

Board Questions from September 13 with Staff Responses

Saylor – Was there a time/financial impact related to COVID and is it reasonable to look towards COVID relief for funding as a result?

COVID-19 has caused additional workload to the Finance and Human Resources departments over the last two years during both the planning and implementation phase of the project. However, it is hard to correlate a direct impact to the project and how much this affected the project specifically. The major impacts of COVID-19 are described below.

- Finance has been responsible for working on claims to the Federal Emergency Management Agency which has been time intensive.
- Finance/Procurement has dedicated significant time and effort to assist with additional planning and contracting needs that has come with COVID-19 recovery funds. This have primarily been related to ARP funds, for which contracting with subrecipients, contractors, and mini-grant recipients has occurred mainly during 2022.
- Human Resources has been required to track all COVID-19 cases and exposures by County employees, which significantly increased during the Omicron surge of the pandemic. It is time consuming to gather this information and ensure it is appropriately tracked and reported to state agencies.
- Like other County Departments, some project staff have been exposed to or tested positive for COVID-19 and workdays have been lost due to illness. The lost workdays for the County have been highest during 2022 (compared to earlier years of the pandemic). Specific data is not available on the INFOR project team.

The Board could decide that utilizing of ARP funds under the category of revenue backfill is appropriate to contribute to the project; however, staff are not making that recommendation at this time.

Provenza – Were we aware that INFOR would only have ten years of support when we purchased the system? Does it make sense to continue with INFOR; are we investing in a system that doesn't serve our purposes; is there a better alternative system?

Staff that composed the INFOR steering committee at the time the current version of Infor was purchased are no longer with the County so we cannot know for certain. However, a ten-year life for commercial financial software was not atypical in the past before a significant version upgrade. This was the pre-eminent model in effect at the time the INFOR version 10 product was purchased as the movement of these type of financial systems to Cloud based systems had not occurred.

Staff at this time recommended that we continue with INFOR and that version 11 will give us a least an additional ten years of useful life for the system and possibly longer due to the movement to a Software-as-a-Service platform, where the software will receive continual investment and upgrades.

As part of the value engineering process completed prior to the Infor upgrade project, the County gave ample consideration to whether the upgrade would address the County's current system pain points. Ultimately it was determined that the upgrade would address a significant number of pain points, and thus offered a better value than sourcing a new system. There are alternative systems available; however, without an in-depth and lengthy effort it is difficult to say with any certainty that another system is better suited for the County needs. However, it is worth noting that Yolo County is the only California county that uses INFOR's ERP products for Finance, Supply Chain, and Human Resources.

Provenza – Does staff agree that we would better suited using INFOR as opposed to sourcing a different system?

Staff completed a survey to poll the steering committee, project team leads, and project team members, which include staff ranging from County leadership to those on the ground who are doing the testing and implementing of the system.

Based on the survey results, summarized in a separate attachment, staff believe continuing with the INFOR system is in the County's long-term interest based on all the information known to date.

Provenza – Do we have any assurances as to how long this SaaS version will be supported?

INFOR has assured the County that the system will be supported for at least 10 years. The County contracted for a period of 7 years to ensure stability in pricing for the support and maintenance of the system when the INFOR Version 11 project started.

It is possible that the system will last much longer than 10 years due to the movement to Software-as-a-Service and to the Cloud.

Provenza – Is there confidence that INFOR is being honest or are they stringing us along? Are staff confident going forward with this company?

INFOR is the software vendor. The County elected to use a third-party implementor (RPI, Inc.) to provide objectivity from INFOR. The County believes that INFOR is being honest; however, being a software company, INFOR does profit from the County's use of the software. That said, the County's interactions with INFOR indicates that they want their clients to be successful. In addition, INFOR is well aware of the County's challenges and frustrations with the current version of the system and appears to be committed to ensuring that many of our pain points are addressed through the upgrade to Version 11. INFOR is aiming to gain a larger market share of public sector clients nationally (as well as within California), and thus has a vested interest in making sure that we are a satisfied customer and can be a positive reference in the future.

INFOR provided an 18-month period for the County to be hosted in two environments to allow the transition to the new version. INFOR is willing to extend that period by six months without charge to ensure the County makes a successful transition.

Villegas – What are true costs and key expectations for the system?

The total costs of implementing the INFOR Version 10 system were \$6,172,132. The County has allocated \$4,384,572 for the Upgrade project to version 11. The County is requesting a project budget augmentation of \$315,558 (7.2%) to obtain consulting through July 1, 2023 in order to extend the go-live to that date, as well obtain needed data archiving for past financial and transactional data.

At the outset of the INFOR CloudSuite Upgrade Project, the Steering Committee developed the following vision statement for the project:

Through implementation of Infor CloudSuite, Yolo County aims to achieve a dynamic, efficient, and integrated Enterprise Resource Planning system that increases employee productivity by reducing the burden and effort of day-to-day work, improves decision-making through timely access to relevant data, modifies business processes to increase efficiency and apply best practices, and provides adequate security and control structures suitable for a public sector organization.

The key benefits of the system upgrade are described in a separate attachment and with the extended go live date staff expect to be able to achieve those key benefits, which will bring efficiencies to the County's core business processes.

Villegas - Can staff determine what the key questions we should be asking are?

From staff's perspective, there are several key questions that the Board should be asking:

- Does the system function? (i.e. is there anything that doesn't work that would cause a failed implementation with more time).
- Will the system bring the enhancements that we hope for?
- How do we improve communication to ensure we aren't surprised in the future?
- How much time, energy and money is the Board willing to invest in the financial system now and in the future?

Villegas – Can the board be more regularly informed about issues with the project?

The Project Manager and Executive Sponsor are willing to ensure that monthly progress updates are shared to the Board and rest of the organization.

Barajas – Where is the problem in this process? We have not been informed of any issue with the consultant, so what staffing issue is responsible for the delay and increase in cost?

The problem in the process was that the complexity of the system upgrade and time commitment involved was underestimated by staff. While staff attempted to get realistic pictures from the vendor, other agencies that have done the upgrade, and the consultant, it was still underestimated. It should be noted that when the RFP for the implementation consultant was released staff were targeting a go live date of July 2022. However, due to the project approval and consultant contract taking longer than expected, the go live date was pushed back to January 2023 before the project began. While a July 2023 go live date was considered from

the outset, the Steering Committee preferred the more aggressive January go live date in order to try and derive the benefits of the upgrade as soon as possible.

However, based on lessons learned from the last system implementation, staff now feel that more time to get the job done right is needed given that this is a complex system implementation, rather than attempt to meet an earlier go live date and then have more issues emerge that take several years to resolve post implementation.

It should also be noted that staff turnover, role changes and other projects also impacted the Infor upgrade project. Staff turnover in DFS, and a key loss in the ITS department severely hampered efforts and although staff worked hard to overcome some of those challenges, eventually the capacity constraints and loss of historical knowledge caused delays in key deliverables around mid to late June. This is when staff started to get the sense that the existing timeline may need to be extended and started working with the implementation consultant to understand extension options.

However, staff should have provided clearer expectations to the Board of Supervisors and prepared more frequent updates so that the Board could understand the complexity of the implementation and the issues at hand. For example, when the project moved from the design phase to the testing and implementation phases, project intensity and staff time substantially ramped up, thereby increasing the risk that the project would fall behind on the implementation timeline. Staff also waited to use more formal vehicles of communication such as providing updates at a Board Subcommittee or Board of Supervisors meeting rather than communicating the risk of delays and related impacts earlier through more informal means such as Friday Board updates to avoid surprise.

Barajas – Can we have assurances that this problem will not simply repeat due to vacancies or other changes in staffing?

If the Board approves the extended project timeline, staff are committed to implementing the system by July 1, 2023. The Steering Committee will work closely with the County Administrator to resolve any unexpected issues with vacancies or other staffing matters and should any issues arise the board will be informed early and often.

Sandy – These large IT projects seems like a racket, can we understand our project offramps?

The County needs to have a Financial, Procurement, and Human Resources/Payroll system. The County has entered into an agreement with INFOR to acquire and implement its Version 11 software. If the decision is made to abandon the upgrade project, the County would need to source a new financial system and in the meantime would need to renegotiate our agreement with INFOR remain on the current version until another system is implemented.

The sourcing and implementation of a new system is a time consuming and costly process. Staff have prepared an informal estimate of what the timeline and cost of sourcing a new system might be. The best estimate of the cost at this time is \$10 million with an implementation timeline extending to June 2026.

Saylor – Can we get clarity on the added costs of not making a decision today (September 13)?

The budget currently includes the costs of the INFOR project with a go-live through January 1, 2023. Thus, a delay in making a decision does not necessarily increase the funding needed. However, the County continues to expend resources and move forward with an implementation that the Board is considering cancelling.

Any expenditures for staff time or consultant time previously incurred during the implementation is not recoverable. The overall project budget of \$4,110,520 (excluding contingency) was anticipated to be expended over about an 18-month period. As a result, that equates to \$228,362 per month which, reduced to a two-week period, would be approximately \$105,400. These costs again are within the project budget but would be considered sunk costs and would not be able to be applied to any alternate system implementation should the Board determine that to be the best path forward.

Saylor – Can we get more information on the benefits of the system and how it will improve the county?

Staff have prepared additional information on the system benefits, which is included as a separate attachment as part of the September 27, 2022 staff report.

Villegas - What are the specific consequences of moving the go-live date, short- or long-term delays, etc.?

Specific consequences are described below:

Moving go-live date (short term delay of 3-6 months):

- Human resources data conversion critical if go-live moved to July 1 as six months would be converted from old system
- Challenging to learn both a new system during adopted budget/year end close
- More time to bring enhancements desired as part of the upgrade
- Adds additional cost to county as shown in staff report
- Decreases likelihood of post-go live consulting needed
- More time to train organization and do change management
- Still avoid additional server migration required on current version (9-month effort)

Long-term delay (longer than staff proposal)

- The County could do a long-term delay however consequences depend highly on the timing.
- Depending on delay time, consultants and staff may disengage from project
- Loss of momentum
- Costs may increase further due to need to resume later and unclear what work can be salvaged.
- Damage to staff morale

Villegas – Can we get more granular information on what does or does not happen as a result of board decision?

Staff are presenting three options to the Board of Supervisors, which are outlined in the Board agenda item but also included here as a reference. Staff is also providing their recommendation on which option staff feels is the best path forward.

Staff Recommendation: Board approves go-live extension to July 2023. Extending go-live will give staff the additional time needed to take advantage of the additional benefits the new version of Infor offers. It will allow for additional testing and issue resolution, ensuring that minimal unknowns are experience post go-live. It will also provide adequate time for thorough end user training and user documentation.

Alternative 1 (NOT RECOMMENDED): Board can deny the request to extend the project and have staff keep to the original timeline of a January 2023 go live date. While this alternative would avoid additional consulting costs at this time, this option is not realistically feasible. Meeting a January go live date would require that all members of the project team, including DFS and HR managerial staff, be dedicated full-time to the project through the remainder of the implementation. This scenario would likely result in substantial impacts to County operations and initiatives. The compressed schedule required to meet a January 1, 2023 go live date would jeopardize the overall success of the project by limiting the time available for system testing and end user training. Planned system enhancements and additional functionality would need to be put on hold and implemented post go-live. This would incur additional costs for post go-live support and functionality enhancements down the road.

Alternative 2 (NOT RECOMMENDED): Board can cancel the project and staff would proceed to source a new system. Under this scenario, staff would terminate the agreement with RPI and stop all work on the Infor upgrade project. Costs already incurred of more than \$2 million would be sunk costs. The County could then either immediately begin a new RFP process for a different ERP system, or use the current version of Infor until it is no longer supported and then proceed with an RFP process. The County will also need to negotiate with Infor to end its SAAS agreements and to return to agreements in place prior to the approved upgrade. It is estimated that sourcing a new system along with implementation support would range from \$6 million to \$16 million dollars and a go-live would most likely be 3-4 years out.