



## County of Yolo

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To: The Chair and Members of the Board of Supervisors

### Regular-General Government 50. Financial Services

#### Board of Supervisors

**Meeting Date:** 08/31/2021

**Brief Title:** INFOR System Upgrade to CloudSuite Financials/Human Resources

**From:** Chad Rinde, Chief Financial Officer, Department of Financial Services

**Staff Contact:** Mark Bryan, Financial System Manager, County Administrator's Office, x4590

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#### Subject

Receive presentation on the County's INFOR Financial and Human Resources Enterprise Resource Planning System upgrade to CloudSuite Financials/HR, authorize the Chief Technology Officer to execute an agreement with INFOR, Inc. for INFOR CloudSuite Software-as-a-Service in an amount not to exceed \$500,000 annually, and authorize the Chief Technology Officer to execute an agreement with RPI Consultants for INFOR CloudSuite Implementation Services in an amount not to exceed \$2,740,520. (General fund impact \$1,870,000) (Gerney/Rinde/Lara/Bryan)

#### Recommended Action

- A. Receive presentation on County's plan to upgrade INFOR System to CloudSuite Financials/HR (CloudSuite);
- B. Authorize the Chief Technology Officer to execute a five-year agreement with INFOR, Inc. for INFOR CloudSuite Software-as-a-Service not to exceed \$500,000 annually, with final form to be approved by County Counsel; and
- C. Authorize the Chief Technology Officer to execute an agreement with RPI Consultants for INFOR CloudSuite implementation services not to exceed \$2,740,520, with final form to be approved by County Counsel.

#### Strategic Plan Goal(s)



*In Support of All Goals (Internal Departments Only)*

#### Reason for Recommended Action/Background

In April 2014, the Board of Supervisors approved the implementation of the INFOR Human Resources and Financial Information system. This decision was preceded by approximately 12 months of work performed by a Financial System Readiness Team (FSRT), which was completed in consultation with the Government Finance Officer's Association (GFOA). The GFOA-assigned consultant specialized in assisting local governments in selecting Enterprise Resource Planning (ERP) Systems.

The County of Yolo created an implementation team that implemented the Payroll and Human Resources modules in April 2015. The team then implemented the Financial modules in November 2015. At that time, the County selected to implement Version 10 of the software, which was the latest

commercial release available. The County chose to implement Version 10 as a single-tenant hosted solution with the hosting managed remotely by INFOR using Amazon Web Services.

In the years following the initial implementation, County staff have taken various steps to improve the functioning of the INFOR system, including a significant effort in 2017 to improve the accounting structure and to better align with the system's design. Additionally, in 2018, Workforce Management (timekeeping module) was put into production. County staff started a significant effort to ramp up improvements to the system in the 2019-20 fiscal year meant to implement various modules of the system, including Contracts Management and Talent Management, that did not occur during initial implementation based on limited staff capacity.

The staggered pace of implementation was not unexpected as an ERP system typically takes as much as five years to achieve full system utilization and make improvements to enhance the system's functioning. However, the efforts in the 2019-20 fiscal year were brought to a halt in early 2020 when County Financial and Human Resources staff were pulled in to support the County's response to the COVID-19 public health emergency. As the public health emergency progressed, it has exacerbated several issues with the INFOR system that were known but more manageable in a physical office environment. These included reliance on physical documents in a variety of processes, limited ability for remote access from any computer due to being application- rather than browser-based, as well as continued licensing constraints. Thus, as the public health emergency began to stabilize, the County INFOR Steering Committee engaged in conversations with INFOR on maximizing the system's value beginning in fall 2020, which led to the value engineering process described below.

### **Value Engineering**

The value engineering process began in approximately September 2020 and concluded in March 2021. During this time period, consultants from INFOR reviewed the County's operation and utilization of the current deployment of INFOR. They met with staff from all key functional areas including but not limited to Information Technology, Procurement, Finance, and Human Resources, as well as certain departments considered to be super-users (such as Health and Human Services).

The intent of the value engineering project was to identify the challenges and pain points involved in the current system and to determine whether the value of the County's previous investments could be maximized through improvements to the current system or could be achieved more expediently through a system upgrade to the latest version of the software, presently called CloudSuite (Version 11). The attached presentation from INFOR (Attachment A) demonstrates the conclusion of the Value Engineering process that was shared with key personnel and the INFOR Steering committee and was shaped by significant amounts of time and demonstrations performed by senior INFOR consulting staff. The results demonstrate several key pain points that exist in the current system summarized below (however, this is what INFOR highlighted rather than an all-inclusive list):

- Paperless Office - The current version of INFOR is a primarily paper-based system. The current version of INFOR does not have integrated paperless capabilities. Although the County has been able to integrate paperless processes in a few select areas by using third-party software, the processes are not fully integrated. While this has functioned in the past, it does not work well given the level of remote work, hybrid work, and physical work being performed by finance, HR, and other operational staff throughout the organization.
- Advanced Visibility and Reporting - The current version of INFOR is cumbersome to report against and difficult to use for users that are not highly trained financial personnel. INFOR CloudSuite has simplified reporting, resolved delayed processing and posting issues, and enhanced self-service business intelligence and dashboards to provide significant time savings on reporting.
- Modern Business Platform - The new version allows for significantly improved data integration with other 3rd party applications to reduce duplicate work occurring in external (non-ERP) systems as well as to improve upon workflows to improve the County's business and financial operations, reducing the amount of manual, routine work. This allows integration with other systems that don't exist today to perform business intelligence and performance management of data in other systems

to integrate both financial and non-financial performance into a common view.

- Cloud-Based (Software-as-a-Service) System - The current version of INFOR requires significant employee effort performing maintenance and patching due to the County being in a single-tenant environment and thus responsible for ensuring compatibility of different modules and systems within the ERP. There is the added complexity of needing to ensure the patches do not break any existing configurations before deployment. Thus, the County has spent significant resources on maintenance rather than improvement. The cloud-based version will allow new features and required patches to be pushed into the County's environment after vendor testing (rather than heavy reliance on County personnel). Issues will be fixed promptly due to the whole customer base being in the same environment. This will allow precious County resources to be spent on improving rather than maintaining.

As part of the value engineering, INFOR performed a calculation of the value that they believe is delivered by the upgrade compared to the present version of the system. These types of return on investment calculations are better suited to the commercial sector rather than the public sector; however, they do serve as one indicator to consider in this type of upgrade project. INFOR estimates that the County could find value from the upgrade of up to \$2.2 million per year. While the Steering Committee thinks this number is likely overstating the benefit, staff believe there is significant value in moving forward with the upgrade, as discussed below.

### **Other Identified Benefits**

While the Value Engineering highlighted several advantages above, County departments, as part of the assessment process, have determined additional benefits below that could be achieved by the upgrade or re-implementation of certain areas of the system associated with the upgrade:

#### Financial Services Department:

- Accounting for Grants and Capital Projects: Financial Services can standardize accounting for grants and capital projects which cannot currently be done due to limits of portions of the existing ledger needing to be used for state reporting requirements.
- Accounts Payable automation: Accounts Payable automation is possible that can minimize data entry which currently takes a substantial amount of staff time and repurpose on review and validation.
- Special District access: Special districts would be provided access to perform their own entries and improved access, which doesn't exist today, reducing reliance on the County staff.
- Purchase Card: Purchase card module could be implemented due to the resolution of workflow and document storage issues.
- Contracts Management: Contracts management area of the system is not completed, which requires the development of contracts outside of the current system, and contracts are only tracked in the system after completion.
- Cost Allocation: Cost allocation is manual for payroll and for cost allocation of overhead and other functions. This is a substantial manual effort to comply with state and federal allocation rules.

#### Human Resources Department:

- Human Resources has not been able to offer automated platforms to the employees of Yolo County as part of the employment cycle up until today.
- Professional development and regulatory compliance training are tracked manually; this is not only archaic, but it also taxes the already limited staff in the HR department unnecessarily. Offering a Learning Management System (LMS) that is part of the new HRMS and that offers a great variety of options for our employees when it comes to training, tracking, compliance reporting, etc., is ideal for an employer of choice.

#### Information Technology Department:

- Reduction in staff time supporting system administration
- Reduction in staff time supporting client installs, patching and troubleshooting

- SaaS delivery model allows access from anywhere, at any time, from any device

#### Health & Human Services Department:

- Provides business intelligence system for HHS data in lieu of acquiring additional system.
- Provides real-time data.
- Allows for enhanced interfacing with other systems.
- Allows for grant accounting, revenue accounting, and branch accounting that are needed.
- Allows for contract management to have a central repository, develop contracts, collaborate on documents, and do e-signature.

#### **Costs associated with not proceeding:**

There are some costs to not proceeding or moving forward with the system upgrade project. Some of those (not all-inclusive) are identified below:

- Additional investment in the current version: Should we not proceed with the upgrade, certain areas that are not implemented would be implemented separately from the upgrade process; however, critical elements such as learning and development would be brought back to the Board absent this project.
- County departments are seeking other systems to resolve gaps that otherwise would be solved in the upgrade. Systems requested to supplement INFOR in the past years that have been deferred are cost accounting, timekeeping, contracts management, and business intelligence. Should this upgrade not be performed, the County administration will need to re-evaluate these requests that otherwise are solved by the upgrade.
- Maintaining staffing resources to support areas with inefficient and manual processes that otherwise would be solved.
- Continued focus on maintenance and troubleshooting instead of functionality enhancements and business process improvements.

#### **Upgrade Timeline**

The Steering Committee has been actively planning for the upgrade since the conclusion of the value engineering process in April 2021. The Steering Committee has developed a draft timeline and project team in order to successfully accomplish the upgrade and to apply lessons learned from the prior implementation. Fortunately, many of the key staff that performed the prior implementation are still available to assist, which puts the County in an excellent position to have the technical knowledge needed to perform the upgrade successfully.

Here are some of the key dates (not all-inclusive), which will be finalized once mutually agreed upon with an implementation consultant:

- May 2021 - Selection of County ERP Manager (County staff position)
- June 2021 - Update on INFOR to the Board of Supervisors and request for project funding in the 2021-22 Budget
- August 2021 – Request for project and contract approval
- September 2021 – Finalization of Implementation Consultant Agreement
- October 2021 – Project Kick off
- January 2022 - Target go-live date

#### **Project Financing Plan**

*The project implementation is expected to occur throughout fiscal years 2022 and 2023. It contains two main parts, which include the SAAS costs, which replace the current licensing, and the support and maintenance costs. The second part is the resources needed to implement the upgrade.*

#### **Software as a Service (SAAS) Costs**

The County presently pays \$431,135 in annual support and maintenance for the INFOR financial system version 10 in a hosted environment. Based on the information provided by INFOR, the County expects the following costs moving forward with the upgrade project. These costs are lower in the first year

however do increase over time (similar to our current cost structure):

Year	Cost
1	\$410,000
2	\$469,964
3	\$475,817
4	\$490,092
5	\$504,794

Staff request authorization for the Chief Technology Officer to sign the contract in a final form approved by County Counsel. The system costs would be recovered annually through Information Technology Charges which are allocated across all departments. This process would continue in future years.

**Implementation Costs**

The implementation costs are summarized below, along with funding source.

	FY21-22	FY22-23	Total
Implementation Consultant	\$1,801,000	\$939,520	\$2,740,520
County Project Staff	\$685,000	\$685,000	\$1,370,000
Contingency (10%)	\$118,000	\$156,052	\$274,052
Total Project Cost	\$2,604,000	\$1,780,572	\$4,384,572

Funding Source	FY21-22	FY22-23	Total
General Fund	\$685,000	\$1,185,000	\$1,870,000
Carryforward	\$568,000	\$0	\$568,000
Accumulated Capital Outlay	\$851,000	\$595,572	\$1,446,572
IGT	\$500,000	\$0	\$500,000
Total Project Funding Plan	\$2,604,000	\$1,780,572	\$4,384,572

Part of the implementation costs is for staffing needed to supplement the team which will be performing the implementation for the County. An overview of the project team and resources are included in Attachment B. The Infor Steering Committee agreed that to maximize the project's success, it would be best to include 5 new limited-term positions in the upcoming budget to serve as backfill thereby allowing the County's most experienced personnel to participate in the project team. The positions to be backfilled would be (1) Payroll position, (1) Human Resource position, (2) Accounting positions, and (1) Procurement position.

The County Board of Supervisors at the recommended budget hearing approved the funding for the project for Fiscal Year 2021-22. The consultant costs were higher than expected in the request for proposals (compared to initial value engineering figures). Additional funding will be needed to complete the project in Fiscal Year 2022-23. Despite the costs noted above, the Steering Committee determined that the value of the project exceeds the costs.

Project costs will be cost recoverable from state and federal grant funding sources through the County Cost plan, and recoverable costs would return to the general fund over approximately a 5-year period thereafter. It is expected that this cost recovery mechanism will recover at least 50% of the cost back to the General fund over this 5-year period.

**Recommendation and Next Steps**

Staff recommends the board receive the presentation on the County's upgrade plan to INFOR CloudSuite, approve the project as presented, and authorize the Chief Technology Officer to execute an agreement with INFOR for CloudSuite SAAS not to exceed \$500,000 annually and an agreement with

RPI Consultants for CloudSuite implementation services not to exceed \$2,740,520, both with the final form to be approved by County Counsel.

**Collaborations (including Board advisory groups and external partner agencies)**

The Department of Financial Services is a member of a collaborative steering committee that includes the Chief Technology Officer, Director of Human Resources, Assistant Director of Health and Human Services, and the Assistant County Administrator. This five-member steering committee collaborated on the strategic direction of the INFOR Enterprise Resource Planning (ERP) system to arrive at the present recommendation to upgrade the system.

**Competitive Bid Process**

INFOR CloudSuite SAAS Agreement

Procuring an ERP is an intensive procurement process intended to provide a solution for many years due to the cost of implementation, training, and process change management. The original solicitation in 2013 was an open procurement process. While INFOR’s CloudSuite solution has significant enhancements and improvements, it also has some fundamental similarities to the existing ERP.

The similarities allow the County to (1) easily and seamlessly migrate existing data and (2) leverage knowledge of existing system functions, terminology, and design. This allows for cost savings by avoiding complicated data migration efforts and a complete organizational re-education of ERP functionality. For these reasons, staff recommends the sole-source procurement of the next-generation ERP system from INFOR.

INFOR CloudSuite Implementation Agreement

The County conducted a Request for Proposals for Infor CloudSuite Implementation Consulting services. Five potential proposers attended the pre-proposal conference. Four proposals were received and were deemed responsive. A scoring committee consisting of employees from the departments of County Administrator, Financial Services, Health & Human Services, Human Resources, and Innovation & Technology Services rated all four proposals. RPI Consultants was scored the highest of all the proposals, and an intent to award to RPI Consultants was issued on August 17, 2021. No protests were received by the deadline.

Proposer	Score
RPI Consultants	82.3
Kinsey & Kinsey	81.6
Intellias	76.8
Bails & Associates	68.1

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**Attachments**

- Att. A. INFOR Value Engineering Assessment
- Att. B. CloudSuite Implementation Org Chart
- Att. C. Software as a Service Agreement
- Att. D. INFOR Implementation Consultant RFP
- Att. E. Presentation

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**Form Review**

Inbox	Reviewed By	Date
Chad Rinde	Chad Rinde	05/28/2021 10:56 AM
Mindi Nunes	Mindi Nunes	06/01/2021 09:44 AM

Chad Rinde	Chad Rinde	06/01/2021 11:38 AM
County Counsel	Phil Pogledich	06/01/2021 02:26 PM
Elisa Sabatini	Elisa Sabatini	06/01/2021 09:37 PM
Chad Rinde	Chad Rinde	08/24/2021 11:30 PM
County Counsel	Hope Welton	08/25/2021 12:08 PM
Joanne Vanhosear	Joanne Vanhosear	08/25/2021 03:28 PM
Elisa Sabatini	Elisa Sabatini	08/25/2021 04:54 PM
Form Started By: Chad Rinde		Started On: 05/03/2021 11:14 AM
Final Approval Date: 08/25/2021		