



Cook County Government
Bureau of Finance
Office of Enterprise Resource Planning

IBM Corporation Software & System Integration and Managed Services for Oracle E-Business Suite ERP Software

Item 15-4318

September - 2015



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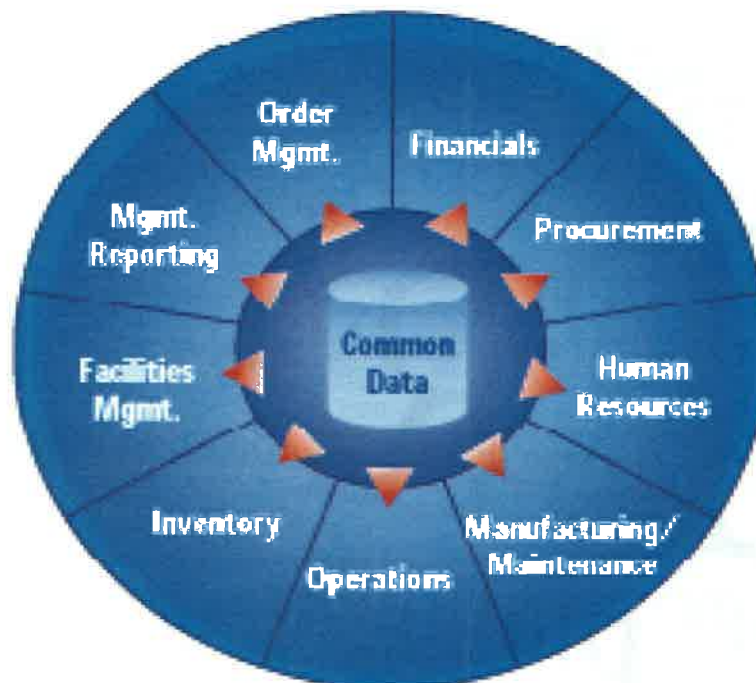
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What is “ERP?”

“ERP” is an acronym for *Enterprise Resource Planning*

ERP: Enterprise Resource Planning System



The integration of business processes that optimize functions across the enterprise (e.g., Supply chain, finance, manufacturing/maintenance, HR, etc.)

Provides a single shared data source repository for all information that is shared by multiple business back office functions to improve the flow of data across the organization



Contract Overview



ERP Implementation & Managed Services

Contract Terms

Implementation & Managed Services Contract

Upon successful implementation, the E-Business Suite platform will allow all County agencies to implement:

- Best practices based process improvements, leading to standardization of Finance and HR procedures
- Streamlined and automated workflows
- Real time reporting and analytics

Propose Awarding the services contract to IBM Corporation

The Office of ERP is respectfully requesting approval to enter into a five-year contract, plus one five-year extension option to implement and provide ongoing support for the E-Business Suite of applications

Contract Terms

- Term: 5 years
- Cost: \$66,546,900.00
- Full Compliance with 35% participation of County-certified M/WBE subcontractors

The project will serve the entire Cook County Government

- Cook County Health and Hospitals
- Forest Preserves of Cook County
- Offices of Elected Officials

Vendor selected through a competitive RFP process



ERP Implementation & Managed Services

Contract Scope

Contract Scope of Work

Implement Oracle's E-Business Suite ("EBS") of Applications:

- Financials
- Budget Preparation & Control
- Human Resources
- Payroll
- Supply Chain Management
- Organization-wide reporting and analytics

Project to be facilitated by experienced technology vendor to lead business transformation

- Best Practices
- Streamlined, Automated Workflows
- Improved internal controls to address remaining audit findings
- Real-time Analytics

Provide managed services for the technical support of the EBS solution

- Application Managed Services
- Private Cloud Hosting
- Infrastructure Managed Services
- Disaster Recovery



ERP Implementation & Managed Services *Subcontractor Roles*

Subcontractors utilized in Strategic Project Roles



Clarity Partners LLC

*Lead Budget Preparation & Control
Implementation*



Next Generation Incorporated

*Lead Human Resources & Payroll
Implementation*



William Everett Group

Implement Training & Knowledge Transfer



Level-1 Global Solutions LLC

Implement Application Managed Services

**Full
Compliance
with 35%
participation
of County-
certified
M/WBE
subcontractors**

Both IBM & Subcontractor staff follow same training and methodologies



ERP Implementation & Managed Services

Contract Costs

ERP System Integration Services and Managed Services	Initial Term 5 Years	FY15 Oct 2015 - Nov 2015	FY16 Dec 2015 - Nov 2016	FY17 Dec 2016 - Nov 2017	FY18 Dec 2017 - Nov 2018	FY19 Dec 2018 - Nov 2019	FY20 Dec 2019 - Sept 2020
Implementation Services	\$ 49,091,483	\$ 2,682,235	\$ 22,719,946	\$ 17,925,385	\$ 5,367,917	\$ 198,000	\$ 198,000
Application Managed Services	\$ 11,562,303	\$ -	\$ -	\$ 2,565,450	\$ 3,481,095	\$ 2,950,928	\$ 2,564,830
Cloud Hosting Services	\$ 5,098,640	\$ 44,894	\$ 616,154	\$ 1,087,299	\$ 1,194,891	\$ 1,173,184	\$ 982,218
Gap Software License & Support	\$ 794,474	\$ 458,689	\$ 80,262	\$ 82,670	\$ 85,150	\$ 87,704	\$ -
Total	\$ 66,546,900	\$ 3,185,818	\$ 23,416,362	\$ 21,660,803	\$ 10,129,052	\$ 4,409,816	\$ 3,745,048



Anticipated Project Benefits



Anticipated Project Benefits

ERP Supports President's Four Tenets

Fiscal Responsibility

Ensure taxpayer dollars are used effectively by reducing redundant systems and increasing efficient use of resources

Innovative Leadership

Leverage analytics tools to provide real-time, relevant data to support leadership decisions

Transparency and Accountability

Provide transparent and accountable public financial data to ensure a more effective government

Improved Services

Offer new services to the public including Vendor Self-Service functionality





Transformational technology tools enable policy goals



Anticipated Project Benefits

ERP Enables Business Transformation

CURRENT STATE

-  *Several obsolete ERP platforms across multiple agencies and elected offices*
-  *Fragmented data with manual and inefficient processes*
-  *Time-consuming system reconciliation and error correction*
-  *Multiple ERP environments are expensive to maintain*

FUTURE STATE

-  *Improve service delivery to constituents and employees*
-  *Single county-wide integrated ERP solution*
-  *Efficient, effective business processes leveraging increased functionality*
-  *Common, modern platform with flexibility to accommodate evolving business requirements*
-  *Performance metrics readily available for data-driven decision-making*

Efficient, effective and transparent government for residents, businesses and workforce



Anticipated Project Benefits

Return on Investment

RETIRE CURRENT SYSTEMS

Below are the contracted costs for multiple systems currently used across the County that are slated to be replaced by the new ERP:

	FY2017	FY2018	FY2019	FY2020
JDEdwards OneWorld* (County)	\$ 770,460	\$ 659,352	\$ 655,304	\$ 515,594
Lawson Financials (CCHHS)	\$ 701,601	\$ 701,601	\$ 701,601	\$ 701,601
Lawson Supply Chain (CCHHS)	\$ 701,601	\$ 701,601	\$ 701,601	\$ 701,601
JDEdwards E1 (County)	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
MSI (Forest Preserves)	\$ 39,000	\$ 39,000	\$ 39,000	\$ 39,000
G-Treasury (Treasurer)	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
	\$ 3,442,661	\$ 3,331,553	\$ 3,327,505	\$ 3,187,795

*Includes costs for Spinnaker support and Axiom hosting

IBM Application & Cloud Managed Services related costs will replace costs represented above

BUSINESS PROCESS IMPROVEMENTS RETURNS

- **SUPPLY CHAIN & INVENTORY MANAGEMENT – \$2 Million to \$4 Million annually**
 - Centralization of supply chain master data (materials, vendors) leading to duplicate inventory reduction
 - Real time, integrated access to financial data to be incorporated with CCHHS patient billing
- **PROCURE TO PAY – \$500,000 to \$1 Million annually**
 - Consistent, integrated spend analysis – facilitating vendor evaluation
 - Enablement of Vendor Management Inventory (VMI) and E-auction capabilities
 - Enhanced strategic sourcing capabilities leading to consolidation and automation

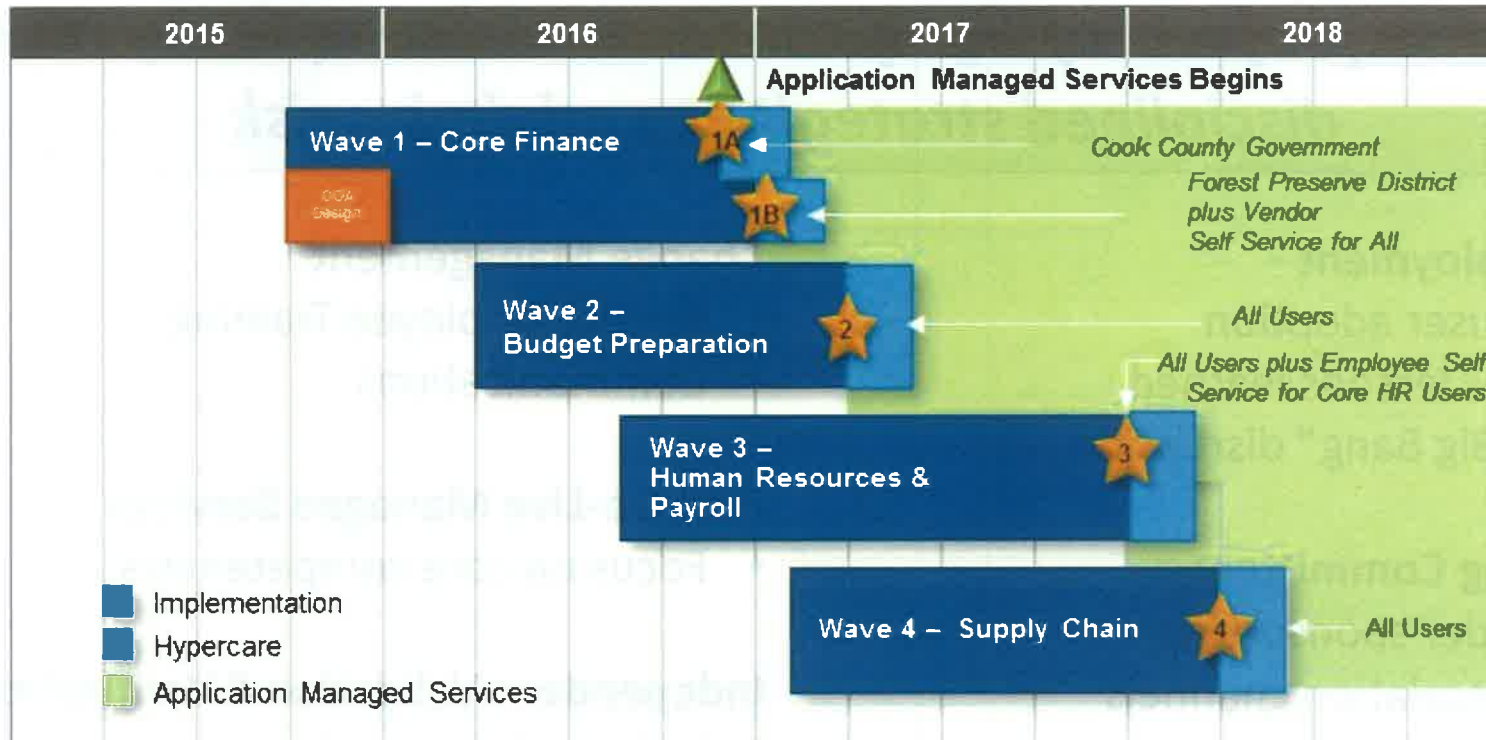
New ERP is expected to generate savings ranging from 25% to 50% of the implementation cost over a five-year period



Deployment Timeline & Risk Mitigation



Deployment Timeline



ERP Roll-Out Optimization

Minimize

- Implementation time
- Implementation costs
- Business disruption
- Risk



Maximize

- Implementation benefits
- Use of technology
- Organizational Adoption
- Flexibility



Risk Mitigation Strategy

Enterprise projects of significant size and complexity require disciplined strategies to minimize risk

Phased Deployment

- Ensures user adoption
- Leverages lessons learned
- Avoids “Big Bang” disruption

ERP Steering Committee

- Stakeholder sponsorship
- Formal escalation channels

Cloud Services

- Minimizes infrastructure costs and deployment effort
- Leverages economies of scale

Change Management

- Robust Employee Training
- Communications

Post Go-Live Managed Services

- Focus on core competencies

Independent Validation & Verification

- Industry best practices
- Independence ensures honest assessments