

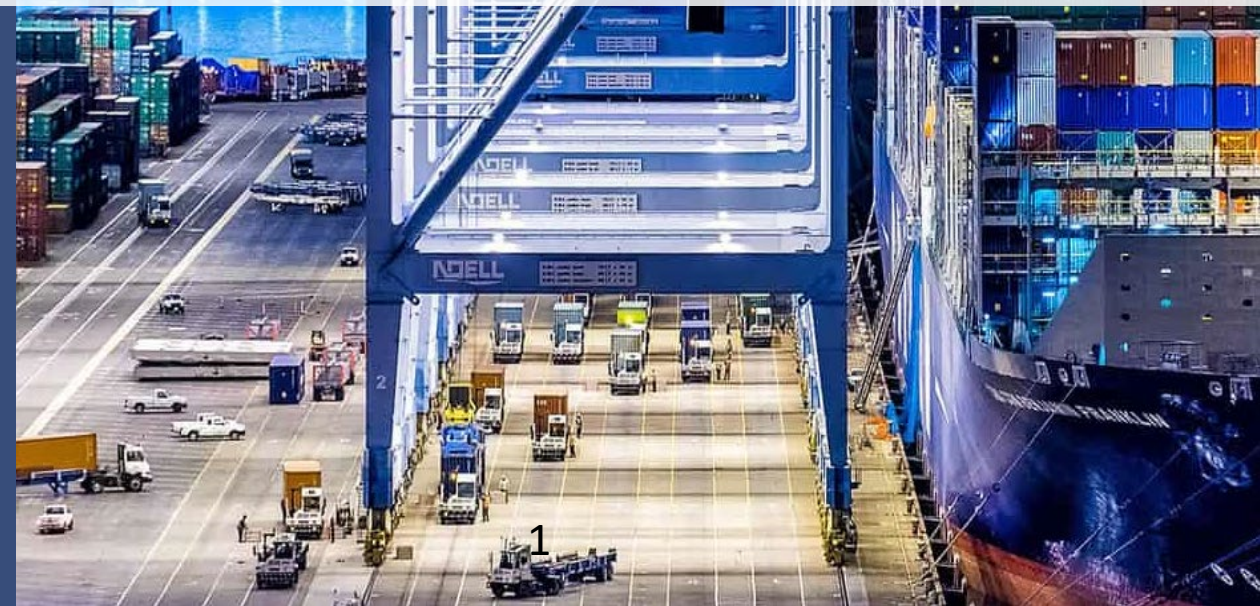
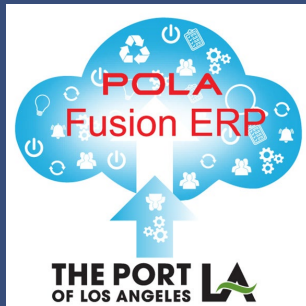


POLA Fusion ERP Project – Board of Harbor Commissioners

August 10, 2023

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- **Department is undertaking a transformational upgrade to its Enterprise Resource Planning (ERP) System, which is our financial and purchasing management system, to the cloud**
 - Effort leverages the skills of both in-house staff and outside contractors

- **Due to increased scope of the project, staff requests amendments to three contracts to support and facilitate the ERP cloud implementation:**
 - NITI Systems Consultants, Inc. - Systems Implementer
 - Byrd Group - Business Systems Analysts (BSAs)
 - CherryRoad Technologies - IT Staff Augmentation

- **Scope adjustments will result in timeline extension and cost increase:**
 - Project Implementation Timeline: 12 months → 24 months
 - Project Budget: \$27 million → \$40 million

Transitioning from On-premise Oracle Enterprise Resource Planning (ERP) System to Oracle Fusion Cloud ERP

ERP System serves as our financial and purchasing management system

ERP was first implemented in 2012 and support for existing system ended December 31, 2021

Planning for ERP transition began in August 2019 and Oracle cloud solution was selected after a comprehensive analysis of our technological needs, functional requirements, and available options

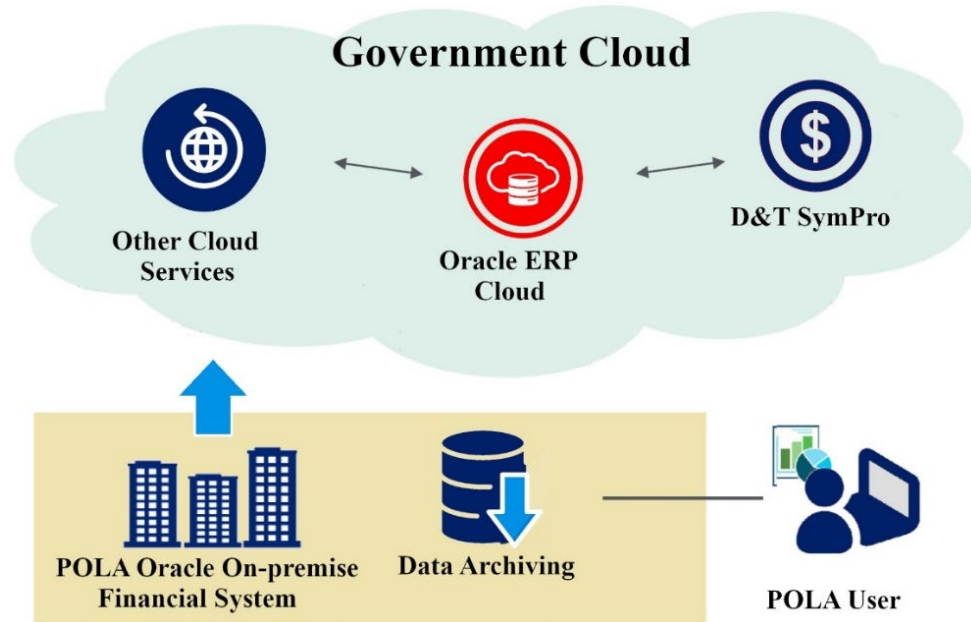
Effort is not just a technology upgrade, but also an opportunity to improve departmental functions and transform underlying business practices

Project implementation began during the summer of 2022

Once implementation started, we realized that the scope of functional enhancements was greater and would require a significant schedule extension and project budget increase

Project Scope & Desired Outcomes

Oracle ERP Cloud will bring substantial technology upgrades, transform underlying business practices, and enhance user experience



Functional Enhancements

- ✓ Greater efficiencies / Less manual entry
- ✓ Consolidation of various systems
- ✓ Stronger integrations with systems that are not being consolidated
- ✓ Improved workflow to include entire life cycle of transactions within the system
- ✓ More intuitive interface
- ✓ Better reporting capabilities

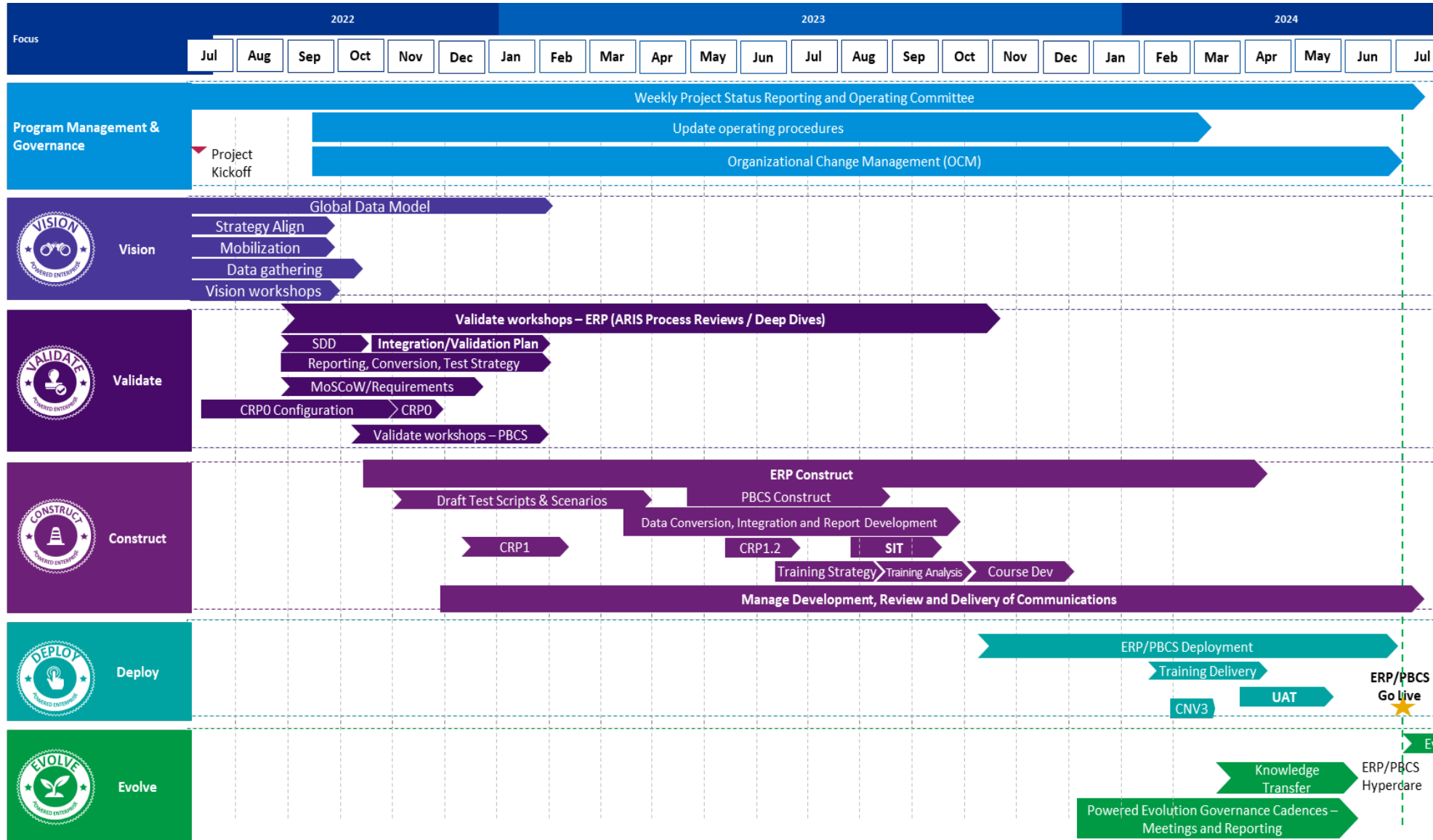
Technology Enhancements

- ✓ Cloud environment
- ✓ Easier upgrades and maintenance
- ✓ Enhanced Security

Scope addition and extended schedule with the Go-Live date of July 1, 2024, provides the following benefits:

- **Need for additional testing of the new system**
 - Extended testing events provide added benefits to the Harbor Department's end users, business analysts and core team leads to properly validate business processes and functionalities of the new system
- **Identification of opportunity to connect additional systems to ERP to support financial functions better**
 - 23 additional integrations identified during validation workshops and testing events
- **Need to connect with City's new payroll system**
 - Alignment with the delayed implementation schedule of Workday, the City of Los Angeles new Human Resources and Payroll (HRP) system, will allow for stabilization of integrations between the two systems
- **Allowing additional time for technical adjustments will reduce risk**
 - Sufficient time for proper security patching, disaster recovery and other "dry runs" prior to Go Live increasing effectiveness of knowledge transfer activities

Schedule: Proposed Revised Timeline (24 Months)



LEGEND

- PBCS -Planning and Budgeting Cloud Services
- UAT- User Acceptance testing
- ARIS- Architecture of Integrated Information Systems
- CRP- Conference Room Pilot
- System Integration testing
- SIT- System Integration testing
- SDD- software design document

Budget: Total Project Costs For July 2024 Go-Live



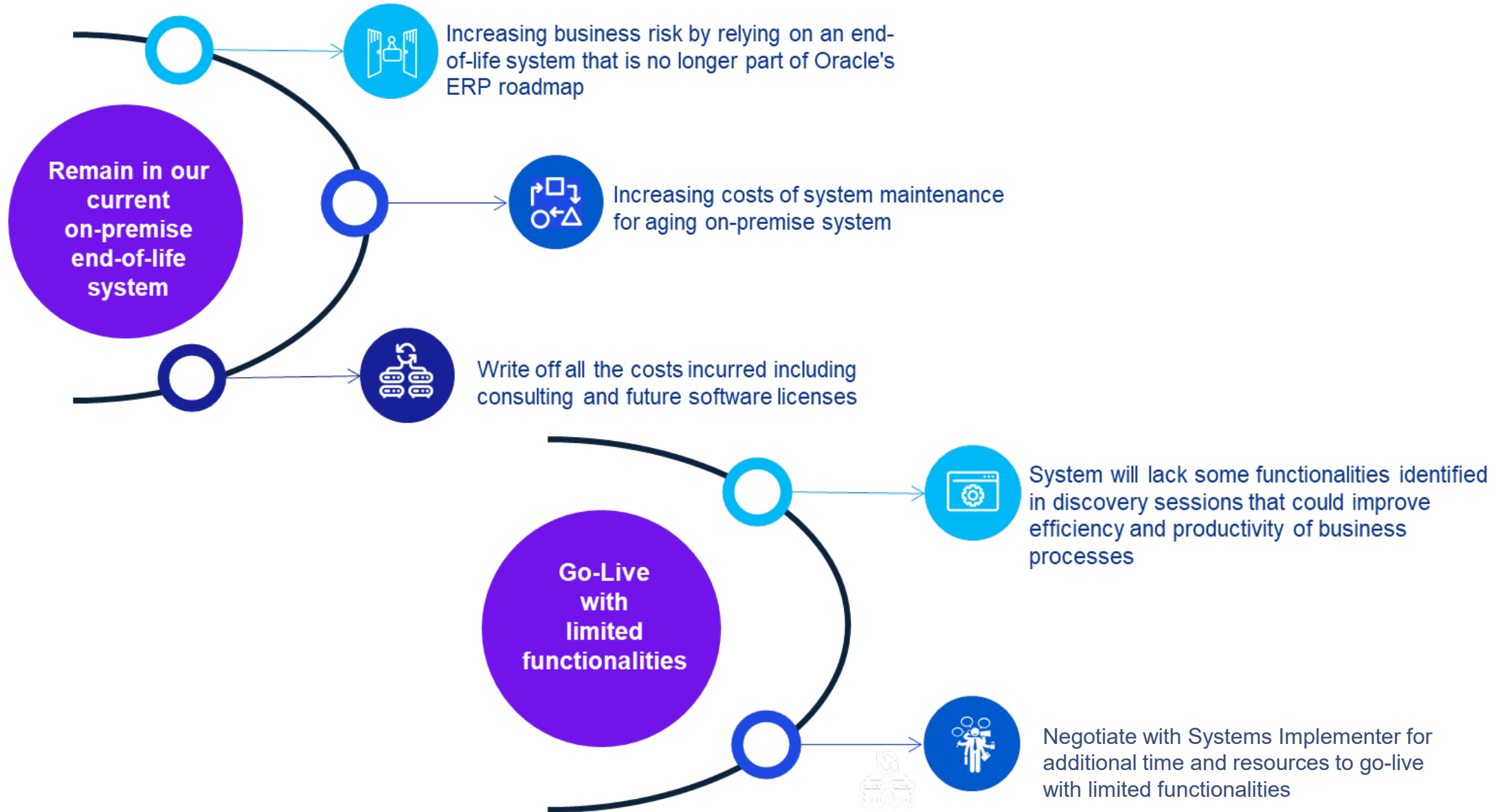
Capital	Original Budget 12 Months	Amount Increased [12 months]	Revised Budget 24 Months
Implementation Consulting	9,000,022	9,240,332	18,240,354
Finance Staff Augmentation	2,957,700	1,803,600	4,761,300
IT Staff Augmentation	1,437,800	754,706	2,192,506
Sympro Software & Implementation Consulting	120,300	0	120,300
Equipments and Materials	29,652	0	29,652
Internal Labor	2,433,246	817,776	3,251,022
Capital Total	15,978,720	12,616,414	28,595,134
Operating Expenses (OPEX)	Original Budget 12 Months	Amount Increased [12 months]	Revised Budget 24 Months
Oracle ERP Software, CASB, Paas Subscription	1,860,756	0	1,860,756
Oracle Advanced Customer Services (ACS) Support	150,000	60,000	210,000
Training (Oracle University and Guided Learning)	863,673	0	863,673
NITI Cloud Managed Basic Services Support	1,440,000	0	1,440,000
NITI As-needed Level 1 ERP cloud maintenance support and Enrichment Services	1,857,600	0	1,857,600
EBS Consulting Services (Functional & Technical)	755,000	235,000	990,000
Other Software and Hosting/Support/Subscription	690,227	0	690,227
Finance Staff Augmentation	1,183,100	136,800	1,319,900
IT Staff Augmentation	575,100	37,380	612,480
Internal Labor	1,561,121	0	1,561,121
OPEX Total	10,936,577	469,180	11,405,757
Capital + OPEX Total	26,915,297	13,085,594	40,000,891

Budget: Additional Systems Implementation Costs



Extension Cost Items	Associated Costs	Cost Explanation
PMO/CM extension	\$445,602	Extension of Project Management Office (PMO) and Organizational Change Management (OCM) resources
Conference Room Pilot (CRP) 1.2	\$1,103,256	8 additional weeks added to schedule for configuration, testing and execution of additional CRP event
System Integration Testing (SIT)	\$521,102	5 additional weeks added to schedule for additional testing and capture of feedback
User Acceptance Testing (UAT)	\$432,781	4 additional weeks added to schedule for additional testing and capture of feedback
Integrations	\$1,220,554	23 additional integrations captured during Validation workshops and Conference Room Pilot (CRP) 1 Testing event
Reports	\$490,405	Captured over 100 currently used reports and doubling report development effort to 40 custom reports
Budgeting and Planning (PBCS)	\$810,625	Reimplementation of Planning, addition of Revenue forecast cube, delays due to City implementation of Workday Payroll
Chart of Accounts (COA)	\$946,023	Extensive reviews and deep dives to redesign LAHD's chart of accounts structure and related values
Resource extension	\$956,484	Extension of NITI Functional Leads to account for additional deep dives and extended testing sessions
Production System Go Live Project Acceptance	\$2,033,500	Successful execution of all tasks in the Cutover Plan; Production Go Live. Final acceptance of all deliverables and milestones
As-Needed Development	\$280,000	As needed development tasks
Extension Costs Total	\$9,240,332	

Alternatives to Staff Recommendation



Original 12-month implementation timeline is an aggressive schedule

Project had challenges in procuring and sustaining talent to support the effort

The business transformation required a greater level of involvement from the Subject Matter Experts than originally estimated

Project governance structure is complex, and it took more time than anticipated to optimize communication and process for decision making



Closely manage and monitor the project schedule to mitigate risks

Conduct extended testing for the remaining work streams

Continue to build the system in preparation for System Integration Testing

Approval of the following for the implementation of Enterprise Resource Planning (ERP) Cloud Migration Project:

➤ **System Integration And Support Services**

- First Amendment to Agreement No. 22-9854 Niti Systems Consultants, Inc. to increase the not-to-exceed amount by \$9,240,332 for total of \$22,124,770

➤ **Business Systems Analyst Services**

- First Amendment to Agreement No. 21-9843 with Byrd Professional Resources, LLC Inc. to increase the not-to-exceed amount by \$1,940,400 for a total of \$6,081,200 and extend the term of the agreement by one year, for a total of three years

➤ **Information Technology Staff Augmentation Services**

- First Amendment to Agreement No. 22-9855 with CherryRoad Technologies Inc. to increase the not-to-exceed amount by \$792,086 for a total of \$2,804,986

