
HALDIMAND COUNTY

Report ECW-02-2023 Business Application Software Project – Go Forward Plan



For Consideration by Council in Committee on April 11, 2023

OBJECTIVE:

To present the go forward plan for the Business Application Software (BAS) Project and obtain approval for a capital budget amendment to the project.

RECOMMENDATIONS:

1. THAT Report ECW-02-2023 Business Application Software Project – Go Forward Plan be received;
2. AND THAT the revised budgets as outlined in Report ECW-02-2023 Business Application Software Project – Go Forward Plan be approved.

Respectfully submitted: Tyson Haedrich, M. Eng., P. Eng., General Manager of Engineering & Capital Works

Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

For a number of years the County has been working to update its key core technology systems with an integrated 'enterprise system'. This work has been challenging in the face of evolving technology, personnel changes, impacts of staff secondments and it has become clear that the original program objectives, while valid, were overly ambitious relative to capacity to deliver it.

Consequently, staff have recently completed a review of the Business Application Software (BAS) project with the support of Perry Group Consulting Ltd. – specialists in technology project management. Based on their report and internal discussions regarding initial scope for the BAS project, it's clear that the current project will not meet the County's original goals, and that the design as it was first envisioned is no longer suitable. It is also understood that due to the relatively small size of the County related to the complexity of operations of a single tier municipality there will be no perfect solution for the County.

Based on a review of the Perry Group report recommendations, staff are in agreement that the best approach to move the BAS project forward and build upon the successes to date, is to divide it into three separate project streams. Each of these smaller projects will have their own dedicated project sponsor, external project manager and dedicated staff team and will focus on smaller, achievable goals that will show tangible results.

It is expected that this approach will deliver a functional system that will meet the County's needs over the short to medium term. This change in approach requires a budget amendment to increase total funding for the originally scoped project. The proposed budget amendment impacts the Tax Supported Capital Budget and related capital reserve fund balances noted within the report, and therefore has no immediate impact on the 2023 Tax Supported Operating Budget.

Concurrently with the implementation of these three project streams will be the development of the Innovation and Technology Services (ITS) Technology Strategic Plan which will lay out the technology roadmap for the next three to five years. As this project is not currently within the Tax Supported Capital Budget, it will also require a budget amendment to enable this priority project to be initiated in 2023.

BACKGROUND:

The Business Application Software (BAS) project involves the replacement of the County's software systems implemented during the 2001 Transition Board with a comprehensive Enterprise Resource Planning (ERP) solution. This ERP includes integrated business software applications including asset management, property management, customer service and work order management. This approach avoids duplication in records and provides efficiencies by having each system 'talk' to one another.

The BAS implementation was initiated in 2018 and following some high level concerns with the delivery of the project, the County engaged Perry Group Consulting Ltd., as part of the 2020 Municipal Modernization Project, to conduct a high-level review of the current BAS project situation, assess project delivery and operational issues with the BAS solution, and provide independent advice to the County on current state, issues and recommended next steps.

The Perry Group BAS High Level Project Review confirmed that the CentralSquare product-set the County had acquired was broadly suitable and the project completion would significantly increase efficiencies and improve customer service, but additional work was needed to assess gaps and provide solutions for missing or inefficient functionality and that the County should continue on the planned implementation path. The report also noted that ERP projects typically take up to five years to implement, and while the County was behind its stated schedule, that is not uncommon.

The report also provided specific recommendations to required resources including a dedicated full time project manager and additional resources (secondments) from the business units where the system is being deployed. These recommendations were implemented and the project continued to move forward. Implementation of the financial component of the system is significantly underway, however other components have not been completed.

Faced with concerns about the growing complexity of the project and the inability to meet certain key milestones, staff re-engaged with Perry Group Consulting Ltd. on the BAS project in the fall of 2022 as part of Perry Group's ongoing review of the Innovation and Technology Services (ITS) Division resource requirements.

ANALYSIS:

Based on the Perry Group IT and Business Application Software (BAS) Review report (see Attachment 1) and internal discussions regarding initial scope for the BAS project, it's clear that the current project will not meet our original goals, and that the design as it was first envisioned is no longer suitable and was overly complex. It is also understood now that due to the relatively small size of the County related to the complexity of operations of a single tier municipality there will be no perfect solution for the County.

With the rapid pace of technology changes, it's vital that the County continue to progress forward technologically and can't afford to impede this progress trying to fix an overall solution that is no longer viable. Specific to the ITS division, it has built out staffing levels over the past few years in response to increasing technology needs but cannot be as effective as it needs to be with a large number of resources tied up in this project.

One of the key considerations of the Perry Group's review of resource needs is the transition of the BAS project into the ITS Business Solutions group. In order for this transition to be successful, and ultimately the project itself, it is critical that the project be refocussed to be manageable and that the appropriate level of dedicated resources be provided.

Following the Perry Group report recommendations, staff are in agreement that the best approach to move the BAS project forward is to divide it into three separate project streams. Each of these smaller projects will have their own project sponsor, external project manager and dedicated staff team; these teams will focus on smaller, achievable goals that will show tangible results. This will allow staff to operationalize what has been achieved to date and free up valuable technology resources rather than trying to complete everything at once.

The three separate work streams and proposed schedules are as follows:

- Money – Finance, Procurement, Property Tax and Financial Reporting (Q3 2023 to Q2 2024)
- People – Human Resources, Payroll, Time/Attendance, Disability and Talent Management (Q4 2023 to Q1 2025)
- Assets – Asset and Work Management (Q3 2024 to Q1 2025)

For each of the three separate streams the workplan will be as follows:

- Hire an experienced contract Project Manager for the work stream duration (12 to 18 months).
- Establish a dedicated project team (e.g., Solutions Analyst, Business Analyst and Subject Matter Expert (SME) staff) and use an agile approach to break the work stream into smaller packages and deliver as fast as possible into users' hands rapid improvements to the core functionality.
- Identify and methodically resolve outstanding solutions, bugs and flaws.
- Timebox the completion of the work to 12 to 18 months.
- Transition to an operational state.

It is expected that this approach will deliver a functional system that will meet the County's needs over the short to medium term. Concurrently with the implementation of these three works streams will be the development of the ITS Technology Strategic Plan which will lay out the technology roadmap for the next three to five years.

At this time, as outlined in Report ECW-06-2022 Staff Secondment Extension - Business Application Software Project, the following two internal staff secondments will continue until the Money and People project teams are formed and the projects initiated:

- Human Resources (Coordinator HRMS/Benefits)
- Innovation and Technology Services (Service Desk Analyst)

FINANCIAL/LEGAL IMPLICATIONS:

Capital Budget Impacts:

The following tables outline the required Tax Supported Capital Budget amendments required as a result of this report, if approved:

Table 1: Business Application Software Project

	Current Budget	Additional Funds Required	Proposed Revised Budget
Capital Expenditures:			
Current Budget	\$3,150,300	\$1,500,000	\$4,650,300
Total Capital Expenditures:	\$3,150,300	\$1,500,000	\$4,650,300
Financing:			
CRR – Information Technology	\$1,522,800	\$1,500,000	\$3,022,800
CRR – General	\$755,500		\$755,500
Contingency Reserve	\$872,000		\$872,000
Total Financing:	\$3,150,300	\$1,500,000	\$4,650,300

The above noted costs include the various components outlined in *Figure 7: Budget Estimates* of the attached Perry Group report, namely, dedicated project manager costs, back-fill staff support costs, vendor support and training.

It should be noted that the additional \$1.5 M will be spent on the three work streams over the next two and a half years with an anticipated completion at the end of 2025.

Table 2: ITS Technology Strategic Plan

	Current Budget	Additional Funds Required	Proposed Revised Budget
Capital Expenditures:			
Project Expenditures		\$100,000	\$100,000
Total Capital Expenditures:	\$0	\$100,000	\$100,000
Financing:			
CRR- Information Technology		\$100,000	\$100,000
Total Financing:	\$0	\$100,000	\$100,000

The above noted costs are recommended to be funded from the CRR-Information Technology as this reserve is established for technology replacements and upgrades. It is anticipated this reserve currently has sufficient funds to accommodate these costs. It will require staff to re-evaluate the long-term financial plan and impacts of the use of these additional reserve funds.

Operating Impacts:

The Perry Group Consulting - IT and Business Application Software (BAS) Review report also contains a number of operating costs in *Figure 7: Budget Estimates*. These operating costs are primarily based on the recommendations of their 2020 report outlining the new ITS structure and the 2023 operating costs noted within the budget estimates have been previously budgeted for and therefore will not impact the overall 2023 levy.

Specifically, the two staff noted in 2023 were approved through the 2023 Tax Supported Operating Budget deliberations. The two additional ITS positions identified in 2024 are recommended to be included in the 2024 Draft Tax Supported Operating Budget for Council's consideration.

The costs associated with the permanent hiring of a ITS Manager/CIO have been included in the annual salary estimates and recruiting costs are funded from salary gapping similar to all vacant positions within the County.

The annual vendor support costs have also been included in the anticipated annual software support program.

Any additional future operating cost impacts beyond 2023 will be ranked and evaluated through the appropriate Tax Supported Operating Budget process.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

REFERENCES:

1. Report CS-IS-02-2015 Re: Business Application Software Replacement Project – Phase 1
2. Report [CAO-03-2017 Award of Request for Proposal CS-IS-02-2017 Business Application Software – ERP Solution](#)
3. Report [FDS-04-2020 Municipal Modernization Project Final Report](#)
4. Report [ECW-05-2021 Budget Amendment - Business Application Software Project](#)
5. Report [ECW-06-2022 Staff Secondment Extension - Business Application Software Project](#)

ATTACHMENTS:

1. Perry Group Consulting - IT and Business Application Software (BAS) Review