

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

SUBJECT: Monthly Report/Implementation of the Enterprise Resource Planning (ERP) Project

ELECTION DISTRICT: Countywide

STAFF CONTACTS: John Sandy, County Administration
Wendy Wickens, Information Technology
Vince Marchesano, Vivad Technologies, LLC

PURPOSE: To provide an update on the status of the County's Enterprise Resource Planning (ERP) system implementation.

BACKGROUND: The Loudoun County Government (Loudoun) and Loudoun County Public Schools (LCPS) began implementation of a new ERP commercial off-the-shelf (COTS) system in January 2012 as part of a larger program to replace three core financial systems: ERP, Computer Aided Mass Appraisal (CAMA), and Integrated Tax Revenue (ITR). This action was based on an independent assessment of Loudoun's legacy financial, human resources, and taxation systems, as well as the future replacement of those systems. The ITR and CAMA systems were successfully implemented and are now fully operational.

On November 2, 2011, the Loudoun Board of Supervisors (the Board) authorized the negotiation of a contract to implement ORACLE eBusiness Suite (EBS) as the ERP System for Loudoun and LCPS. The resulting contract included EBS licensed software and implementation services for the ERP system, which were to be deployed in three phases, as detailed below.

- *Phase 1: Financials, Procurement, Grants, and Document Management:*
 - *Duration:* January 2012 – July 1, 2013
 - *Status:* COMPLETE
- *Phase 2: Human Capital Management (HCM) Applications (HR and Payroll)*
 - *Duration:* January 2014 – August 2017
 - *Status:* Paused in November 2015 and Restarted in May 2016
- *Phase 3: Advanced Procurement*
 - *Duration:* November 2013 – May 2014
 - *Status:* COMPLETE

Phases 1 and 3 were implemented and are currently operational, and on May 9, 2016, Oracle America Corporation, Inc. (Oracle) was retained to complete the Phase 2 HCM implementation.

ISSUES: This item provides a monthly update from the Department of Finance and Procurement and the Department of Information Technology on the current implementation of the ERP system.

The Loudoun Project Manager, Vince Marchesano, and Loudoun staff will be present to discuss details and answer questions.

Phase 2 Human Resources and Payroll

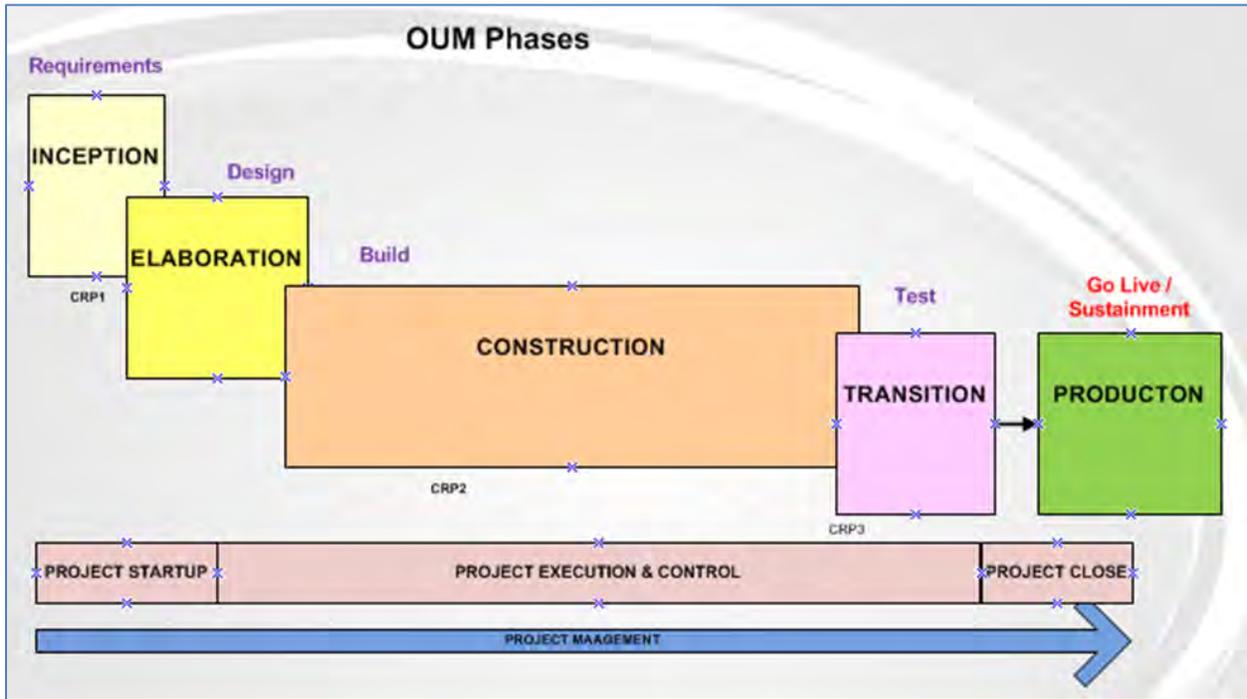
In January 2016, Loudoun engaged Oracle to perform a comprehensive assessment of the Phase 2 implementation and to recommend a road map to best move the project forward. Based on the outcome of the assessment, Loudoun authorized Oracle to begin the Phase 2 implementation on May 9, 2016, and on June 23, 2016, the Board approved the appropriation of \$4,775,527, which includes a 10% contingency amount, from the FY 2016 General Fund balance to complete the implementation by August 2017.

Oracle Phase 2 Implementation

Oracle is currently onsite providing project management and system integration services. Additionally, the Business Transformation Office (BTO) is providing operational and strategic management support to Loudoun and LCPS, and Project and Client Management is providing internal project management and project communication across and among Loudoun and LCPS, the Oracle project team, and the project's Executive leadership. Further, Loudoun has selected a vendor (Gartner, Inc.) for Independent Verification and Validation (IV&V), more specifically, to provide project management and technical review services. The contract is final and the Gartner resource started work on Monday September 26, 2016.

Approach

Oracle's approach to successfully completing the Phase 2 implementation is based on the standard Oracle Unified Method (OUM - Oracle's methodology for deploying Oracle-based business solutions). To maximize efficiencies, Oracle further structured this implementation into two distinct sub-phases – Phase 2 A: Inception and Elaboration and Phase 2B: Construction, Transition, and Production.



During Phase 2A, Oracle, Loudoun, and LCPS is collaboratively reviewing all business requirements to (a) determine whether they are still applicable and to ensure that they are clearly defined; (b) determine whether the requirements can be met leveraging standard, out-of-the-box Oracle functionality (i.e., a “fit”), or if a change to a business process or a customization is required to meet the requirement (i.e., a “gap”); and (c) determine what existing design/build can be reused from the previous implementation, if any. These activities will further result in a scope of work, solution design, and test plans.

During Phase 2B, Oracle will build the solution, data will be converted, Loudoun and LCPS will validate the build, and other tasks in preparation for Go-Live will occur (i.e., testing, change management activities, including communications, training, documentation, post production support planning, etc.).

Phase 2 is scheduled to go-live in July 2017, as reflected in *Attachment 1: Oracle Phase 2 Project Timeline*.

Status

Per the approved and baselined project plan, the Phase 2 implementation is 27% complete and on schedule to go-live in July 2017. The status of key project activities and milestones, by phase, are detailed below.

**Note: The start and completion dates for the referenced key activities and milestones may fluctuate due to the concurrent nature of associated tasks; fluctuations will be closely monitored by project management, and will report and mitigate any impact to the critical path. Further, reported status is as of October 4, 2016.*

- **Inception Phase – Phase 2A:** Key project activities and milestones are complete.
- **Elaboration Phase – Phase 2A:** This phase is 37% complete.
 - *Completed Activities and Milestones:*
 - *In Progress Activities and Milestones:*
 - Setup and Configuration Documents (Loudoun and LCPS)
 - *Note: This task includes review and approval.*
 - *Percent Complete: 94%**
 - *Scheduled Completion Date: August 12, 2016*
 - *Note: This task is 100% complete, with the exception of Loudoun Compensation Workbench Module (CWB). This module's implementation cannot begin until January 2017, after the County's current compensation process is restructured. Project Management has assessed the impact of this delay, and is confident that it can be absorbed by the current project schedule with no impact to the overall timeline. Further, this module's go-live can be delayed, as no other HCM modules have a dependency on CWB, and use will not begin until August 2017.*
 - Data Mapping (Loudoun and LCPS)
 - *Percent Complete: 66%*
 - *Scheduled Completion Date: December 16, 2016*
 - *Note: The completion date was changed from August 3rd to December 16, 2016 to reflect added task activity and task progress on dependent tasks, and will not impact the critical path.*
 - Data Cleanup (Loudoun and LCPS):
 - *Percent Complete: 52% Complete*
 - *Scheduled Completion Date: November 24, 2016*
 - *Note: The scheduled completion date changed from October 12th to November 24, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - Data Conversion Extract (Loudoun and LCPS):
 - *Percent Complete: 20% Complete*
 - *Scheduled Completion Date: November 3, 2016*
 - *Note: The scheduled completion date changed from October 17th to November 3, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - *Scheduled Activities and Milestones:*
 - User Productivity Kit (UPK) Training Materials (Loudoun and LCPS):
 - *Scheduled Start Date: October 27, 2016*
 - *Scheduled Completion Date: January 18, 2017*
 - System Integration Test (SIT) Test Scripts (Loudoun and LCPS):
 - *Scheduled Start Date: November 24, 2106*
 - *Scheduled Completion Date: February 22, 2017*

- **Construction Phase – Phase 2B:** This phase is 2% complete.
 - *Completed Activities and Milestones:*
 - Document Test Move Set Up and Configuration (Loudoun and LCPS)
 - *In Progress Activities and Milestones:*
 - Interface Plan (Loudoun and LCPS):
 - *Percent Complete:* 95%
 - *Scheduled Completion Date:* September 26, 2016
**Note: This document is in final review, and will be completed shortly with no impact to the project schedule.*
 - Detailed Functional Design Documents (Loudoun and LCPS):
 - *Percent Complete:* 25%
 - *Scheduled Completion Date:* October 26, 2016
 - Detailed Technical Design Documents (Loudoun and LCPS):
 - *Percent Complete:* 17%
 - *Scheduled Completion Date:* December 7, 2016
 - Set Up and Configuration (Loudoun and LCPS):
 - *Percent Complete:* 4%
 - *Scheduled Completion Date:* December 28, 2016
 - *Scheduled Activities and Milestones:*
 - Training Plan (Loudoun and LCPS):
 - *Scheduled Start Date:* October 31, 2016
 - *Scheduled Completion Date:* November 14, 2016
 - CEMLI Developed and UAT (Loudoun and LCPS):
 - *Scheduled Start Date:* October 14, 2016
 - *Scheduled Completion Date:* March 8, 2017
 - Test Plan (Loudoun and LCPS):
 - *Scheduled Start Date:* October 13, 2016
 - *Scheduled Completion Date:* October 28, 2016
 - Cutover Plan (Loudoun and LCPS):
 - *Scheduled Start Date:* October 27, 2016
 - *Scheduled Completion Date:* November 14, 2016
 - CRP2 (Loudoun and LCPS):
 - *Scheduled Start Date:* December 8, 2016
 - *Scheduled Completion Date:* January 20, 2017
 - Train-the-Trainer (Loudoun and LCPS):
 - *Scheduled Start Date:* January 19, 2017
 - *Scheduled Completion Date:* February 16, 2017
 - User Acceptance Test (UAT) Test Scripts (Loudoun and LCPS):
 - *Scheduled Start Date:* February 9, 2017
 - *Scheduled Completion Date:* April 3, 2017
- **Transition – Phase 2B:**
 - *Scheduled Activities and Milestones:*
 - SIT Preparation (Loudoun and LCPS):

- *Scheduled Start Date:* January 23, 2017
- *Scheduled Completion Date:* February 13, 2017
- Conduct CRP3/SIT (Loudoun and LCPS)
 - *Scheduled Start Date:* February 14, 2017
 - *Scheduled Completion Date:* April 21, 2017
- UAT (Loudoun and LCPS):
 - *Scheduled Start Date:* April 24, 2017
 - *Scheduled Completion Date:* June 16, 2017
- Production Infrastructure:
 - *Scheduled Start Date:* May 1, 2017
 - *Scheduled Completion Date:* June 21, 2017
- **Production – Phase 2B**
 - *Scheduled Activities and Milestones:*
 - Cutover to Production (Loudoun and LCPS):
 - *Scheduled Start Date:* June 19, 2017
 - *Scheduled Completion Date:* July 4, 2017
 - Post Go Live Support (Loudoun and LCPS):
 - *Scheduled Start Date:* July 4, 2017
 - *Scheduled Completion Date:* August 8, 2017

There are currently no issues that Oracle and Loudoun project management deem to be an impact to the overall project. Last month, the following risk was reported to the Finance/Government Operations and Economic Development Committee, but has since been closed:

- *Risk:* LCPS intends to change the existing pay structure from a semi-monthly schedule to a bi-weekly schedule; this change requires School Board approval, and was presented on August 9, 2106.
- *Impact:* The implementation of the LCPS Payroll module is based on a design that assumes the School Board will approve this action, however, if the action is not approved, Oracle will be required to redesign the end solution for LCPS Payroll, which bears an estimated two week negative impact to the schedule.
- *Status:* Risk is closed; on September 13, 2016, the School Board approved the action to change the LCPS pay structure from a semi-monthly schedule to a bi-weekly schedule with one week in arrears. This action will have no impact to the Phase 2 Project or timeline.

FISCAL IMPACT: Currently \$10,028,914 is available (unencumbered) in the ERP project in the Capital Fund. This includes the \$4,775,527 appropriated by the Board from FY 2016 General Fund Balance to complete the Phase 2 implementation. The total cost for Oracle to complete the Phase 2 implementation is currently estimated at \$9,389,468 of which \$3,633,764 has already been encumbered. The remaining funds not currently obligated are anticipated to be used for post go live support and other ancillary items related to the successful completion of Phase 2. No additional funds are being requested at this time.

ATTACHMENT 1: ORACLE PHASE 2 PROJECT TIMELINE

