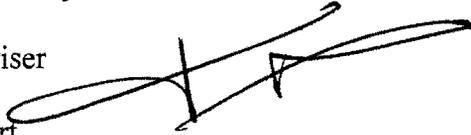


MEMORANDUM

February 3, 2011

TO: Government Operations and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser
SUBJECT: TechMod Fiscal and Progress Report



Expected to attend:

Mike Ferrara, Executive Director of Enterprise Projects, Office of the CAO
Wayne Johnson, ERP Functional Project Manager
Karen Plucinski, Change Management Manager

Summary of staff recommendations to the GO Committee:

1. **Accept TechMod fiscal and progress report from Executive.**
2. **Review suggested questions on page 2 with Executive branch representatives.**
3. **Request that MC311 and ERP management dashboards be installed in CM and staff offices in order to begin appreciating the benefits of the TechMod projects in the policy making arena.**

TechMod Background

Enterprise Resource Planning (ERP), MC311, and MCTime (timecard system) are the three current elements of the Technology Modernization (TechMod) effort for the County. The PDF from the FY11 approved capital budget is on ©1-2. Funded at the \$80 million level, TechMod represents one of the most comprehensive changes in County management capabilities, and is intended to modernize – some would say revolutionize - the way the County performs finance, procurement, and human resource management functions.

The Executive has provided a briefing document on ©3-12 and representatives will be available to brief the Committee on progress made, the challenge ahead, and expected benefits from this major effort. The Committee has agreed to review the fiscal status and implementation status every 6 months and

provide policy direction and comments, given the size of the investment and its importance to County operations.

Questions for the Committee to consider

The TechMod projects have two different, yet equally important, dimensions: the technology implementation effort and the actual management use, which should result in streamlined and, hopefully, more economical and productive government operations. The Committee may want to raise the following questions regarding the projects and their current status:

- The MC311 dashboard can now display incoming calls and analyze them by time of day, day of week, geography (including CM district) and other parameters. What is the timeframe to install this dashboard capacity in individual CM offices and provide the training necessary for its effective use?
- When will Councilmembers and staff be given training in the use of ERP reports and database queries for management purposes - in other words, be in a position to generate financial reports by department, project, or other attribute on an ad-hoc basis and from the desktops of trained Council staff and analysts?
- Once fully implemented, how will ERP project responsibility be allocated between software maintenance, database administration and ownership, and new applications development? And will that be done through the construct of TechMod or some other non-CIP project approach?
- ERP can be the foundation of many other modernization efforts. Are there new projects under consideration at this point? And is there a financial impact of these considerations on the TechMod budget allocation?
- The Tax Assessment module is an important and foundational component of our financial system that has been deferred so far in terms of its inclusion in ERP; what are the plans for addressing this modernization?
- Montgomery County Public Schools implemented a similar ERP system, using the same software foundation. Will the Council and its Committees now be able to enjoy better reports from MCPS if detailed data can be shared across the two systems?
- The major impact of Modernization technologies such as MC311 and ERP is not in the technology realm but in the business operations of user agencies. Once MC311 was implemented, the departments which had decentralized call-taking operations were able to reduce their budgets by a combined total of \$7.5m per year and for every year thereafter through a process called Business Process Reengineering. As the ERP nears completion, similar adjustments through Business Process Reengineering are expected in the user agencies (Finance, Procurement, HR, etc.). Indeed, the TechMod budget foresees savings of \$5m and \$15m in FY13 and FY14 respectively, a savings made possible by changing the way businesses are carried out once ERP is fully functional. The Committee should ascertain that plans are underway to find and secure such savings in the timeframes indicated.
- Change Management has been a vital effort to prepare staff and help them transition to the new capabilities of the systems. Is this effort able to help in the current cutback climate, and can its services be shared with other upcoming efforts (e.g., implementation of the CARS initiatives or ORC recommendations)?

Technology Modernization -- MCG -- No. 150701

Category
Subcategory
Administering Agency
Planning Area

General Government
County Offices and Other Improvements
County Executive
Countywide

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

January 11, 2010
No
None.
On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	80,209	19,745	32,659	27,805	17,095	10,710	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	80,209	19,745	32,659	27,805	17,095	10,710	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Current Revenue: General	42,086	14,524	10,802	16,760	11,462	5,298	0	0	0	0	0
Land Sale	2,634	2,634	0	0	0	0	0	0	0	0	0
Short-Term Financing	35,489	2,587	21,857	11,045	5,633	5,412	0	0	0	0	0
Total	80,209	19,745	32,659	27,805	17,095	10,710	0	0	0	0	0

OPERATING BUDGET IMPACT (\$000)

Maintenance				37,573	6,036	8,527	11,336	11,674	0	0
Productivity Improvements				-20,000	0	0	-5,000	-15,000	0	0
Net Impact				17,573	6,036	8,527	6,336	-3,326	0	0

DESCRIPTION

This project provides for the replacement, upgrade, and implementation of IT initiatives that will ensure ongoing viability of key processes, replace outdated and vulnerable systems, and produce a high return in terms of customer service and accountability to our residents. Major new IT systems being launched through this project are Enterprise Resource Planning (ERP), 311/Constituent Relationship Management (CRM), and related Business Process Review (BPR). ERP will modernize our Core Business Systems to improve the efficiency, effectiveness, and responsiveness of the County Government. The ERP project will provide needed upgrades to the County's financial, procurement, human resource, and budgeting systems and will streamline existing business processes. Business Process Review is occurring as part of ERP requirements analysis and planning. The first phase of this project, MTime, the implementation of electronic time reporting, is well underway. A new 311/CRM system will combine advanced telephony, internet, and computer technology with constituent-focused business processes. Residents will ultimately be able to call one number to access County government services and built-in tracking and accountability features will assure that every call receives a timely response. Completion of Phase I of the current MC311 (CRM) will include developing an automated service request processing system for the County's Department of Transportation including converting the systems currently used for leaf pick-up, snow removal, tree issues, and street light outages.

JUSTIFICATION

According to a 2004 ranking of major existing technology systems based on their current health and relative need for upgrade or replacement, the County's current core business systems (ADPICS, FAMIS, BPREP, and HRMS) were ranked as Priority #1, which means "obsolete or vulnerable critical system in immediate risk of failure." These at-risk systems will be replaced with a state of the art ERP system which will provide a common database supporting financials, procurement, budget, and HR/payroll, and will include system-wide features for security, workflow, and reporting, and up-to-date technology architecture. Montgomery County seeks to set a national standard for accountability and responsiveness in governance and the delivery of services to its residents and businesses. A customer-oriented 311/CRM system is needed as a single one-stop-shop phone number and intake system to meet this growing demand. The current cost estimate is based on detailed review of integrator, staffing, hardware, and software costs.

Information Technology Interagency Funding and Budgeting Committee's report of September 30, 2003.
MCG FY06 IT Budget Overview prepared by DTS.

OTHER

The Technology Modernization - MCG project has been intended to serve as an ongoing resource for future IT modernization to the County Government's business systems beyond the currently defined project scope. Future projects may include the following:

CRM

Phase II: This initiative will extend the service to municipalities in the County, and other County agencies (e.g. Board of Education, M-NCPPC, Montgomery College). This initiative will proceed based upon interest from these organizations and agreement on funding.

Creation of a Citizen Relationship Management (CRM) program which will develop or convert automated capabilities for all appropriate County services

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP												
<table border="1"> <tr> <td>Date First Appropriation</td> <td>FY07</td> <td>(\$000)</td> </tr> <tr> <td>First Cost Estimate</td> <td></td> <td></td> </tr> <tr> <td>Current Scope</td> <td>FY08</td> <td>85,464</td> </tr> <tr> <td>Last FY's Cost Estimate</td> <td></td> <td>80,209</td> </tr> </table>	Date First Appropriation	FY07	(\$000)	First Cost Estimate			Current Scope	FY08	85,464	Last FY's Cost Estimate		80,209	<p>MCG efforts must be coordinated with the recent implementation of a new Financial Management System by MCPS and efforts by other agencies to ensure data transportability and satisfy reporting needs between agencies. Project staff are drawing on the implementation experiences of MCPS, WMATA and governments with functions and components similar to MCG during the project planning, requirements gathering, and requests for proposal (RFP) phases. Offices of the County Executive Office of the County Council Department of Finance Department of Technology Services Office of Procurement Office of Human Resources Office of Management and Budget All MCG Departments and Offices</p>	
Date First Appropriation	FY07	(\$000)												
First Cost Estimate														
Current Scope	FY08	85,464												
Last FY's Cost Estimate		80,209												
<table border="1"> <tr> <td>Appropriation Request</td> <td>FY11</td> <td>11,462</td> </tr> <tr> <td>Appropriation Request Est.</td> <td>FY12</td> <td>4,538</td> </tr> <tr> <td>Supplemental Appropriation Request</td> <td></td> <td>0</td> </tr> <tr> <td>Transfer</td> <td></td> <td>0</td> </tr> </table>	Appropriation Request	FY11	11,462	Appropriation Request Est.	FY12	4,538	Supplemental Appropriation Request		0	Transfer		0		
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<table border="1"> <tr> <td>Cumulative Appropriation</td> <td></td> <td>64,209</td> </tr> <tr> <td>Expenditures / Encumbrances</td> <td></td> <td>51,019</td> </tr> <tr> <td>Unencumbered Balance</td> <td></td> <td>13,190</td> </tr> </table>	Cumulative Appropriation		64,209	Expenditures / Encumbrances		51,019	Unencumbered Balance		13,190					
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New Partial Closeout	FY09	0												
Total Partial Closeout		0												

Technology Modernization -- MCG -- No. 150701 (continued)

including:

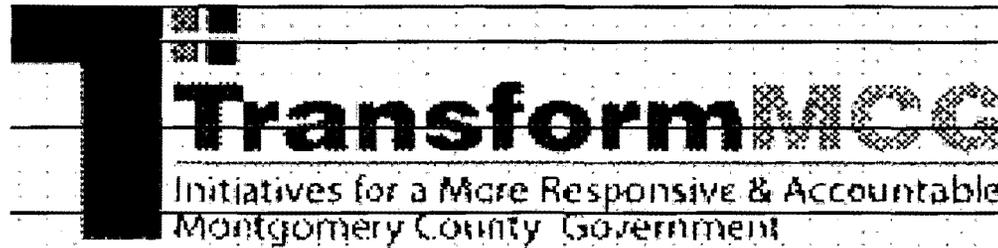
Case Management
Events Management
Field Services
Grants Management
Help Desk Solutions
Point of Sales
Resident Issue Tracking System
Work Order Processing System

ERP

Business Intelligence/Data Warehouse Development
Loan Management
Property Tax Billing and Collection
Public Access to Contractor Payments
Upgrade to Oracle E-Business/Kronos/Siebel
Enhancements to comply with evolving Payment Card Industry (PCI) mandates

FISCAL NOTE

Project funding includes short-term financing for integrator services and software costs. Operating Budget impact revised in FY13 and FY14 to reflect Council productivity targets.

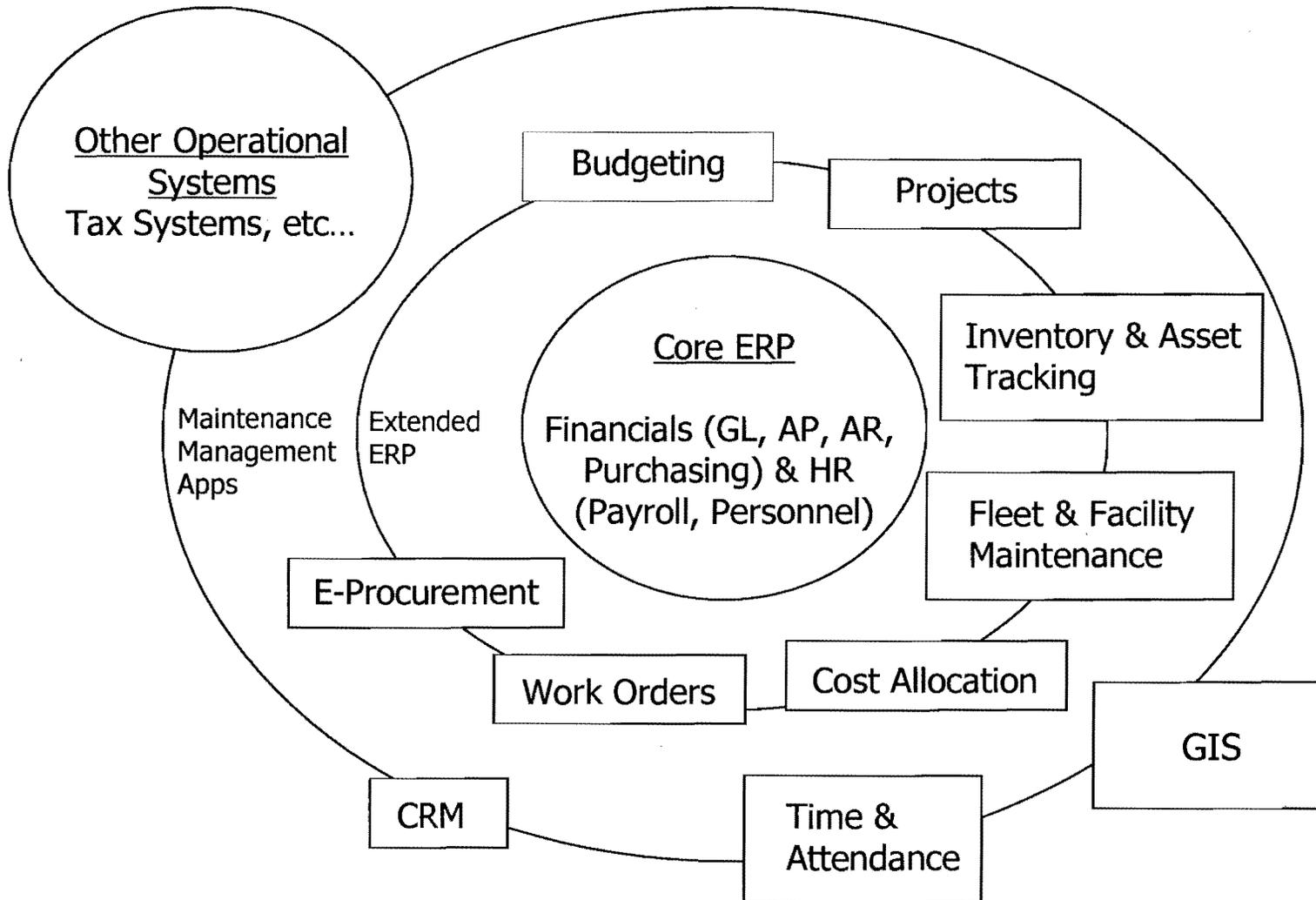


Technology Modernization Project

GO Briefing

February 7, 2011

Elements of Enterprise Resource Planning (ERP)



* Source – GFOA (modified)



**Montgomery County Technology Modernization
(Tech Mod)**

❖ Tech Mod is currently comprised of 3 major components:

- ▶ **ERP: Enterprise Resource Planning**
- ▶ **MC311: Non-Emergency customer support and issue tracking using a 311 phone number**
- ▶ **MCtime: Electronic Time Reporting**

Description of Tech Mod Projects

- ❖ **ERP** – The County is hampered with inefficient business processes, outdated, AT RISK systems, and lack of information to address difficult policy and fiscal challenges. ERP systems use technology to improve decision making and implement “best practice” operational efficiency through information integration and process improvements, including centralization, information sharing, and elimination of data/process duplication.
- ❖ **MC311** - To meet the objective of developing programs that provide greater responsiveness and accountability in meeting the needs of a very diverse County, we have established a single phone number (311) for constituents to call for non-emergency service requests and a back-office system to track responses and completion of work requests.
- ❖ **Mctime** - Replaces the labor intensive, error prone manual process of handling thousands of paper timesheets every two weeks, with an automated solution that will enable more efficient business processes and accurate accounting of compensatory and overtime hours.

The three programs work in concert to improve constituent-facing and back-office functions.

Tech Mod Fiscal Update

	Budget	Expenditures	Remaining Balance
ERP	\$ 60,462,000	\$ 46,060,000	\$ 14,402,000
MC311	11,405,000	11,405,000	-
MCtime	1,993,000	1,879,000	114,000
Infrastructure	6,349,000	4,863,000	1,486,000
Total	\$ 80,209,000	\$ 64,207,000	\$ 16,002,000

As of January 24, 2011

Accomplishments

❖ MC311:

- ▶ Simultaneous launch of the portal with launch of Customer Service Center
- ▶ CSC has received more than 365,000 calls since public launch
- ▶ Significant improvement in CSC performance through training and coaching of supervisory staff resulted in meeting or exceeding most performance goals within first four months after launch. Consistently achieving performance goals with established and sound business processes for continual improvement
- ▶ Replacement of the DOT Highway Service Request system
- ▶ Replacement of the DEP OSCAR solid waste system, Feb 2011

Accomplishments

- ❖ Phase 1A Financials went live July 6, 2010
 - ▶ *Modules* (General Ledger, Accounts Payable, Purchasing, Projects and Grants, and Accounts Receivable)

- ❖ Phase 1B HCM /Payroll went live January 3, 2011
 - ▶ *Modules* (Payroll, Labor Distribution, Core HR, iRecruitment, Oracle Advanced Benefits, Pension, Employee Self Service, Manager Self Service)
 - ▶ Executed 11,000 employee pay checks on January 14th
 - Less than 1% error rate
 - ▶ Oracle e-business servers supporting approximately 11,000 users

- ❖ Integration with MTime

- ❖ Data Warehouse / Business Intelligence
 - ▶ Deployed first phase November 2011

Where Are We Going

- ❖ Budget System (Hyperion) go-live July 2011
 - ▶ Planning
 - ▶ Workforce Planning
 - ▶ Performance Scorecard

- ❖ Data Warehouse / Business Intelligence
 - ▶ Consistent Data source
 - ▶ Dashboard Reporting
 - Statistics
 - Performance
 - Trends
 - ▶ Deploying various reporting tools

Where Are We Going

- ❖ Work Orders and Inventory go-live February 2012
 - ▶ Planning and Design

- ❖ Property Tax Assessment replacement
 - ▶ Planning phase

- ❖ Department of Liquor Control Supply Chain implementation
 - ▶ Order Management
 - ▶ Warehouse Management
 - ▶ iStore