Financial and Administrative Systems Transformation

Executive Steering Committee
June 4, 2019

Agenda

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- Preliminary Thoughts on Program Scope, Budget and Timeline

- Plans Over the Next 3 Months, 6 Months and Year

- Summary: Action Items and Next ESC Agenda

Introductions

- Ronald Arigo – Executive Branch, Chief Human Resources Director

- Suzanne M. Bump – State Auditor

- Deborah B. Goldberg – State Treasurer

- Michael J. Heffernan – Secretary, Administration and Finance

- Andrew Maylor – Comptroller

- Ann Reale – Under Secretary of Education

- Jeffrey Shapiro – First Deputy Comptroller

- Marcel Vernon – Chief Financial Officer, Trial Courts

- Curtis Wood – Secretary, Technology Services & Security

- Jordan Harris – Initiative Co-Program Manager

- Helen O'Malley – Initiative Co-Program Manager

Initiative Background

*Why "Transform" our core financial and administrative systems?*

- Current Commonwealth financial management and human capital management/payroll systems (MMARS and HR/CMS) are built on aging software and are not keeping pace with modern improvements in functionality, usability, and cyber-security

- These applications were originally highly customized and continue to support business processes that have only incrementally been streamlined and are not keeping pace with newer best practices such as paperless transaction processing, self-service and access through mobile devices

- Market trends are moving rapidly in the direction of integrated Commercial-Off-the-Shelf (COTS) cloud-based solutions for finance, HR and other administrative functions across many States.

Proposed Governance Structure

Create a streamlined and inclusive governance structure

- **Role of the Executive Steering Committee (ESC)**
  - Chaired by the Executive Sponsors
  - Review and recommendations on:
    - Program goals and success measures
    - Scope of Program
    - Implementation and timeline
  - Assuring Program success

- **Role of the Operations Work Group(s) (OWG)**
  - Likely will entail at least 3 OWGs – Financial Management, Human Resources, Payroll
  - Advise ESC members of needs, concerns, recommendations
  - Provide operational expertise to the Program
  - Ensure that all Commonwealth entities' issues, needs, and concerns are appropriately addressed
  - Assuring success for the entities and for the overall Program

- **Role of the Program Management Office (PMO)**
  - Comprised of co-Program Managers and leads for Financials, Financial Reporting, Payroll, Human Resources, Change Management, Risk/Compliance and Technology
  - Successful Program execution within bounds of scope, time, and budget as determined by ESC
  - Obtain resources as needed
  - Help to define scope and facilitate visioning process

Executive Steering Committee

Operations Work Groups

Program Management Office
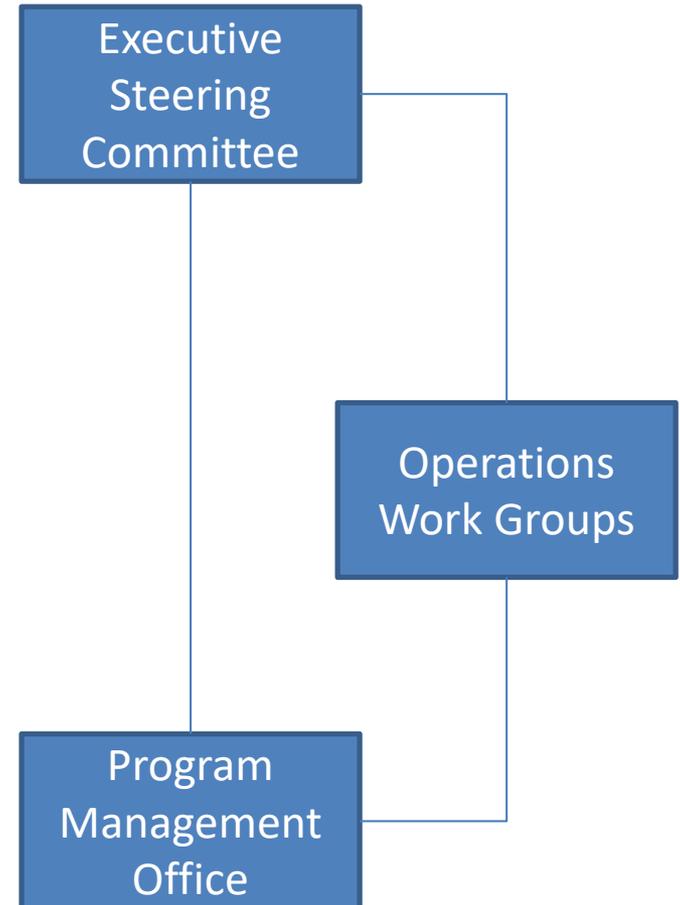
Recommended Processes for ESC Meetings

- **Meeting Frequency**
  - Meetings are initially proposed to be monthly (one hour, more as needed)
  - Frequency to be adjusted based on current needs and events
  - Recommend having the meetings on a set date each month

- **Attendance**
  - Preference that only named members and/or their designee attend in order to maintain consistency in information and perspectives
  - Need to agree on what defines a quorum and when a quorum is needed
  - Also need to agree on approach to inviting additional non-voting members
  - Program Managers (PMs) will attend as "non-voting"

- **Agendas**
  - Will be proposed by PMs and discussed by ESC
  - Agendas will cover
    - Topics requiring input and advice from ESC
    - Current key issues
    - Routine status on progress

Defining What We Hope to Achieve Via Transformation

- Need a clear definition of: "What does success look like?"

- In up-coming ESC meetings, the PMO and OWGs will recommend quantitative and qualitative goals and measures that will define success and priorities to the ESC for your review

  - Potential / example types of goals and measures:

    - Reduction in transaction times and error rates due to easier usability

    - Reduction in redundant keying and reconciliation of disparate systems

    - Reduction / elimination of manual and paper-based processes

    - Increase in employee and business partner self-service for a wide-range of processes (e.g. payroll, status of financial transactions and approvals, etc.)

    - Reduction in time needed for training and on-going system usage support

    - Reduction in number of cyber-security vulnerabilities and ability to maintain a high-level of cyber-security

Defining Program Scope
Establishing a scope that is clear, realizable and achieves the overall program goals

- "Scope" encompasses many dimensions:
  - The "core" of this initiative is proposed to be the replacement of:
    - Massachusetts Management Accounting and Reporting System (MMARS)
    - Human Resources/Compensation Management System (HR/CMS)
- These systems interact with many business processes and systems across state and local government and our many commercial partners. Scope includes impacts and implementation across a broad class of internal and external users and stakeholders
- "Scope" also means the software and implementation approach:
  - Scope of the procurement,
  - Scope of functionality that may ultimately be implemented, and
  - Scope of the project to be undertaken within the next 3-5 years as bounded by the ESC
- A key role of the ESC will be to help explore and define the scope
- The next slide presents a preliminary "strawman" for discussion

Preliminary Program Scope for Discussion
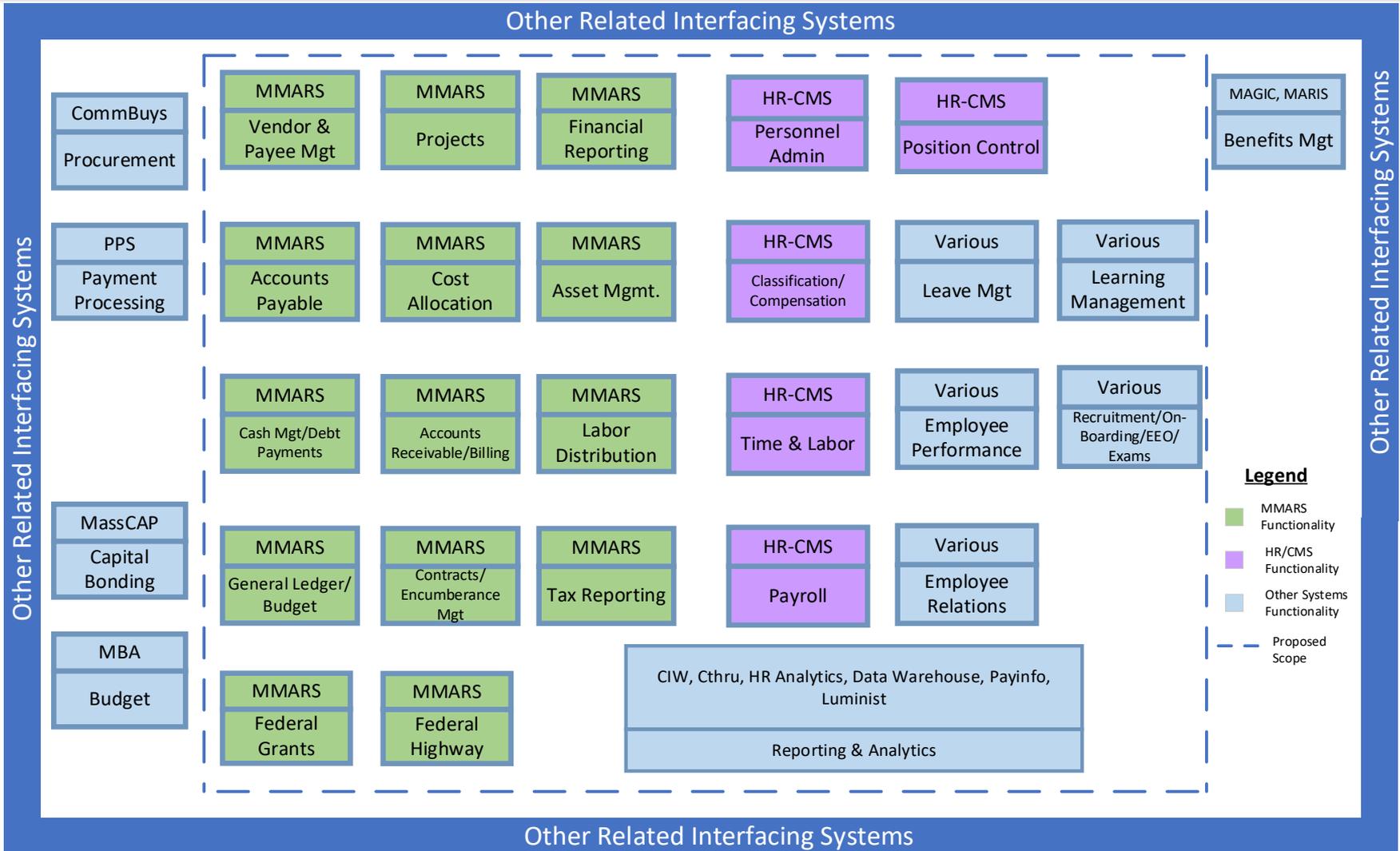
Preliminary Thoughts on Program Scope, Budget and Timeline

- **From a scope perspective:**

  - ***For the Procurement***: Select a software system that provides a range of financial and human resource management functionality with modern security and user features and also may include other core administrative and operational functions such as budget development/tracking, procurement, benefits administration, etc. for potential future consideration

- **From a timeline perspective:**

  - An overall 3-4+ year phased project to replace MMARS and HR/CMS :

    - PMO Set Up & pre-procurement activities (4-6 months)

    - Software and Implementation Partner Procurement (4-6 months)

    - Phase 1 (12-15 months)

    - Phase 2 (12-15 months)

  - Functionality to be implemented in each phase is yet to be determined and will be decided based on information gathered during the visioning and procurement processes

  - Additional ERP modules could be rolled out following the initial implementation if other enterprise applications are nearing their expiration dates and business owners see value in the procured ERP software

- **From a budget perspective**
  - EOTSS capital budget for FY2020 is the funding source for this capital project

Over the Next 3 Months
Set-Up and Organization

- Formation of the PMO: staff, planning, Program foundation (status reporting, plan management, issue and risk management, etc.)

- Procurement of outside consultant firm to make recommendations in setting up PMO protocols and procedures and to assist in pre-procurement phase

- Establish ESC membership, processes and near-term agendas

- Meet with stakeholder organizations to explain Program and identify key players from each organization

- Form Operations Working Group(s) membership, processes and thoughts for initial Program months

- Prepare materials and research to facilitate scope and visioning exercise

Over the Next 6 Months
Pre-Procurement: "Visioning"

- Prior to attempting a procurement of software or services there is a significant amount of up-front work that needs to be done this up-front work is being referred to as "Visioning"

- Visioning entails topics such as, but not limited to:

  - Reviewing other States' and private sector experiences and lessons learned in similar administrative systems initiatives

  - Current system opportunities for improvement where:

    - Users are not able to perform daily business functions smoothly or easily

    - Workarounds where adjunct systems or spreadsheets are used

    - Paper processing or redundant actions are necessary

  - Identification and documentation of likely impact to all interfaces and "shadow" systems that agencies use to better support their business and current interfaces that might be retired with a new ERP solution

  - Compilation of statutes and regulations that govern the "in scope" applications

  - Opportunities to improve the current Commonwealth's chart of accounts for better reporting and management

  - Identification of current reports/business intelligence systems and areas for improvement

- These efforts will entail:

  - Engagement from a broad community of stakeholders and subject matter experts

  - Involvement from users of the current systems

  - Support from outside consultants for insight into best practices in government financials and HR/payroll processes

Over the Next Year

- Completion of the Visioning phase

- Decision on overall procurement approach, e.g.:

    – Procuring software and services as a single or multiple procurements?

    – A phased implementation, or not, and if so, what are the phases and are those phases separately procured?

    – Scope of procurement versus scope of implementation

- Issuance of an RFR and completion of a procurement for software and implementation services

    – By the end of Fiscal Year 2020 (June 2020) an RFR for software procurement and implementation services would have been posted, responses evaluated, and a decision made as to the selected vendor(s)

Summary: Action Items and Next ESC Agenda

- Summary

- Review of Action Items

- Proposed agenda for next ESC