

Metropolitan Transportation Commission
Administration Committee

March 13, 2024

Agenda Item 3a-24-0213

Enterprise Resource Planning (ERP) Program Update

Subject:

Update on the Enterprise Resource Planning (ERP) Program and review its draft preliminary Capital Budget.

Background:

An ERP System is software that integrates various business functions (such as Finance, HR, Contracts, Projects, Grants) into one complete system to streamline processes and information across the entire organization. MTC utilizes legacy software that provides basic financial management and human capital management (HCM) functions, while separate solutions are used for contracting and procurements, budget development, talent recruitment and benefits administration. MTC also performs some related functions through manual and spreadsheet processes, including grants management and project management.

Staff identified the need for an integrated ERP solution that would provide flexibility and agility to adapt to MTC's changing business needs. In September 2022, this Committee approved a Purchase Order (PO) contract with Plante Moran, PC for technical guidance and oversight for the long-term ERP implementation. This Committee also approved a PO Contract, in October 2023, with Slalom LLC for strategic advisory services and implementation support.

ERP Program staff and consultant teams have completed an initial stakeholder engagement and needs discovery process, developed change management strategies to support agency staff through the transition process, and identified potential resource needs throughout the project design and implementation. Due to the size of this information technology project, Risk Management is a key focus area for ERP Program staff. A risk management program has been implemented, which includes: a regularly updated RAID log - where Risks, Actions, Issues, and Decisions are tracked; weekly status reports; regular executive sponsor check-ins; and, a monthly meeting with the Steering Committee. Security is paramount and is a top consideration during the selection of the software vendor and the system integrator, as well as the implementation

work. Staff has completed the procurement process for the ERP software vendor and intends to come back to this Committee in June 2024 for approval of a contract with the recommended vendor - Oracle Corporation. Further, staff intends to also bring these additional contracts for approval in June 2024: 1) System Integrator (TBD) for implementation of the ERP solution; 2) Slalom Consulting for ongoing strategic advisory services and implementation support; and 3) other contracts needed to support staff augmentation.

Over the next several months, staff will procure the System Integrator, perform an analysis of business processes to determine any need for customizations within the ERP software, and continue to implement change management processes and engage stakeholders.

The cross-functional core project team includes MTC staff experts on project management, technology, security, user experience, stakeholder engagement, finance, human resources, contracts/procurement, and is supported by a broad stakeholder group representing the diverse roles and responsibilities across MTC. Derek Hansel, Chief Financial Officer, and Nick Roethel, Chief Operating Officer, oversee the project, with additional guidance provided by a steering committee of agency directors. Preliminary Draft ERP Capital Budget

The ERP implementation is expected to be phased over several years and will require significant funding for licensing, consulting, system integrator support, and staffing backfill to implement the preferred solution. The current budget for Fiscal Year (FY) 23/24 is \$2.2 million. Based upon staff's analysis, the following additional capital budget is proposed for FY 24/25 and FY 25/26 as shown in Table 1 below:

Table 1: PRELIMINARY DRAFT ERP CAPITAL BUDGET

(in thousands)

Description	CURRENT FY23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	5 YEAR TOTAL FY 24/25 - 28/29
Capital Costs							
Strategy and Change Management Consulting	\$2,000	\$2,540	\$2,592	TBD			\$5,132
ERP Software and System Integrator	--	\$4,420	\$4,446	TBD			\$8,866
MTC Staff Backfill	\$183	\$1,653	\$1,723	TBD			\$3,376
Total Capital Costs	\$2,183	\$8,613	\$8,761	TBD			\$17,374
Transfer from Capital Reserve	\$2,183	\$8,613	\$8,761	TBD			\$17,374

The Draft Preliminary ERP Program Capital Budget for FY 24/25 and FY 25/26 is \$8.6M and \$8.8M, respectively. Staff costs consist of a combination of existing staff as well as seven new positions that will provide back-fill support and augment skills needed to support the ERP implementation and future operation of the ERP. Staff costs will increase between FY 24/25 and FY 25/26 to reflect the increased participation of staff resources based on the phased implementation approach. Consulting services of \$7.0 million for FY 24/25 and FY 25/26 include system integration services, ongoing strategic advisory and change management support and software licensing. The FY 26/27 budget will be determined once the System Integrator

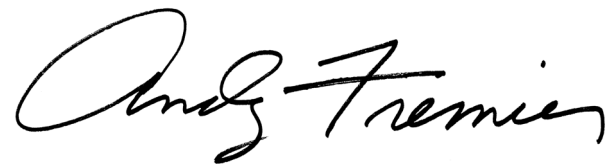
begins work and provides more information on the proposed timing of additional project phases. It is anticipated the costs associated with FY 27/28 and FY 28/29 will be captured in the operating budget.

Recommendations:

Information item only.

Attachments:

- Attachment A: ERP Program Update and Preliminary Capital Budget Presentation

A handwritten signature in black ink that reads "Andrew B. Fremier". The signature is written in a cursive style with a large, looping initial "A".

Andrew B. Fremier