

Enterprise Resource Planning

A Multitude of Benefits For Iowa Government

June 25, 2001



What is ERP?

► Organizing and doing things in a systematic way across many areas of a business or organization to **improve business processes**, and ultimately improve the information and services delivered to customers.



Components of ERP



What ERP brings to the table

- ▶ Less time and resources for **processing, inputting** and **organizing**



- ▶ More time and resources for **innovating, problem solving** and **direct service to customers**

ERP System: What Iowa will have that it doesn't have now

Quick, accurate answers to...

- ▶ How much does the State pay for consulting services? What are the actual benefits of those services?
- ▶ How many personal computers does the state own, where are they and how old or new are they?
- ▶ What does the state spend on training?
- ▶ How many employees does the State have?
- ▶ Is training increasing productivity and achieving results? At what cost?
- ▶ What are Iowans getting in return for tax dollars?



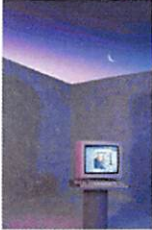
What's wrong with what we have?

- ▶ Patchwork of obsolete systems and tools
- ▶ No uniformity, consistency
- ▶ Slow
- ▶ Difficult to use
- ▶ Investment in new systems has lagged; systems are **decades old**
- ▶ Not sufficient for a digital future



Why Iowa needs ERP system

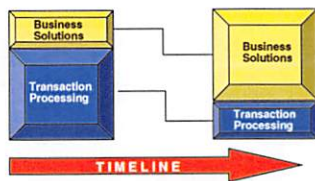
- ▶ An ERP [system] is an **integrated solution**, sharing a centralized database, with all 'users'....Human Resources, Purchasing, Cost Accounting, etc.... being served by the same database through **one point of entry**.



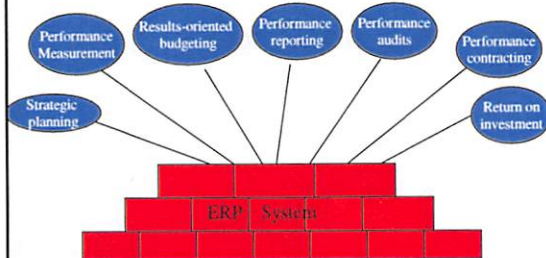
The data only needs to be updated once, **reducing errors, time and labor** for reports, analysis, planning and project management.

... ERP value ...

- ▶ Shifting "processing" time and cost to more solutions" and results



ERP Links to Accountable Gov't



Strategic Planning

- ▶ ERP provides a centralized source of data to be used to develop strategic plans - and improves accuracy and ease of planning by use of tools, such as forecasting instruments.

- ▶ ERP will support web-enablement to share plans and other information with the public.



Performance Measurement

- ▶ Today, we have disparate data and lack the ability to connect data to results. ERP is a comprehensive source of data, including measures, financial and non-financial data.
- ▶ Measures data could be collected from any of the ERP components: accounting, budgeting, human resources, payroll and benefits, or procurement.

Results-Oriented Budgeting

- ▶ Under ERP, internal systems, data and management tools are seamless and tightly aligned. ERP supports the linkage between budgeting and results.
- ▶ Provides data for decision makers to review results and identify resources needed for State programs.
- ▶ Provides the "Quick and accurate answer to..." *What are lowans getting in return for tax dollars?*

Performance Reporting

- ▶ Currently, we capture data from many sub-systems which may or may not have current or consistent information.
- ▶ Integrated reporting could be provided at all levels.
- ▶ The speed, accuracy and innovation in reporting and analysis would be greatly improved.

Performance Audits

- ▶ An ERP system provides financial and non-financial audit trails.
- ▶ Provides a uniform presentation and compatible format of data.
- ▶ Results: enhanced audit efficiency.

Performance Contracting

- ▶ ERP will provide the ability to review supporting data on contracts for effective analysis.



Return on Investment

- ▶ ERP will provide modeling tools for cost/benefit analysis to evaluate investment.
- ▶ ERP produces a steady stream of consistent data, reducing cost and difficulty of data collection.

Enterprise Resource Planning

Status Update

June 25, 2001



ERP Activities

- ▶ Planning Project : Developed high-level migration plan.
- ▶ Vendor Education Sessions: Five major ERP vendors presented ERP system capabilities to educate State staff.
- ▶ Development of a Request for Proposal (RFP): Interagency teams have worked to develop a RFP to select a contractor to provide software and implementation services for an ERP system.
- ▶ Communication: Website, newsletter, presentations to groups.



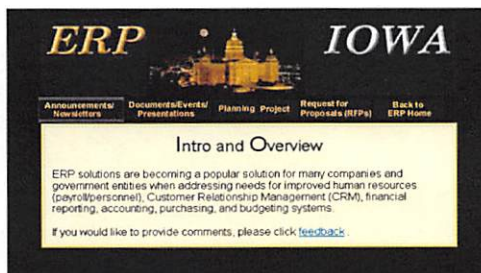
Development of the RFP

- ▶ RFP preparation team contains representatives from DOM, DRF, DGS, IDOP, and ITD.
- ▶ Input to prepare the requirements has been solicited from many levels of all departments throughout the process.
- ▶ Extensive participation from over 20 agencies has been received in the development and review of the requirements.
- ▶ The development of the RFP has focused on an enterprise approach to ERP and full integration of all components in the system.



ERP Website:

www.state.ia.us/government/its/ERP/



Where does Iowa fit regionally?

- ▶ We are surrounded by states with a **head start**



Case study: Arkansas AASIS system

- ▶ Reduction of bank accounts from 700 to 65.
- ▶ Steps from requisition of a service to payment reduced to 7 from 42.
- ▶ One Federal ID for the State instead of the current 200.
- ▶ Practically instantaneous and round-the-clock access to information and better reporting capabilities, a process that currently takes several days.
- ▶ \$30 million dollar system, approximately 24,000 employees.



Enterprise Resource Planning

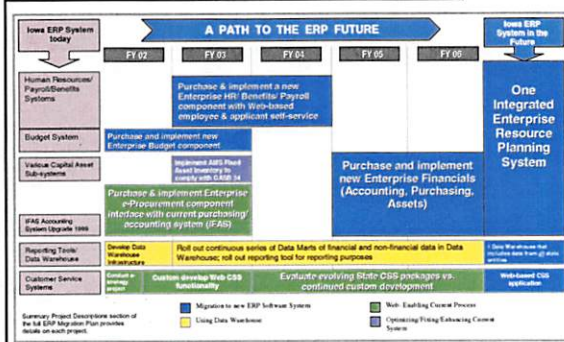
Implementation Plan/ Costs & Financing

June 25, 2001



Implementation Plan

Wide scope and breadth of retooling government systems



ERP Investment...

- ▶ \$42.4 million system cost (identified in Deloitte & Touche Study)



...and Return on Investment

Standardizing systems & streamlining processes

=

1% reduction in total staff hours
That's \$10,000,000 yearly.

Those savings represent **increased staff productivity** which can be directed to **more critical services** to citizen and business solutions.

Implementing an E-procurement system

=

15% **savings** in purchasing costs- That's \$15,000,000 yearly.

This assumes a \$100 million annual expenditure level and that all 8 state purchasing authorities participate

ERP Funding Options

- ▶ Appropriations
- ▶ Lease - Purchase
- ▶ Leveraging alternative funding sources
 - ▶ Vendor Financing
 - ▶ Federal funds
- ▶ *Many state ERPs have been funded by appropriations.*
