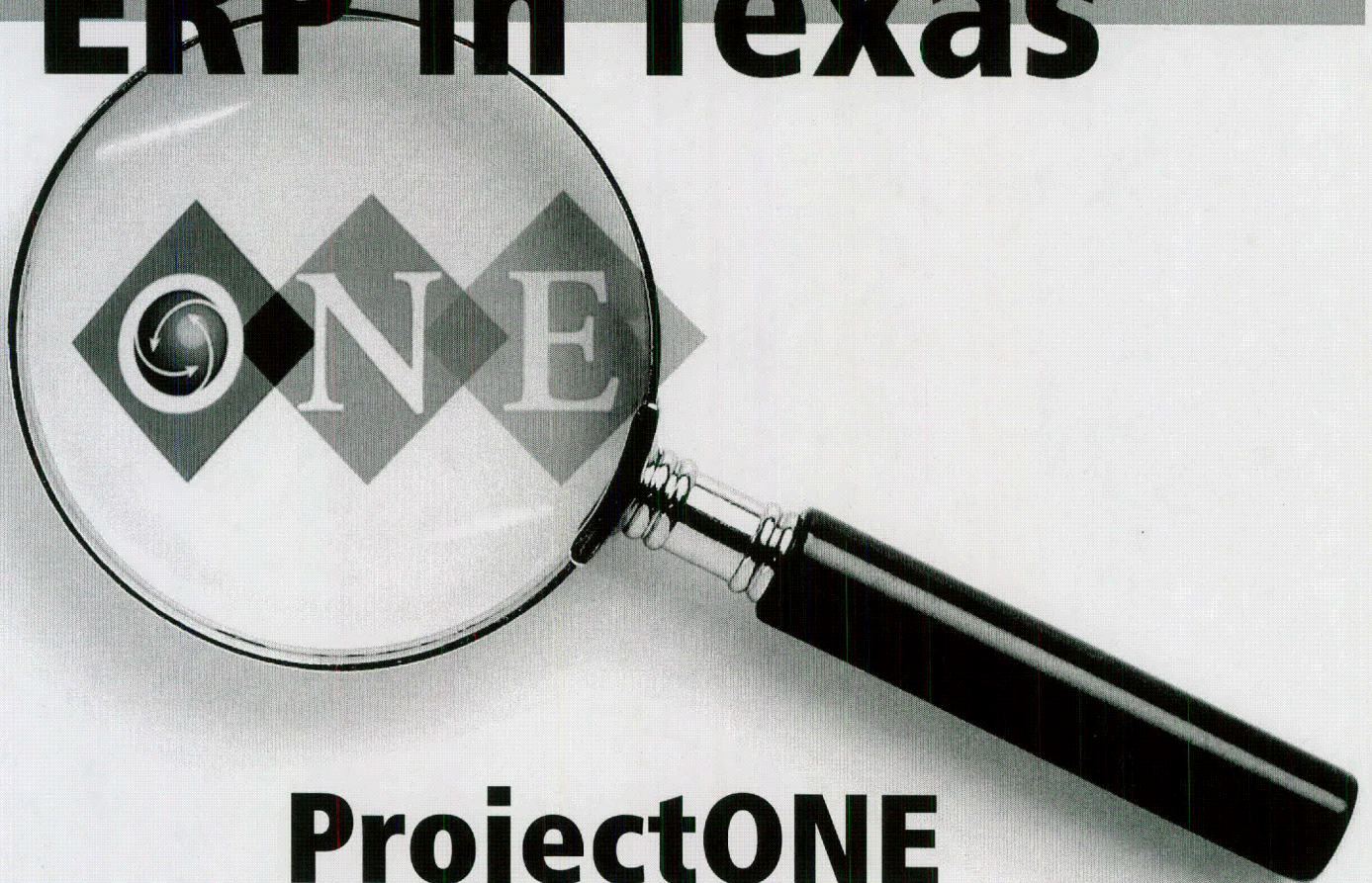


ERP in Texas

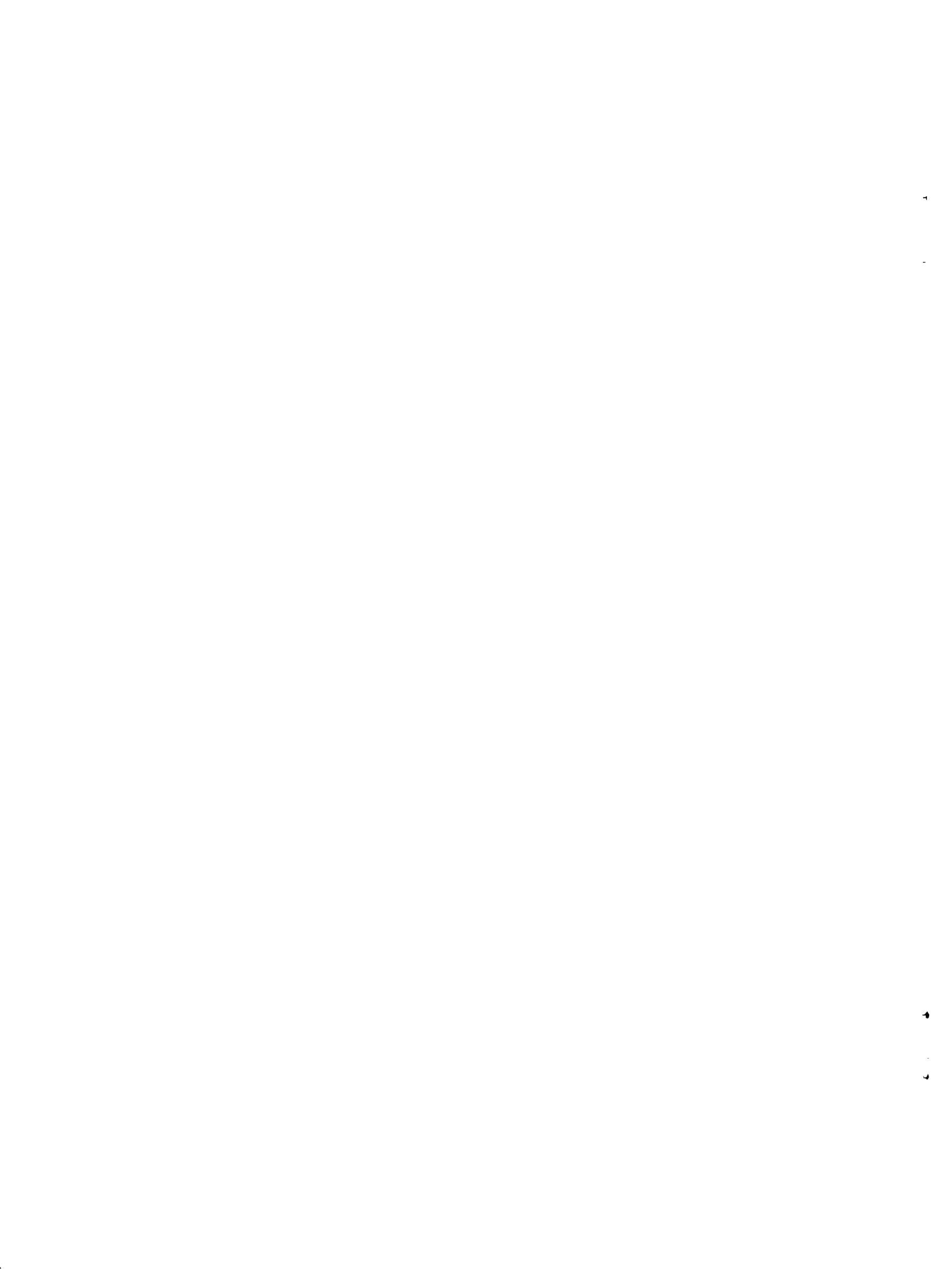


ProjectONE **Report to the** **82nd Legislature**

January 2011



Susan Combs, Comptroller of Public Accounts



January 2011

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Joe Straus, Speaker of the House
Members of the 82nd Legislature
Members of the Legislative Budget Board

Ladies and Gentlemen:

We are pleased to present the report on ProjectONE, the Enterprise Resource Planning (ERP) project for the state of Texas, in accordance with Section 2101.040, Texas Government Code, and Section 17.03(d) of Article IX, General Appropriations Act. This groundbreaking effort will create a host of benefits for the state of Texas by providing the following:

- a single set of accounting systems for all state agencies to improve accuracy and efficiency
- real time and reliable information on the state's revenue and spending
- simpler and more transparent reporting on the state's business

Over the last year, ProjectONE established collaboration among the Comptroller's office, the Department of Information Resources, the five Health and Human Services agencies and the Texas Department of Transportation. This unprecedented collaboration will create a new, statewide financial and payroll system that will integrate functions into a single, secure system that meets the state's business needs.

With this system, lawmakers and taxpayers will see enhanced accountability and transparency for government operations and funding. Data will be available across agencies in real-time and will enable the state to maximize funding. By automating processes, the system also will reduce payroll errors while freeing agency staff to focus on mission-critical tasks.

This report is available online at www.TxProjectONE.org/report. More information, including monthly updates on project status and a detailed history of ERP in Texas, is available on our project website at www.TxProjectONE.org.

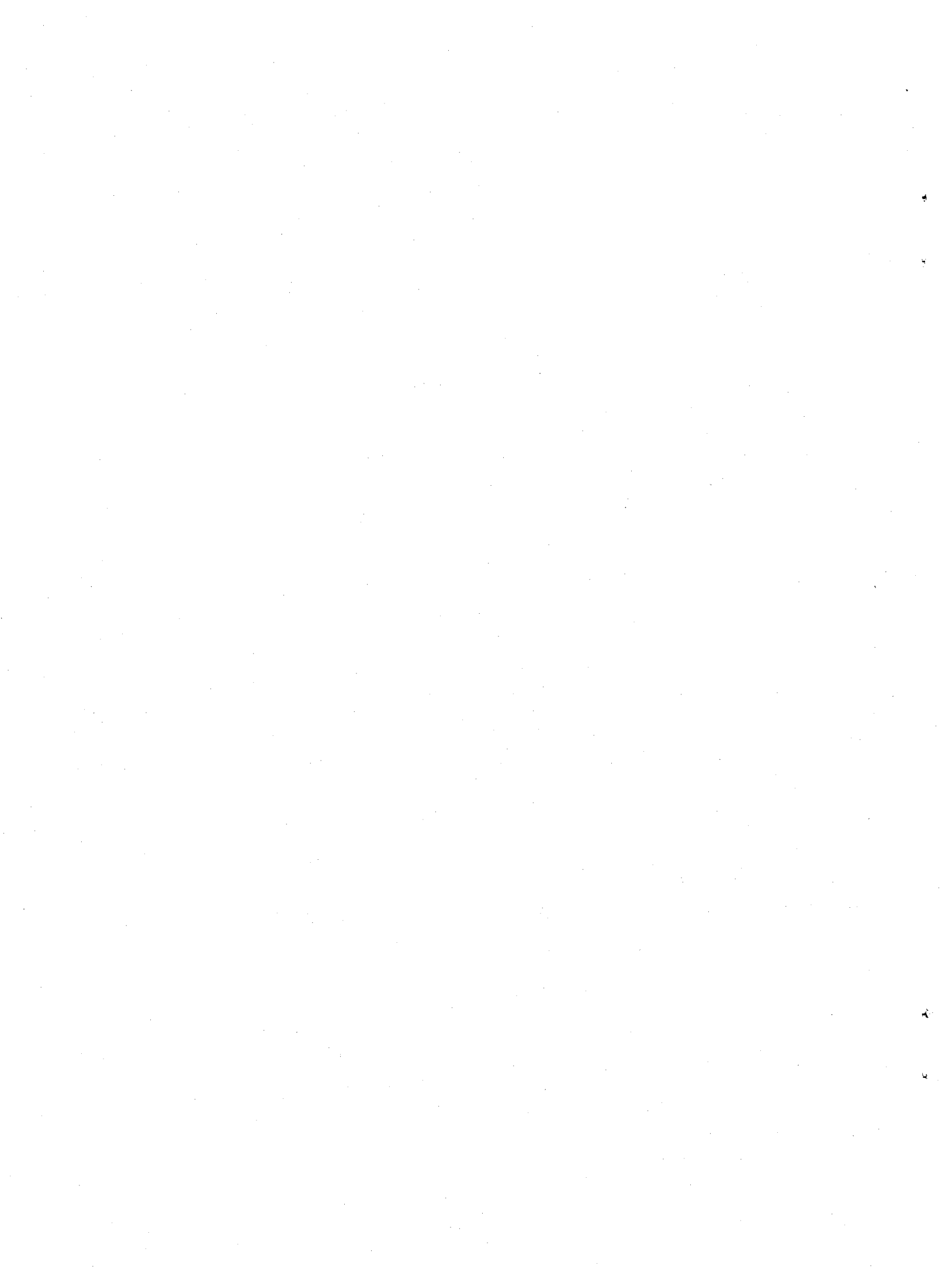
ERP promises to provide the tools needed to shine the brightest light on the state's finances, give decision makers seamless access to state data and allow the state to make better use of the information at its fingertips. Texas decision makers will have an unmatched ability to count every dollar — and make every dollar count.

On behalf of the ProjectONE team, thank you for your time and effort on behalf of Texas government. We look forward to addressing any questions or comments you may have on this exciting initiative.

Sincerely,



Susan Combs



ERP in Texas: ProjectONE Report to the 82nd Legislature

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An Introduction to ERP in Texas

Enterprise Resource Planning (ERP) consolidates all aspects of a business — accounting, payroll, human resources (HR), inventory, fleet management and more — within a common system. Information is entered once and then carried over to all other functions, resulting in less room for error as well as a reduction in manual effort.

Through this system, real-time data is available across departments. Reporting is accurate and highly automated, and provides greater detail and better access to more data for “big-picture” overviews.

ERP is the future of business and state government. Computers revolutionized the processes of appropriating, tracking and reporting the state’s money, but the systems that emerged in the 1980s and 1990s are ill-equipped to manage the volume of transactions needed today and the rapidly changing requirements of accounting, personnel management and reporting. State and federal laws and industry best practices evolve quickly, and continual reprogramming of outdated systems creates a drain on agency resources and personnel.

ProjectONE — Our New Enterprise — is charged with implementing ERP for the state of Texas over the next several years. The resulting system, known as CAPPs (Centralized Accounting and Payroll/Personnel System), will be more cost effective over time to maintain and upgrade than current statewide accounting systems, while also offering greater accuracy and functionality.

ProjectONE is the most comprehensive effort to date to standardize state agency data and business processes. The ProjectONE team is establishing a common language for reporting expenditures, thereby allowing for consistent reporting and better analysis of how the state’s money is spent. This will reduce data integrity concerns and move the state closer to having a “single set” of books.

This means that data can easily be collected and compared among state agencies, giving agency heads, state leaders and taxpayers a clear picture of state spending.

Other essential ProjectONE goals include the following:

- Providing better tracking of the state’s assets, thus helping agencies and the Legislature in budget planning.
- Creating more efficient and accurate research capabilities through enhanced ad hoc reporting and inquiry functionality associated with new technologies.
- Enhancing security of state data and personnel information.

ERP will provide a single software solution for financial and HR/payroll administration at all state agencies. Aging and inefficient statewide systems numbering in the hundreds will be replaced with an easy-to-use and easy-to-update system that can be scaled to the size of each agency. Reporting will be easier and more accurate as agency functions are recorded in a common data language on an interconnected system, allowing financial and HR/payroll departments to exchange information quickly, safely and reliably.

Why do we need ERP?

Rewriting and deploying vital components of the current statewide administrative systems would cost approximately \$121 million. These systems have major deficiencies, redundancies and risks that could negatively impact the state of Texas, including the following:

- Gaps in data collection — The current systems do not collect or integrate all the information needed, such as method of finance and detailed time and labor information on consultants hired by agencies. This lack of information impairs decision making and hinders transparency efforts.
- Duplication of data — Because data and information must be entered in multiple systems, there is high risk of error and duplication, which leads to serious data integrity concerns. When conflicting numbers are reported, it is difficult to determine which version is correct.
- Social Security number (SSN) use — SSNs are used as the primary identifier in the statewide administrative systems, thus increasing the opportunity for identity theft, potentially on a massive scale. The cost of investigating, prosecuting and managing public relations in such an event is a significant liability for the state.
- Accessibility — Current systems are not compliant with Section 508 of the Americans with Disabilities Act.

In addition, agencies have expressed steadily decreasing satisfaction with the existing statewide accounting systems in the last several customer service surveys conducted by the Comptroller's office. As faster, more robust Web-based systems have become standard throughout the business world, mainframe-based state systems have aged poorly. Continually patching and maintaining these systems requires a disproportionate amount of agency staff time and resources that could be redirected to mission-oriented tasks.

Further, to address critical unmet needs, agencies have expended significant amounts of money on their own ERP and "best-of-breed" systems. Instead of continuing this practice, these funds could be redirected toward the implementation of a single, statewide ERP system that would benefit all agencies and lower the total cost of ownership to the state.

Executive Summary

Enterprise Resource Planning (ERP) is a business approach that consolidates all aspects of a business — accounting, payroll, human resources (HR), inventory, fleet management and more — on a common system.

ProjectONE — Our New Enterprise — is charged with implementing ERP for the state of Texas over the next several years. The resulting system, known as the Centralized Accounting and Payroll/Personnel System (CAPPS), will be more cost effective over time than current agency and statewide systems. CAPPS will also offer greater accuracy and functionality.

Why do we need CAPPS?

Rewriting and deploying vital components of the current statewide administrative systems would cost approximately \$121 million. These systems have major deficiencies, redundancies and risks that could negatively impact the state of Texas.

Complications resulting from the current use of multiple, incompatible platforms and applications include the following:

- Gaps in data collection, which impairs decision-making and hinders transparency efforts.
- Duplicate data entry requirements, which compromise data integrity. Because data and information must be entered into multiple systems, it is difficult to determine which version is correct when discrepancies arise.
- Use of Social Security numbers (SSN) as the primary identifier exposes the state to liability for identity theft on a massive scale.
- Non-compliance with Section 508 of the Americans with Disabilities Act.

Benefits of CAPPS

Among other benefits, CAPPS will accomplish the following:

- Provide easy, secure access to the state's vast array of financial and HR information.
- Eliminate data discrepancies often encountered when using financial accounting programs that lack proper integration.
- Provide better tracking and standardization of financial information, such as method of finance, appropriations, budgets, expenditures and state assets.
- Create real-time transparency, enabling legislators and citizens to "follow each dollar" and know how agencies and institutions are spending funds.
- Allow users to estimate carry-forward or lapsing federal funds or grants. This is a difficult and problematic exercise at the statewide level today.
- Eliminate obsolete business processes, including manual processing, duplicate data entry, paper processing and manual reconciliation.
- Eliminate redundant databases.
- Increase security of data and information while maintaining transparency of spending.
- Improve response time to inquiries from legislators, oversight agencies, media and the public by using real-time processing and integrated databases.
- Establish a common data language to provide for consistent reporting and better analysis of how the state's money is spent.
- Establish a procurement system that will be fully integrated with the financial accounting, asset management and inventory management modules, thus providing strategic sourcing data that can reduce the state's cost of goods and services.

Project scope

The 81st Texas Legislature passed HB 3106, which charged the Comptroller's office with establishing clear standards for implementing ERP in Texas. The Texas Department of Transportation (TxDOT), the Department of Information Resources (DIR) and the Health and Human Services Commission (HHSC) were each appropriated funds to implement an ERP project during the 2010-2011 biennium.

The original project scope called for TxDOT and DIR to implement the full suite of PeopleSoft financials and HR/Payroll modules. HHSC was to upgrade and enhance its current PeopleSoft HR/Payroll system, which would be used as a baseline for the new HR/Payroll component of CAPPs.

However, as part of the established management review process, it was determined that the existing HHS HR/Payroll system did not have the depth of coding documentation necessary to continue within the original project timeline. In addition, another 90,000 hours of software development was needed to maintain current HR functionality and efficiencies for the participating agencies.

At that point, HHSC assumed responsibility for upgrading the base HR/Payroll system to PeopleSoft 9.1. HHSC recently received preliminary authorization to complete this upgrade, and although the revised timeline is still being determined, HHS anticipates completion in May 2012.

To complete all the changes necessary for the Financials component to meet TxDOT's needs, an additional 37,000 hours of software development is required. TxDOT requested approval to move \$34 million from available agency funds so this functionality could be added to CAPPs, but to date approval has not been granted.

Without this additional funding, the Financials component cannot be implemented for TxDOT. The Financials component for DIR and the Central Texas Turnpike System (a division of TxDOT) will go live as planned on Sept. 1, 2011.

Current and future agency participation

To provide necessary ongoing maintenance and support to agencies that have converted to CAPPs, the Comptroller's office originally requested \$39.9 million for the fiscal 2012-13 biennium. As a result of the recent change in project scope, this request is being revised. Funding is necessary to provide ongoing services to support, maintain and enhance the system, including hardware, software, maintenance and disaster recovery services.

Other agencies are quickly recognizing the need to implement ERP, and in 2010, 13 Texas state agencies contacted the Comptroller's office to request evaluation and approval of ERP solutions. Bringing additional agencies onto CAPPs cannot be done, however, without additional funding from the Legislature. As a result, approval of these requests had to be delayed until funding can be secured. The legislative appropriation requests (LARs) submitted by the Department of Public Safety (DPS) and Texas Department of Motor Vehicles (TxDMV) for the 2012-2013 biennium include requests for \$18.6 million and \$4.3 million, respectively, to deploy CAPPs.

The next logical group of agencies to implement ERP, perhaps in the 2014-2015 biennium, would be those now using the Integrated Statewide Administrative System (ISAS) as their accounting system in either the Application Service Provider (ASP) database hosted by the Comptroller's office, or a version of ISAS the agency has customized to fit its needs. These agencies include the Comptroller's office, the Texas Department of Insurance, Texas Workforce Commission, Texas Department of Housing and Community Affairs, Texas Education Agency and the five HHS agencies.

The version of PeopleSoft used by non-ASP agencies is no longer supported by the software vendor. Moving these agencies to CAPPs would result in reduced maintenance costs to agencies and the state, eliminating the effort now required when changes have to be made to multiple systems as a result of changes in federal or state requirements.

Building on lessons learned

Past system implementations have yielded valuable information about what works — and what doesn't — when launching enterprise-wide changes. With that in mind, ProjectONE has established processes and activities that emphasize three components fundamental to the success of any major business transformation: user participation, effective communication and appropriate training.

Reporting is another key component, reflecting the principle that CAPPs must create immediate value for agencies.

Accomplishments to date

ProjectONE was conceived as a seven-year plan to implement an ERP solution for all Texas agencies, but the final timeline will depend on how quickly other agencies are funded for implementation. Software development projects typically consist of six phases: vision, plan, design, build, deliver and operate.

With CAPPs already in the build phase during its first year, we are well over halfway through the steps needed to create and launch the first version of the statewide system. Moreover, the project has already yielded the most comprehensive list of statewide requirements ever compiled — a key step in developing a system that multiple agencies can deploy.

To date, the ProjectONE team has identified at least 19 legacy systems and numerous manual processes and desktop applications that will be retired when CAPPs is implemented at DIR and TxDOT. Once CAPPs is fully implemented, the retired systems will number in the hundreds. In addition, we have reviewed 450 reports now used by agencies and determined that more than 50 percent of these can be eliminated by combining multiple criteria in a single CAPPs report. This will mark an unprecedented step forward in accountability and efficiency for the state.

As of December 2010, the first eight milestones have been completed on time, a significant achievement for a project of this size and scope. Deliverables produced for these milestones include a detailed project work plan, documents outlining plans for the technical architecture, interface system requirements and standards, data conversion, training, knowledge transfer, communication and change management activities.

Work on the Financials track has proceeded ahead of schedule. At this time, 80 percent of the technical specifications are complete, as well as 50 percent of the coding and unit testing. The hardware is purchased and installed, and we are in sight of a completed system.

Much of the work on this initial round of ProjectONE is laying the groundwork for future CAPPs implementations by creating templates, processes, procedures and training materials. By September 2011, a core team of state employees will have the skill sets, experience and expertise to better assist the implementation or maintenance vendor in supporting future implementations and providing ongoing agency assistance.

Next steps

Once the remaining technical specifications, coding and initial testing are completed in January 2011, the system will be thoroughly tested, and end users will be trained. Agencies will then transition from their old systems onto CAPPs. In the final phase, the implementation team will transfer responsibilities to appropriate agency support teams, optimize overall system performance and initiate a continuous improvement program to refine the system and increase its efficiency as we get feedback from users and bring more agencies onto CAPPs.

Planning for the future

In this report, we have outlined the needs of ProjectONE through 2015 and explained why this presents such a critical need to state government. In future reports to the Legislature, we will continue to relate progress and outline a plan of execution that extends beyond 2015 and includes an implementation schedule for all remaining state agencies.

Conclusion

CAPPs will provide Texas with the best tools and information available while creating a higher standard of accountability and transparency in state government. This creates a mutually beneficial scenario for state decision makers, agencies and the people of Texas. Decision makers will gain a single source of real-time, reliable information and a clear picture of the state's full financial picture. Agencies will gain increased efficiency in operations and ease of reporting. And the people of Texas will gain improved transparency, better tracking and standardization of information and a better value for their tax dollars as agencies operate more efficiently and effectively.

ERP in Texas: ProjectONE Report to the 82nd Legislature

When financial crises pushed two of Detroit's "Big Three" car companies into Chapter 11 bankruptcy in 2009, the world learned some shocking news about the state of finances at one of those companies.

General Motors (GM) executives had no idea how much money the company had.

As U.S. Treasury Auto Industry Advisor Steven Rattner told MSNBC, "This was a company that could not tell us on any given day within \$500 million how much cash they had."

The *Wall Street Journal* later reported that a draft of GM's initial public stock offering (IPO) registration statement reads that by June 30, 2010, "... we concluded that our disclosure controls and procedures were not effective ... because of the material weakness in our internal control over financial reporting."

GM's inability to report quickly and accurately on its financial position is a sobering reminder of the speed at which money moves in today's economy. Without fast-paced, robust technological systems in place, large companies — and states — can find themselves relying on faulty, outdated information.

By creating fast, reliable, interactive business systems, ERP changes the way companies operate, and Texas is joining many other states in applying this technological solution to the needs of government.

ProjectONE — Our New Enterprise — is bringing ERP to Texas over the next several years with a system called CAPPS (Centralized Accounting and Payroll/ Personnel System). With this system in place at all state agencies, Texas can lead the nation in fiscal accounting and taxpayer transparency. ERP promises to provide the tools needed to shine the brightest light on the state's finances, give decision makers seamless access to state data, and allow the state to make better use of the data at its fingertips.

Benefits of CAPPS

Unlike existing statewide accounting and payroll systems like the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS) and the various internal systems used by state agencies, CAPPS will:

- Give state decision makers a single source for reliable, real-time information that can be compared across agencies.
- Provide easy, direct, secure access to the state's vast array of financial and HR information.
- Eliminate data conflicts often encountered when using financial accounting programs that lack integration.
- Provide better tracking and standardization of financial information, such as:
 - Method of finance — The state will be able to identify the funding source used to pay for any item or service (such as appropriated receipts, federal funds, grants, interagency contracts, etc.).
 - Appropriations/budgets/expenditures — Every state dollar will be traceable, from the initial appropriation to a state agency budget through the final expenditure.
 - State assets and budget planning — State assets will be easily tracked, leading to improved budget planning and accountability at the statewide level. In addition, the CAPPS system will report on replacement schedules and costs for big-ticket items such as computers and vehicles, giving budget planners more flexibility in scheduling major purchases.
- Create real-time transparency. Legislators and citizens will be able to track spending and know how agencies and institutions are spending the funds they receive throughout the year.
- Allow users to estimate carry-forward or lapsing federal funds or grants. This is a difficult and problematic exercise at the statewide level today. With the CAPPS system, decision makers will be able to track and monitor expected federal receipts and compare them against actual usage across agencies.

CAPPS will also allow agencies to redirect employees from time-consuming data entry positions to mission-critical tasks and core business functions. After the upgrade to PeopleSoft 8.3 in 2002-2003, Texas Health and Human Services (HHS) agencies recognized gains in efficiency and speed in HR/payroll functions by using an HR contract provider and a variety of self service applications. By the end of October 2005, the agencies were able to reduce more than 400 HR/payroll administrative positions. Some employees in those positions retired or left the agency, while many others were hired into other positions across the enterprise, enabling HHS to retain institutional knowledge while filling positions that offered a higher return to the agencies.

Reporting is another area that will see increased efficiency. The Texas Department of Transportation (TxDOT) has identified a number of reports that CAPPS will be able to generate that address recommendations of the Grant Thornton management and organizational review. Activity-based costing reports can be created, and data can be pulled from multiple sources, creating reports that are more detailed and more accurate.

In addition, enhanced set-up screens will ensure that payments to historically underutilized businesses (HUBs) will be recorded and reported accurately, so the state can assess the effectiveness of its program. For samples of these and other reports that will be available, see **Appendix D: Sample Reports**.

CAPPS will provide exceptional value to the Comptroller's office, state agencies, the Legislature, oversight agencies and the general public. It will provide benefits that will save time, improve customer service, improve transparency, create economies of scale and enhance security by accomplishing the following:

- Eliminating obsolete business processes, including manual processing, duplicate data entry, paper processing and manual reconciliation.
- Eliminating redundant databases.
- Increasing security while maintaining transparency.
- Improving response time to inquiries from legislators, oversight agencies, media and the public by utilizing real-time processing and integrated databases.
- Establishing a common data language, which provides for consistent reporting and better analysis of how the state's money is spent.
- Establishing a procurement system that will be fully integrated with the financial accounting, asset management and inventory management modules, thus providing strategic sourcing data that can reduce the state's cost of goods and services.

It should be noted, however, these benefits will have minimal impact until CAPPS is implemented at all state agencies. Until then, agencies will continue to use the current statewide systems (such as USAS and USPS), maintaining redundant databases, housing conflicting data and providing limited access to crucial information. In addition, the state will continue to pay for maintenance and operation of duplicative systems and will not take advantage of the full range of CAPPS capabilities.

Project scope

Before appropriating funding to implement ProjectONE, the 81st Texas Legislature assessed A Plan for the Implementation of Enterprise Resource Planning (ERP) for the State of Texas, the master plan submitted by the ERP Advisory Council, and also considered the fact that certain other states have attempted and failed to successfully implement ERP statewide. Legislators also assessed which Texas agencies had the most compelling need to implement an ERP solution in the short-term. As a result, the Legislature approved a modified version of the report's Option 3 with an approach that presented less exposure to the state and lower risk of failure.

With this approach, TxDOT, the Department of Information Resources (DIR) and the five Health and Human Services (HHS) agencies were each funded to implement an ERP project during the 2010-2011 biennium. Section 17.03 (f) of the General Appropriations Act directed the Comptroller's office to enter into an interagency contract to manage the development and implementation of the projects. In 2009, the Comptroller selected an implementation vendor and project oversight vendor.

The original project scope called for TxDOT and DIR to implement the full suite of PeopleSoft financials and HR/Payroll modules. The Health and Human Services Commission (HHSC) was to upgrade and enhance the current HHS PeopleSoft HR/Payroll system.

The HHS system would be used as a baseline for the new HR/Payroll component of CAPPs. This involved a two-stage software upgrade from PeopleSoft 8.3 to 8.9, then from 8.9 to 9.1. The first stage of the upgrade was completed according to schedule in March 2010.

However, as part of the established management review checkpoint before the second upgrade, it was determined that the existing HHS HR/Payroll system did not have the depth of coding documentation necessary to continue within the original project timeline.

In addition, another 90,000 hours of software development would be needed to code customizations, including interfaces, conversions, enhancements and workflows, required to maintain current HR functionality and efficiencies for the participating agencies.

At that point, HHSC assumed responsibility for upgrading the base HR/Payroll system to PeopleSoft 9.1 before adding final CAPPs customizations. HHSC, working with NorthgateArinso, planned to complete the HR/Payroll upgrade plus some ERP enhancements at an estimated cost of \$10 million. HHSC requested authorization to transfer available agency funds to ProjectONE for these services. This request was not approved. HHSC then submitted an alternate request and received preliminary authorization to complete the upgrade. The project plan is being scaled accordingly.

Although the timeline for the HR/Payroll component is still being determined, HHSC anticipates completing the upgrade from PeopleSoft 8.9 to 9.1 in May 2012. This upgrade will include the majority of the HR customizations prioritized and approved by the ProjectONE Steering Committee for inclusion in CAPPs.

Meanwhile, work on the Financials component will continue on its own timeline. The Requirements Gathering phase identified additional functionality that is needed, including enhanced tools for fleet management, federal and state project billings, investments and both short- and long-term bonds. This functionality is especially critical for TxDOT, which currently maintains \$1.5 billion in bonds and \$448 million in investments on a series of individual spreadsheets. By incorporating these requirements into CAPPs, TxDOT would receive additional functionality within a single statewide-integrated system.

However, to complete all the changes necessary for the Financials component to meet TxDOT needs, an additional 37,000 hours of software development is required. TxDOT requested approval to move \$34 million from available agency funds to ProjectONE so this functionality could be added to CAPPs, but to date approval has not been granted.

Without this additional funding, CAPPs cannot be implemented for TxDOT. The Financials component for DIR and the Central Texas Turnpike System (CTTS), a division of TxDOT, will go live as planned on Sept. 1, 2011. For more information, see **Appendix C: ProjectONE Timeline**.

These changes to the project plan were made with an eye toward long-term needs of state agencies. A state as large and multifaceted as Texas requires more than the standard "out-of-the-box" software

package, however, and during the past year, representatives from each of the participating agencies have carefully analyzed and cultivated the list of requirements for CAPPs. The result will be a system that will meet current needs while allowing for future changes and growth.

In order to provide necessary ongoing maintenance and support to agencies that have converted to CAPPs, the Comptroller's office originally requested \$39.9 million for the fiscal 2012-13 biennium. As a result of the recent change in project scope, this request is being revised. Funding is necessary to provide ongoing services to support, maintain and enhance the system, including hardware, software, maintenance and disaster recovery services. For more information about the original request, see **Appendix E: Project-related Financial Information.**

Current and future agency participation

Other agencies are recognizing the need to implement ERP, and in 2010, 13 agencies contacted the Comptroller's office to request evaluation and approval of ERP solutions. These agencies and requests include the following:

Agencies Requesting Approval of ERP Solutions

Agency	Purpose
Teacher Retirement System of Texas	Replace current financial and budgeting systems with a fully integrated single system
Texas Youth Commission	Create procurement system
Texas Historical Commission	Implement grants and projects modules
Texas Workforce Commission	Upgrade PeopleSoft version 8.8 to 9.0
Texas Veterans Commission	Implement Sage MIP
Texas Alcoholic Beverage Commission	Implement non-enterprise software to replace HR system
Department of Public Safety	Implement new financial and HR systems
Cancer Prevention and Research Institute of Texas	Implement CAPPs
Texas State Library and Archives Commission	Implement CAPPs or Sage MIP for Financials
Texas Education Agency	Upgrade Financials to PeopleSoft 9.1
Texas Parks and Wildlife Department	Add budgeting module and upgrade to R12 Oracle e-Business Suite
General Land Office	Implement e-Procurement, grants and timekeeping modules
Texas Commission on Fire Protection	Implement CAPPs or ISAS

Bringing more agencies onto CAPPs is only possible with additional funding from the Legislature. Therefore, approval for these requests had to be delayed until CAPPs funding becomes available, as approving individual requests for different software programs will perpetuate the state's existing problem of multiple, incompatible platforms and applications. Ideally, all of these agencies will be brought onto CAPPs in a timely manner.

The legislative appropriation requests (LAR) submitted by the Department of Public Safety (DPS) and Texas Department of Motor Vehicles (TxDMV) for the 2012-2013 biennium include requests for \$18.6 million and \$4.3 million, respectively, to deploy CAPPs.

Implementing CAPPs for these and future agencies will ensure that Texas moves toward a unified,

transparent and efficient statewide accounting and HR/payroll system, rather than a fragmented, ad hoc system that cannot be maintained and upgraded on a regular, long-term basis.

The DPS request is part of the department's ongoing initiative to create a streamlined IT infrastructure that responds to the changing demands of 21st century law enforcement. This will allow DPS to replace its outdated, mainframe-based financial and HR systems, including an obsolete inventory system based on unsupported technology and a highly customized grants processing system. Implementing CAPPs at DPS will also allow better tracking and draw-down of federal funds for counterterrorism, drug interdiction, border security and other crucial public safety programs.

TxDMV was originally scheduled to implement ERP in the 2010-2011 biennium, but with only four full-time administrative employees on board in fiscal 2010, the newly created agency did not have the bandwidth for a project of this scope. CAPPs will provide TxDMV with fully integrated, automated financial and HR/payroll applications. This will facilitate the independent preparation of the agency's annual operating budget and year-end financial statements and administer salary, position control and employee data for its 647 full-time employees (FTEs). Establishing effective accounting systems at the department will be essential to operations as the staff takes on the technological and logistical demands of handling 21 million vehicle registrations and 5.4 million titles each year.

The next logical group of agencies to implement ERP, perhaps in the 2014-2015 biennium, would be those now using the Integrated Statewide Administrative System (ISAS) as their accounting system in either the Application Service Provider (ASP) database hosted by the Comptroller's office, or a version of ISAS the agency has customized to fit its needs. These agencies include the Comptroller's office, the Texas Department of Insurance, Texas Workforce Commission, Texas Department of Housing and Community Affairs, Texas Education Agency and the five HHS agencies.

The version of PeopleSoft used by non-ASP agencies is no longer supported by the software vendor. Moving these agencies to CAPPs would result in reduced maintenance costs to agencies and the state, eliminating the effort now required when changes have to be made to multiple systems whenever federal or state requirements change.

Possible Implementation Date	Agency	Components
FY 2012-13	Tx DMV	Financials + HR/Payroll
	DPS	Financials + HR/Payroll
FY 2014-15	HHS Agencies	Financials
	CPA	Financials + HR/Payroll
	TDHCA	Financials + HR/Payroll
	TWC	Financials + HR/Payroll
	TEA	Financials + HR/Payroll
	TDI	Financials + HR/Payroll

Building on lessons learned

Past system implementations have yielded valuable information about what works — and what doesn't — when launching organization-wide changes. Implementing a technical system is relatively easy. But if users are not properly trained, or if there is insufficient buy-in, then early problems will create resistance to change, and the organization will become mired in a pattern of using state-of-the-art technology to support outdated and inefficient business processes.

Effective change can only be achieved when the people who will be using the technology are included

and engaged in the development and decision-making process, informed about the advantages to the change and able to see real benefits as a result of the change.

With that in mind, ProjectONE leadership has established processes, outreach and training activities to emphasize three components fundamental to business innovation: user participation, communication and training. For ProjectONE, reporting is another key component, reflecting the principle that CAPPs must create immediate value and efficiency for its participating agencies.

User Participation

Agency subject matter experts (SMEs) and end-users have been and will continue to be involved in each phase of the project. A variety of outreach activities have been designed and conducted to provide agencies with a better understanding of their roles and responsibilities as the project transitions to each new phase. These activities provide opportunities for the agencies to fully engage and participate in defining the statewide standards:

- To prepare for their participation in the Requirements Gathering and Fit/Gap phases, nearly 1,000 SMEs and ProjectONE team members attended PeopleSoft training between November 2009 and March 2010. ProjectONE also conducted awareness sessions before each phase to set expectations and ensure participants understood their role in the process.
- In December 2009 and January 2010, ProjectONE staff facilitated and hosted 41 As-Is workshops to document the functionality and interfaces among the various systems currently used by participating agencies.
- Between January and April 2010, more than 600 staff from TxDOT, DIR and the HHS agencies participated in 272 Requirements Gathering workshops. Participants identified 4,081 financial requirements and 5,612 HR/Payroll requirements. These workshops yielded the most comprehensive list of statewide requirements ever compiled — a key step in developing a system that multiple agencies can deploy.
- During 307 Fit/Gap sessions in April and May, agency SMEs reviewed these requirements and determined which ones could be met by out-of-the-box PeopleSoft 9.1 software (Fits) and which ones would require software customizations or work process changes (Gaps). By the end of the process, many requirements had been consolidated or reclassified. The steering committee ultimately approved 2,414 “Fits” and 1,335 “Gaps” for Financials, and 2,674 “Fits” and 2,732 “Gaps” for HR/Payroll.
- Agency SMEs also reviewed and approved process designs and are now reviewing functional design documents that will be used by the technical team to code the new system. As coding is completed, agency staff will be involved in the testing phase as well.

Leadership structure

Project leadership has established an effective governance structure to oversee project activities and make decisions. The governance structure includes the Executive Council, Steering Committee, Change Control Boards for Financials, HR/Payroll and Technical, and Employee Work Groups for the various modules comprised of representatives from each of the participating agencies.

These groups have established their roles and are providing the appropriate oversight to the project.

For more information about the project governance structure, see **Appendix F: ProjectONE Governance Structure**.

Communication

The Change Management team for ProjectONE is responsible for supporting the participating agencies in their efforts to ensure that affected staff members are engaged and ready to implement and sustain improved business processes. Team members work with specific agencies and assist contacts in completing the activities outlined in the project's Change Management and Communication plans. These activities include stakeholder analysis and involvement, employee and leadership alignment, change readiness assessment and creation of a change agent network within each agency.

Team members provide articles and project updates to agency staff for agency newsletters, websites and other publications. The team also maintains the ProjectONE website, www.TXProjectONE.org, which includes information about the project's history, participating agencies, timelines, presentations and monthly updates. This provides a "one-stop shopping" opportunity for all project-related information.

Training

Training staff began creating plans and materials even as system requirements were being mapped. Participating agencies have already received preliminary information about the number of trainers they will need, estimated class sizes, course descriptions and equipment required for each classroom.

ProjectONE trainers are developing standard course materials and documentation to assist the participating agencies in developing individual training, logistics and implementation plans. ProjectONE will provide end-user training for DIR and CTTS.

Agency training leads will tailor the ProjectONE training plan to fit their agency needs, selecting trainers and managing the logistics and course roll-out for each agency. Agency training staff will assist with the development of the standard course materials and be responsible for any agency-specific customizations needed. They also are responsible for delivering training to the agency end-users.

In all cases, the project will use role-based rather than system-based training. This means that employees will learn what they need for their jobs rather than irrelevant system functions. Role-based training is a proven method to increase productivity and user acceptance, which increases the immediate effectiveness of the system.

Together, these strategies create a framework for user training that can be adapted to any state agency.

Reporting

For ProjectONE, reporting is a priority. If users can't access the information that's in the system quickly and easily, and count on the accuracy and consistency of the data, then the system is not providing value to the agency, Legislature or taxpayers.

The reporting team is working closely with participating agencies to determine their reporting needs and has developed a strategy that standardizes common reports across agencies and provides appropriate ad hoc reporting capabilities for agencies' day-to-day operational needs.

This strategy will establish a single source for statewide reporting and include both summary and detail data. With improved access to detailed expenditure data, participating agencies will be better equipped to forecast expenditures, take advantage of volume discount purchases and produce the Agency Financial Report with minimal manual intervention. The strategy also includes a public-facing reporting component that complements existing reports on Window on State Government, thus adding to the state's commitment to increase transparency in public spending.

Noteworthy accomplishments to date

Software development projects typically consist of six phases: Vision, Plan, Design, Build, Deliver and Operate, and with CAPPs already in the Build phase during its first year, we are well over halfway through the steps needed to create and launch the initial version of the statewide system. ProjectONE was conceived as a seven-year plan to implement an ERP solution for all Texas agencies, but the final timeline will depend on how quickly other agencies are funded for implementation.

To date, the ProjectONE team has identified at least 19 legacy systems and numerous manual processes and desktop applications that will be retired when CAPPs is implemented at DIR and TxDOT. In addition, we have reviewed 450 reports now used by agencies and determined that more than 75 percent of these can be eliminated by combining multiple criteria in a single CAPPs report.

As of December 2010, the first eight milestones have been completed on time; a significant achievement for a project of this size and scope. Deliverables produced for these milestones include a detailed project work plan, documents outlining plans for the technical architecture, interface system requirements and standards, data conversion, training, knowledge transfer, communication and change management activities.

For a detailed list of additional accomplishments, see **Appendix B: Accomplishments to Date**.

Next steps

During the Build phase, CAPPs will be developed based on the state of Texas business and technical requirements. Reports, interfaces, conversions, customizations and workflows will be developed and tested, security profiles will be created and multiple environments (e.g., testing, training and production) will be established. Once the system is developed, unit testing will be conducted, followed by integration testing, user acceptance testing and training.

Agencies will then transition from their current systems onto CAPPs during the Deliver phase. This phase includes final system testing (user acceptance), mock conversions to test the system with typical agency transactions and user training. A key part of this phase is the deployment of a Help Desk at the Comptroller's office to provide additional technical assistance to agencies using CAPPs. CAPPs will be ready to support business operations at the end of this phase.

Finally, in the Operate phase, agencies will move from a pre-production environment to routine business operations. During this phase, the implementation team will transfer responsibilities to appropriate agency teams, optimize overall system performance and initiate a continuous improvement program to refine the system and increase its efficiency as we get feedback from users and bring more agencies onto CAPPs. The ProjectONE team will also solicit and analyze agency feedback to prepare "Lessons Learned" for future CAPPs implementations.

Planning for the future

In this report, we have outlined the needs of ProjectONE through 2015 and explained why this is a mission-critical venture for the state of Texas. In future reports to the Legislature, we will continue to relate progress and outline a plan of execution that extends beyond 2015 and includes an implementation schedule for all remaining state agencies.

Much of the work on this initial round of ProjectONE is laying the groundwork for future CAPPs implementations by creating templates, processes, procedures and training materials. By September 2011, a core team of state employees will have the skill sets, experience and expertise to better assist the implementation or maintenance vendor in supporting future implementations and providing ongoing agency assistance.

Delaying the CAPPs rollout to other state agencies could be costly for the state due to expected increases in legacy system maintenance costs and the cost of ERP software. Further, continued reliance on archaic systems and time-intensive manual processes will impair the state's ability to make effective financial and staffing decisions.

ProjectONE is creating real momentum for a better way of doing business for the state of Texas. This momentum provides the opportunity to bring Texas to the forefront of fiscal accounting and transparency.

Conclusion

As Texas continues to outpace other states in population growth, a greater demand will be put on state agencies to provide services, maintain the state's infrastructure and promote economic expansion. To meet this challenge, the state's decision makers need access to the best tools and information available. At the same time, Texas taxpayers will demand increased accountability and transparency in state government.

CAPPs is the best tool available to meet these diverse demands, and ProjectONE is well on its way to delivering this tool to all Texas agencies. In the first year of its multi-year effort, ProjectONE has already created the most comprehensive list of statewide requirements ever compiled — a key step in the ERP process.

In addition, ProjectONE has created a strong cooperative effort among the Comptroller's office, participating agencies and oversight agencies, with more than 600 employees from the agencies participating in the process to identify and prioritize CAPPs requirements. This outreach effort will be continued in future implementation phases, ensuring that all agencies can contribute their ideas for refinement and improvement of CAPPs in the future.

Full statewide implementation of CAPPs will eliminate hundreds of stand-alone agency systems and at least 19 legacy systems, as well as numerous manual processes and desktop applications. These efficiencies will allow agencies to devote more time and resources to core business functions, and with all agencies using the same platform, lawmakers and other state leaders will be able to view true "apples to apples" comparisons of agency revenue, spending and hiring.

CAPPs offers a win-win-win scenario for state decision makers, agencies and the people of Texas. Decision makers will gain a single source of real-time, reliable information and a clear picture of the state's full financial picture. Agencies will gain increased efficiency in operations and ease of reporting. And the people of Texas will gain improved transparency, better tracking and standardization of information and a better value for their tax dollars as agencies operate more efficiently and effectively.

Appendix A: Glossary of Terms

- As-Is workshops** Sessions held at the beginning of the project (November-December 2009) to determine the current system environment at each of the participating agencies. During these 41 workshops, ProjectONE team members met with staff from each of the participating agencies to document the use and function of existing systems at those agencies.
- CAPPS** Centralized Accounting and Payroll/Personnel System. The new PeopleSoft-based ERP system currently being implemented at TxDOT, DIR and HHS. This system will be deployed to all state agencies over the next several years and will replace USAS, ISAS, USPS, SPRS, SPA and TINS.
- Conversion** The process of changing computer data from one format to another.
- Customization** A change to a PeopleSoft software object. Customization refers to any software development object such as a report, interface, conversion, enhancement or workflow. Customizations were identified during the Fit/Gap process and approved by the Change Control Board (CCB) and Steering Committee.
- Enhancement** An improvement to an existing capability in a software application.
- Fit/Gap** The process of determining whether a requirement is a “fit” met by existing PeopleSoft functionality, or is a “gap” that must be resolved with a business process or policy change, a manual workaround or a customization to the system.
- Functional testing** The process where each function within a business process is tested (e.g., entering and saving a requisition).
- Integration testing** The process where each business process in an application is tested from beginning to end using scenarios designed to mimic day-to-day operations (e.g., processing payments).
- Interface** Point of communication between two or more processes or systems.
- ISAS** Integrated Statewide Administrative System. A customized version of Oracle’s PeopleSoft Enterprise Financials supported by the Comptroller’s office. ISAS manages accounting, budget preparation, asset management, purchasing and accounts payables functions.
- Prioritization** The process of grouping customizations approved by the ProjectONE Steering Committee into groups and categories of importance should there be a need to reduce the scope of work due to budget constraints. Project management worked with CCB representatives to label each customization as mandatory, must have, should have or could have. Ultimately, customizations in the mandatory and must have categories were approved by the Steering Committee for inclusion in the first two releases of CAPPS. The remaining customizations were deferred for future implementations.

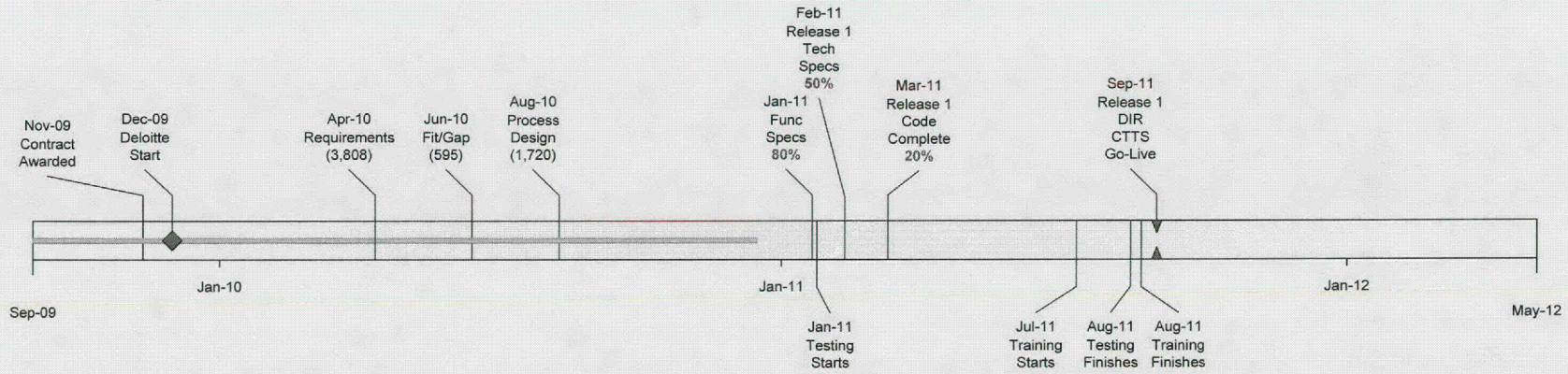
- Requirement** The business need for specific system functionality.
- Requirement Gathering workshops** Sessions held with representatives of all participating agencies to determine the business needs for system functionality. During these 272 workshops, more than 11,000 requirements were documented for the 20 modules being implemented for PeopleSoft financials and HR/payroll.
- SPA** State Property Accounting System. The property accounting system of record for Texas state government, administered by the Comptroller's office.
- SPRS** Standardized Payroll/Personnel Reporting System. An automated personnel and payroll batch processing system that processes and maintains personnel and payroll data for Texas state government, administered by the Comptroller's office. Entities may either report to SPRS or use USPS.
- Testing** Includes: unit testing, functional testing, integration testing and user acceptance testing.
- TINS** Texas Identification Number System. Formerly the Texas Payee Information System (TPIS), TINS maintains detailed payment information on state payees.
- Unit testing** The process where developers isolate the smallest piece of testable software in the application from the rest of the code and determine whether it behaves as expected.
- USAS** Uniform Statewide Accounting System. The statewide financial accounting system the Comptroller's office uses to monitor, manage and control agency appropriations, to make payments from funds in the state treasury and to prepare both cash-basis and accrual-basis financial reports.
- User acceptance testing** Evaluation of the software application by end users against the business requirements defined in the analysis and design stages.
- USPS** Uniform Statewide Payroll/Personnel System. An automated system administered by the Comptroller's office that processes and maintains personnel and payroll data for Texas state government. Entities may either use USPS or report to SPRS.
- Workflows** Sequence of connected steps designed to complete a given process and ensure the consistent handling of that process.

Appendix B: Accomplishments to Date

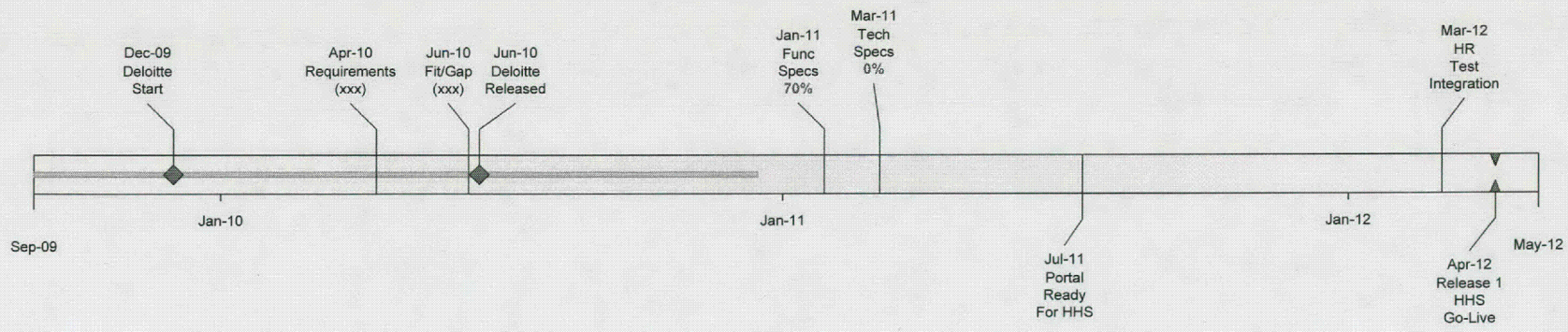
Following is a detailed listing of ProjectONE accomplishments as of December 2010.

- Procured a statewide perpetual PeopleSoft license based on 160,000 FTEs.
- Negotiated and signed contracts for implementation services (Deloitte Consulting) and project oversight (Salvaggio, Teal and Associates) in November 2009. Also established interagency contracts with each of the participating agencies detailing the services to be provided by the Comptroller's office, the cost of the services and roles and responsibilities of the participants.
- Formally launched the ERP effort on December 8, 2009, with a kickoff meeting for participating agency and project team staff. Comptroller Susan Combs delivered the opening remarks and announced the project name, ProjectONE. Agency Steering Committee representatives James Bass (TXDOT CFO), Charlotte Willis (HHSC Deputy CIO) and Bob Saathoff (DIR CFO) also addressed the group.
- Established an issues and risk management process to ensure that issues are addressed in a timely manner and risks are closely monitored and appropriately mitigated before they become issues.
- Established a knowledge transfer plan so PeopleSoft knowledge and skills are transitioned from contract staff to state staff throughout the course of the project. This will develop the Comptroller's internal support capability and increase capacity to lead subsequent change efforts more efficiently and effectively.
- Conducted a Value Proposition Assessment with DIR and TxDOT to identify opportunities for gains in the areas of procurement, contracts, projects, grants, HR and payroll. The assessment identified seven value categories including increased transparency, standardization and productivity, business process improvement, increased operational effectiveness and efficiency, improved customer service and enhanced accountability. Examples of potential gains include eliminating redundant tasks, reducing the number of manual processes, eliminating dual entry systems, reducing processing times and creating more complete audit trails.
- Established statewide standards for data field use and a standard set of account numbers to serve as the basis for detailed financial reporting across the enterprise.
- During July and August 2010, prioritized the customizations identified in Fit/Gap workshops. Customizations are changes to PeopleSoft software that accommodate specific statewide or agency needs. Prioritization ranked the possible customizations to balance the level of effort needed to create them and the overall benefit they would provide to the state. Those customizations ranked as "must haves" or mandatory were approved for development. Customizations that ranked lower were deferred to future implementations.
- Created a comprehensive 508 (TAC 206 & 213) accessibility compliance checklist that will be used in testing the system.
- Compared ISAS Modification Documentation to ProjectONE Gaps and identified ISAS modifications that would address ProjectONE Gaps, thereby saving thousands of hours of development effort. This work reflects one of the guiding principles of the project: don't throw out existing tools or procedures that work well.
- Completed functional specifications for financials customizations needed for Release 1.
- Completed technical design specifications for more than 200 reports.
- Completed 80 percent of the technical specifications and 50 percent of coding and unit testing for Release 1 customizations.
- Completed a security strategy document outlining the policies governing CAPPs security, as well as detailing user roles and permission lists for each financial module.
- Completed technical environment design, installation and set-up.

Financials Status



HR/Payroll Status



Draft Revision: October 22, 2010

Appendix D: Sample Reports

Project Engineering Cost Report

Today TxDOT systems do not collect information at the level of detail needed to address several procurement-related recommendations in the Grant Thornton report and to comply with the legislative mandate to contract out 35 percent of the agency's annual engineering services. This sample CAPPs report would provide apples-to-apples costs for both in-house and contracted/consultant engineering services throughout the life cycle of each project.

<Project By District>	In house Engineering				Consultant Engineering				Estimated Project Cost
	Labor Cost	Indirect Expenses	Labor Hours	Average Cost Per Hour	Labor Cost	Hours	Indirect Expenses	Average Cost Per Hour	
PE									
CE									
Construction									
Totals									
<Statewide>	In house Engineering				Consultant Engineering				Estimated Project Cost
	Labor Cost	Indirect Expenses	Labor Hours	Average Cost Per Hour	Labor Cost	Hours	Indirect Expenses	Average Cost Per Hour	
PE									
CE									
Construction									
Totals									

Project Cost Summary Report

This sample CAPPs report shows overall project costs by project phase and in total. It will track original estimates for expenses against actual expenses thereby enabling decision-makers to track progress against targets throughout the implementation process and allow for more timely course corrections and go/no-go decisions as recommended by the Grant Thornton report.

Project	CSJ	Original Award Amount	Current Estimates	# of Change Orders	\$ Value of Change Orders	Current Construction Expenses	CFDA	Total ROW Costs	Total PE Costs	Total CE Costs	Total Construction Costs	Total Costs

Project Cost Detail Report

This report drills down into the information provided in the Project Cost Summary Report and would provide a more detailed and activity-based accounting of construction expenses from the right-of-way acquisition phase through the final construction phase. It would bring visibility to costs across the organization and provide information for agency management to use in making project-related decisions, thereby addressing another Grant Thornton recommendation.

Project Number _____ Original Award Amount _____ Current Estimate _____

Phase	Function Codes	ROW Costs	PE Costs	CE Costs	Construction Costs	Total Costs
	170-Bridge Design					
	191-Toll Feasibility Studies					
	320-Inspection of Work In Progress					
	910-Sign Removal Operation Expense					

Appendix E: Project-related Financial Information

Comptroller of Public Accounts ProjectONE Ongoing Maintenance and Support Costs 2012-13 Exceptional Items Request

As a result of recent changes in project scope, this request (shown below) is being revised and will be resubmitted.

LBB Category Code	2012	2013	Total	Description
Professional Fees and Services maintaining	\$10,662,884	\$11,012,884	\$21,675,768	Contractor costs for the ERP system
Utilities	323,883	25,320	349,203	Server costs
Other Operating Expenses	6,078,100	6,760,622	12,838,722	Hardware and software maintenance and software license fees. NOTE: We are contractually obligated to pay Oracle license and maintenance fees (at a cost of \$6.8 million for the 2012-13 biennium) over the next 5 years.
Capital Expenditures	5,000,000	0	5,000,000	Additional hardware and software needed to establish a maintenance environment for continuing software updates, upgrades, troubleshooting and backup purposes outside of the production environment.
Total	\$22,064,867	\$17,798,826	\$39,863,693	

NOTE:

In order to provide necessary ongoing maintenance and support to the agencies that have converted to CAPPs, the Comptroller's office is requesting \$39.9 million in exceptional items for the fiscal 2012-13 biennium. This request will enable the agency to provide ongoing services to support the system, including hardware, software, maintenance and disaster recovery services. CAPPs development was funded by interagency contracts (IACs) with participating agencies. In order to better manage and support implementation efforts completed in phase one, consolidating the funding in one agency for the maintenance and support phase is consistent with similar statewide initiatives implemented by the Comptroller's office in the past, including the Uniform Statewide Accounting System and the Uniform Statewide Payroll/Personnel System.

Cost Analysis: Project Costs – HR/Payroll

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Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Agency Personnel and Contractor Costs											
Agency Personnel Services - Implementation											
Project Management/Administration	0	0	0	0	0	0	0	0	0	0	-
Policy and Procedures	0	0	0	0	0	0	0	0	0	0	-
Requirements	0	0	0	0	0	0	0	0	0	0	-
Design	0	0	0	0	0	0	0	0	0	0	-
Development/Programming	0	0	0	0	0	0	0	0	0	0	-
System Test	0	0	0	0	0	0	0	0	0	0	-
Training	0	0	0	0	0	0	0	0	0	0	-
Conversion	0	0	0	0	0	0	0	0	0	0	-
Implementation	0	0	0	0	0	0	0	0	0	0	-
Database Administration	0	0	0	0	0	0	0	0	0	0	-
System Operations	0	0	0	0	0	0	0	0	0	0	-
Technical Support	0	0	0	0	0	0	0	0	0	0	-
Help Desk Personnel	0	0	0	0	0	0	0	0	0	0	-
Network Administration	0	0	0	0	0	0	0	0	0	0	-
Total of all agencies' personnel costs (including CPA, HHS agencies, TxDOT and DIR)	1,595,150	1,914,180	1,148,508	0	0	0	0	0	0	0	4,657,838
Subtotal Agency Personnel-Implementation	1,595,150	1,914,180	1,148,508	0	0	0	0	0	0	0	4,657,838
Agency Personnel Services - Maintenance											
IT Staff	0	0	0	0	0	0	0	0	0	0	-
Business Staff	0	0	0	0	0	0	0	0	0	0	-
Subtotal Agency Personnel-Maintenance	0	0	0	0	0	0	0	0	0	0	0
Agency Personnel Fringe Benefits	474,398	569,277	341,566	0	0	0	0	0	0	0	1,385,241
Total Agency Personnel Costs	2,069,548	2,483,457	1,490,074	0	0	0	0	0	0	0	6,043,079
Contract/Consultant Services - Implementation											
Project Management/Administration (FY10 - STA + 25% Deloitte)	1,064,741	1,804,518	2,932,366	426,518	0	0	0	0	0	0	6,228,143
Requirements (FY10 - 60% of Deloitte + 60% of Staff Aug)	1,603,039	2,279,555	511,822	0	0	0	0	0	0	0	4,394,416
Design (FY10 - 40% of net Deloitte + 40% of net Staff Aug)	1,068,693	1,423,650	1,302,344	0	0	0	0	0	0	0	3,794,687
Development/Programming	0	2,464,500	3,797,287	0	0	0	0	0	0	0	6,261,787
System Test	0	0	1,773,644	0	0	0	0	0	0	0	1,773,644
Training	294,037	0	1,535,466	0	0	0	0	0	0	0	1,829,503
Conversion	0	0	2,785,466	0	0	0	0	0	0	0	2,785,466
Implementation	0	0	761,822	0	0	0	0	0	0	0	761,822
Documentation	0	0	511,822	0	0	0	0	0	0	0	511,822
Technical Support	0	0	0	0	0	0	0	0	0	0	-
Benchmarking	0	0	0	0	0	0	0	0	0	0	-
Warranty/Maintenance Period	0	0	0	1,279,555	0	0	0	0	0	0	1,279,555
Subtotal Contract/Consultant-Implementation	4,030,510	7,972,223	15,912,037	1,706,073	0	0	0	0	0	0	29,620,843
Contract/Consultant Services - Maintenance											
IT Staff	0	0	4,038,964	4,038,964	4,422,485	4,422,485	4,555,160	4,555,160	4,691,814	4,691,814	35,416,846
Business Staff	0	0	1,379,978	1,379,978	1,585,976	1,585,976	1,633,555	1,633,555	1,682,562	1,682,562	12,564,142
Subtotal Contract/Consultant-Maintenance	0	0	5,418,942	5,418,942	6,008,461	6,008,461	6,188,715	6,188,715	6,374,376	6,374,376	47,980,988
Total Contract/Consultant Services Costs	4,030,510	7,972,223	21,330,979	7,125,015	6,008,461	6,008,461	6,188,715	6,188,715	6,374,376	6,374,376	77,601,831
Total Agency and Contract Personnel Costs	6,100,057	10,455,680	22,821,053	7,125,015	6,008,461	6,008,461	6,188,715	6,188,715	6,374,376	6,374,376	83,644,910

Hardware/Systems Costs												
Procurement - Hardware												
Hardware - Mainframe	0	0	0	0	0	0	0	0	0	0	0	-
Hardware - Unix Server (New maintenance environment in FY 12)	836,990	0	1,500,000	0	32,625	1,348,792	0	0	0	1,416,232		5,134,640
Hardware - Intel Server	0	0	0	0	7,200	7,200	7,200	7,200	7,200	7,200	7,200	43,200
Hardware - Storage (Universal Storage V Disk Array and Brocade - DW storage in FY 12)	233,882	0	750,000	0	3,125	55,837	60,000	60,000	60,000	60,000	60,000	1,282,844
Hardware - Desktop (leased laptops)	1,875	3,750	3,750	3,750	0	0	0	0	0	0	0	13,125
Hardware - Network (Cisco Equipment)	72,741	0	0	0	5,460	5,460	5,460	5,460	5,460	5,460	5,460	105,501
Subtotal Hardware Procurement	1,145,488	3,750	2,253,750	3,750	48,410	1,417,289	72,660	72,660	72,660	1,488,892		6,579,310
Maintenance - Hardware												
Hardware - Mainframe	0	0	0	0	0	0	0	0	0	0	0	-
Hardware - Unix Server (P595s)	0	0	122,781	122,781	236,280	225,000	231,750	231,750	238,703	238,703		1,647,748
Hardware - Intel Server	0	0	0	0	0	0	0	0	0	0	0	-
Hardware - Storage (Universal Storage V Disk Array and Brocade - DW storage in FY 12)	0	29,235	29,235	29,423	34,195	34,508	35,543	35,543	36,609	36,609		300,901
Hardware - Desktop	0	0	0	0	0	0	0	0	0	0	0	-
Hardware - Network (Cisco Equipment)	0	5,460	5,460	5,460	5,460	5,460	5,624	5,624	5,793	5,793		50,133
Subtotal Hardware Maintenance	0	34,695	157,477	157,664	275,935	264,968	272,917	272,917	281,104	281,104		1,998,781
Procurement - Software												
Software - Mainframe	0	0	0	0	0	0	0	0	0	0	0	-
Software - Unix Server (New maintenance environment in FY 12)	1,469,089	540,000	2,108,005	1,000,000	819,950	0	0	0	0	0	0	5,937,043
Software - Intel Server	0	0	0	0	0	0	0	0	0	0	0	-
Software - Storage	110,828	0	0	0	0	0	0	0	0	0	0	110,828
Software - Desktop	1,245	5,700	18,300	8,220	9,720	8,520	8,520	8,520	8,520	8,520	8,520	85,785
Software - Network	0	0	0	0	0	0	0	0	0	0	0	-
Subtotal Software Procurement	1,581,162	545,700	2,126,305	1,008,220	829,670	8,520	8,520	8,520	8,520	8,520	8,520	6,133,656
Maintenance - Software												
Software - Mainframe	0	0	0	0	0	0	0	0	0	0	0	-
Software - Unix Server	1,866,509	2,025,895	2,489,656	2,489,656	2,234,303	2,242,811	2,242,811	2,310,096	2,379,399	2,450,781		22,731,915
Software - Intel Server	0	0	0	0	5,155	5,155	5,155	5,310	5,469	5,633		31,879
Software - Storage	0	0	22,166	22,166	33,367	33,864	33,864	34,880	35,927	37,004		253,238
Software - Desktop	0	0	0	0	243	243	243	251	258	266		1,505
Software - Network	0	0	0	0	0	0	0	0	0	0	0	-
Subtotal Software Maintenance	1,866,509	2,025,895	2,511,821	2,511,821	2,273,069	2,282,074	2,282,074	2,350,537	2,421,053	2,493,684		23,018,537
Other Costs												
Data Communications	0	0	0	0	0	0	0	0	0	0	0	-
Voice Communications	9,256	11,108	11,108	11,108	11,108	11,108	11,108	11,108	11,108	11,108	11,108	109,226
Equipment Rental/Supplies and Materials	5,150	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	60,766
Facilities Rental/Maintenance Expense (Misc)	48,482	53,331	53,331	53,331	53,331	53,331	53,331	53,331	53,331	53,331	53,331	528,459
Disaster Recovery	0	200,000	276,940	276,940	276,940	276,940	285,248	285,248	285,248	285,248	285,248	2,448,753
Travel	1,180	0	0	0	0	0	0	0	0	0	0	1,180
	4,052	0	0	0	0	0	0	0	0	0	0	4,052
Subtotal Other Costs	68,121	270,618	347,558	347,558	347,558	347,558	355,866	355,866	355,866	355,866	355,866	3,152,437
Total Hardware/Systems/Other Costs	4,661,280	2,880,658	7,396,910	4,029,013	3,774,642	4,320,409	2,992,037	3,060,500	3,139,203	4,628,067		40,882,721
Subtotal Project Costs	10,761,337	13,336,338	30,217,964	11,154,028	9,783,103	10,328,870	9,180,752	9,249,215	9,513,580	11,002,443		124,527,630
Contingency	0	2,400,000										2,400,000
Total Project Costs	10,761,337	15,736,338	30,217,964	11,154,028	9,783,103	10,328,870	9,180,752	9,249,215	9,513,580	11,002,443		126,927,630

Benefit Analysis: Quantitative Project Benefits – HR/Payroll

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Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Agency and State Benefits											
Cost Savings: Improved Efficiency / Productivity											
Reduced IT and non-IT FTE costs including fringe benefits (Yrs 4+ - TxDOT, 3% inflation added starting yr 5)	0	0	0	569,209	586,285	603,874	621,990	640,650	659,869	679,665	4,361,542
Reduced IT and non-IT contractors/consultants (Yr 3 - HHS partial Yr only, Yrs 4+ - HHS only, 3% inflation added starting yr 5)	0	0	453,333	1,360,000	1,400,800	1,442,824	1,486,109	1,530,692	1,576,613	1,623,911	10,874,282
Reduced outsourced labor costs	0	0	0	0	0	0	0	0	0	0	-
Improved workflow/business processes	0	0	0	0	0	0	0	0	0	0	-
Reduced error rate	0	0	0	0	0	0	0	0	0	0	-
Reduced hardware maintenance/upgrade expense (Yr 3 - HHS partial Yr only, Yrs 4+ - HHS, DIR & TxDOT, 3% inflation added starting yr 5)	0	0	231,337	750,888	773,415	796,617	820,516	845,131	870,485	896,600	5,984,988
Reduced software maintenance/upgrade expense (Yr 3 - HHS partial Yr only, Yrs 4+ - HHS & TxDOT, 3% inflation added starting yr 5)	0	0	476,528	1,695,462	1,746,326	1,798,716	1,852,677	1,908,257	1,965,505	2,024,470	13,467,941
Reduced facilities rental/maintenance expense	0	0	0	0	0	0	0	0	0	0	-
Reduced equipment rental/supplies and materials expense	0	0	0	0	0	0	0	0	0	0	-
Subtotal Cost Savings	0	0	1,161,199	4,375,559	4,506,826	4,642,031	4,781,291	4,924,730	5,072,472	5,224,646	34,688,754
Cost Avoidance: Compliance / Protection											
Avoid penalties	0	0	0	0	0	0	0	0	0	0	-
Avoid loss of funding	0	0	0	0	0	0	0	0	0	0	-
Improved enforcement actions	0	0	0	0	0	0	0	0	0	0	-
Asset protection	0	0	0	0	0	0	0	0	0	0	-
Subtotal Cost Avoidance	0	0	0	0	0	0	0	0	0	0	0
Revenue Generation											
Additional revenue generated	0	0	0	0	0	0	0	0	0	0	-
Increased interest earned	0	0	0	0	0	0	0	0	0	0	-
Subtotal Revenue Generation	0	0	0	0	0	0	0	0	0	0	0
Total Quantitative Benefits (Agency/State)	0	0	1,161,199	4,375,559	4,506,826	4,642,031	4,781,291	4,924,730	5,072,472	5,224,646	34,688,754
Cumulative Quantitative Benefits (Agency/State)	0	0	1,161,199	5,536,758	10,043,583	14,685,614	19,466,905	24,391,636	29,464,108	34,688,754	34,688,754

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Constituent (Social, Business, Environmental) Benefits											
Constituent: Service Delivery Savings											
Reduced constituent transaction costs	0	0	0	0	0	0	0	0	0	0	-
Reduced service delivery cycle time	0	0	0	0	0	0	0	0	0	0	-
Increased service availability/accessibility	0	0	0	0	0	0	0	0	0	0	-
Expansion of services	0	0	0	0	0	0	0	0	0	0	-
Subtotal Service Delivery Savings	0	0	0	0	0	0	0	0	0	0	0
Constituent: Regulatory Savings											
Reduced (paper) reporting requirements	0	0	0	0	0	0	0	0	0	0	-
Improved ability to locate regulatory requirements	0	0	0	0	0	0	0	0	0	0	-
Improved accountability/compliance	0	0	0	0	0	0	0	0	0	0	-
Greater consistency in constituent/state transactions	0	0	0	0	0	0	0	0	0	0	-
Subtotal Regulatory Savings	0	0	0	0	0	0	0	0	0	0	0
Constituent: Other Savings											
Other savings (describe)	0	0	0	0	0	0	0	0	0	0	-
Subtotal Other Savings	0	0	0	0	0	0	0	0	0	0	0
Total Quantitative Benefits (Constituent)	0	0	0	0	0	0	0	0	0	0	0
Cumulative Quantitative Benefits (Constituent)	0	0	0	0	0	0	0	0	0	0	0

Note: The preceding reports detailing project costs and benefits for the HR/Payroll component of CAPPs are provided monthly to the Quality Assurance Team as part of the quality assurance review required for all state agency technology projects in Texas. These particular reports were submitted in November 2010.

Cost Analysis: Project Costs – Financials

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Agency Personnel and Contractor Costs											
Agency Personnel Services - Implementation											
Project Management/Administration	0	0	0	0	0	0	0	0	0	0	-
Policy and Procedures	0	0	0	0	0	0	0	0	0	0	-
Requirements	0	0	0	0	0	0	0	0	0	0	-
Design	0	0	0	0	0	0	0	0	0	0	-
Development/Programming	0	0	0	0	0	0	0	0	0	0	-
System Test	0	0	0	0	0	0	0	0	0	0	-
Training	0	0	0	0	0	0	0	0	0	0	-
Conversion	0	0	0	0	0	0	0	0	0	0	-
Implementation	0	0	0	0	0	0	0	0	0	0	-
Database Administration	0	0	0	0	0	0	0	0	0	0	-
System Operations	0	0	0	0	0	0	0	0	0	0	-
Technical Support	0	0	0	0	0	0	0	0	0	0	-
Help Desk Personnel	0	0	0	0	0	0	0	0	0	0	-
Network Administration	0	0	0	0	0	0	0	0	0	0	-
Total of all agencies' personnel costs (including CPA, HHS agencies, TxDOT and DIR)	1,973,313	2,367,975	1,420,785	0	0	0	0	0	0	0	5,762,073
Subtotal Agency Personnel-Implementation	1,973,313	2,367,975	1,420,785	0	0	0	0	0	0	0	5,762,073
Agency Personnel Services - Maintenance											
IT Staff	0	0			0	0	0	0	0	0	-
Business Staff	0	0			0	0	0	0	0	0	-
Subtotal Agency Personnel-Maintenance	0	0	0	0	0	0	0	0	0	0	0
Agency Personnel Fringe Benefits	586,863	704,236	422,541	0	0	0	0	0	0	0	1,713,641
Total Agency Personnel Costs	2,560,176	3,072,211	1,843,326	0	0	0	0	0	0	0	7,475,714

Contract/Consultant Services - Implementation												
Project Management/Administration (FY10, 11, 12 - STA + 25% Deloitte (less Development) (Year 2 includes Amendment 3 and Year 3 includes Amendment 4)	1,360,030	1,706,785	3,499,150	0	0	0	0	0	0	0	0	6,565,965
Requirements (FY10 - 60% of remaining Deloitte (less Development costs) + 60% of Staff Aug)	1,190,642	0	0	0	0	0	0	0	0	0	0	1,190,642
Design (FY10 - 40% of remaining Deloitte (less Development costs) + 40% of Staff Aug)	793,761	0	0	0	0	0	0	0	0	0	0	793,761
Development/Programming (FY10, 11, 12 - Based on hours used for develop)	1,230,000	2,460,000	2,091,000	0	0	0	0	0	0	0	0	5,781,000
System Test (FY11, 12 - 37.5% of remaining Deloitte (less Development and project management))	0	1,671,793	3,600,169	0	0	0	0	0	0	0	0	5,271,961
Training (FY11, 12 - 12.5% of remaining Deloitte (less Development and project management))	810,501	561,750	1,200,056	0	0	0	0	0	0	0	0	2,572,307
Conversion (FY11, 12 - 25% of remaining Deloitte (less Development and project management))	0	1,123,625	2,400,113	0	0	0	0	0	0	0	0	3,523,738
Implementation (FY11, 12 - 12.5% of remaining Deloitte (less Development and project management))	0	561,813	1,200,056	0	0	0	0	0	0	0	0	1,761,869
Documentation (FY11, 12 - 12.5% of remaining Deloitte (less Development and project management))	0	561,813	1,200,056	0	0	0	0	0	0	0	0	1,761,869
Technical Support	0	0	0	0	0	0	0	0	0	0	0	-
Benchmarking	0	0	0	0	0	0	0	0	0	0	0	-
Warranty/Maintenance Period (FY13 - 2 months post implementation support at \$300k @ month)	0	0	0	600,000	0	0	0	0	0	0	0	600,000
Subtotal Contract/Consultant-Implementation	5,384,934	8,647,578	15,190,600	600,000	0	0	0	0	0	0	0	29,823,112
Contract/Consultant Services - Maintenance												
IT Staff	0	0	4,038,964	4,038,964	4,422,485	4,422,485	4,555,160	4,555,160	4,691,814	4,691,814		35,416,846
Business Staff	0	0	1,379,978	1,379,978	1,585,976	1,585,976	1,633,555	1,633,555	1,682,562	1,682,562		12,564,142
Subtotal Contract/Consultant-Maintenance	0	0	5,418,942	5,418,942	6,008,461	6,008,461	6,188,715	6,188,715	6,374,376	6,374,376		47,980,988
Total Contract/Consultant Services Costs	5,384,934	8,647,578	20,609,542	6,018,942	6,008,461	6,008,461	6,188,715	6,188,715	6,374,376	6,374,376		77,804,100
Total Agency and Contract Personnel Costs	7,945,110	11,719,788	22,452,868	6,018,942	6,008,461	6,008,461	6,188,715	6,188,715	6,374,376	6,374,376		85,279,813
Hardware/Systems Costs												
Procurement - Hardware												
Hardware - Mainframe	0	0	0	0	0	0	0	0	0	0	0	-
Hardware - Unix Server (New maintenance environment in FY 12)	1,255,486	0	1,526,500	0	32,625	1,348,792	0	0	0	1,416,232		5,579,635
Hardware - Intel Server (leased servers)	0	0	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200		57,600
Hardware - Storage (Universal Storage V Disk Array and Brocade - DW storage in FY 12)	350,823	0	1,875	0	3,125	55,837	60,000	60,000	60,000	60,000		651,659
Hardware - Desktop (leased laptops)	1,875	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750		35,625
Hardware - Network (Cisco Equipment)	72,741	0	5,460	5,460	5,460	5,460	5,460	5,460	5,460	5,460		116,421
Subtotal Hardware Procurement	1,680,924	3,750	1,544,785	16,410	52,160	1,421,039	76,410	76,410	76,410	1,492,642		6,440,941

Maintenance - Hardware											
Hardware - Mainframe	0	0	0	0	0	0	0	0	0	0	-
Hardware - Unix Server (P595s)	0	0	122,781	225,000	236,280	225,000	231,750	231,750	238,703	238,703	1,749,966
Hardware - Intel Server	0	0	0	0	0	0	0	0	0	0	-
Hardware - Storage (Universal Storage V Disk Array and Brocade - DW storage in FY 12)	0	29,235	29,235	29,423	34,195	34,508	35,543	35,543	36,609	36,609	300,901
Hardware - Desktop	0	0	0	0	0	0	0	0	0	0	-
Hardware - Network (Cisco Equipment)	0	5,460	5,460	5,460	5,460	5,460	5,624	5,624	5,793	5,793	50,133
Subtotal Hardware Maintenance	0	34,695	157,477	259,883	275,935	264,968	272,917	272,917	281,104	281,104	2,101,000
Procurement - Software											
Software - Mainframe	0	0	0	0	0	0	0	0	0	0	-
Software - Unix Server (New maintenance environment in FY 12; ongoing payment of	1,944,355	540,000	2,108,005	1,000,000	819,950	0	0	0	0	0	6,412,310
Software - Intel Server	0	0	0	0	0	0	0	0	0	0	-
Software - Storage	153,687	0	0	0	0	0	0	0	0	0	153,687
Software - Desktop	1,245	5,700	18,300	8,220	9,720	8,520	8,520	8,520	8,520	8,520	85,785
Software - Network	0	0	0	0	0	0	0	0	0	0	-
Subtotal Software Procurement	2,099,287	545,700	2,126,305	1,008,220	829,670	8,520	8,520	8,520	8,520	8,520	6,651,782
Maintenance - Software											
Software - Mainframe	0	0	0	0	0	0	0	0	0	0	-
Software - Unix Server	1,866,509	1,061,960	2,014,270	2,211,395	2,234,303	2,242,811	2,242,811	2,310,096	2,379,399	2,450,781	21,014,334
Software - Intel Server	0	0	3,988	5,155	5,155	5,155	5,155	5,310	5,469	5,633	41,022
Software - Storage	0	0	30,544	30,965	33,367	33,864	33,864	34,880	35,927	37,004	270,417
Software - Desktop	0	0	110	243	243	243	243	251	268	266	1,858
Software - Network	0	0	0	0	0	0	0	0	0	0	-
Subtotal Software Maintenance	1,866,509	1,061,960	2,048,912	2,247,759	2,273,069	2,282,074	2,282,074	2,350,537	2,421,053	2,493,684	21,327,630
Other Costs											
Data Communications	0	0	0	0	0	0	0	0	0	0	-
Voice Communications	9,256	11,108	11,108	11,108	11,108	11,108	11,108	11,108	11,108	11,108	109,226
Equipment Rental/Supplies and Materials	5,150	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	6,180	60,766
Facilities Rental/Maintenance Expense (Misc)	48,482	53,331	53,331	53,331	53,331	53,331	53,331	53,331	53,331	53,331	528,459
Disaster Recovery	0	200,000	276,940	276,940	276,940	276,940	285,248	285,248	285,248	285,248	2,448,753
Travel	4,471	4,471	0	0	0	0	0	0	0	0	8,942
Other Costs	4,052	4,052	0	0	0	0	0	0	0	0	8,105
Subtotal Other Costs	71,412	279,142	347,558	347,558	347,558	347,558	355,866	355,866	355,866	355,866	3,164,251
Total Hardware/Systems/Other Costs	5,718,132	1,925,246	6,225,036	3,879,830	3,778,392	4,324,159	2,995,787	3,064,250	3,142,953	4,631,817	39,685,603
Subtotal Project Costs	13,663,243	13,645,035	28,677,904	9,898,772	9,786,853	10,332,620	9,184,502	9,252,965	9,517,330	11,006,193	124,965,416
Contingency	0	2,000,000									2,000,000
Total Project Costs	13,663,243	15,645,035	28,677,904	9,898,772	9,786,853	10,332,620	9,184,502	9,252,965	9,517,330	11,006,193	126,965,416

Benefit Analysis: Quantitative Project Benefits – Financials

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Agency and State Benefits											
Cost Savings: Improved Efficiency / Productivity											
Reduced IT and non-IT FTE costs including fringe benefits (Yr 3 - DIR only, Yrs 4+ - DIR & TxDOT, 3% inflation added starting yr 5_	0	0	25,125	1,849,544	1,905,030	1,962,181	2,021,047	2,081,678	2,144,128	2,208,452	14,197,186
Reduced IT and non-IT contractors/consultants	0	0	0	0	0	0	0	0	0	0	-
Reduced outsourced labor costs	0	0	0	0	0	0	0	0	0	0	-
Improved workflow/business processes	0	0	0	0	0	0	0	0	0	0	-
Reduced error rate	0	0	0	0	0	0	0	0	0	0	-
Reduced hardware maintenance/upgrade expense (Yr 3 - DIR only, Yrs 4+ - DIR & TxDOT, 3% inflation added starting yr 5)	0	0	21,720	507,357	522,578	538,255	554,403	571,035	588,166	605,811	3,909,324
Reduced software maintenance/upgrade expense (Yrs 4+ - TxDOT only, 3% inflation added starting yr 5)	0	0	0	265,878	273,854	282,070	290,532	299,248	308,225	317,472	2,037,280
Reduced facilities rental/maintenance expense	0	0	0	0	0	0	0	0	0	0	-
Reduced equipment rental/supplies and materials expense	0	0	0	0	0	0	0	0	0	0	-
Subtotal Cost Savings	0	0	46,845	2,622,779	2,701,462	2,782,506	2,865,981	2,951,961	3,040,520	3,131,735	20,143,790
Cost Avoidance: Compliance / Protection											
Avoid penalties	0	0	0	0	0	0	0	0	0	0	-
Avoid loss of funding	0	0	0	0	0	0	0	0	0	0	-
Improved enforcement actions	0	0	0	0	0	0	0	0	0	0	-
Subtotal Cost Avoidance	0	0	0	0	0	0	0	0	0	0	0
Revenue Generation											
Additional revenue generated	0	0	0	0	0	0	0	0	0	0	-
Increased interest earned	0	0	0	0	0	0	0	0	0	0	-
Subtotal Revenue Generation	0	0	0	0	0	0	0	0	0	0	0
Total Quantitative Benefits (Agency/State)	0	0	46,845	2,622,779	2,701,462	2,782,506	2,865,981	2,951,961	3,040,520	3,131,735	20,143,790
Cumulative Quantitative Benefits (Agency/State)	0	0	46,845	2,669,624	5,371,086	8,153,593	11,019,574	13,971,535	17,012,055	20,143,790	20,143,790

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Constituent (Social, Business, Environmental) Benefits											
Constituent: Service Delivery Savings											
Reduced constituent transaction costs	0	0	0	0	0	0	0	0	0	0	-
Reduced service delivery cycle time	0	0	0	0	0	0	0	0	0	0	-
Increased service availability/accessibility	0	0	0	0	0	0	0	0	0	0	-
Expansion of services	0	0	0	0	0	0	0	0	0	0	-
Subtotal Service Delivery Savings	0	0	0	0	0	0	0	0	0	0	0
Constituent: Regulatory Savings											
Reduced (paper) reporting requirements	0	0	0	0	0	0	0	0	0	0	-
Improved ability to locate regulatory requirements	0	0	0	0	0	0	0	0	0	0	-
Improved accountability/compliance	0	0	0	0	0	0	0	0	0	0	-
Greater consistency in constituent/state transactions	0	0	0	0	0	0	0	0	0	0	-
Subtotal Regulatory Savings	0	0	0	0	0	0	0	0	0	0	0
Constituent: Other Savings											
Other savings (describe)	0	0	0	0	0	0	0	0	0	0	-
Subtotal Other Savings	0	0	0	0	0	0	0	0	0	0	0
Total Quantitative Benefits (Constituent)	0	0	0	0	0	0	0	0	0	0	0
Cumulative Quantitative Benefits (Constituent)	0	0	0	0	0	0	0	0	0	0	0

Note: The preceding reports detailing project costs and benefits for the Financials component of CAPPs are provided monthly to the Quality Assurance Team as part of the quality assurance review required for all state agency technology projects in Texas. These particular reports were submitted in November 2010.

Appendix F: ProjectONE Governance Structure

The following information follows the Statewide ERP Project Plan and Project Charter (dated July 17, 2009) as approved by CPA, DIR, HHS, TxDOT and the Statewide Quality Assurance Team (QAT).

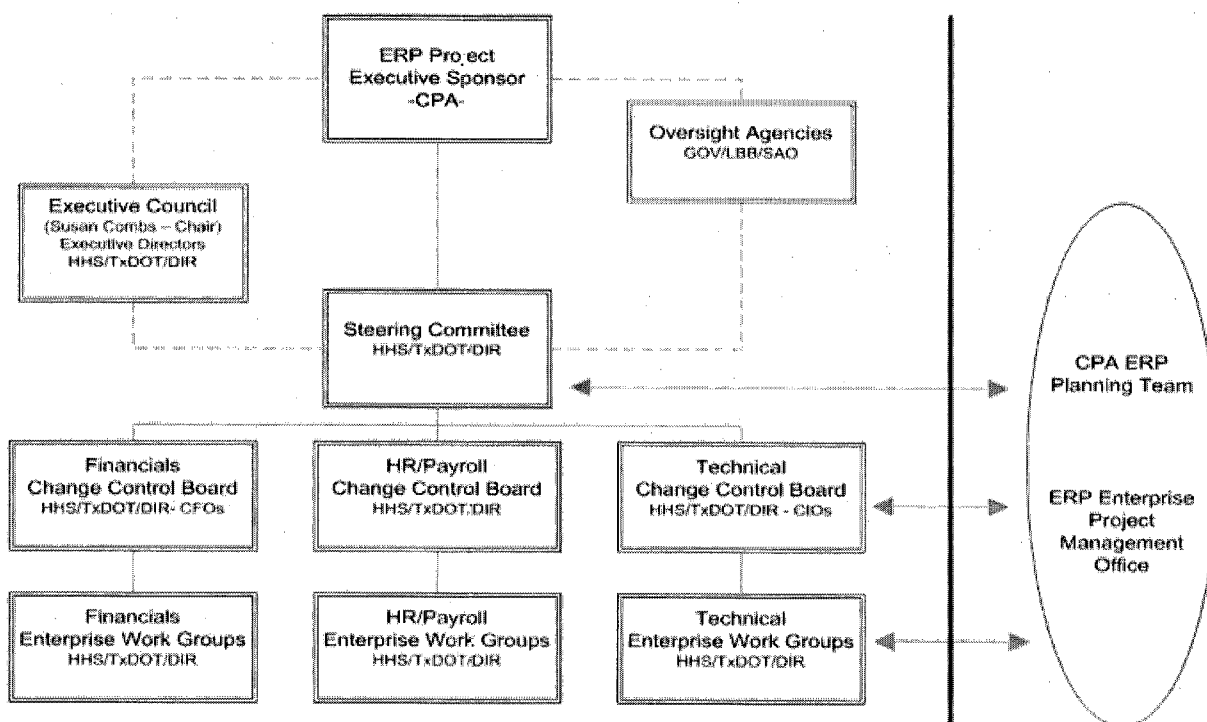
Project Governance

ProjectONE governance provides an effective infrastructure for addressing issue resolution and approval while promoting communication through all functional areas of the project. The following chart provides the high-level governance structure for ProjectONE. This structure may change as necessary in support of the addition of other agencies, recommendations of the implementation vendor and/or restructuring of ProjectONE due to unforeseen circumstances or events. Any changes to the project governance must be approved by the ProjectONE Steering Committee.

The Comptroller of Public Accounts (CPA) is following standard project management methodologies to secure executive sponsorship, concept and business case approval, as well as to ensure effective planning of activities and use of resources.

All agencies working on ProjectONE have agreed to an approach of governing by consensus, thus ensuring that all agency concerns will be acknowledged and that the resulting system will be the best possible solution for the state of Texas. This approach begins at the Enterprise Workgroup Level and carries through to the Executive Council.

ERP Project Governance Infrastructure



The Executive Council is responsible for managing executive communications on project-related matters with CPA, providing executive input to the Steering Committee, disseminating project innovations within members' organizations and advocating for the implementation of approved standardized business processes and data across all agencies. The Executive Council serves as the highest (final) escalation decision point in the resolution of project issues.

The Executive Council is chaired by the Comptroller (or Deputy Comptroller in the Comptroller's absence) and meets quarterly or as determined necessary. Executive Council members consist of one executive director/commissioner from the Texas Department of Transportation (TxDOT), the Department of Information Resources (DIR) and the five Health and Human Services (HHS) agencies: the Department of Aging and Disability Services (DADS), the Department of Assistive and Rehabilitative Services (DARS), the Department of Family and Protective Services (DFPS), the Department of State Health Services (DSHS) and the Health and Human Services Commission (HHSC).

Oversight Agencies consist of participants from the Governor's Office, the Legislative Budget Board and the State Auditor's Office. The Oversight Agencies communicate with the Comptroller on high level project matters.

The Steering Committee is responsible for providing direction to the Change Control Boards (CCBs), providing advice and guidance to project management and serving as the project liaison to both the Executive Council and Oversight Agencies. The Steering Committee also addresses project roadblocks and provides resolution to project issues elevated by the CCBs. The Steering Committee members are executive sponsors of ProjectONE and demonstrate an "enterprise" approach to solving statewide project issues. The Steering Committee meets bi-weekly or as necessary and is co-chaired by the CPA Director of Fiscal Management and CPA Director of Innovation and Technology. Steering Committee members consist of one executive management member from TxDOT, DIR and HHS.

The Steering Committee includes:

- Victor Gonzalez (CPA)
- Suzy Whittenton (CPA)
- James Bass (TxDOT)
- Charlotte Willis (HHSC)
- Bob Saathoff (DIR)

The Change Control Boards (CCBs) consist of agency chief financial officers (CFOs), chief information officers (CIOs) and human resource and payroll directors (or their assigned representatives) from TxDOT, DIR and each of the five HHS agencies (DADS, DARS, DFPS, DSHS, HHSC). The Financial CCB is chaired by the CPA assistant director of Fiscal Management; the HR/Payroll CCB is chaired by the CPA director of Fiscal Projects; and the Technical CCB is chaired by the CPA area manager for ISAS/ERP Support. The CCBs are responsible for making recommendations to the Steering Committee after reviewing all standardization and/or modifications recommended by the Enterprise Work Groups. The CCBs review and recommend for Steering Committee approval all project deliverables submitted for their review. The CCBs also review and provide resolution as appropriate to project issues submitted by the Enterprise Work Groups. The CCBs elevate project issues, as necessary, to the Steering Committee. The CCB members demonstrate an "enterprise" approach to solving statewide ERP issues.

The Enterprise Work Groups (EWGs) are comprised of deploying agency subject matter experts who are grouped according to project tasks. In most cases, they function as teams defined by functional areas or ERP modules. Each EWG is chaired by a designated functional or technical project lead. Besides being subject matter experts, EWG members are cooperative, “enterprise” minded, creative thinkers who strive to reach consensus on assigned project tasks. Among other duties, members develop and confirm business requirements; assess system and functional requirements and recommend standardization and/or modification of business processes to the CCBs. As an integral part of the issue escalation process, EWGs submit unresolved project issues to the CCBs as needed.

The Project Management Office (PMO) consists of both state and contracted project management resources. The PMO ensures compliance with goals, objectives, project management guidelines, standards, scope, risk identification and mitigation, quality management, budget, reporting and documentation. This group ensures that state staff and contracted resources are leveraged effectively across the project and reviews and recommends approval of deliverables. The PMO also coordinates activities across the ERP governance structure. Finally, the PMO is responsible for monitoring the project work plan, as well as activities, timelines and risks, and has overall responsibility for reporting on the status of activities, milestones and deliverables.

The CPA ProjectONE Planning Team is comprised of CPA management from the following divisions: Fiscal Management, Innovation and Technology, Texas Procurement and Support Services, Strategic Sourcing, and Budget and Internal Accounting. This team’s role is to continually assess strategy and approach and provide recommendations to ensure that CAPPs is implemented in a manner that supports the state’s overall ERP vision. The team’s responsibility of communicating and managing project vision spans all levels of project governance and includes review of Enterprise Work Group progress; project status, initiatives, issues, timelines, resources and solutions; and anything else that requires a broader review and expeditious resolution.

Issue Escalation Process

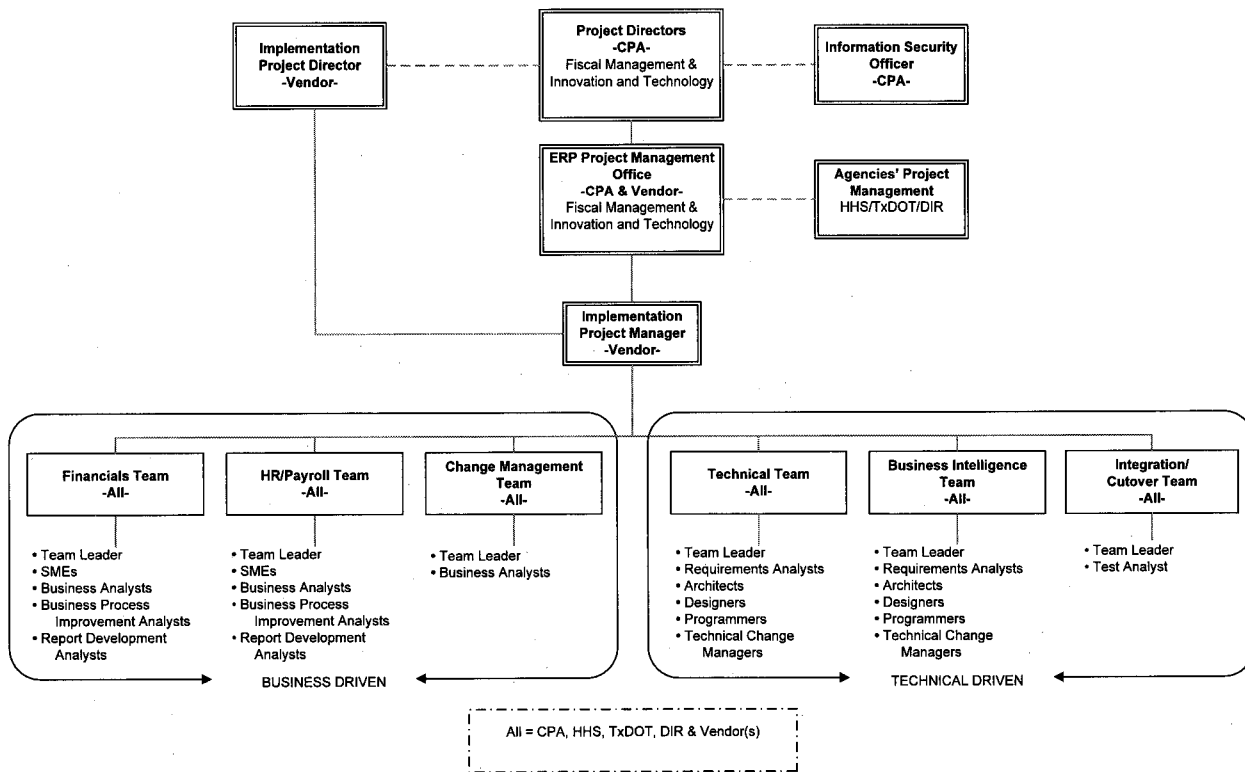
ProjectONE governance is built on the premise that issues may be introduced at any level. Regardless of the source of the issue or at what level it is communicated, project management must consider the issue and route it to the appropriate team for resolution. In some cases, an issue may be assigned to an EWG. In other cases, it may be immediately elevated to the Steering Committee.

Ideally, issues are resolved at the first level of review, but this is not always possible. ProjectONE’s issue escalation process is typical of ERP projects and allows for issues to move to higher levels of expertise and authority as needed.

Project Organization and Management

The following charts depict the organizational structure for the ERP Project:

High-Level ERP Project Operations Infrastructure



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ONE
Our New Enterprise

This information can be found on the Web:

www.TxProjectONE.org/report

For additional copies, write:

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