FY24 BAA – Enterprise Resourcing Planning (ERP) Project
Senate Appropriations Committee

Denise Reilly-Hughes, Secretary, Agency of Digital Services

Sarah Clark, Deputy Secretary, Agency of Administration

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What is an ERP?

1. Enterprise Resource Planning (ERP) is a platform centralizing core business functions. These functions include:

   a) Finance/Accounting

   b) Human Resources/Payroll

   c) Budgeting

2. This platform is the foundation of state government and critical to maintaining and achieving effective operations.

How is ERP being used?

ERP is used by all Agencies and Departments (Incl Legislature, Judiciary, Elected Offices)

Components of ERP:

1. **Financial:** the financial systems manage, track and report on the State's finances, budget, compliance, procurement and grants management.

2. **Human Capital Management:** human resource systems that manage employee information, benefits, and payroll.

3. **Budget:** develop and monitor budgets.

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Why now?

Vermont is currently using dozens of legacy systems to support components of ERP business functions:

1. Limited functionality in the core systems creates inefficient manual processes required to supplement.

2. Major gaps in business processes across all organizations.

3. Current systems are end-of-life.

4. Unpredictable growth in costs to maintain with unknown high future costs to replace.

5. Growing operating costs for staff support:
    1. Grants Management
    2. Report Generation
    3. Budget Planning
    4. Finance Management

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FY24 BAA Request & Appropriation History

Technology and Business Needs

Act	Year	Purpose	Amount Appropriated	Balance Remaining
Act 74 of 2021	FY 2022	AOA - HCM & Budget ERP Upgrade - GF (PHASE 1)	$ 12,800,000	$ 9,858,465
Act 185 of 2022 & Act 3 of 2023	FY 2023	ADS - ERP Financial Accounting (incl. AOT/VDOL) - Tech Mod Fund (PHASE 2)	$ 11,800,000	$ 11,800,000
		TOTAL APPROPS	**$ 24,600,000**	**$ 21,658,465**
CURRENT REQUEST (estimate):				
FY24 BAA of 2024	FY 2024	AOA - Business Transformation - Phase 1	$ 3,000,000	
		DFM - Three limited service positions - 24 months	$ 700,000	
		AOA - Business process transformation consultant	$ 2,300,000	

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ERP Modernization Progress

For Fiscal Year (FY) 23, the State issued an RFP for the complete modernization of the State's ERP system, including Human Capital Management, Budgeting, and Financials. The project team completed their bid reviews and selected a preferred vendor in August 2023.

The State issued an RFP for Business Transformation for the ERP Modernization project in November 2022. *This is tied to the FY24 BAA request.

Contract negotiations and the Independent Review are ongoing as of 1/12/2024 and are expected to be completed in Q1 of 2024.

The project team anticipates kicking off implementation in Q2 of 2024 pending the outcome of contract negotiations and the Independent Review results.

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ERP Modernization Estimated Project Roadmap

Key Accomplishments:

1. RFP/BAFO Responses Reviewed and Scored

2. Product Demonstrations and vendor interviews

3. Vendor Selection and Letter of Intent sent to Vendor

4. Initiated Contract negotiations with preferred vendor

Key Accomplishments:

1. Kicked off the Independent Review

2. Continued contract negotiations with the preferred vendor

Planned Activities:

1. Finalize contract negotiations with preferred vendor

2. Complete the Independent Review

3. Execute the Implementation contract

4. Finalize plan for business transformation

Go Live Date is undetermined as contract negotiations are underway.

Q3 2023	Q4 2023	Q1 2024	Q2 2024 –	TBD

Key Accomplishments:

1. Developed the draft Contract with a Statement of Work

2. Conducted scoping work sessions with the preferred vendor to further detail system requirements

3. Continued work and adoption of program governance

Kickoff System Implementation (Phased Approach):

1. Budgeting Replacement - Phase 1

2. Human Capital Management – Phase 1

3. Financials – Phase 2 (Including AOT STARS and VDOL FARS)

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