



MEMORANDUM

Date: January 18, 2023

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Additional Information for the January 24, 2023 Board of Supervisors Meeting Addendum Item - Awarding a New Enterprise Resource Planning (ERP) Software Solution and Support Application**

Pima County utilizes multiple key software systems that altogether comprise an Enterprise Resource Planning (ERP) software suite. ERP software allows organizations to manage operational activities such as finance, payroll, human resources, benefits, applicant tracking, grants management, asset/inventory management, work management, project management, time and attendance, training and development, procurement and reporting. County Administration assigned staff to create a capital project within our capital program January 2021 to provide for a comprehensive modern software solution to replace our current ERP system. Staff has been proceeding with this project, first developing the requirements and then moving forward with the steps to procure a new system with the goal of completing the implementation by the end of fiscal year 2025.

Background

The current Enterprise Resource Planning (ERP) system has reached its end of life, having been in service since 2010. Our current vendor has notified Pima County that the system will not be supported past April 2025, which would trigger a significant new contract and implementation to continue utilizing their software. Our current system was installed as an on premise, which requires internal management of upgrades and changes, or additional cost per upgrade to be delivered by the software vendor. The future ERP system procured as a software-as-a-service (SaaS) model, uses cloud based software and storage. A SaaS configuration is flexible and scalable, responds quickly to software upgrades or security needs installed directly by the vendors, and is accessible from any location via the internet. This type of solution shifts costs from on-site solutions that require significant internal staffing, hardware, and storage space resources to an online software subscription and service agreement based on yearly usage.

Pima County entered into this procurement process for the following reasons:

1. The current technology for the financial systems, work management system and HR systems were reaching end of life.
2. Contractually Pima County is at the end of the individual contract term and must negotiate new contracts with the current vendors to upgrade to those vendors' current software.

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3. Create operational efficiencies through business process transformation.
4. Opportunity to utilize more advanced functionality not available on our current systems.
5. Opportunity to reduce operational costs for the ERP system(s) if possible.
6. Opportunity to reduce the number of software applications the County currently utilizes.
7. Opportunity to optimize support staffing for the ERP.

The ERP planning team was established with executive committee oversight and a software evaluation team. The planning team led the development of ERP system requirements using input from every department and major business process users for both the current and future ERP systems. This action led to a comprehensive scope of work to be used in the procurement process. These efforts were completed for a July 2021 procurement solicitation.

The key procurement milestones are as follows:

Activity	Milestone Date	Description
RFP Solicitation	8/27/21	Advertisement date, due date September
Proposal Opening	9/24/21	Nine Proposals opened, all meet minimum qualifications and proceed to evaluations.
Proposal Evaluation	1/19/22	Four proposers are advanced to the demonstration phase.
Demonstration Evaluation	4/28/22	Two proposers are advanced to discovery phase
Discovery Phase Evaluation	8/1/22	One proposer was advanced to the Best and Final Offer (BAFO) phase
Contract Negotiation	1/12/23	Completion of negotiation with the core products for the new ERP system.
BOS Award	1/24/23	Requested award for the ERP core system product implementation and software licensing agreements.
Support Software	Ongoing, through FY23	Additional software agreements to be timed either to align with current agreement expiration dates, or to meet a just-in-time implementation schedule as required.

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Conclusion

The proposed contract award includes implementation and software licensing for the core ERP system. This initial award will operate as the backbone of the new ERP system. It is critical to move forward with this award to ensure the proposed implementation timeline can be met prior to the current system becoming unsupported.

Additional best in-class software applications, some of which are currently being utilized by the County, must be implemented to ensure a fully integrated ERP system. The main ERP software implementation timeline will drive the procurement schedule for these applications. These support application areas include asset/management, cashiering, debt management, grant lifecycle management, project management and will be coming to the Board of Supervisors in the future for award to ensure full scope functionality. One support application, Qlik, which provides additional reporting functionality will also be included as a separate addenda agenda item. This software is currently in use and will expire in the month of January, and this new contract award will ensure uninterrupted services.

Recommendation

I recommend the Board approve the January 24, 2023 ERP contract award in the not-to-exceed amount of \$63,000,000, and future software applications pending future approval to provide increased County efficiency and interoperability through the implementation of an integrated ERP system. This not-to-exceed value includes implementation services, five years of extended support services and fifteen years of software licensing. Board approval of the January 24, 2023 Qlik contract award in the annual not-to-exceed award amount of \$1,700,000 for a one-year term with two one-year extension options.

JKL/dym

- c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer
Steve Holmes, Deputy County Administrator
Nancy Cole, Executive Project Manager, Enterprise Resource Planning