



# The State Bar *of California*

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## **OPEN SESSION AGENDA ITEM 703 NOVEMBER 2019**

**DATE:** November 14, 2019

**TO:** Members, Board of Trustees

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

**SUBJECT:** Enterprise Resource Planning System – Budget Amendment and Contract Approval

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### **EXECUTIVE SUMMARY**

This item requests a budget amendment to increase the project budget for the Enterprise Resource Planning (ERP) System by \$390,000. This item further requests approval of contract amendments with Sierra-Cedar (system implementation) for \$207,000; with Tech Diligence Group (project management) for \$79,000; and with Solution Boost (data migration and validation) for \$80,000. The remaining \$24,000 is for training resources from one or more vendors. The Finance Committee met to discuss this item on November 6, 2019, and recommended that the Board of Trustees approve the request.

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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 Upgrading the State Bar's outdated Oracle JD Edwards system to the Oracle Fusion Cloud system is an objective in the 2017-2022 Strategic Plan. The project launched in February 2019; it was expected go live in December 2019, but will now go live in January 2020. The original implementation budget was \$1.6 million, and was increased to \$1.9 million by Board action in May 2019.

## **DISCUSSION**

The requested budget amendment addresses three categories of changes to the project:

1. Schedule Change: Move go-live date to January 2020 (\$65,000, Sierra-Cedar). Based on issues discovered during System Integration Testing, the start of User Acceptance Testing was delayed by three weeks, and the decision was also made that additional time should be scheduled for Parallel Payroll Testing.
2. Scope Change: Add Position Budgeting to the Planning & Budget module (\$86,000, Sierra-Cedar). The original project scope included only Line-Item Budgeting which, for personnel, would mean budgeting only for total personnel expenses, not expenses tracked and managed by individual positions in each Office. This was an oversight during the procurement and contracting process. Position Budgeting is an important feature that would now be added to the project scope.
3. Additional Resources (\$239,000)
  - a. Increase post-go-live support from two weeks to four weeks (\$56,000, Sierra-Cedar)
  - b. Continue I.T. project management support (dedicated project manager) through go-live (Tech Diligence Group, \$79,000)
  - c. Additional data migration and validation activity (\$80,000, Solution Boost)
  - d. Additional resources to ensure sufficient end-user training before and immediately after go-live (\$24,000, one or more vendors)

The need for additional time and resources requested in this budget amendment is based on our experience with developing and testing the new ERP system over the last several months, and on lessons learned from prior large-scale system implementations, including the Admissions Information Management System (AIMS). Those experiences have shown, in particular, that sufficient, comprehensive testing, and efforts to ensure the integrity of data migrated from the old system to the new, are essential to a successful implementation. It is more efficient and cost effective to add the time and resources now, while the system is still under development, than to address them through remediation efforts after implementation.

## **FISCAL/PERSONNEL IMPACT**

This budget amendment would increase the ERP system implementation budget by \$390,000, with approximately \$120,000 expended in 2019 and \$270,000 in 2020. The 2019 portion of expenses can be covered by savings in the General Fund. The 2020 portion will be included in the 2020 budget planning process.

## **RULE AMENDMENTS**

None

## **BOARD OF TRUSTEES POLICY MANUAL 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**

**The Finance Committee recommends that the Board of Trustees approve the following resolution:**

**RESOLVED**, that the Board of Trustees approves an amendment to increase the ERP System project budget by \$390,000, as described herein; and it is

**FURTHER RESOLVED**, that the Board of Trustees approves contract amendments with Sierra-Cedar (system implementation) for \$207,000; with Tech Diligence Group (project management) for \$79,000; and with Solution Boost (data migration and validation) for \$80,000, as described herein.

## **ATTACHMENT(S) LIST**

None