

# VGFOA 2016 Fall Conference

Financial Software, Replacement, Budgeting, and Procurement

**Speakers:**

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10:30 - 11:20am

- ❖ Session Description and Objectives
- ❖ Value of a Needs Analysis
- ❖ Requirements Development Process
- ❖ Suggestions and Advice for the RFP
- ❖ Types of Costs
- ❖ Budgeting for a Replacement System
- ❖ Key Takeaways
- ❖ Questions and Discussion

# Session Description and Objectives

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Whether driven by process challenges, business objectives, or changing technology, replacing a legacy financial system is a challenge that all municipalities and counties face.

This session will discuss:

- ✓ How to develop a strong business case for replacing your software and estimate the one-time and maintenance costs of a replacement solution for budgeting purposes
- ✓ Best practices in software procurement, including the importance of developing requirements
- ✓ Provide an understanding of the software replacement process, as well as next steps for undertaking your own financial system procurement project

# Value of a Needs Analysis

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- Critical milestone for obtaining stakeholder buy-in
- Identifies current challenges as well as opportunities for improvement
- Builds a business case
  - ✓ Pros and cons for future options
  - ✓ Justification for moving ahead with competitive procurement
- Identifies reporting and querying needs
- Identifies functionality required in a future system(s)
- Identifies system interfaces/integration needs
- Provides considerations for fully-integrated versus best-of-breed software solutions
- Provides considerations for on-premise or SaaS deployments

## Why Document Requirements?

*Depending on the industry report, anywhere from 25-75% of software implementation projects fail to meet user expectations.*

- One of the most common reasons software implementations struggle is a lack of well-defined functional or technical requirements.
- A “requirement” is a necessary attribute in a system; a statement that identifies a capability, characteristic, or quality factor of a system in order for it to have value and utility to a user.
- One of the greatest challenges in developing requirements is not documenting what the user wants; it is helping users identify what they need.

- Joint Requirements Planning (JRP)
  - ✓ Collaborative Work Session
  - ✓ Evaluating functionality for a new system
  - ✓ Assessing criticality for required functionality
  - ✓ Identifies needs at a granular level and provides for detailed RFP responses
- Document Initial Set of Requirements
  - ✓ Organize them into smaller, more manageable components
    - Business area
    - Module
    - Technical
    - Interfaces
- Refine Requirements
  - ✓ Update and re-distribute requirements to stakeholders for final review

# Requirements Development Process (cont.)

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## Requirements Best Practices

Software system requirements should be:

- ✓ Correct
- ✓ Unambiguous
- ✓ Complete
- ✓ Consistent
- ✓ Ranked for criticality
- ✓ Verifiable
- ✓ Traceable

# Suggestions and Advice for the RFP

- A complete Request for Proposal (RFP) document should include the following elements:
  - ✓ Project Scope and Background
  - ✓ Target Implementation Phasing and Dates
  - ✓ Evaluation Criteria
  - ✓ Functional and Technical Requirements
  - ✓ Payment Milestones
  - ✓ Data Conversion and Interface Details and Expectations
  - ✓ Expected Vendor Deliverables During Implementation
- The RFP should be released for a minimum of four weeks to allow adequate time for vendor review and response development
- A Pre-Proposal Conference may be considered to allow prospective vendors an opportunity to ask questions

# Types of Costs

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- Software Licensing Costs
- Annual Maintenance Costs
- Professional Services Costs
  - ✓ System Configuration
  - ✓ Interfaces
  - ✓ Data Conversion
  - ✓ Project Team Training
  - ✓ End-User Training
  - ✓ Change Management and Communication Planning
  - ✓ Testing (i.e., User Acceptance Testing, Unit Testing, Regression Testing)

## What should be considered?

- Implementation timeline and expected payment milestones
- Current costs of systems to be replaced
- Expected deployment model (i.e., SaaS, on-premise)
- Software and vendor costs
  - ✓ Software Licensing
  - ✓ Annual Maintenance
  - ✓ Professional Services
- Other potential costs
  - ✓ Temporary Staffing
  - ✓ Third Party Project Management

# Key Takeaways

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- Initial planning should include high-level goals for the future
  - ✓ Use Executive Sponsor to set project goals and expectations
- Identify stakeholders early and re-evaluate throughout the process
  - ✓ Gain stakeholder buy-in at key milestones
- Use several inputs to the requirements gathering process
  - ✓ Policy and procedure manuals
  - ✓ Workflow diagrams
  - ✓ Observations of business processes
  - ✓ End-user web survey
  - ✓ Needs Assessment Report
  - ✓ Walk-throughs
- Use a competitive procurement process
- Assess costs for vendor services – data conversion versus manual entry
- Assess costs for interfaces and integration, are they really needed?

# Questions and Discussion

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