

**CITY COUNCIL COMMUNICATION 98-043  
FEBRUARY 3, 1998 AGENDA**

**SUBJECT:**

**ACQUISITION OF NEW FINANCIAL/  
ACCOUNTING AND PAYROLL/HUMAN  
RESOURCES APPLICATION SOFTWARE--  
PEOPLESFT/CARRERA CONSULTING GROUP**

**SUBMITTED BY:**

**KEVIN RIPER, FINANCE DIRECTOR  
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**SYNOPSIS –**

On February 24, 1997, Council reviewed and concurred with the “ Information Technology Recommendations” of the Data Management and Communications Committee, which mapped out a new approach to Citywide information processing, access, and dissemination. One of the first steps envisioned by that report was a new financial/accounting and payroll/human resources application software package, using client-server technology, to replace existing manual processes and outmoded software; to bring the software and its users together on the new Citywide network; to speed up and distribute more widely transaction processing for the City’ s financial and human resources; and to create for the first time flexible summary and detailed information for line personnel, management, the City Council, and the public. Ultimate benefits of the new application software should include faster response times to questions from external and internal customers; more staff time spent analyzing and acting on financial and human resources information, and much less time spent entering data into multiple databases; quicker review and resolution of financial and personnel decisions; prompter and easier-to-read reports on City finances and human resources activity; ability to begin relating performance measures and benchmarks to financial data; more precise allocation and reporting of line-item costs of City projects; and (with some business process re-engineering) faster payments to the City’ s vendors, allowing the City to take advantage of prompt-payment discounts.

To select a software vendor, the City issued a Request for Qualifications (RFQ) upon approval by Council on November 17, 1997. (The entire selection process is detailed in the various tabs of the documentation package which is attached to the roll call.) Of the 12 responses received, the highest scoring is a joint proposal from PeopleSoft, Inc./Carrera Consulting Group. The former would provide and support the financial/accounting and payroll/human resources software, and the latter would provide implementation assistance to the City. (Carrera Consulting Group is both a minority- and woman-owned business enterprise.)

## **FISCAL IMPACT –**

The software acquisition and support contract with PeopleSoft is expected to total approximately \$825,000. The implementation contract with Carrera Consulting Group is expected to total approximately \$680,000.

Separately, the City's Information Technology Department would acquire two NT servers as the platform for the new software (one server for the financial/accounting software, and the other for the payroll/human resources software), and the relational database required to run the software on the servers; the cost of these items is projected at approximately \$155,000. Finally, the protracted and extensive nature of this project will require the full-time attention of numerous key City employees to work with the implementation experts from Carrera Consulting Group, including an overall project manager; module managers from the Finance and Human Resources Departments; managers of installation, conversion, testing, and support in the Information Technology Department; departmental representatives to provide input on key design issues; and a great deal of staff training (for which a fixed number of hours is included in the software acquisition price) for many users in all operating departments. The substantial time commitment required for successful and extremely speedy implementation of this project leads staff to recommend that \$300,000 be allocated to the project for a combination of overtime, temporary upgrades/reassignments of existing employees to fill in for other employees devoted to the project, and temporary employees hired from the outside. Two-thirds of this amount is expected to be used by the Finance and Human Resources Departments, and the remaining one-third by the operating departments.

Therefore, the sum total of all four components of the project (software acquisition and support, implementation assistance, purchase of two servers and a relational database, and coverage for employees devoted to the project) is approximately \$1,960,000. Funding for this project is available in the Enhanced Citywide Information and Communications Systems Capital Improvements Program (CIP) project (for two-thirds of the total cost), and in the City's various enterprise funds (for one-third of the total cost). The February 1997 "Information Technology Recommendations" referred to above established the following funding philosophy: "To the extent these costs occur within an enterprise funded activity (e.g., sewer fund, parking system, airport), then the appropriate enterprise fund will be the source of funding."

Beginning in the second year of project implementation, there would be an operating budget cost of about \$140,000 initially for maintenance of the application software; this annual maintenance fee includes the vendor's regular software upgrades, technical improvements, access to the help line, and other related services. Much smaller annual amounts would be needed to pay for maintenance of the two servers and the relational database. All of these annual costs can be absorbed in the Information Technology Department's existing operating budget. Indeed, staff believes that as other applications follow financial and payroll software away from the current mainframe, the eventual cost savings from not having to pay for and maintain the mainframe will dwarf the kinds of additional costs listed above.

## **RECOMMENDATION –**

**Direct staff to negotiate, for future approval by Council, a contract for financial/accounting and payroll/human resources software acquisition and support with PeopleSoft, Inc.; and a contract for project implementation with Carrera Consulting Group.**

## **BACKGROUND –**

To provide as much expertise and different perspective as possible for this project, a Financial Software User Advisory Group was formed last summer. (See Tab 1 of the documentation package for a list of participants.)

The project began with research on the generic attributes of state-of-the-art software for financial/accounting and payroll/human resources applications. (See Tab 2 of the document package for a complete chronology of the project.) The User Advisory Group conducted extensive brainstorming sessions on the City' s needs and wants from a new package. (See Tab 3 of the document package for minutes of all the User Advisory Group' s meetings; July 24, 1997 and August 7, 1997 were the two brainstorming dates.)

A subset of members of the Advisory Group was appointed to draft– and subsequently evaluate– a Request for Proposals (RFP) or Request for Qualifications (RFQ). (See Tab 1 of the document package for a list of Subcommittee members.) A formal RFQ was ultimately issued to 30 potential vendors on November 18, the day after Council approved the form of the RFQ.

A dozen vendors responded with proposals. The RFQ Evaluation Subcommittee screened all 12 proposals to determine which met at least 95 percent of the minimum software requirements specified in the RFQ. As stated in the RFQ, only those proposals achieving that threshold were to be evaluated fully on the remaining criteria in the RFQ: training/implementation assistance/ongoing support; financial and business stability; past performance, including references; and cost.

Six vendors met at least 95 percent of the minimum requirements:

BI-TECH

HTE

J.D. Edwards

New World Systems

PeopleSoft/Carrera Consulting Group

Systems Consultants, Inc. (SCI)

The RFQ Evaluation Subcommittee then scored all six vendors on all five RFQ evaluation criteria. This was the second evaluation step established by the RFQ. The three highest-scoring vendors were:

BI-TECH  
J.D. Edwards  
PeopleSoft/Carrera Consulting Group

These three vendors were invited to the third stage of the evaluation process spelled out in the RFQ: in-person interview to present a City-provided scripted demonstration of their software. (See Tab 4 of the document package for the script.) J.D. Edwards proved unable to show a two-day demonstration within the timeframe specified by the RFQ (and demanded by our aggressive schedule), so it was replaced by the fourth highest-scoring vendor, HTE.

Over the course of the two weeks from January 12, 1998 through January 23, 1998, the full User Advisory Group, plus others, attended all or parts of six full days of scripted demonstrations by the three finalist vendors. Attendees evaluated the various modules and overall performance of each vendor's software— both quantitatively and with written comments. (See Tabs 5, 6, and 7 of the document package for the results of the scripted demonstrations.) Attendees also heard detailed presentations on project implementation plans from each vendor. Meanwhile, the RFQ Evaluation Subcommittee checked additional references on the three finalists.

Finally, the RFQ Evaluation Subcommittee was tasked with sorting through the accumulated data and providing a specific recommendation to the entire Advisory Group. Based on their own views and the formal input from the 30-member User Advisory Group, the Evaluation Subcommittee scored the three finalist vendors in this order:

PeopleSoft/Carrera Consulting Group  
BI-TECH  
HTE

Two factors loomed large in the high score for PeopleSoft/Carrera Consulting Group. First, the flexibility and functionality of the PeopleSoft software was extremely impressive, particularly its automatic routing and tracking of information and decisions (budget requests, purchase requisitions, personnel actions, etc.) throughout the Citywide network. These attributes boosted the PeopleSoft/Carrera Consulting Group's score on the 30 percent criterion of "meeting and exceeding minimum requirements and desired attributes." (See Tab 8 of the document package for the final scores on the RFQ evaluation criteria.)

Second, the PeopleSoft/Carrera Consulting Group received a boost in all RFQ evaluation criteria (save "Financial and business stability," where it was not relevant) for the software and platform's "fit" with the City's new network structure that focuses on client-server applications and distributed transaction processing. Whereas BI-TECH and HTE offered client-server based software that they have recently converted from mainframe-based software, PeopleSoft wrote its application software for the client-server from the beginning.

These two main factors, plus others, combined to give PeopleSoft/Carrera Consulting Group a decided edge in the final tally, despite BI-TECH being the low-cost vendor by a notable margin. (See Tab 9 of the document package for a detailed cost analysis.)

## A Final Word

During the in-person interviews, all three finalist vendors unsuccessfully tried to hide their concerns about our ambitious schedule, which calls for going live with three core financial modules on July 1, 1998— a scant four and one-half months after implementation begins. (Cities we called for references expressed similar doubts.) All three vendors told us it could be done, if the City adheres rigorously to decision and design deadlines, and if no unexpected delays or hidden costs crop up. Staff is confident that initial implementation can be completed according to the schedule laid out in the RFQ and Tab 2 of the document package, but given the scope and breadth of this transformation, we are not yet 100 percent certain. We are certain that every available resource will be deployed in pursuit of this critical and exciting goal.