

Oracle Financials Upgrade/Re-Implementation

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Business Case, Project Background / Technical Issues

B1 - General

This project has arisen from notification that our current system, Oracle Financials V11i support was to be reduced from October 2013 however recent developments have indicated that this may be extended to October 2014. Whilst the upgrade is essential to ensure we remain fully supported we have taken this opportunity to improve our current system functionality and move back to using Oracle Receivables (rather than our stand alone debtors system). To use Oracle to its full potential we will also install a reporting tool and investigate invoice scanning.

B2 –Service / Service / Function

Oracle is the Council's main Financials System, providing the following services across all departments:

General Ledger – Recording of income and expenditure and providing financial information and reports.

Payables – Recording and payment of all invoices received by MBC, including Construction Industry Tax and VAT and payment of Benefits and Council Tax Refunds.

Purchasing/I-Procurement – Self serve ordering and approval system which automatically prints or e-mails orders to suppliers.

B3 – Strategic fit

The objectives of the project are to upgrade or re-implement to Oracle Version 12 which will include Oracle Receivables. We will install a reporting tool to complement the system and make improvements to our current version which will be carried over into the Version 12 functionality. The upgrade/re-implementation is needed now as support will be reduced from October 2013.

The benefits will include improved reporting, debt recovery, lean processes, paper reduction, and greater transparency.

As Oracle is the Council's core Finance system it is essential for the delivery of financial services to the Council.

Success factors and how they will be measured:

- **Providing relevant, accurate information in a timely manner with limited resources:**
 - At the moment we are unable to produce some reports or information and manual analysis is required or IT extracts the information from Oracle for us.
 - List information/reports we are unable to produce now
 - Measure after to obtain if these reports can be run with ease by finance
- **Enhanced drilldown/report in Oracle on Payroll figures**
 - Measure the time spent analysing payroll figures before and after the implementation.
- **Implementation of Oracle Receivables**
 - Current system is stand alone with limited support. Future viability is questioned.
 - Enhanced recovery process
 - Measure the level of debt before and after implementation

- **Invoice scanning & streamline of the invoice payment process**
 - Timeliness of payment process reduced time in departments as no stickering of invoices.
 - Change of task in finance would be able to spend more time allocating, monitoring and chasing invoices for payment.
 - Reduce need for copy invoices
 - See how many copies we have now
 - When implemented all invoices will be scanned at post room
 - With the electronic workflow approval time spent by the post room would be reduced distributing invoices from departments to Finance. Would invoices be coded and signed by the budget holder only? If so admin time may be reduced.

- **Invoice despatch time improved**
 - Measure date on invoice and date of raising/despatch
 - New system, despatch will be same date raised in department

B4 - Options appraisal

The Options:

- 1) **Do nothing** – we could continue on current version which would be considered as a short term fix and not the favoured option if we want to maintain viability of the system. The upgrade/re-implementation could be delayed for 6 months to a year but this would be a major risk.

- 2) **System hosted elsewhere** – It has always been an option to consider using LCC to host Oracle. Recent developments have removed this as an option as they are currently moving support to East Midlands Shared Service. As such they are not in a position to take this on and has resulted in a delay in submitting this project proposal for member consideration.

Charnwood are currently using Agresso and have offered to discuss the possibility of hosting the system for us, however as mentioned in option 5 this is likely to be a more expensive and high resource option.

If we consider using another financial system or if another organisation hosted oracle, the amount of internal resources required would be much more than an upgrade or re-implementation. Using another system would require extensive data to be imported and the chart of accounts will need to be recreated, which would take a considerable amount of staff time.

- 3) **Upgrade to Version 12** - After speaking to Oracle consultant (came in to do a feasibility study) their experience of upgrading to version 12 has not been without its problems. We have many issues with the current system which would be carried over to Version 12 and may cause problems with the upgrade. This would need to be discussed further with the consultants to assess whether to upgrade or re-implement. We have been advised that the cost would be similar to re-implementation.

- 4) **Re-Implement to Version 12** - The preferred option is to re-implement which would eliminate problems we have on the current version and we would be able to cleanse the system, only migrating specific data. This would need to be discussed further with the consultants to assess whether to upgrade or re-implement. We have been advised that the cost would be similar to upgrading.

- 5) **Buy another financial system/package** – Likely to be significant cost and resource. Harborough, Charnwood and Rutland have been contacted to enquire what system they are using, when it was implemented, initial and ongoing costs.

Council	System	Implementation			Annual Cost
		Date	Cost	Time	
Charnwood	Agresso	2005	270k	6 months	18k
Harborough	E-Financials	1992?	Not available	Not available	Not available
Rutland– figures to be confirmed	Agresso	2009	* 350k	12 months	* 26k

* Figures to be confirmed w/c 26/11/12

The cost of running the current system on an annual basis is £16,500, which is very reasonable based on the original deal when Oracle was purchased. This cost increases by inflation each year which helps to offset the high cost of the upgrades that are required periodically.

B5 - Achievability

- Oracle Report Manager, Electronic Journals, and Payroll Generic Interface**
 This is an improvement to current system functionality and can be achieved before work on the re-implementation begins in 2013.
- Upgrade/Re-Implementation to Version 12 & Receivables**
 This is achievable with the time allocated but will depend greatly on any problems encountered by the consultants and availability of the project team, IT and Economic Development. Deadline is critical to not interfere with budget setting and annual billing.
- Reporting Tool**
 This is achievable within the allocated time but consideration should be given as to when this is implemented. Investigations will dictate whether this can be achieved before or during the re-implementation to version 12 of if it must wait until this is complete. Looking at Business Objects as already a corporate tool, but by trying to fit in corporately could hinder implementation and also the choice users have.
- Invoice Scanning**
 It is considered that this is not achievable within the re-implementation timescale and may need to be implemented after version 12 is live. However options can still be assessed and should be investigated as part of the EIM Project.

B6 - Legal Issues (if applicable)

- We will conduct a European Tender as the estimated cost is over £150k

B7 - Specification

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B8 – Financial Implications

Cap / Rev – All costs are estimates and will be ‘firmed up’			
		£	Comment
Initial Costs		£150k £30k £30k £50k	Upgrade/Re-Implement Version 12 Oracle Receivables Reporting Tool Server (needed anyway)
External Funding			<i>n/a</i>
Net Cost		<u>£260k</u>	
Ongoing Savings			<i>n/a</i>
Internal Resources		56 144	Finance/Rev’s & Other Days IT Days
Phasing	2012/13	53k	Server, receivables license
	2013/14	207k	Upgrade/reimplementation, receivables, reporting tool,

B9 – Project Scoring Matrix

Scoring – for your project – calculate the points			
Criteria	1 Point	2 Points	3 Points
Cost £ (budget, time and human resource)	<£10k	£10k - £50K	>£50K
Timescale	< 6 months	6 – 12 months	> 12 months
Impact if project failed on the organisation	Minor disruption	Moderate	Major
Melton’s Track Record	Done Successfully Many Times Before	Done Successfully Once or Twice Before	New Area of Working
Stakeholder Interest (internal and external)	Minimal	Moderate	Major
Project Complexity	Straight-forward	Moderately Complex	Highly Complex

Total points score = 15

Projects scoring 6 – 10 points - Formal methodology **not** necessary
 Projects scoring > 10 points - Formal methodology **is** necessary

Project Brief

C1 - Project Objectives, Outcomes and Benefits

From this project we aim to achieve improvements to the existing functionality of Oracle Version 11i, successfully upgrade or re-implement to version 12 to ensure continued software support after 2012/13, re-implement Oracle Receivables and a new reporting tool. Apart from the functional benefits that Version 12 brings it will also mean that our Oracle system will remain supported.

Failure of the Oracle system whilst unsupported could mean that vital financial functions could not take place, for example, payments to benefit claimants and suppliers, council tax refunds, and the raising of orders, all of which would have a major impact on our suppliers and customers. Internal procedures such as reconciliations, producing our statement of accounts and budget preparation, recording and monitoring would also be affected. This would be a detriment to the financial management and the demonstration of financial stewardship i.e. accountability to stakeholders.

This project should result in a Financial System that will successfully service all of Melton Borough Council's departments, supplying relevant and accurate information in a timely manner using limited resources. It should aim to contribute to achieving the Council's key objectives, by providing enhanced spending and budgetary visibility and improve payment performance to its suppliers. It will contribute to the Council's corporate priority of a "Well Run Council".

The project will make a number of improvements to the current system, which will include enhancing information interfaced from our Payroll System and allowing report drilldown to view specific detail. These enhancements will be carried forward to Version 12 and will, with the implementation of a reporting tool improve the reporting information quality, ease of retrieval and analysis. Current Central Service resources used to collect and analyse this standard data manually can then be redirected to concentrate on more challenging high level analysis.

Implementing Oracle Receivables will eliminate the need for the current stand alone Debtors system (ACL) which will reduce system costs and internal resources to maintain the system. This part of the project will require heavy involvement of Economic Development as the new system will change the debt recovery process and reporting functionality. Oracle Receivables Version 12 will also provide a self service platform which will eliminate input duplication and reduce invoice despatch time. This will require change consultation as the new process will have an impact on all departments.

We will investigate invoice scanning and automation upload into Oracle Payables, utilising the Council's EIM System. This should improve the creditor's payment process by logging all incoming invoices and enabling electronic workflow approvals. This will increase Central Services capability to chase and manage invoice payments and the addition of a reporting tool will allow the process to be easily monitored and specific areas targeted.

Project Management

D1 - Key Business Risks/Contingency Plans/Exit Strategy

Key Business Risks

- **Availability of internal database support and staff resources - High**
When planning the project the need of internal DBA support and external consultation must be carefully considered. -We must be realistic as to internal resources required whilst considering other Council projects which will be a drain on the internal resources available. If internal resource does become an issue additional external consultation will be required to ensure the project progresses as planned. Review of IT services adds another complexity to the project.

The project must be planned to suit the workload of key Central Services staff, which will eliminate busy periods i.e. budget setting and closedown of accounts.
- **Funds for the project are not approved – Medium**
If fund for the project are not approved this would mean our database would be unsupported from Oct 2013. There is a tight window for implementation of the project due to IT and Finance staff availability so if the project did not go ahead the next opportunity to upgrade/re-implement would be 2014.
- **Adequate server memory/processing power/disk space – Low**
The current server memory is not sufficient for Version 12 and a new server and SAN must be purchased and installed before the successful supplier starts to implement version 12. An additional cost must be included for this hardware. Low risk as mitigated by including the purchase of a server in the project.
- **System down-time – High**
This will depend on the decision made to either upgrade or re-implement. If the system is re-implemented there will be minimal disruption to the service but upgrading will result in inevitable down-time. This will need to be considered and any effects on service delivery carefully managed, keeping down-time to a minimum.

D2 - Key Stakeholders

External Stakeholders

General Public/Companies/Benefit Claimants – Receiving Invoices

The impact on the general public is low. Debtor invoices may look slightly different but should be self explanatory and contain the same information. There are problems on the current system setting up DD's on recurring invoice, which if resolved by Oracle Receivables will improve the service to the customer.

Internal Stakeholders

Finance – Finance staff will be the primary users of Oracle Version 12. Key staff will be involved in the upgrade/re-implementation, receive training and be heavily involved in testing and data migration.

Budget Holders – Budget holders will benefit from improved reporting functionality and ease of data retrieval.

Members – Confidence that the council is supported by a reliable finance system which ensures adequate controls are in place.

MBC Staff – As users of I-Procurement they will need to be trained to use the new version.

D3 - Communication Plan

Who	Communication	Why	When
Project Sponsor	Discussion/e-mail	Progress/Issues	Monthly
Programme Board	Highlight Report	Progress	Quarterly
Programme Board	Highlight Report	Issues	When/If required
Transformation Board	Verbal Update	Progress/Issues	Monthly
Project Team	Project Meeting	Discuss responsibilities, work to be undertaken and resources availability	Monthly
Members	PFA Committee though capital program monitoring	Progress	Quarterly
MBC Staff	Market Place	See if staff would like to be involved in the project	To be determined

D4 - Project Controls

Quality Control

Regular monitoring throughout and a post project assessment will be carried out to ensure project is completed

Key Controls for Project Closure

Project will be considered for closure when the following key aims have been successfully completed:

- Oracle has been upgraded/re-implemented to version 12
- Oracle receivables V12 has been installed
- All data has been successfully migrated to version 12
- A reporting tool has been procured

Oracle Upgrade/Re-Implementation Project Plan

	Resources	Finance	2012					2013										
			Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
Systems Assessment	Chris/Sue/Consultants		Complete															
Project Brief	Rebecca/Dawn			In-Process														
Implement Electronic Journals/Testing	Finance			In-Process	In-Process													
Scoping Document	Rebecca/Dawn/Chris				Not Started													
Transformation Board 25/10/12	Rebecca				Complete													
Improve V11i Oracle Reporting	Consultancy/Sue	£2,000			Not Started	Not Started												
Generic Interface - Payroll	Consultancy/Sue	£2,000			Not Started	Not Started												
Pull Docs together Finance & IT for Tendering	Rebecca/Sue/Chris				Not Started	Not Started												
Spec from Patech for hardware required	Chris/Sue					Not Started												
Receivables Demo/Cost/Functionality to use 19/11	Finance/Alison/Sharon/Mark/Chris					Not Started												
Programme Board 8/11/12	Dawn/Rebecca					Not Started												
Tender for Hardware Server/SAN	Chris/Sue					Not Started												
PFA sign off 19/11/12	Dawn/Rebecca					Not Started												
Reporting Tool Research Business Analytics 14/11 Qlikview 19/11	Finance/Chris					Not Started	Not Started											
PFA Committee 4/12/12	Dawn/Rebecca						Not Started											
Capital Programme Approval	Dawn/Rebecca/David W						Not Started											
Appoint Hardware Supplier	Chris/Sue	£50,000					Not Started											
Buy Hardware Server/SAN	Chris/Sue							Not Started										
European Tender? If over £150k - Prepare	Dawn/Chris/Sue/Rebecca							Not Started										
Conduct Tender	Dawn/Chris/Sue/Rebecca								Not Started	Not Started								
Purchase Receivables License	Chris/Rebecca	£3,000							Not Started	Not Started								
Appoint supplier for re-implementation (inc Receivables)	Dawn/Chris/Sue/Rebecca	£177,000								Not Started								
Start Implementation Prep with Software Supplier	Chris/Sue/Rebecca/Finance										Not Started							
Install Server/SAN	Chris/Sue										Not Started	Not Started						
Supplier Start Install	Chris/Sue/Finance/Consultants											Not Started	Not Started					
Start building V12 test system	Sue/Consultants											Not Started	Not Started	Not Started				
Testing by Finance & Revenues	Sue/Consultants/Finance													Not Started	Not Started	Not Started		
Implementation Complete	Sue/Consultants/Finance															Not Started		
Reporting Tool	Rebecca/Chris/Sue/Finance	£30,000																Not Started
Invoice Scanning Investigation	Rebecca/Cass/Sarah/Brett?																	Not Started
Total		£ 264,000																

Complete	Complete
In-Process	In-Process
Not Started	Not Started

