

Replacing the state's outdated and at-risk core business systems



Washington's core financial system is more than 30 years old and badly needs replacement. The state's technology systems for managing key business functions — finance, procurement, budget, human resources and payroll — do not work well together, are difficult to maintain and are increasingly at risk of expensive, disruptive failures. Gov. Jay Inslee's 2021–23 budget makes significant new investments in the state's One Washington program, a multiyear effort to replace these tools with an updated and more user-friendly enterprise resource planning system.

Background

Washington state government operates computerized administrative systems to create and manage budgets, pay employees and vendors, manage human resources, monitor spending and investments, and purchase goods and services.

Just as technology makes personal lives easier and saves time, it also makes thousands of jobs easier — and various systems more secure and efficient. But many parts of the state's computing infrastructure are extremely obsolete.

The state's Agency Financial Reporting System, for example, uses a computer programming language — COBOL — that dates from the 1960s. Few IT professionals today know this outdated language, which makes AFRS difficult and expensive to maintain.

The longer we wait to replace AFRS and related systems, the greater the risk that systems will fail. An AFRS failure would disrupt billions of dollars in employee paychecks and vendor payments across the state, including critical assistance payments for tens of thousands of our neediest and most vulnerable populations. The outdated technology also exposes the state to an increased risk of security breaches.

Modernizing core administrative functions will help the state do a better job of managing taxpayer dollars, and give decisions-makers powerful new tools to track and analyze data.

Data from existing systems can take weeks, if not months, to compile and edit before decision-makers can act. What's more, the state lacks a central system that can track billions of dollars in annual spending on goods and services. While individual agencies use their own systems, there is limited ability

to aggregate and analyze data on a statewide basis. This hampers the state's ability to identify potential savings or use its buying power to drive down costs.

Last year, Inslee issued an executive order directing state agencies to update many of the state's technology systems. The order gave new urgency and authority to the One Washington program, which oversees the modernization of the state's enterprise administrative functions. Housed at the Office of Financial Management, One Washington works closely with all state agencies.

This year, after an extensive due diligence process, One Washington selected software vendor Workday to provide modern new tools to replace the state's outdated systems. Meanwhile, contract negotiations are underway with an apparently successful vendor that was selected to help guide the complex task of putting the new systems in place. The state has targeted the end of the calendar year to complete those negotiations.

Phase 1: Replacing AFRS and related systems

The governor's proposed 2021–23 budget provides \$95 million in new funding for the One Washington program to transition the state's Agency Financial Reporting System and related systems to the new Workday platform. Besides the statewide AFRS system, more than two dozen agency administrative and finance systems — including the state Department of Transportation's accounting system — will be replaced during the project's initial phase.

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“Washingtonians expect higher quality services, faster interactions, more and easier access to services and data, stronger data protections, and better outcomes, but our aging enterprise administrative technology has grown more vulnerable to threats and potential system component failures of unknown duration that could impact the state economy on a massive scale.”

—Inslee Executive Order 19-04, One Washington: Modernization of state administrative business and systems

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The state will eventually use Workday's subscription-based software to consolidate multiple business functions — finance, budget, procurement, human resources and payroll — into one IT system.

Moving the state's administrative functions to a cloud-based “software as a service” model offers significant advantages. It will standardize business practices across agencies and give agencies more creative control to configure the program to meet their needs. Cloud-based business software works similar to smartphones, with the vendor consistently sending maintenance updates and evolved features based on security, customer needs and demands.

Replacing the state's core business systems

The bulk of new funding for One Washington is to support state agencies as they transition to the new Workday platform. The governor's budget includes funding for:

- **One Washington Technology Pool:** Agencies will need additional technical support during the Workday ERP implementation. This includes activities such as converting data and taking individual IT systems offline.
- **Agency OCM Pool:** Agencies have limited organizational change management capacity to implement

Workday. This funding is for agencies to support change management, communications and training for the Workday implementation.

- **Program management and system implementation:** The One Washington program is complex and has many moving parts. This funding supports program staff, state agency staff, finance and procurement experts, the systems integrator and technical/interface development team members.

Benefits of One Washington

Improved money management

- Provides better visibility into how the state spends money.
- Eliminates cost of maintaining aging infrastructure (AFRS).
- Creates opportunities to leverage the state's purchasing power.
- Improves financial forecasting capabilities.

Increased accessibility with the Cloud

- Users can access the ERP from anywhere on any device.
- Supports multiple simultaneous users.
- Allows real-time updates.

Integration of business processes

- Links finance, procurement, budget, HR and payroll processes.
 - Creates process efficiencies that will help reduce costs.
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