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*The Enterprise-Wide Technology Solution for
Montgomery County and its Customers*

Planning for Implementation of an ERP System

Association of Government Accountants
September 19, 2007



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Agenda

- **About Montgomery County**
- **About ERP – What is it and Why?**
- **Project Vision and Scope**

- **Planning for Implementation – Areas of Consideration:**
 - Governance
 - System Selection Phases and Rollout Strategies
 - Information Gathering/Fact Finding
 - Staffing
 - Organizational Change Management
 - Budget

Source: Montgomery County & GFOA



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About Montgomery County.....the organization

- Approaching 1,000,000 residents
- \$4.1 Billion Operating Budget
- \$2.9 Billion Capital Improvements Program (six years)
- Triple AAA
- 10,000 workforce

(County only; exclusive of MCPS, MCC, HOC, MCRA, MNCPPC)



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About Montgomery County.....the core systems (legacy applications)

- 1,400 system users
- Mainframe, DB2, green screen, customized – ~ 12 yrs old
- On-line decentralized financial/procurement
- Limited electronic workflow

- Many interfaces with loose integration/batch update (Budget, HR, specialized payments)
- Shadow systems
- Limited data warehouse/report writing

- Vendor support – none/limited - time & materials
- Internal support – limited/retirees



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About ERP - What is it?

Enterprise Resource Planning

Technology applications that improve enterprise-wide decision support and operational efficiency through information integration and process improvement.





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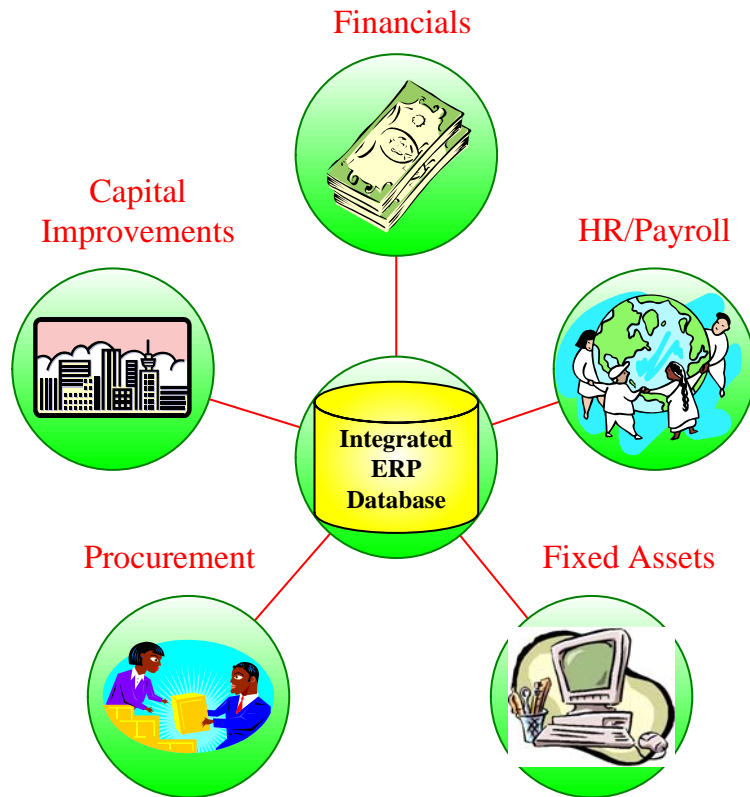
About ERP - Why?..... The Business Drivers

- **Data Integration - One version of the “Truth”**
- **Best Business Practices**
- **Real-Time Data**
- **Flexible Technology**
- **Drilldown/Audit Trail**
- **Enhanced Functionality**
- **Advanced Reporting and Analysis**
- **Web Enablement/Internet Capabilities**

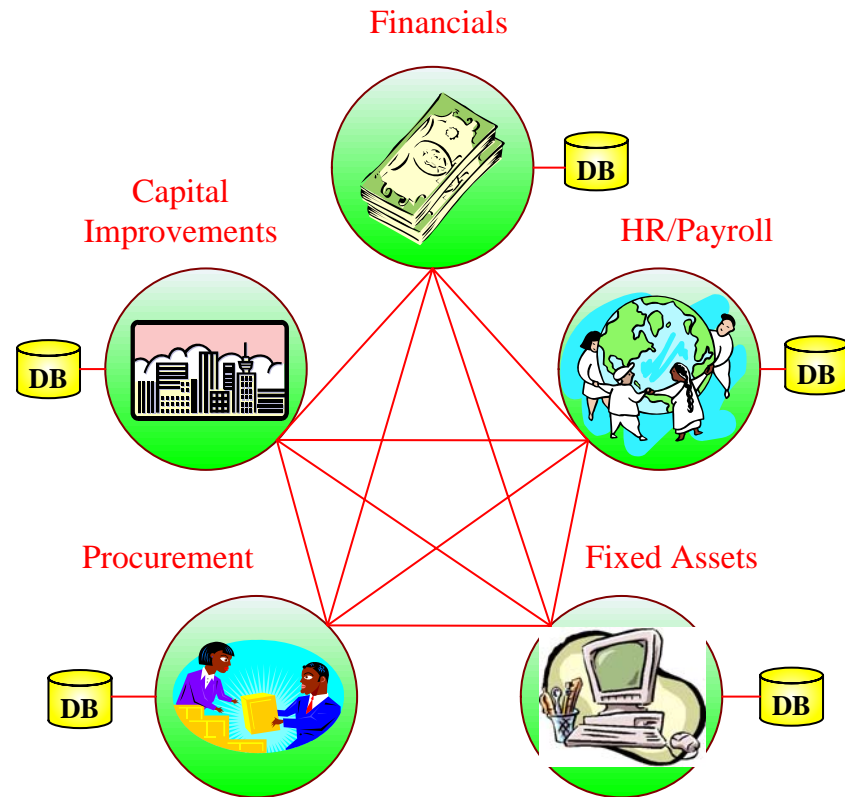
- **ENHANCED SERVICES TO OUR RESIDENTS!**



Types of ERP Solutions



Integrated



Best-of-Breed



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County ERP Vision Statement

“Transforming the way Montgomery County serves its residents and customers by setting new standards for how government operates.”

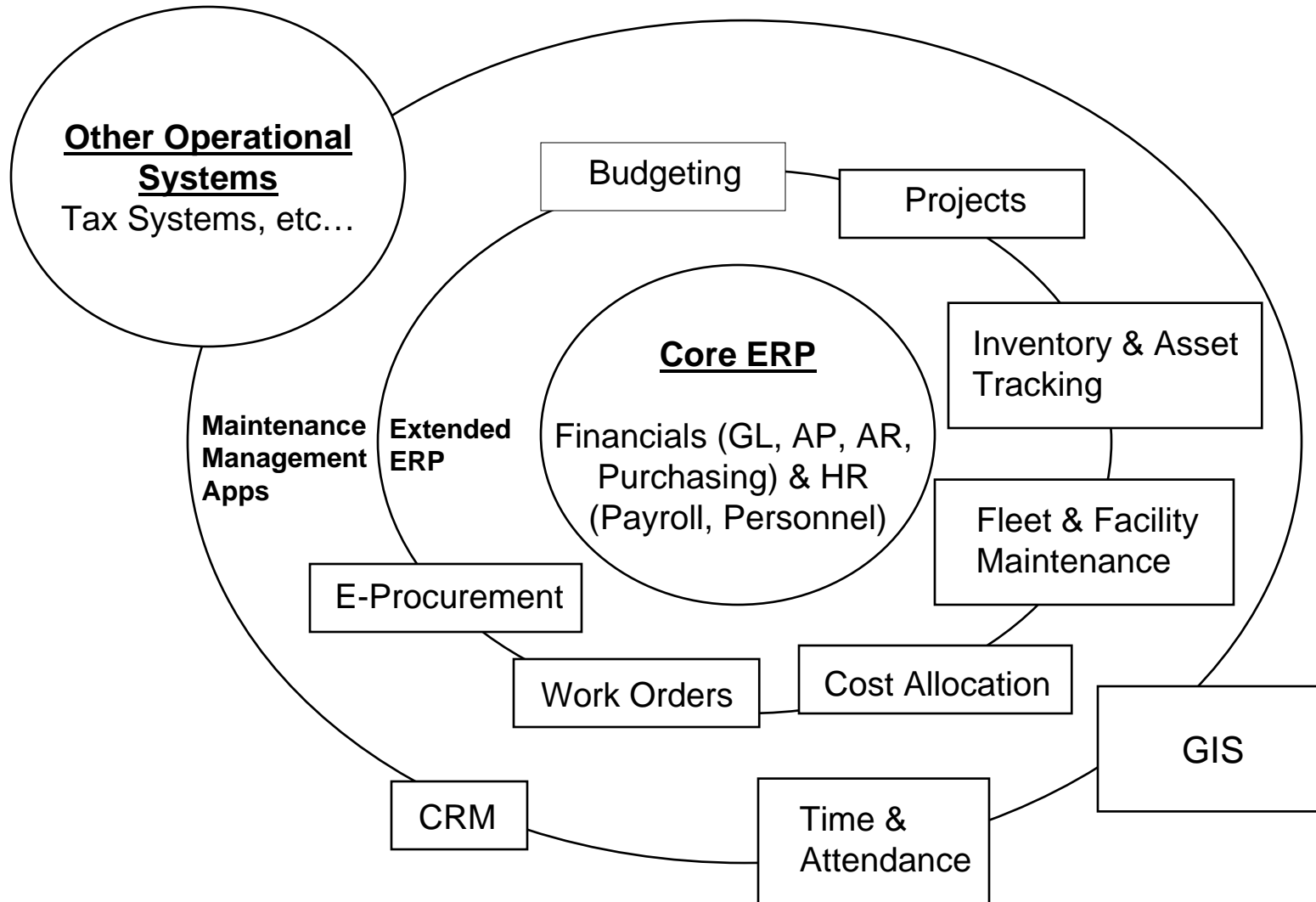
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Project Scope





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A New Way of Thinking

“An enterprise system, by its very nature, imposes its own logic on a company’s strategy, organization, and culture. It pushes the company toward full integration...”

“If a company rushes to install an enterprise system without first having a clear understanding of the business implications, *the dream of integration can quickly turn into a nightmare.*”

--Thomas Davenport
(Harvard Business Review, August 1998)

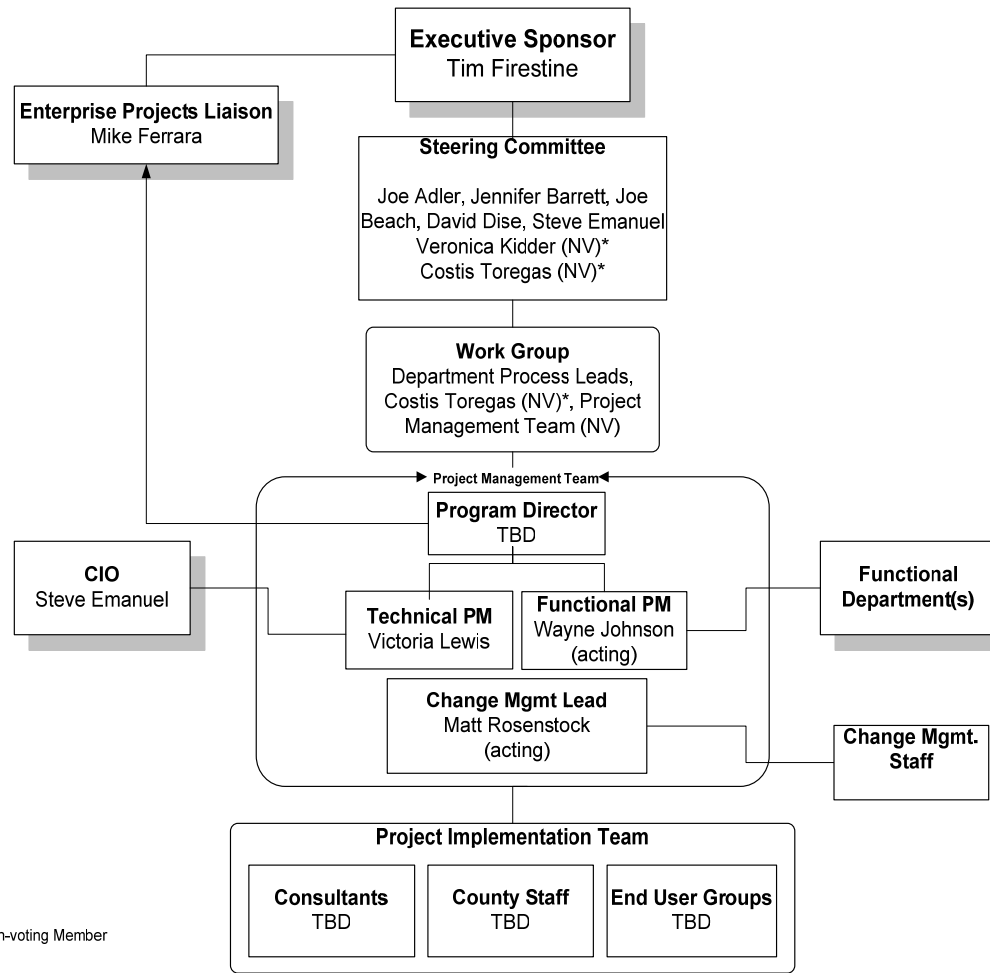


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ERP Governance Structure

MONTGOMERY COUNTY ERP PROJECT GOVERNANCE



* NV = Non-voting Member



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Governance

- **Structure**
 - Project Sponsor
 - Steering Committee
 - Change control function/board
 - Workgroup?
 - Project Manager
 - Project Team
 - Project Charter

- **Considerations**
 - *Highest Level Executive Support*
 - *Role of Legislative/Funding Body*
 - Role of Internal/External Users
 - Voting vs. Advisory

 - End State Vision and High-Level Business Case
 - Risk Assessment and Mitigation Plan
 - Audits/Oversight



System Selection Phases

Phase I

- Project Kick-Off
- Executive Visioning
- ERP 101 Sessions
- Project Plan

Phase II

- Process Mapping
- Change Management Plan

Phase III

- Functional Requirements
- RFP Development
- Project Budget Development

Phase IV

- Evaluation Plan
- Proposal Analysis
- Demo Scripts
- Reference Checks
- Facilitate Vendor Demos

Phase V

- Discovery
- Contract Negotiations
- Statement of Work



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Project Plan - Rollout Strategies

- ▶ **Key Considerations**
 - ▶ Organization Size
 - ▶ Complexity
 - ▶ Scope
 - ▶ Readiness for Change
 - ▶ Critical Timeframes
 - ▶ Vendor's Methodology

- ▶ **Options**
 - ▶ Big Bang
 - ▶ Phased



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Project Plan - Rollout Options

▶ **Big Bang**

- ▶ Provides all functionality to the entire organization at the same time – benefits of the new system are realized sooner.
- ▶ Has the most risk associated with it.
- ▶ Reduces the time required to implement.
- ▶ Eliminates “throw away” interfaces between functionality.
- ▶ Significant scope is difficult to manage – huge training effort for the end user community.

▶ **Phased (Version 1)**

- ▶ Limited functionality (e.g. Core Financials) to all the organization.

▶ **Phased (Version 2)**

- ▶ All functionality to a pilot department; then rollout of all functionality to the entire organization department by department.

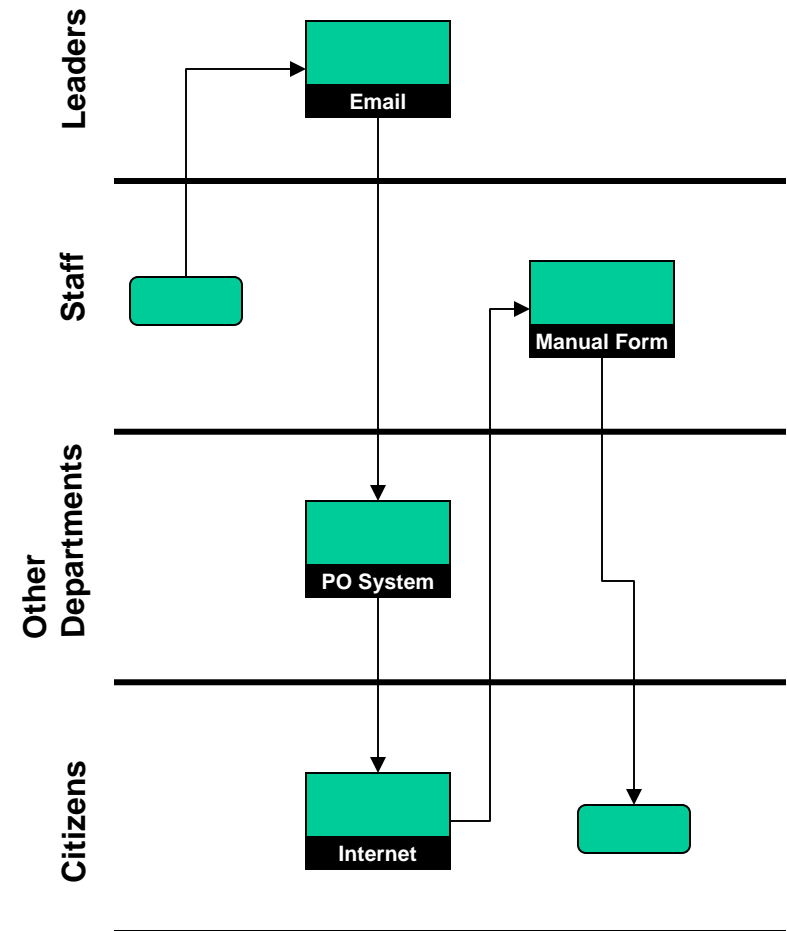


How to Map

► Identify Stakeholders

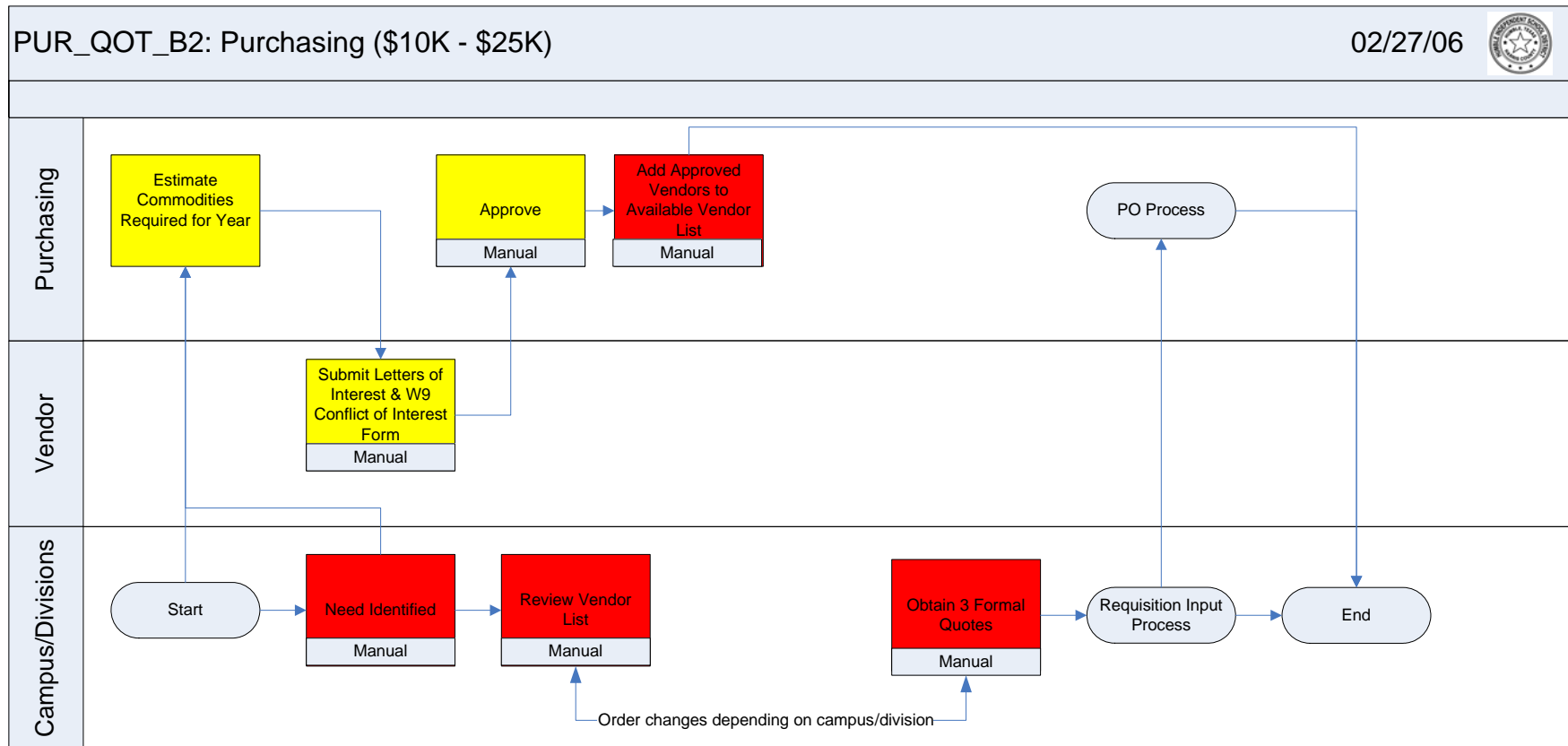
► Identify Major Processes

► Identify Systems





Example Map



ERP Will Change Process **ERP May Change Process** **ERP Will Not Change Process**



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Information Gathering/Fact Finding

- **Vendor interaction/meetings**
- **Conferences**
- **Web research**
- **Referral calls**
- **Best practice organizations**
- **Site visits**

- **Fact Finding**

- **MCPS**



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Staffing

Best Practices

- *Dedicated Management/SME's*
- *Change Management (more later)*
- *Best and Brightest – Org in Pain*
- *Assign Internal Folks*
- *Off-site/Co-location*
- *50/50 Government/Vendor*
- *Complement with part-time focus/expertise*



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Staffing

Other Considerations

- **Part-time Complement - Saturation Point**
- **Employees vs. Consultants**
 - **Backfill vs. Direct Hire**
 - **Perm vs. Term (Benefits, Merit Rights)**
- **Admin Support**
- ***Departmental vs. Organizational Approach – End State Vision***
- ***Ramp up Time to Backfill/Crosstrain***
- ***Hiring Rules/Constraints***
 - ***Mgmt/Supervisory Requirements, Competitive Process***
- **Opportunities to Streamline the Process**
 - **Create Positions, PD's, Ads, Ratings, Interviews...**
- **Ability to Pay, Overtime, Award/Reward**
- **Legacy system retirement plan**



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Staffing

Facility Considerations

- **Ability to absorb**
- **How much**
 - **Employees and Contractors**
 - *Phasing impact on numbers*
- **When**
 - **Project time period**
 - *Ramp up/crosstraining time*
- **Proximity to core departments and users**
- **Training space (centralized vs. decentralized)**
- **Time to negotiate lease/blueprints/permitting/furniture/
technology**



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Organizational Change Management

- **Responsibilities:**
 - *Preparing the employee population for changes*
 - *Setting realistic expectations*
 - *Developing a communications program*
 - *Creating and managing an ongoing, quality training program*
- **Considerations:**
 - **Current ability to absorb change**
 - **Planning stage vs. implementation**
 - **Role of/interaction with legislative/funding body**
 - **Project identity - Logo/tagline/contest**
 - **Quick wins/What's in it for me**



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Possible Communication and Change Management Components:

- Direct user input:
 - Stakeholder identification
 - Visioning/focus group sessions & 1 on 1 interviews
 - Surveys
- Direct communications:
 - Executive level communications
 - Website/Newsletter
 - “ERP 101” sessions & road shows
- Indirect change management:
 - Mapping and business requirements sessions
 - Targeted site visits
 - Department liaison meetings
- Vendor deliverables:
 - Coaching plan, Sponsor roadmap
 - Resistance management plan



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Budget

- **Business Case**
- ***Executive Sponsorship***
- ***Legislative/Appropriation Support***

- **Other Considerations:**
 - ***Operating vs. CIP***
 - **Multi-year**
 - **Enterprise-wide**
 - **Debt Financing/Master Lease**
 - ***Infrastructure Support/Related Costs***
 - **Digital Divide**
 - **Technology Business Continuity**
 - **Operating Budget Impacts**



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