

**STATEWIDE ADMINISTRATIVE SYSTEMS  
REPLACEMENT PROJECT SUMMARY**

**June 30, 2011**

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# 1 EXECUTIVE SUMMARY

This Statewide Administrative Systems Replacement project includes the implementation of financial, procurement, learning management, debt management and human resources administrative systems and processes. Contractor will replace the current State Administrative Systems using a phased approach consistent with priorities communicated to Contractor in the Request for Proposals (RFP) prepared by the State. Listed below are the major project services:

Services	Time Frame
Phase 1 - Enterprise Readiness	7/2011 to 6/2012
Phase 2 - Envision	7/2012 to 3/2013
Phase 3 - Financial and Procurement	4/2013 to 7/2014
Phase 4 - Human Resources and Payroll	7/2014 to 1/2016
Managed Advantage (Ongoing Operational Support Services)	9/2011 to 6/2024, inclusive of three, two-year renewal options

The table below shows the costs for the entire project.

Cost Items	Cost
Implementation Services	\$33,116,689.02
Software License Fees	\$3,667,759.00
Software Maintenance through 2024	\$10,261,275.88
Managed Advantage Services through 2024	\$23,605,002.10
<b>Total</b>	<b>\$70,650,726.00</b>

Project costs are further detailed in the next section and in the separate Implementation Services and Software and License Maintenance Agreements.



## Statewide Administrative Systems Replacement Project Summary

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The principal goal of the Statewide Administrative Systems Replacement project is to replace failing legacy systems and add additional functionality not currently available. Dependable service from these statewide systems is critical to the mission of every State agency. Vendors and employees must be paid, and reliable records maintained of these transactions for the State to conduct its business.

### **Guiding Principles**

The Guiding Principles are established to set priorities, establish boundaries, and allocate resources for successful implementation of the Statewide Administrative Systems Replacement project. They will be used by the Project Management Team to facilitate the decision-making process and to manage project execution. The Guiding Principles established for the project are:

- The priorities of the State will have precedence over the priorities of individual departments.
- The State will implement business processes, adapt administrative polices and pass legislation, as feasible, to align with best practices to minimize the need for software customization.
- In order to minimize implementation risks, custom software modifications will be kept to an absolute minimum as determined by the State, and will be deemed necessary only when no other feasible solution can be found.
- To the maximum extent possible as determined by the State, the State will utilize the existing data warehouse for reporting versus the production system.
- The State will adopt a single system approach to support its business requirements by eliminating disparate standalone systems.
- To the maximum extent possible as determined by the State, the State will leverage the public-sector best practices embedded in AMS Advantage 3.
- The State and Contractor will work in partnership, as demonstrated through the formation and co-location of Contractor-State project teams to facilitate knowledge transfer.
- Decision making will be performed in a collaborative manner and include the appropriate stakeholders,

### **Contract Documents**

The contract documents that have been completed to support the project are described below.

- (1) Software License and Maintenance Agreement—describes the License and Standard Maintenance terms.
- (2) Implementation Services Agreement—describes the overall scope and Contractor deliverables, the activities, roles and responsibilities of both the State and Contractor during the implementation phases of the project, and incorporates the State's functional requirements.



- (3) Managed Advantage Services Rider and Statement of Work-describes the Contractor's remote administration services to operate, maintain, and install upgrades to the software during the implementation and for a period of eight years following completion of the implementation.

## **2 COST BREAKDOWN**

The total costs of the State of Alaska Administrative Systems Replacement Project implementation are fully documented in the Implementation Services Agreement and Software License and Maintenance Agreement, including the payment schedules. The following tables summarize the costs, highlighting both the total value of the contracts and the differences between the original proposed and final costs.



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<b>Software and Services to meet RFP requirements</b>				
<b>Implementation Services</b>	\$24,606,558.00	\$26,365,865.43	\$1,759,307.43	<ul style="list-style-type: none"> <li>Expanded Change Management Support</li> <li>Go-Live revised to align with State resource availability</li> <li>Accelerated implementation services by the Contractor for Learning Management System</li> </ul>
<b>Software Licenses</b>	\$3,387,752.00	\$3,362,259.00	\$(25,493.00)	<ul style="list-style-type: none"> <li>Contractor reduction in third party license costs</li> </ul>
<b>Software Maintenance</b>	\$9,567,938.00	\$9,616,471.00	\$48,533.00	<ul style="list-style-type: none"> <li>Additional three maintenance years on third party software to align all maintenance periods</li> </ul>
<b>Sub Total</b>				
<b>Value Add Items selected by the State during Pre-Award</b>				
<b>Managed Advantage Services</b>	\$16,721,436.00	\$23,605,002.10	\$6,883,566.10	<ul style="list-style-type: none"> <li>Provide disaster recovery</li> <li>Add an additional upgrade at State's request</li> <li>Support the additional value added software selected</li> <li>Additional three service years to cover the Financial and Procurement software implementation period</li> </ul>
<b>Enhanced Strategic Fit Modifications</b>	\$2,488,231.00	\$2,285,268.00	\$(202,963.00)	<ul style="list-style-type: none"> <li>State did not select all proposed strategic fit modifications</li> </ul>



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<b>Debt Management Software and Services</b>	\$555,210.00	\$292,704.97	\$(262,505.03)	<ul style="list-style-type: none"><li>• State did not select the Investment software and Services</li></ul>
<b>Learning Management Software and Services</b>	\$877,727.00	\$1,134,155.50	\$256,428.50	<ul style="list-style-type: none"><li>• Additional three maintenance years on third party software to align all maintenance periods</li><li>• Third Party service costs for accelerated implementation of Learning Management</li></ul>
<b>Sub Total</b>	<b>\$20,642,604.00</b>	<b>\$27,317,430.57</b>	<b>\$6,674,826.57</b>	
<b>Changes requested by the State during Pre-Award</b>				
<b>Enterprise Readiness Phase</b>		\$3,989,000.00	\$3,989,000.00	<ul style="list-style-type: none"><li>• Due to unavailability of State resources, State requested additional services in preparation for the implementation</li></ul>
<b>Total</b>	<b>\$58,204,852.00</b>	<b>\$70,650,726.00</b>	<b>\$12,445,874.00</b>	



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The following table depicts estimated annual expenditures by fiscal year.

**Annual Expenditures by Fiscal Year**

Fiscal Year	Software Licenses And Maintenance			Value Add Items License & Maintenance		Managed Advantage Services	Implementation and Value Add Services	Total
	Financial & Procurement	HRM	Third Party	Doc Management	Learning Management			
FY2012	\$2,108,120.00	\$0.00	\$691,715.68	\$78,572.99	\$234,000.00	\$ 2,197,189.04	\$3,989,000.00	\$9,298,597.71
FY2013	\$0.00	\$0.00	\$152,458.97	\$13,041.00	\$32,363.95	\$2,197,189.04	\$6,866,870.96	\$9,261,923.92
FY2014	\$0.00	\$0.00	\$152,458.97	\$13,041.00	\$37,251.90	\$1,709,562.04	\$6,651,185.75	\$9,203,299.65
FY2015	\$579,382.93	\$639,800.00	\$152,458.97	\$13,041.00	\$37,251.90	\$1,722,333.32	\$9,482,733.79	\$11,987,201.91
FY2016	\$579,382.93	\$0.00	\$157,032.74	\$13,432.23	\$38,369.46	\$1,722,333.32	\$5,519,292.77	\$8,114,742.68
FY2017	\$579,382.93	\$84,899.24	\$157,032.74	\$13,432.23	\$38,369.46	\$1,838,206.24	\$20,044.80	\$2,821,360.82
FY2018	\$579,382.93	\$174,892.43	\$161,743.72	\$13,835.20	\$39,520.54	\$1,838,206.24	\$587,560.96	\$3,400,388.79
FY2019	\$599,063.71	\$180,139.20	\$161,743.72	\$13,835.20	\$39,520.54	\$1,832,172.67		\$2,826,475.04
FY2020	\$599,063.71	\$180,139.20	\$166,596.03	\$14,250.25	\$40,706.16	\$1,709,562.04		\$2,715,721.57
FY2021	\$617,035.62	\$185,543.38	\$166,596.03	\$14,250.25	\$40,706.16	\$1,709,562.04		\$2,733,693.48



**Statewide Administrative Systems Replacement Project Summary**

Fiscal Year	Software Licenses (APR 2022 - APR 2024)			Value Added Services (V.A.S.)		Total
	Financial Procurement	HR	Time Entry	Staff Management	Employee Self-Service	
FY2022	\$617,035.62	\$185,543.38	\$171,593.91	\$14,677.76	\$41,927.34	\$2,745,906.35
FY2023	\$635,546.69	\$191,109.68	\$171,593.91	\$14,677.76	\$41,927.34	\$2,764,417.42
FY2024	\$635,546.69	\$191,109.68	\$176,741.73	\$15,118.09	\$43,185.16	\$2,776,996.68
<b>Total</b>	<b>\$1,888,131.00</b>	<b>\$567,762.74</b>	<b>\$420,929.55</b>	<b>\$44,473.61</b>	<b>\$127,039.80</b>	<b>\$7,651,926.80</b>



### **3 RISK MANAGEMENT PLAN**

The Contractor is providing a Risk Management Plan (RMP) which outlines all risks known at this time that may impact its ability to control the project and the services to be delivered.

The Project Management Plan details the entire Risk Management Procedure and Processes for the Contractor and State team to follow. In addition, each risk will be managed through the project collaboration site, with risk reports produced weekly from this tool.

The top three current project risks are summarized below.



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Risk Group ID	Risk Statement	Risk Owner	Risk Severity	Plan to Minimize Risk	Action if Risk Occurs
1	Availability of State Resources	State	Severe	<p>1. State – Engage the Contractor for the Enterprise Readiness phase.</p> <p>2. Contractor - Develop a project work plan to identify when specific knowledge and skill sets will be required of State resources. This will clearly identify the State resources needed during which timeframes. These times include the key areas that State staff are required:</p> <p>Enterprise Readiness:            -State Core project team from 7/2011 to 6/2012            -State SME's from 9/2011to 6/2012</p> <p>Envision:            -State Core project team from 7/2012 to 3/2013            -State SME's and State Core project team from 10/2012 to 3/2013</p> <p>Financial &amp; Procurement            -State Core project team from 4/2013 to 7/2014            -State SME's for UAT from 2/2014 to 5/2014            -State staff (finance and procurement users) to Train from 5/2014 to 7/2014</p>	<p>1. Contractor/State - Review and adjust any affected project deliverable dates or implementation activity milestone dates based on the availability of State resources.</p> <p>2. Contractor/State - Where staff is not available on the Core Team, work with Contractor to supplement State Staff with Contractor staff.</p> <p>3. State – Use the Change Request process to adjust the schedule on the project should State resources not be available to support the work plan activities.</p>



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Risk Group ID	Risk Statement	Risk Owner	Risk Severity	Plan to Minimize Risk	Action if Risk Occurs
				<p>Human Resources and Payroll</p> <ul style="list-style-type: none"><li>-State Core project team 7/2014 to 1/2016</li><li>-State SME's for Envision Review from 7/2013 to 10/2013</li><li>-State staff (human resources and payroll users) to Train from 10/2014 to 12/2014</li></ul> <ol style="list-style-type: none"><li>3. Contractor/State - Review the resource needs on a monthly basis to determine how upcoming State resource requirements will be met.</li><li>4. State - Identify the requisite resources per the project work plan.</li><li>5. State - Review and sign-off on all areas where there was a resulting impact or deviation from the Project Work plan.</li><li>6. Contractor/State - Use reasonable discretion to adjust State project activities, dates, and needs to accomplish planned project activities in a timely manner without impacting project milestones.</li><li>7. Contractor - Proactively plan and execute project activities and interactions with State personnel to utilize State resources in the most effective manner possible.</li><li>8. State - Proactively plan and execute knowledge transfer activities to retain current system and business process</li></ol>	



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Risk Group ID	Risk Statement	Risk Owner	Risk Severity	Plan to Minimize Risk	Action if Risk Occurs
				<p>knowledge.            9. State - Secure senior level sponsorship for the project.            10. State - Communicate frequently with agency stakeholders to ensure commitment of agency resources.</p>	
2	Lack of Project Governance Structure	State	Severe	<p>1. Contractor - Develop Project Management Plan (PMP) which outlines governance structure for the project.            2. Contractor/State - Communicate PMP to all team members.            3. Contractor - Monitor project to ensure PMP processes are consistently followed.            4. State/Contractor – Develop a detailed governance structure, processes, responsibilities, and supporting tools during Enterprise Readiness activities.</p>	<p>1. Contractor - Update PMP based on lessons learned and identified improvements.            2. Contractor/State - Re-enforce decision-making and issue resolution procedures to all team members.            3. Contractor - Conduct meetings as needed to address project governance issues.</p>
21	The State negotiates an item with a Labor Organization that cannot be met by the baseline Advantage HRM application.	State	Critical	<p>1. Contractor – Review implication of negotiated item and determine whether there are any BPR processes that could be implemented or system work-around processes that could be incorporated to meet the requirement.            2. Contractor/State – Contractor reviews proposed approaches with the State. If none are determined to be viable, the Change Order Process steps will be activated.</p>	<p>1. Contractor/State - Review and adjust any affected project deliverable dates or implementation activity milestone dates based on the negotiated contract item(s).            2. Contractor/State – Determine solution and initiate the Change Order Process.</p>



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Risk Group ID	Risk Statement	Risk Owner	Risk Severity	Plan to Minimize Risk	Action if Risk Occurs
				3. Contractor/State – Include the Synergy of the Union Contracts in the Enterprise Readiness phase.	



### **Weekly Risk Report**

Ongoing risk management is reported on the Weekly Risk Report (WRR). Risks identified on the RMP and through the RMP process are reported via the WRR. The WRR is contained within the State project collaboration site. The WRR provides the ability to remotely capture and manage risks at the site, group, team, and engagement level.

The weekly risk report and RMP will be used to manage the risks going forward, and will be provided each week for the Weekly Risk Meeting.

## **4 PERFORMANCE MEASUREMENTS**

Listed below are the current performance measurements for the project.

- 1) Overall Project Health-This measurement is designed to provide an overall project health indicator based on the total aggregation of the measures below.
- 2) Project Scope Change Orders-This measurement is designed to provide a status on the number of scope related change orders in progress, approved, and cancelled.
- 3) Project Key Milestones-This measurement is designed to track how well the project is tracking against the agreed upon project implementation schedule and meeting the identified key milestone dates.
- 4) Staff Turnover-This measurement is designed to track the turnover of both the Contractor and State staff.
- 5) Project Costs-This measurement is designed to track how well the project is adhering to the agreed upon project budget.
- 6) Issue Escalation and Resolution Management-This measurement is designed to track how effective the formal issue resolution process, as outlined within the PMP, is performing.
- 7) Business Process Modification Recommendations-This measurement is designed to track the number of business process modifications recommended and the number approved by the State.
- 8) Risk Management-This measurement is designed to track how well risks are being managed and mitigated.
- 9) Deliverable Completion and Acceptance-This measurement is designed to track if deliverables are being presented, reviewed and approved per the project schedule.
- 10) Incident Resolution Management-This measurement is designed to track how well incident resolution is being managed by the Contractor.
- 11) Client Satisfaction Assessment Survey (CSAP) Results-This measurement will rank the client satisfaction surveys for both the agencies and the overall contract. Statewide Client Satisfaction



## Statewide Administrative Systems Replacement Project Summary

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Assessment Surveys will be conducted with the Contractor and the State twice per year. In addition, Agency surveys will be completed periodically throughout the project using SurveyMonkey.