

Agenda Topic 1: Accountable Business Transformation

Strategic Advisory Council
March 18, 2011

Topic Outline

- At the meeting we will present and discuss the following:
 - Program Overview
 - Benefits and New Capabilities
 - Risks and Risk Management and Mitigation
- Advisory discussion/recommendations from private sector on large ERP implementations and post production

Expected Meeting Outcome

- **For separately elected leadership and senior management:**
 1. *Your organization's continued support and participation is a key to the County's successful implementation of ABT*
 2. *Set realistic expectations: after go-live → initial decline in productivity and continuous production improvement*
 3. *King County Leadership speaks with one voice on ABT*
- **For ABT:**
 1. *Capture and document SAC recommendations*
 2. *At September 2011 SAC meeting: report on following-up on recommendations*

Reference Materials

Exhibit 1: ABT Overview for SAC

Includes an overview of:

- ABT Program objectives, benefits, background, current status, schedule, risk mitigation, benefit realization, and budget.

Exhibit 2: Project Plans

Included for your review are project plans for the following projects:

- Budget system project – Exhibit 2.1
- Financial system project - Exhibit 2.2
- Payroll Time and Labor project - Exhibit 2.3

The provided project plans present the work breakdown structure at a high level of detail (outline level 3 in Microsoft Project). The plans all have much lower levels of detail for weekly and even daily management and tracking purposes that are not shown in these presentations.

The plans show the status of each of the three major ABT projects as of March 1, 2011. These project plans reflect supporting activities such as training, change management and communications, all of which have their own more detailed project plans to guide their detailed activities.

The plans are updated weekly by the project managers and reviewed frequently by ABT's independent Quality Management consultant, Pacific Consulting Group. The plans are used by the ABT Project Managers and the ABT Project Management Office to manage work on a short-term basis and to identify downstream issues resulting from schedule slippage. This provides ABT Management the opportunity to develop strategies to manage risks and issues proactively.

- The plans are provided for the members' review and recommendations.



King County

Dow Constantine
King County Executive

ABT Overview for SAC

What are the ABT Program objectives?

The ABT Program is an Enterprise Resource Planning (ERP) program that allows information to flow between business functions throughout King County. It completes the Metro King County merger and will transform and standardize the County's financial, payroll, human resources and budget business services.

This is accomplished by establishing:

- one core financial system (Oracle)
- one core human resources/payroll system (PeopleSoft)
- one operating and capital budgeting system (Hyperion)
- countywide human resources (HR) practices and procedures
- standardized accounting and financial policies and processes

The new tools and processes will allow King County to operate as one government, rather than using the different practices and systems that were in effect prior to the King County-Metro merger.

What are the ABT Program benefits?

With standardized business processes, King County will experience improved access to information and will allow the County to:

- Automate and integrate the majority of its financial, budget, human resource, benefit and payroll business processes;
- Share common data and practices across the county;
- Eliminate redundant data entry, transcription and reconciliation;
- Reduce system maintenance and management costs; and
- Produce and access information in real-time for policymakers, managers and constituents.

What is the ABT Program's background?

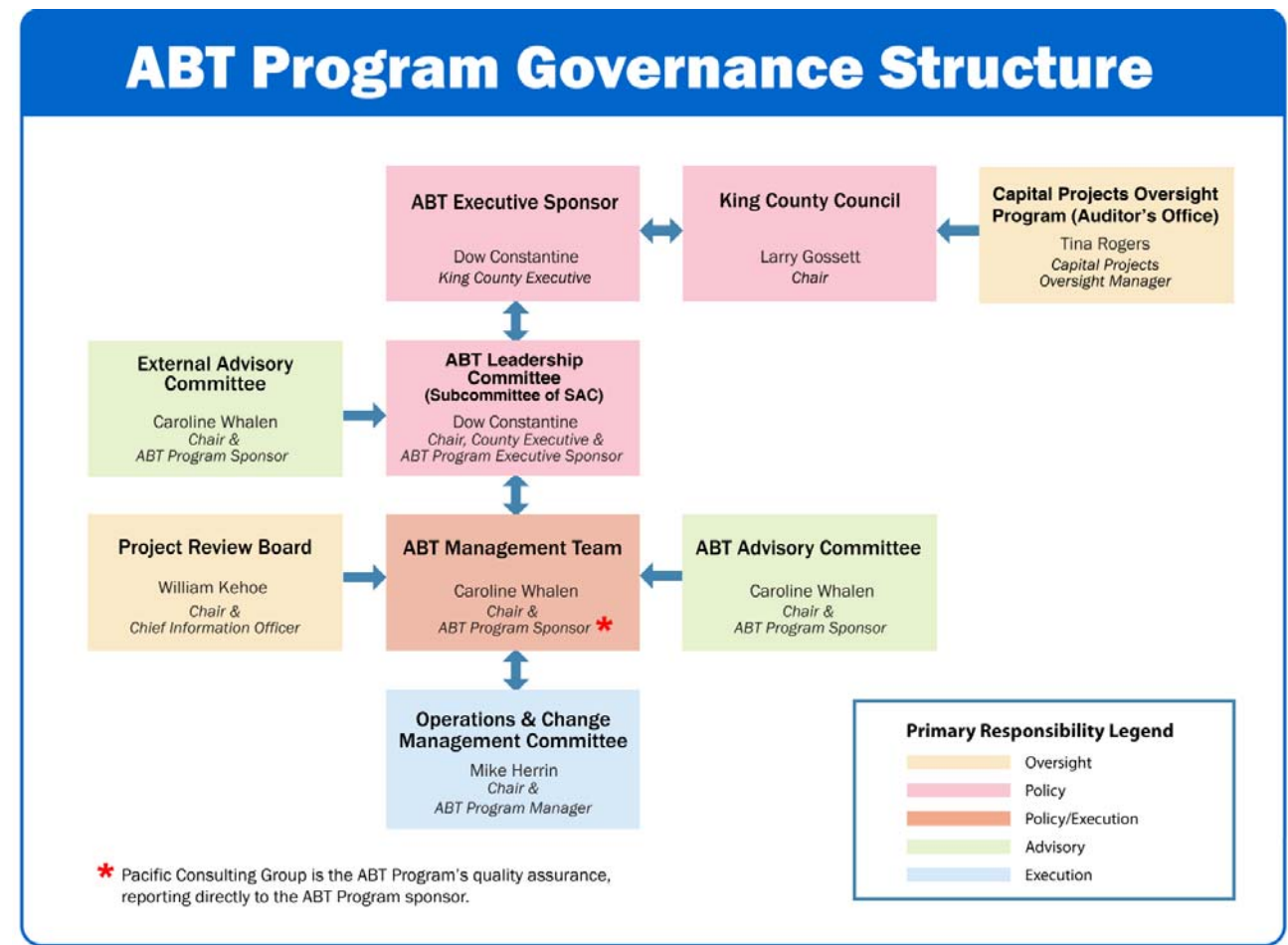
In 2003, the King County Council approved the vision and goals for the ABT Program. Work began in earnest to plan the new business model when the ABT Program Charter was approved by the County Council in October 2006 (Motion 12364).

King County has operated two parallel accounting and financial reporting systems and two parallel human resources and payroll systems for more than 15 years. These four separate systems are neither coordinated nor integrated.

Along with the disconnect among these systems, county agencies follow divergent policies and procedures, use inconsistent business processes and multiple computer software systems. As a result, the day-to-day business operations of county government suffer from poor integration, redundant data entry, and high costs for system maintenance and staff support.

Governance Structure

As noted in the legend, each committee has defined responsibilities.



Current Program Status

The Implementation Phase of the ABT Program is segmented into five project areas:

1. **Human Capital Management (HCM) Project:** The countywide implementation of human resources (HR) best practices supported by a new PeopleSoft Human Capital Management (HCM) system that includes a new Position Management function and expanded Employee Self-service and Manager Self-service capabilities.

The HCM Project was successfully implemented on March 16, 2010. The HCM Project's 90-day post-production support services phase was completed on June 14, 2010 and transitioned to the Finance and Business Operations Division (FBOD) — Payroll Systems Support and Development (PSSD) group.

2. **Payroll/Time & Labor (PTL) Project:** The migration of county employees from the legacy semimonthly payroll system to the PeopleSoft biweekly payroll system will be complete in January 2012. Approximately two-thirds of the County's payroll is currently paid by the legacy system. This implementation will have all county employees paid by the PeopleSoft system thus retiring the legacy payroll system from operations.
3. **Finance Project:** This involves the countywide implementation of standardized financial business processes and a new financial system to support the County's financial and accounting activities. The new financial system will support the following major business processes: general ledger, purchasing, accounts payables, accounts receivables, billing, project cost accounting, asset management and reporting. Known as the Oracle Enterprise Business Suite (EBS), this new system will become the single financial management system for the County in January 2012.
4. **Budget Project:** This involves introduction of new countywide budget business processes supported with the implementation of a new Oracle/Hyperion operating budget and capital budgeting system. The Budget Project is scheduled to be deployed in February 2012 to support the 2013 countywide annual budget preparation process.
5. **Performance Management Project:** The deployment of a new countywide performance management process supported by a new Performance Management system to be implemented in September 2012. The project will develop models for standard and consistent performance management processes and metrics across the county. The Performance Management system will provide the tools to manage and monitor the performance processes and metrics.

Program Schedule

- Human Capital Management (HCM) – Completed 3/2010
- Financial system – Complete development August 2011 and Implement January 2012
- Payroll and Time and Labor system (PTL): Implement January 2012
- Budget system: 1st Quarter 2012
- Performance Management System: 4th Quarter 2012

In September 2010, the County reset the finance and payroll schedules. ABT will complete the finance system development and testing in August 2011 and implement both the finance and payroll systems in January 2012. Prior to this decision, the finance system was scheduled for implementation January 2011 and the payroll system was scheduled for a phased approach with January 2011 and January 2012 implementations. This modified single implementation reset did

not require us to revise our schedule or plan to seek additional appropriation authority to complete the ABT Program's finance and payroll project scope in January 2012.

ABT identified the need to adjust these milestones based on critical business needs. During a review of the County's business needs for finance project, we identified additional requirements necessary for

- accurate treasury and cash management transactions
- capacity charge billing
- side system integration

It is important to carefully integrate the critical side systems supporting the collection and disbursement of property taxes and the investment of funds for King County and over 100 local jurisdictions with the new financial system. The reset added an additional layer of testing to ensure the accuracy of these side system interfaces with the ABT project.

The extension also enables the County to effectively move from organizational cost accounting to activity based accounting. ABT refers to activity based accounting as project centered accounting. This accounting transition conforms to audit recommendations. To complete this transition, county agencies and ABT must setup of over 17,000 new projects. This work requires extensive manual effort and attention to detail to ensure accuracy.

Project centered accounting links the financial system with the payroll system through what is known as *Labor Distribution*. Because of this critical link, and the County's goal to create unified and integrated countywide processes and systems, the finance and payroll system go-live dates must be strategically connected.

Project Risk Mitigation

The ABT Program completed a compressive assessment of program risks and continues to identify strategies to manage those risks. In order to reassess the ABT Program's budget and address these risks, the ABT Program established a new ABT Program baseline from projections used in the December 2010 quarterly report, identified additional costs to complete implementation work, including appropriate staffing levels based on the new scope and schedule, and estimated program close-out costs. The plan has been reviewed by our independent consultant, Pacific Consulting Group, Inc. (PCG) and the Office of Performance, Strategy and Budget (OPSB).

The following are the risk analysis and mitigation strategies for the three primary areas:

- Resources
 - ABT Program identified critical positions and developed backup replacement strategies
- Scope Control and Decision Making
 - ABT Management Team approved scope
 - Change requests managed by ABT Program change control process
 - Experienced project management team elevating issues quickly
 - Side System Management

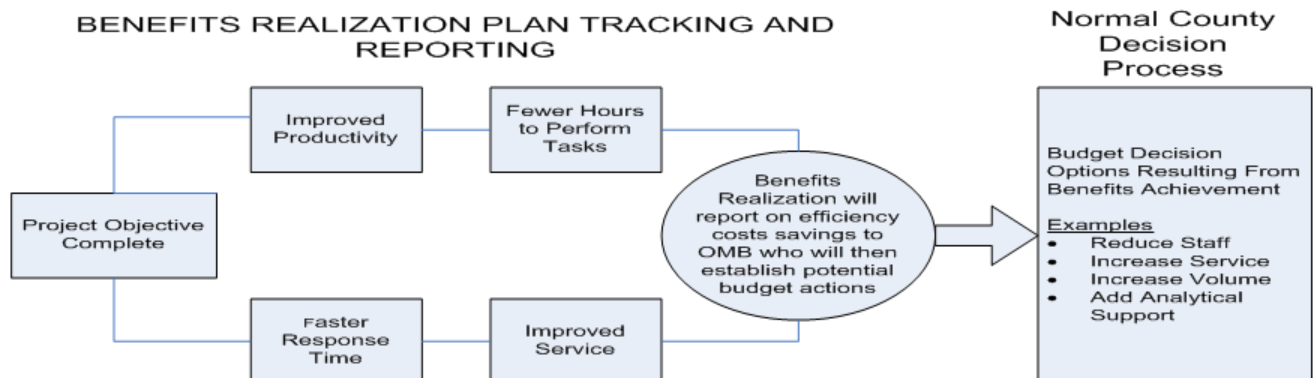
- Cutover and Post – Implementation
 - ABT Program working with Department of Executive Services (DES) and Office of Information Resource Management (OIRM) to identify resources to address cutover issues and manage expectations
 - ABT Program will develop detailed cutover plans
 - ABT Program will develop detailed post implementation support strategies and plans

Benefits Realization

The ABT Program's Benefits Realization work provides a structured and managed approach to support the delivery of benefits from the program investment. A Benefits Realization Plan (BRP) was released in April 2010 and provides the framework and structure for this ongoing activity by the ABT Program. An annual Benefits Realization Report, which details the ongoing work, is shared with the King County Executive Office and County Council.

The continued benefits measurement work includes an ongoing monitoring and evaluation of the activities, outcomes and benefits that lead to the achievement of established ABT Program benefits goals and objectives.

The illustration below is the Benefits Realization tracking and reporting process which shares cost savings with OPSB that may impact budget decisions:



The timeframe for the various Benefits Realization work is shown below.

Timeframe	2009-2012	2009-2013	2009-2015	Indefinite
Program Phase	Implement Projects	Program Support	Delivery of Cost Savings	Sustainability of Benefits
Outcomes and Benefits	Project Deliverables	Early Benefits and Initial Outcomes	Reduced Staff, Value Added Services	Continued Improvements
Tracking and Measurements	Project Scope Checklists	Business Process Metrics	Track Budget Decisions	Performance Measures
Measurement of reductions in staff as an indicator of efficiency benefits resulting from ABT will require ongoing monitoring to ensure that related business function service levels are maintained or improved				

ABT Program Budget

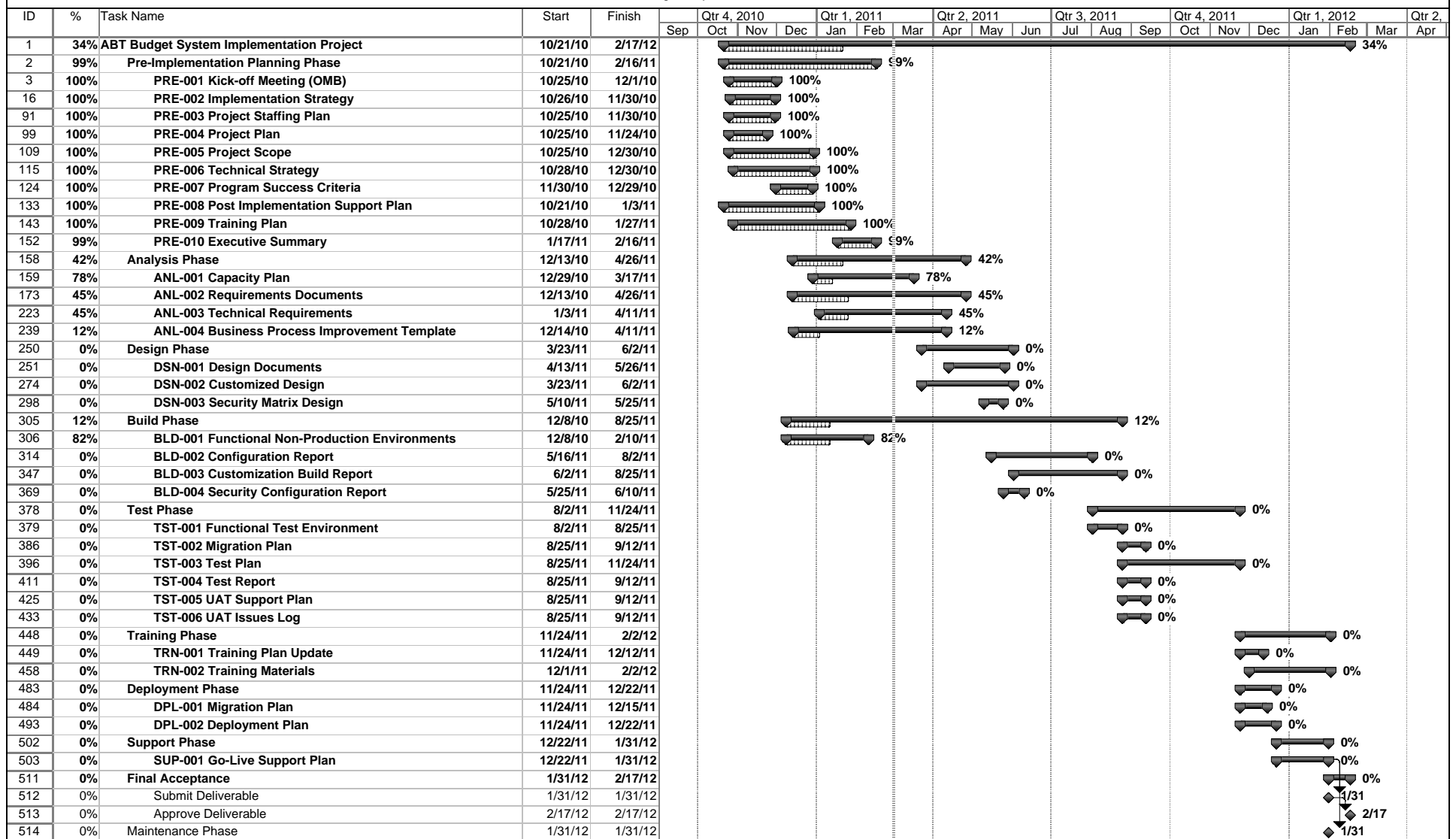
Based on a current review of all cost projections to complete the ABT Program, additional contingency funding, within the appropriated funds, is needed. The projected cost to complete all phases of the ABT Program is \$84.2 million which is \$2.4 million under the total appropriation of \$86.6 million.

The table below provides a summary of all ABT Program appropriations and the projected budget to complete the program. To date, the program is projected to have \$2.4 million remaining of the appropriated funds.

Projects	Appropriation	Revised Budget Jan 2011
Human Capital Management (HCM)	\$ 7.2	\$ 6.3
Finance (EBS)	\$24.3	\$29.0
Payroll Time and Labor (PTL)	\$14.8	\$16.6
Budget	\$ 4.3	\$ 5.7
Other*	\$35.9	\$26.6
Total	\$86.6	\$84.2

* includes original planning work, Benefits Realization, Oversight, Change Management, Communications, Side System Integration, Program Management Office, and funding for Finance and Business Operations Division and Office of Labor Relations work programs.

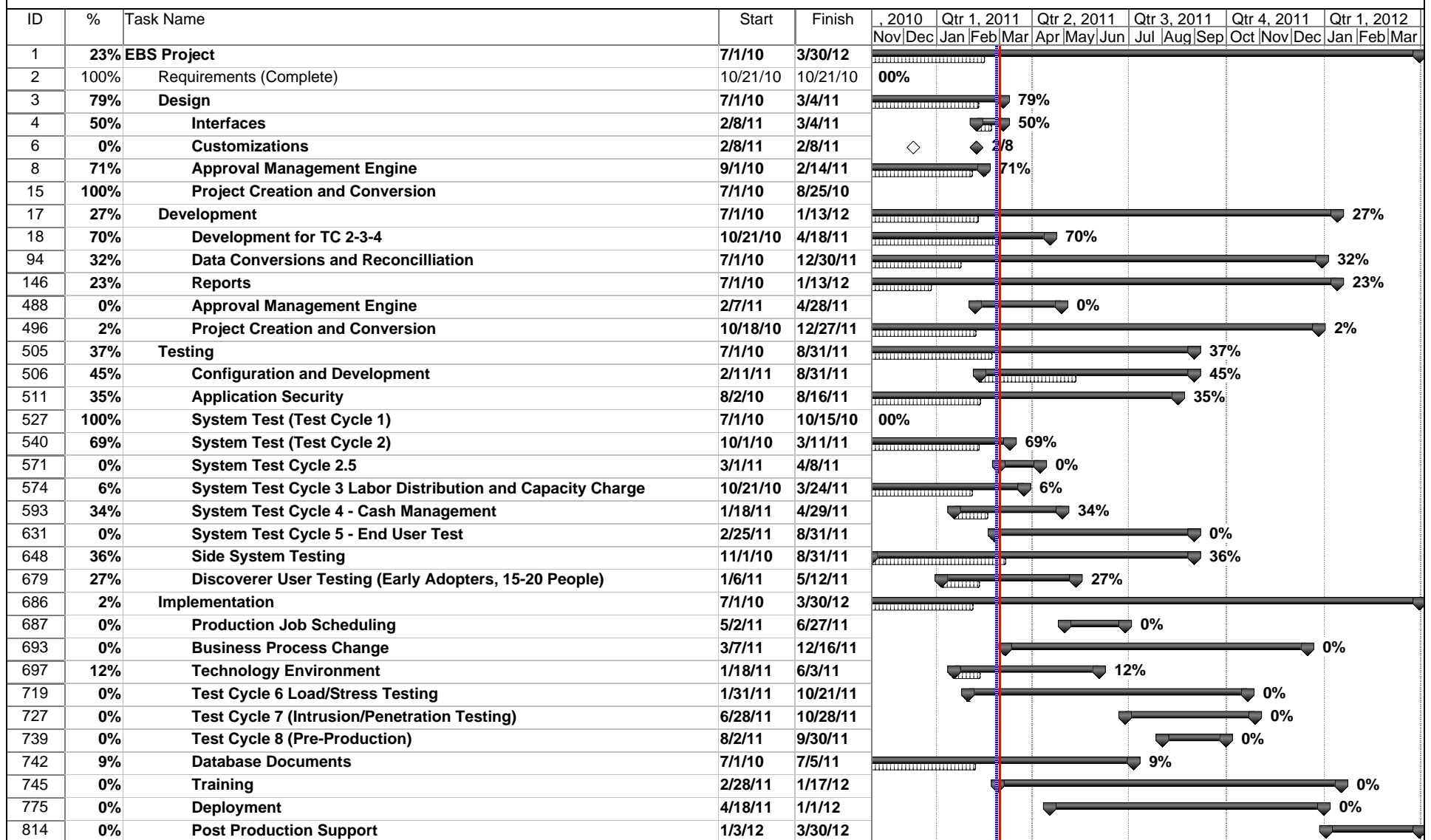
Budget Project Tier 3 Schedule



Project: MFR-EXTERNAL-005 King Co
Date: 3/1/11

Critical		Task		Baseline		Milestone	
Critical Split		Split		Baseline Split		Summary Progress	
Critical Progress		Task Progress		Baseline Milestone		Summary	

Finance Project Tier 3 Schedule



Project: EBS Project Replan with WBS
Date: 3/1/11

Critical

Critical Split

Critical Progress

Task

Split

Task Progress

Baseline

Baseline Split

Baseline Milestone

Milestone

Summary Progress

Summary

Payroll Time and Labor Project Tier 3 Schedule

ID	%	Task Name	Start	Finish	01	Qtr 4, 201	Qtr 1, 201	Qtr 2, 201	Qtr 3, 201	Qtr 4, 201	Qtr 1, 201
					e	Oct	o	e	Jan	e	Mar
1	50%	PTL Implementation Plan	9/13/10	3/29/12							
2	50%	New PTL including all work to completion	9/13/10	3/29/12							
3	50%	Modified Single Implementation	9/13/10	3/29/12							
4	100%	Work Begins	10/4/10	10/4/10	◆	10/4					
5	73%	Configuration - New and Rework (includes updating Configuration Doc)	9/13/10	5/3/11							73%
284	100%	Conversion - New and Rework	9/13/10	2/14/11							100%
485	100%	Conversion Development Complete	1/14/11	1/14/11	◇		◆	1/14			
486	12%	Conversion & Data Clean Up Coordination	1/5/11	12/29/11							12%
501	69%	Retrofit Existing PS to New EBS/PTL Environment	9/13/10	3/30/11							69%
772	84%	Customizations	10/4/10	5/11/11							84%
1225	69%	PTL Interfaces (Excludes LD)	9/13/10	3/15/11							69%
1259	91%	Labor Distribution	9/13/10	12/7/11							91%
1286	22%	Reports and Queries (excludes LD)	9/13/10	12/6/11							22%
1308	0%	Contingency Semi-Monthly Switch	3/22/11	6/15/11							0%
1313	10%	Testing	10/4/10	11/18/11							10%
1376	0%	Communication & Change Management Activity Placeholder	9/13/10	9/13/10	◆	0%					
1378	0%	Agency Coordination Placeholder	9/13/10	9/13/10	◆	0%					
1380	0%	Business Process Changes	9/13/10	8/18/11							0%
1384	0%	User Procedure/Operations Manuals - Placeholder	1/6/11	11/3/11							0%
1389	0%	Training	9/13/10	1/17/12							0%
1401	0%	Cutover Planning - Placeholder	9/13/10	9/13/10	◆	0%					
1406	0%	Transition Pay Support	11/9/11	1/5/12							0%
1411	0%	Migration to Production	9/13/10	9/13/10	◆	9/13			◇		
1413	0%	Management Review Cycle	9/13/10	3/29/12							

Project: PTL Implementation Plan 0901
Date: 3/1/11

Critical



Split



Baseline Milestone ◇

Critical Split



Task Progress



Milestone ◆

Critical Progress



Baseline



Summary Progress

Task



Baseline Split



Summary