



MEMORANDUM

Date: June 16, 2023

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

From: Jan Leshner 
County Administrator

Re: **Additional Information for the June 20, 2023 Agenda Item #59, Amendment to the Enterprise Resource Planning System Implementation Services Contract, MA-PO-23-125**

Background

The purpose of this memo is to provide the Board of Supervisors (BOS) additional information regarding the Enterprise Resource Planning (ERP) Software proposed contract amendment 01, which will increase the value by \$840,000 for a new implementation services cost of \$16,040,000. This contract amendment includes scope of work for additional software integrations not originally included within the contract.

Original Integration Strategy

The initial integration strategy was formulated with two primary goals in mind: 1) to ensure the successful completion of all essential integrations for the ERP implementation, and 2) to cultivate internal expertise in Workday integrations for the ongoing maintenance of the ERP system. In line with this strategy, the original contract was established with the understanding that 80% of the integrations would be handled by the IBM team, while the remaining 20% would be managed by Pima County.

Traditionally, it has been crucial for organizations to develop internal staff skills when dealing with on-premises software, as the responsibility for ongoing maintenance typically falls entirely on internal teams. However, given that Workday is a Software as a Service (SaaS) solution hosted remotely, the reliance on internal staff is no longer critical. Specifically, it is neither practical nor cost-effective for Pima County to maintain in-house Workday integration specialists for a temporary requirement.

Therefore, the need for internal staff with specialized Workday integration skills is diminished. It is more efficient and cost-effective to rely on external expertise for Workday integrations, considering the nature of the SaaS model and the remote hosting of the system. By adapting our approach to align with the SaaS nature of Workday, we can streamline our operations and allocate resources more effectively, ensuring optimal utilization of our personnel and budget.

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Technical and Personnel Considerations

The Information Technology (IT) department currently utilizes MuleSoft, a specific software system, as an intermediary to facilitate data exchange between various existing non-ERP systems. This system will continue to be utilized for a portion of the ERP integrations. However, in the highly competitive programming landscape, relying solely on an internal staffing model with positions that are challenging to retain poses a risk to our integration efforts.

During our initial integration discussions, it became evident that the IBM implementation team possesses the necessary resources and skills to provide this service at a more cost-effective rate, given their involvement in the project. This realization has prompted us to reassess our integration plan in order to mitigate project risks and circumvent challenges associated with recruiting highly skilled information technology professionals who are willing to work within the public sector in Tucson.

By leveraging the expertise and capabilities of the IBM implementation team, we can reduce project risk and overcome the difficulties associated with finding and retaining skilled IT professionals in our region.

Single Point of Responsibility

By transferring the entire scope of integrations to the IBM implementation team, we effectively minimize potential risks associated with having multiple points of responsibility. This consolidation places the responsibility of managing all integrations squarely on IBM's implementation team, streamlining the process. Furthermore, it significantly reduces the risk of project delays stemming from internal staff not completing the original planned integrations within the designated implementation schedule.

As previously communicated, the Financial Phase 1 is slated to go live in April 2024. To meet this timeline, it is imperative that integrations are fully completed by the end of September, enabling comprehensive user end-to-end testing with seamlessly integrated external software. Although integrations are already in progress, it is crucial to adhere to this timeline, as any delays would have a direct impact on the go-live date.

This shift in integration responsibility aligns with the following objectives:

- **Single Point of Responsibility:** With the IBM implementation team assuming full responsibility for all integrations, we establish a single point of accountability, ensuring streamlined coordination and efficient management.

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- Risk Reduction and Schedule Adherence: By consolidating integrations within the IBM team, we mitigate the risk of delays and minimize potential disruptions to the overall project schedule.
- Elimination of Specialized Staffing Needs: This strategic shift eliminates the necessity of recruiting and retaining highly technical integration staff within our IT department, reducing the burden and challenges associated with specialized hiring.

We believe that this change in integration approach will contribute significantly to the successful implementation of the project and enable us to meet the established goals and timelines.

Funding

The initial quotes received for hiring an external MuleSoft contractor amounted to \$1.4 million. However, by transferring the integration responsibility to IBM through the proposed amendment, the actual costs come to \$840,000, representing a reduction of \$560,000. This expense can be covered by the funding already allocated to the ERP capital project.

By leveraging the capabilities of IBM and adjusting the integration approach, we not only enhance the overall technical management of the project but also keep the overall costs of the project to the minimum required.

Rationale and Summary

The recommendation to amend the contract is driven by the following justifications:

- Risk Reduction: Shifting the responsibility of developing and testing all ERP-related integrations to Workday-expert resources helps minimize project risks. By leveraging their expertise, we ensure that the integrations are handled by professionals with in-depth knowledge of the Workday platform, increasing the likelihood of successful outcomes.
- Cost Containment: The proposed amendment allows for the elimination of more expensive external MuleSoft consultants. These consultants, while proficient in their field, do not possess the specific expertise required for Workday integrations. By removing their involvement, we minimize overall project cost.

Recommendation

I recommend the Board of Supervisors approve the Enterprise Resource Planning contract amendment of \$840,000 to provide increased County efficiency and interoperability through

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the implementation of an integrated ERP system. This contract will now cover the entire implementation and integration services necessary for the ERP system.

JKL/anc

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