MEMORANDUM

Date: March 22, 2024

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

From: Jan Lesher
County Administrator

Re: **Status Update for Pima1: New Enterprise Resource Planning (ERP) Software Solution**

The purpose of this memo is to provide an update regarding the Enterprise Resource Planning (ERP) Software implementation, which uses Workday as the main financial and human resources software component. The project had its kickoff on March 3, 2023, and this update will discuss the past year of progress completed and what is remaining.

Overall Pima1 Project Status

As previously communicated, the Pima1 project is divided into two major phases: Phase 1 for Workday financials (FIN) and Phase 2 for Workday human capital management (HCM). Phase 1 FIN was originally scheduled to go live on April 1, 2024. We are anticipating a two-month delay to go live on June 1, 2024 and will provide to the Board a contract amendment to document this change. Phase 2 HCM is currently scheduled to go live in December of 2024. We plan to have the last paycheck of 2024 that bridges into the new year produced within the Workday system. This date cannot and will not be extended.

Pima1 Project Phase 1 Challenges and Opportunities

The Pima1 project continues to experience both opportunities and challenges. Previous update memos noted that integrations have been a key challenge and that we have engaged external experts for assistance. The current delay has been based primarily on the status of integrations being incomplete. Integrations are the critical connections between key software systems to communicate correctly. Some additional challenges impacting the schedule are ensuring that the data conversion is correct and complete, as well as building many custom reports to meet immediate business needs at go live.

The new software has also presented opportunities that will increase functionality. The Workday system has a very user-friendly front-end interface which can help with early adoption of the system. Configuration has been designed to provide similar functionality that uses a very different underlying structure. Therefore, many of our current processes will substantially transform for the better.

Change Management and Training Plans

Our change management team has been reaching out to departments to help build a bridge between the current system and our future ERP system, scheduling roadshow meetings that

showcase new terms and a look into the new system functionality. We are coordinating with departments to confirm cost centers (units), cost center managers (approvers), and to determine users and user roles in the new system based on current roles. These new user roles will be used to build custom training plans in our Learning Management System (LMS). Training plans will include digital training and provide training aids for use post go live. These training plans are intended to become available one month prior to go-live, and provide a "just-in-time" approach for training of system use.

Phase 2 HCM Kickoff and Progress

The Phase 2 HCM project had its official kickoff January 12th, with a series of in person and virtual meetings that began planning the HCM phase success. Since that time, we have completed planning, and are already well into the architect and configuration step. This phase involves many of our human resources staff, our financial payroll staff, and includes key department level human resources staff. We have taken advantage of the lessons learned in Phase 1 and are working well ahead of time on components relating to integrations, data conversion and change management. While the financial phase supports many of our financial transactional requirements, the HCM phase touches every employee, every day. For this reason, the team is focused on creating as seamless a crossover as possible.

For the Phase 2 HCM phase, we are researching every connection point that we currently have to ensure that Workday will correctly integrate with all our HCM related aspects, such as the state retirement system, our healthcare benefit providers, and new timeclocks. This diligence includes determining whether a true integration is needed, or whether a current customer report used by staff now is necessary in the new system. We are finding that there are more integrations necessary than originally scoped in the project. For example, we have found that the public procurement process does not typically include an integration discovery period, where the integration team would have met with providers to determine true integrations level of effort. What was originally scoped as a single integration may require multiple connections.

Pima1 Cutover Planning to Go-Live

We are at a critical point in the Phase 1 FIN project where it has been determined that the system is fully configured and integrated and ready to build the final "gold" tenant where we pull over the current and complete data conversion files. This is a significant milestone, and the team is cognizant of the impact of completing this build within the next two months. Further delays in the gold tenant build would extended the go-live date past June 1, creating an extended overlap with the Phase 2 HCM ongoing efforts. To meet this deadline, the ERP team has provided a contract amendment for this scope of work to the Board of Supervisors. The cost associated with the amendment represents efforts from both Pima and IBM to get the job done right with the least impact to the County. Although this is a two-month delay, the cost incurred for this work is less than half of what a standard month of implementation services was budgeted for and essential for the successful implementation.

Pima1 Contracts and Costs

The Pima1 team is currently tracking two contract amendments, and one new contract that will be provided to the Board of Supervisors next month. The first amendment to the IBM Workday Implementation contract is related to the Phase 1 FIN two-month delay and will cost the project an additional $216,000. This contract amendment is scheduled for the Board of Supervisors' April 2, 2024 agenda and the cost remains within the project's planned and budgeted contingency.

The next amendment pending is to the same contract, but is related to additional integration scope for the Phase 2 HCM integrations. The Pima1 team has worked with the IBM team to investigate every connection related to timekeeping, payroll, deductions, and benefits. The initial scope of work included 45 integrations for HCM. During discovery this number was increased to 83. However, we have now reduced the number of integrations significantly to 59 by taking on repetitive tasks internally or replacing complicated tasks with routine report management. We faced a similar issue in Phase1 and have determined that this is critical to having a truly integrated finance and human resources software system. This contract amendment is tentatively scheduled to be on the Board of Supervisors April 16, 2024 agenda.

The last pending contract, also tentatively scheduled to be on the Board of Supervisors April 16, 2024 agenda, is to provide for new timeclocks for timekeeping purposes. Our current clocks will be replaced with Dormakaba, a vendor who is a certified select partner with Workday. This timekeeping software will work with the new timeclocks via mobile applications, or on a computer depending on the specific staff needs. The total contract value including the initial project implementation along with necessary hardware and software is $479,000 across three years. Both the aforementioned amendment and the costs associated with the new contract are currently budgeted for and funded in the current ERP Capital Project financial plan.

Conclusion

The Pima1 team continues to express its gratitude to all Pima County staff and elected officials for their dedication and commitment to making this implementation a success. We look forward to the new ERP software and believe it will significantly enhance our business and resource management capabilities, positioning Pima County for future success.

JKL/anc

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