



Travis County Commissioners Court Agenda Request

Meeting Date: September 16, 2014

Prepared By/Phone Number: Christina Adair/512-854-4842

Elected/Appointed Official/Dept. Head: Nicki Riley, County Auditor

Commissioners Court Sponsor: Judge Biscoe

AGENDA LANGUAGE: APPROVE THE FUNDING OF AN UPGRADE TO THE SAP BUSINESS WAREHOUSE (BW) ENVIRONMENT

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

This request is to approve the reallocation of one-time BEFIT (New Financial/HR System) project funds for the purpose of upgrading the existing SAP financial, procurement, human resources and payroll comprehensive reporting environment also known by the technical name SAP Business Warehouse (BW) to version SAP BW 7.4 on HANA.

Attachments:

- A. A memo to Commissioners' Court with detailed information about the request and current status of BEFIT project funds

STAFF RECOMMENDATIONS:

The performance issues with our existing environment and specifically our CAFR (Comprehensive Annual Financial Report) analysis tools need to be addressed and this solution represents the best long-term solution for the County. Our recommendation is, therefore, to allow for the funds to be reallocated.

ISSUES AND OPPORTUNITIES:

The main issue to be resolved by this upgrade is the degradation of SAP BW performance over time as data volumes have increased. This is most evident to the Auditor's Office Financial Reporting team responsible for the CAFR.

This upgrade also presents new possibilities for delivering reports in that we can deliver dashboards and other analytical reports without being limited by performance constraints.

FISCAL IMPACT AND SOURCE OF FUNDING:

The one-time costs for the upgrade will be covered by existing one-time Certificates of Obligation (CO) and General Fund project funds. The ongoing annual cost for the SAP software maintenance will in its entirety be covered by re-allocating existing funds within the Auditor's Office cost center for SAP County-wide Maintenance and Support.

REQUIRED AUTHORIZATIONS:

Jessica Rio, Budget Director, Planning and Budget Office

TRAVIS COUNTY
AUDITOR'S OFFICE

NICKI RILEY, CPA
COUNTY AUDITOR



TRAVIS COUNTY
ADMINISTRATION BUILDING
P.O. BOX 1748
AUSTIN, TX 78767
(512) 854-9125
FAX: (512) 854-9164

TO: Commissioners' Court **DATE:** September 9, 2014

FROM: Christina Adair, County Auditor's Office

SUBJECT: Approve the Funding of an Upgrade to the SAP Business Warehouse (BW) Environment

Proposed Motion: *Approve the reallocation of existing one-time project funds (known as project BEFIT – new financial system) to fund an upgrade to the SAP Business Warehouse (BW) environment*

Purpose: This request is to fund the upgrade of the existing SAP financial, procurement, human resources and payroll comprehensive reporting environment also known by the technical name SAP Business Warehouse (BW) to version SAP BW 7.4 on HANA.

Details: The SAP Financial and HR system has been live for almost 20 months or two fiscal years (FY13-14). Until recently, County SAP users focused on how to operationally process transactions; not how to retrieve information from SAP to aid in planning and decision making processes. Now that we have two years of data in the system, we can compare data monthly and/or yearly. As the County overall is becoming more comfortable with SAP, requests for more sophisticated information from the system to perform analysis are increasing.

The original SAP procurement included the Business Warehouse (BW) environment. BW is a very large database of information from all modules in SAP and is used to generate reports. BW is up and running and in full use. More than 1,000 employees have access to a variety of SAP BW reports today. SAP BW is also part of key County analytical efforts such as the annual CAFR (Comprehensive Annual Financial Report), which could not be produced on time without our SAP BW system.

In addition, the first SAP BW management dashboards are now available County-wide. One provides budget to actual trend information and the other is for employee time and payroll cost analysis. A third dashboard, a separate analysis dashboard for the Purchasing Office, is also available as of today with good reviews from the set of Buyers testing the new functionality.

Performance Need: As data volumes have increased over time, SAP BW performance has degraded noticeably. This is most evident to the Auditor's Office Financial Reporting team that is responsible for the CAFR. The CAFR reports are complex with extensive variance analysis across years, funds, functions and more. The reports have been optimized as much as possible

within the current environment. Poor performance with long user wait times has also been a key factor in the delayed roll-out of management dashboards.

The proposed SAP BW environment upgrade will dramatically improve performance. All reports County-wide that are generated from the BW will be generated much faster.

Expected Benefits of the upgrade:

- Enhanced report performance for all County users – dramatically reduced wait times for report generation.
- Improved CAFR reporting performance to accommodate current and future increased data volumes – extending the viability of the current CAFR system for many years to come. It also maximizes the return on the investment of considerable Vendor and County employee time and effort that has already occurred in the CAFR system.
- Increased responsiveness for dashboards and analytic reports – fewer end-user delays.
- Expanded dashboard and other analytic report functionality by eliminating performance constraints.
- Ability to focus developers’ time on report functionality instead of optimizing for performance.
- Ability to provide more up-to-date information in the SAP Business Warehouse. Today, data is updated nightly – the upgrade will allow us to update the information more than once a day where a need exists.

Budgetary and Fiscal Impact:

Project BEFIT was funded by a combination of Certificate of Obligations (CO) and General Fund monies. The funding was allocated over four years (FY11-FY14) to cover three distinct phases of the project. Phase 1 was the implementation of Financials and Procurement functionality followed by Phase 2 for Human Resources and Payroll functionality. Both of these phases have been completed. Phase 3 was a set of individual new functions requested by various County offices/departments at the time of the procurement; however, these functions were not part of the contracts signed in December 2010 with the implementer (Labyrinth Solutions) or the software vendor (SAP). These contracts included only Phase 1 and Phase 2. None of the functions envisioned for Phase 3 are fully implemented. Inventory Management on SAP for HHS&VS Housing is in progress and Fleet Management for TNR is in progress with different software than SAP.

The grids on the next couple of pages show the current and planned status of one-time funds budgeted for project BEFIT.

General Fund One-Time Project Budget					
	<u>Budget</u>	<u>Actuals</u>	<u>Released*</u>	<u>Balance</u>	<u>Planned FY14/15</u>
Phase 1 & 2	\$1,956,724	\$1,686,183	\$221,003	\$49,538	\$0
Phase 3	\$521,113	\$57,781	\$177,870	\$285,462	\$0
Fleet Management	\$33,585	\$0	\$33,585	\$0	\$0
Inventory Management	\$119,895	\$0	\$0	\$119,895	\$0
Cost Accounting	\$49,475	\$0	\$32,229	\$17,246	\$0
Budget Preparation	\$102,423	\$55,349	\$0	\$47,074	\$0
Treasury	\$114,488	\$2,432	\$112,056	\$0	\$0
Governance Risk & Compliance	\$101,247	\$0	\$0	\$101,247	\$0
Upgrade SAP BW Environment **	\$0	\$0	\$0	\$0	\$185,000
Planned FY14/15 ***	\$0	\$0	\$0	\$0	\$150,000
Project TOTALS	\$2,477,837	\$1,743,964	\$398,873	\$335,000	\$335,000
<p>* At end of FY13, \$254,588 was released back to General Fund and an additional \$144,285 is planned to be released at the end of FY14 for a total of \$398,873.</p> <p>** This request, see details below.</p> <p>*** The planned amounts are separate from this request and subject to Commissioner Court approval as a procurement item during a future Commissioners' Court Meeting</p>					

Certificates of Obligation One-Time Project Budget				
	Budget	Actuals	Reallocated	Balance
Phase 1 & 2	\$19,942,821	\$19,728,640	\$0	\$214,181
				\$0
Phase 3	\$4,358,704	\$347,397	\$732,613	\$3,278,694
Fleet Management	\$515,318	\$0	\$515,318 *	\$0
Inventory Management	\$636,555	\$72,300	\$0	\$564,255
Cost Accounting	\$671,599	\$0	\$0	\$671,599
Budget Preparation	\$1,001,817	\$264,040	\$0	\$737,777
Treasury	\$786,594	\$11,057	\$0	\$775,537
Governance Risk & Compliance	\$746,821	\$0	\$217,295 **	\$529,526
Upgrade SAP BW Environment ***	\$0	\$0	\$493,142	-\$493,142
Project TOTALS	\$24,301,525	\$20,076,037	\$1,225,755	\$2,999,733 ****
<p>* This was reallocated to TNR for the procurement and implementation of a separate Fleet Management system.</p> <p>** This was reallocated for the procurement of the SAP product Process Orchestration after approval by Commissioners' Court in June, 2014</p> <p>*** This request, see details below.</p> <p>**** We have met with the Planning and Budget Office (PBO) and requested the re-budgeting of project BEFIT CO funds for FY15, which PBO supports and has included in the FY15 budget plans. The reason is twofold in that the funds need to be available for the Phase 3 items still in progress and the current SAP hardware is out of maintenance in early FY16 requiring CO funds in late FY15 or early FY16.</p>				

The Auditor's Office originally requested the functionality in the Governance and Risk Compliance (GRC) component. GRC has since been deemed unnecessary to implement since the resulting benefits do not warrant the cost for implementation. With this request, we are asking for the approval to reallocate the majority of CO funds initially set aside for GRC along with one-time general fund project budget to fund an upgrade to the SAP Business Warehouse (BW) environment with the following specifics:

Upgrade to SAP Business Warehouse	One-Time CO	One-Time General Fund
Hardware (not to exceed)	\$186,500	\$139,500*
SAP Software	\$146,642	\$0
Migration Services (not to exceed)	\$160,000	\$45,500
TOTAL:	\$493,142	\$185,000
* 3 years maintenance and services		

The ongoing annual cost for the maintenance of the SAP software is \$32,262 beginning in FY15. This cost will in its entirety be covered by re-allocating existing funds within the Auditor's Office cost center for SAP County-wide Maintenance and Support.

cc: Nicki Riley, County Auditor
Diana Ramirez, PBO
Jessica Rio, PBO