

Enterprise Resource Planning (ERP) Update

Integrated ERP Solution: Program Update

- **PHASED IMPLEMENTATION – PHASE 1 FINANCIALS, PROCUREMENT**

- Program brand developed

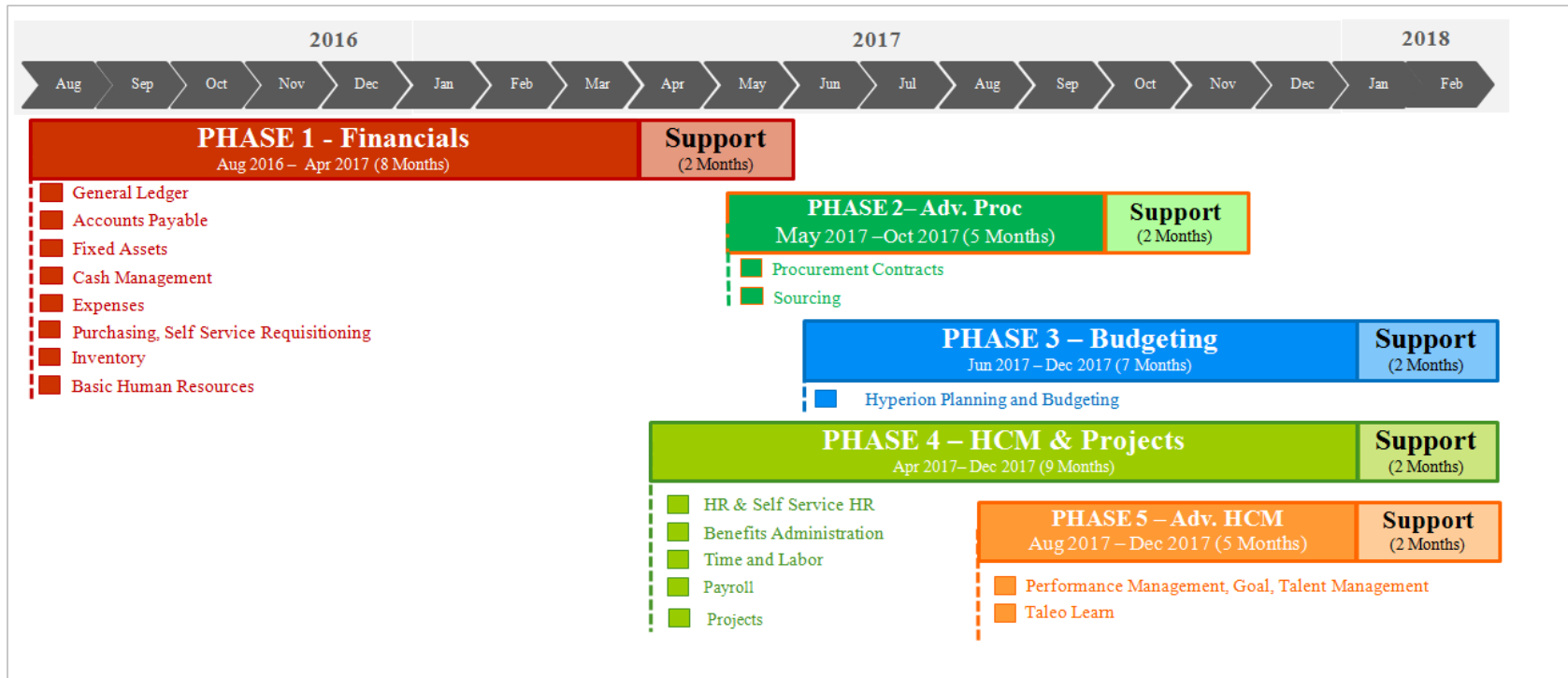


- Completed the discovery, planning, process modeling for all functions in Phase 1 Financials, Procurement
- Completed system configuration and conducted Sprint 1 and Sprint 2 “Conference Room Pilot” demos
- Formalized the Data Conversion and Integration Strategies; development underway
- Completed sample data conversions for each data source
- System integration testing begins in mid-Dec.
- Organizational Change Management
 - OCM Strategy formalized and Communication Plan developed; execution underway
 - Established corporate Centerpoint news letter for program communications
 - Change Agents named for each Division
- Phase 1 Key Milestones with Target Completion Dates
 - **COMPLETE** Discovery/process modeling workshops – September
 - **COMPLETE** Sprint 1 – early October 2016
 - **COMPLETE** Sprint 2 – late November 2016
 - Integration testing – early January 2017
 - User Acceptance testing – mid February 2017
 - Training delivery – March 2017
 - Go live – April 3, 2017
 - Support period – April - May 2017

- PHASES 2 – 5 NOT ACTIVE



Integrated ERP Solution: Projected Milestones*



* Projected dates are preliminary and will be firmed up at the start of each phase

Integrated ERP Solution: Approved Action Item

Software Subscription Contract

- Subscription Services \$4,528,865
- Software Licenses 195,682
- Contingency for additional subscriptions 452,887

Total Costs for 10 years \$5,177,434

Implementation Services Contract

- Implementation Services \$6,586,200
- Training Credits 40,320
- Contingency for change orders 1,656,630

Total Costs for 10 years \$8,283,150

Legacy Systems Consulting Services

\$150,000

Total Expenditures for 10 Years

\$13,610,584

Integrated ERP Solution: Action Item Projected Spend, Implementation

as of 10.31.16			Projections by Quarter thru Implementation								Total for Years
Software Subscription Contract	Approved Spend	Invoiced YTD	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q3 '18	1-3
Subscription Services	\$ 4,528,865	321,384	321,335	0	0	0	446,989	0	0	448,059	1,216,383
Software Licenses	\$ 195,682	68,747	68,747	0	0	0	13,637	0	0	13,637	96,021
Contingency: additional subscriptions	\$ 452,887	0	49*								49
Total Costs for 10 years	\$ 5,177,434	390,131	390,131	0	0	0	460,626	0	0	461,696	1,312,453
Implementation Services Contract											
Implementation Services	\$ 6,586,200	1,474,000	733,300	1,081,200	628,200	1,341,000	1,151,400	920,700	730,400	0	6,586,200
Training Credits	\$ 40,320	40,320			20,160	20,160					40,320
Contingency: change orders	\$ 1,656,630	0		552,210	552,210		552,210				1,656,630
Total Costs for 10 years	\$ 8,283,150	1,514,320	733,300	1,633,410	628,200	1,913,370	1,171,560	1,472,910	730,400	0	8,283,150
Legacy Systems Consulting Services	\$ 150,000	0		60,000		90,000					150,000
Total Expenditure for 10 Years	\$ 13,610,584	1,904,451	1,123,431	1,693,410	628,200	2,003,370	1,632,186	1,472,910	730,400	461,696	9,745,603

* Contract Ordering Document detail is \$49 greater than approved spend.

Comments:

- **Teal** updates are invoices received thru 10.31.16
- Three (3) known Change Orders for Phase 1 Contingency Spend
 - Additional integrations (funded via *Contingency: change orders*, amount TBD)
 - Custom reports (funded via *Contingency: change orders*, amount TBD)
 - Two additional Oracle services for data encryption (funded via *Contingency: additional subscriptions*, amount TBD)

Integrated ERP Solution: Action Item Projected Spend , Post Implementation

			as of 10.31.16							
Software Subscription Contract			Total for							
	<i>Approved Spend</i>	<i>Invoiced YTD</i>	Years 4-10	Q3 '19	Q3 '20	Q3 '21	Q3 '22	Q3 '23	Q3 '24	Q3 '25
Subscription Services	\$ 4,528,865	321,384	3,312,482	449,229	450,519	461,966	471,173	481,921	493,075	504,599
Software Licenses	\$ 195,682	68,747	99,661	\$13,637	\$13,637	\$13,910	\$14,188	\$14,472	\$14,761	\$15,056
Contingency: additional subscriptions	\$ 452,887	0		64,698	64,698	64,698	64,698	64,698	64,698	64,649
Total Costs for 10 years	\$ 5,177,434	390,131	3,864,981	527,564	528,854	540,574	550,059	561,091	572,534	584,304
Implementation Services Contract										
Implementation Services	\$ 6,586,200	1,474,000								
Training Credits	\$ 40,320	40,320								
Contingency: change orders	\$ 1,656,630	0								
Total Costs for 10 years	\$ 8,283,150	1,514,320		0	0	0	0	0	0	0
Legacy Systems Consulting Services	\$ 150,000	0		-	-	-	-	-	-	-
Total Expenditure for 10 Years	\$ 13,610,584	1,904,451	3,864,981	527,564	528,854	540,574	550,059	561,091	572,534	584,304

Integrated ERP Solution: Estimated 2017 Budget

Category	2017 Budget
Professional Services	5,755,930
Software Maint & Licensing	891,475
Contingent Staffing	272,438
Travel & Meals	74,713
Employee Benefits	2,500
Subscriptions & Dues	500
Total	6,997,556
IT Expense Allocation	1,559,910
Grand Total	8,557,466

Note: Budgeted operational line items are not reflected in the Action Item projections