State of Iowa
Enterprise Resource Planning Systems

Optimization Plan
Situation Overview

Currently, state departments rely on outdated IT systems to conduct financial and human resources management, creating inefficiencies, expense and risk across critical daily operations.

In order to better serve the people of Iowa and keep pace with private sector business practices, the state must optimize its Enterprise Resource Planning (ERP) Systems.
Current State: Legacy Mainframe Systems

12 OCIO employees required to maintain daily operations

I/3 — Integrated Information for Iowa
- Used for state financial management including accounts payable/receivable, procurement, budget preparation, general accounting, payment warrants
- Developed by CGI in 2002, last updated in 2012
- No longer supported by vendor due to age of system, basic support ends September 2020

HRIS — Human Resources Information System
- Used for timekeeping, calculating payroll, producing payroll warrants
- Developed in the 1980s, written in 1950s-era COBOL code language
- Difficult to recruit/retain personnel with historic code experience
Current State: Mainframe Integrity

The mainframe is located in the Hoover Building's State Data Center

- In 2018 and 2019, the Hoover Building experienced flooding
- In June 2019, the mainframe shut down and 1/3 could not be moved to a backup mainframe offsite
- Battery backup installed to stabilize system

Battery backup system currently in place at the Hoover Building, $48,000/month
Current State: Reality & Risks

- **Costs** — $10M/year to maintain current systems, **not including upgrade expenses that are needed**
- **Functionality** — Agencies cannot use I/3 to manage day-to-day finances due to lack of modern budget/expense functionality, instead opting for self-built spreadsheets and financial reports
- **Outdated Systems** — I/3 is no longer supported by vendor, dedicated staff required to maintain daily operations
- **Risk to Iowans** — All payment warrants are processed through I/3 including Medicaid, TANF, SNAP, unemployment, tax refunds, payroll, vendors and more
The Path Forward
Governor’s Technology Expectations

A modern technology platform enterprise-wide will enable more efficient, effective operations and improve state services for Iowans.

- Implement a strategic IT plan with 5-year funding priority
- Enterprise-wide improvements — purposeful, impactful and cost-effective
- Customer-centric
- Simpler and agile government
Current State to Future State

- Outdated, mainframe-based systems → Modern, cloud-based platform
- Disparate systems → Data integration
- Limited functionality → Planning, execution, analysis
- Manual workarounds necessary → Highly functional and intuitive
- Ongoing maintenance expense → Cost-effective, predictable
- Ineffective, inefficient → Adaptive, agile
Evaluating ERP Solutions

2018: DAS/OCIO evaluated upgrade solutions from current vendor (CGI)
- CGI Managed Advantage (CGI-hosted solution in AZ) - $43 million est. cost
- Feedback:
  - Financial only – did not address HRIS
  - CGI staff turnover is high and can lead to issues with service delivery
  - Communication between clients and CGI not always optimal
  - Software maintenance cycles may cause applications increased system down-time

2019: Research and evaluated available cloud-based ERP solutions
- Reviewed use by other states, governmental entities, and private industry
- Reviewed ERP solution (Workday) used by ISU and Iowa DOT
- Feedback:
  - Increased employee self-service
  - Single system provides valuable insights
  - Expense management more efficient leading to reduce costs
Workday: The Best Solution for Iowa

Modern, cloud-based ERP platform to replace I/3 & HRIS

- Customer-centric, cloud-based, mobile-enabled platform
- Improved administrative and IT efficiency
- Improved processing accuracy and controls
- Adaptive budget planning cloud enables collaborative financial planning/forecasting process
- Configurable without customization
- Predictable cost cycles
- Subscription as a Service (SaaS) — upgrades included in annual subscription fee
- DOT and ISU had positive implementations
- Iowa will reduce time and cost by building on DOT implementation
Current Workday Customers

Iowa Businesses
- Kum & Go
- Wellmark
- Vermeer
- Employers Mutual Casualty Co
- Athene
- Meredith
- Great River Health System
- Heartland Financial
- The Lauridsen Group
- Integrated DNA Technologies
- Dexter Apache Holdings

Iowa Government Entities
- Iowa State University
- Iowa DOT

State Governments
- Colorado
- Maine
- Maryland
- Nebraska
- Oregon

City Governments
- Denver
- Dallas
- Orlando
- Port Orange
- Gainesville
- Clark County, WA
- Sarasota County, FL
- Multnomah County, OR (Portland)

Workday currently has over 2,700 customers
RFP Process

A Workday contract procured via a competitive RFP by a national governmental purchasing cooperative is the most cost-effective and efficient procurement.

- Consulted Attorney General regarding possible RFP options
- Workday selected by both national RFP process and ISU’s RFP process
- Iowa’s experience with Workday implementation and the detailed evaluation process support selection
- Relying on recent competitive RFPs will enable this time-sensitive project to begin expeditiously
RFP: National Cooperative Purchasing Alliance (NCPA)

- NCPA is a leading national government purchasing cooperative working to leverage the purchasing power of public agencies in all 50 states.
- NCPA awarded contract to Workday under a competitive RFP.
- The State of Iowa and numerous agencies are members of the NCPA and have utilized NCPA procurements.
- Workday has agreed to honor lower pricing negotiated with ISU and Iowa DOT through ISU’s RFP process.
Next Steps

1. Executed a contract through State of Iowa OCIO in October 2019
   - Phase 0: Planning
     o Refine the functional and technical scope of deploying HCM and Finance platforms
     o Align and validate with all stakeholders
     o Verify the planned deployment

2. Complete planning phase and execute final contract
   - Phase 1: Human Capital Management Implementation
   - Phase 2: Finance Implementation
Timeline

November 2019

Phase 0
8 week planning phase to refine scope of work and refine/define final cost.

February 2020

Phase 1
Human Capital Management system begins implementation.
*Adaptive Phase 1 goes live July 2020

February 2021

Phase 2
Finance System begins implementation.

July 2021

HCM goes live
Payroll, time keeping, benefits management goes live for state agency use.
*Adaptive Phase 2 goes live

July 2022

Finance goes live
Financial planning, budget management, procurement goes live for state agency use.
# Workday Contract Cost & Work Effort Plan

<table>
<thead>
<tr>
<th>Implementation Costs</th>
<th>Phase 0 - Interactive Functional &amp; Technical Scope Definition for HCM &amp; FIN; Alignment and Validation with Stakeholders</th>
<th>Timeline - 11 weeks, November 2019 - January 2020</th>
<th>$857,550</th>
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<tbody>
<tr>
<td>Phase 1 - HCM &amp; FINS Proposed Design</td>
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<td>ORG, COMP, ABS, BEN, ONB, PAY, TT, PRISM</td>
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<td>Timeline - 80 weeks, February 2020 - July 2021 GO LIVE HCM/PAY</td>
<td>$3,364,714</td>
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<td>Phase 1 - Workday Planning/Adaptive</td>
<td>Final Approved Budget, Variance &amp; Projections</td>
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<td>Timeline - 5 months, February 2020 - July 2020 GO LIVE Adaptive</td>
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<td>Phase 2 - Financials</td>
<td>ACC, CASH, BILL, REV, EXP, PRO, GRT, PRJT, PRISM</td>
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<td>Timeline - 76 weeks, March 2021 - July 2022 GO LIVE Financials</td>
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<td>Phase 2 - Workday Planning/Adaptive</td>
<td>Salary &amp; headcount planning</td>
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<td>Timeline - 5 months, February 2021 - July 2021 GO LIVE Adaptive</td>
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<td>Travel Expenses estimated @ 5%</td>
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<td>Timeline - 5 months, February 2021 - July 2021 GO LIVE Adaptive</td>
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<td>Subtotal Implementation Costs</td>
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<td>Total Subscription &amp; Implementation Costs</td>
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Adaptive pricing is estimated pending final review with the State. Cost adjustments made after including Judicial and Legislative Branch integration.
Strategic IT Plan

Governor’s Top IT Priorities
- Enterprise cloud-based ERP
- Human Services IT Modernization
  - Medicaid
  - Eligibility
  - Child welfare
- Tax System Modernization

Funding Priorities
- Maximize federal-match opportunities
- Utilize funding availability in existing budgets
- Develop funding priority for Technology Reinvestment Fund (TRF)
- Governor’s 2021 budget for RIIF/TRF will reflect a five-year IT investment strategy
One-team Vision

In January 2019, Governor Reynolds laid out her vision for a “one-team collaborative approach” to improving state services for Iowa.

One ERP System helps make that vision a reality

- Improves operational performance
- Enables data-driven decisions
- Creates efficiencies
- Empowers and engages employees
- Drives results