STATE OF VERMONT

AGENCY OF DIGITAL SERVICES

Independent Review

Enterprise Resource Planning (ERP) System Implementation for the

Agency of Administration

FINAL

Submitted to the

State of Vermont, Office of the CIO By:

Plante Moran

3000 Town Center, Suite 100,

Southfield, MI 48075

Date: 04/09/2024

Contents

1. Executive Summary 3
2. Scope of this Independent Review 15
3. Sources of Information 15
4. Project Information 21
5. Acquisition Cost Assessment 28
6. Technology Architecture and Standards Review 28
7. Assessment of Implementation Plan 32
8. Cost Analysis and Model for Benefit Analysis 34
9. Analysis of Alternatives 37
10. Impact Analysis on Net Operating Costs 39
11. Security Assessment 39
12. Risk Assessment & Risk Register 41

Attachment 1 - Lifecycle Cost Benefit Analysis 42

Attachment 2 - Risk Register 43

Attachment 3 - Cost Summary 52

Appendix A – Contract Risk and Issues 64

1. Executive Summary

Provide an introduction that includes a brief overview of the technology project and selected vendor(s) as well as any significant findings or conclusions. Ensure any significant findings or conclusions are supported by data in the report.

The State of Vermont has retained Plante Moran, PLLC (Plante Moran) to provide the Secretary of Agency of Digital Services (ADS) a complex independent review of the Agency of Administration's Enterprise Resource Planning (ERP) System Implementation Project, as required by the Vermont Statute, Title 3, Chapter 056, §3303(d) for all Information Technology activities over $1,000,000. The Plante Moran team focused on the following as part of the requirements and capabilities review:

- Acquisition & lifecycle costs
- Network capabilities and anticipated impact
- Technology, program, and business management risks, typically found in large technology implementations, including conversion and integration strategies, staffing, testing, training, and systems and data security.

The Plante Moran team initiated the Independent Review with a kickoff meeting on January 17, 2024. A review of all pertinent materials, contracts, SOW's, project work plans, and other documentation was completed. Interviews with staff and contractors were also conducted to understand the ERP project and proposed work being reviewed as well as identify risks.

While conducting the Independent Review, Plane Moran identified risk, ranked the risks, and added a likelihood of occurrence. These risks are listed in summary form in **Section 1.3**, and in detail in **Attachment 2 – Risk Register**. The details of this work are included in the body of this report.

1.1 Cost Summary

The cost summary is based on the contract from Workday updated in Amendment 3 and the initial costs from [redacted] project management for Berry Dunn, other consulting services, and ADS costs necessary to implement the new Workday system across the state.

The current operating costs are based on the costs to maintain Peoplesoft and other systems like FARS and STARS. The details related to these costs are also available in **Attachment 3 – Cost Summary**.

IT Activity Lifecycle:	10 years, starting with 2022 through 2031.
Total Lifecycle Costs:	$87,629,765
Total Implementation Costs:	$52,557,677
New Annual Operating Costs:	$4,983,924
Current Annual Operating Costs:	$4,012,126
Difference Between Current and New Operating Costs:	$971,798

		Appropriation A - ARPA-CSFR Fund to AoA, changed to GF in 2021	Appropriation B - Technology Modernization Special Fund
Funding Source(s) and Percentage Breakdown if Multiple Sources:	Funds Appropriated	$ 12,800,000.00	$ 11,800,000.00
	Estimated Costs	$ 28,701,612.74	$ 23,856,064.34
	Budget Shortfall Subtotals	**$ (15,901,612.74)**	**$ (12,056,064.34)**
	Budget Shortfall Total	**$ (27,957,677.08)**	

1.2 Disposition of Independent Review Deliverables

Deliverable	Highlights from the Review *Include explanations of any significant concerns*
Acquisition Cost Assessment	Based on Plante Moran's research and assessment of acquisition cost, the State appears to be paying comparable costs to other ERP implementation services in the market. Our cost analysis shows the average prices that were proposed to the state and how the System implementers price was in alignment with the competitors. See **Attachment 3 – Cost Summary**.
Technology Architecture Review	Plante Moran understands the implementation of Workday, a cloud-based SaaS system. From a technology perspective, the Workday application will replace many of the current technologies in place today and will require staff to become familiar with the new software. As the state moves through the implementation, a succession plan should be established to support the transition from the older technologies to supporting Workday. The systems slated to be replaced by the Workday system include: PeopleSoft HCM v9.1 (Human Capital Management) system, known as VTHR. CornerStone on Demand Learning Management (LMS) - intends to build an integration between CornerStone and Workday initially, with the goal of retiring the CornerStone system and adopting like-functionality in Workday in a future phase independent of the current SI project phases. SAP Success Factors for Talent Acquisition Management - intends to build an integration between Success Factors and Workday initially, with the goal of retiring the Success Factors system and adopting like-functionality in Workday in a future phase independent of the current SI project phases. Oracle PeopleSoft Financials v9.2 (referred to locally as VISION). ~~Statewide Budgeting System (CGI PB Advantage version 3.09).~~

Deliverable	Highlights from the Review *Include explanations of any significant concerns*
	Vermont Department of Labor FARS system Agency of Transportation STARS system
Implementation Plan Assessment	At the time of writing this report, the schedule to implement Workday was not complete. We understand the phases of the project to be as follows: HCM to replace VTHR, including people analytics Planning to replace CGI PB Advantage Financial to replace VISION, STARS and FARS Plante Moran identified several risk areas within the implementation plan and schedule. The [redacted] phase should focus on the FDM development early use the time between HCM and Financial to prepare the agencies to replace FARS and STARS, and focus on the change management processes that will be necessary to successfully deploy the overall solution. This will include having integrations well defined as to what is interim and what will ultimately be replaced. It is recommended that the time before the Financial implementation be used to perform readiness activities for the Financial deployment across the agencies, including the full build-out of the new Chart of Accounts or Foundation Data Model.
Cost Analysis and Model for Benefit Analysis Note: this must be included for the State to accept the report.	The cost analysis and model have been provided in detail in **Attachment 3 – Cost Summary** and **Attachment 1 – Life Cycle Cost Benefit Analysis.** These costs do the full cost over the 10-year period from 2022 through 2031.
Impact Analysis on Net Operating Costs	While the State will have immediate and increased annual operating costs, these costs will reduce the need for other IT spending over the next ten years. This includes IT hardware and software refreshes and updates for the current systems. These costs will easily absorb the slight increase in costs of moving to Workday. Specifically, the costs provided do not include costs for two agency systems, the Department of Labor's FARS system, and the Department of Transportation's STARS system. The costs to maintain these systems have not been included in the costs overall since these systems are at the end of life and the maintenance is performed by the State. With these systems at the end of life, their replacement is imminent and would require replacement within the next 10 years. These systems are currently expected to be replaced within the Workday implementation. If the Workday implementation did not include these systems, the cost to replace them individually would

Deliverable	Highlights from the Review *Include explanations of any significant concerns*
	range from $25 to $30 million each, based on other large systems deployed in state departments of transportation and labor.
Analysis of Alternatives	The State could have upgraded the current Oracle system, gone out for an RFP to select the system, or used the NASPO contract to select the software and system implementer. There are only a few software platforms and system implementers in the marketplace that typically are used in States for their ERPs. This includes: Workday Oracle CGI Infor SAP The state chose the software that best served the state for their requirements using NASPO, which was a cost effective and prudent method to select software. Using the competitive bid and proposal evaluation process was a sound approach to understanding the State's options for implementing a case and financial management system for similar ERP implementations.
Security Assessment	Plante Moran identified several risk areas that may impact the management and operation of security. Examples of these areas include security gaps between Workday and SOV applications and systems, staff resource support, and security design and configuration. Exposure to these areas could lead to data loss, system interruption, or unauthorized access to sensitive information.

1.3 Identified High Impact &/or High Likelihood of Occurrence Risks

The table below identifies the risks identified during the assessment for the States' consideration. The risk and issue log is also included in the report in **Attachment 2 - Risk Register**.

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
1	Plante Moran's review of the [redacted] Contract identified risks, issues, and gaps. The intent of this review was to provide some guidance and considerations for the State to consider while completing the	The State will review the contract feedback and incorporate/negotiate changes as appropriate.	State mitigation is acceptable.

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
	contract negotiations. See **Appendix A – Contract Issue and Risk Review.**		
2	Inefficient internal processes can impact analysis of current state and misalign design of future state.	The State will be contracting with a third party vendor to provide Business Process Transformation services which will assess the current state and document/align the future state for Workday implementation. The State recognizes and accepts that the BPT contract may run concurrently with the implementation contract.	State mitigation is acceptable. PM suggests additional consideration for coordinating the two work efforts to avoid potential conflicts or delays. A clear plan for timeline coordination should be established to ensure that both contracts align effectively.
3	Limited SOV resources, staff availability, perceived resistance, and low user participation in the early stages of the ERP project are causing concerns for business transformation.	1. The State is implementing a change management team to develop and implement the change management strategy and plan for the project. The creation of a change agent network will assist in bringing additional staff into the project and getting them excited about the project. 2. The business process transformation effort will engage additional staff from across the State. 3. The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan. 4. The State has developed a resource management plan and identified resource gaps and constraints for implementation. The State is continuing to identify strategies for mitigating the resource constraints. The Legislature approved the creation of three limited-service positions for backfilling to allow for project work Phase 1.	State mitigation is acceptable. PM suggests establishing a change committee (Agency/Dept leads) up front of the ERP/BPT work efforts. Overall, having a change committee dedicated to overseeing the OCM activities supporting the ERP implementation can enhance project governance, mitigate risks, facilitate effective change management, and ensure that the organization realizes the full potential of its investment in the ERP system.
4	Lack of standard security model or active security monitoring for the two PeopleSoft versions. The state's Cloud-first approach relies on identity, network, systems,	The State does have a standard security model and security monitoring that will be adhered to for this project. The ADS Security Lead will work with the Implementation	State mitigation is acceptable.

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
	and device security, but is reactive.	Vendor to ensure modern standards are adhered to.	
5	State systems use multiple accounts for authentication in a multi-domain environment, specifically, Identity and Access Management (IAM) needs improvement and Multi Factor Authentication is not utilized.	The State agrees with this risk and that IAM will be in place for the Workday platform.	State mitigation is acceptable.
6	[redacted] s proposed ERP project phasing for HCM, Adaptive Planning and Finance may have integration misalignment gaps and access issues with legacy systems. HCM will be live two years before Finance.	The State agrees that this is a risk, but the inclusion of both HCM and Finance in the scope provides consistency and oversight of integrations to legacy systems.	State mitigation is acceptable.
7	Cost allocation was not included in the [redacted] contract. This module is required overall and specifically will need to be standardized across the state agencies/departments.	The State is requesting that [redacted] include Allocation in the scope of work.	State mitigation is acceptable.
8	Reporting tools for generating ACFR, SEFA, and Budget Book are currently inefficient, with multiple systems and paper-based methods in use.	The Workday platform will not be creating the reports listed and are not in scope of the implementation. These products are outside of the scope of the current project. The State has the lead resource of the ACFR report as part of the project and will look for ways to become more efficient in the creation of the reports.	State mitigation is acceptable. An additional consideration is for the State lead resource for the ACFR report to be involved from a data perspective to ensure that the right data

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
			is captured for future reports.
9	The remediation strategy for legacy systems and security with the implementation of the Workday ERP initiative is unclear. While Oracle's extended support provides comfort, it's expensive at over $10M per year.	The State accepts the risk that extended support is necessary for the Peoplesoft platform to continue operations. The State accepts that the legacy system will need to run in parallel during implementation and that there is a cost associated with supporting the legacy system.	State mitigation is acceptable.
10	DHR team is facing challenges with staffing and skill sets. Two tech resources with significant skills are no longer there, causing a knowledge gap. High volume of vacancies and retirements will impact available resources for the ERP initiative.	The State has developed a resource management plan and identified gaps and resources who will be overallocated during the project. The State is taking steps to backfill day to day operations and ensuring the appropriate subject matter experts are assigned to correct area for the project implementation. The Legislature approved the creation of three limited-service positions for backfilling to allow for project work Phase 1.	State mitigation is acceptable. An additional consideration is for the State to re-visit the resource management plan consistently and proactively address any resource constraints.
11	Lack of understanding and experience with concept of SaaS solutions.	The State is implementing a change management team that will be responsible for assisting with early adoption, awareness, training, and knowledge transfer.	State mitigation is acceptable.
12	Stakeholders need more exposure to Workday. Staff lack knowledge to confirm assumptions. There are finance knowledge gaps and lack of familiarity with translating organizational structure.	The State is implementing a change management team that will be responsible for assisting with early adoption, awareness, training, and knowledge transfer. The stakeholders that have been assigned to the various workgroups for implementation, they will be required to go through the basic Workday training modules.	State mitigation is acceptable.
13	The project schedule presents risk due to constraints at competing activities during the implementation period.	The State intends to bring in additional State Agency/Department staff to be utilized to fill gaps or alleviate over allocated resources and competing priorities.	State mitigation is acceptable.
14	A third party is developing an Affordable Care Act report in December. This is not documented on the integration list or in the ERP implementation timeline.	The State will request [redacted] incorporate this integration/report functionality into the scope of work. The State is aware of the 3rd party integration with the ACA third party vendor. Any additional integrations with [redacted] will need to be negotiated.	State mitigation is acceptable.

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
15	Most agencies use data extracts from other systems rather than one source, specifically, DHR retrofits to the integrations to report to the IRS with Oracle data.	The State will work with agencies to identify reporting requirements that could be implemented into Workday. State staff will be trained in report writing so they can create their own reports.	State mitigation is acceptable.
16	DHR has a reporting gap regarding staff with two jobs and a blended rate, but no critical compliance issues.	The State recognizes this as a risk and will be a problem that needs to be addressed in the new solution and will work with the implementation vendor to address the risk.	State mitigation is acceptable.
17	Grant management is currently administered manually. Time is spent with manual handoffs, manually entering transactions, expenses, aggregating data, and reconciling accounts. With exposure to manual errors.	The Business Process Transformation contract will include working with all Agencies and/or Departments who have currently approved cost allocation plans with Federal Partners. Prior to Phase II implementation, including Workday Grants Management, the business process analysis work will be completed to ensure that varied requirements and complexities related to different funding streams can be effectively adapted to the new statewide platform.	State mitigation is acceptable. Background on this risk: **Interview with DHR:** Grant tracking is new and managed at a summary level. Details needed for reporting are not currently tracked. **Interview with the DOT:** Grants are stored in a contract tracking system, and tables are maintained in STARS. When grant payments are made in STARS, the contract admin must also manually enter them in VISION PeopleSoft. **Interview with VDOL:** FARS is used to reconcile Federal government grants. Its main purpose is to manage grants with efficiency and accuracy. If FARS is no longer in use, then this entire process will need to be migrated to the new ERP system. The high-level process for VDOL begins with the receipt of a pool of money from the Federal government or other

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
			sources. Then, a four-digit project code is created to account for the money in FARS from start to finish. A running ledger is maintained to track the pool of money, which then allows a budget to be established. In addition, Formula Funds, which are pools of money given yearly by Congress based on different criteria, also need to be managed and tracked in FARS. **Interview with ADS CFO:** Currently, this agency does not work with too many grants, but grant money is received from the Federal government. Because of how ADS tracks expenditures, which are tracked via projects, it is not established today to have truly comprehensive grant reporting available to them. Some tracking is done via HCM, some in VISION, and some through finance. Their agencies do not issue grants, but they are having discussions about granting more.
18	There isn't an executive sponsorship in representation from FARS and STARS in the Executive Steering Committee.	The State has determined that representation from VDOL and AOT will be present at the Program Leadership Team level and the day-to-day project activities.	State mitigation is acceptable.
19	Resource availability and constraints impacting ERP implementation timeline are due to budget planning and	The State plans to allocate resources via the Resource Management Plan. The resource plan has identified the specific resources for each functional area and identified the gaps.	State mitigation is acceptable.

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
	development, open enrollment, and ACFR preparation and reporting.	The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan.	
20	PRISM being considered for housing legacy data, this will need its own buildout. The implementation of PRISM may impact the Workday ERP timeline, as SOV resources will need to own the buildout of legacy data needed in PRISM.	The State plans to allocate resources via the Resource Management Plan. The resource plan has identified the specific resources for each functional area and identified the gaps. The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan. This work will be added to the overall Implementation Master Schedule.	State mitigation is acceptable.
21	There is a notable lack of awareness amongst ERP stakeholders about the benefits of a consistent FDM. Currently the usage of COA across different agencies varies.	The State agrees that we will attempt to include a full FDM during the first phase, but there should be no change to the contract.	State mitigation is acceptable.
22	The ERP Project Lead Team (PLT) confirmed they would be serving as the escalation path to the ESC. BerryDunn will be managing the day-to-day project activities and oversight of [redacted] Vendor management governance will be critical, specifically around deliverables, and establishing clear roles and responsibilities.	The EPMO will work alongside the ADS business office to ensure the State has an enterprise approach to vendor management that will include contract management, financial management, performance and risk management and relationship management. The State will provide governance and processes to oversee and manage vendors throughout the project lifecycle.	State mitigation is acceptable.
23	Key staff are over-allocated in the ERP project. These staff are responsible for decision making, design, conversion validation, testing, training, and support. This will contribute to the concern of employee burnout.	The State plans to allocate resources via the Resource Management Plan. The resource plan has identified the specific resources for each functional area and identified the gaps. The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan.	State mitigation is acceptable.

Risk #	Risk Description	State's Planned Risk Response	Reviewer's Assessment of Planned Response
24	The current talent acquisition practices are manual and are administered outside of SOV's current VTHR system.	Replacement of Talent acquisition (SuccessFactors) is not in scope for the Workday implementation. Replacement of the current Talent acquisition platform will be considered as a potential future phase.	State mitigation is acceptable.
25	Staff lack the required basic awareness transiting mindset from Transcode Activity to Debits and Credits.	The State will add this training item to the change management team's scope.	State mitigation is acceptable. **Note for the source of risk.** During the interview with the Agency of Transportation team, this risk was raised regarding basic education needed around what a debit is and what a credit is as the current understanding is using Transcodes which drive the debits and credits in the current system.
26	To ensure seamless integration of non-Workday systems with Workday FDM, data normalization, standardization, and cleansing are imperative.	The State agrees that we will attempt to include a full FDM during the first phase, but there should be no change to the contract. This work will include a data normalization, standardization, and cleansing activities.	State mitigation is acceptable.
27	Managing legacy data and defining use cases for PRISM analytics can unlock valuable insights and drive better decision-making across the organization.	The State has scoped use cases for PRISM in the contract. In addition to PRISM Analytics, the State will be using the Enterprise Data Warehouse to house and present legacy data.	State mitigation is acceptable.
28	Effective security protocols are crucial for proper data access and segregation of duties. Overlooking these complexities can cause serious security concerns.	The State's security lead will lead the effort in developing and reviewing roles and assignments in the Workday platform.	State mitigation is acceptable.

1.4 Other Key Issues

Recap any key issues or concerns identified in the body of the report.

Plante Moran has identified specific contract risks and issues that the State should address as it completes the contract negotiations with [redacted] We have included the contract review and findings in Appendix A - Contract Risk and Issues in the main report deliverable and separately delivered them to EPMO.

1.5 Recommendation

Provide your independent review recommendation on whether to proceed with this technology project and vendor(s).

Plante Moran is recommending a go-forward decision regarding the Workday ERP implementation and utilizing [redacted] as the system implementor. The risks, issues, and concerns identified in Section 1.3 and further defined in this document are those that would need to be understood and a mitigation plan defined early in the project readiness and throughout the project as either continued risks being monitored or issues to resolve.

1.6 Independent Reviewer Certification

I certify that this Independent Review Report is an independent and unbiased assessment of the proposed solution's acquisition costs, technical architecture, implementation plan, cost-benefit analysis, and impact on net operating costs, based on the information made available to me by the State.

Independent Reviewer Signature **Date**

1.7 Report Acceptance

The electronic signatures below represent the acceptance of this document as the final completed Independent Review Report.

ADS Oversight Project Manager **Date**

State of Vermont Chief Information Officer **Date**

2. Scope of this Independent Review

Add or change this section as applicable.

2.1 In-Scope

The scope of this document is fulfilling the requirements of Vermont Statute, Title 3, Chapter 056, §3303(d):

1) The Agency shall obtain independent expert review of any new information technology projects with a total cost of $1,000,000.00 or greater or when required by the Chief Information Officer.

2) The independent review shall include:

   a. an acquisition cost assessment,

   b. a technology architecture and standards review,

   c. an implementation plan assessment,

   d. a cost analysis and a model for benefit analysis,

   e. an analysis of alternatives,

   f. an impact analysis on net operating costs for the agency carrying out the activity, and

   g. a security assessment.

To achieve the State's objectives and adhere to the State's Enterprise Architecture Guiding Principles with the ERP Implementation, Plante Moran conducted a broad and comprehensive review of the IT Architecture and Standards to identify gaps and develop recommendations that not only address the State's objectives but also provide a model for long-term sustainability.

2.2 Out-of-Scope

If applicable, describe any limits of this review and any area of the project or proposal that you did not review.

Plante Moran only reviewed the materials that were provided.

3. Sources of Information

3.1 Independent Review Participants

List the individuals that participated in this Independent Review.

Plante Moran provided an initial listing of desired interviewees needed for the review and developed specific relevant interview questions to facilitate the interviews with the State's selected key staff. This section of the report will document the resources we interviewed and the materials we were provided and reviewed before and during the interviews. During the interview process, acquisition costs were discussed and validated.

Name	Employer and Title	Participation Topic(s)
Robin Milne	Plante Moran, Principal Managing Consultant	Interviewer, Advisor and Project Manager
Kyle Macyda	Plante Moran, Principal Managing Consultant	Interviewer, Advisor for Technology, Infrastructure

Name	Employer and Title	Participation Topic(s)
Furney Brown	Plante Moran, Principal Cybersecurity	Interviewer, Advisor for Technology and Security
Stef Stephenson	Plante Moran, Senior Manager	Interviewer, Advisor Change Management Consultant
Marsha Duncan	Plante Moran, Consultant	Interviewer, Advisor Consultant
Alex Ibey	State of Vermont, State EPMO Portfolio Manager	Interview with ERP Project Lead Team (1/26/2024) Interview with EPMO (2/1/2024)
Denise Reilly-Hughes	State of Vermont, Secretary & State Chief Information Officer	Interview with Executive Sponsor for the Administration of Digital Services (1/22/24)
Kevin Viani	State of Vermont, IT Director for AOA, AOCD, DFR and DLL	Interview Intro session (1/17/2024) Interview with the Project Lead Team (1/26/2024)
John Hunt	State of Vermont, State Enterprise Architect	Interview Intro session (1/17/2024)
Trudy Marineau	State of Vermont, ERP IT Support	Interview Intro session (1/17/2024)
David Kaiser	State of Vermont, Acting SCIO	Interview Intro session (1/17/2024)
Joseph Thetford	State of Vermont, Information Security Analyst	Interview Intro session (1/17/2024)
Jude McGlynn	State of Vermont, Cyber Security Analyst	Interview Intro session (1/17/2024)
Shelly Morton	State of Vermont, Labor Relations Manager	Interview with Department of Human Resources (1/23/24)
Krystal Sewell	State of Vermont, Reporting Team Lead	Interview with Department of Human Resources (1/23/24)
Melissa Butryman	State of Vermont, Director of VTHR Operations	Interview with Department of Human Resources (1/23/24) Interview with the Project Lead Team (1/26/2024)
Margaret Loftus	State of Vermont, Human Resource Manager	Interview with Department of Human Resources (1/23/24)
Chris McConnell	State of Vermont, Director of Field Operations	Interview with Department of Human Resources (1/23/24)
Keri Toolan	State of Vermont, Business Application Support Manager	Interview with Department of Human Resources (1/23/24)
Joanne Cyr	State of Vermont, Payroll Specialist	Interview with Department of Human Resources (1/23/24)
John Berard	State of Vermont, Director of Labor Relations	Interview with Department of Human Resources (1/23/24)

Name	Employer and Title	Participation Topic(s)
Harold Schwartz	State of Vermont, Director of Operations	Interview with Department of Human Resources (1/23/24)
Doug Pine	State of Vermont, Director of Talent acquisition and Compensation	Interview with Department of Human Resources (1/23/24)
Sarah Clark	State of Vermont, Deputy Secretary of the Agency of Administration	Interview with Sarah Clark, AoA Deputy Secretary (1/26/2024)
Hardy Merrill	State of Vermont, Deputy Commissioner of Finance & Budget	Interview with the Project Lead Team (1/26/2024) Interview with Department of Finance and Management (1/31/2024)
Beth Fastiggi	State of Vermont, Commissioner of Human Resources	Interview with Beth Fastiggi, Commissioner of Human Resources (1/29/2024)
Chris MacRitchie	State of Vermont, Financial Director	Interview with Agency of Transportation – STARS (1/30/2024)
Lisa Bova	State of Vermont, AOT Special Projects Manager	Interview with Agency of Transportation – STARS (1/30/2024)
Carma Flowers	State of Vermont, Financial Director	Interview with Agency of Transportation – STARS (1/30/2024)
Jayna Morse	State of Vermont, Division Director	Interview with Agency of Transportation – STARS (1/30/2024)
Chad Wawrzyniak	State of Vermont, CFO Department of Labor	Interview with VDOL CFO (1/31/2024)
Michelle White	State of Vermont, Assistant Director of Statewide Reporting	Interview with Department of Finance and Management (1/31/2024)
Jamie Sheltra	State of Vermont, VISION Support Manager	Interview with Department of Finance and Management (1/31/2024)
Joe Harris	State of Vermont, Director of Statewide Accounting	Interview with Department of Finance and Management (1/31/2024)
Aaron Brodeur	State of Vermont, Director of Budget & Management Operations	Interview with Department of Finance and Management (1/31/2024)
Eric Hoefel	State of Vermont, Change Management Specialist	Interview with Department of Finance and Management (1/31/2024)
John Becker	State of Vermont, Director of Statewide Reporting	Interview with Department of Finance and Management (1/31/2024)
Jordan Black-Deegan	State of Vermont, Statewide Grant Administrator	Interview with Department of Finance and Management (1/31/2024)
Seth Hedstrom	BerryDunn, Principal	Interview with BerryDunn (2/1/2024)
Ian Biggers	BerryDunn, Manager	Interview with BerryDunn (2/1/2024)

Name	Employer and Title	Participation Topic(s)
Brianna Padron	BerryDunn, Consultant	Interview with BerryDunn (2/1/2024)
Stacy Gibson-Grandfield	State of Vermont, Director EPMO	Interview with EPMO (2/1/2024)
Adam Greshin	State of Vermont, Commissioner of Finance Management	Interview with Adam Greshin, Commissioner of Finance Management (2/1/2024)
Nini Donovan	[redacted] Northeast and ERP Engagement Partner	Interview with [redacted] (2/5/2024)
Chad Rorden	[redacted] Director Workday	Interview with [redacted] (2/5/2024)
Hunter Richard	[redacted] Director, PMO for Statewide	Interview with [redacted] (2/5/2024)
Misti Tarwater	[redacted] Financial and Adaptive Lead/Functional Advisor	Interview with [redacted] (2/5/2024)
Max Rapoport	[redacted] Technical Architect	Interview with [redacted] (2/5/2024)
Trent Jacobson	[redacted] Director	Interview with [redacted] (2/5/2024)
Bethany Gabb	[redacted] HCM Functional Lead/Advisor	Interview with [redacted] (2/5/2024)
Kate Slocum	State of Vermont, ADS CFO	Interview with Department of Digital Services, CFO (2/28/2024)
Emily Mascitti	State of Vermont, ADS Deputy CFO	Interview with Department of Digital Services, CFO (2/28/2024)

3.2 Independent Review Documentation

Complete the chart below to list the documentation utilized to compile this independent review.

Plante Moran provided an initial listing of documentation needed for the review. This section of the report lists the materials we reviewed and used to create the Risk Management Plan as part of the Independent Review.

Document Name	Description	Source
ERP - Vermont - Implementation Project Governance Structure v7	This is the governance and project org structure outlining the retention of BerryDunn for the project management roles for the ERP project.	Alex Ibey
SOV_ Program Resource Management Plan	This resource plan is an estimate from BerryDunn listing out resource requirements % and FTE%.	Alex Ibey
IT Activity Business Case & Cost Analysis (IT ABC Form)	This is a SOV internal form outlining the business case for the SaaS solution.	Alex Ibey
AOT MATS VTHR data summary	This extract pulls all active AOT employees.	Alex Ibey
AOT_MATS_extract_summary	This extract defines VTHR data mapping with MATS and STARS.	Alex Ibey
ERP-BUDGET-Functional Requirements-Final -03-18-22	This document lists Budget related requirements for the ERP.	Alex Ibey
ERP-Non Functional Requirements	This document lists technical Budget related requirements for the ERP	Alex Ibey

Document Name	Description	Source
HCM - Parking Lot Requirements 3.5.2022	This document lists additional HR, Talent and Payroll requirements.	Alex Ibey
HCM Functional Backlog (taken from 2018 RFP) FINAL DRAFT FOR INPUT TO BIDDER RESPONSE FORM 4.12.22	This document lists Workday requirements for: Benefits, Classification/Compensation, Employee Data, Employee Self-Service, Personnel Action Requests, Labor Administration, Performance Management, Payroll, Position Control, Time and Labor, Reporting, and General.	Alex Ibey
VDOL interface summary	This document outlines field characteristics for New hire DET_vthri023 and the vtpyi198 VDOL Quarterly Wage Report.	Alex Ibey
VTHR Interfaces Diagram	This document lists the VTHR integrations	Alex Ibey
ERP-BUDGET Requirements for Review	Additional requirements for General Budget, Personnel/Position Budgeting, Revenue Forecasting, Capital Budgeting, Calculating, Forecasting and Analysis, and Budget Documents, Reports, Presentations, Visualization and Dashboards	Alex Ibey
ERP-BUDGET-Functional Requirements	This document lists the functional requirements for State Budgeting and Planning process, Position Budget development processes, Legislature to appropriate the budget, and Execute Position Control During Current Year	Alex Ibey
State of Vermont - Workday Business Outcomes Working Session Presentation	This document supported the discussion business outcomes related to the Workday ERP implementation.	Alex Ibey
State of VT - ERP Revised Business Values Draft 1	This document outlines the Business Values and their measures of achievement.	Alex Ibey
SOV Program DashBoard Working File v0.1	This is a dashboard for the reporting month of June 2023. Also contains reporting dashboard template.	Alex Ibey
SOV_Monthly Status Report Presentation - March 2023	This document outlines and communicates the ERP replacement project status.	Alex Ibey
SOV_Part 1A Status Update - Week Ending 4142023	This document reflects weekly status specific to the System Integrator Acquisition during activities from April 2023.	Alex Ibey
SOV_Program Budget Management Plan	This document outlines the estimated budget for the ERP project up to 10-year forecast.	Alex Ibey
SOV_Program Governance Structure	This document outlines the Preliminary Governance Structure – Working Draft 8 with BerryDunn as the Project Management support service for the ERP.	Alex Ibey
SOV_Program Watch List Items	This document lists items needing to be watched for risk or issue. 7 items.	Alex Ibey
State of VT - Workday Business Outcomes Working Session Notes	This document captures notes from a November 16, 2023, Workday Business Outcomes working session.	Alex Ibey

Document Name	Description	Source
AOA Human Capital Management Project IT_ABC_Form_FINAL.5.23.22.esigned	This is the final SOV internal form outlining the business case for the SaaS solution.	Alex Ibey
State of Vermont_Document Log	This document lists all pertinent ERP project documents.	Alex Ibey
VT SI Risk and Issue Log	This document lists the risks, issues and action items as of December 2023.	Alex Ibey
EXHIBIT C_Bidder Response Form - AOA ERP HCM & Budget - Final	This document was used to submit the RFP response to the State of Vermont.	Alex Ibey
EXHIBIT D_VTHR Interfaces Diagram	This document is a copy of the VTHR Interface Diagram document.	Alex Ibey
State of Vermont Human Capital Management and Budget RFP Final	This document is the Request for Proposal for the ERP.	Alex Ibey
VT [redacted] Contract and SOW Working Draft_12282023 for [redacted] Review	This document is a work in progress towards contract negotiations.	Alex Ibey
RFP responses from Accenture, AVAAP, Deloitte, [redacted] Collaborative Solutions	These documents are separate RFP responses.	Alex Ibey
ERP Architecture Logical Architecture	Cannot load visio content when trying to open	Alex Ibey
ERP Tenant - Workday Logical Architecture Pending	This document does not contain content as of 3/9/2024.	Alex Ibey
Vermont-Security Implications-NACHA	This document does not contain content as of 3/9/2024.	Alex Ibey
VTHR Interfaces Diagram	This document illustrates VTHR Interfaces with IRS, People's United Bank, BCBS, Corvel, Dental Delta, ACA, Securian Financial etc.	Alex Ibey
VTHR_ Interfaces_annotated_CP	This document does not contain content as of 3/9/2024.	Alex Ibey
VTHR_ Interfaces_vendorquestions	This document does not contain content as of 3/9/2024.	Alex Ibey
Workday foundational data model	This document does not contain content as of 3/9/2024.	Alex Ibey
eSigned Subscription-438671-State_of_Vermont - signed.pdf	Workday subscription amendment #3.	Kate Slocum
PSFT Expansion 8-14-23.pdf	Peoplesoft contract expansion.	Kate Slocum
PSFT Expansion 2-23-22.pdf	Peoplesoft contract expansion.	Kate Slocum
2008 PSFT Ordering Document – State f Vermont.pdf	Initial Peoplesoft ordering document.	Kate Slocum
ERP Combined Costs Workbook-IT ABC Inputs 2024.xlsx	Combined full-cost workbook.	Alex Ibey
[redacted] Updated Cost Proposal V02192024.xlsx	[redacted] updated the cost proposal for financial updates and timeline changes from negotiations.	Alex Ibey
Workday Response to ITS75-NASPO Solicitation 05 10 2022 (Final).pdf	Workday response to NASPO software request.	Alex Ibey

4. Project Information

4.1 Historical Background

Provide any relevant background that has resulted in this project.

The HCM Oracle PeopleSoft system was implemented in 2013. Since then, the product has not been regularly updated with bundles and patches. The current version is no longer fully supported by Oracle. Due to this non-support, the business cannot take advantage of federal compliance patches, bundles, and updates without paying additional maintenance and customizing the current installation. Not keeping the HCM up to date, the state is at risk with the IRS and other Federal Mandates. The system lacks the required Performance Management capabilities necessary to manage State Employee evaluations and goals successfully and regularly.

The Financial system (VISION) and the CGI VANTAGE system are also aging and in scope for this system replacement. The current version of Oracle PeopleSoft for both VISION and HCM, and the CGI VANTAGE system are at end of life.

The State of Vermont purchased Workday enterprise resource planning software in 2022 with the intent to implement the Human Capital Management (HCM) functionality in the initial phase, with other functionality planned for future phases. During the BAFO process, the Financial system was included, and prices were received for the entire ERP suite.

ERP implementations are complex projects, relatively expensive, with multi-year schedules, and often incorporate replacement or integration of multiple legacy systems, impacting statewide business processes. Risk identification and management are key success factors for these multifaceted projects. The State of Vermont has wisely decided to complete a holistic, independent review of the ERP implementation before proceeding further. The purpose of the independent review is to focus ERP expertise on the state's vision for this project and identify areas of risk.

Explain why the project is being undertaken.

This statewide ERP implementation project will align with the Governor's goal to modernize state government by replacing aging software with a SaaS solution, Workday HCM, Adaptive Planning, and Finance.

The overall goal of this project is to deploy a single system with a single source of data, a single security model, and a single user experience as a cloud-based system. This system will evolve to meet changing state business objectives. Specifically, with this initiative, the State of Vermont will realize cost benefits by improving its overall applicant, employee, and management experience.

Additionally, improving state reporting metrics, budget planning, and consistency across agencies and departments with a common best practice of Finance management, tracking, and reporting utilizing data entry or reviews and approvals using modern workflow approval processes and field-level quality validations.

4.3 Project Scope

Describe the project scope and list the major deliverables. Add or delete lines as needed.

As described in the [redacted] Contract and Statement of Work (SOW), the system implementor will provide development and design services, project and operations management, support and maintenance, consulting, training, engineering and application development, monitoring, support, backup, and recovery, change management, technology updates and upgrades and other professional services.

The Contractor, [redacted] will implement using its methodology, which provides templates, methods, and scripts specific to public sector Workday deployments and will be adapted for the State for each phase of the Project.

This methodology combines the Contractor's proprietary [redacted] deployment stage with Workday's Deployment Methodology of Plan, Architect & Configure, Test, and Deploy stages, as outlined in **Table 4.3.1 Major Deliverables**.

Plante Moran conducted a data-based assessment and analysis, utilizing our risk strategies in identifying, analyzing, and responding to ERP implementation gaps and risks. Our approach identified strengths, weaknesses, opportunities, and threats. We identified a list of risks and have included a list of recommendations with the goal of minimizing the consequences of adverse events or exposure.

As part of our risk assessment, we conducted a deep dive quality assurance review of the ERP Implementation plan to ensure that the plan aligns with the project scope and objectives, specifically requirements, deliverables, and expected outcomes. We then reviewed the logic and structure of the plan by examining the sequence, dependencies, and relationships of the activities and tasks (internal and external). We analyzed estimates and assumptions, which include time, cost, and resource estimates for each activity and task, as well as the assumptions and constraints that impact the schedule.

Plante Moran also completed a security assessment work plan review to align with the State's expectations regarding Information Security. The results of this assessment and the identified risks are included in the report.

Our approach when analyzing costs and benefits included validation of accuracy and completeness. We have provided a Lifecycle Cost Benefit Analysis as part of this report. Additionally, our review included an assessment of the cost to operate the system to illustrate the lifecycle Net Operating Cost Impacts with current and projected costs. This analysis was conducted through an evaluation of the State's ERP selection process.

Risks or issues identified during the Implementation Plan assessment are documented in the risk register and log for review and mitigation.

The services within the scope of this engagement include:

- Identify acquisition & lifecycle costs.
- Assess Wide Area Network (WAN) and/or Local Area Network (LAN) impact.
- Assess risks and/or review technical risk assessments of an IT project, including security, data classification(s), subsystem designs, architectures, and computer systems, in terms of their impact on costs, benefits, schedule, and technical performance.
- Assess, evaluate & critically review implementation plans, focusing on
    - Adequacy of support for conversion & implementation activities
    - Adequacy of Agency/Department & partner staff to provide Project Management
    - Adequacy of planned testing procedures
    - Acceptance/readiness of staff
    - Schedule soundness
    - Adequacy of training pre & post project.
- Assess proposed technical architecture to validate conformance to the State's "strategic direction".
- Ensure system use toolsets & strategies are consistent with the State's CIO policies, including security and digital records management.
- Assess the architecture of the proposed hardware and software about security and systems integration with other applications within the Agency/Department, and within the Agency/Department & existing or planned Enterprise Applications.
- Perform cost & schedule risk assessments to support various alternatives to meet mission needs, recommend alternative courses of action when one or more interdependent segment(s) or phase(s)

experience a delay, and recommend opportunities for new technology insertions.

- Assess the architecture of the proposed hardware and software against the state of the art in this technology.
- Assess a project's backup/recovery strategy and disaster recovery plan for adequacy and conformance to State policy.
- Evaluate the ability of a proposed solution to meet the needs for which the solution has been proposed and define the ability of the operational & user staff to integrate this solution into their work.

4.3.1 Major Deliverables

The tables below summarize the deliverables outlined in the [redacted] Statement of Work to support the Workday ERP implementation project.

Human Capital Management (HCM)

Project Stage	Activities		Deliverables / Milestones	Payment
Stage 0: [redacted] HCM-4 months	• Project kick-off • Framework and process discovery workshops • Role assignments and skills matrix • State project team training plan	• Solution vision • Integration strategy and inventory • Data conversion strategy • Reporting and analytics strategy • Delta review summary presentation	• [redacted] Initiation • Vision Statement that documents Project's "North Stars" • [redacted] Discovery Workshop Notes • Recommended Roadmap • Analysis of KPI's • Customer Training Plan • Baseline Process Delta Reviews	• 2 payments of $510,468.00
Stage 1: Plan HCM-1 month	• Project organization chart • Project plan • Project charter • Value drivers key performance indicators (KPIs) • Decision Authority Matrix • Risk and issue management plan • Weekly status report	• Delivery Assurance overview • Organizational change management strategy • Communication plan • Tenant strategy • Foundation tenant build • Testing strategy • Integration inventory - updated	• Project Initiation Kick Off • Project Organizational Structure • Baseline Project Schedule • Tenant Strategy • Communications Plan	• $510,468.00
Stage 2: Architect and configure HCM-9 months	• Architect and configuration documents • Architect and configure tenant build • Customer confirmation sessions • Configuration unit test	• Reporting and analytics build and unit test • Integrations build and unit test • Configuration change control plan • Change impact assessment	• Workset A – Design Sessions, Configuration & Business Process • (BP) Workbook Completion, Data Load • Workset A – Playback	• 9 payments of $510,468.00

Project Stage	Activities		Deliverables / Milestones	Payment
	plan • Knowledge transfer workshops: configuration and troubleshooting • Configuration unit testing • Solution vision – updated	• End user training plan • End-to-end test plan • End-to-end tenant build	• Workset B – Design Sessions, Configuration & BP Workbook • Completion, Data Load • Workset B – Playback • Workset C – Design Sessions, Configuration & BP Workbook • Completion, Data Load • Workset C – Playback • Customer Confirmation Session Completion • Unit Testing Complete	
Stage 3: Test HCM-5 months	• Configuration change control plan-deployed to implementation tenants • End-to-end testing • Payroll parallel test plan • Payroll parallel testing • Knowledge transfer workshops: regression testing • Solution vision-updated	• Knowledge transfer checkpoint: troubleshooting checkpoint • Production preparedness structure and support model • Production dress rehearsal • Communication plan-updated • Cutover plan • End user training plan: training schedule and collateral	• End-to-End Tenant Build Complete • Parallel Tenant Build Complete • Testing Stage Complete	• 3 payments of $510,468.00
Stage 4: Deploy HCM-2 months	• Value drivers key performance indicators (KPIs)-reports deployed • Solution vision-updated for final check • Knowledge transfer checkpoint: final production readiness • Production	• Configuration change control plan-deployed to gold/preproduction tenant • Gold tenant build • Go live authorization form • Go live • Lessons learned and report • Final acceptance	• Employees Live on Workday HCM	• $510,468.00

Project Stage	Activities		Deliverables / Milestones	Payment
	preparedness structure and support model-deployed • End-user training			
Warranty HCM 3 months	• 2 payrolls complete	• 90-day warranty period for both HCM and FIN	• First 2 payrolls complete • 90 Day Warranty Complete	• $510,468.00 • $480,468.00

Financial

Details were not available in the SOW at the time this report was drafted. Once the final SOW is complete, this chart will be updated to reflect the activities, deliverables/milestones, and payments for each stage of the project. The total cost for this phase, $10,748,770.59, has been included in the overall report.

Project Stage	Activities	Deliverables / Milestones	Payment
Stage 0: [redacted] FIN-4 months	•	•	•
Stage 1: Plan FIN-1 month	•	•	•
Stage 2: Architect and configure FIN-6 months	•		
Stage 3: Test FIN-6 months	•		
Stage 4: Deploy FIN-1 month	•		
Warranty FIN-3 months	•		

This table will be updated once the SOW from [redacted] has this section complete.

Adaptive Planning

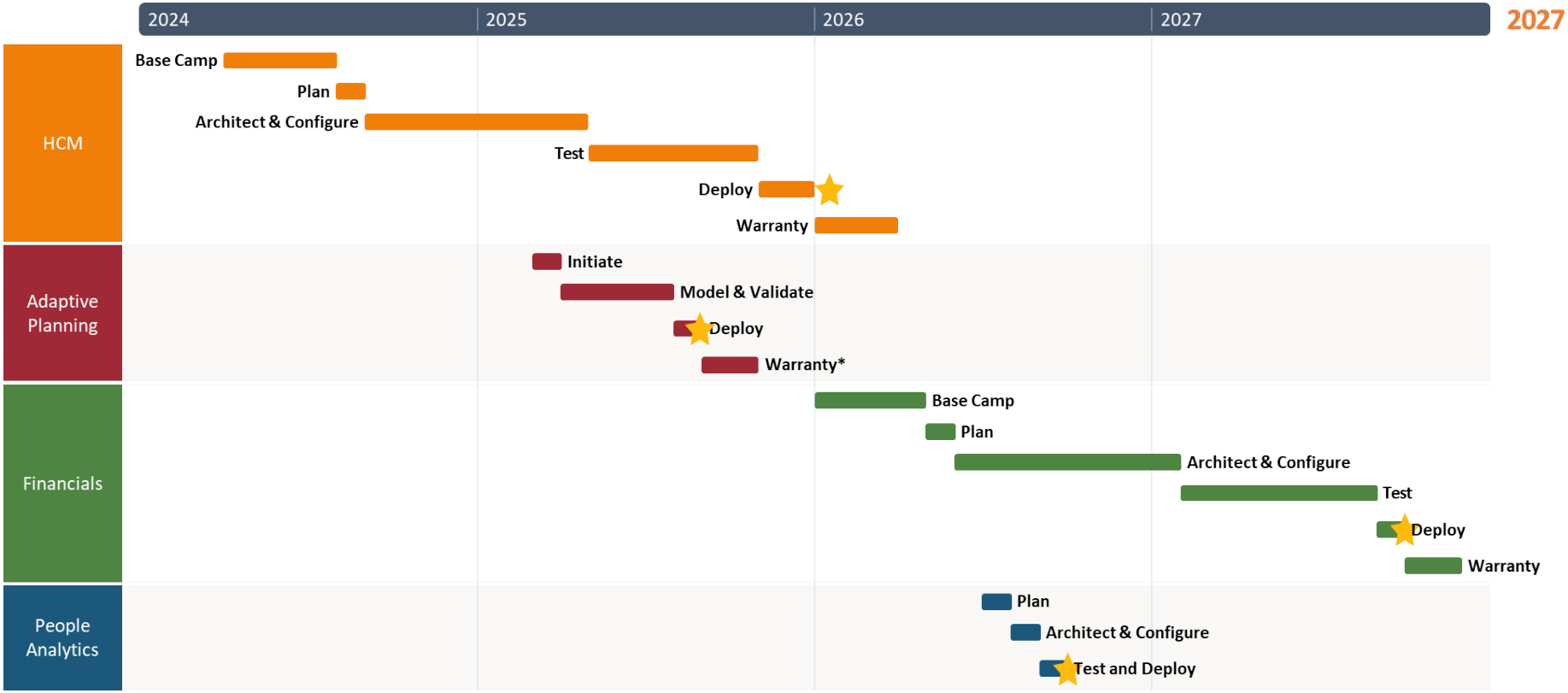
Project Stage	Activities		Deliverables / Milestones	Payment
Initiate 1 month	• Project kick-off	• Planning and project management documentation • Adaptive Planning Project Initiation (D)	• Adaptive Planning Project Initiation	• $510,468.00
Model and validate 4 months	• Requirements gathering	• Gap identification	NA	NA
Deploy 1 month	• Configured solution in test tenant		NA	NA
Warranty	• Testing only (not live)		• Adaptive Planning Go-Live	• $510,468.00

People Analytics

Project Stage	Activities		Deliverables / Milestones	Payment
Plan 1 month	• Project kick-off	• Planning and project management documentation	• People Analytics Initiation	• $15,000.00
Architect and Configure 1 month	• Requirements gathering	• Gap identification	NA	NA
Test and deploy 1 month	• Configured solution in test tenant		• People Analytics Live in Workday	• $15,000.00

4.4 Project Phases, Milestones and Schedule

Provide a list of the major project phases, milestones and high-level schedule. You may elect to include it as an attachment to the report instead of within the body.



See **Section 4.3** above for the specific phases, stages, and milestones and high-level schedule for payments. The picture below shows the overall schedule for the project as understood in the current SOW. Note: the actual schedule is still in final discussion with [redacted] so this schedule could change when the SOW is complete.

5. Acquisition Cost Assessment

List all acquisition costs in the table below (i.e. the comprehensive list of the one-time costs to acquire the proposed system/service). Do not include any costs that reoccur during the system/service lifecycle. Add or delete lines as appropriate. Based on your assessment of Acquisition Costs, please answer the questions listed below in this section.

1. **Cost Validation: Describe how you validated the Acquisition Costs.**

   Plante Moran analyzed the costs from the original proposals, the BAFO, and the costs from ADS on other services. See Attachment 3 - Cost Summary.

2. **Cost Comparison: How do the Acquisition Costs of the proposed solution compare to what others have paid for similar solutions? Will the State be paying more, less or about the same?**

   The State is paying similar costs for the services to be provided. Recent procurements in the states of Washington, Rhode Island, Georgia, and Pennsylvania General Assembly for Workday subscriptions and System Implementer costs are all in alignment with what the State will be paying. These costs and contracts are not publicly available, but they were used to run a comparison. Based on your size, including employee count, your costs for this ERP align.

3. **Cost Assessment: Are the Acquisition Costs valid and appropriate in your professional opinion? List any concerns or issues with the costs.**

   Plante Moran has no concerns related to the costs.

Additional Comments on Acquisition Costs:

These acquisition costs are in alignment to the BAFO to the SOW from [redacted] The changes and refinements from the BAFO to the actual SOW were minor and still aligned to the overall cost that was received during the procurement process.

6. Technology Architecture and Standards Review

After performing an independent technology architecture review of the proposed solution, please respond to the following.

A. Assess how well the technology solution aligns with the business direction.

The proposed Workday implementation scope from [redacted] includes a project stage titled "Architect & Configure" in which the vendor will work with the State to gather a detailed understanding of the related business requirements and processes for the finance and human resources system and align the system deployment & configuration accordingly. Key activities noted are:

- Configuration design
- Business process design
- Integration & report design

In addition to the design aspects, the scope of work from [redacted] includes environment build and testing activities. The scope of work does not specifically include business process optimization or redesign activities which would be necessary to align the business practices with the system capabilities and support the design activities contemplated.

B. Assess how well the technology solution maximizes benefits for the State.

As with many cloud-native software applications, the Workday solution provides significant technical benefit to the State by helping to dimmish its reliance on legacy on-premise business critical applications in favor of modern cloud-based alternatives. By making the shift to a cloud-based solution, the state will gain

key technical benefits as compared to the current state. Notable technical benefits include the development of a new modern foundation data model (FDM) that will serve as a baseline for future financial accounting, human resources management and reporting. Additionally, the solution provides for expanded integration capabilities using modern API's along with the ability to leverage pre-built integrations with key. Lastly, the use of a cloud (SaaS) solution will improve the operational characteristics of the financial and HR system by means of financially backed service level agreements (SLA's) for performance, availability, and disaster recovery aspects.

Pertaining to the scope of work proposed by [redacted] there is inclusion of creating Value Drivers and Key Performance Indicators to measure the received value and benefits to the State for the deployed solution. The creation of these measures is included in Stage 4 of the proposed scope of work.

C. Assess how well the information architecture of the technology solution adheres to the principle of Information is an Asset.

The Workday solution defines the concept of a Foundational Data Model (FDM) which is core component of the platform. The FDM is the multidimensional data structure of Workday accounting and financial reporting and serves as the baseline for Workday organizations and Worktags. The collaborative development of the FDM (between the state and [redacted] the implementation vendor) provides the state the opportunity evaluates the related data and focus on realignment of this information into the FDM structure that will result in greater data quality and reporting capabilities. Additionally, the robust integration capabilities of Workday will enable the state to optimally integrate with other business systems in a more optimized manner. It should be noted that data normalization, standardization and cleansing activities may be necessary for the state's integrated business systems to align them with the Workday FDM.

The [redacted] implementation scope of work includes the conversion of the State's existing finance and human resources data to the new system, with the data elements and scope varying. Additionally, Workday PRISM Analytics (data warehouse) is included in the integration scope for [redacted] and is intended house some of the historical data that will not be converted directly into Workday.

D. Assess if the technology solution will optimize process.

With consideration of optimizing of technology-related operational processes for the ERP system, Workday is responsible for performing the required IT operational activities necessary to meet the service level agreements defined in the state service contract with the vendor. Notable areas for IT process optimization relative to the ERP system include the reduction of the state's responsibilities relative to performance and capacity management, information, and system security (within the context of system operation) and disaster recovery.

E. Assess how well the technology solution supports resilience-driven security.

The Workday solution provides robust security measures to ensure the security of the application and the data contained therein. The measures purportedly used by workday follow best-in-class approaches and standards which combined enable key aspects of security resiliency. Workday publicly identifies the key security aspects which support security resiliency:

- Data Centers
- Application security
- Auditing
- Network Security
- Data Encryption
- Authentication

Additional information provided by Workday: https://www.workday.com/en-us/legal/contract-terms-and-conditions/index/security-exhibit.html

The [redacted] scope of work presumes the State will provide SAML-based authentication for purposes of providing authorization to the Workday system. Additionally, the following assumptions were made by [redacted] pertaining to user authentication:

- State will deploy a multi-factor authentication solution in production.
- State will have all Workday users authenticate to Workday via multi-factor authentication.
- State is responsible for all configurations associated with State-owned multi-factor authentication solution.

Deployment and configuration of other aspects of cybersecurity are outside of the scope of work provided by [redacted] in relation to the Workday system deployment.

1. **Sustainability: Comment on the sustainability of the solution's technical architecture (i.e., is it sustainable?).**

   The [redacted] implementation scope of work identifies approximately 6-10 dedicated State technical roles during the implementation of Workday. The State's post-go-live support requirements were not identified in the materials provided to Plante Moran. Thus, a determination regarding the sustainability of the solution could not be determined.

2. **How does the solution comply with the ADS Strategic Goals enumerated in the Agency of Digital Services Strategic Plan 2022-2026.**

   The goals enumerated in the ADS Strategic Plan include:

   - IT Modernization
   - Cybersecurity & Data Privacy
   - Vermonter Experience
   - Financial Transparency

   The implementation of a cloud-native ERP solution (Workday) that was designed and principled upon best-practice business operations aligns with the ADS strategic goal of "IT Modernization". With respect to alignment with the technical direction of the state, this solution supports technological advancement within ADS and AOA by utilizing cloud-based services to support economies of scale and reduce costs. Based on published information, Workday solution provides a modern data architecture, robust security model and robust integration capabilities using modern REST-based application programming interfaces (API's). Due to the nature of this system, significant changes in the state's related business processes will be required to yield the greatest benefit from the solution.

3. **Compliance with the Section 508 Amendment to the Rehabilitation Act of 1973, as amended in 1998: Comment on the solution's compliance with accessibility standards as outlined in this amendment. Reference: http://www.section508.gov/content/learn**

   Based on Workday publicly provided information, Workday does not warrant compliance with Section 508 of the Rehabilitation Act of 1973. Workday formally states:

   "We evaluate our products against WCAG 2.1 A /AA standards, Section 508, and EN 301 549. We do not warrant compliance with WCAG 2.1 A /AA standards, Section 508, and EN 301 549 or any other jurisdictional standards."

4. **Disaster Recovery: What is your assessment of the proposed solution's disaster recovery plan; do you think it is adequate? How might it be improved? Are there specific actions that you would recommend to improve the plan?**

   Based on the information provided to Plante Moran for the purposes of this independent review, a determination of the adequacy of the disaster recovery capabilities could not be completed.

   It is noted that Workday provides publicly available information pertaining to their disaster recovery contractual obligations as noted below. The State's contractual obligations may vary and were not reviewed by Plante Moran.

- Contingency Planning. Policies and procedures for responding to an emergency or other occurrence (for example, fire, vandalism, system failure, pandemic flu, and natural disaster) that could damage Customer Data or production systems that contain Customer Data. Such procedures include:
- Data Backups: A policy for performing periodic backups of production file systems and databases or Professional Services Data on Workday's SFTP Server, as applicable, according to a defined schedule;
    - Disaster Recovery: A formal disaster recovery plan for the production data center, including:
        - Requirements for the disaster plan to be tested on a regular basis, currently twice a year; and
        - A documented executive summary of the Disaster Recovery testing, at least annually, which is available upon request to customers.
    - Business Continuity Plan: A formal process to address the framework by which an unplanned event might be managed in order to minimize the loss of vital resources.

Additional information provided by Workday: https://www.workday.com/en-us/legal/contract-terms-and-conditions/index/security-exhibit.html

5. **Data Retention: Describe the relevant data retention needs and how they will be satisfied for or by the proposed solution.**

   The State's specific data retention requirements were not provided to or evaluated by Plante Moran. The [redacted] implementation scope of work includes the deployment and configuration of the PRISM Analytics services for the purposes of housing historical and unconverted data. [redacted] s standard approach includes loading current year data and prior year balances where applicable. The historical data will leverage PRISM analytics and the [redacted] will work with the State to further define the data conversion scope.

   The PRISM Analytics scope for the State includes a total of four (4) PRISM Analytics use cases, two to be used as part of the HCM deployment and two to be used for Financial. Potential Workday PRISM Analytics use cases identified by [redacted] include:

   - Job and Position History
   - General Legacy HR Data Changes
   - Legacy Payroll Results Data
   - Historical GL Balances
   - Historical AP Transactions
   - Historical AR Transactions

6. **Service Level Agreement: What are the post implementation services, and service levels required by the State? Is the vendor proposed service level agreement adequate to meet these needs in your judgement?**

   Based on the information provided to Plante Moran for the purposes of this independent review, a determination of the adequacy of the service level agreements could not be completed.

   It is noted that Workday provides publicly available information pertaining to their service level obligations which include Workday's Service Availability commitment for a given calendar month is 99.7%. The State's contractual obligations may vary and were not reviewed by Plante Moran. Additional information provided by Workday: https://www.workday.com/en-us/legal/contract-terms-and-conditions/index/production-support-and-service-level-availability.html

7. **System Integration: Is the data export reporting capability of the proposed solution consumable by**

the State? What data is exchanged and what systems (State and non-State) will the solution integrate/interface with?

The [redacted] implementation includes the creation of integrations for the purposes of exchanging data between Workday and other systems used by the State. There are 62 HCM, 31 Financial, and 5 additional integrations identified in the referenced scope of work. [redacted] is responsible for the creation of the Workday portion of the integration within scope with the State responsible for the third party/legacy components. All integrations developed will utilize the Workday Integration Cloud service offering provided by the vendor. The scope of work also denotes that "PeopleSoft HCM integrations are for the purposes of workforce planning in Workday's Adaptive Planning for the 2025 budget cycle and will be deprecated upon Workday HCM go-live."

Additional Comments on Architecture:

None

7. Assessment of Implementation Plan

After assessing the Implementation Plan, please comment on each of the following.

1. **The reality of the implementation timetable**

   As described in Section 1.3, the project schedule presented is reasonable but will require the state to focus on staffing and ensuring that staff and competing activities throughout the year, causing resource constraints are carefully monitored.

   Also noted, is the lack of needed skill sets (Cobol) to support integrations and conversions.

   Careful consideration is needed regarding the timing and order of the Foundation Data Model (FDM) foundational setup impacting other modules such as HCM, Adaptive Planning (budget), and downstream finance components. We recommend that the entire FDM be designed during the HCM [redacted] stage.

2. **Readiness of impacted divisions/ departments to participate in this solution/project (consider current culture, staff buy-in, organizational changes needed, and leadership readiness).**

   During the interviews, Plante Moran found gaps in communications regarding the upcoming ERP initiative. Several stakeholder groups were aware there was a project coming, and buy-in existed, whereas others did not—e.g., user-level staff, third Parties, etc. A better approach to communicating and engaging all stakeholders early on will be needed to better prepare for the ERP project.

3. **Do the milestones and deliverables proposed by the vendor provide enough detail to hold them accountable for meeting the Business needs in these areas:**

   - Project Management
     - Project Management will be owned by Berry Dunn, where Berry Dunn will oversee [redacted] as the system implementor. The State of Vermont EPMO will then have oversight for Berry Dunn and if needed with [redacted]
     - Plante Moran recommends a clear and concise project governance is documented and managed as well as strong vendor management practices to avoid any exposure.
   - Training
     - There is adequate opportunity for training and knowledge transfer outlined in the [redacted] methodology, from product exposure during [redacted] training the Plan stage, additional knowledge transfer during testing and validation with end user training crossing over from Testing to Deployment.
     - Plante Moran recommends a more robust approach for Change Management right at start

of project if not before focusing on the end user specifically due to the HCM component of the deployment where end users are extremely vested in the Payroll, Benefits and Hiring functions.

- Testing
  - There is adequate documentation outlining expectations, deliverables, outcomes for Testing.
- Design
  - There is adequate documentation outlining expectations, deliverables, outcomes for design.
- Conversion (if applicable)
  - During Plante Moran's research and review, it was noted that there are various documents listing integrations but not consistently. Plante Moran recommends documenting a clear and concise listing of interfaces/integration with confirmed ownership/assignments between the State of Vermont and [redacted]
- Implementation planning
  - The concern with the implementation planning or schedule is the order and timing of the modules. The recommendation is to carefully consider setting the financial foundation as a first priority. As stated in **Section 7.1.C.**
- Implementation
  - Overall, there is adequate detail to hold the Contractor accountable pending suggested feedback and findings from Plante Moran's review of the Contract.

4. **Does the State have a resource lined up to be the Project Manager on the project? If so, does this person possess the skills and experience to be successful in this role in your judgement? Please explain.**

   Yes, the State has hired Berry Dunn to manage all aspects of the implementation. Berry Dunn is very familiar with the State's culture and systems and has conducted previous work in other areas of implementations.

Additional Comments on Implementation Plan:

None

8. Cost Analysis and Model for Benefit Analysis

Note: this section must be included for the final report to be accepted by the State

This section involves four tasks:

1) *Perform an independent Cost Analysis and model for Benefit Analysis. Information provided by the State may be used, but the reviewer must validate it for accuracy and completeness.*
2) *Provide a Lifecycle Cost Benefit Analysis spreadsheet as an **Attachment 1** to this report. A sample format is provided at the end of this report template.*

A. *The cost component of the cost/benefit analysis will include all one-time acquisition costs, on-going operational costs (licensing, maintenance, refresh, etc.) plus internal costs of staffing and "other costs". "Other costs" include the cost of personnel or contractors required for this solution, enhancements/upgrades planned for the lifecycle, consumables, costs associated with system interfaces, and any costs of upgrading the current environment to accept the proposed solution (new facilities, etc.).*

B. *The benefit side of the cost/benefit will include: 1. Intangible items for which an actual cost cannot be attributed. 2. Tangible savings/benefit such as actual savings in personnel, contractors or operating expense associated with existing methods of accomplishing the work which will be performed by the proposed solution. Tangible benefits also include additional revenue which may result from the proposed solution.*

C. *The cost benefit analysis will be for the IT activity's lifecycle.*

D. *The format will be a column spreadsheet with one column for each year in the lifecycle. The rows will contain the itemized costs with totals followed by the itemized benefits with totals.*

E. *Identify the source of funds (federal, state, one-time vs. ongoing). For example, implementation may be covered by federal dollars, but operations will be paid by State funds.*

3) *Perform an analysis of the IT ABC form (Business Case/Cost Analysis) completed by the Business.*
4) *Respond to the questions/items listed below.*

1. **Analysis Description: Provide a narrative summary of the cost-benefit analysis conducted. Be sure to indicate how the costs were independently validated.**

   Plante Moran conducted a thorough cost-benefit analysis based on the data provided and the following approach for areas including Software (subscription, training, delivery assurance, PeopleSoft support, and AWS), Consulting (system implementor, business analysts, project management, business transformation, risk assessment, and contingency), ADS Support, Additional Business Staff support, and annual post-go-live costs.

   - **Identification of costs and benefits**: All the costs and benefits associated with the project were identified. Costs included initial investment costs, operational costs, maintenance costs, and any other relevant expenses. Benefits included direct financial gains, cost savings, improved productivity, environmental benefits, etc.
   - **Quantification of costs and benefits:** Once the costs and benefits were identified, they were quantified in monetary terms. This involved gathering actual data from various sources and using models to estimate values.
   - **Cost-associated risk assessment**: Risks associated with the project were identified and analyzed. This involved assessing the likelihood of certain events occurring and their potential impact on costs and benefits.
   - **Comparing costs and benefits:** The total present value of costs was compared to the total present

value of benefits and compared to other State ERP-like implementations to determine whether the benefits outweigh the costs. Based on the approach and data provided, Plante Moran considers this initiative economically viable.

2. **Assumptions: List any assumptions made in your analysis.**
   - The implementation of the Workday application will not incur additional upgrade costs resulting from the biannual rollout of new features and functions for the user base. Consequently, the client will not face ongoing expenses related to hardware and software refreshes and regular recurring upgrade costs, as observed in previous experiences.
   - Upon completion of the financial implementation, it is assumed that the maintenance costs associated with the existing systems will cease.
   - Most current training schedule provided (Training-351868-State of Vermont_Clean_2022-12-13.docx). The training costs from Workday were provided at $197,944 for the first year of the implementation based on the original estimate provided from Workday.
   - Estimated one-time cost for the implementation to cover Delivery Assurance for implementation of $350K per year for two years based on comparable costs for the success plans. This cost could be higher or lower based on the service that is selected by SOV and should be applied throughout the implementation timeline.
   - Costs associated with Peoplesoft support might escalate due to operating budget increases. However, the costs outlined are derived from the existing budgets for fiscal years 2024 and 2025. For fiscal years 2026 and 2027, the costs are projected based on the 2025 budget figures provided from SOV without accounting for any increases.
   - The analysis is based on an accurate account of current state data provided, system implementor price analysis, staffing requirement analysis, Workday and [redacted] contract costs, technical costs (e.g., AWS – hosting), and contingency.
3. **Funding: Provide the funding source(s). If multiple sources, indicate the percentage of each source for both Acquisition Costs and on-going Operational costs over the duration of the system/service lifecycle.**
   - This project will be utilizing general fund dollars that have been appropriated.
   - The State currently has allocated the costs for the current year from their current fiscal budget.

   Note: Per the signed AOA Human Capital Management Project IT BC Form, the following costs have not been included:
   - Costs not included in this IT ABC form include the following:
     - DHR Backfill $900,000 to backfill subject matter expertise so they can adequately support the project.
     - Business Transformation Specialist - 1 contracted FTE for 24 months estimated at $135/hr. = $561,600.
   - These costs were not included in the budget request to the Legislature and will require a funding source.
     - ADS IT Labor for Implementation - not included as those staff hours are paid through the VISION fund.
4. **Tangible Costs & Benefits: Provide a list and description of the tangible costs and benefits of this project. Its "tangible" if it has a direct impact on implementation or operating costs (an increase = a tangible cost and a decrease = a tangible benefit). The cost of software licenses is an example of a tangible cost. Projected annual operating cost savings is an example of a tangible benefit.**

Tangible Costs:

- Software Licensing Fees: The initial cost of purchasing Workday ERP software licenses.
- Implementation Costs: The expenses related to implementing Workday ERP, including consultant fees, training costs, data migration, report development, and integration with existing systems.
- Hardware and Infrastructure Costs: The costs associated with the hardware infrastructure required to host and run the Workday ERP system, including servers, networking equipment, and data storage.
- Ongoing Support and Maintenance Fees: Recurring expenses for technical support, software updates, and maintenance services provided by Workday or third-party vendors.
- Change Management Costs: Expenses related to managing organizational change, including communication, training, and employee support to ensure a smooth transition to the new system.
- Business Transformation Costs: Costs associated with process optimization, strategic alignment, organizational change management and efforts to improve on customer focus.

Tangible Benefits:

- Cost Reduction: The project will streamline business processes, eliminate manual tasks, and improve efficiency, leading to cost savings in areas such as HR administration, payroll processing, and financial management.
- Improved Productivity: By providing self-service capabilities and real-time access to information/data, the project can enhance employee productivity and reduce the time spent on administrative tasks.
- Better Decision Making: The project offers robust reporting and analytics features, enabling organizations to make data-driven decisions based on accurate and up-to-date information across departments such as HR, finance, and procurement.
- Compliance and Risk Management: The project will support agencies/departments in ensuring compliance with regulatory requirements and internal policies, reducing the risk of non-compliance penalties and financial losses.
- Scalability and Flexibility: The project will be designed to scale with the growth of the organization and adapt to changing business needs, providing a flexible platform for future expansion and innovation.

5. **Intangible Costs & Benefits: Provide a list and descriptions of the intangible costs and benefits. Its "intangible" if it has a positive or negative impact but is <u>not</u> cost related. Examples: Customer Service is expected to improve (intangible benefit) or Employee Morale is expected to decline (intangible cost).**

   Intangible Costs:

   - Cost Reduction: There are cost reductions expected for STARS and FARS systems being replaced by Workday. These costs have not been estimated for this report due to the lack of sufficient data.
   - Disruption to Business Operations: Implementing a new ERP system can disrupt normal business operations as employees need to adapt to new processes and workflows. This disruption can result in decreased productivity and temporary setbacks in performance.
   - Learning Curve: There is often a learning curve associated with using a new ERP system. Employees may require time and resources to become proficient with the new software, leading to temporary decreases in efficiency and effectiveness.
   - Employee Resistance to Change: Resistance to change is a common challenge in ERP implementations. Employees may be resistant to adopting new technologies or processes, leading

to potential conflicts, morale issues, and decreased engagement.

- Loss of Institutional Knowledge: During the implementation process, organizations may lose institutional knowledge as employees retire or leave the company. This loss of expertise can impact the organization's ability to effectively use the new ERP system and adapt to changing business needs.

Intangible Benefits:

- Improved Decision-Making: Implementing a modern ERP system will provide decision-makers with access to real-time data and analytics, enabling better-informed and more strategic decision-making across the organization.
- Enhanced Collaboration and Communication: The ERP system provides improved and modern collaboration tools and features that facilitate communication and collaboration among employees, teams, and departments. This can lead to improved teamwork, innovation, and knowledge sharing.
- Increased Agility and Adaptability: Workday ERP systems are designed to be flexible and scalable, allowing organizations to quickly adapt to changing market conditions, customer needs, and regulatory requirements. This increased agility can help organizations stay competitive and responsive in dynamic business environments.
- Improved Employee Satisfaction and Engagement: Providing employees with modern tools and technologies can improve job satisfaction and engagement. Workday ERP systems often offer user-friendly interfaces, self-service capabilities, and mobile access, which can enhance the employee experience and morale.
- Enhanced Customer Experiences: The ERP implementation can improve customer experiences by streamlining processes and improving operational efficiency. This can result in increased customer satisfaction, loyalty, and retention, ultimately driving business growth.

6. **Costs vs. Benefits: Do the benefits of this project (consider both tangible and intangible) outweigh the costs in your opinion? Please elaborate on your response.**

   Based on the data analyzed in this report, including the risk assessment and adherence to the mitigation strategies and careful consideration of tangible and intangible costs and benefits, the State will benefit from the modernization project.

7. **IT ABC Form Review: Review the IT ABC form (Business Case/Cost Analysis) created by the Business for this project. Is the information consistent with your independent review and analysis? If not, please describe. Is the lifecycle that was used appropriate for the technology being proposed? If not, please explain.**

   The lifecycle costs that were used was a 10-year period, which is similar in the market. It also included all areas that are typically seen in an implementation of Workday. The costs include training, delivery assurance, and other costs that will be necessary to enter into a contract with Workday during the implementation. There was also an assumption that the Workday reports will be sufficient for SOV. Additional report costs or enterprise warehouse capabilities were not included in the cost analysis.

Additional Comments on the Cost Benefit Analysis:

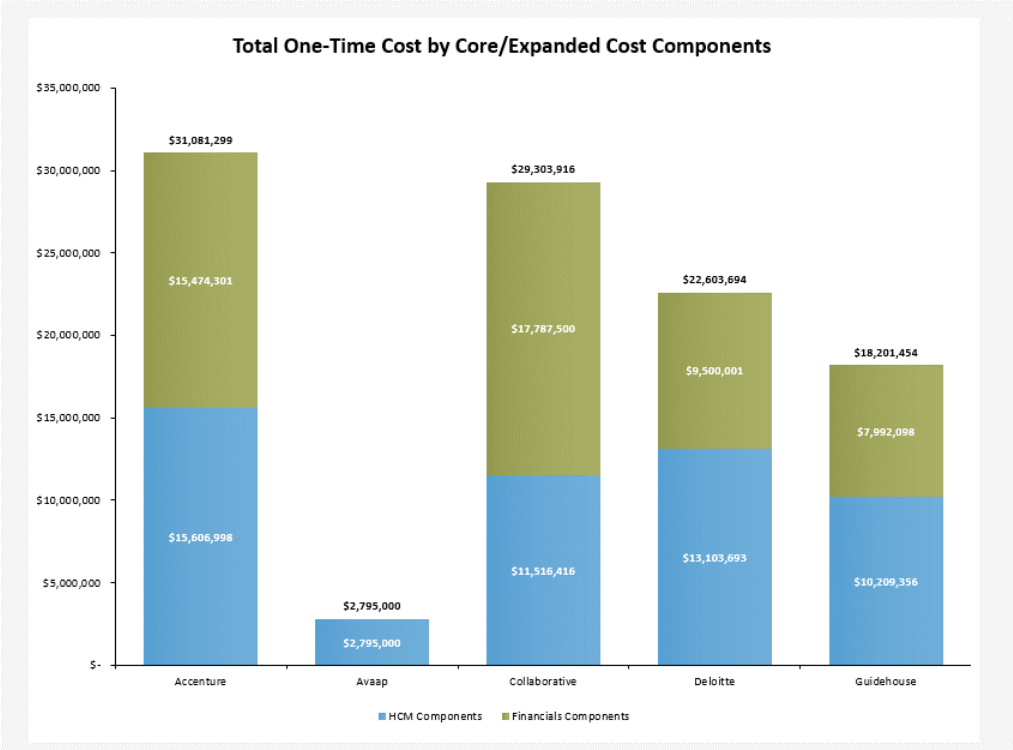
Plante Moran has provided this information in **Attachment 1 - Lifecycle Cost Benefit Analysis** and in **Attachment 3 - Cost Summary**.

9. Analysis of Alternatives

1. **Provide a brief analysis of alternate technical solutions that were deemed financially unfeasible.**

   The State was in need to either upgrade Peoplesoft or implement a new ERP. The procurement process

that the State went through identified the best option for moving the states ERP systems forward. Plante Moran reviewed the proposal materials and determined that Avaap was not a viable option based on the response the state received. The other responses were fair but were not the best value from a financial perspective. The table below shows the high-level results of our analysis. More detailed information is available in **Attachment 3 - Cost Summary**.



2. **Provide a brief analysis of alternate technical solutions that were deemed unsustainable.**

   The STARS and FARS systems must be replaced. These systems are at end of life. The Peoplesoft system is also at end of life. The procurement processes the state conducted to select Workday and [redacted] was reviewed and was deemed fair, based on the review of the proposal information provided.

3. **Provide a brief analysis of alternate technical solutions where the costs for operations and maintenance were unfeasible.**

   The result of our analysis shows the system implementer and software selected were the most reasonable and the costs are comparable to other states working through similar implementations of an ERP, such as Rhode Island, Nevada, Idaho, Georgia, and Washington.

10. Impact Analysis on Net Operating Costs

1.) Perform a lifecycle cost impact analysis on net operating costs for the agency carrying out the activity, minimally including the following:

- *Estimated future-state ongoing annual operating costs, and estimated lifecycle operating costs. Consider also if the project will yield additional revenue generation which may offset any increase in operating costs.*
- *Current-state annual operating costs; assess total current costs over span of new IT activity lifecycle*
- *Provide a breakdown of funding sources (federal, state, one-time vs. ongoing)*

2.) Create a table to illustrate the net operating cost impact.

3.) Respond to the items below.

1. **Insert a table to illustrate the Net Operating Cost Impact.**

New Annual Operating Costs:	$ 4,983,924
Current Annual Operating Costs:	$ 4,012,126
Difference Between Current and New Operating Costs:	$ 971,798

2. **Provide a narrative summary of the analysis conducted and include a list of any assumptions.**

   The new annual operating costs were computed based on the staffing from ADS, AWS, and Workday subscription fees starting in FY27 after the implementation is complete. For the current annual operating costs, these were based on the current costs provided by ADS and the FY25 values were used for FY26 and FY27. These actual costs may be higher due to increases in staffing or cost increases from Peoplesoft. In addition, no costs were provided for the STARS and FARS systems.

3. **Explain any net operating increases that will be covered by federal funding. Will this funding cover the entire lifecycle? If not, please provide the breakouts by year.**

   Not applicable to this effort.

4. **What is the break-even point for this IT Activity (considering implementation and ongoing operating costs)?**

   The state will be in a steady state according to this plan in FY28. This will include the replacement of STARS and FARS. These systems, if not replaced by Workday, will require replacement, which will add significant ongoing costs to the state to procure, implement, and maintain these external systems. These costs are unknown at this time, but other states have implemented separate ERP systems to support Departments of Transportation and Labor, which range from $25M to $35M, with ongoing maintenance costs similar to the Workday ongoing costs.

11. Security Assessment

Assess Information Security alignment with State expectations. ADS-Security Division will support the reviewer and provide guidance on assessment.

1. **Will the new system have its own information security controls, rely on the State's controls, or incorporate both?**

   The state will rely upon Workday's security controls as well as rely upon existing network security controls within SOV's network environment.

2. **What method does the system use for data classification?**

   The State uses job type/classification data types to manage employment and compensation within

Workday. The state has posted an RFP to modernize its classification and compensation evaluation method which is currently conducted using the Willis System.

3. **What is the vendor's breach notification and incident response process?**

   The General Data Protection Regulation (GDPR), a European Union (EU) regulation, repeals and replaces Data Protection Directive 95/46/EC as well as the implementing legislation of the member states. This regulation took effect in all 28 EU member states on May 25, 2018 and simplifies and harmonizes current data protection laws in all EU member states. The GDPR applies to companies in the EU as well as all companies that process or store the personal data of EU citizens, regardless of their location.

4. **Does the vendor have a risk management program that specifically addresses information security risks?**

   Workday has both data safeguard exhibits for customers and also has compliance with SOC and GDRP guidelines. Customers are able to ask for this information annually to perform their own independent reviews.

5. **What encryption controls/technologies does the system use to protect data at rest and in transit?**

   Workday relies on the Advanced Encryption Standard (AES) algorithm with a key size of 256 bits for encryption at rest. Transport Layer Security (TLS) protects user access via the internet, helping to secure network traffic from passive eavesdropping, active tampering, or message forgery.

6. **What format does the vendor use for continuous vulnerability management, what process is used for remediation, and how do they report vulnerabilities to customers?**

   Workday does not provide this specific information to clients. However, if a breach occurs with Workday your contract will cover the recovery activities that will be necessary. In addition, a client can request an audit of the Workday location where your data is housed for a fee.

7. **How does the vendor determine their compliance model and how is their compliance assessed?**

   For Workday, the SOC audit provides an annual review of their compliance.

12. Risk Assessment & Risk Register

Perform an independent risk assessment and complete a Risk Register. The assessment process will include performing the following activities:

A. *Ask the independent review participants to provide a list of the risks that they have identified and their strategies for addressing those risks.*
B. *Independently validate the risk information provided by the State and/or vendor and assess their risk strategies.*
C. *Identify any additional risks.*
D. *Ask the Business to respond to your identified risks, as well as provide strategies to address them.*
E. *Assess the risks strategies provided by the Business for the additional risks you identified.*
F. *Document all this information in a **Risk Register and label it Attachment 2**. The Risk Register should include the following:*

- ***Source of Risk**: Project, Proposed Solution, Vendor or Other*
- ***Risk Description**: Provide a description of what the risk entails*
- ***Risk ratings to indicate**: Likelihood and probability of risk occurrence; Impact should risk occur; and Overall risk rating (high, medium or low priority)*
- ***State's Planned Risk Strategy**: Avoid, Mitigate, Transfer or Accept*
- ***State's Planned Risk Response**: Describe what the State plans to do (if anything) to address the risk*
- ***Timing of Risk Response**: Describe the planned timing for carrying out the risk response (e.g. prior to the start of the project, during the Planning Phase, prior to implementation, etc.)*

G. ***Reviewer's Assessment of State's Planned Response**: Indicate if the planned response is adequate/appropriate in your judgment and if not, what would you recommend.*

Additional Comments on Risks:

Attachment 2 - Risk Register includes impact, recommendation and scoring for assistance in the review by the State.

Attachment 1 – Lifecycle Cost Benefit Analysis

Plante Moran has completed the lifecycle cost-benefit analysis, and the details on this document are available in **Attachment 3 – Cost Summary.** It includes the costs from FY2022 to FY2031 (10 years), which also includes the costs to maintain the existing system.

A few assumptions were made to document these costs below:

1) The costs used to estimate the current costs to maintain the Peoplesoft system are based on the following information. The costs used for FY26 and FY27, are based on the same number presented for FY25. These values could increase based on new operating costs and increases from Peoplesoft.
2) The costs for the business staff have been spread equally across the two implementation phases.
3) Costs have been added for the Workday training and Workday Delivery Assurance. These costs can increase or decrease the overall cost, depending on the type of training and type of Delivery Assurance being purchased from Workday.
4) The costs for the business transformation have been equally spread across the two implementation phases.
5) The schedule and cost information were based on the [redacted] draft VT [redacted] Contract and SOW Working Draft_1920024 and the related updated [redacted] Updated Cost Proposal_v02192024.
6) Our cost materials did not include any training credits or delivery assurance fees from Workday. As of the writing of this report, these costs have not been determined or included by Workday.
7) No costs to maintain or update STARS and FARS have been included in the cost summary below.

Attachment 2 - Risk Register

The Risk Register attached has the ranking and associated impact and mitigation recommendation from Plante Moran.

Summary by Risk Category

Risk ID	Risk	Low < 5	Medium 5 - 9	High > 9
	Change Mgmt.			
	Communication			
	Contract/SOW			2
	Data Conversion		1	
	Go-Live			
	Processes		2	2
	Project Mgmt.			
	Reporting	1	2	1
	Resources/Skills	1	1	1
	Schedule		2	2
	Security			2
	Software			
	Technical			2
	Training		1	
	Vendor		1	
	Total	***2***	***10***	***12***

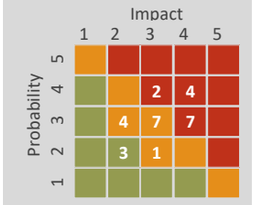
Risk Management is "the process associated with identifying, analyzing and responding to project risk through maximization of

Risk Analysis Scores - Evaluate and score the probability for each risk and its potential impact on the project based on the definitions below:

[1] Probability Definitions
5 - Very likely to occur
4 - Probably will occur
3 - May occur
2 - Unlikely to occur
1 - Very unlikely to occur

[2] Impact Definitions
5 - Event poses very high cost, schedule, or other failure
4 - Event poses major cost, schedule, or other increases
3 - Event poses moderate increases, but requirements may still be met
2 - Event poses small increases, but requirements may still be met
1 - Event has little impact on the project

Probability - Impact Matrix



[3] Risk Response Strategies - Define response strategies which can be categorized as:
a. Avoid - Eliminate the cause.
b. Transfer - Shift or share related consequences with an external organization (e.g. insurance).
c. Mitigate - Reduce the probability of occurrence.
d. Accept - Accept the related consequences.

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
1	Plante Moran's review of the [redacted] Contract identified risks, issues and gaps. The intent of this review was to provide some guidance and considerations for the State to consider while completing the contract negotiations. See Appendix A – Contract Issue and Risk Review.	4	4	16	Contract/SOW	This risk may impact contract negotiations, project schedule, scope, and resource requirements a possibility of liability concerns.	Contract Negotiations	3/1/2024	EPMO	Mitigate	Priority	The State will review the contract feedback and incorporate/negotiate changes as appropriate.	State mitigation is acceptable.
[redacted]	Inefficient internal processes can impact analysis of current state and misalign design of future state.	3	3	9	Processes	This risk will impact the current state analysis misalign the future state design. Before [redacted] State processes must be documented.	Current/Future Process Analysis	3/1/2024	Specific to Department	Mitigate	Monitor	The State will be contracting with a third party vendor to provide Business Process Transformation services which will assess the current state and document/align the future state for Workday implementation. The State recognizes and accepts that the BPT contract may run concurrently with the implementation contract.	State mitigation is acceptable. PM suggests additional consideration for coordinating the two work efforts to avoid potential conflicts or delays. A clear plan for timeline coordination should be established to ensure that both contracts align effectively.

Attachment 2 - Risk Register

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
3	Limited SOV resources, staff availability, perceived resistance, and low user participation in the early stages of the ERP project are causing concerns for business transformation.	3	4	12	Change Mgmt.	This risk will impact project schedule with delays, missed knowledge transfer opportunities, and post-go-live sustainment issues. However, these challenges can be overcome with a proactive change management approach and the right resources.	Current/Future Process Analysis	3/1/2024	Specific to Department	Mitigate	Monitor	1. The State is implementing a change management team to develop and implement the change management strategy and plan for the project. The creation of a change agent network will assist in bringing additional staff into the project and getting them excited about the project. 2. The business process transformation effort will engage additional staff from across the State. 3. The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan. 4. The State has developed a resource management plan and identified resource gaps and constraints for implementation. The State is continuing to identify strategies for mitigating the resource constraints. The Legislature approved the creation of three limited service positions for backfilling to allow for project work Phase 1.	State mitigation is acceptable. PM suggests establishing a change committee (Agency/Dept leads) up front of the ERP/BPT work efforts. Overall, having a change committee dedicated to overseeing the OCM activities supporting the ERP implementation can enhance project governance, mitigate risks, facilitate effective change management, and ensure that the organization realizes the full potential of its investment in the ERP system.
4	Lack of standard security model or active security monitoring for the two PeopleSoft versions. The State's Cloud-first approach relies on identity, network, systems, and device security, but is reactive.	4	4	16	Security	This risk will impact will may result in data breaches and data exposure.	Basecamp	3/1/2024	ADS	Mitigate	Priority	The State does have a standard security model and security monitoring that will be adhered to for this project. The ADS Security Lead will work with the Implementation Vendor to ensure modern standards are adhered to.	State mitigation is acceptable.
5	State systems use multiple accounts for authentication in a multi-domain environment, specifically, Identity and Access Management (IAM) needs improvement and Multi Factor Authentication is not utilized.	3	4	12	Security	This risk will impact user access and security role assignment.	Deployment	3/1/2024	ADS	Mitigate	Priority	The State agrees with this risk and that IAM will be in place for the Workday platform.	State mitigation is acceptable.

Attachment 2 - Risk Register

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
6	Guidehouse's proposed ERP project phasing for HCM, Adaptive Planning and Finance may have integration misalignment gaps and access issues with legacy systems. HCM will be live two years before Finance.	3	4	12	Schedule	This risk will impact downstream modules as FDM design must occur early in ERP timeline impacting reporting and workflows until all systems are live.	Contract Negotiations	3/1/2024	ADS	Mitigate	Monitor	The State agrees that this is a risk, but the inclusion of both HCM and Finance in the scope provides consistency and oversight of integrations to legacy systems.	State mitigation is acceptable.
7	Cost allocation was not included in the [redacted] contract. This module is required overall and specifically will need to be standardized across the State agencies/departments.	4	4	16	Contract/SOW	This risk will impact design and by way of change requests, cost, scope and schedule.	Contract Negotiations	3/1/2024	EPMO	Mitigate	Priority	The State is requesting that [redacted] include Allocation in the scope of work.	State mitigation is acceptable.
8	Reporting tools for generating ACFR, SEFA, and Budget Book are currently inefficient, with multiple systems and paper-based methods in use.	4	4	16	Reporting	This risk will impact report accuracy and timeliness, especially in light of the retirement of some key processes. An urgent need exists for more streamlined and effective reporting tools to ensure reliable reporting.	Current/Future Process Analysis	3/1/2024	Specific to Department	Mitigate	Priority	The Workday platform will not be creating the reports listed and are not in scope of the implementation. These products are outside of the scope of the current project. The State has the lead resource of the ACFR report as part of the project and will look for ways to become more efficient in the creation of the reports.	State mitigation is acceptable. An additional consideration is for the State lead resource for the ACFR report to be involved from a data perspective to ensure that the right data is captured for future reports.
9	The remediation strategy for legacy systems and security with the implementation of the Workday ERP initiative is unclear. While Oracle's extended support provides comfort, it's expensive at over 10M per year.	3	4	12	Technical	This risk will impact legacy system costs, continued required support and disruptions to operations.	Basecamp	3/1/2024	ADS	Mitigate	Priority	The State accepts the risk that extended support is necessary for the Peoplesoft platform to continue operations. The State accepts that the legacy system will need to run in parallel during implementation and that there is a cost associated with supporting the legacy system.	State mitigation is acceptable.
10	DHR team is facing challenges with staffing and skill sets. Two tech resources with significant skills are no longer there, causing a knowledge gap. High volume of vacancies and retirements will impact available resources for the ERP initiative.	3	3	9	Resources/Skills	This risk will impact all phases of the ERP implementation, knowledge transfer opportunities, testing, training and post go-live sustainment. The team is proactively addressing these challenges and confident in their ability to recruit top talent and deliver the project on time and within budget.	Basecamp	3/1/2024	Specific to Department	Mitigate	Priority	The State has developed a resource management plan and identified gaps and resources who will be overallocated during the project. The State is taking steps to backfill day to day operations and ensuring the appropriate subject matter experts are assigned to correct area for the project implementation. The Legislature approved the creation of three limited service positions for backfilling to allow for project work Phase 1.	State mitigation is acceptable. An additional consideration is for the State to re-visit the resource management plan consistently and proactively address any resource constraints.

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
11	Lack of understanding and experience with concept of SaaS solutions.	3	3	9	Training	This risk will impact usage and cause resistance. Early adoption and awareness, training, and knowledge transfer. This improves engagement, quality, and maintenance.	Basecamp	3/1/2024	ADS	Mitigate	Priority	The State is implementing a change management team that will be responsible for assisting with early adoption, awareness, training, and knowledge transfer.	State mitigation is acceptable.
12	Stakeholders need more exposure to Workday. Staff lack knowledge to confirm assumptions. There are finance knowledge gaps and lack of familiarity with translating organizational structure.	3	3	9	Training	This risk will impact engagement throughout the ERP implementation.	Basecamp	3/1/2024	ADS	Mitigate	Monitor	The State is implementing a change management team that will be responsible for assisting with early adoption, awareness, training, and knowledge transfer. The stakeholders that have been assigned to the various workgroups for implementation, they will be required to go through the basic Workday training modules.	State mitigation is acceptable.
13	The project schedule presents risk due to constraints at competing activities during the implementation period.	3	2	6	Schedule	With mitigation strategies and careful monitoring, we can deliver the project successfully.	Contract Negotiations	3/1/2024	EPMO	Mitigate	Priority	The State intends to bring in additional State Agency/Department staff to be utilized to fill gaps or alleviate over allocated resources and competing priorities.	State mitigation is acceptable.
14	A third party is developing an Affordable Care Act report in December. This is not documented on the integration list or in the ERP implementation timeline.	4	3	12	Schedule	If not included in the ERP scope, this will impact cost, scope, and schedule.	Contract Negotiations	3/1/2024	Specific to Department	Mitigate	Priority	The State will request [redacted] incorporate this integration/report functionality into the scope of work. The State is aware of the 3rd party integration with the ACA third party vendor. Any additional integrations with [redacted] will need to be negotiated.	State mitigation is acceptable.
15	Most agencies use data extracts from other systems rather than one source, specifically, DHR retrofits to the integrations to report to the IRS with Oracle data.	3	3	9	Reporting	This will impact engagement, quality and post go live sustainment.	Basecamp	3/1/2024	ADS	Mitigate	Monitor	The State will work with agencies to identify reporting requirements that could be implemented into Workday. State staff will be trained in report writing so they can create their own reports.	State mitigation is acceptable.
16	DHR has a reporting gap regarding staff with two jobs and a blended rate, but no critical compliance issues.	3	2	6	Reporting	This will impact the development of future state and quality of the implementation.		3/6/2024	Specific to Department	Mitigate	Monitor	The State recognizes this as a risk and will be a problem that needs to be addressed in the new solution and will work with the implementation vendor to address the risk.	State mitigation is acceptable.

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
17	Grant management is currently administered manually. Time is spent with manual handoffs, manually entering transactions, expenses, aggregating data, and reconciling accounts. With exposure to manual errors.	4	3	12	Processes	This will impact turnaround time in the process, data integrity and efficiency.	Current/Future Process Analysis	3/6/2024	Specific to Department	Mitigate	Priority	The Business Process Transformation contract will include working with all Agencies and/or Departments who have currently approved cost allocation plans with Federal Partners. Prior to Phase II implementation, including Workday Grants Management, the business process analysis work will be completed to ensure that varied requirements and complexities related to different funding streams can be effectively adapted to the new statewide platform.	State mitigation is acceptable. **Background on this risk:** **Interview with DHR:** Grant tracking is new and managed at a summary level. Details needed for reporting are not currently tracked. **Interview with the DOT:** Grants are stored in a contract tracking system, and tables are maintained in STARS. When grant payments are made in STARS, the contract admin must also manually enter them in VISION PeopleSoft. **Interview with VDOL:** FARS is used to reconcile Federal government grants. Its main purpose is to manage grants with efficiency and accuracy. If FARS is no longer in use, then this entire process will need to be migrated to the new ERP system. The high-level process for VDOL begins with the receipt of a pool of money from the Federal government or other sources. Then, a four-digit project code is created to account for the money in FARS from start to finish. A running ledger is maintained to track the pool of money, which then allows a budget to be established. In addition, Formula Funds, which are pools of money given yearly by Congress based on different criteria, also need to be managed and tracked in FARS. **Interview with ADS CFO:** Currently, this agency does not work with too many grants, but grant money is received from the Federal government. Because of how ADS tracks expenditures, which are tracked via projects, it is not established today to have truly comprehensive grant reporting available to them. Some tracking is done via HCM, some in VISION, and some through finance. Their agencies do not issue grants, but they are having discussions about granting more.
18	There isn't an executive sponsorship in representation from FARS and STARS in the Executive Steering Committee.	3	2	6	Governance/Project Mgmt.	This risk will impact ERP project governance, executive sponsorship involvement and misaligned goals.	Basecamp	1/0/1900	EPMO	Mitigate	Monitor	The State has determined that representation from VDOL and AOT will be present at the Program Leadership Team level and the day to day project activities.	State mitigation is acceptable.

Attachment 2 - Risk Register

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
19	Resource availability and constraints impacting ERP implementation timeline are due to budget planning and development, open enrollment, and ACFR preparation and reporting.	2	3	6	Schedule	This risk will impact the ERP schedule and costs.	Contract Negotiations	3/6/2024	Specific to Department	Mitigate	Monitor	The State plans to allocate resources via the Resource Management Plan. The resource plan has identified the specific resources for each functional area and identified the gaps. The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan.	State mitigation is acceptable.
20	PRISM being considered for housing legacy data, this will need its own buildout. The implementation of PRISM may impact the Workday ERP timeline, as SOV resources will need to own the buildout of legacy data needed in PRISM.	3	3	9	Data Conversion	This risk will impact schedule and integration to the EDW, and reporting. However, with careful planning, we can integrate PRISM while minimizing disruptions.	Basecamp	3/6/2024	Specific to Department	Mitigate	Monitor	The State plans to allocate resources via the Resource Management Plan. The resource plan has identified the specific resources for each functional area and identified the gaps. The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan. This work will be added to the overall Implementation Master Schedule.	State mitigation is acceptable.
21	There is a notable lack of awareness amongst ERP stakeholders about the benefits of a consistent FDM. Currently the usage of COA across different agencies varies.	3	4	12	Processes	This risk will impact downstream modules as FDM design must occur early in ERP timeline impacting reporting and workflows until all systems are live.	Current/Future Process Analysis	3/6/2024	Specific to Department	Mitigate	Monitor	The State agrees that we will attempt to include a full FDM during the first phase, but there should be no change to the contract.	State mitigation is acceptable.
22	The ERP Project Lead Team (PLT) confirmed they would be serving as the escalation path to the ESC. BerryDunn will be managing the day-to-day project activities and oversight of [redacted] Vendor management governance will be critical, specifically around deliverables, and establishing clear roles and responsibilities.	2	2	4	Governance/Project Mgmt.	Vendor management governance will be critical, specifically around deliverables, and establishing clear roles and responsibilities.	Contract Negotiations	3/6/2024	EPMO	Mitigate	Priority	The EPMO will work alongside the ADS business office to ensure the State has an enterprise approach to vendor management that will include contract management, financial management, performance and risk management and relationship management. The State will provide governance and processes to oversee and manage vendors throughout the project lifecycle.	State mitigation is acceptable.

Attachment 2 - Risk Register

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
23	Key staff are over-allocated in the ERP project. These staff are responsible for decision making, design, conversion validation, testing, training, and support. This will contribute to the concern of employee burnout.	3	4	12	Resources/Skills	This risk will impact schedule, quality and contribute to the concern of employee burnout.	Basecamp	3/6/2024	Specific to Department	Mitigate	Priority	The State plans to allocate resources via the Resource Management Plan. The resource plan has identified the specific resources for each functional area and identified the gaps. The opportunity to bring in additional State Agency/Department staff could be utilized to fill gaps or alleviate over allocated resources. This can be identified in the Resource Management Plan.	State mitigation is acceptable.
24	The current talent acquisition practices are manual and are administered outside of SOV's current VTHR system.	3	2	6	Processes	This risk will impact processing efficiencies and integrated workflows.	Current/Future Process Analysis	3/6/2024	Specific to Department	Mitigate	Monitor	Replacement of Talent acquisition (SuccessFactors) is not in scope for the Workday implementation. Replacement of the current Talent acquisition platform will be considered as a potential future phase.	State mitigation is acceptable.
25	Staff lack the required basic awareness transiting mindset from Transcode Activity to Debits and Credits.	3	3	9	Training	This risk will impact the ability to translate to future state design.	Basecamp	3/6/2024	Specific to Department	Mitigate	Monitor	The State will add this training item to the change management team's scope.	State mitigation is acceptable. **Note for the source of risk.** During the interview with the Agency of Transportation team, this risk was raised regarding basic education needed around what a debit is and what a credit is as the current understanding is using Transcodes which drive the debits and credits in the current system.
26	To ensure seamless integration of non-Workday systems with Workday FDM, data normalization, standardization, and cleansing are imperative.	3	4	12	Technical	This risk will impact integration design, testing, training, and adoption	Architect/Design	3/6/2024	ADS	Mitigate	Priority	The State agrees that we will attempt to include a full FDM during the first phase, but there should be no change to the contract. This work will include a data normalization, standardization, and cleansing activities.	State mitigation is acceptable.
27	Managing legacy data and defining use cases for PRISM analytics can unlock valuable insights and drive better decision-making across the organization.	2	2	4	Reporting	This risk will impact data conversion, reporting, and future EDW planning	Architect/Design	3/6/2024	ADS	Mitigate	Monitor	The State has scoped use cases for PRISM in the contract. In addition to PRISM Analytics, the State will be using the Enterprise Data Warehouse to house and present legacy data.	State mitigation is acceptable.

Attachment 2 - Risk Register

Risk #	Risk Description	Probability[1]	Impact[2]	Prob / Impact Score	Category	Impact on Project if Risk Occurs	Possible Triggers	Date Identified	Risk Owner	Response Strategy[3] / Plan *(Avoid, Transfer, Mitigate, Accept)*	Status	State Response	PM Feedback on SOV Response
28	Effective security protocols are crucial for proper data access and segregation of duties. Overlooking these complexities can cause serious security concerns.	2	2	4	Resources/Skills	This risk will impact user access to data, and reporting.	Basecamp	3/6/2024	ADS	Mitigate	Monitor	The State's security lead will lead the effort in developing and reviewing roles and assignments in the Workday platform.	State mitigation is acceptable.

Attachment 3 - Cost Summary

The Cost Summary has multiple sheets that show the material that was used to create the cost information. These sheets are described below:

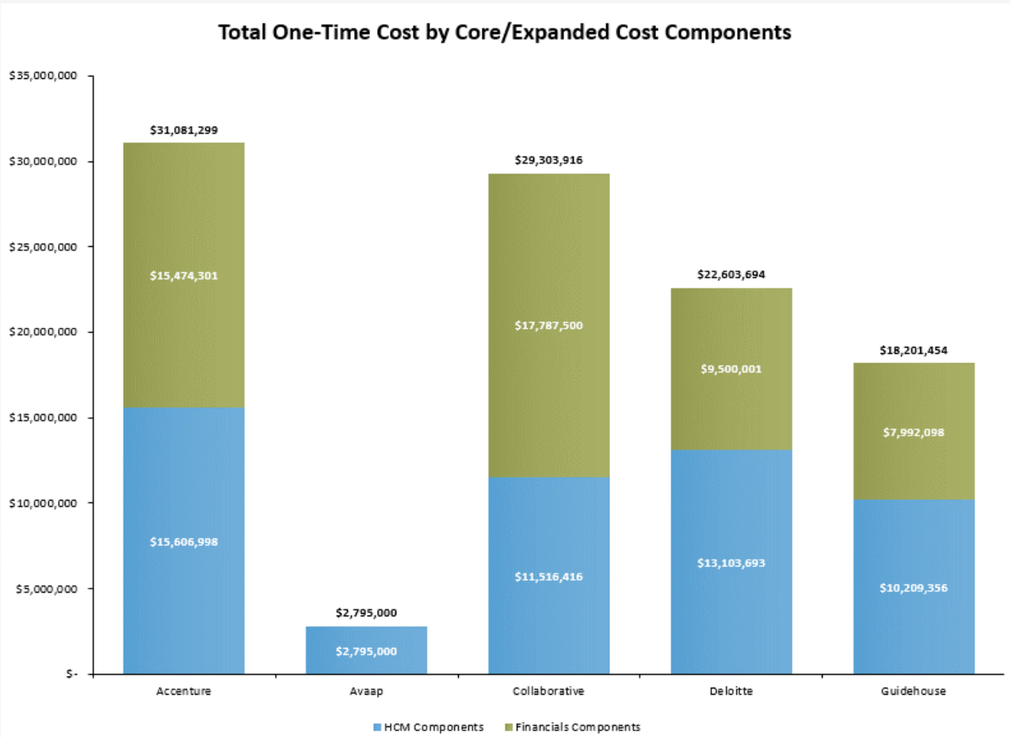
1) **IT Activity Lifecycle Costs:** Provides the IT Activity Lifecycle Costs table that has been provided in the risk assessment document.
2) **Lifecycle Cost Benefit Analysis:** This provides the detailed spreadsheet for the lifecycle calculation and shows the details for each calculation based on information provided by the State.
3) **Price Analysis for SI:** This sheet provides the actual analysis that Plante Moran performed on the system implementer's BAFO proposals to show how each vendor ranked in the proposal and the overall costs. This shows that the cost from the BAFO to the actual SOW at the time of this report has changed very minimally.
4) **Workday Costs:** This sheet shows the 10-year Workday subscription fees based on Amendment 3 to that contract.
5) **Current ERP Costs:** This sheet shows the current FY23-FY25 costs for the current ERP system.
6) [redacted] **Updated Costs:** This sheet shows the most current pricing as of the writing of this report from [redacted]
7) **ITS Cost Summary:** This shows a detailed summary information on ADS and other costs from ADS. (Note: This spreadsheet was revised to accurately represent the overall costs and used to support calculations.

Risk Assessment for Workday and [redacted] Implementation						
Description	HCM Implementation	Financial Implementation	Existing Systems Maintenance	Existing Systems Maintenance	Annual Maintenance	Total
Fiscal Year	FY24-25	FY26-27	FY24-25	FY26-27	FY28-FY31	
Software						
Software subscription	$ 8,550,000	$ 4,065,000			$ 16,260,000	$ 28,875,000
Training Cost	$ 197,994					$ 197,994
Delivery Assurance Cost	$ 350,000	$ 350,000				$ 700,000
Other-Annual AWS Fees					$ 80,000	$ 80,000
Peoplesoft Support Fees			$ 7,112,140	$ 8,024,252		$ 15,136,392
Software Total	**$ 9,097,994**	**$ 4,415,000**	**$ 7,112,140**	**$ 8,024,252**	**$ 16,340,000**	**$ 44,989,386**
Consulting						
System Implementer	$ 10,643,565	$ 10,748,771				$ 21,392,336
Business Anaylist (1 FTE)	$ 1,040,000					$ 1,040,000
Project Management	$ 1,651,950	$ 1,080,000				$ 2,731,950
Business Transformation	$ 1,500,000	$ 1,500,000				$ 3,000,000
Risk Assessment	$ 50,000					$ 50,000
Other-Contingency	$ 3,069,816	$ 2,138,150				$ 5,207,965
Consulting Total	**$ 17,955,331**	**$ 15,466,920**	**$ -**	**$ -**	**$ -**	**$ 33,422,251**
ADS Support						
ADS EPMO Project Oversight & Reporting (30% FTE)	$ 219,648	$ 109,824				$ 329,472
ADS Enterprise Architect Staff for Implementation - 0.5 FTE	$ 366,080	$ 183,040				$ 549,120
ADS Security staff for Implementation - 0.5 FTE	$ 366,080	$ 183,040				$ 549,120
Other ADS IT Labor for Implementation (2 ADS IT Staff and 1 Customer Success Resource - EPMO) - 3 FTEs	$ 2,196,480	$ 1,098,240			$ 2,131,956	$ 5,426,676
ADS Ongoing Workday Support	$ -	$ -			$ 1,463,740	$ 1,463,740
ADS Support Total	**$ 3,148,288**	**$ 1,574,144**	**$ -**	**$ -**	**$ 3,595,696**	**$ 8,318,128**
Other						
Business Staff	$ 450,000	$ 450,000				$ 900,000
Other Total	**$ 450,000**	**$ 450,000**	**$ -**	**$ -**	**$ -**	**$ 900,000**
Total	**$ 30,651,613**	**$ 21,906,064**	**$ 7,112,140**	**$ 8,024,252**	**$ 19,935,696**	**$ 87,629,765**
Annual costs after go live					**$ 4,983,924**	

IT Activity Lifecycle:	**10 years, starting with 2022 through 2031.**		
Total Lifecycle Costs:	$		87,629,765
Total Implementation Costs:	$		52,557,677
New Annual Operating Costs:	$		4,983,924
Current Annual Operating Costs:	$		4,012,126
Difference Between Current and New Operating Costs:	$		971,798
Funding Source(s) and Percentage Breakdown if Multiple Sources:	**Appropriation A - ARPA-CSFR Fund to AoA, changed to GF in 2021**		**Appropriation B - Technology Modernization Special Fund**
	Funds Appropriated	$ 12,800,000.00	$ 11,800,000.00
	Estimated Costs	$ 28,701,612.74	$ 23,856,064.34
	Budget Shortfall Subtotals	**$ (15,901,612.74)**	**$ (12,056,064.34)**
	Budget Shortfall Total	**$ (27,957,677.08)**	

Risk Assessment for Workday and [redacted] Implementation						
Description	HCM Implementation	Financial Implementation	Existing Systems Maintenance	Existing Systems Maintenance	Annual Maintenance	Total
Fiscal Year	FY24-25	FY26-27	FY24-25	FY26-27	FY28-FY31	
Software						
Software subscription	$ 8,550,000	$ 4,065,000			$ 16,260,000	$ 28,875,000
Training Cost	$ 197,994					$ 197,994
Delivery Assurance Cost	$ 350,000	$ 350,000				$ 700,000
Other-Annual AWS Fees					$ 80,000	$ 80,000
Peoplesoft Support Fees			$ 7,112,140	$ 8,024,252		$ 15,136,392
Software Total	**$ 9,097,994**	**$ 4,415,000**	**$ 7,112,140**	**$ 8,024,252**	**$ 16,340,000**	**$ 44,989,386**
Consulting						
System Implementer	$ 10,643,565	$ 10,748,771				$ 21,392,336
Business Anaylist (1 FTE)	$ 1,040,000					$ 1,040,000
Project Management	$ 1,651,950	$ 1,080,000				$ 2,731,950
Business Transformation	$ 1,500,000	$ 1,500,000				$ 3,000,000
Risk Assessment	$ 50,000					$ 50,000
Other-Contingency	$ 3,069,816	$ 2,138,150				$ 5,207,965
Consulting Total	**$ 17,955,331**	**$ 15,466,920**	**$ -**	**$ -**	**$ -**	**$ 33,422,251**
ADS Support						
ADS EPMO Project Oversight & Reporting (30% FTE)	$ 219,648	$ 109,824				$ 329,472
ADS Enterprise Architect Staff for Implementation - 0.5 FTE	$ 366,080	$ 183,040				$ 549,120
ADS Security staff for Implementation - 0.5 FTE	$ 366,080	$ 183,040				$ 549,120
Other ADS IT Labor for Implementation (2 ADS IT Staff and 1 Customer Success Resource - EPMO) - 3 FTEs	$ 2,196,480	$ 1,098,240			$ 2,131,956	$ 5,426,676
ADS Ongoing Workday Support	$ -	$ -			$ 1,463,740	$ 1,463,740
ADS Support Total	**$ 3,148,288**	**$ 1,574,144**	**$ -**	**$ -**	**$ 3,595,696**	**$ 8,318,128**
Other						
Business Staff	$ 450,000	$ 450,000				$ 900,000
Other Total	**$ 450,000**	**$ 450,000**	**$ -**	**$ -**	**$ -**	**$ 900,000**
Total	**$ 30,651,613**	**$ 21,906,064**	**$ 7,112,140**	**$ 8,024,252**	**$ 19,935,696**	**$ 87,629,765**
Annual costs after go live					**$ 4,983,924**	

Description	Implementation	Implementation	Maintenance	Total
Fiscal Year	FY24-25	FY26-27	FY28-FY31	
Software				
Software subscription	$ 8,550,000	$ 4,065,000	$ 16,260,000	**$ 28,875,000**
Other-Annual AWS Fees, Training and Delivery Assurance	$ 547,994	$ 350,000	$ 80,000	**$ 977,994**
Software Total	**$ 9,097,994**	**$ 4,415,000**	**$ 16,340,000**	**$ 29,852,994**
Consulting				
System Implementer	$ 10,643,565	$ 10,748,771		**$ 21,392,336**
Business Anaylist (1 FTE)	$ 1,040,000			**$ 1,040,000**
Project Management	$ 1,651,950	$ 1,080,000		**$ 2,731,950**
Business Transformation	$ 1,500,000	$ 1,500,000		**$ 3,000,000**
Risk Assessment	$ 50,000			**$ 50,000**
Other-Contingency	$ 3,069,816	$ 2,138,150		**$ 5,207,965**
Consulting Total	**$ 17,955,331**	**$ 15,466,920**	**$ -**	**$ 33,422,251**
ADS Support				
ADS EPMO Project Oversight & Reporting (30% FTE)	$ 219,648	$ 109,824		**$ 329,472**
ADS Enterprise Architect Staff for Implementation - 0.5 FTE	$ 366,080	$ 183,040		**$ 549,120**
ADS Security staff for Implementation - 0.5 FTE	$ 366,080	$ 183,040		**$ 549,120**
Other ADS IT Labor for Implementation (2 ADS IT Staff and 1 Customer Success Resource - EPMO) - 3 FTEs	$ 2,196,480	$ 1,098,240	$ 2,131,956	**$ 5,426,676**
ADS Ongoing Workday Support	$ -	$ -	$ 1,463,740	**$ 1,463,740**
ADS Support Total	**$ 3,148,288**	**$ 1,574,144**	**$ 3,595,696**	**$ 8,318,128**
Other				
Business Staff	$ 450,000	$ 450,000		**$ 900,000**
Other Total	**$ 450,000**	**$ 450,000**	**$ -**	**$ 900,000**
Total	**$ 30,651,613**	**$ 21,906,064**	**$ 19,935,696**	**$ 72,493,373**



Total One-Time Cost Summary					
Cost Category	**Accenture**	**Avaap**	**Collaborative**	**Deloitte**	**Guidehouse**
HCM Components					
Software	$0	$0	$0	$0	$0
Implementation Services	$10,335,045	N/A	$4,923,713	$8,286,967	$4,559,564
Training Services	$408,112	N/A	$235,744	$592,583	$233,665
Data Conversion Services	$965,783	N/A	$420,172	$1,076,893	$676,160
Interfaces	$1,298,785	N/A	$1,185,504	$1,521,934	$555,933
Other Implementation Services	$2,599,273	$2,895,000	$4,751,283	$1,625,316	$4,009,034
Travel & Lodging Costs	$0	N/A	N/A	N/A	$175,000
Discount	*$0*	*-$100,000*	*N/A*	*N/A*	*N/A*
Subtotal - HCM Components	**$15,606,998**	**$2,795,000**	**$11,516,416**	**$13,103,693**	**$10,209,356**
Financials Components					
Software	$0	$0	$0	$0	$0
Implementation Services	$10,411,474	N/A	$15,725,000	$7,069,743	$3,655,425
Training Services	$420,012	N/A	N/A	$464,808	$274,900
Data Conversion Services	$855,656	N/A	N/A	$732,027	$670,015
Interfaces	$1,619,475	N/A	N/A	$703,178	$989,751
Other Implementation Services	$2,167,684	N/A	$2,062,500	$530,245	$2,327,007
Travel & Lodging Costs	N/A	N/A	N/A	N/A	$175,000
Discount	*N/A*	*N/A*	*N/A*	*N/A*	*-$100,000*
Subtotal - Financials Components	**$15,474,301**	**$0**	**$17,787,500**	**$9,500,001**	**$7,992,098**
Grand Total	**$31,081,299**	**$2,795,000**	**$29,303,916**	**$22,603,694**	**$18,201,454**

Plante Moran Comments					
	Accenture's proposal shows a total of $15,474,300 for the Financials implementation, but their individual line items add up to the $15,474,301 total show in our analysis. The correct total was used for comparison.	Avaap did not include a bid for Financials implementation and instead offered to conduct Phase 0 HCM activities at no cost (estimating $85,000-115,000). Plante Moran used the average of this for calculating the discount	Collaboative provided ranges of cost for the Financials implementation. For analysis purposes, Plante Moran used the average of the high/low costs provided.	Deloitte's proposal shows a total of $9,500,000 for the Financials implementation, but their individual line items add up to the $9,500,001 shown in our analysis. The correct total was used for comparison.	Guidehouse offered a discount of $100,000 if the State chooses to contract with them for both HCM and Financials implementation.

Payment Schedule Table

Payment #	Payment Due Date	Payment Amount
1	Due in accordance with the MSA, invoiced upon Order Effective Date	700,000
2	Due on first anniversary of the Order Term start date	1,650,000
3	Due on second anniversary of the Order Term start date	0
4	Due on third anniversary of the Order Term start date	2,550,000
5	Due on fourth anniversary of the Order Term start date	3,650,000
6	Due on fifth anniversary of the Order Term start date	4,065,000
7	Due on sixth anniversary of the Order Term start date	4,065,000
8	Due on seventh anniversary of the Order Term start date	4,065,000
9	Due on eighth anniversary of the Order Term start date	4,065,000
10	Due on ninth anniversary of the Order Term start date	4,065,000
	Total Payment Amount	**28,875,000**

Payment #	Payment Due Date	Payment Amount
1	Due in accordance with the MSA, invoiced upon Order Effective Date	131,998
2	Due on first anniversary of the Order Term start date	32,998
3	Due on second anniversary of the Order Term start date	32,998
	Total Payment Amount	197,994

First the numbers for the current ERP:

ERP (59300)	SFY23 Expenditures	SFY24 Budget	SFY25 Proposed Budget
Staffing & Associated Costs	1,196,758.00	1,121,025.00	1,168,575.00
Overhead/CIO Indirect	110,807.00	160,180.00	184,904.00
Contractual & Licensing	1,485,838.00	1,818,809.05	2,664,506.00
Total	**2,793,403.00**	**3,100,014.05**	**4,017,985.00**

UPDATED: Used $4,012,126.00 fof FY 25 and repeated for FY26 & FY27 received via email from team
This cost has been used for all costs FY25 and beyond including the staffing costs

Updated Costs

HCM

	Primary Proposer – Implementation Services	As Proposed in December 2022 Cost	Vendor Comments	Altered Adaptive Planning Timeline (3 Additional Months) Additional Costs	Updated Cost	Vendor Comments
Vendor #1	Project Management	$701,199.00		$14,962.15	$716,161.15	
	Requirements Gathering/Analysis	$413,432.40	[redacted]	$12,932.92	$426,365.32	[redacted]
	Design (Architect Solution) and Business Process Optimization	$1,373,177.98	Architect	$34,955.36	$1,408,133.34	Architect
	Development (Build, Configure or Aggregate)/Testing	$1,338,740.23	Configure	$37,628.23	$1,376,368.46	Configure
	System Testing	$1,109,697.20	Test	$32,001.35	$1,141,698.55	Test
	Training	$233,665.00	Training Lead and Consultants		$233,665.00	Training Lead and Consultants
	Report Development	$68,875.50	Reporting		$68,875.50	Reporting
	Integration Design/Configure/Test	$555,932.81			$555,932.81	
	Data Conversion Analysis/Load/Test	$175,680.00			$175,680.00	
	Organizational Change Management	$1,335,095.00			$1,335,095.00	
	Other (Specify in Vendor Comments)	$114,370.15	Quality Assurance Lead		$114,370.15	Quality Assurance Lead
	Other (Specify in Vendor Comments)	$369,107.02	Deployment & Warranty Support		$369,107.02	Deployment & Warranty Support
	Other (Specify in Vendor Comments)	$182,155.00	Adaptive Planning	$105,799.50	$287,954.50	Adaptive Planning
	Other (Specify in Vendor Comments)	$147,668.80	PRISM Analytics		$147,668.80	PRISM Analytics
	Other (Specify in Vendor Comments)	$23,587.50	People Analytics		$23,587.50	People Analytics
	Total Professional Services	**$8,142,383.60**		**$238,279.50**	**$8,380,663.09**	
Vendor #2	**Third-party Partner/Contractor Implementation Services**	**Cost**	**Vendor Comments**	**Additional Costs**	**Updated Cost**	**Vendor Comments**
	Third-party Partner/Contractor Firm Name:	**IBM**			**IBM**	
	Project Management	$79,662.00		-	$79,662.00	
	Requirements Gathering/Analysis	$93,336.00	[redacted]	-	$93,336.00	[redacted]
	Design (Architect Solution) and Business Process Optimization	$280,008.00	Architect	-	$280,008.00	Architect
	Development (Build, Configure or Aggregate)/Testing	$280,008.00	Configure	-	$280,008.00	Configure
	System Testing	$205,339.20	Test	-	$205,339.20	Test
	Training	-		-	-	
	Report Development	-		-	-	
	Integration Design/Configure/Test	-		-	-	
	Data Conversion Analysis/Load/Test	$500,480.00		-	$500,480.00	
	Organizational Change Management	-		-	-	
	Other (Specify in Vendor Comments)	-		-	-	
	Other (Specify in Vendor Comments)	$74,668.80	Deployment & Warranty Support	-	$74,668.80	Deployment & Warranty Support
	Other (Specify in Vendor Comments)	$378,470.00	Adaptive Planning	$190,930	$569,400.00	Adaptive Planning
	Other (Specify in Vendor Comments)	-		-	$0.00	
	Other (Specify in Vendor Comments)	-		-	$0.00	
	Total Third-party Partner/Contractor Professional Services	$1,891,972.00		**$190,930.00**	**$2,082,902.00**	

Vendor No.	Firm Name	Cost Area	As Proposed - December 2022 Costs	Comments	Altered Adaptive Planning Timeline (3 Additional Months) Additional Costs	Updated Cost	Comments

Updated Costs

1	[redacted]	**Total Professional Services**	$8,142,383.60		**$238,279.50**	**$8,380,663.09**	
		Estimated Travel Expenses	$175,000.00	This estimate is based on [redacted] and IBM consultants being on-site with the State for key milestones throughout the implementation.	**$5,000.00**	**$180,000.00**	This estimate is based on [redacted] and IBM consultants being on-site with the State for key milestones throughout the implementation.
2	**IBM**	**Total Third-party Partner/Contractor Professional Services**	$1,891,972.00	IBM portion of professional services cost through [redacted]	**$190,930.00**	**$2,082,902.00**	IBM portion of professional services cost through [redacted]
Total One-Time Costs including all Cost areas and vendors			$10,209,355.60	Includes Travel Estimate	**$434,209.50**	**$10,643,565.09**	Includes Travel Estimate

Financials

Vendor #1

	Estimated in April 2023			Cost for 2026 Start Date			
Primary Proposer - Implementation Services	**Estimated Cost (April 2023)**	**Vendor Comments**	**Accounts for 4% Annual COLA**	**Additional Scope Costs**	**Total Cost (Feb 2024)**	**Vendor Comments**
Project Management	$878,620.00		$950,315.39	$140,310.79	$1,090,626.19	
Requirements Gathering/Analysis	$350,247.56	[redacted]	$378,827.76	$125,661.42	$504,489.18	[redacted]
Design (Architect Solution) and Business Process Optimization	$1,050,742.67	Architect	$1,136,483.27	$376,984.26	$1,513,467.53	Architect
Development (Build, Configure or Aggregate)/Testing	$1,050,742.67	Configure	$1,136,483.27	$376,984.26	$1,513,467.53	Configure
System Testing	$770,544.62	Test	$833,421.06	$276,455.12	$1,109,876.18	Test
Training	$274,900.00	Training Lead and Consultants	$297,331.84	$54,256.93	$351,588.77	Training Lead and Consultants
Report Development	$86,132.00	Reporting	$93,160.37	$14,541.89	$107,702.27	Reporting
Integration Design/Configure/Test	$989,751.00		$1,070,514.68	$155,036.16	$1,225,550.84	
Data Conversion Analysis/Load/Test	$253,600.00		$274,293.76	$31,511.80	$305,805.56	
Organizational Change Management	$744,200.00		$804,926.72	$124,680.57	$929,607.29	
Other (Specify in Vendor Comments)	$63,480.00	Quality Asurance Lead	$68,659.97	$0.00	$68,659.97	Quality Asurance Lead
Other (Specify in Vendor Comments)	$280,198.04	Deployment and PPS	$303,062.20	$0.00	$303,062.20	Deployment and PPS
Other (Specify in Vendor Comments)	$97,600.00	PRISM Analytics	$105,564.16	$0.00	$105,564.16	PRISM Analytics
Other (Specify in Vendor Comments)	($100,000.00)	Price Reduction	-$108,160.00	$0.00	-$108,160.00	Price Reduction
Other (Specify in Vendor Comments)	$0.00		$0.00		$0.00	
Total Professional Services	**$6,790,758.56**		**$7,344,884.46**	**$1,676,423.22**	**$9,021,307.67**	
Third-party Partner/Contractor Implementation Services	**Estimated Cost (April 23)**	**Vendor Comments**	**Accounts for 4% Annual COLA**	**Additional Scope Costs**	**Total Cost (Feb 2024)**	**Vendor Comments**
Third-party Partner/Contractor Firm Name:	**IBM**				**IBM**	

[redacted] Updated Costs

Vendor #2		Project Management	$79,662.00		$86,162.42	$33,574.52	$119,736.93	
		Requirements Gathering/Analysis	$35,058.62	[redacted]	$37,919.40	$14,775.88	$52,695.28	[redacted]
		Design (Architect Solution) and Business Process Optimization	$105,175.87	Architect	$113,758.22	$44,327.64	$158,085.87	Architect
		Development (Build, Configure or Aggregate)/Testing	$105,175.87	Configure	$113,758.22	$44,327.64	$158,085.87	Configure
		System Testing	$256,804.97	Test	$277,760.26	$108,233.57	$385,993.82	Test
		Training	$0.00		$0.00	$0.00	$0.00	
		Report Development	$0.00		$0.00	$0.00	$0.00	
		Integration Design/Configure/Test	$0.00		$0.00	$0.00	$0.00	
		Data Conversion Analysis/Load/Test	$416,415.00		$450,394.46	$175,503.15	$625,897.61	
		Organizational Change Management	$0.00		$0.00	$0.00	$0.00	
		Other (Specify in Vendor Comments)	$28,046.90	Deployment & PPS	$30,335.53	$0.00	$30,335.53	Deployment & PPS
		Other (Specify in Vendor Comments)	$0.00		$0.00	$0.00	$0.00	
		Other (Specify in Vendor Comments)	$0.00		$0.00	$0.00	$0.00	
		Other (Specify in Vendor Comments)	$0.00		$0.00	$0.00	$0.00	
		Other (Specify in Vendor Comments)	$0.00		$0.00	$0.00	$0.00	
		Total Third-party Partner/Contractor Professional Services	$1,026,339.23		**$1,110,088.51**	**$420,742.40**	**$1,530,830.91**	

Vendor No.	Firm Name	Cost Area	Estimated Costs (April 23)	Comments	Accounts for 4% Annual COLA	Additional Costs	Total Cost (Feb 2024)	Comments
1	[redacted]	**Total Professional Services**	$6,790,758.56		$7,344,884.46	**$1,676,423.22**	**$9,021,307.67**	
		Estimated Travel Expenses	$175,000	This estimate is based on [redacted] and IBM consultants being on-site with the State for key milestones throughout the implementation.	$189,280.00	**$21,632.00**	**$196,632**	This estimate is based on [redacted] and IBM consultants being on-site with the State for key milestones throughout the implementation.
2	IBM	**Total Third-party Partner/Contractor Professional Services**	$1,026,339.24	IBM portion of professional services cost through [redacted]	$1,110,088.51	**$420,742.40**	**$1,530,830.91**	IBM portion of professional services cost through [redacted]
		Total One-Time Costs including all Cost areas and vendors *(Accounts for $100,000 reduction described in section k above)*	$7,992,097.80	Includes Travel Estimate	**$8,644,252.97**	**$2,118,797.62**	**$10,748,770.59**	Includes Travel Estimate

Note: this financials quote assumes a February 2026 start date. In the event the start date for the Financials project is later than February 2026, [redacted] *will apply a 4% annual cost of living adjustment to the total cost proposed.*

	Implementation Costs (4 Year Implementation) - Estimated to be Completed by December 2					Ongoing Lifecycle Costs		
	HCM/Budget Implementation	Financials Implementation	Business Transformation	Total Imp Costs		ERP M&O	Total M&O Costs	
Installation/Configuration	$ 10,643,565.09	$ 10,748,770.59	$ 3,000,000.00	$ 24,392,335.68			$ -	See [redacted] Updated Cost Table Tab for details on HCM/Budget/Financials cost breakdown
Contracted Services for Project Management	$ 1,651,950.00	$ 1,080,000.00		$ 2,731,950.00				Timeline has shifted from 24 months to 45 months for implementation. 200 Hours per month of PM services, including PM and Coordinator
Other Contracted Professional Services for Implementation (Business Analyst) - 1 FTE	$ 1,040,000.00			$ 1,040,000.00			$ -	Timeline has shifted from 24 months to 45 months for implementation.
ADS EPMO Project Oversight & Reporting (30% FTE)	$ 219,648.00	$ 109,824.00		$ 329,472.00			$ -	Timeline has shifted from 24 months to 45 months for implementation. 12 Hours per week @ $88/hr
ADS Enterprise Architect Staff for Implementation - 0.5 FTE	$ 366,080.00	$ 183,040.00		$ 549,120.00			$ -	Timeline has shifted from 24 months to 45 months for implementation.
ADS Security staff for Implementation - 0.5 FTE	$ 366,080.00	$ 183,040.00		$ 549,120.00			$ -	Timeline has shifted from 24 months to 45 months for implementation.
Other ADS IT Labor for Implementation (2 ADS IT Staff and 1 Customer Success Resource - EPMO) - 3 FTEs	$ 2,196,480.00	$ 1,098,240.00		$ 3,294,720.00		$ 532,989.00	$ 532,989.00	Validate that the ADS IT Staff are full time dedicated to the project or should they be billed to operations.
Software/Licenses	$ 8,550,000.00	$ 4,065,000.00		$ 12,615,000.00		$ 4,065,000.00	$ 4,065,000.00	See FY breakdown for licensing below
Training and Delivery Assurance	$ 547,994.00	$ 350,000.00		$ 897,994.00		$ 20,000.00	$ 20,000.00	Annual Operating costs for Data Lake Services from AWS
State IT Labor to Operate & Maintain the Solution				$ -		$ 365,935.00	$ 365,935.00	Internal Ads costs to maintain (Cost to maintain)
Other Costs (Please describe in section 10.)	$ 3,069,815.65	$ 2,138,149.75	$ 900,000.00	$ 6,107,965.40				$900,000 for backfill of staff resources; Contingency for unanticipated changes (12% of Implementation Sub Total) Business Costs
Estimated Independent Review Cost	$ 50,000.00			$ 50,000.00				
Sub-Total Costs	$ 28,701,612.74	$ 19,956,064.34	$ 3,900,000.00	$ 52,557,677.08			$ 4,983,924.00	Annual Costs
Total Lifecycle Operating Cost							$ 19,935,696.00	4 year lifecycle - kept at contract term
Total Implementation							$ 52,557,677.08	* this is already accounted for above
							$ 15,136,392.05	Maintenance for Fy24-Fy27 (using FY 25-27 as the given figure)
Total IT Activity Costs							$ 87,629,765.13	
	$ 28,701,612.74	$ 19,956,064.34		$ 52,557,677.08				

Fiscal Year Breakdown

Fiscal Year	Implementation Costs					Operating Costs		
	State Approp. A - System Implementor	State Approp. A - All Other Costs	State Approp B. - System Implementor	State Approp. B - All Other Costs	Total Implementation Costs			Total Operating Costs
FY22 - Actual		$ 770,640.00			$ 770,640.00			$ -
FY23 - Actual		$ 2,627,181.07			$ 2,627,181.07			$ -
FY24 - Licensing Costs Deferred		$ 316,202.51			$ 316,202.51			$ -
FY25	$ 5,615,148.00	$ 9,029,023.83		$ 3,900,000.00	$ 18,544,171.83			$ -
FY26	$ 5,028,417.09	$ 5,315,000.24			$ 10,343,417.33			$ -
FY27			$ 5,374,385.29	$ 4,603,646.88	$ 9,978,032.17			
FY28			$ 5,374,385.29	$ 4,603,646.88	$ 9,978,032.17			
FY29					$ -		$ 4,983,924.00	$ 4,983,924.00
FY30					$ -		$ 4,983,924.00	$ 4,983,924.00
FY31					$ -		$ 4,983,924.00	$ 4,983,924.00
FY32					$ -		$ 4,983,924.00	$ 4,983,924.00
TOTALS	$ 10,643,565.09	$ 18,058,047.65	$ 10,748,770.59	$ 13,107,293.75	$ 52,557,677.08	$ -	$ 19,935,696.00	$ 19,935,696.00

Appropriation Breakdown		
Appropriation A - ARPA-CSFR Fund to AoA, changed to GF in 2021		**Appropriation B - Technology Modernization**
Funds Appropriated	$ 12,800,000.00	$ 11,800,000.00
Estimated Costs	$ 28,701,612.74	$ 23,856,064.34
Budget Shortfall Subtotals	**$ (15,901,612.74)**	**$ (12,056,064.34)**
Budget Shortfall Total	**$ (27,957,677.08)**	

Implementation licensing breakdown	
10% budget licensing costs for SFY 22, 23, 24, 25	$490,000.00
90% HCM licensing costs for SFY 22, 23, 24, 25	$4,410,000.00
100% Financial licensing costs for SFY 26	$3,650,000.00
Operating licensing breakdown	
100% Vision Fund SFY 27 onward	$18,250,000.00
	$26,800,000.00

10-YR HCM/Budgeting and Financials Licensing Breakdown											
New Proposal - Option B	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 - Go Live	Year 7	Year 8	Year 9	Year 10	10-yr total
HCM, Payroll, Budgeting & Financials (10yr)	$ 700,000	$ 1,650,000	Deferred	$ 2,550,000	$ 3,650,000	$ 4,065,000	$ 4,065,000	$ 4,065,000	$ 4,065,000	$ 4,065,000	$ 28,875,000
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	

See updated Workday Costs Spreadsheet

ERP (59300)	SFY23 Expenditures	SFY24 Budget	SFY25-27 Proposed B
Staffing & Associated Costs	1,196,758.00	$ 1,121,025.00	$ 1,168,575.00
Overhead/CIO Indirect	110,807.00	$ 160,180.00	$ 184,940.00
Contractual & Licensing	1,485,838.00	1,818,809.05	2,664,506.00
Total	**2,793,403.(**	**$ 3,100,014.05**	**$ 4,017,985.00**
Provided operating costs for peoplesoft, including staff hours			**$ 4,012,126.00**

Appendix A – Contract Risk and Issues

The materials included in Appendix A includes a presentation and a marked-up version of the [redacted] contract with track changes and comments related to contract risks and issues. These have been provided for the State's review and consideration.

DRAFT

State of Vermont. Independent ERP Implementation Risk Review

Contract document review and recommendations

plante moran | Audit. Tax. Consulting. Wealth Management. | 100 years

Scope of review

Plante Moran reviewed the [redacted] contract file:

VT [redacted] Contract and SOW Working Draft_20240201 for [redacted]

This document will provide a list of considerations and recommendations for the State of Vermont (SOV) to consider.

Plante Moran has included other considerations and recommendations for the Workday contract and exhibits but has not been provided or reviewed these documents.

Plante Moran has been provided the Berry Dunn contract, so this summary excludes that contract specifically.

Workday Contract Understanding

- Workday was negotiated and signed in **2022**
- Delivery Assurance as marketed by Workday at that time was likely included
- Payments began according to that contract's terms
- Recent negotiations with Workday has placed these payments on hold for a period of time

Workday

Without access to that actual contractual materials, the following considerations and recommendations are being provided:

Document	Section / Reference #	Risk/Issue Statement and Description	Plante Moran Recommendation
Workday	US Only Exhibit	**US Only Support: SOV Data can be accessed outside the US.** During discussions with the CISO for SOV, it was mentioned that the State does not want it's data outside the US. If this is a SOV requirement, Workday can support US only and there is a contract Exhibit that would need to be added. This will allow the State to ask for their data to remain in the US unless the State authorizes access for critical support issues.	Discuss with Workday the revisions to the Workday Contract, specifically the US only support model. If appropriate, amend the Workday contract to add the US only Support.
Workday	Delivery Assurance	**Delivery Assurance: Delivery Assurance exhibit and cost does not align with Workday new offerings.** Due to the timeframe when this contract was negotiated, the delivery support model has changed. Workday now offers other programs for delivery support. When SOV finalizes the contract with [redacted] the Delivery Assurance will need to be signed with Workday.	Discuss with Workday the new Delivery Assurance models before executing the Delivery Assurance portion of the services.
Workday	Subscription Fees	**Subscription Fees: Subscription fees have been expended with no results for the State.** The SOV has been paying subscription fees for a service they have not started to deploy nor have access to. The subscription costs needs to be revisited to align with the System Implementer contract.	Discuss the contract term and subscription costs to align to the System Implementer contract.
Workday	Subscription Fees	**Tenant Subscription: Lack of alignment of number of tenants necessary to deploy the Solution is not covered in the existing contract.** The tenant subscription (number of tenants) needs to align to the System Implementers SOW when complete.	Review the Workday contract and ensure it aligns to the System Implementer contract.

Workday (Cont)

Document	Section / Reference #	Risk/Issue Description	Plante Moran Recommendation
Workday	Subscription Fees	**Subscription SKUs: The SKUs in the Workday Subscription agreement do not align to the System Implementer SOW.** Alignment of the SKUs to the scope need to be reviewed and subscription agreement updated if necessary.	Review the SKUs and ensure alignment with the System Implementer SOW. Revise the subscription agreement and Include SKUs in the SOW.
Workday	Subscription Fees	**Subscription Fees: The term of the contract does not align to the new implementation schedule.** The contract timeline needs to be revisited to align with the System Implementer contract and associated timeline.	Discuss the contract term and to align to the System Implementer contract.
Workday	Training Exhibit	**Workday Training: The Workday contract does not align to the timeline or the training necessary for the SOV.** The training exhibit could be mis-aligned to the training materials that are necessary across the timeline and will need to align to the schedule.	Review the Workday training exhibit and aligns to the SOW and is reflected properly in the overall cost structure in Workday. For example, pay for training on Financial when that is scheduled to be necessary.
Workday	Master Services Agreement	**Missing Terms and Conditions: Without access to review the MSA for Workday, there could be areas that add risk to the State.** There are specific areas in the Workday MSA that may result in risk to the State.	Conduct an additional review of the entire Workday package to identify areas that may need to be strengthened to reduce risk to the State, due to the delay in start up.