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Section 6

Considerations for Moving Forward

This section outlines a strategy for moving forward with the Statewide Administrative Systems Replacement Project. It includes recommendations, project quick wins, project risks and mitigating actions, Alaska's risks, fiscal year 2004 preparation strategy, and a task list of immediate activities.

This section offers insight into the considerations necessary for directing the future of the Statewide Administration Systems Replacement Project effort. The key topics include:

- **Project Risks** to the Statewide Administrative Systems Replacement Project;
- **Critical Success Factors** tailored to particular Alaska requirements;
- **Quick Wins** to maintain project enthusiasm and momentum; and
- **Moving Forward, Next Steps** and the path recommended for Alaska during the upcoming fiscal year.

6.1. Project Risks

Moving forward with the Statewide Administration Systems Replacement Project, Alaska must have an understanding of and consider the impact of the risks associated with financial system implementations. Based on MAXIMUS' experience and best practice information, the following are project risk areas and mitigating strategies to consider:

- **Executive Support.** Strong and consistent executive support is a cornerstone of successful initiatives of this nature. Support includes not only project leadership, but also others who influence attitudes about the project and dedicate resources to implement the system. It is crucial that the project team not ignore the special needs of the Legislature, Office of Management and Budget, Department of Revenue and other agencies with specific requirements such as the Department of Transportation and Public Facilities. Projects require continuous support from both top leadership and impacted parties.

- **Introducing Organizational Change.** Changes in processes and the introduction of new systems are unsettling events to employees used to doing things the “old way.” Avoid planning too much change too quickly. Take time to learn as the project progresses. Phase in functions and agencies. Recognize that operating agencies have other ongoing responsibilities.
- **State Resource Commitment.** Many projects fail because they attempt to do too much with too little, and run out of funds to complete essential activities. Do not underestimate the required levels of resources, including funding or dedicated staff. Anticipate unexpected expenditures. Address risks and obstacles early.
- **Strong Project Management.** Dedicated service (i.e., full-time with lots of overtime) by state managers is a critical success factor. Build a project team that is committed and supportive of the endeavor. The individuals must recognize the importance of timely and in-depth participation, and be willing to sacrifice personal time to make timely decisions and maintain momentum. Do not hesitate to make changes when necessary. In return, look for ways to reward project staff for their efforts.
- **Project Team Rewards and Recognition.** Projects of this nature require continuous effective team management through focus and attention. Nurturing and developing the project team through positive reinforcement is important. Do not forget to recognize and reward the team for their effort and sacrifices. Remember that the team is both state staff and contractors. The only success is mutual success.
- **Customer Support Considerations.** No matter how sound the selected software product may be, failure to address user needs will adversely affect the project. Do not ignore agency concerns. Listen carefully as agency staff discuss their day-to-day needs. It is easy for personnel of central agencies to think only of the big picture, or to believe they know best what is important. The effort to include the broad user community in the “Alaska-Fit” process is a good start for an effective relationship. Continued opportunities for communication, participation, and education are critical for success.
- **Software Customization.** Software packages have matured to the point where they are reliable and can meet a majority of requirements. To protect warranties and the ability to efficiently introduce future enhancements and upgrades to the package, it is important to **not** modify commercial off-the-shelf software (COTS). Examine business processes and be open to changing the status quo. Make this a guiding principle for the project.

- **Business Process Redesign.** Avoid the risk of paving the “cow path.” Habits are hard to overcome, as are preferences for layouts and formats. No agency or government is unique. At the same time, many functions can be satisfied by configuration adjustments if properly thought through. Also, as the new system is introduced, take steps to ensure old processes and systems are eliminated. It is not unusual for people to use both the new system and the old as a comfort factor.
- **Timely Decision Making.** Do not delay design or implementation decisions while waiting for a perfect solution or event to achieve consensus. This is a classic project management failure scenario. Delays can affect hundreds of people. Make decisions and stick to them. Do the hard ones first; do not put them off. Establish and follow a formal issue identification, tracking, and resolution process, and calendar.
- **Pareto 80/20 Rule.** Do not try to get a perfect result right from the start. Recognize that systems need constant refinement and attention. Solving the most critical 20% of the problems provides 80% of the desired results. Usually, this is good enough.
- **Create Scenarios.** People cannot effectively visualize the new system. After they use it, they identify real opportunities for improvement. Do not expect Subject Matter Experts (SMEs) to conceptualize exactly what they need at the start. Rather than try for perfection immediately, save resources for improvement opportunities identified as people use the new system. Use prototyping to provide real life scenarios – and expect to have future phases of refinement as people learn how to use the system more efficiently.
- **Training and Continuing Education.** No matter how good the software package and how well it is installed, it will fail if users do not know how to use it to do their day-to-day jobs. If people cannot enter data accurately or extract results efficiently, they will label the system a failure. System users do not learn or continue to use the system without an extensive training investment. Expect to commit 20-30% or more of the project budget to training and organizational change management. Do not cut the training budget regardless of the project fiscal or scope circumstances. History proves that as project resources become tight, the focus is placed on software readiness to the detriment and even exclusion of people readiness. Avoid that error at all costs. Cut scope before cutting training and cultural change activities.
- **Tracking and Managing Risks.** Risks are real and must be managed in a formal manner. Their relative importance changes as the project moves through the various phases constituting its life cycle. Avoid the tendency

to ignore risks until the last minute. Identify and evaluate risks periodically, track and report them, and exercise risk mitigation strategies timely.

- **Controlling Project Scope Creep.** It is very easy as a systems project progresses to identify additional tasks or functionality that would enhance the implementation. The temptation is to add scope to the project work plan. Allowing scope creep sets a dangerous precedent affecting resource allocation, project timeframes, and task completion, and jeopardizes the ability to complete the project on time and on budget.
- **Effective Schedule Management.** Be aggressive but adopt an achievable schedule. Remember the vast majority of users have “day jobs” that still need their attention. Do not over commit. At the same time, do not deviate from an announced schedule; reduce scope if necessary.
- **Managing Multiple Vendors.** As much as possible, limit the number of different vendors involved. Multiple vendors create a management challenge. Strong project leadership and attention to team building is required. In addition, vendor management requires constant attention and effort. Dedicate full-time personnel to contract management activities and insist from the start that vendors deliver as promised.

Risks are part of every equation whether a project is initiated or a decision is made to do “nothing.” As evident in *Section 4. Best Practices and Lessons Learned*, implementing a successful ERP project involves learning from previous implementation initiatives, assigning the best state resources to the project, developing long-lasting relationships with strategic partners, strong sponsorship, and decisive decision-making. Throughout the replacement project, decisions will be made that impact the project in different ways. Understanding and accepting the impact of a decision provide a basis for attaining successful project outcomes.

6.2. Critical Success Factors

In addition to the many risks facing the project, several critical success factors are particularly relevant for achieving a successful Statewide Administrative Systems Replacement Project. These critical success factors are prevalent in successful projects investigated as part of this business case and summarized in *Section 4. Best Practices and Lessons Learned*.

Resolve Governance Issues

Sponsorship, resources, and sustained support must come not only from the Office of Management and Budget, Departments of Administration and Revenue

but also from acceptance by strategic partners representing the executive, legislative, and judicial branches of state government. The Statewide Administrative Systems Replacement Project is statewide in scope and of critical importance to all aspects of Alaska state government. The project's executive leadership must continue on the path of communicating with and garnering support from its strategic partners, keeping them involved and informed. It is also important to distinguish between "protective" and "supportive" participation. Many agencies may send representatives to meetings to learn what is happening. However, there are vast differences between listening, enthusiastic support, and resource commitment.

Partnership and strong governance relationships are essential for a project of this magnitude to succeed. Formal agreements need to be developed with all user agencies that define roles and responsibilities and set expectations surrounding technology decisions, implementation rollout, and service level agreements.

Sharing a Common Vision

The state executive leadership, strategic partners, stakeholders, project steering committee, and the project team must share a common vision of the project. Once the decision to move forward is made, focus must be maintained on the scope and committed direction. Achieving a common vision ensures everyone shares the same project results and picture of the future. Throughout the project life cycle, confirm agreement on scope and architecture through graphical presentations.

Preparing for the Administrative Systems Solution

The project team needs to complete the steps necessary to prepare for an administrative systems solution. At this time, critical success factors required to move forward are not in place. These factors include:

- Soliciting formal agreements that define the roles, responsibilities and expectations between the project team, its strategic partners, and the Governor's Office;
- Developing a budgeting and legislative funding strategy and securing commitment for funding;
- Defining and dedicating the resources required for a system implementation; and
- Dedicating experienced project team members to carry the project to the next phase.

Stakeholder Involvement

To date, the project team has recognized and responded to the importance of stakeholder involvement through definition of “Alaska-Fit” requirements and development of this business case. For success, the project team must continually reinforce and support these relationships.

Stakeholders must participate in detail design, training, and organizational change management to support the implementation and validate the solution. Although every idea will not be adopted, agency representatives need to feel their ideas and concerns are heard and considered if they are to become advocates and supporters of the system.

Business Improvement

The age and capabilities of current systems have combined to create a consistently hampered environment built around burdensome business processes supported by standalone and/or shadow systems to support agency operations. For example, multiple entry of personnel data in human resources, payroll, and benefits systems; contracts processing; and travel management.

Current processes are time-consuming and paper oriented. Many require the development of work-arounds and shadow systems to complete tasks and access and manipulate data. Without a complete business process review, it is impossible to grasp the impact of current process considerations, but suffice it to say that administrative operations are dramatically affected by the limitations of the current processes and their supporting systems.

Examining business improvements offers administrative agencies many benefits including:

- Improved cycle times;
- Less reliance on paper;
- Elimination of redundant and duplicative processes;
- Improved access to information;
- Business processes that map to current and proposed administrative systems technology;
- Organizational restructuring to support new processes;
- Enhanced employment opportunities for staff through new and challenging opportunities; and

- Improved communication through change management activities designed to address agency and customer concerns.

Business process redesign is essential to take advantage of the new administrative systems. Administrative agencies and the state as a whole must commit resources and provide direction to explore new ways of doing business.

Business process redesign is a daunting and demanding effort, requiring time commitment by both the project team and agency personnel. Nevertheless, effective business improvements are a mission critical component for the project.

Policy Considerations

During business improvement activities, the project team must examine policies and procedures, and weigh their impact on both business process and administrative systems design changes. If necessary policy changes are identified, it is critical that process or legislative recommendations be supported by legislators and governing agencies. The project's executive leadership must play a key role in this effort.

Training and Organizational Change Management

An unwavering commitment to training and organizational change management is critical. The project team must emphasize the importance and dedicate the resources necessary to develop curriculum and deliver training services. Successful projects have resources dedicated to hands-on classroom and interactive user training, and that training is delivered not only "just-in-time" as the system goes live, but continuously thereafter to reinforce introduced improvements and train new employees. A dedicated training staff supplemented by contractors for the peak training periods is a key critical success factor.

Extensive changes face administrative staff and user agencies during administrative systems replacement. The project team must anticipate and accept the challenges brought by change through understanding and developing a change management strategy. Key considerations include:

- Understanding the impact of change on the organization;
- Dedicating financial and resource commitments;
- Understanding the impact of change on agency personnel with regard to the knowledge, skills, and attitudes they need to successfully implement new business processes;
- Using agency liaisons for change management and working directly with user agencies to ensure readiness for change; and

- Deploying effective communication channels and organization support processes.

Project Team

A strong state project team committed to excellence is integral to the success of the Statewide Administrative Systems Replacement Project initiative. Members of the team must be:

- Trained in project management methodologies (i.e., Project Management Book of Knowledge from the Project Management Institute) and understand critical success factors;
- Involved and committed to working hand-in-hand with vendors and subject matter experts (SMEs);
- Dedicated and accepting of the more than full-time commitment required;
- Willing to support the other team members and foster collaborative problem-solving with vendors;
- Committed to effective knowledge transfer and learning;
- Dedicated to and a sponsor of the chosen solution;
- An advocate for the project's executive leadership and supportive of established user expectations;
- Willing to accept and lead change efforts; and
- Able to do whatever it takes to achieve the project goals, including reasonable personal sacrifice and temporary inconvenience.

Quality Assurance Support

Independent quality assurance (QA), vendor monitoring support, and project assistance are recommended to help the state successfully implement new administrative systems solutions. The experience of other state implementations has shown that using an outside contractor to advise and assist on projects of this magnitude adds value and greatly improves the likelihood of success.

The approach to quality assurance should be proactive, with the QA vendor serving as an advocate for the state in vendor management and as an overall monitor of the project as a whole. The benefits to the project team by contracting with a QA vendor include:

- Advising and offering guidance and support to executive leadership;
- Working side-by-side with the state project manager and team sharing experiences from other engagements and helping the team identify and mitigate project roadblocks that threaten its success;
- Offering experience in vendor management;
- Providing independent review of project deliverables;
- Assisting the state in managing the project scope and effectively controlling the problems of scope creep;
- Providing support and assistance to the project team with change management initiatives;
- Providing technical and program related subject matter expertise; and
- Being a sounding board for the state.

In state government, major information system replacement or enhancement projects only occur every ten or twenty years. A QA vendor brings current and relevant experience from working consistently with these types of system projects.

6.3. Quick Wins

MAXIMUS believes the state should move forward with identification and definition of business data, beginning with payroll and financial data.

Section 5.1.2.1. Data Cataloging identifies three major goals for initiating a data cataloging project as soon as possible. These include:

- Establishing a base definition of data in the form of a meta data dictionary so that a common understanding of data is available for state and contractor staff;
- Removing this activity from Phase I of the implementation of administrative systems; and
- Reducing reliance on vendor provided services, saving the state implementation costs.

Through this effort, the state establishes a foundation for understanding the state's enterprise data, and where feasible establishes data repositories from legacy applications using existing tools.

6.4. Moving Forward, Next Steps

As with any large-scale endeavor, the most common challenge is the next step, what should be done between now and the start of the implementation phase to ensure that the Statewide Administrative Systems Replacement Project continues successfully. Based on MAXIMUS' experience with similar efforts, the following considerations offer guidance to prepare for the implementation of an administrative systems solution.

6.4.1. Immediate Executive Considerations

- Select a system and service support alternative for moving forward.
- Begin the initiative to catalog business data.
- Announce an executive sponsor to champion the project.
- Establish executive leadership with participation from the Office of Management and Budget, and the Departments of Administration and Revenue.
- Maintain the existing project steering committee and project team to lead the state through the next year's project initiation and procurement processes.

6.4.2. Project Manager and Team Tasks

The State of Alaska has an opportunity that rarely occurs when embarking on a project of this nature to accomplish various project activities before the selection of a vendor, instead of after vendor selection. These activities place additional pressure on the project team requiring greater demand for project resources, and increasing the number of project dependencies and time constraints.

To mitigate the impact of future project risks, there are four major project areas in which the state should consider jump starting activities over the next 12 months. These areas are broken down as follows:

- RFP Process;
- Organization Assessment;
- Project Preparedness; and
- Technical Validation.

6.4.2.1. RFP Process

The RFP process is the most visible step to occur in the next year. The procurement cycle requires time. Developing an RFP, performing a vendor evaluation and selection process, and finalizing a vendor contract should begin immediately following executive leadership approval of the business case. It is anticipated that project funding will occur in the 2004 legislative session.

Expected RFP milestone activities are:

- September 15, 2003 – RFP Release
- October 6, 2003 – RFP Vendor Conference
- November 3, 2003 – RFP Responses Due
- November 10, 2003 – Vendor Pre-qualification Process Complete
- November 24, 2003 – Vendor Selection for Orals Complete
- December 8, 2003 – Pre-Orals Conference
- January 5-February 6, 2004 – Orals Presentation Complete
- February 20, 2004 – Oral Questions and Answers Complete
- March 19, 2004 – Best and Final Offer (BAFO) Process Complete
- April 5, 2004 – Vendor Award
- May 28, 2004 – Vendor Contract Complete
- July 1, 2004 – Phase I Implementation Begins

6.4.2.2. Organization Assessment

Alaska is aware that many senior state employees are eligible to retire within the next five or so years. These employees are the subject matter experts (SMEs) and technical support staff who provide and carry out administrative services in areas such as finance, payroll, human resources, purchasing, and budget. It would be beneficial to assess the business and technical organization staffing outlook over the next five years, examining possible staff replacement options and staff skills. This information will be helpful in planning and providing state resources for the project implementation phase and to identify the “next generation” of administrative system functional and technical experts who should be actively involved with the project. It will also validate further exploration of outsourcing opportunities.

6.4.2.3. Project Preparedness

There are a number of activities that should be completed in preparation for the implementation phase. Activities to consider accomplishing include:

■ Identification of Project Resources

Identification of state resources for the project is a critical success factor. These resources are required to assist the selected implementation vendor in understanding Alaska business processes, evaluate new ways of doing business, configure the new system, and support the business and technical processes of the new administrative systems. As part of establishing a project charter, roles should be identified for positions such as:

- Project sponsor
- Project manager
- Project stakeholders (business process owners)
- Subject matter experts
- Administrative support
- Technical resources
- Change management agents (agency support team)
- Training
- Testers
- Communications specialist
- Risk manager

Those positions (e.g., project manager, SMEs, administrative support, technical resources, change management agents, etc.) that have a full- to near-full time project commitment should use the upcoming fiscal year to redistribute their day-to-day workload and train others in aspects of the job they perform each day. Once the implementation phase begins, staff will not have time to work on the project and perform their daily job duties.

■ Project Strategy Documents

There are a number of strategy documents MAXIMUS highly recommends developing for the project. These documents can be created

prior to the implementation phase and reviewed and refined upon selection of the implementation vendor. These strategy documents aid in defining the roles, responsibilities, and activities of the implementation and quality assurance vendors and the state. These strategies will guide the project team through the implementation of the new systems and include:

- Project charter;
 - Risk management plan;
 - Project staff training plan (specific software training skills will be updated upon selection of solutions);
 - Communication strategy; and
 - User training strategy.
- **Project Facility Setup**

Office space is required for the combined state and vendor project teams. While the accommodations can be simple in nature, consideration should be given to keep the project team working in the same location. Many times space requirements involve multiple movements of individuals, thus requiring ample time for planning and construction prior to July 2004.

6.4.2.4. Technical Validation

From a technical perspective, there is information that should be compiled and validated in support of the RFP process. Documenting and validating these areas provides the project team an opportunity to clearly provide prospective vendors detail information needed to accurately state the cost of their services. These include:

■ **Infrastructure Validation**

This process validates the agency and statewide infrastructure configurations and components. It includes data gathering such as:

- Agency Specific Information:
 - LAN hardware and software, workstation configurations and locations across agency, future upgrade plans, etc.;
 - Inventory of specialized agency applications and workstation requirements;
 - Administrative system interfaces; and

- Resource contacts for technical support and business areas (e.g., finance, payroll, purchasing, human resources, and budget);
- State WAN hardware and software configurations, agency connectivity inventory, upgrade plans, etc.
- **Technical Preparedness Evaluation**

This process involves gathering and understanding information related to technical operations of systems. It entails identification and assessment of organization processes in areas such as:

- Disaster recovery;
- Operations support;
- Development tools familiarity and practices;
- Network and system performance monitoring and tuning; and
- Call center support strategy.

Understanding the maturity of these areas helps determine the type and amount of additional support required to establish and to manage Alaska’s future administrative systems.

Exhibit 6-1: Pre-Implementation Preparation Activities provides a timeline example for accomplishing these activities over the next 12 months. One of the first steps following an executive decision to proceed is to evaluate these and other pre-planning project activities and develop a detailed project work plan.

Exhibit 6-1: Pre-Implementation Preparation Activities

