



# The State Bar *of California*

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## **OPEN SESSION**

### **AGENDA ITEM**

**54-143 MAY 2019**

### **FINANCE AND PLANNING COMMITTEE III.B**

**DATE:** May 16, 2019

**TO:** Members, Finance and Planning Committee  
Members, Board of Trustees

**FROM:** Steve Mazer, Chief Administrative Officer  
John Adams, Chief Financial Officer

**SUBJECT:** Enterprise Resource Planning System – Budget Amendment, Request for  
Approval of Change Order and New Contract

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### **EXECUTIVE SUMMARY**

This item requests an amendment to the 2019 budget to increase the project budget for the Enterprise Resource Planning (ERP) System by \$305,000, which will be partially offset by salary savings of \$135,000. This item further requests approval of a contract amendment with Sierra-Cedar, the ERP system implementer, for \$64,000; and approval of a new contract with Solution Boost to perform technical services related to the implementation, for \$234,000. The remaining \$7,000 is for an additional software license.

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### **BACKGROUND**

An ERP system manages Finance, Procurement and Human Resources functions. Upgrading the State Bar's outdated Oracle JD Edwards system to the Oracle Fusion Cloud system is an objective in the 2017-2022 Strategic Plan. In early 2019 staff contracted with Sierra-Cedar IT Services Inc. to configure and implement the new Oracle Fusion system. The initial contract with Sierra-Cedar was for \$1.6 million. The project launched in February and is expected go live at year-end.

### **DISCUSSION**

The requested budget amendment addresses three separate changes to the project:

1. Scope addition: Add Goal Management module to the implementation contract with Sierra-Cedar.

2. Scope change: Change the recruiting module to be implemented from Oracle Talent Acquisition Cloud (Taleo) to Oracle Recruiting Cloud (ORC).
3. New contract with Solutions Boost for data conversion and integration.

### Goal Management

Oracle Fusion Cloud offers separate subscription services for its various modules. At the time of procurement, staff procured subscriptions for modules that would be required at initial implementation, and locked in pricing on other modules that could be acquired in the future if necessary. For those subscriptions related to employee performance, staff initially procured the Performance Management module, which manages performance evaluations and related functions; and locked in pricing for the Goal Management module. Goal Management allows managers to set and track performance goals for individual employees, specific classifications, or teams. It creates a goal library for collaboration between divisions and generates meaningful insight for managers by producing a picture of the entire organization. With the State Bar's increasing focus on performance accountability and metrics at the individual and organizational level, the project team has determined that the Goal Management module should now be included with the initial implementation. The one-time cost to configure Goal Management is \$30,000, with an ongoing subscription cost of approximately \$7,000.

### Recruiting

At the time the State Bar purchased its Oracle Fusion subscriptions, the recruiting module was a stand-alone system called Taleo that Oracle acquired and offered with its native solutions. Integrating Taleo with Fusion was not part of the original project scope. Oracle subsequently released its own native recruiting solution, Oracle Recruiting Cloud (ORC), that is fully integrated with Fusion. Based on a review of both systems and discussions with Oracle and Sierra-Cedar, the project team believes there are significant advantages to implementing ORC instead of Taleo, including seamless integration; a single update cycle for all Oracle subscriptions; and single system functionality for data management and reporting. The one-time cost increase to configure ORC is \$34,000. There is no increase in the annual licensing cost.

### Data Conversion and System Integration

A major part of any I.T. system implementation is data conversion – extracting, cleansing and uploading data from the old system to the new; and system integration – ensuring functioning interfaces with other internal and external systems. The State Bar's current JD Edwards system is old and expertise is not commonplace. A long-term State Bar I.T. employee who was involved in the original JD Edwards implementation and had deep knowledge of the system was designated to lead the internal effort on data conversion and integration. This employee unexpectedly resigned, requiring the State Bar to seek external resources. Staff solicited quotes from Sierra-Cedar; from Solution Boost, an I.T. consulting firm specializing in JD Edwards which has previously worked with the State Bar on system maintenance, enhancements and reporting; and from a third-party I.T. contractor. All three price quotes were comparable, and staff has the most confidence in Solution Boost, due to this firm's JD Edwards expertise and existing knowledge of our system. The cost for data conversion and integration is estimated at

\$234,000. This cost will be partially offset by approximately \$135,000 in salary savings from keeping the I.T. staff position vacant for the remainder of the year.

## **FISCAL/PERSONNEL IMPACT**

This budget amendment would increase the ERP system implementation budget by \$305,000. This cost will be partially offset by approximately \$135,000 in salary savings from keeping an I.T. staff position vacant for the remainder of the year.

## **RULE AMENDMENTS**

None

## **BOARD BOOK AMENDMENTS**

None

## **STRATEGIC PLAN GOALS & OBJECTIVES**

Goal: 3. Improve the fiscal and operational management of the State Bar, emphasizing integrity, transparency, accountability, and excellence.

Objective: g. Implement a new Enterprise Resource Planning System (the Oracle Fusion suite of applications), beginning with the Human Capital Management module by the end of 2018 and continuing with the Finance and Procurement modules by the end of 2019.

## **RECOMMENDATIONS**

**It is recommended that the Finance and Planning Committee and Board of Trustees approve the following resolution:**

**RESOLVED**, that the Finance and Planning Committee and the Board of Trustees approve an amendment to the 2019 Budget, to increase budgeted expenses of the ERP System by \$305,000, as described herein; and it is

**FURTHER RESOLVED**, that the Finance and Planning Committee and the Board of Trustees approve a contract amendment with Sierra-Cedar for \$64,000, as described herein; and it is

**FURTHER RESOLVED**, that the Finance and Planning Committee and the Board of Trustees approve a contract with Solution Boost for \$234,000, as described herein.

## **ATTACHMENT(S) LIST**

None