

**CITY OF SAN ANTONIO
INFORMATION TECHNOLOGY SERVICES DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council
FROM: Troy Elliott, ERM Project Director
SUBJECT: Authorization of Change Order with Deloitte
DATE: May 12, 2005

SUMMARY AND RECOMMENDATIONS

This Ordinance ratifies services and authorizes the execution of a change order with Deloitte Consulting for implementation and staff augmentation services in an amount not to exceed \$1,233,605; reduction in scope for Plant Maintenance, Customer Relationship Management and Employee Self Service in the amount of \$2,795,593 representing a net return to the ERM Project Budget and reduction of the amount payable to Deloitte Consulting in the amount of \$1,561,988.

Staff recommends the approval of this ordinance.

BACKGROUND INFORMATION

This Ordinance ratifies and authorizes a change order with Deloitte Consulting for staff augmentation services for the implementation of Finance (Wave D) and Payroll (Wave E) and adjusting the scope of work for Customer Relationship Management (Wave C) and Plant Maintenance (Wave G).

On February 16, 2005 a staff augmentation plan was presented to the City Council Governance Committee. This plan provided for ten Deloitte Consulting Staff to supplement City ERM Production Support Team in the areas of Finance, Payroll, Benefits and Programming Development (ABAP). The supplemental staff began on January 3rd and will terminate on approximately June 30th depending on the nature of the position. These positions were required to provide interim support and additional knowledge transfer to new production support staff that has joined the SAP Production Support Team since September 1, 2004. A table is presented below with the positions and timeline for each position that is being utilized for staff augmentation services.

Resource Type	Start Date	Finish Date	Projected Hours
Finance	1/3/05	3/4/05	405
Finance	3/8/05	4/8/05	180
Finance	4/4/05	6/3/05	360
Payroll	1/3/05	3/31/05	585
Benefits	1/17/05	1/28/05	90
Technical	1/17/05	6/3/05	800
Technical	2/7/05	4/1/05	177
Technical	2/7/05	4/1/05	177
Technical	2/7/05	4/1/05	177
Technical	12/13/04	5/13/05	720
Total			3,671

In addition to the staff augmentation services, extensions of consultants were necessary to complete outstanding implementation activities such as conversion of the inception to dates balances for capital projects, conversion of balance sheet accounts. The extensions of the consultants were necessary due to schedule delays as a result of limited city resources, staff turnover and stabilization activities upon go live. A table is presented below with the positions and timeline for each position that is being utilized for extended implementation activities.

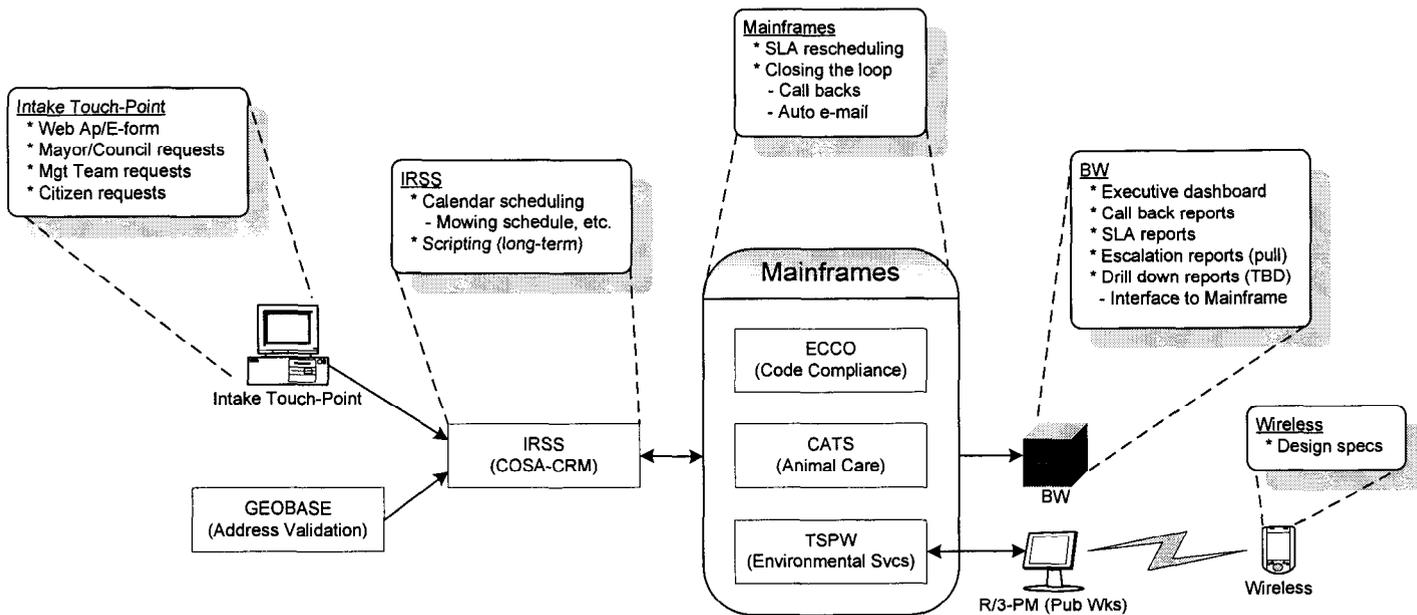
Resource Type	Start Date	Finish Date	Projected Hours
Finance	1/3/05	4/1/05	440
Finance	1/3/05	2/25/08	360
Project Systems	11/15/04	1/28/05	344
Project Systems	11/15/04	2/25/05	730
Project Systems	1/3/05	2/25/05	320
Payroll	11/08/04	12/3/04	120
Payroll	12/7/04	12/17/04	90
Payroll	12/20/04	12/30/04	60
Technical	1/3/05	1/14/05	80
Total			2,544

Briefings have been provided to City Council members in order to outline the changes and modifications of scope for Customer Relationship Management (CRM), Plant Maintenance (PM) and Employee Self Service (ESS). A brief summary of the changes have been outlined below for each subject area.

Customer Relationship Management (CRM)

The method of deploying CRM is currently being modified to utilize the City's existing systems as identified below (IRSS, ECCO CATS, and TSPW) combined with the SAP Business Warehouse for display of results. This approach will continue to meet the business objectives of improving customer service delivery, accountability and efficiency through modification of the existing systems. Additionally, this approach will decrease the amount of training, change to employees and go-live risks to the City. The blueprint designs created by the project team will

be used as the road map for creating the CRM Vision. This will result in a return of \$1,238,688 for remaining deliverables not completed with Deloitte Consulting. The project team will continue to evaluate the movement to SAP CRM 4.0 in the future. The diagram outlining the components of the COSA CRM implementation is as follows:



Plant Maintenance (PM)

The implementation of SAP's Plant Maintenance was approved by City Council on September 23, 2004. Plant Maintenance is the tool the City will be utilizing to initiate and schedule work via work orders and scheduled maintenance on the City's assets. This change order will modify the statement of work with Deloitte Consulting to include a comparison (gap analysis) of the City's requirements to SAP's Plant Maintenance product. Upon completion of the analysis a plan will be required to address identified gaps. In the event that SAP does not meet the City's requirements, alternate solutions will be researched such as modifying SAP or evaluating additional "best of breed" software packages. Once the approach has been solidified, a new Council action will be required to continue with Deloitte Consulting, approve the selection of a new integration partner, or use City staff and resources for the implementation of Plant Maintenance functionality. The Public Works Department will serve as the anchor tenant for the PM implementation. The ERM Project Team will implement the new Plant Maintenance Software and redesigned business process in additional departments such as Parks and Recreation, and Environmental Services once the new plant maintenance system and business processes have stabilized within Public Works. The modified approach will ensure expectations are being met, risk is being managed effectively and Change Management principles are followed. This change order will result in a return of \$1,185,825 for remaining deliverables not completed with Deloitte Consulting for the Plant Maintenance implementation.

Employee Self Service (ESS)

City Council also approved the implementation of SAP's Employee Self Service module on September 23, 2004. On a continuing basis, the project team proactively monitors SAP current and future software options and capabilities. One of the significant enhancements that have become available is designed around portal technology. The implementation of ESS utilizing the portal technology will offer a better solution for deploying ESS and will allow the City to avoid a major conversion effort. As a result, it is our recommendation that the ESS implementation be postponed until the City upgrades to the newer version of SAP and the remaining \$371,080 be de-obligated and returned to the project budget.

This change order will result in a net decrease in the contract amount with Deloitte Consulting and return the amount of \$1,561,988 to the ERM Project Budget. This amount will be utilized to assist with the implementation of the remaining components of the Plant Maintenance implementation, continue to stabilize Waves D and E and focus on other areas in order to return value and build upon the foundation that has been established over the last four years with the SAP implementation and other tools the City currently owns. Strategically, the City will focus on the four areas of e-procurement, document management, e-forms and providing of services over the web.

POLICY ANALYSIS

The Change Order with Deloitte Consulting is consistent with previous City Council actions and the implementation of an Enterprise Resource Management System.

FISCAL IMPACT

The net effect of the change order is summarized as follows:

Modification	Fees	Expenses	Total
Wave C (CRM)	(\$1,126,080)	(\$112,608)	(\$1,238,688)
Wave G (PM & ESS)	(1,415,368)	(141,537)	(1,556,905)
Staff Augmentation	499,327	39,303	538,630
Conversion & Validation	635,251	59,724	694,975
Net Amount	(\$1,406,870)	(\$155,118)	(\$1,561,988)

COORDINATION

This item has been coordinated with the City Attorneys Office, Information Technology Services Department, Customer Service/311, Public Works and Finance Department.

SUPPLEMENTAL COMMENTS

The contract terms and conditions remain consistent with the City's Small Business Economic Development Advocacy Program Goals as previously negotiated with Deloitte Consulting. The change order continues to support 32.5% of total contract dollars in SBEDA participation.



Troy Elliott
ERM Project Director, Information Technology Services Department



Richard Vana
Interim Chief Information Officer



J. Rolando Bono
Interim City Manager

Software Modification Request Form**Project Information**

Date	<u>05/04/05</u>	Phase No.	<u>3</u>	Related Issue Number	
Created by	Troy Elliott		Requested by	Troy Elliott	
Priority	High		Date Received:	05/04/05	

City Council Approval Required? (check one) Yes No **Ordinance No:** _____

Description of Requested Change:**System Modification Request for the Phase 3 Revised Statement of Work**

The purpose of this System Modification Request (Change Order) is to modify the Phase 3 Revised Statement of Work for Waves C, D, E, F, G and H, ERP/CRM. Specifically, this modification request will address additional implementation services, staff augmentation resources, and modification of the scope, deliverables, staffing and timelines for Waves C (Customer Relationship Management) and Wave G (Plant Maintenance and Employee Self Service). The modifications are described as below:

Wave C (Customer Relationship Management)

- Scope and Deliverables
 - The following deliverables will be removed from the statement of work for the implementation of Wave C, Customer Relationship Management:
 - Deliverable 4, Realization Deliverable
 - Deliverable 5, Final Preparation Deliverable
 - Deliverable 6, Go Live & Support Deliverable
- Resources
 - Deloitte and subcontractor resources for Wave C are no longer required "rolled off" effective March 11, 2005
- Timeline
 - Not applicable as no timeline has been established for the resumption of Wave C activities utilizing SAP software and Deloitte Consulting.
- Cost and Payment Schedules
 - This modification reduces the amount payable to Deloitte Consulting in the amount of \$1,126,080 for implementation services and \$112,608 for expenses for a total reduction of \$1,238,688 related to Wave C.

Software Modification Request Form
Effort Required to Make Requested Change

Description of Requested Change (continued):

Wave G (Plant Maintenance & Employee Self Service)

- Scope and Deliverables
 - The following deliverables will be removed from the statement of work for the implementation of Wave G, Plant Maintenance and Employee Self Service:
 - Deliverable 20, Realization Deliverable
 - Deliverable 21, Final Preparation Deliverable
 - Deliverable 22, Go Live & Support Deliverable
 - Scope is amended such that Deloitte will perform activities for the following areas of Wave G:
 - Support requirements definition (defining the business functions that the SAP Plant Maintenance Software is required to support) for Public Works
 - Fit-Gap Summary (Compare requirements defined by Public Works to SAP Plant Maintenance functionality and identify areas that SAP Plant Maintenance will and will not accommodate the requirements)
 - A subsequent change order would be necessary for any additional services above and beyond supporting the requirements definition and Fit-Gap Summary.
- Resources
 - Deloitte and subcontractor resources for Wave G are rolled off effective April 8, 2005 with the exception of the resources necessary to support the requirements definition of Public Works and to complete Fit-Gap analysis of the City's requirement for Plant Maintenance to SAP.
- Timeline (4/18/05-6/3/05)
 - Supporting requirements definition
 - Fit gap analysis
- Cost and Payment Schedules
 - This modification reduces the amount payable to Deloitte Consulting in the amount of \$1,415,368 for implementation services and \$141,537 for expenses for a total reduction of \$1,556,905 related to Wave G.

Software Modification Request Form
Effort Required to Make Requested Change

Description of Requested Change (continued):**Staff Augmentation Services**

- Staff Augmentation Resources
 - Deloitte Consulting will provide extensions and additional resources to supplement City ERM Production Support Team in the areas of Finance, Project Systems, Payroll, Benefits and Programming Development (ABAP). The positions will function as part of the ERM Production Support Team and provide interim support and training to support staff and City Departments at the City's direction. A table is presented below with the positions and estimated timeline for each position that is being utilized for staff augmentation services.

Resource Type	Start Date	Finish Date	Projected Hours
Finance	1/3/05	3/4/05	405
Finance	3/8/05	4/8/05	180
Finance	4/4/05	6/3/05	360
Payroll	1/3/05	3/31/05	585
Benefits	1/17/05	1/28/05	90
Technical	1/17/05	6/3/05	800
Technical	2/7/05	4/1/05	177
Technical	2/7/05	4/1/05	177
Technical	2/7/05	4/1/05	177
Technical	12/13/04	5/13/05	720
Total			3,671

- Cost and Payment Schedules
 - The staff augmentation services are not to exceed the amount of \$499,327 for services and \$39,303 for expenses for a total amount of \$538,630.

Software Modification Request Form
Effort Required to Make Requested Change

Description of Requested Change (continued):**Conversion and Validation Activities**

- Resources
 - Deloitte Consulting will provide extensions of consultants necessary to complete outstanding implementation activities such as conversion of the inception to dates balances for capital projects, conversion of balance sheet accounts and stabilization activities. A table is presented below with the positions and timeline for each position that is being utilized for extended implementation activities.

Resource Type	Start Date	Finish Date	Projected Hours
Finance	1/3/05	4/1/05	440
Finance	1/3/05	2/25/08	720
Project Systems	11/15/04	1/28/05	344
Project Systems	11/15/04	2/25/05	1,430
Project Systems	1/3/05	2/25/05	520
Payroll	11/08/04	12/3/04	120
Payroll	12/7/04	12/17/04	90
Payroll	12/20/04	12/30/04	60
Technical	1/3/05	1/14/05	80
Total			2,544

- Cost and Payment Schedules
 - The implementation services are not to exceed the amount of \$635,251 for services and \$59,724 for expenses for a total amount of \$694,975.

Summary of Costs

Modification	Fees	Expenses	Total
Wave C (CRM)	(\$1,126,080)	(\$112,608)	(\$1,238,688)
Wave G (PM & ESS)	(1,415,368)	(141,537)	(1,556,905)
Staff Augmentation	499,327	39,303	538,630
Conversion & Validation	635,251	59,724	694,975
Net Amount	(\$1,406,870)	(\$155,118)	(\$1,561,988)

Software Modification Request Form**Effort Required to Make Requested Change**

Time	Not Applicable	Responsible Analyst	
Resources	See Narrative		
Original Contract Amount	(Services) \$44,018,080	(Expenses) \$4,751,770	
System Modification Request Cost	(\$1,406,870)	(\$155,118)	
Revised Contract Amount	\$42,611,210	\$4,596,652	
Recommended Start Date	11/08/04		
Estimated Date of Completion	06/03/05	Date of Disposition	
Authorizations			
Title	Name	Date	
City of San Antonio ERM Project Director			
Deloitte Principal			