ERP: Improving performance across the board

Welcome to the inaugural issue of ERPN. This publication will help you stay informed of developments with Governor Vilsack's initiative to strengthen business processes and operations for the State of Iowa.

The approach is commonly referred to as Enterprise Resource Planning (ERP). In essence, ERP is a commitment to fundamentally change the way business operations and information are managed. The processes under ERP include: budgeting, accounting, human resources/payroll/benefits, purchasing/e-procurement and capital assets. The goal is for the State to spend less time "retrieving, inputting, processing and formatting" information, and more time solving problems, serving customers and policy makers, creating solutions and innovating.

Thus, the State of Iowa's public-service professionals should have more time and resources to devote to critical problem solving and opportunity-building. That makes for less time on paper shuffling and data entry. The State must invest in systems and infrastructure to make it happen.

The result? A more efficient, responsive, productive government. This newsletter will illustrate ERP and provide more details of how it can work. Future issues will update readers on the latest happenings with ERP. If you have story ideas that could go into future newsletters send them to info@eiowacom.com, attn; ERPN.

ERP: The **BIG** Picture

ERP is one important piece of a three-part plan to more **closely connect Iowans with their State government.** In addition to ERP, the State's initiative to move many services to electronic delivery—100% E by 2003—along with a host of planning and performance tracking measures under The Governor and Lt. Governor's Accountable Government initiative converge to create a government system where results happen faster, at lower cost, and within standards and quality requirements that taxpayers can see and evaluate.

▸ **ERP** - State business infrastructure retooling

▸ **100% E** - Migration of government services to digital & Web-based delivery

▸ **Accountable Government** - Consistent strategic planning, ROI measurement, performance measurement, results-oriented budgeting and performance reporting

THE ERP starting point: the database

Perhaps the center of the universe for ERP migration across State government is the database. Building a centralized, "one entry point" database that can serve multiple departments is the foundation from which a successful ERP conversion can take place.
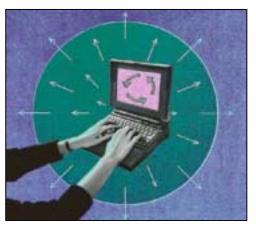
Currently, many departments throughout the State have their own singular database of electronic records, account information and so on.

Thus, databases and the subsystems that support or draw from them do not work together across the governmental "enterprise." As a result, many hours are spent transforming and rekeying data from one database to another. Reports generated from one do not fit another.

And, each database has its own unique report generation restrictions. That means little flexibility is available if someone wants to do something unique or innovative in assembling analysis.

Beyond that, apples may not add up to apples. If a department needs to assemble a fiscal-year-end

report they would first need to figure out which systems needed to be pulled from, then request the data in a format which may require the sending system to reinterpret or reformat the material to be consistent across the board.

The data still may not be collected by all systems, which could require manual calculation to attain the data from a section of the state government. Disparate systems make it more difficult to verify that all data has been collected, so accuracy is always a concern when releasing the report to the public.
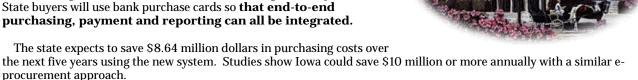
Iowa's ERP initiative would allow the State to move away from current systems, which lack integration of the databases, and eliminate some departmental subsystems. It would establish a centralized database with state-of-the-art user interfaces, flexible reporting capabilities and-- maybe most important— requiring only one transaction entry that would flow through purchasing, accounting, budgeting, and HR/payroll automatically, eliminating the need to re-enter or have a manual interface.

E-purchasing in Iowa? A South Carolina example

Is this a picture of what could be in Iowa? Government buyers in South Carolina this summer will use an electronic system to streamline purchasing, according to government business media site *civic.com*. A commercially developed e-commerce solution **will support buyers from 76 South Carolina state agencies**, 46 counties and all public schools. It will be available to universities, cities and political subdivisions as well.

The state will build a central database—an "electronic catalog"—of all products and services the state acquires through pre-negotiated contracts. State employees will use a secure Web browser for the catalog to route orders to suppliers.

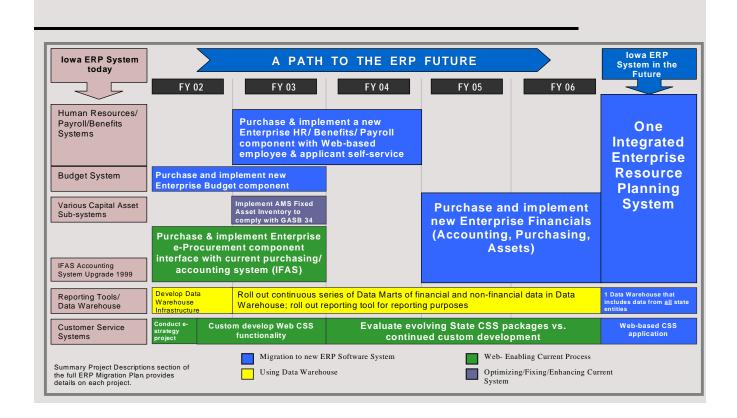The catalog will be linked with the state's banking services provider. State buyers will use bank purchase cards so **that end-to-end purchasing, payment and reporting can all be integrated.**

The state expects to save $8.64 million dollars in purchasing costs over the next five years using the new system. Studies show Iowa could save $10 million or more annually with a similar e-procurement approach.

Implementation of ERP

Wide scope and breadth of retooling government systems

The chart below shows the projected timeline and projects that would comprise the ERP effort for the State of Iowa. Note that the project is built on a 5-year schedule. In addition to creating a new database (data "warehouse" with multiple data "marts"), business systems such as finance, payroll, purchasing, customer service and related functions would also be upgraded to perform needed new applications and to function compatibly across the enterprise.

A PATH TO THE ERP FUTURE

Iowa ERP System today	FY 02	FY 03	FY 04	FY 05	FY 06	Iowa ERP System in the Future
Human Resources/ Payroll/Benefits Systems		Purchase & implement a new Enterprise HR/ Benefits/ Payroll component with Web-based employee & applicant self-service				One Integrated Enterprise Resource Planning System
Budget System	Purchase and implement new Enterprise Budget component					
Various Capital Asset Sub-systems		Implement AMS Fixed Asset Inventory to comply with GASB 34				
IFAS Accounting System Upgrade 1999	Purchase & implement Enterprise e-Procurement component interface with current purchasing/ accounting system (IFAS)			Purchase and implement new Enterprise Financials (Accounting, Purchasing, Assets)		
Reporting Tools/ Data Warehouse	Develop Data Warehouse Infrastructure	Roll out continuous series of Data Marts of financial and non-financial data in Data Warehouse; roll out reporting tool for reporting purposes				1 Data Warehouse that includes data from all state entities
Customer Service Systems	Conduct e-strategy project	Custom develop Web CSS functionality	Evaluate evolving State CSS packages vs. continued custom development			Web-based CSS application

Summary Project Descriptions section of the full ERP Migration Plan provides details on each project.

- ■ (blue) Migration to new ERP Software System
- ■ (yellow) Using Data Warehouse
- ■ (green) Web- Enabling Current Process
- ■ (purple) Optimizing/Fixing/Enhancing Current System

Meet the ERP Team

These **state department directors** and steering committee are guiding the development and implementation of ERP systems in Iowa. ERP is driven by customer needs. Departments know those customers and the processes required to meet their needs better than anyone. Email any steering committee member with questions or concerns.

Cynthia Eisenhauer—Director, Department of Management
Gerald Bair—Director**,** Department of Revenue and Finance
Richard Haines—Director, Department of General Services
Mollie Anderson—Director, Department of Personnel
Richard Varn—Iowa CIO

ERP Steering Committee

Sharon Sperry— ITD, ERP Project Manager   *Sharon.Sperry@its.state.ia.us*
Randy Bauer—Department of Management   *Randy.Bauer@dom.state.ia.us*
Patricia Schroeder, Department of General Services   *Patricia.Schroeder@dgs.state.ia.us*
Ellen Pierson, Department of Personnel   *Ellen.Pierson@idop.state.ia.us*
Eldon Sperry—Department of Revenue and Finance   *Eldon.Sperry@idrf.state.ia.us*
Nickie Whitaker, Department of Management   *Nickie.Whitaker@idom.state.ia.us*
  Budget Redesign Project Leader