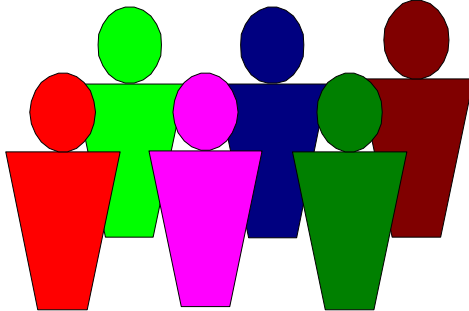**TASK FORCE APPROVED**

FLORIDA FINANCIAL MANAGEMENT INFORMATION SYSTEM

ENTERPRISE RESOURCE PLANNING INTEGRATION TASK FORCE

THIRD QUARTERLY REPORT

"…to facilitate the successful and efficient integration of the central administrative and financial management information systems..."

June 30, 2004

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1. EXECUTIVE SUMMARY

This is the third and final Quarterly Report of the Enterprise Resource Planning (ERP) Integration Task Force (Task Force) for fiscal year July 2003-June 2004. The Task Force is charged by statute to support the Financial Management Information Board (FMIB) in its efforts to facilitate the successful and efficient integration of the central administrative and financial management information systems, referred to collectively as the ERP[1] subsystems.

Status of the ERP Information Needs Analysis Project

The Information Needs Analysis Project was undertaken in an attempt to better understand the enterprise information needs of a segment of ERP subsystem users. The study looked at the kinds of questions these users would like to be able to answer through the combined data gathering and reporting capabilities of the integrated ERP subsystems. This project concluded in May 2004.

The conclusion from the analysis is that while the majority of data needed to meet the needs of ERP information consumers will be captured, the synthesis and delivery of this data in a format needed to answer questions posed by consumers is not being specifically planned by any system. Consequently, unless deliberate action is taken to provide ERP information consumers with an enterprise view[2] of data, valuable information will remain dispersed throughout the enterprise and will only be retrievable through an inordinate commitment of time, effort and expense.

Status of the Modification of the Membership of the FMIB and Task Force

During the 2004 Legislative Session the Department of Financial Services (DFS) was successful in its initiative to amend FFMIS Legislation to add the Commissioner of Agriculture to the FMIB and his designee to the ERP Integration Task Force. The Commissioner and his representative will be participating in FMIB and Task Force activities beginning in July of 2004.

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[1] All references to the "ERP subsystems" in documents prepared by the ERP Integration Task Force refer, collectively, to the FLAIR/CMS Replacement project (now called "ASPIRE"), SPURS and MyFlorida Marketplace project, COPES and the PeopleFirst project, the payroll system, LAS/PBS, and SUNTAX system.

[2] The phrase "enterprise view" refers to defining and assembling current and accurate information from all ERP subsystems and then delivering it promptly and securely to executives and other decision makers at all levels of Florida State government – including to those members who are not regular ERP subsystem users. This enterprise view will only be produced through a skillful combination of the technical capabilities of the ERP subsystems, a meaningful analysis of what information users need, and careful implementation of policies and procedures. Stakeholders identified a number of desirable attributes of the enterprise view. Chief among these was a "single version of the truth" where anyone performing the same query would get the identical result. Other desired attributes are: single user sign-on, role-based security and the ability to export delivered information to Microsoft Office products.

Problems, Issues or Risks

In the last Quarterly Report the Task Force Integration Center of Competence highlighted several integration issues that might have required executive level action. Most of these issues have been resolved through the continued efforts of the workgroup and through a more complete definition of the Aspire System.

New issues identified that may require executive level action are:

- Ratification of a minimal set of Enterprise Interoperability requirements.

- Recommendation for further analysis and definition of an Enterprise Information Reporting Solution

These issues are described more fully in Sections 2 and 4.

Actual Costs Related to the Task Force

The Task Force has expended a total of $351,110.19 during the fiscal year 03-04. Two thirds of that amount ($217,000) was used to purchase consulting services to complete the Information Needs Analysis. The remainder was used for Task Force staff salaries, supplies and operating expenses.

Achieving Basic ERP Subsystem Interoperability

The Task Force has produced a diagram of the minimal set of ERP subsystems interoperability requirements that are necessary to perform the vital functions of state government, such as purchasing, human resource management, labor cost distribution, and budget execution. See diagram 6 (page 13).

The Task Force is monitoring the development of these information exchange pathways and at present is satisfied that, with due diligence, the basic interoperability shown in this diagram will be achieved as the ERP subsystems are deployed.

2. *QUARTERLY REPORT ITEMS REQUIRED BY STATUTE*

2.1 Status of Efforts Adopted by the FMIB

2.1.1 Information Needs Analysis (Adopted November 25, 2003)

The Task Force recommended, and the FMIB adopted, the following actions:

1. Adopt the goal of determining the best means of satisfying the enterprise information and reporting needs of Florida State government. The Task Force plans for achieving this goal are discussed in section 4.

2. As a first step toward this goal, grant to the Task Force the necessary authority and direct them to produce and publish an Enterprise Information Needs Analysis. The Information Needs Analysis was completed in May 2004. The most significant results are summarized below.

2.1.1.1 Principal Conclusion

No plan currently exists to define, retrieve, consolidate, and deliver enterprise information to consumers

The Enterprise Resource Planning (ERP) Information Needs Analysis Project included completion of a gap analysis in two areas; information needs and information delivery. The results of these gap analyses indicate that State of Florida ERP subsystems will capture 78% of the data required to meet needs identified by ERP information consumers. However, no plan currently exists to retrieve, consolidate, and deliver information to ERP information consumers from an enterprise perspective.

Although the ERP subsystem projects are developing considerable interoperability for transaction purposes, the information produced by these systems is almost entirely focused on meeting functional owner and operational user needs. Unless a deliberate effort is made to provide ERP information consumers with an enterprise view, valuable information will remain dispersed throughout the enterprise and will only be retrievable through an inordinate commitment of their time, effort and expense.

The remainder of this summary provides additional project information and high-level findings from the information needs and information delivery gap analyses.

2.1.1.2 Elements of the Analysis

For purposes of this project, ERP information consumers are defined as state employees who regularly require central financial and management information but are not everyday users of the ERP subsystems that contain the information. ERP information consumers that participated in this project included the staffs of the House and Senate Appropriations Committees, the staff of the Governor's Office of Planning and Budgeting, representatives from the Florida Association

of State Agency Administrative Service Directors (FASAASD) and the Florida Association of State Budget Officers (FASBO).

The ERP subsystems considered in the gap analyses include Aspire[3], LAS/PBS, MyFlorida Marketplace, PeopleFirst, and SUNTAX. The results of this project do not reflect the capabilities of COPES, FLAIR, and SPURS, all of which slated for retirement.

2.1.1.3 Meeting Information Needs

The information needs gap analysis included the identification and classification of the information needs of ERP information consumers and an analysis to determine if the state's ERP subsystems can or will be able to provide responses. Examples of information needs include inquiries into trust fund balances and revenues and expenditures for various time periods. The information needs gap analysis yielded the following high-level conclusions:

- In the future, the State of Florida will be able to answer 78% (Current 27% plus Future 51%) of the information needs identified. This result assumes that the 27% of questions that can be answered today will continue to be available in the future. This result also assumes that for those subsystems that were not fully implemented at the time of this project, the policies and procedures required to make full use of the new ERP subsystem capabilities will be put into place. This is an important distinction because effective information management and reporting depends, in part, on the capabilities of the system and, perhaps in even greater part, on how the system is employed by its users.

- Preliminary analysis of the information needs that were classified as gaps indicate 13% (of 19%) fall within two categories[4]. The two categories are travel and areas beyond the immediate scope and control of the Task Force. The information needs that are beyond the scope and control of the Task Force but are related to enterprise financial and management information require data from universities, and school and water districts and are not likely to become available electronically in the near future. The travel-related information needs represent 10% of the total gap. The information needs beyond the scope and control of the Task Force represent an additional 3% of the total gap.

- The State of Florida is in a period of transition as indicated by the 51% of information need responses that will not be available until the future. The state will not have access to all the data required to respond to the information needs until all ERP subsystems are fully implemented.

2.1.1.4 The "Delivery Problem"

The information delivery gap analysis included identification of the information delivery requirements of ERP information consumers and comparison of these requirements with the

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[3] For purposes of this analysis, the Project Aspire Team answered questions regarding accounting, payroll and cash management.

[4] An information need classified as a gap is a need that the ERP subsystems are currently unable to answer and for which there are no known or existing projects to meet the need.

reporting mechanisms that have or will be provided by the state's ERP subsystems. Information delivery requirements included such things as single user logon, role-based security, and the ability to export responses to Microsoft Office products. The information delivery gap analysis yielded the following results:

- ERP information consumers require, and would benefit from, an enterprise reporting solution.

- The State of Florida is not currently implementing an enterprise reporting solution and – at present, there are no specific plans to do so.

- The State of Florida currently owns the necessary software to implement an enterprise reporting solution.

- All five ERP subsystems are capable of participating in any enterprise reporting solution based upon any of the technologies that are commonly employed for this purpose.

Not only is there an unsolved "delivery problem" in getting decision support information from FFMIS to consumers, there is a significant need for State government leaders to undertake the process analysis, training and reorientation necessary for them to become ready to effectively use the completed FFMIS to govern – as they could be doing as early as 18 months from today.

2.1.2 *Modifying Membership of the FMIB and Task Force (Adopted November 25, 2003)*

During the 2004-2005 Legislative Session the Department of Financial Services (DFS) was successful in its initiative to amend the FFMIS Legislation to add the Commissioner of Agriculture to the FMIB and his designee to the ERP Integration Task Force. The Commissioner and his representative will be participating in FMIB and Task Force activities beginning in July of 2004.

2.2 Problems, Issues or Risks Requiring Executive Level Action

There are currently no items requiring executive level action.

2.3 Actual Costs of Task Force Operations

The Task Force has expended a total of $351,110.19 during the fiscal year 03-04. Two thirds of that amount ($217,000) was used to purchase consulting services to complete the Information Needs Analysis. The remainder was used for Task Force staff salaries, supplies and operating expenses.

3. ERP SUBSYSTEM PROJECT STATUS

This section describes, at a high level, the current status of the four active ERP subsystem projects that are currently underway.

3.1 Integrated Schedule & Timeline

The following is an integrated high-level schedule of the active ERP subsystem projects.
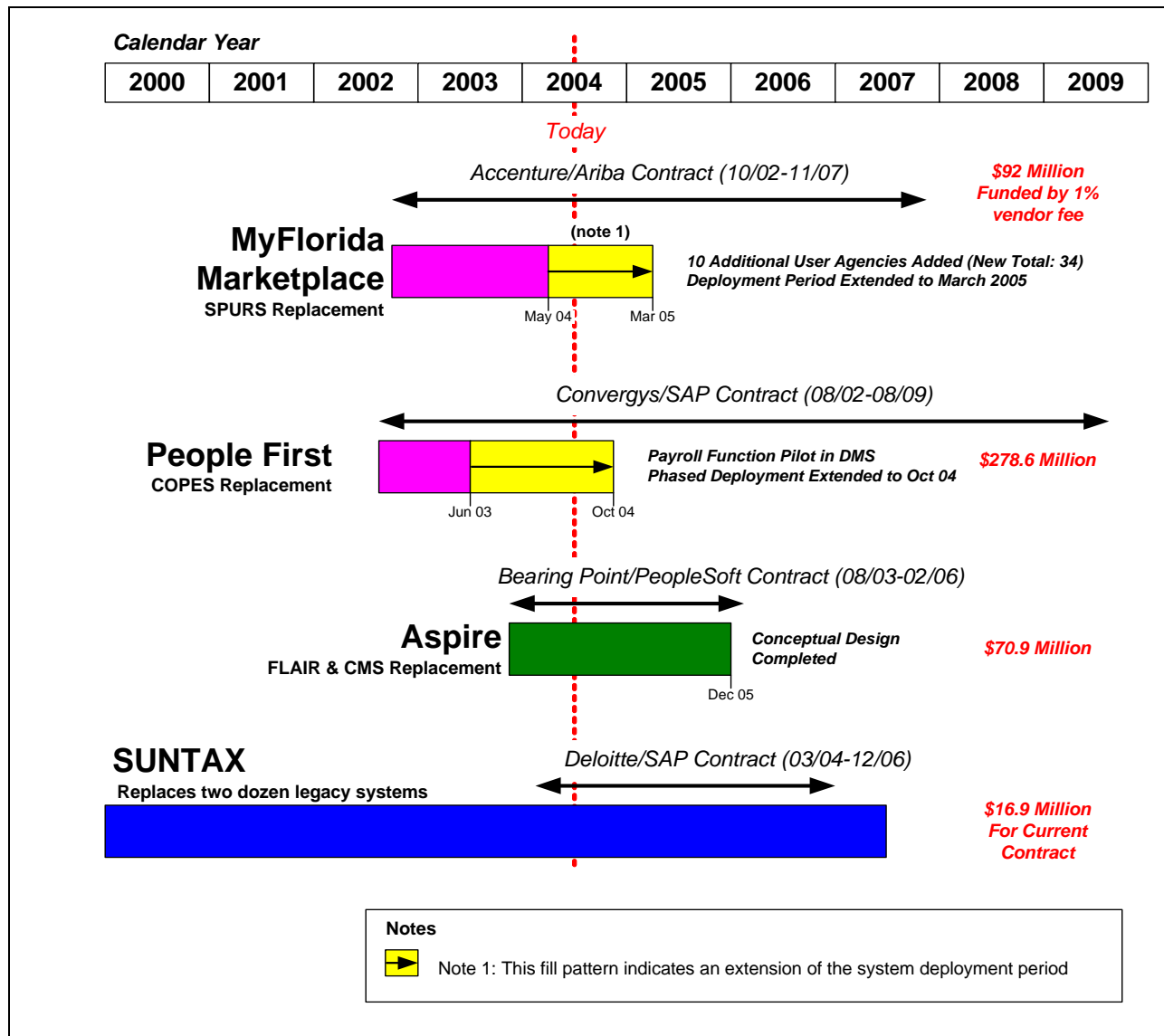

Figure 1. Composite Integration Plan and Timeline

3.2 Status of MyFlorida MarketPlace (Purchasing Outsourcing) Project
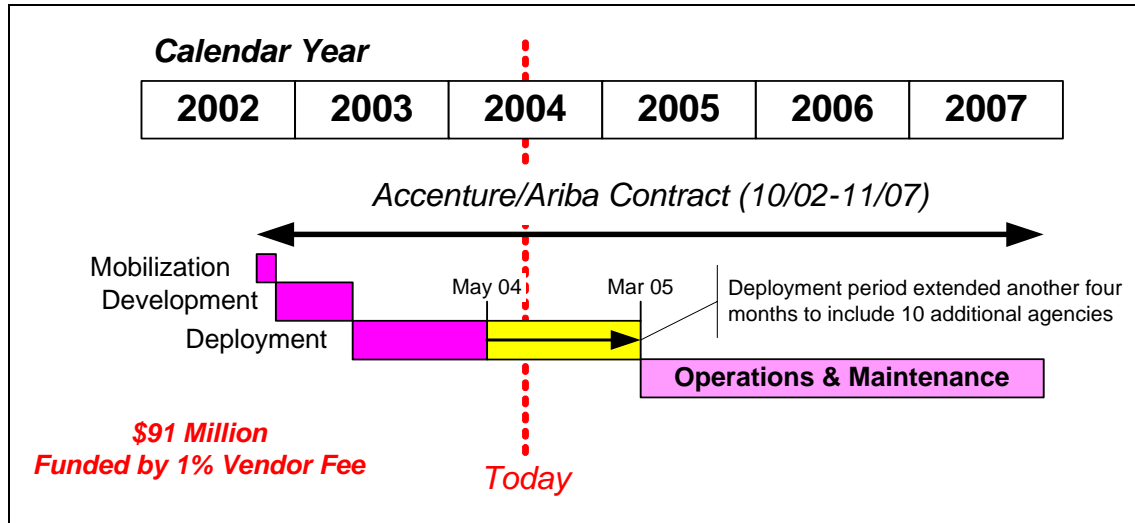

Figure 2. MyFlorida Marketplace Timeline

Schedule: Modifications to core functions have resulted in a six-month extension to the deployment phase. Twelve more agencies will transition to MyFlorida Marketplace between July 2004 and November 2004. An additional ten agencies have been selected to migrate to MyFlorida Marketplace - bringing the total to 34 – and extending the phased deployment for an additional four months to March 2005.

Status: A major application upgrade, based upon feedback from the 12 agencies that have already completed transition, was implemented in March 2004. The project team is working closely with agencies that have completed their transitions to MyFlorida Marketplace and is supporting their application and reporting needs related to their fiscal year end activities.

Cost: This contract is funded through a one-percent fee on nearly all purchases made using the new system. The total contract value is $92,000,000 over five years. Accenture's revenue has been far below projections. Slower than expected deployment to the agencies has reduced the volume purchased using MyFlorida MarketPlace. In addition, many vendors who have multiyear contracts are exempt from the 1% fee until the contracts are up for renewal. To date, MyFlorida Marketplace has been used to purchase $211 million in goods and services, but this amount is only 11% of the $2 billion estimate used to calculate Accenture's projected revenue.

Legacy System Replacement: The Statewide Purchasing Subsystem (SPURS) is a primary repository for vendor/payee information used by the State accounting subsystem (FLAIR). DMS has decided not to migrate all SPURS data into MyFlorida MarketPlace because it contains data from payees who are not vendors. SPURS will remain in service until a different migration plan is devised.

Integration Issues: SPURS retirement, vendor/payee table management, boundary/overlap with the new State accounting (Aspire) subsystem, Pcard, travel and asset management.

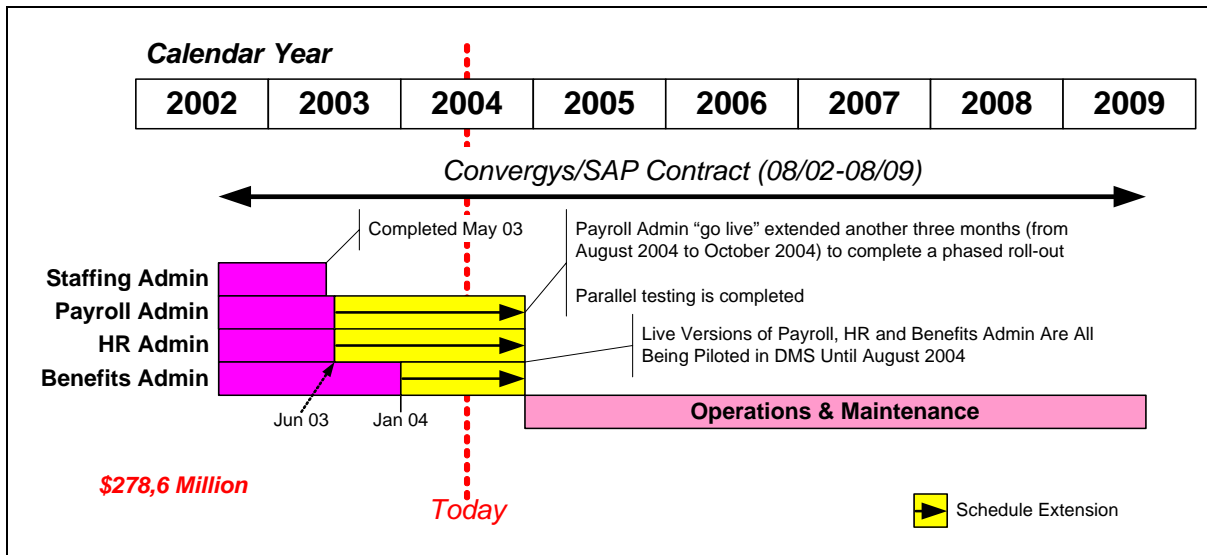### 3.3 Status of People First (HR Outsourcing) Project

Figure 3. People First Timeline

Schedule: The completion of all remaining phases of the People First subsystem has been pushed back an additional three months to October 2004, or 16 months after the original date of June 2003.

Status: The following significant events have occurred since the last Quarterly Report.

- DMS is conducting - on itself - a pilot of the live PeopleFirst system through August 2004 and has reached an agreement with DFS on the criteria for determining its success.

- The pilot consists of producing three bi-weekly pay cycles, three supplemental pay cycles, one monthly pay cycle and one awards pay cycle. So far, the pay production cycles completed in this pilot have achieved the success criteria.

- Following final signoff by the CFO, a phased roll out of the system in six waves, to all designated users, will begin. Data conversion is scheduled to be complete in October 2004. Change Management and Training focus will continue until January 2005.

Cost: (Unchanged) The cost of People First is $278,600,000 for the seven-year life of the contract – which includes outsourcing of services as well as system development.

Legacy System Replacement: (Unchanged). The People First subsystem is intended to replace a number of legacy systems. Foremost among these is the Cooperative Personnel Employment System (COPES) and its inquiry tool, COPESview. Until the People First subsystem goes live, COPES will continue to be the system of record for key human resource functions and state employee payroll preparation.

 Integration Issues: (Unchanged). Labor cost distribution, payroll production, travel expense management and position, salary & rate management.

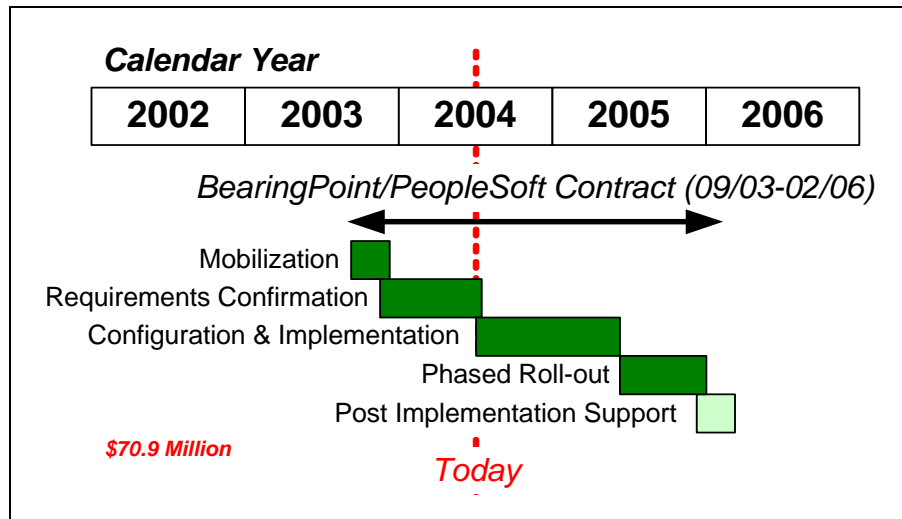### 3.4 Status of Project Aspire (FLAIR & CMS Replacement) Project

Figure 4. Project Aspire Timeline

Schedule: (Unchanged) Configuration and implementation of the Aspire subsystem is scheduled to commence in May 2004 and will take a year. Phased rollout is scheduled to begin in May 2005 and will continue to December 2005. Post implementation support will be provided from December 2005 to February 2006. The duration of the contract is 29 months.

Status: The Aspire Project is in the configuration and implementation phase. A conceptual design is scheduled for delivery on July 29, 2004.

Cost: The total cost of the Aspire Project contract is $70.9 million. Expenditures to date total $29.8 million (42%). Ten months of the contract period (33%) have elapsed.

Legacy System Replacement: The Aspire subsystem will replace the Florida Accounting Information Resource System (FLAIR) system and the Cash Management System (CMS).

Integration Issues: There are several integration issues with Project Aspire. This subsystem has multiple – and often complex – integration points with all other ERP subsystems. The Task Force has adopted several of these integration issues for review and resolution. The majority of the integration issues are being addressed by the Aspire External Systems Integration review and analysis effort. Issues that cannot be resolved through this effort are elevated to the Task Force for resolution.
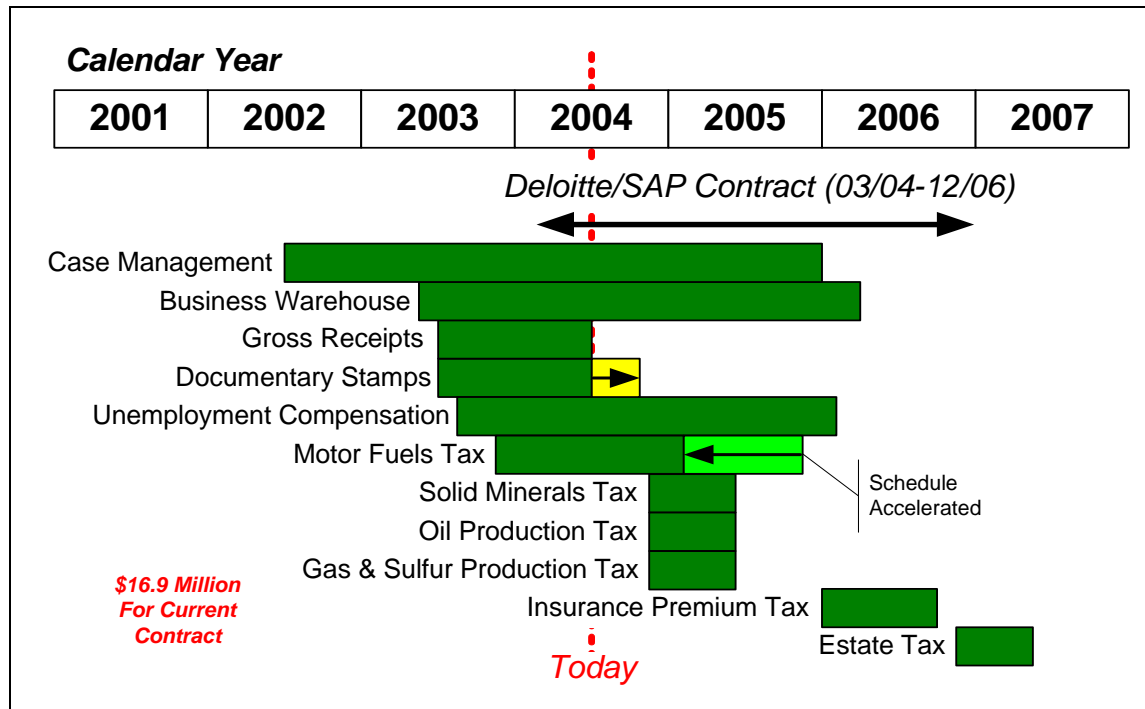
3.5 Status of the SUNTAX Project

Figure 5. SUNTAX Project Timeline

Schedule: The SUNTAX Project has completed the design and development for processing Gross Receipts tax within SAP. The conversion and go live will occur in July. Documentary Stamps is in design and go live is scheduled for October 2004. The Motor Fuel Tax release has been accelerated and is scheduled for February 2005.

Status: The SUNTAX Project is approximately midway through a decade long process and system reengineering effort. Three tax components have been fully developed and are already in production: Corporate Income Tax, Communications Services Tax and Sales & Use Tax. Additional initiatives have been released such as Customer Relationship Mgmt (CRM) and Case Mgmt (ACM) in the last 18 months. In addition, the Business Intelligence (BI) functionality to support reporting and analysis will go live at the end of June 2004.

Cost: (Unchanged) The SUNTAX Project began in 1999 and has been funded primarily through a recurring $5.8 million appropriation in the Department of Revenue (DOR) base budget. State employees built some of the components while Deloitte Consulting, Inc. developed others in a series of short duration contract engagements. In March 2004 DOR executed the long-term contract that extends until the end of 2006 and has a value of $16.9 million.

Legacy System Replacement: The SUNTAX Project is replacing dozens of legacy systems that were crafted over time using a variety of programming languages and platforms. These are being retired as new components of SUNTAX are deployed.

4. ACHIEVING BASIC INTEROPERABILITY OF THE ERP SUBSYSTEMS

The Task Force staff, in conjunction with the Integration Center of Competence (ICC) has produced the ERP subsystems interoperability diagram shown in figure 6. The ICC is a work group composed of members of the ERP subsystem development project teams, subject matter experts from functional owner agencies, information system services vendors and other interested stakeholders.
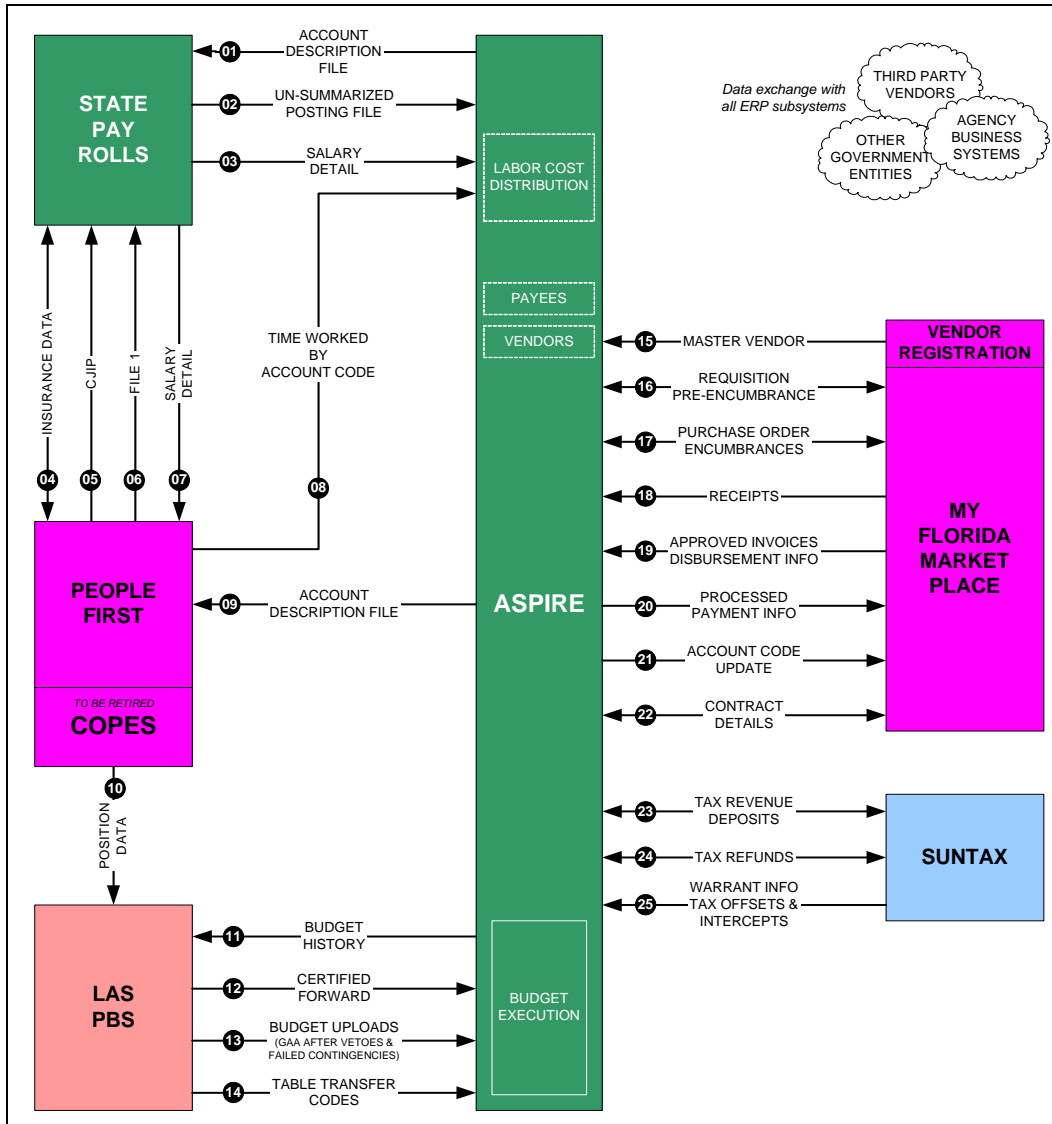

Figure 6. ERP Subsystems Interoperability Diagram

This diagram shows the information exchange paths (numbered arrows) between the ERP subsystems that are planned for implementation by December 2005. The exchanging of

information along these 25 pathways will produce the basic interoperability that is required for the proper functioning of these subsystems.

The Task Force has ratified the information exchanges shown in figure 6 as the minimal set required to perform the core functions of the enterprise.

The creation of this diagram has already revealed two important facts. The first is that the number of information exchanges is (currently) only 25 – fewer than most people expected. The second is that, with very few exceptions, the exchanges are between Aspire and another subsystem – even more so if the state payroll system is re-engineered into the Aspire system, as planned.

The Task Force staff is monitoring the status and progress of establishing this basic interoperability. The ERP Subsystem Interoperability Status and Progress Report is the central repository of all issues and information concerning the information exchanges on this diagram with a separate section for each one. These sections will contain descriptive information, technical and functional requirements, policies and procedures that require modification, any need for executive level action and the status and progress of each.

The program managers of the ERP subsystem development projects have accepted primary responsibility for maintaining this document. Periodically, the Task Force staff will formally deliver this report to the Task Force – and stakeholders – along with an assessment of the effectiveness of this process.

Vital functions of state government, such as purchasing, human resource management, labor cost distribution, and budget execution, simply cannot be performed unless the basic interoperability shown in this diagram is achieved. The Task Force staff has high confidence that the ERP subsystem development projects will succeed in establishing the basic interoperability shown in figure 6 for the following reasons:

- Many of these information exchanges are refinements or enhancements of interfaces that are already present in current systems.

- There has been a highly effective level of cooperation among the project teams, subject matter experts and user representatives during the past year. Many issues pertaining to establishing these information exchanges have been identified and resolved. A great deal of effort is still ahead before interoperability is achieved but the process is sound and progress has been very satisfactory.

- The Aspire Project has an extensive external systems integration plan.