

MMRS Steering Committee

A called meeting of the Mississippi Management and Reporting System (MMRS) Steering Committee was held at 10:00 AM in the 12th Floor Conference Room, Woolfolk Building, Jackson, Mississippi, on December 22, 2008.

A quorum being present, Kevin J. Upchurch, Chairman, called the meeting to order.

The following members attended:

Kevin J. Upchurch, Chairman
Executive Director, Department of Finance and Administration
John Mulholland
Acting State Personnel Director, State Personnel Board
David L. Litchliter, Member
Executive Director, Department of Information Technology Services
Cille Litchfield, MMRS Administrator (non-voting)
CSIO, Department of Finance and Administration

Others in attendance included:

Becky Thompson, MMRS/MAGIC Project Manager
David Pitcock, MMRS/MAGIC Deputy Project Manager
Michele Blocker, Internal Services Director, Department of Information Technology

Services

Don Seaman, SAP
Steve Seale, Wise Carter Child & Caraway, P.A.

Mr. Upchurch called for agenda item number one: Review and approve minutes for the May 20, 2008, meeting

On a motion by Mr. Mulholland, and seconded by Mr. Litchliter, the minutes were approved as presented.

Mr. Upchurch called for agenda item number two: Consideration of the MAGIC Business Case

Mrs. Litchfield provided the Committee members with DRAFT copies of the Overview of the MAGIC Business Case Analysis (BCA) and the Executive Summary of the MAGIC BCA. Mrs. Litchfield noted that, at this time, the project team is seeking input from the MMRS Steering Committee, rather than approval of the business case. In accordance with the approved MAGIC Governance structure, the BCA must be approved by the MAGIC Task Force before being presented for approval to the MMRS Steering Committee. The team plans to present the detailed BCA to the MAGIC Task Force for their consideration and approval at the next Task Force meeting. The Task Force meeting is targeted for late January or early February.

Mrs. Litchfield began by reviewing the legacy administrative systems included in the scope of the BCA. The scope, in general, is the inventory of systems now supported by MMRS. Mrs. Litchfield reported the BRICKS project, awarded by the ITS Board to Skire, Inc., on December 18, 2008, will address the construction project management, lease management, and facilities management requirements and the retirement of the PATS and APLS applications. Mrs. Litchfield also stated that GOALS, now in procurement for grants management, will address other gaps in current systems, and that both BRICKS and GOALS will be integrated into MAGIC.

Mr. Upchurch asked if GOALS would provide additional transparency functionality. Mrs. Litchfield responded that GOALS' requirements include detailed transparency information as set forth in federal and state statutes. In addition, Mrs. Litchfield indicated that DFA plans to use GOALS to get all agencies to account for grants in a common form prior to the conversion to MAGIC.

Mrs. Litchfield then reviewed the system functions (e.g., general ledger, payroll administration) that are included in Tier 1 ERP systems.

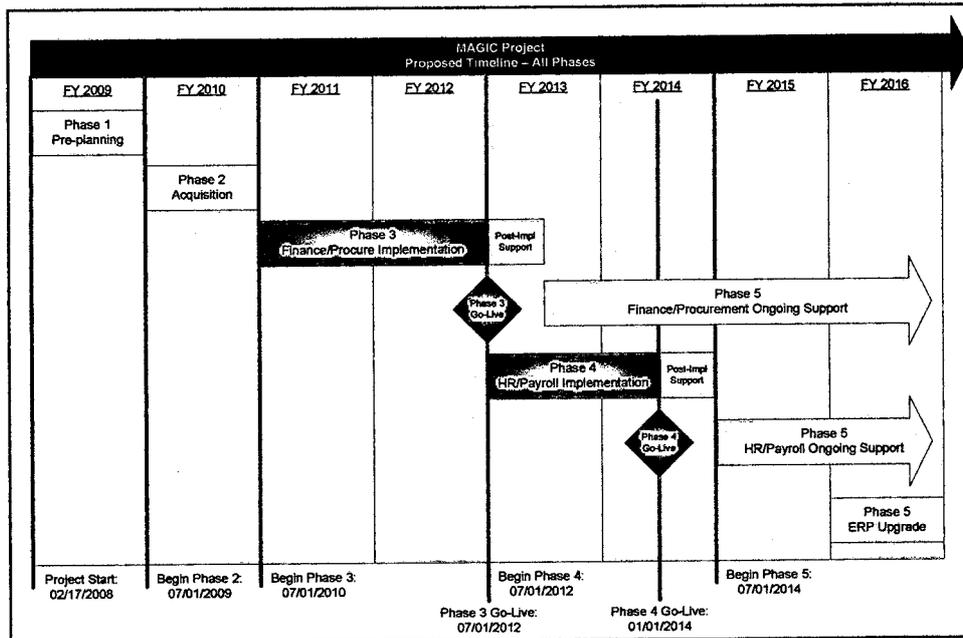
Mr. Upchurch asked for a definition of a "Tier 1 ERP". Mrs. Litchfield responded that ERPs are the most comprehensive and configurable administrative systems on the market today. The following components are included in Tier 1 ERP solutions:

Finance	HR/Payroll
<ul style="list-style-type: none"> • Grant Accounting • Project Accounting • General Ledger • Budgetary Control • Budget Development • Cost Allocation • Accounts Payable • Accounts Receivable • Cash Management 	<ul style="list-style-type: none"> • Benefits Administration • Classification and Compensation • Payroll Administration • Personnel Administration • Position Control • Recruitment • Time Reporting • Training
Procurement	General
<ul style="list-style-type: none"> • Purchasing • Asset Management • Bid Solicitation • Contract Management • Fleet Management • Surplus Inventory 	<ul style="list-style-type: none"> • Employee Self-Service • Vendor Self-Service • Workflow • Security • Reporting

Mr. Mulholland stated that the Personal Services Contract Review Board (PSCRB) has specific requirements. His concern is whether the PSCRB's requirements were addressed in the Advisory Work Group that gathered requirements for Contract Management. Ms. Thompson replied that the team would provide SPB a copy of the requirements to ensure that all the specifics are addressed.

Mrs. Litchfield continued by reviewing the three alternatives explored in the BCA and the proposed timeline associated with the alternative of replacing the current legacy systems with an ERP system. Mrs. Litchfield reported that the planning timeline is a twelve-year period beginning in FY2009 and moving through FY2020. Mrs. Litchfield stated that MERLIN would remain operational after MAGIC "Go-Live" for at least five (5) years to provide access to historical data.

The implementation timeline proposed is outlined below. This eight-year timeline covers pre-planning now in process through the first major upgrade.



Mrs. Litchfield reported that projected total costs over the initial twelve years (beginning with work underway in FY2009) are approximately \$180M and the projected amount financed in the four core implementation years (targeted for FY2011-FY2014) would be approximately \$105M.

All projected costs are being formulated by DFA, even though some of the funds would be expensed by ITS since MAGIC will be hosted in their environment. Financing requirements are not yet determined.

Additionally, due to GASB51 and OMB A-87, the financed asset will have to be depreciated and recovered over its anticipated useful life. For depreciation purposes, Mrs. Litchfield explained DFA expects that factor to be ten years, although it is expected that the system will be used by the State for a longer period. The proposed amount to be financed includes the projected \$9.7M required to integrate MAGIC to the systems at MDOT that are presently integrated to MDOT's Financial Management System.

Mr. Upchurch asked if SAAS would remain operational when MAGIC goes live. Mrs. Litchfield responded there are no plans to run SAAS in parallel with MAGIC, thus we will not "go live" until we are certain that MAGIC is ready. Mrs. Litchfield noted the targeted implementation date for MAGIC financials and procurement is at the beginning of a fiscal year in order to minimize conversion impact issues.

Mr. Mulholland stated going live with HR at the beginning of the fiscal year could cause headaches with conversion and other standing operational procedures. Mrs. Litchfield responded that the plan is to go live with HR at the beginning of the tax year (January), not the beginning of the fiscal year.

Mrs. Litchfield also reviewed the BCA cost/benefit analysis, the risk of not replacing legacy systems, the benefits of implementing an ERP system, the risk of implementing ERP, and the recommendations. A summary of the final recommendations of the team follows:

1. Acquire a new Statewide ERP system using Tier 1 commercial off-the-shelf software

2. Follow a five-phase approach to implement Finance and Procurement, followed by HR/Payroll
3. Deploy all functionality to all agencies using a "big-bang" strategy
4. Require all State agencies to participate in the project
5. Invest in enhancements necessary to include MDOT as a fully-integrated user of the Statewide system
6. Exclude IHLs from the MAGIC initiative due to unique requirements of those entities
7. Proceed with Status Quo (federal and state mandates) operational changes in advance of the ERP implementation
8. Finance the MAGIC initiative with a combination of bond funds and current appropriations

Mr. Upchurch asked if IHL's would have access to MAGIC for those functions where they are required to participate (state contracts, etc). Mrs. Litchfield replied that those integration points are included. Mrs. Litchfield also reported that there is interest from other parties to have IHLs embedded into MAGIC regardless of the recommendation of the MAGIC team.

Mr. Upchurch asked how much of the savings are personnel related. Ms. Thompson replied that no savings were projected for systems personnel since we do not know their level of involvement within the support of existing shadow systems. Mrs. Litchfield replied that personnel costs were included in the process-improvement benefits rather than in the avoided system costs.

Mr. Mulholland asked how long MAGIC would be considered "state of the art." Mrs. Litchfield responded that planned upgrades, anticipated every five to six years, would keep the system viable. These upgrades will not be possible in a planned and strategic manner if the State does not control (limit) the amount of custom code introduced into MAGIC.

Mr. Mulholland asked if it is possible to reduce overall projected costs. Mrs. Litchfield responded that certain components could be delayed or excluded, and integration points to existing systems could be added. Examples include implementation of an integrated budget development module and continued usage of the existing asset management and related fleet management, surplus property management, and depreciation systems. There is a loss of process savings in these delays, additional costs to integrate to existing systems, and a higher cost to implement later. Other items that could be dropped are the estimated \$11.4M costs for the quality assurance vendor and the \$2.2M projected overtime costs for State of Mississippi staff. Any of these, according to Mrs. Litchfield, change the risk profile.

Mr. Mulholland asked for more information on the budget preparation module. Mrs. Litchfield responded these modules support budget modeling/development at the lowest level within an agency using current year figures as a starting point. The modeling/development will roll-up to the next level(s) without duplicate entry. The budget development function includes appropriate firewalls to allow parallel development of the Legislative Budget Recommendation and the Executive Budget Recommendation. The recommendations can then be carried in the same system through appropriations and Legislative approval and then pushed back down to the agency and the initial budgeting unit (such as the DFA office level) for implementation. Ms. Thompson reported three such packages have been demonstrated to the State.

Mr. Upchurch asked whether the Legislative Budget Office (LBO) owns ABRs. Mrs. Litchfield responded in the affirmative. Mrs. Litchfield also reported that LBO and DFA's Office of Budget and Fund Management have been involved in the budget system demos.

Mrs. Litchfield stated that a decision must be made and communicated to MDOT regarding the recommendation that MDOT be included in the ERP in the same manner as other agencies prior to presenting the BCA to the Task Force.

Mr. Mulholland asked if there is any way to estimate the overall impact on the general fund. Mrs. Litchfield replied that the impact would ultimately depend on how much cost is addressed through direct appropriation and how much is financed. Mrs. Litchfield said that she expects the split of general funds versus special funds to be roughly the same as now.

No action by the Committee was required.

Mr. Upchurch called for agenda item number three: Project Updates

Mrs. Litchfield provided the following status:

- ITS Project 36880 – BRICKS. ITS approved the recommended award with Skire, Inc., for a not to exceed total of \$2.75M (5 year lifecycle) on December 18, 2008. Protest by Tririga is expected. Protest period expires at close of business December 30, 2008.
- ITS Project 37577 – Mississippi.gov refresh and payment manager replacement has been prioritized for work after GOALS award. Credit card and e-check processing agreement with VitalChek will expire September 30, 2009. We are combining this replacement effort with a portal refresh in a joint project with ITS.
- ITS Project 37634 – GOALS. Bids are due January 6, 2009.
- ITS Project 37635 – MAGIC software. Procurement is on hold until funding can be addressed. Adjustments to the work plan for Salvaggio, Teal, and Associates will be made.
- ITS Project 38025 – LOC for new blade center (equipment). Bids are due early January.
- ITS Project 38033 – Tape Library/Drives replacement (equipment). Waiting assignment of ITS procurement analyst.
- ITS Project 38039 – Assignment of Tier Technologies to Cogsdale. Work has begun. Waiting for the W9 (or equivalent as they are a Canadian company) and other pertinent information from the vendor.

No action by the Committee was required.

Mr. Upchurch called for agenda item number four: Other Procurement Items (priority order)

Mrs. Litchfield provided the following status:

- ITS Project – Extension of Salvaggio, Teal, and Associates services for GOALS IV&V
- ITS Project – Extension of Salvaggio, Teal and Associates services for MAGIC to build services RFP and to fully document "as is" and "desired" processes for workflow.

- ITS Project – Renewal of Bank of America PayMode—will be requesting a three-year extension that will hopefully get us to MAGIC.
- ITS Project – Extension of maintenance agreement with SumTotal for another three years for MELMS support.

No action by the Committee was required.

Mr. Upchurch called for agenda item number five: Other Projects

Mrs. Litchfield summarized briefly on other key projects in process:

- Mississippi Accountability and Transparency Act (MATA) and work with the MS Center for Policy and Planning (MCPPI). MMRS' proposal was accepted by MCPPI. Work plan, cost estimates, and agreement development are in process.
- SB 2977 – Workers' Compensation Changes – Primarily MMRS is fielding Call Center inquiries for all aspects of this statutory change.
- SB 2988 – Mississippi Employment Protection Act – MMRS is waiting to hear from the Office of the Attorney General on how enforcement will occur and how data will be transmitted to us for reporting.
- PayMode Cities/Counties – Clean up on the SAAS process for issuing payments to cities and counties continues. Pilot county meeting with Madison County occurred last week.
- PayMode Invoicing – January 1, 2009, Expansion – Continue to support Office of Fiscal Management on requiring PayMode vendors to invoice the State electronically, as well as to receive payments electronically.
- Surplus Property (Protégé) implementation project – January 2009 start-up planned with Office of Surplus Property.
- IACH/OFAC – Planning is underway.
- TIPRA – 1-year delay – 1/1/2011; reviewing draft regulations now, as well as beginning to develop business rules based on the proposed regulations. Joint work groups with the Office of Fiscal Management have been established.
- CA Clarity implementation – Deployment target is February 2009. This will replace the out-of-date GSSD Incident Tracking System with a comprehensive Call Center and Project Management tool.
- Complete acceptance of new Xerox printing system – Final acceptance must occur by December 31, 2008. We are currently working with Xerox to resolve invoice issues.

No action by the Committee was required.

There being no further items of business, Mr. Upchurch asked for a motion for the meeting to be adjourned. On a motion made by Mr. Litchlitter and seconded by Mr. Mulholland, the meeting was adjourned.

Kerrin J. Upchurch
Chairman
Finance and Administration

John S. McCallister
Vice-Chairman
State Personnel Board

David L. Fitchler
Member
Information Technology Services