



Presented to
Joint Legislative Oversight Committee on
Information Technology

May 3, 2012



OSC SAP License Inventory

| SAP Licenses Currently Owned | Quantity | | |
|---|----------|--------|-----------|
| | Owned | Used | Available |
| mySAP Professional (Cat. II) ¹ | 5,648 | 1,901 | 3,747 |
| mySAP Limited Prof. (Cat III) ¹ | 13,505 | 11,763 | 1,742 |
| mySAP Business Suite Developer ¹ | 25 | 6 | 19 |
| mySAP Business Suite ESS User ² | 82,002 | 72,518 | 9,484 |
| SAP Business Suite - Business Expert ³ | 8 | 0 | 8 |
| Total | 101,188 | 86,188 | 15,000 |
| ¹ Additional licenses for SAP Financials implementation on hold due to funding constraints | | | |
| ² Additional licenses for agencies currently not using ESS | | | |
| ³ Licenses for Business Objects development on hold due to funding constraints | | | |

\$9.9M One Time Original License Costs (Original ERP purchase September 2005)

\$1.9M Annual Maintenance Costs (Currently 19% of License Costs and contractually increasing annually to 22% in 2016)

.... Licenses are available; however, further ERP expansion requires significant funding and resources



SAP Financials Implementation Cost Estimates

| OSC SAP Financials Deployment Options ^{1, 2, 3} | Implementation Option 1 | Implementation Option 2 | Implementation Option 3 |
|--|-------------------------|-----------------------------|-------------------------|
| | Big Bang Roll Out | Phased By Business Function | Phased By Agency |
| Implementation and Roll Out ⁴ | \$261,731,924 | \$291,534,748 | \$307,134,406 |
| BEST Shared Services Support Requirements | \$21,957,600 | \$20,400,000 | \$21,200,000 |
| Centralized Support | \$66,599,200 | \$47,700,000 | \$59,300,000 |
| Total | \$350,288,724 | \$359,634,748 | \$387,634,406 |

¹ Source - Deloitte Consulting, LLP November 2008 Study - \$895,000 Cost to State

² Includes Accounts Payable, Accounts Receivable, Asset Management, Cash Deposits / Receipts, Financial Reporting (including CAFR), General Ledger, Grants Management, Inventory Management, Budget, Procurement, and Project Accounting. Treasury functions of investment management and banking not included.

³ Regardless of Implementation option approach, expected duration/implementation of project is 4.5 years

⁴ Includes the following modules: Public Sector Budgeting Development, Supplier Relationship Management (SRM), Finance (FI), Materials Management (MM), Controlling (CO), Grants Management (GM), Grantee/Grantor, Project Systems (PS), Warehouse Management (WM), Funds Management (FM), Bank Accounting (BL), Plant Maintenance, PM), Sales & Distribution (SD), Travel (TV), Document Management (DMS), Production Planning (PP), Customer Relationship Management (CRM)

Summary



- Licenses available are a state asset and are shared as required.
- Original ERP intent → replace and modernize the state's aging, non-consolidated, stand-alone systems such as HR/Payroll/LMS, Budgeting, Financials, Grants, and Data Warehousing with a fully integrated business application.
- Expansion of statewide applications such as NCAS requires a centrally located, consolidated statewide approach to adequately meet agency business needs along with the combined statutory requirements of Treasury, State Budget and the State Controller.
- Any expansion efforts require careful planning and requirements gathering along with dedicated resources and adequate funding for implementation as well as future on-going operations and support after initial implementation.