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## Section 3

# Assessment of Current Environment

***This section provides MAXIMUS' assessment of Alaska's statewide administrative systems and background information from interviews, surveys, and assessments. Additionally, this section provides an overview of the viability of the systems that have been implemented.***

Integral to the development of a business case is documentation of the base-case; what effect not changing either systems or operations would have on state agencies. This base-case comprises the strengths, risks, costs, and viability associated with the current administrative systems, and contributes to determining how the state will move forward with the Statewide Administrative Systems Replacement Project.

It is not adequate to state that the base-case and a cost/risk assessment are simply the continuation of the current situation. The base-case must account for future developments over a period long enough to compare new system and/or process changes. For example, an agency that keeps an aging system might face increasing maintenance costs as the system ages. There might be more frequent system failures or longer periods of down time. Maintenance costs might become prohibitive, service delays intolerable, or workloads unmanageable.

Our approach to completing this assessment was to gather information consistent with the development of a business case. It is not intended to provide a detailed or complete analysis of every cost or risk associated with the current environment. However, it does provide a sound basis for Alaska's executive leadership to assess current operations against the available alternatives for future administrative systems.

### 3.1. Assessment Methods

In order to assess the current environment, MAXIMUS performed the following activities:

- **Review of Background Materials** – The Statewide Administrative System Replacement Project team provided background materials regarding administrative systems operations, and systems and supporting information;
- **Interviews** – Face-to-face interviews were conducted with seven key state agencies concerning the service provided by the state's administrative

systems, as well as system factors such as development, implementation, and operations costs, strengths, and weaknesses; and

- **Agency Surveys** – Surveys were completed by five key state agencies to collect standard information about the state’s administrative systems concerning development, implementation, operations, strengths, and weaknesses.

The results of these assessment activities along with our findings are discussed in the following sections.

### **3.1.1. Interviews**

In order to obtain a better understanding of the features and functions of the current administrative systems, the Statewide Administrative Systems Replacement Project team arranged the following face-to-face interviews with all organizational areas responsible for statewide administrative functions and with primary responsibility for the related supporting systems:

- Office of the Governor, Office of Management and Budget
- Department of Administration
  - Division of Finance
  - Division of Personnel
  - Division of Retirement and Benefits
  - Division of General Services
  - Information Technology Group (ITG)
- Department of Revenue, Treasury Division

The goal of these interviews was to establish an open dialogue designed to exchange information with key administration personnel. The interview participants were selected because of their understanding of the business processes and the current administrative systems. Discussions generally covered the following topics:

- A high-level review of the organization’s business processes and workflows;
- An understanding of the organization’s administrative system requirements and business needs;

- An insight into “shadow systems” or administrative systems “work-arounds” necessary to meet the organization’s business goals; and
- Additional ideas and thoughts regarding the administrative systems replacement efforts and the development of this business case document.

*Exhibit 3-1: Alaska’s Business Processes and Systems* identifies the owning central agency, the statewide-administered business processes, and the current statewide administrative system(s) that were the focus of discussion in the interviews and subsequent surveys.

**Exhibit 3-1: Alaska’s Business Processes and Systems**

<b>Alaska State Agency</b>	<b>Business Process</b>	<b>Statewide Administrative Systems</b>
Office of the Governor, Office of Management and Budget	Budget	Alaska Budget System (ABS)
Department of Administration, Division of Finance	Accounting	<ul style="list-style-type: none"> <li>• Alaska Statewide Accounting System (AKSAS)</li> <li>• GENEVA</li> </ul>
	Payroll	Alaska Statewide Payroll System (AKPAY)
Department of Administration, Division of Personnel	Personnel	<ul style="list-style-type: none"> <li>• Workplace Alaska</li> <li>• Human Resource Reporting System (WorkPAD)</li> <li>• TrainAlaska</li> <li>• Position database</li> <li>• Bargaining Unit Appeals database</li> <li>• Performance Evaluations Investigations (PEI) System</li> <li>• Performance Evaluations Appeals (PEA) System</li> <li>• Human Rights database</li> <li>• Grievance Tracking System</li> <li>• Grievance Filing System</li> </ul>
Department of Administration, Office of the Commissioner	Labor Relations	Alaska Labor Relations Agency (ALRA) database

**Exhibit 3-1: Alaska’s Business Processes and Systems  
(continued)**

Alaska State Agency	Business Process	Statewide Administrative Systems
Department of Administration, Division of Retirement and Benefits	Retirement	Combined Retirement System (CRS)
	Deferred Compensation Annuity	Deferred Compensation Plan (DCP)
	Health, Life, and Disability Benefits	Supplemental/Select Benefits System (SBS)
Department of Administration, Division of General Services	Purchasing	<ul style="list-style-type: none"> <li>• Various spreadsheets and small databases to track:                             <ul style="list-style-type: none"> <li>○ Purchase requests,</li> <li>○ Vendors,</li> <li>○ Food solicitation, and</li> <li>○ Formal solicitations</li> </ul> </li> <li>• Vendor System</li> <li>• Purchasing Officer Certification and Training Program</li> </ul>
	Property Management	<ul style="list-style-type: none"> <li>• Lease Management System (LMS) and the Lease Projection System (LPS)</li> <li>• Maximo</li> <li>• State Property System</li> <li>• SURDATA</li> </ul>
Department of Revenue, Treasury Division	Revenue and Cash Management	ResourceIQ <sup>2</sup>

Key points from these interviews along with those from the agency surveys, reviews of background materials, and observations are outlined below in *Section 3.1.3. Findings*. Detailed information from these interviews is contained in *Appendix D: Agency Interviews*.

**3.1.2. Agency Surveys**

To obtain more detailed and consistently formatted data, five key state agencies were selected to provide formal survey data. The following agencies provided

additional information about development, implementation, operations, strengths, and weaknesses associated with their administrative systems:

- Office of the Governor, Office of Management and Budget
- Department of Administration
  - Division of Finance
  - Division of Personnel
  - Division of General Services
- Department of Revenue, Treasury Division

A copy of each completed survey is included in *Appendix E: Agency Survey Responses*.

### **3.1.3. Findings**

A summary of key points learned from observations, reviews of background materials, face-to-face interviews, and agency surveys:

- AKSAS, AKPAY, and GENEVA are in a critical stage for meeting short- and long-term business capabilities. Each system is essential for managing state business and each has a low viability for continuing in their present conditions.
- The budget system and other administrative systems are meeting the state's needs. However, there is an opportunity to improve primary systems to support administrative business processes particularly in personnel and procurement, which are mostly paper-based systems.
- The current accounting and payroll systems are viewed by many as being old, but reliable systems that do what they were designed to do.
- AKSAS is an aging mainframe based system that uses character based user interfaces and lacks workflow and other collaborative technologies. The system is completely owned and supported by the state. Minimal research and development is being invested in the system to upgrade it for current best practices or current technologies.
- AKSAS maintains a payee file for vendors receiving payments from the state while the vendor file maintained by General Services is a list of vendors registered to do business with the state. Maintenance of this information is duplicative in nature for the state and its vendors. A master

vendor file maintained by General Services and used by Finance would improve the consistency of state information and optimize its process efficiencies.

- GENEVA provides user access to accounting data, but requires expert knowledge to use effectively. It does not have sufficient flexibility to support increasing reporting demands.
- AKPAY is licensed and supported by Tesseract. The future viability of the product is uncertain. As time proceeds, it will be increasingly difficult to integrate it with the state's other systems and technologies.
- A 20 person-year backlog of payroll system requests exists. Many of the requests are in response to existing labor agreements. Many manual processes are required to compensate for these backlogged requests.
- Time and attendance accounting is a significant issue for the state. Agencies are investing significant resources to address the collection and reporting of this data. Most data is processed through multiple steps between the employee and the payroll system. Technologies to improve the ease of data collection are in high demand.
- Personnel and procurement applications are focused in specific functions, but do not integrate total business process. There is a significant under-investment in systems to support these business processes.
- Different perspectives of data between systems require significant amounts of verification and manual manipulation to reconcile these views.

### 3.2. Assessment of Administrative Systems

This section provides an overview of MAXIMUS' assessment of the condition of each administrative system. *Appendix C: Alaska Administrative Systems Overview* contains technical information about each system. For each system listed in *Exhibit 3-1: Alaska's Business Processes and Systems* we provide a summary of strengths, areas of improvement, and an estimate of their viability. For purposes of our assessment, viability is the degree to which a system is meeting the state's business needs and its ability to evolve with changing functional and technological demands. The cost assessment will follow in *Section 3.3. Current Estimate of Administrative Systems Costs*.

#### ***Assessment of Viability***

A system's viability is the expectation that the system can be maintained to meet user needs. The following resource categories impact this viability.

**Configuration of technologies.** Computer systems are built upon various hardware, software, operating systems, database management systems, etc. These technologies change over time to adapt to market conditions. The dominant computer development languages, processes, and techniques of the 1960s are quite different from the dominant ones of today. Viability relates to how adaptable systems are to changes in technologies.

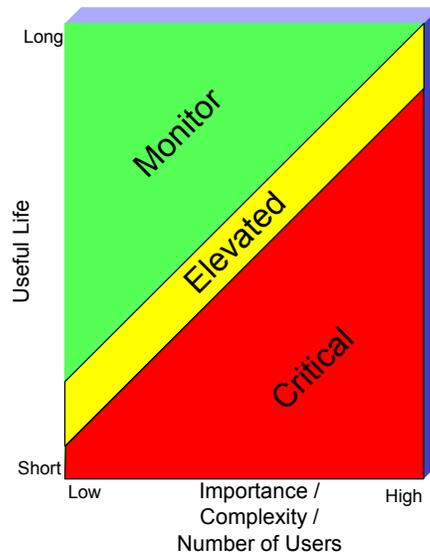
**System support skills.** Personnel must be skilled with the base development language, processes, and techniques of a system for its continued support. This availability is dependent upon the ability of organizations to provide these services commercially and/or the perception of individuals willing to invest their personal development in pursuit of those skills. The more organizations and individuals are involved in developing and organizing these skills, the higher the probability that a system remains viable. Also, the more focused a vendor is on providing a system or service as its core business, the more likely that vendor maintains its system or service as viable.

**User expectations.** Users desire systems to support their business process. Systems are designed to meet those expectations. Users and systems evolve to meet changing business demands. Newer technologies, designed to meet other needs, are available and affect user expectations of existing systems. User expectations continue to mature – system requirements change to meet those needs; it is a cyclical, evolutionary process.

### ***Viability's Effect on System Strategies***

The state must judge the importance of the system within its overall strategy for administrative systems replacement. The importance of a system is the degree to which the state depends upon that system to provide services. A system is categorized as essential if the state directly relies on the system's products, which cannot be different in time or be provided by other means. The more essential a system, the sooner its viability becomes a critical factor and must be addressed in its life cycle. Payroll systems are an example of essential systems. The state must also consider the useful life of a system. The shorter a system's useful life, the sooner in its life cycle its viability must be addressed. Lastly, the complexity and volume of its user base must also factor into the strategy. The more complex and larger the number of users of the system, the sooner in its life cycle its viability must be addressed. ***Exhibit 3-2: Viability Relative to Other System Factors***, shows how the state can view a system's viability in relation to its useful life, importance, complexity, and number of users.

### Exhibit 3-2: Viability Relative to Other System Factors



#### 3.2.1. Alaska Budget System (ABS)

ABS is an essential system with a high priority for viability. It is the state’s central budgetary development system used to develop and track the budgets and supporting documentation for state agency operating and capital budgets. It is meeting all major functional requirements and is adaptable to meet future demands. Its useful life is estimated at ten years if technology demands do not change significantly.

ABS’ primary areas of improvement are associated with its need to interface with the state’s existing legislative budgeting system, as well as the statewide accounting and payroll systems.

- The data interface from the legislative budgeting system requires manual steps because ABS has a different perspective of the data with more mandatory data elements than those transmitted.
- A similar divergence in data perspectives exists between ABS and AKSAS.
  - Fund sources in ABS and revenue accounts in AKSAS are maintained in different structures.
  - Reimbursable service agreements (RSAs) are difficult to reconcile.

- Multi-year appropriations have increased in use; however budgetary and accounting systems are not designed to handle them easily.
- Difficulties occur in establishing year-end final authorized and actuals reports, making this a labor-intensive process. Although there is a desire to reconcile these by formatting financial performance data for entry into ABS, a better solution might be to systematically reconcile these views external to both systems.
- ABS maintains duplicate position data to AKPAY requiring manual manipulation during reconciliation.

These challenges represent system modifications that are achievable if the state chooses to address them. The technology supporting ABS is not an inhibitor.

The state developed and implemented this system within the last five years. It is built on current technologies with open architectures. Its client/server architecture does present challenges when rolling out updated versions, however, these changes have been infrequent and the roll-out process has been manageable. The system is not externally marketed; therefore, the state retains all the risk of maintaining the viability of the system.

### **3.2.2. Alaska Statewide Accounting System (AKSAS)**

AKSAS is an essential system with a high priority for viability. It is the state's central general ledger, budgetary control, project, contract, grant accounting, voucher preparation, and disbursement system. The system meets all major functional requirements, but lacks flexibility for making desired improvements. The system is not easily changed, or adaptable to meet future demands. Its useful life can be estimated at five years. Because of the system's high priority for viability, its complexity, its scope within state government, and the size of its user community, the five-year window of useful life makes this a critical driver for system change. Functional demands, technology limitations, and IT support considerations already are forcing the desire for significant change.

The state developed and implemented this system 18 years ago. It is built on older technologies that constitute closed architectures. Because the system is not marketed externally, the state retains all the risk of maintaining the viability of the system. This leads to the primary problem facing the state with respect to AKSAS - the state's vulnerability for application support. The system is a COBOL and Natural application running on ADABAS. This architecture is becoming harder for the state to support because the skills required to maintain them are not mainstream. As a rule, information systems professionals are not developing these skills. The state will take on more of the responsibility to develop these skills internally as time goes on. As the age of state resources

approach retirement, the critical nature of obtaining these skills will greatly increase.

AKSAS' primary areas needing improvement are associated with the limitations its technology base presents given current user expectations. This condition is consistent with expectations given that the system is approaching the end of its useful life. There are several areas where user expectations of the system are not met.

- Detailed information is not available from AKPAY; summarized payroll entries are posted for payroll charges; entries default to agency suspense financial structures when there are problems.
- Reporting within AKSAS can be difficult for the casual user to learn.
- Modifying reports is difficult and the system does not support intuitive drill down capability.
- System administration is highly complex and lacks flexibility (e.g., 30,000 table entries are required to define security for authorization and certification).
- External need to document or cross reference transactions internally within the system:
  - Limited memo posting to transactions; and
  - No reference information for adjusting journal entries.
- Lack of online help and other user assistance technology makes system difficult for users to understand without expert assistance.

These challenges represent system modifications, most of which are not achievable in the current system. As the life of the system is extended, more technical and functional difficulties will arise and the only solutions will be external to AKSAS. The technology supporting AKSAS is an inhibitor to its viability.

### **3.2.3. GENEVA**

GENEVA is an essential system with a high priority for viability. It is the state reporting software for users to report on AKSAS data that is mirrored in a database separate from AKSAS' operational database. It meets all major functional requirements, but has significant issues that require immediate attention. Because of its direct ties to AKSAS, it also has a useful life estimated

at five years. Functional demands, technology limitations, and IT support considerations already are forcing the desire for change.

The state acquired the system from Price Waterhouse under a beta licensing agreement to use the software. IBM has since acquired the licensing rights to GENEVA. There is no licensing agreement between the state and IBM; therefore, the state is vulnerable to licensing fees as an added cost should IBM desire to enforce its rights for GENEVA's use.

GENEVA is a fixed technology used exclusively to report on AKSAS' hierarchical database structures. It is intended to provide the accounting user community access to accounting information; however, it is very complex and requires specialized skills to use effectively. Reporting is also limited to batch processing, which occurs during nightly processing. These conditions severely limit GENEVA's utility for easily providing user driven reporting solutions.

Modifications to improve GENEVA's usability are not achievable. The technology supporting GENEVA is an inhibitor to its viability.

#### **3.2.4. Alaska Statewide Payroll System (AKPAY)**

AKPAY is an essential system with a high priority for viability. It is the state's central payroll system. It is used to administer the payroll for 16,500 employees in either semi-monthly or biweekly payroll cycles. Employees are distributed among 13 bargaining units, each with different pay and benefit packages. Time and attendance procedures vary within state agencies; therefore, employees do not enter data directly in the system. The system is meeting all major functional requirements, but significant improvements are desired. The system is not easily changed, nor adaptable to meet future demands. Its useful life can be estimated at five years; however, an external vendor, Tesseract, is actively marketing the software in its off-the-shelf version. Because of the system's high priority for viability, its complexity, its scope within state government, and the size of its user community, the five-year window of useful life makes this a critical driver for system change. Functional demands, technology limitations, and IT support considerations already are forcing the desire for significant change.

The state developed and implemented this system 13 years ago. It is built on older technologies that constitute closed architectures. Because the system is marketed externally, the state has the risk of determining the viability of the system through Tesseract's ability to support the system. It is a COBOL, SAS and Natural application running on ADABAS, currently being converted to DB2. The state is converting the application to DB2 because Tesseract chose to discontinue support of the application under ADABAS, an older database technology. Tesseract has 65 clients for its payroll system, with its client base decreasing as recent clients have moved to ERP type software. The future rate of

decline in Tesseract's customers cannot be predicted with certainty, but the trend has a high probability of continuing. The state invests heavily in the maintenance of AKPAY in spite of Tesseract's support. Over 40% of the code the state uses is custom modifications.

AKPAY has several areas needing improvement. Lack of reporting functionality has necessitated standalone files with limited usefulness. A backlog of 20 staff-years exists for making over 240 documented changes to the payroll system to support various enhancements and changes such as those for negotiated union contracts. This backlog exists because there are not enough human resources to make the changes in addition to normal maintenance and critical enhancements. Various manual efforts are made to compensate for the backlog of changes. There are significant areas where user expectations of the system are not met.

- Time recording is a very difficult and varying process throughout state agencies. Dual recording is required, first capturing data from employees, then transformation by agencies for entry into the payroll system.
- Shift differentials and other premium pay must be manually entered.
- The Marine Highway payroll is very complex. Payroll for three marine labor unions with varying work rules and their effect on pay; master agreement, supplemental agreements, letters of agreement (LOA), and practices not uniform nor uniformly documented.
- Lack of functionality to project time expectations and compare these against actuals for managing budgets.
- Despite no reporting capability, the system is the primary repository for employee, position, and benefit data as opposed to obtaining this information from other primary human resource and benefits administration sources.

These challenges represent system modifications that are not achievable in the current system. As the life of the system is extended, more technical and functional difficulties will arise and the only solutions will be external to AKPAY. The technology supporting AKPAY is an inhibitor to its viability.

### **3.2.5. Workplace Alaska**

Workplace Alaska is an important system with a moderate priority for viability. It is the state's central online recruitment system for all State of Alaska classified service positions, salary range eight and above. It meets most major functional requirements and is adaptable to meeting future demands. Its useful life can be estimated at ten years if technology demands do not change significantly.

Workplace Alaska's primary areas needing improvement are associated with the requirement to interface with other personnel systems to improve applicant evaluation; however, many of these systems are standalone and are subject to replacement under this project effort. The challenges represented by these improvements are achievable with the system's current technology; however, they require specialized skills not readily available within the state. The technology supporting Workplace Alaska is somewhat of an inhibitor.

The state developed and implemented this system within the last eight years. It is built on current technologies. Its Lotus Notes architecture is not easily updated nor is its data easily accessible; however, these changes are presently manageable within the technology marketplace. Because the system is not marketed externally, the state retains all the risk of maintaining the viability of the system.

### **3.2.6. Human Resource Reporting System (WorkPAD)**

WorkPAD is an important system with a moderate priority for viability. It is the state's central human resource system used to report position/vacancy data, as well as information related to performance evaluations. It is meeting some major functional requirements and is adaptable to meeting future demands. Its useful life can be estimated at ten years if technology demands do not change significantly.

WorkPAD's primary areas needing improvement are associated with reporting and other functionality not completed during initial development. The challenges represented by these improvements are achievable with the system's current technology; however, they require specialized skills not readily available within the state so changes have been difficult. The technology supporting WorkPAD is somewhat of an inhibitor.

The state developed and implemented this system within the last year. It is built on current technologies with a difficult architecture. Its Cold Fusion architecture is not easily updated; however, its data is easily accessible and future changes are presently manageable within the technology marketplace. Because the system is not marketed externally, the state retains all the risk of maintaining the viability of the system.

### **3.2.7. TrainAlaska**

TrainAlaska is an important system with a moderate priority for viability. It is the state's central training resources application designed to meet a variety of training requirements including student registration, attendance, transcripts, and tuition charges. It meets major functional requirements and is adaptable to meeting future demands. Its useful life can be estimated at seven years if technology

demands do not change significantly. Because the system is not marketed externally, the state retains all the risk of maintaining the viability of the system.

### 3.2.8. Personnel Databases

The Division of Personnel is supported by a number of MS-Access databases it has developed and uses to manage the following:

- **Position database** - Logs information related to classification actions.
- **Bargaining Unit Appeals database** - Tracks bargaining unit appeals of classification actions.
- **Human Rights database** - Tracks cases, issues, and involved parties related to human rights complaints.
- **Performance Evaluations Investigations (PEI)** - Tracks information related to performance evaluations investigations.
- **Performance Evaluations Appeals (PEA)** - Tracks information related to performance evaluations appeals.
- **Alaska Labor Relations Agency (ALRA)** - Tracks labor relations filings, hearing schedules, and decisions, such as petitions to enforce and bargaining unit clarifications.

These are departmental systems with a low priority for viability. They meet some major functional requirements and are adaptable to meeting future demands. Their useful lives can be estimated at one to three years if technology demands do not change significantly.

Each has its own set of issues to improve its utility within the scope of personnel services. Many of these improvements revolve around the need to integrate data between these and other systems. However, these systems and their improvements are a symptom of a larger issue. These databases support aspects of the overall personnel service offering, duplicating information and effort in their maintenance. The larger issue should be addressed by strategic personnel systems that manage personnel data from position and person perspectives. A more strategic systems solution would be to manage position and classification information for budgetary and workforce planning purposes, and person data for hiring, payroll, and benefits administration. Although the present systems support some aspects of personnel requirements, a more enterprise-wide solution would benefit the state. Changes within the present configuration are difficult to coordinate and add limited value to significant service improvement. The technology supporting these databases is not an inhibitor of future viability, however, using desktop applications for enterprise services is not a best practice

solution. Because these applications are not marketed externally, the state retains all the risk of maintaining their viability.

### 3.2.9. Grievance Filing and Tracking Systems

The Grievance Filing System is a departmental system with a low priority for viability. It is replacing the older Grievance Tracking System. It is being designed to meet most major functional requirements and should be adaptable to meet future demands. It is being implemented to meet a specific functional requirement that supports the strategic direction of the Division of Personnel.

The state is developing and implementing this system presently. It is built on current technologies with an open architecture. It temporarily fulfills customer expectations. Due to its workflow technologies, setting up this service will be an excellent prototype process for support available in integrated systems being considered by the state. Because the system is not marketed externally, the state retains all the risk of maintaining the viability of the system.

### 3.2.10. Retirement and Benefit Systems

The Division of Retirement and Benefits is supported by a number of applications it has developed and uses to manage the following:

- **Combined Retirement System (CRS)** is the state's central retirement system. It is used to administer retirement benefits for the state and 211 other organizations.
- **Deferred Compensation Plan (DCP)** is the state's central system used to administer the state's deferred compensation and annuity benefits for state employees.
- **Supplemental/Select Benefits System (SBS)** is the state's central system used to administer the state's health, life, and disability benefits for state employees and non-state employees.

These are essential systems with a high priority for viability. The analysis of these systems was limited to what information was needed from the state's administrative (personnel and payroll) systems to support their requirements.

As the state moves forward with its strategy to replace administrative systems, the Division of Retirement and Benefits will explore system capabilities available in an integrated solution if selected.

CRS is a COBOL based system and may start to experience limitations similar to those of AKSAS and AKPAY. DCP and SBS are open architectures enhancing

their flexibility to meet future demands. Because these systems are not marketed externally, the state retains all the risk of maintaining the viability of the systems.

### **3.2.11. General Services Support Systems**

The Division of General Services is supported by a number of applications. Each has its own set of issues to improve its usability within the scope of General Services. However, similar to the situation in the Division of Personnel, these systems and their needed improvements are symptoms of a larger issue. These standalone systems and databases support aspects of the overall General Services offering, duplicating information and effort in their maintenance. The larger issue should be addressed by strategic General Services systems that manage the procurement, asset management, and facilities management processes. A more enterprise-wide solution for General Services would benefit the state. Changes within the present configuration are difficult to coordinate and add limited value to significant service improvement. Discussion of specific systems follows.

#### ***Various spreadsheets and small databases***

These are departmental systems with a low priority for viability. They are used to track various purchasing activities. They meet some major functional requirements and are adaptable to meet future demands. The technology supporting these databases is not an inhibitor of future viability, however, using desktop applications for enterprise services is not a best practice solution. Because these applications are not marketed externally, the state retains all the risk of maintaining their viability.

#### ***Vendor System***

The Vendor System is a departmental system with a low priority for viability. It is used to track information for vendor lists and mailing labels. This data is not integrated with the AKSAS payee file. It is meeting most major functional requirements and is adaptable to meet future demands. The technology supporting this application is not an inhibitor of future viability. Because this application is not marketed externally, the state retains all the risk of maintaining its viability.

#### ***Purchasing Officer Certification and Training Program***

The Purchasing Officer Certification and Training Program is a departmental system with a low priority for viability. It is the state's application used to track certification and training for individuals with delegated purchasing authority. It is meeting most major functional requirements and is adaptable to meet future demands. The technology supporting this application is not an inhibitor of future

viability. Because this application is not marketed externally, the state retains all the risk of maintaining its viability.

***Lease Management System (LMS) and Lease Projection System (LPS)***

The Lease Management System and the Lease Projection System are departmental systems with a low priority for viability. They are the department level applications that track basic information regarding leased and state-owned real estate. They meet most major functional requirements and are adaptable to meeting future demands. The technology supporting these applications is not an inhibitor of future viability. Because these applications are not marketed externally, the state retains all the risk of maintaining their viability.

***Maximo***

The Maximo System is a departmental system with a low priority for viability. It is the department level application used to track preventative maintenance and project facility needs. It meets major functional requirements; however, there is dissatisfaction with using the system. This dissatisfaction could stem from lack of skills in using the system or the product not being the correct fit for General Services. Maximo is a leading product in the Enterprise Asset Management software solution market. It is highly viable and used widely in the facilities management field. The technology supporting this application is not an inhibitor of future viability. Because this application is strongly marketed externally, the state risk of maintaining viability is limited to monitoring the vendor and the product's performance in the industry. Further study should be made to determine Maximo's fit for the state.

***State Property System***

The State Property System is a departmental system with a low priority for viability. It meets most major functional requirements but is not easily adaptable to meeting future demands. The technology supporting this application is an inhibitor of future viability. Because this application is not marketed externally, the state retains all the risk of maintaining its viability.

***SURDATA***

SURDATA is a departmental system with a low priority for viability. It meets most major functional requirements and is adaptable to meeting future demands. The technology supporting this application is not an inhibitor of future viability. Because this application is not marketed externally, the state retains all the risk of maintaining its viability.

### 3.2.12. ResourceIQ<sup>2</sup>

ResourceIQ<sup>2</sup> is an essential system with a high priority for viability. It is the state's central treasury resource application designed to perform bank polling every morning. The system collects prior day banking data from four local banks and receives three files via direct lease line from the state's custody bank for current day transactions. It meets most major functional requirements; however, vendor support is lacking and future viability is questionable. Its useful life can be estimated at five years if technology demands do not change significantly.

ResourceIQ<sup>2</sup> is a very stable and reliable system. It provides excellent service and meets present needs. Vendor support has been slow and inconsistent and the state does not expect to see improved vendor responsiveness. Future trends towards Web-enabled interfaces for banking transfers, and the lack of a stated strategy by the vendor make viability of ResourceIQ<sup>2</sup> questionable. Although this is an essential application for the state, the present expectation of changes in the transfer of banking data makes this question of viability manageable. The technology supporting ResourceIQ<sup>2</sup> is somewhat of an inhibitor of future viability.

As with other externally acquired applications, the state's risk of maintaining viability is limited to monitoring the vendor and the product's performance in the industry. The state must be diligent in monitoring the factors affecting this application's environment and the vendor's ability to provide continued service. Any replacement of financial systems should include options to provide cash management as an essential component.

### 3.2.13. Assessment Conclusions

The following conclusions are drawn from the individual system assessments described above:

- AKSAS, AKPAY, and GENEVA are essential state systems with low viability. This condition makes development of a strategy to address their viability critical for the state.
- Applications supporting Personnel and General Services business processes are very focused in specific functions, but do not integrate solutions for the total business process. The importance of these applications to support these processes must be elevated by the state and addressed in future system strategies.
- ResourceIQ<sup>2</sup> is an essential state system with a moderate viability. This condition elevates the need to develop a strategy to address its viability, and it should be included with the strategy for the replacement of financial systems.

- ABS, CRS, DCP, and SBS are essential state systems with moderate to high viability. They have significant interfacing requirements with financial, human resource, and payroll systems. Therefore, the state should continually evaluate their viability, and review the applicability for their inclusion in any financial, human resource, and payroll systems replacement strategies.
- Maximo is a top tier application in Enterprise Asset Management. It is strongly marketed, reinvests in current technologies, and adaptable to many asset management solutions. However, its use within General Services should be studied to determine its fitness to solve their business needs.

### **3.3. Current Estimate of Administrative Systems Costs**

Cost information for the current systems is contained in *Exhibit 3-3: Administrative Systems Costs*. This information is historic in nature. It can be used to assess the past in relation to alternative solutions provided in *Section 5. Analysis of Alternatives*.

**Exhibit 3-3: Administrative Systems Costs**

System	Implementation Costs	Ongoing Operating Costs	Concurrent Users	Daily Users	Casual Users
<b>ABS (Budget System)</b>			100	30	300
Hardware	\$ 10,000	\$ 4,000			
Software	\$ 40,000				
Licensing		\$ 2,600			
Consulting Assistance	\$ 300,000				
Other Assistance	\$ 25,000				
State Staff Costs	\$ 1,050,000	\$ 160,000			
ITG Chargeback Costs		\$ 52,000			
Other Charges					
Total System Costs	\$ 1,425,000	\$ 218,600			
<b>AKSAS (Accounting System)</b>			600	300	2,500
Hardware	\$ 1,500,000				
Software					
Licensing					
Consulting Assistance	\$ 15,000,000				
Other Assistance					
State Staff Costs	\$ 4,000,000	\$ 1,640,000			
ITG Chargeback Costs		\$ 900,000			
Other Charges		\$ 4,000			
Total System Costs	\$ 20,500,000	\$ 2,544,000			
<b>GENEVA (Reporting Tool)</b>			50	25	350
Hardware					
Software					
Licensing					
Consulting Assistance	\$ 600,000				
Other Assistance					
State Staff Costs	\$ 320,000	\$ 210,000			
ITG Chargeback Costs		\$ 400,000			
Other Charges					
Total System Costs	\$ 920,000	\$ 610,000			
<b>AKPAY (Payroll System)</b>			200	130	670
Hardware					
Software	\$ 500,000				
Licensing		\$ 87,276			
Consulting Assistance	\$ 2,500,000				
Other Assistance		\$ 17,000			
State Staff Costs	\$ 480,000	\$ 1,400,000			
ITG Chargeback Costs		\$ 600,000			
Other Charges		\$ 32,000			
Total System Costs	\$ 3,480,000	\$ 2,136,276			
<b>WorkPAD (HR Reporting System)</b>			10	30	100
Hardware	\$ 8,000				
Software	\$ 17,000				
Licensing		\$ 8,500			
Consulting Assistance					
Other Assistance					
State Staff Costs	\$ 55,000	\$ 32,000			
ITG Chargeback Costs		\$ 7,000			
Other Charges					
Total System Costs	\$ 80,000	\$ 47,500			

**Exhibit 3-3: Administrative Systems Costs  
(continued)**

System	Implementation Costs	Ongoing Operating Costs	Concurrent Users	Daily Users	Casual Users
<b>Grievance Tracking System</b>			3	4	12
Hardware					
Software	\$ 3,000				
Licensing		\$ 1,500			
Consulting Assistance					
Other Assistance					
State Staff Costs	\$ 3,000	\$ 6,000			
ITG Chargeback Costs					
Other Charges					
Total System Costs	\$ 6,000	\$ 7,500			
<b>TrainAlaska</b>			2	3	16,000
Hardware					
Software	\$ 3,000				
Licensing					
Consulting Assistance					
Other Assistance		\$ 3,000			
State Staff Costs	\$ 10,000	\$ 12,000			
ITG Chargeback Costs					
Other Charges					
Total System Costs	\$ 13,000	\$ 15,000			
<b>Workplace Alaska</b>			300	60	50,000
Hardware	\$ 15,000	\$ 12,200			
Software	\$ 50,000				
Licensing		\$ 360			
Consulting Assistance		\$ 45,800			
Other Assistance					
State Staff Costs	\$ 200,000	\$ 194,000			
ITG Chargeback Costs		\$ 31,000			
Other Charges		\$ 685			
Total System Costs	\$ 265,000	\$ 284,045			
<b>Vendor System</b>			1		
Hardware	\$ 2,500				
Software	\$ 4,100				
Licensing		\$ 1,200			
Consulting Assistance					
Other Assistance	\$ 66,800				
State Staff Costs		\$ 10,400			
ITG Chargeback Costs		\$ 2,500			
Other Charges					
Total System Costs	\$ 73,400	\$ 14,100			
<b>ResourceIQ2</b>			5	3	4
Hardware					
Software	\$ 150,000				
Licensing		\$ 24,000			
Consulting Assistance	\$ 12,000				
Other Assistance					
State Staff Costs	\$ 144,000	\$ 61,200			
ITG Chargeback Costs					
Other Charges					
Total System Costs	\$ 306,000	\$ 85,200			

**Exhibit 3-3: Administrative Systems Costs  
(continued)**

System	Implementation Costs	Ongoing Operating Costs	Concurrent Users	Daily Users	Casual Users
<b>Total Administrative Systems Portfolio</b>			1,271	585	69,936
Hardware	\$ 1,535,500	\$ 16,200			
Software	\$ 767,100	\$ -			
Licensing	\$ -	\$ 125,436			
Consulting Assistance	\$ 18,412,000	\$ 45,800			
Other Assistance	\$ 91,800	\$ 20,000			
State Staff Costs	\$ 6,262,000	\$ 3,725,600			
ITG Chargeback Costs	\$ -	\$ 1,992,500			
Other Charges	\$ -	\$ 36,685			
<b>Total Portfolio Costs</b>	<b>\$ 27,068,400</b>	<b>\$ 5,962,221</b>			

Notes: Costs have not been presented for smaller database systems because the sources of information are no longer available or information was not tracked. Retirement and Benefits systems are also not presented because they are not in the initial scope of the systems replacement effort. They will be re-evaluated during the project for inclusion as specific replacement alternatives are considered.

The business case presents and analyzes alternatives for providing replacements to these systems and the expected costs for the alternatives. Projected cost estimates for existing systems provides a baseline for considering replacement alternatives. Therefore, an effort needs to be made to show the projected multi-year costs of existing systems. However, the total cost for each existing system is not currently tracked by the state. The costs are embedded within the total operating costs of the various departments and divisions using, operating, and maintaining these systems.

In *Exhibit 3-4: Status-Quo Systems Costs*, the major costs identified are categorized as *State Resources* and *ITG Chargebacks*. *State Resources* are the business analysts, programming and system maintenance, network/system operations, system security, and help desk/end user system support personnel attributed to systems operations. *ITG Chargebacks* are the assessments levied by ITG for administration and support costs (software licensing, hardware and software service contracts, hardware usage, technical support, etc.) incurred for systems supported.

There is an identified 20 staff-years backlog of over 240 changes for the payroll system and a shorter, similar backlog for AKSAS. However, these changes are being managed through manual work-arounds and are not included in the systems cost presented below. An additional cost for *Contracted COBOL Support* is included to account for the future difficulty the state will have in maintaining its

COBOL support and the likelihood that it will start to acquire this support through contracted services. A 10% attrition is assumed for the period. Also included is the cost of the effort required to adequately document the changes made to the AKSAS and AKPAY systems over their lives so the most effective use can be made of future contracted COBOL support.

*Exhibit 3-4: Status-Quo Systems Costs* shows the estimated operations and maintenance costs over the multi-year period which is used to display estimated costs for statewide administrative system replacement alternatives.

**Exhibit 3-4: Status-Quo Systems Costs**

<b>Status-Quo Operations and Maintenance FY05-FY13 Budget Projections</b>					
<b>Category</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>OPERATIONS AND MAINTENANCE (O&amp;M) SERVICES</b>					
State Resources	\$ 3,727,869	\$ 3,760,137	\$ 3,790,987	\$ 3,820,303	\$ 3,847,967
ITG Chargebacks	2,113,843	2,177,259	2,242,576	2,309,854	2,379,149
Contracted COBOL Support	375,250	773,014	1,194,307	1,549,060	2,839,109
<b>FY Total</b>	<b>\$ 6,216,962</b>	<b>\$ 6,710,410</b>	<b>\$ 7,227,870</b>	<b>\$ 7,679,217</b>	<b>\$ 9,066,225</b>
	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>TOTAL</b>
<b>OPERATIONS AND MAINTENANCE (O&amp;M) SERVICES</b>					
State Resources	\$ 3,873,852	\$ 3,897,827	\$ 3,919,754	\$ 3,939,489	\$ 34,578,184
ITG Chargebacks	2,450,524	2,524,039	2,599,761	2,677,753	21,474,758
Contracted COBOL Support	3,348,314	3,858,360	4,409,981	4,971,499	23,318,894
<b>FY Total</b>	<b>\$ 9,672,689</b>	<b>\$ 10,280,227</b>	<b>\$ 10,929,496</b>	<b>\$ 11,588,741</b>	<b>\$ 79,371,836</b>