

**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

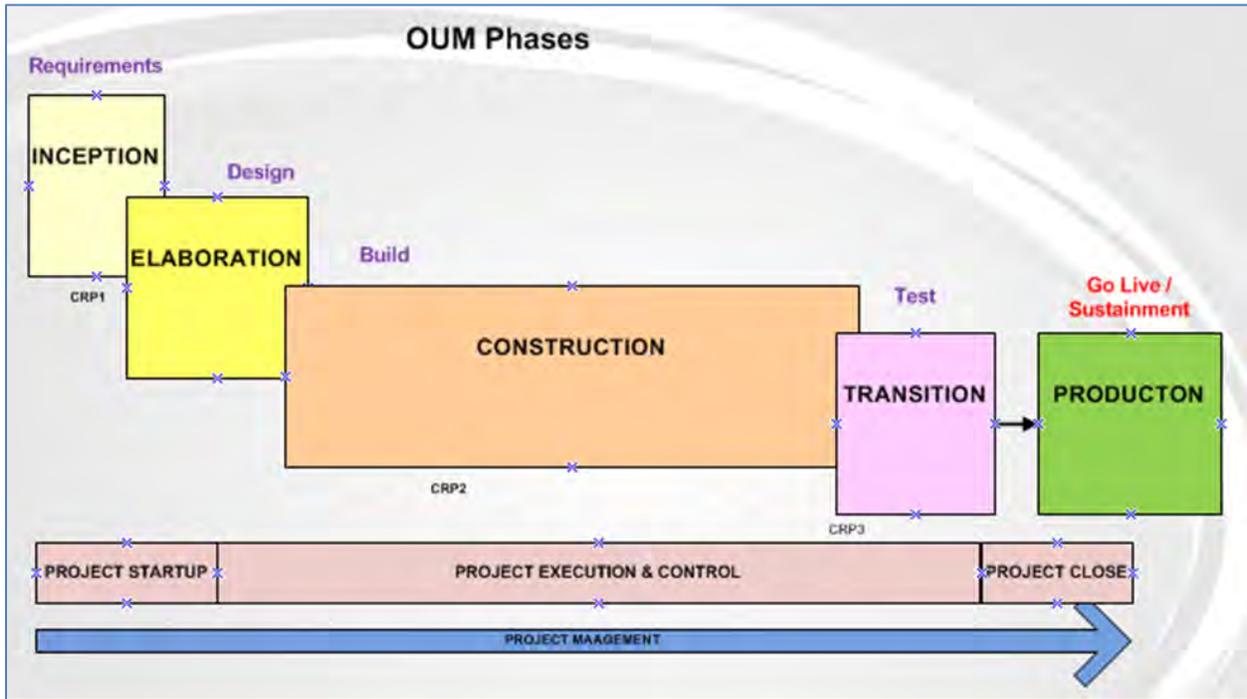
In January 2016, Loudoun engaged Oracle to perform a comprehensive assessment of the Phase 2 implementation and to recommend a road map to best move the project forward. Based on the outcome of the assessment, Loudoun authorized Oracle to begin the Phase 2 implementation on May 9, 2016, and on June 23, 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. Most recently, Gartner, Inc. has started the Independent Verification and Validation (IV&V) effort, which includes project management and technical review services.

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 37% 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 November 9, 2016.*

- **Inception Phase – Phase 2A:** Key project activities and milestones are complete.
- **Elaboration Phase – Phase 2A:** This phase is 53% 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: 96%*
 - *Scheduled Completion Date: December 16, 2016*
 - Data Cleanup (Loudoun and LCPS):
 - *Percent Complete: 41% Complete*
 - *Scheduled Completion Date: February 2, 2016*
 - *Note: More granular subtasks were added to this task, resulting in an overall change in duration and percent complete. The scheduled completion date changed from November 24th to February 2, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - Data Conversion Extract for Development (Loudoun and LCPS):
 - *Percent Complete: 95% Complete*
 - *Scheduled Completion Date: November 24, 2016*
 - *Note: The scheduled completion date changed from November 3rd to November 24, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - System Integration Test (SIT) Test Scripts (Loudoun and LCPS):
 - *Percent Complete: 10%*
 - *Scheduled Completion Date: March 14, 2017*
 - *Note: This task started ahead of schedule, and the scheduled completion date changed from February 22nd to March 14, 2017, however this change bear 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:* November 15, 2016
 - *Scheduled Completion Date:* February 7, 2017
**Note: The scheduled start date changed from October 27th to November 15, 2016, and the scheduled completion date changed from January 18th to February 7, 2017, however, this change bears no impact to the project schedule and budget, and will be closely monitored by project management.*
- **Construction Phase – Phase 2B:** This phase is 17% complete.
 - *In Progress Activities and Milestones:*
 - Detailed Functional Design Documents (Loudoun and LCPS):
 - *Percent Complete:* 49%
 - *Scheduled Completion Date:* November 15, 2016
**Note: The scheduled completion date changed from October 26th to November 15, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - Detailed Technical Design Documents (Loudoun and LCPS):
 - *Percent Complete:* 32%
 - *Scheduled Completion Date:* December 19, 2016
**Note: The scheduled completion date changed from December 7th to December 19, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - Set Up and Configuration (Loudoun and LCPS):
 - *Percent Complete:* 21%
 - *Scheduled Completion Date:* January 4, 2017
**Note: The scheduled completion date changed from December 28th to January 4, 2017, however, this change bears no impact to the critical path, and will be closely monitored by project Management.*
 - CEMLI Development (Loudoun and LCPS):
 - *Percent Complete:* 12%
 - *Scheduled Completion Date:* March 13, 2017
**Note: The scheduled completion date changed from March 8th to March 13, 2017, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - Test Plan (Loudoun and LCPS):
 - *Percent Complete:* 15%
 - *Scheduled Completion Date:* November 16, 2016
**Note: The scheduled completion date changed from October 28th to November 16, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - Cutover Plan (Loudoun and LCPS):
 - *Percent Complete:* 20%
 - *Scheduled Completion Date:* December 2, 2016
**Note: The scheduled completion date changed from November 14th*

to December 2, 2016, however, this change bears no impact to the critical path, and will be closely monitored by project management.

- *Scheduled Activities and Milestones:*
 - Training Plan (Loudoun and LCPS):
 - *Scheduled Start Date:* November 16, 2016
 - *Scheduled Completion Date:* December 1, 2016
 - *Note: The scheduled completion date changed from November 14th to December 1, 2016, however, this change bears no impact to the critical path and will be closely monitored by project management.*
 - 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:* February 7, 2017
 - *Scheduled Completion Date:* March 7, 2017
 - *Note: The scheduled start date changed from January 19th to February 7, 2017, and the scheduled completion date changed from February 16th to March 7, 2017, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - User Acceptance Test (UAT) Test Scripts (Loudoun and LCPS):
 - *Scheduled Start Date:* February 28, 2017
 - *Scheduled Completion Date:* April 21, 2017
 - *Note: The scheduled start date changed from February 9th to February 28, 2017, and the scheduled completion date changed from April 3rd to April 21, 2017, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
- **Transition – Phase 2B:**
 - *Scheduled Activities and Milestones:*
 - Data Cleanup Maintenance:
 - *Scheduled Start Date:* January 9, 2017
 - *Scheduled Completion Date:* May 12, 2017
 - 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 28, 2017
 - *Note: The scheduled completion date changed from April 21st to April 28, 2017, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
 - UAT Preparation:
 - *Scheduled Start Date:* May 1, 2017

- *Scheduled Completion Date:* May 8, 2017
- UAT (Loudoun and LCPS):
 - *Scheduled Start Date:* May 9, 2017
 - *Scheduled Completion Date:* June 16, 2017
- Production Infrastructure:
 - *Scheduled Start Date:* May 1, 2017
 - *Scheduled Completion Date:* June 28, 2017
**Note: The scheduled completion date changed from June 21st to June 28, 2017, however, this change bears no impact to the critical path, and will be closely monitored by project management.*
- **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.

FISCAL IMPACT: The Board appropriated \$4,775,527 from FY 2016 General Fund Balance to complete the Phase 2 implementation. Currently \$3,805,256 is available (unencumbered) in the ERP project in the Capital Fund. The contract with Oracle has been finalized and the total cost for Oracle to complete the Phase 2 implementation is estimated at \$9,906,061, which 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

