

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: **AWARD AUTHORITY INCREASE/Business
Transformation Office Management**

ELECTION DISTRICT: Countywide

CRITICAL ACTION DATE: June 14, 2016

STAFF CONTACTS: Wendy Wickens, Information Technology
Robert Middaugh, County Administration
Cheryl Middleton, Finance and Procurement

PURPOSE: To increase the award authority for the Enterprise Resource Planning (ERP) Business Transformation Office (BTO) Management contract.

RECOMMENDATION: Staff recommends that the Finance/Government Operations and Economic Development Committee (FGOEDC) authorize the Purchasing Agent to increase the award authority of the BTO Management contract with Yahya Technologies, LLC (Y-Tech) in the amount of \$101,839 for a new total of \$601,839.

BACKGROUND: Since May 9, 2016 Oracle Consulting Services (OCS) has been onsite assisting both Loudoun County Government (County) and Loudoun County Public Schools (LCPS) with the reimplementation of Phase 2 of the ERP system. OCS is specifically focused on the completion of the Human Resources and Payroll modules. The OCS approach to successfully completing the Phase 2 implementation is based on the use of Oracle’s Unified Method (OUM - Oracle’s methodology for deploying Oracle-based business solutions). Early activities include the review of business requirements as specified in the original request for proposal and aligning those requirements with out of the box functionality. Where current mandated processes do not align with out of the box functionality, OCS will either provide a system customization or recommend a modification in the current business process.

In order to help assure a successful restart and integration of Phase 2, the County has reassessed its organizational structure, and has determined that a new structure comprised of three (3) offices with distinct functions will be essential to a successful reimplementation: a Business Transformation Office (BTO) as described below; a Client Management Office which is focused on cross organizational communication and collaboration; and an Independent Verification and Validation Office (IV&V) which is focused on high level auditing of the project. Each of these

features represent an industry best practice and will operate as a coordinated part of the project governance structure.

The Client Management Office was recently implemented to liaise between not only the project team (County, LCPS, and DIT) and the OCS team (Project Manager and system integration team), but also to Loudoun's executive leadership including the Board of Supervisors. This office is being staffed by Vivad Technologies (Vince Marchesano) on an interim basis until Y-Tech is able to fully be on-site.

The IV&V Office will oversee Phase 2 business and technical activity. This office will perform a high level audit function that will track expenditures, project schedule, deliverable quality and ensure sufficient project sign offs occur.

The BTO will provide operational and strategic management as it relates to maximizing "out-of-the-box" functionality of the ERP system for the project during its reimplementation. The purpose of the BTO ensures that functional requirements, identified by both County and Schools staff, are implemented in the system. These functional requirements will be assessed by the BTO to determine if they can be met out of the box, through a modification of an existing business process, or through a customization. The BTO is critical to the success of the re-implementation effort as the goal of both the County and Schools is to utilize as much out of the box functionality as possible. Customizations are costly and create long term support and testing issues.

Additionally, the BTO will focus on putting together the policies and practices that will provide the County and Schools with the framework to successfully manage future enhancements, modifications and changes to the system that may ultimately impact both entities and have significant impact on both entities, if not managed in a coordinated manner. This office will be led by contracted Business Transformation Management, with support from six existing staff from the following agencies:

- Department of Human Resources (1.0 FTE),
- Department of Finance and Procurement (1.0 FTE),
- LCPS (2.0 FTEs), and
- Department of Information Technology (DIT) resources (2.0 FTEs).

In summary, the BTO team will provide the following primary functions:

For the initial startup of the Business Transformation effort, the BTO Manager will:

- Review Business requirements as prepared by both the County and LCPS;
- Review proposed out of the box system functionality as proposed by Oracle Consulting Services;
- Provide leadership and facilitate conversations to align out of the box functionality with business processes as appropriate; when out of the box functionality does not meet requirements, the BTO will communicate options for business process changes or review and recommend customizations (last resort);

- Facilitate conversations with leadership where business processes could be modified to align with out of the box functionality.
- Working with OCS, County and School staff, assist with preparing all strategic planning documents to ensure the success of the project including.

For later operation of the Business Transformation effort, the BTO Manager will:

- Prepare policy documentation and processes for resolving issues;
- Prepare policy documentation and processes for system enhancements;
- Develop common standards and methods for development and support activities;
- Provide policies and practices for vetting proposed projects for development; and
- Assist in prioritization of tasks, reports, enhancements across organizations (Government and Schools)
- Prepare governance documentation for the creation of an ongoing Business Transformation practice that includes representation from both the County and LCPS.

ISSUES: Since Phase 2 has restarted, a contracted manager is needed immediately to manage the BTO. Currently, there are no staff resources available with the requisite skill set to fulfill this role. Therefore, staff reviewed several options available through the US General Services Administration (GSA), state or other easily rideable contract vehicle to hire a manager for this function. Y-Tech holds a GSA Schedule 70 contract that the County is eligible to leverage to provide the services as defined above. As part of their proposal, Y-Tech is offering a phased approach to meet the County's need regarding a BTO manager as well as to align with the OCS methodology.

Months 1-3: Y-Tech is proposing a seasoned BTO manager with extensive experience in business process systems engineering and in the integration of enterprise software solutions. The initial BTO manager will be responsible for setting up the program and providing the overall structure for the office. Because the primary goal for reimplementation is for both County and LCPS to leverage as much out of the box functionality as possible, the BTO Manager and staffing will play a pivotal role in the review of suggested out of the box functionality as well as communicating necessary business process modifications to senior leadership.

Months 3-12: It is expected that the initial BTO Manager will then transition the responsibilities for the remainder of the project and oversight of the BTO to an experienced Program Manager. The BTO Manager will work with County and LCPS staff to provide leadership for the creation of the long term, ongoing support structure, policies and procedures for all phases of the ERP system. It is anticipated that the contract BTO manager function will be needed for approximately twelve months until Phase 2 is successfully implemented.

In order to ensure the success of the Phase 2 implementation the BTO function will report directly to the County Administrator.

Upon completion of the ERP project, it is anticipated that the BTO function and practices will transition to an internal committee comprised of both County and LCPS staff that will provide

ongoing coordination and communication of activities associated with system enhancements, upgrades and patches and other possible changes that could result in business process modifications.

Because OCS is proceeding at a much faster pace than originally anticipated, it was necessary for staff to bring Y-Tech on as soon as possible in order to begin coordination of business process change discussions. Therefore, a contract was awarded to Y-tech, under staff authority, in the amount of \$500,000. However, the total value of the engagement is expected to be approximately \$601,839. Per the Procurement Resolution, any contract awards over \$500,000 require approval by the FGOEDC. Therefore, staff is seeking approval from the FGOEDC to increase the award authority of the BTO Management contract by \$101,839.

FISCAL IMPACT: Sufficient funding is available in the ERP account in the Capital Fund to increase the award authority for BTO Management Services contract in the amount of \$101,839.

ALTERNATIVES:

1. Authorize the Purchasing Agent to increase the award authority for the Business Transformation Office Management contract with Yahya Technologies, LLC (Y-Tech) by \$101,839 for a new total of \$601,839,

OR

2. Do not authorize the award authority increase and direct staff how to proceed. This option is not recommended by staff because the review of business requirements and suggestions for customizations or business process modifications are critical to the success of the reimplementation. The BTO will provide the leadership and make expeditious decisions with an understanding of the business needs of the County and LCPS to ensure that the technical construction is not delayed.

DRAFT MOTIONS:

1. I move that the Finance/Government Operations and Economic Development Committee authorize the Purchasing Agent to increase the award authority for the Business Transformation Office Management contract with Yahya Technologies, LLC (Y-Tech) by \$101,839 for a new total of \$601,839.

OR

2. I move an alternate motion.