

Report To: Finance + Facilities Committee, Board of Health
Submitted by: Dr. Nicola Mercer, Medical Officer of Health & CEO
Subject: ENTERPRISE RESOURCE PLANNING SOFTWARE

RECOMMENDATION(S):

- (a) That the Finance + Facilities Committee makes recommendation to the Board of Health to receive this Report, for information.

BACKGROUND:

Enterprise Resource Planning (ERP) software is a shared database that supports multiple functions used by different business units within an organization. There is a large number of ERP software packages on the market which have a varying scope of functions supported and large range in costs. Some commonly ERP supported functions are:

- Accounting
- Payroll
- Monitoring budget versus actual results
- Submission of expenses for reimbursement
- Human resources
- Purchasing
- Inventory management
- Time tracking
- Scheduling
- Point of sale
- Multiple other functions, including facilities maintenance, customer relationship management, supply chain management, etc., depending on the system and organizational requirements.

PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:

In 2017, WDGPH engaged Blackline Consulting to assess current Finance and Human Resources systems and processes and how they meet the needs of the organization. Blackline Consulting assessed 104 processes in the following process groups:

Human Resources:

- Support
- Resource
- Develop
- Maintain
- Reward

Finance:

- Order to cash
- Purchase to pay
- General accounting and reporting
- Budgeting and forecasting
- Fixed assets
- Payroll processing

Two additional process groups not on this list because they are not currently in practice at WDGPH, but which are required to be included as system requirements are: time tracking and inventory management.

Questions which Blackline Consulting was asked, and answered, in their assessment are listed below:

Question	Findings	Answer
Is there evidence that the current processes can be improved?	Of the 104 processes assessed, only 19 meet WDGPH's requirements, meaning they were efficient and effective with suitable system support.	There is ample evidence that the current processes can be improved.
Can the current systems deliver these improvements?	InfoHR is a full featured HR package that has functionality to support 31 of the 50 HR processes, but is only used in 11 and does not meet the needs of WDGPH for any of those processes. Applications with overlapping functionality have been implemented in place of InfoHR. None of the applications are integrated to share data. WDGPH follows fund accounting standards, but Sage 300 does not have the capability to support fund accounting. Enhancements and customizations to Sage would still leave 22 of the 54 finance processes not fully supported.	The current systems cannot deliver the process improvement opportunities identified.
Are there other systems that can meet WDGPH's process needs?	A preliminary scan of 12 vendors shows most had the functionality to support WDGPH's 11 process groups in scope for this assessment. The fund accounting requirement appears critical. Some vendors focus on fund accounting but tend to have less HR functionality, while the ERP vendors with a fund accounting capability tend to be the larger and more complex products.	There are systems that offer the functionality that WDGPH is seeking.

Potential options were considered for the future support of finance and human resources processes as follows:

- 1) Status quo;
- 2) Enhancement and integration of current systems; or
- 3) Replacement of current systems.

For option 3 - replacement of current systems, there are two common and mutually exclusive architectures for business systems: portfolio or integrated package. These options are described further in Appendix "A", attached hereto. An ERP system is an integrated package architecture.

Blackline Consulting recommended option 3 - replacement of the current systems, as options 1 and 2 leave many processes not fully supported. Blackline also recommended an integrated package architecture as most of WDGPH's business processes can be modified to align with the common business processes contained within an ERP and, there are limited circumstances where there is a business need for the processes of WDGPH to be unique.

The Senior Leadership Team is considering this recommendation as the way forward for the organization and to inform the process further has authorized the issuance of a Request for Proposals (RFP) for ERP software. Blackline Consulting has been engaged to support the development of the requirements for this RFP, which is currently underway, and will be issued in spring 2018. The decision to accept a proposal and execute the purchase of an ERP system will depend upon several factors:

- (a) The up-front and ongoing annual costs of the solutions proposed by vendors responding the RFP;
- (b) The availability of funding for the up-front and ongoing annual costs of the chosen solution; and
- (c) The availability of information about potential changes to the public health system in Ontario (Expert Panel Report).

Potential sources of funding for up-front implementation and configuration costs are one-time grants (preferred), and adding to a reserve for this purpose with any end of year surpluses (WDGPH Reserve for Technology (IT) (back-up).

There are ongoing annual costs for the current systems that would be expected to be replaced by an ERP system which would provide the main source of funding for the ongoing annual costs of the future ERP system. It is anticipated that the ongoing annual costs for an ERP system will be somewhat higher than current costs, but to what degree is unknown based on the wide variability in cost and fee structures for different software packages. Responses to the RFP will provide this information that is required to inform any next steps.

After a decision is made about whether or not to purchase a system the implementation of a new system would take approximately one year. The deployment of a new system would have to align with the beginning of a fiscal year.

REFERENCES:

NONE.

APPENDICES:

Appendix "A" – System Architectures

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System Architectures Are the Foundation for Selecting Business Applications

There are two common and mutually exclusive architectures for business systems, referred to as best of breed and integrated package. The table below summarizes the features of these two architectures. Before selecting applications, organizations should select an architecture.

	“Best of Breed” or Portfolio	Integrated Package
	Best system to meet a set of functional needs. Each system deals with a segment of the enterprise and is used for a specific business area / process.	One system that meets most of the needs of the organization. Functionality will cover many business processes.
Functionality	<ul style="list-style-type: none"> Functionality will closely meet the needs of each group as they will select the best application 	<ul style="list-style-type: none"> Processes may need to change to fit the system No one system does everything
Integration and data	<ul style="list-style-type: none"> Integration has to be developed and maintained Data will need to be ‘synchronized’ between systems 	<ul style="list-style-type: none"> Integration already built-in Data is shared across the organization
Philosophy	<ul style="list-style-type: none"> Make the system work for us 	<ul style="list-style-type: none"> Work the way the system does
Support	<ul style="list-style-type: none"> Diverse skill set required Multiple vendor contracts 	<ul style="list-style-type: none"> Broad knowledge of the business, but narrower technical skillset Single vendor
Typical Reason for Selecting	<ul style="list-style-type: none"> Have some unique processes or constraints Cannot find a package with enough coverage Do not need to share much information Environment changes often 	<ul style="list-style-type: none"> Wish to adopt common practice All departments service the same customers Strong need to use the same data Environment is generally stable