There are four programs under the *Re-engineered Business Processes* strategy:

- Program #1: Enterprise Resource Planning (ERP)
- Program #2: Tax System Modernization (TSM)
- Program #3: Health IT (HIT)
- Program #4: Business Process Re-engineering (BPR)

The mission of these programs and initiatives is to work collaboratively with State departments and other public/private organizations to build an IT ecosystem that emphasizes local connections and benefits Hawai'i as a whole. During the past two years, OIMT has worked closely with various stakeholders to re-engineer their business processes and aid departments with their mission-critical applications.

These programs will increase business and application efficiency within the State, resulting in improved IT services as departments are able to transform themselves while transforming the State.
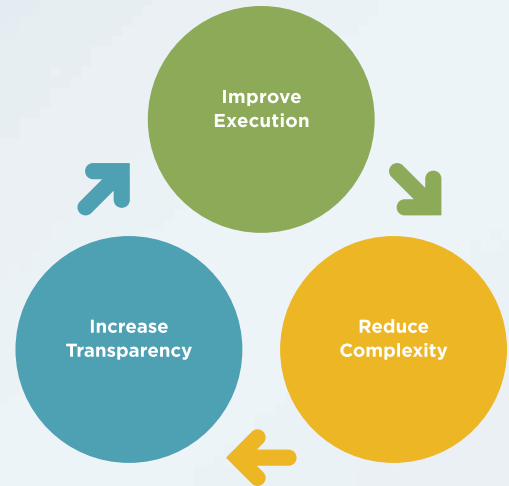
5.1 PROGRAM: ENTERPRISE RESOURCE PLANNING (ERP)

Objective: Update business applications to enable business efficiency, information analysis, and technology modernization for seven core functions.

Description: In the State of Hawai'i, several core administrative functions such as financial management, acquisition management, human resource management, and payroll are operated using a combination of manual processes and antiquated systems — some that are almost 40 years old. Additionally, the State has had a relatively low level of investment in its key systems, departments have historically operated with a high degree of de-centralization, and many employees with critical knowledge and skills are retiring.

Outdated technologies, manual processes, and de-centralized operations have led to five primary problems:

- Current technologies are antiquated, redundant, and pose significant security concerns.
- The lack of centralized and detailed data impedes the State's ability to make timely decisions.

- Departments do not have the necessary tools to efficiently perform administrative functions, which has resulted in significant levels of manual effort and the implementation of shadow systems.
- Existing solutions are not integrated, which results in duplicate data entry and manual reconciliation of data.
- The changing business needs of the State cannot be easily accommodated.

> *"It amazed me that the State had an $11 billion budget and I could not get a simple budget-to-actuals report. Implementation of the State's ERP system is a top priority of the State's Business and Information Technology Transformation Plan that will involve modernizing IT systems throughout every organization in the State."*
>
> —Kalbert Young
> Director of Budget and Finance

Solution: To address these major concerns, the State has begun the process of acquiring an Enterprise Resource Planning (ERP) solution. **An ERP solution is an enterprisewide system that integrates financial management, human resources management, grants management, asset management and inventory control, time and attendance tracking, payroll, and acquisition/procurement information.** The current effort to institute an inter-departmental solution represents tremendous collaboration among several departments and stakeholders.

The planned ERP solution will provide:
- An integrated software suite
- A foundational application architecture
- A consistent view of key enterprise financial and resource data
- Embedded "best practice" business processes
- An upgrade path for future releases

A steering committee consisting of representation across six departments provides governance and oversight to the program.

Impact to Key Stakeholders: The implementation of an ERP solution will allow the State to recognize numerous benefits including: millions of dollars in savings due to cost avoidance and significant labor redistribution; an up-to-date, detailed view of financial information across departments; higher yields on investments; and better compliance with security and privacy standards. Specifically, the ERP solution will:

- Improve employees' experience, automating manual processes such as the submission of sick and vacation leave slips, so time can be better allocated.

- Improve system stability and security and mitigate the risk of failing to perform critical business functions (e.g., process payroll).
- Improve financial reporting, data analysis, and policy making.
- Connect State operations so data can be seamlessly transmitted across departments.
- Improve efficiencies, resulting in an estimated annual savings of $14.55M.
- Eliminate 120+ systems, which is an estimated annual savings of $5.7M.

Related Projects and Initiatives:

ERP Planning Study

To determine the expected benefits, risks, and outcome of the implementation of an ERP solution, OIMT engaged Gartner to develop the following reports and assessments:
- Feasibility Study Report (FSR)
- Detailed Business and Technical Requirements
- Benchmark Assessments, including:
  - Applications and Infrastructure Cost Benchmark Assessment of the current condition of Information Technology within the State
  - Information Technology Business Effectiveness Survey
  - Skills Assessment of Information Technology Employees
- Security Assessment

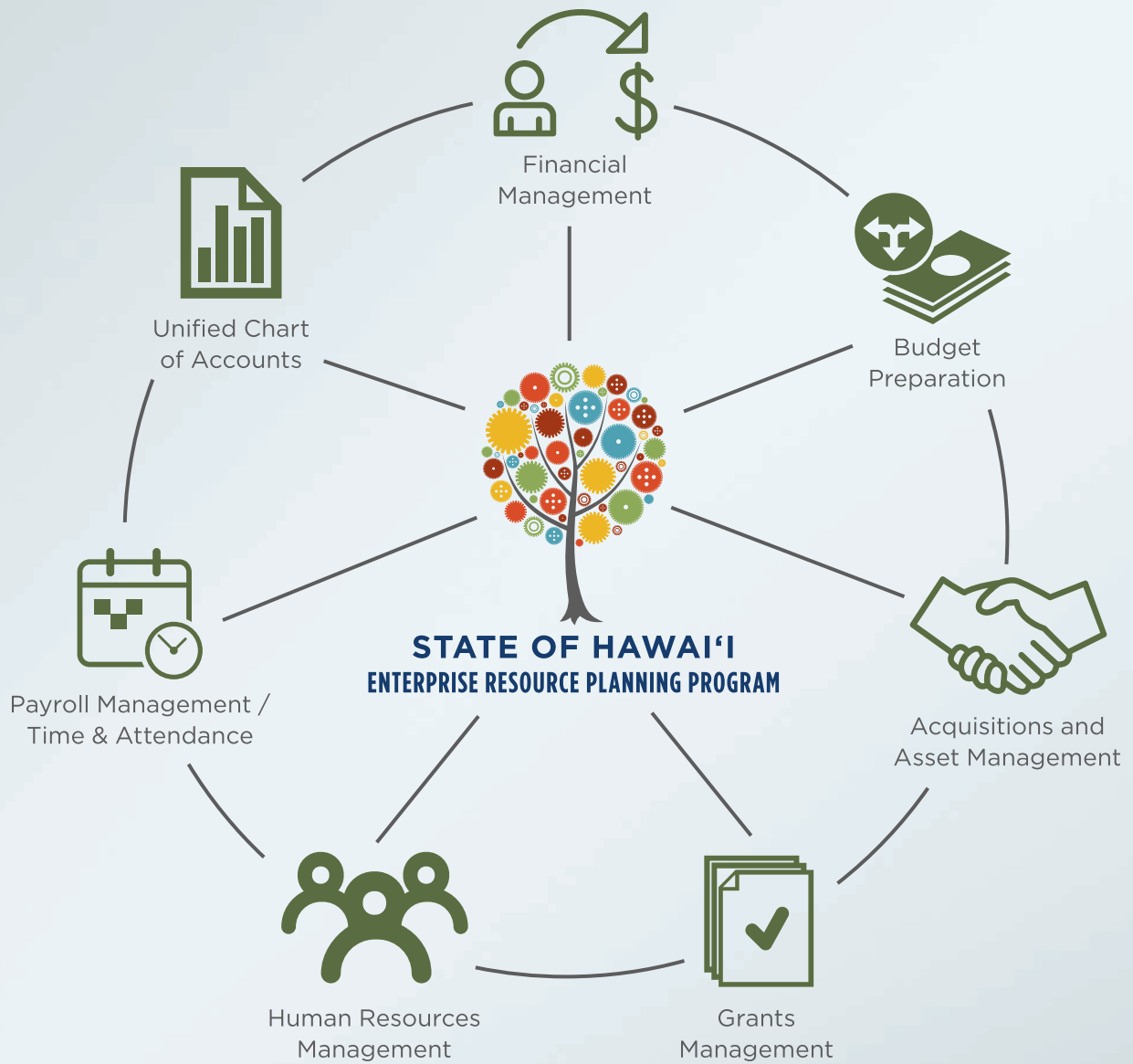It was concluded that the implementation of an ERP solution was critical to modernizing key business functions.
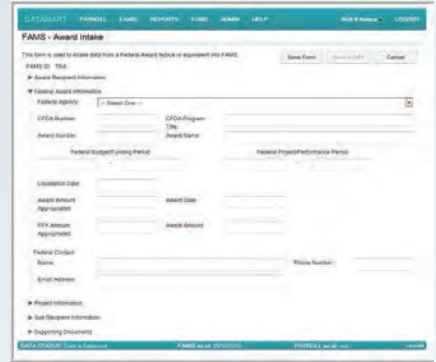
RFP for ERP Solution

At the conclusion of the Planning Study, an RFP was created and released on September 16, 2013. The purpose of the RFP is to allow the State to identify and engage an ERP solution contractor to provide an ERP solution.

"I've been very impressed with OIMT's coordination of the ERP process. I think their approach has been very well thought out and the planning stages have been laid out well. They're also making a point to include staff in the field, not just steering committee members, in the process."

—Maria Zielinski
Deputy Comptroller, Department of Accounting
and General Services (DAGS)

Financial
Management

Budget
Preparation

Unified Chart
of Accounts

STATE OF HAWAI'I
ENTERPRISE RESOURCE PLANNING PROGRAM

Acquisitions and
Asset Management

Payroll Management /
Time & Attendance

Human Resources
Management

Grants
Management

Uniform Chart of Accounts

The Department of Accounting and General Services (DAGS), Budget and Finance (B&F), and OIMT are partnering on an effort to standardize and update a statewide uniform chart of accounts (i.e., accounting codes and structure). Currently, each department maintains a separate system.

Interim Grants Solution (iFAMS)

The interim Federal Award Management System (iFAMS) will provide an immediate solution to improve the State's ability to manage and consistently report on federal awards. This project will put in place the policies, tools, and techniques to enable stakeholders and their staff to track, maintain, and inquire on all aspects of the grants process within the constraints of the current accounting structure. By involving grants managers, iFAMS will be an early demonstration of inter-department collaboration, a key feature of the ERP solution.

Interim Budget Solution (IBS)

B&F, Department of Human Services (DHS), and OIMT have partnered to develop an Interim Budget Solution (IBS). The solution will involve a Web-based interface for the preparation, review, and approval of operating budget requests, and will generally mimic and improve the current process. The current budget preparation process includes, but is not limited to: Form A — Operating Budget Request; and Form B — Department Summary of Operating Budget Adjustment Request.

Department of Labor and Industrial Relations (DLIR) System Stabilization

The ERP Team is supporting DLIR Disability Compensation Division in an effort to stabilize legacy systems. The Special Compensation Fund process relies on applications that run on hardware and software that are no longer supported by vendors. Migrating these systems to stable platforms will enable department staff to work on ERP activities.

Interim Asset Solution

Under SB 722, SD 2, HD 1, CD 1 (2013), the Department of Accounting and General Services (DAGS) is required to coordinate an inventory of public buildings, facilities, and sites on public trust lands. It also requires State agencies to provide inventory information by December 1, 2013. DAGS and OIMT will develop an interim asset management system in order to comply with the Senate bill, but the objective is to develop a comprehensive and dynamic Asset Management solution that could be incorporated as part of the Enterprise Resource Planning system.

ERP Architecture

OIMT is leading an effort to establish the technology architecture necessary to support the ERP initiative.

ERP Program Management

A cross-departmental program management office has been established with several subject matter experts (SMEs) detailed to OIMT to guide the effort.

ERP Acquisition Support

OIMT, the State Procurement Office (SPO), and several other departments are collaborating to provide oversight to the procurement of an ERP solution.