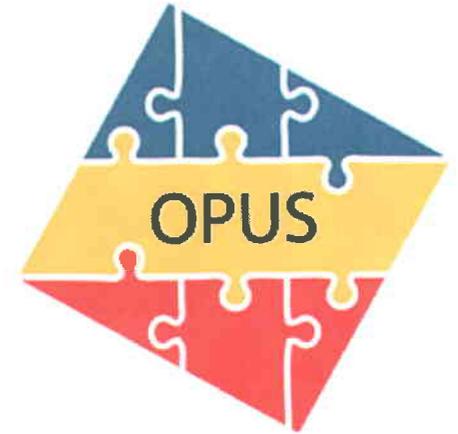
# Project Budget



<b>FY2010 OPUS Budget *</b>	<b>\$15.2 M</b>
<b>Total OPUS Estimated Project Costs</b>	<b>\$17.1 M</b>
FY2010 OPUS Project Costs	\$9.2 M
FY2011 OPUS Project Costs	\$7.1 M
FY2012 OPUS Project Costs	\$0.8 M

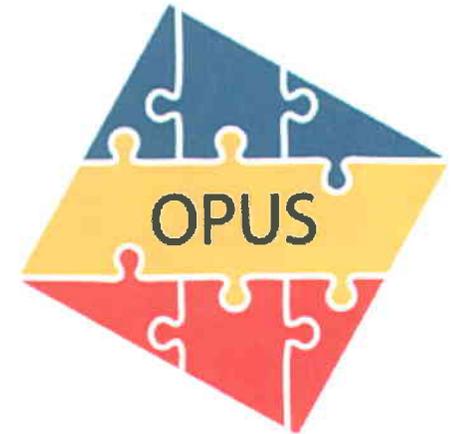
\* Includes FY2009 unanticipated carryover of \$0.3M, FY2010 appropriation to operating of \$7.2M, and FY2010 appropriation to reserves of \$7.7M (supports both OPUS and Justice CCMS)

# Return on Investment



- **\$7M Net Benefit**
  - Based on 20-Year Analysis
  - Based on 10% Efficiency in Workforce
  - Present Value Calculations
  - Reflects Direct Savings and Efficiencies
- **Opportunity for Dramatic Increases in Efficiencies**
  - Industry Standard is 15-25% Efficiency in Workforce
  - Each Additional 5% Efficiency = \$13M Benefit

# Successful Oracle ERP Implementations



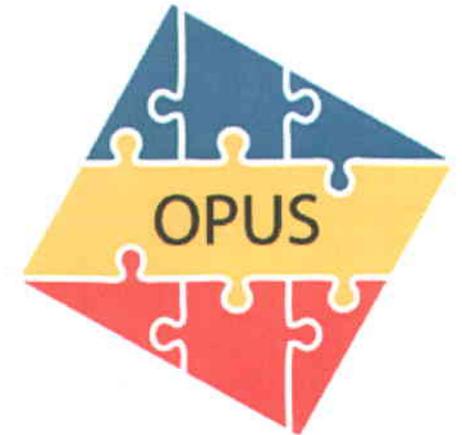
## ○ National

- Dallas County, TX (2.4M population) in 2000
- Riverside County, CA (2.1M) in 2000
- Oakland County, MI (1.2M) in 2005
- Lake County, IL (712K) in 2003
- Washington County, OR (529K) in 2002

## ○ Florida

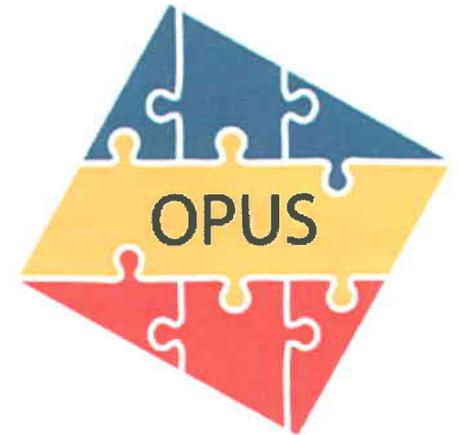
- Palm Beach County (1.3M) in 2009
- Polk County (586K) in 2006
- City of Miami (417K) in 2006
- City of St. Petersburg (249K) in 2005

# Requested Actions



- **Approval of Implementation Services Contract with AST Corporation**
- **Approval of Software Licensing Contract with Oracle Corporation**
- **Delegation of Approval Authority to County Administrator for Implementation Services Contract Change Orders within Administrator's Current Approval Authority (\$250,000 per Change Order)**

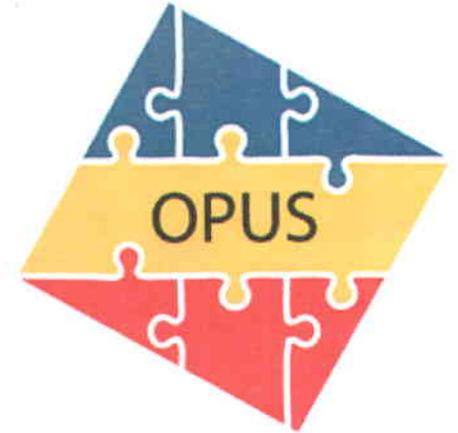
# **Implementation Services Contract (AST)**

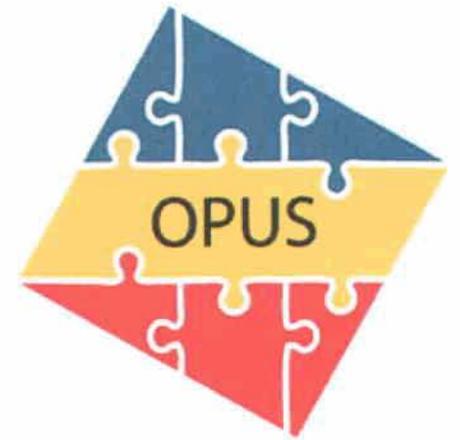


- **Not to Exceed Fee Structure**
- **Opportunities to Reduce Customization Fees**
- **Progress Payments**
- **100% Performance Bond on Services**
- **15% Retainage**
- **Support and Warranty**
- **Dedicated Change Management Lead**
- **Dedicated Training Lead**
- **Documented Success**

# Oracle Licenses

- Leverages Current Investment
- Unlimited Licensing Model
- Aggressive Discounting
- Caps on Maintenance Increases
- Price Holds for Future Needs





# Questions