



Overview

- » Possible replacement of the core financial systems for all agencies, in all three branches of government
- » Developing a strategy and action plan for the Legislature

2

Project Authority

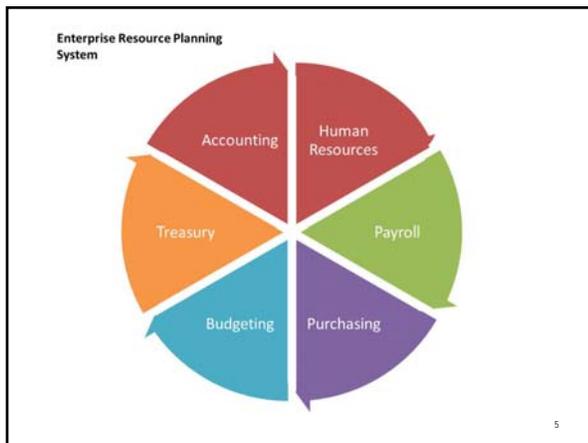
- » 2013-2015 Budget appropriated \$2,400,000 for the purpose of developing a strategy and action plan to modernize the state financial and administrative systems
- » Assess readiness of state government to conduct business transformation and system replacement
- » Incorporate the objectives of lean management
- » Recommendations on scope, phasing and timelines, outcomes and measures of success, product strategy, budget and financing options, risk mitigation, staffing and organization and strategies to close readiness gaps

3

Business Objectives

- » Comprehensive and understandable business case based upon business value
- » Identification of business transformation opportunities
- » Recommendations for future project scope and strategies

4



Current State

- » Complex collection of > 100 applications
- » The core general ledger system is 30 years old
- » Incomplete enterprise systems – procurement
- » Non-existent enterprise systems – grants
- » Processes are inefficient, and inconsistent
- » Agencies build workarounds or implement systems to meet their business needs

6

Foundation and Assessment Phase

- » Developed a service delivery strategy
- » Assessed the current financial systems
- » Assessed current business processes
- » Assessed state readiness for business transformation and system replacement

7

Business Process Assessment

	Lagging	Basic	Enhanced	Leading	Insights
Finance		Accounts Payable Accounting Data, Reporting, and Analytics Grants Management Accounts Receivable	Risk Management Strategy, Planning, and Budget Development Treasury Organization Management Asset Management	Budget Management	<ul style="list-style-type: none"> Processes related to Budget Management are a leading practice Multiple agencies indicated that they were unable to report on basic vendor or expenditure data Limited electronic storage of documentation
HR / Payroll			Time and Payroll Travel and Expense Management		<ul style="list-style-type: none"> HR is somewhat manual, but executed well TLA project may address many HR challenges Procure to Pay cycle is a challenge Agency procurement data practices vary widely Inconsistent Procurement data causes challenges across most process areas
Procurement		Procurement Strategies Data, Reporting, and Analytics Procure to Pay Organization Management	Fulfillment and Inventory Vendor Management		

*Organization Management maturity does not include Innovative Funding, Management of Cross-Agency Initiatives, or Management of Boards and Subunits due to limited information gathered during reviews.

8

Readiness Assessment

Organizational (Overall) Readiness

Extensive change management needed to improve cultural and people readiness, and clear standardized documentation needed to improve process and technical readiness.

- Cultural Readiness**

 - Hesitation around statewide implementations, especially those with large scope
 - Lower level employees are empowered to drive change by joining committees, though changes are not adopted due to lack of executive sponsorship.
 - Communication vehicles are effective, but when a key impacted party is left out of the communication, this has a negative effect.

- People Readiness**

 - Resource constraints limit how many people can be devoted to a project.
 - Strong agency-specific communications offerings, but a general feeling that the State would need to handle the training due to resource constraints.
 - Some PIM and governance capabilities. Agencies have the right people with the right skills serving as PIMs.
 - Agencies have a clear model for engaging with bargaining units and unions.

- Process Readiness**

 - Mixed agreement / disagreement when asked if agency maintains accurate and clear documentation of current processes.
 - Highly complex and inconsistent processes within and between agencies.

- Technical Readiness**

 - Mixed agreement / disagreement when asked if agency maintains accurate and clear documentation of current technology.
 - Consistent disagreement when asked if agency has data readily available.

9

Evaluated three scenarios

- » **1- Managed services Enterprise Resource Planning (ERP) system for financials and procurement**
- » **2- Best of Breed eProcurement application with managed services ERP financials**
- » **3 – Best of Breed eProcurement application with Software as a Service ERP financials**

10

Built a business case for each scenario

- » **Hard dollar costs based on phasing and timelines, staffing etc.**
- » **Hard dollar benefits that are possible because of system functionality, including:**
 - › Strategic sourcing
 - › Prompt pay discounts
 - › Receivable collections
 - › Vendor fees
 - › Purchase cards
 - › Software maintenance fees
 - › Printing reduction

11

Scenario 1
The break-even point for Scenario 1 occurs toward the middle of FY 2023. Over the next six biennia, total benefits exceed total costs by \$120.3 million.

	FY 16-17	FY 18-19	FY 20-21	FY 22-23	FY 24-25	FY 26-27*	Total
Costs	\$ 13.3	\$ 91.6	\$ 64.9	\$ 24.5	\$ 33.2	\$ 15.2	\$ 242.7M
Benefits	-	13.0	62.1	103.4	113.5	71.0	\$ 363.0M



12

Final Report Conclusion

» Meeting today's challenges of increased demands for services, rising costs, and limited resources requires an operating design, business processes, and IT systems designed for this new era.

» One Washington provides all three.

» It is a good business decision and a good mission decision.

16

Next Steps

» Developing a recommended plan and approach for next biennium and beyond

» Review our plan with external advisors

» Report to the Legislature

17



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