
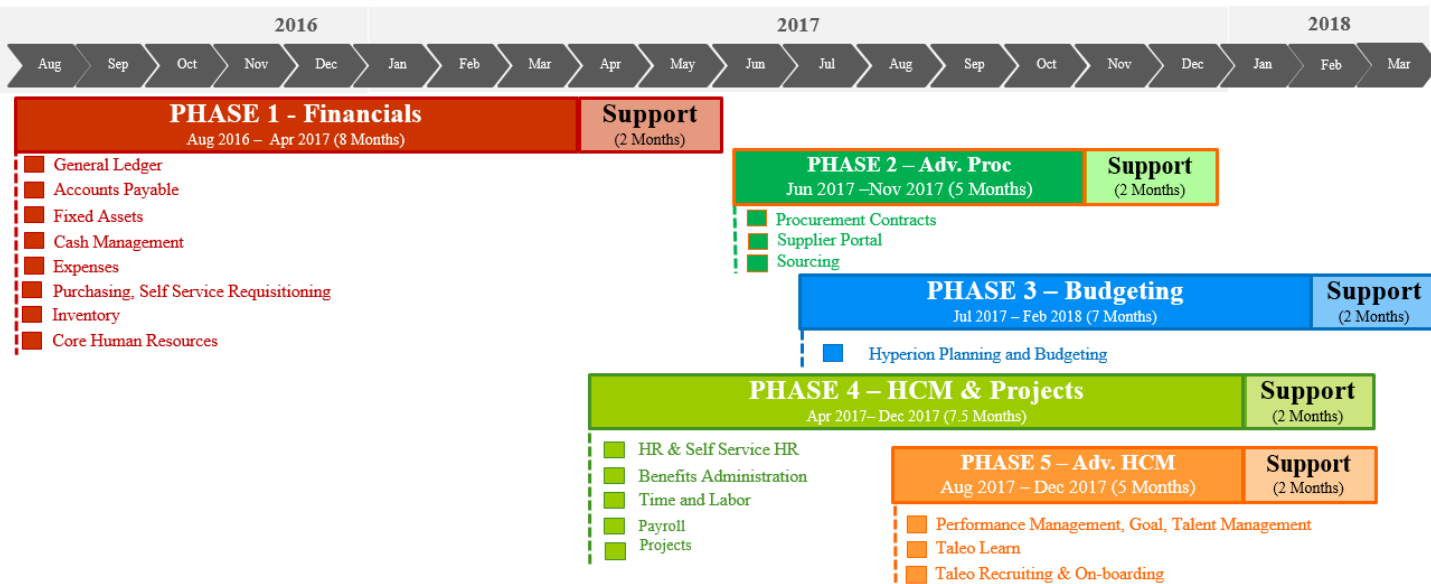


Enterprise Resource Planning (ERP) Update

- **WHAT IS CENTERPOINT (ERP)?** Enterprise Resource Planning collectively refers to “back-office” administrative applications for Accounting, Human Resources, Purchasing, Vendor Management and Project Management
- **CITIZENS’ ERP BRAND:**  Centerpoint
- Via a competitive solicitation, the **ORACLE FUSION CLOUD SERVICE** was the selected product/solution, and **AST CORPORATION, INC.** was selected as our implementation partner
- 10-year contract for **\$13.7M** was approved at the June 2016 BOG meeting
- **MULTI-YEAR PROGRAM (2016-2018)** with a 24-month implementation effort
- The **MULTI-PHASE IMPLEMENTATION** will replace ten (10) legacy applications



- **PHASE 1 FINANCIALS, PROCUREMENT - COMPLETE**
- **PHASE 4 HCM (HUMAN CAPITAL MANAGEMENT) - KEY MILESTONES WITH TARGET COMPLETION DATES**
 - **COMPLETE** KICK-OFF APRIL 24, 2017
 - **COMPLETE** DISCOVERY/PROCESS MODELING WORKSHOPS – EARLY JUNE
 - **COMPLETE** SPRINT 1 – LATE JUNE/EARLY JULY
 - **COMPLETE** SPRINT 2 – LATE JULY
 - **COMPLETE** SYSTEM INTEGRATION TESTING – EARLY OCTOBER
 - PARALLEL PAYROLL TESTING – MID NOVEMBER (95% COMPLETE)
 - UAT – NOVEMBER / EARLY DECEMBER
 - GO/NO GO DECISION – 12.04.17
 - TRAINING DELIVERY – MID DECEMBER
 - CUTOVER ACTIVITIES – MID DECEMBER
 - **TARGET GO LIVE – 12.18.17**
 - SUPPORT PERIOD – 60 DAYS POST PRODUCTION
- **PHASE 4A TALENT ACQUISITION – KEY MILESTONES WITH TARGET AND COMPLETION DATES**
 - **COMPLETE** KICK-OFF JULY 25, 2017
 - **COMPLETE** DISCOVERY/PROCESS MODELING WORKSHOPS – EARLY AUGUST
 - **COMPLETE** SPRINT 1 – MID AUGUST
 - **COMPLETE** SPRINT 2 – EARLY SEPTEMBER
 - **COMPLETE** SYSTEM INTEGRATION TESTING – LATE SEPTEMBER
 - UAT – NOVEMBER / EARLY DECEMBER
 - TRAINING DELIVERY – DECEMBER
 - **TARGET GO LIVE – 12.18.17**
 - SUPPORT PERIOD – 60 DAYS POST PRODUCTION

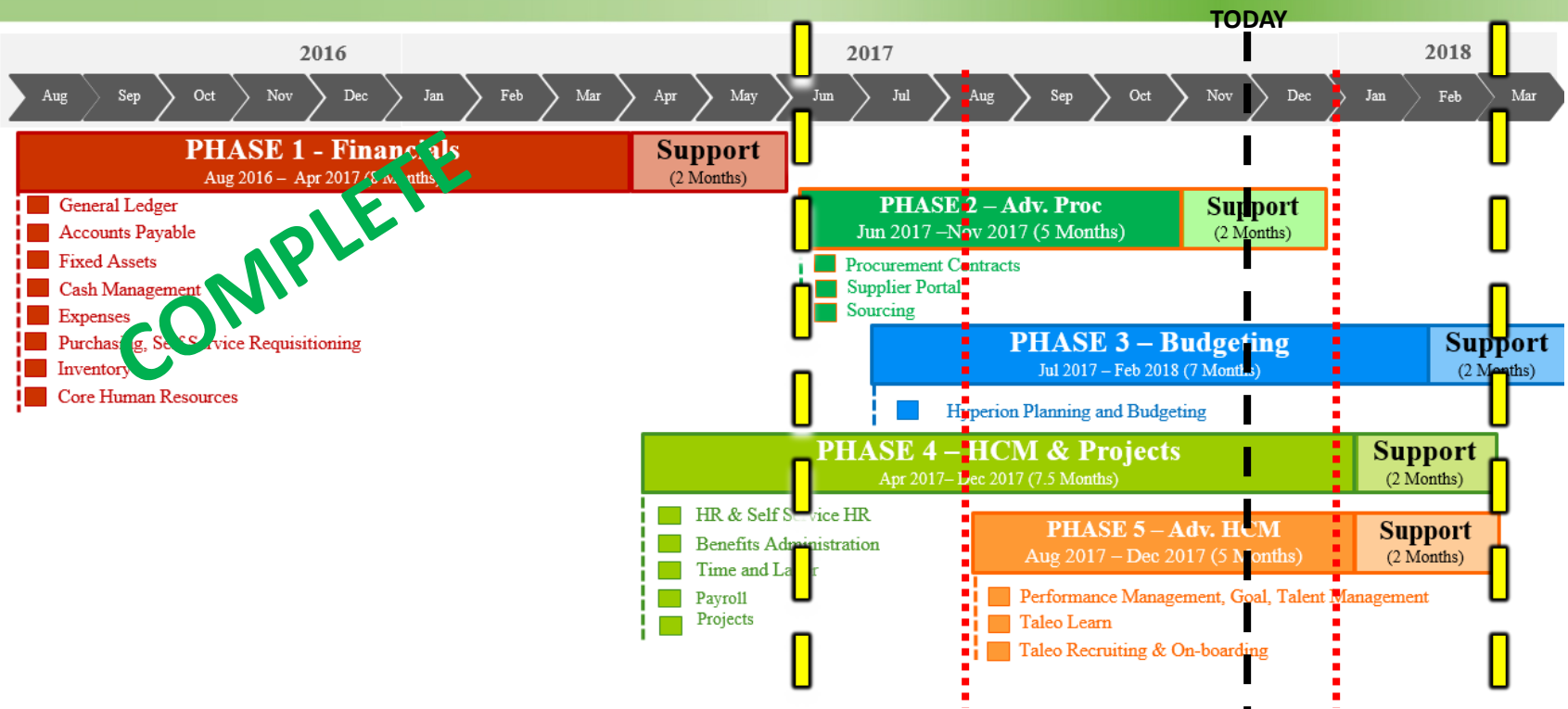
Integrated ERP Solution: Program Update (CONT.'D)

- **PHASE 2 ADVANCED PROCUREMENT – KEY MILESTONES WITH PROJECTED COMPLETION DATES**

- **COMPLETE** KICK-OFF JUNE 6, 2017
- **COMPLETE** DISCOVERY/PROCESS MODELING WORKSHOPS - LATE JUNE
- **COMPLETE** SPRINT 1 DEMO - MID JULY
- **COMPLETE** SPRINT 2 DEMO - EARLY AUGUST
- **COMPLETE** GAP ANALYSIS TO ESTABLISH NEW MILESTONES – MID OCTOBER
- USER ACCEPTANCE TESTING – EARLY DECEMBER
- TRAINING – MID JANUARY 2018
- **TARGET GO-LIVE - JANUARY 22, 2018**
- SUPPORT PERIOD – MARCH 2018

- **UPCOMING PHASES**

- PHASE 3 BUDGET – KICK-OFF JANUARY 2018, WITH GO-LIVE TARGETED LATE JULY 2018
- PHASE 5/5A ADVANCED HCM – KICK-OFF JANUARY 2018, WITH GO-LIVE TARGETED APRIL/MAY 2018
- PHASE 6 PPM (PROJECTS, PORTFOLIO MANAGEMENT) - TBD

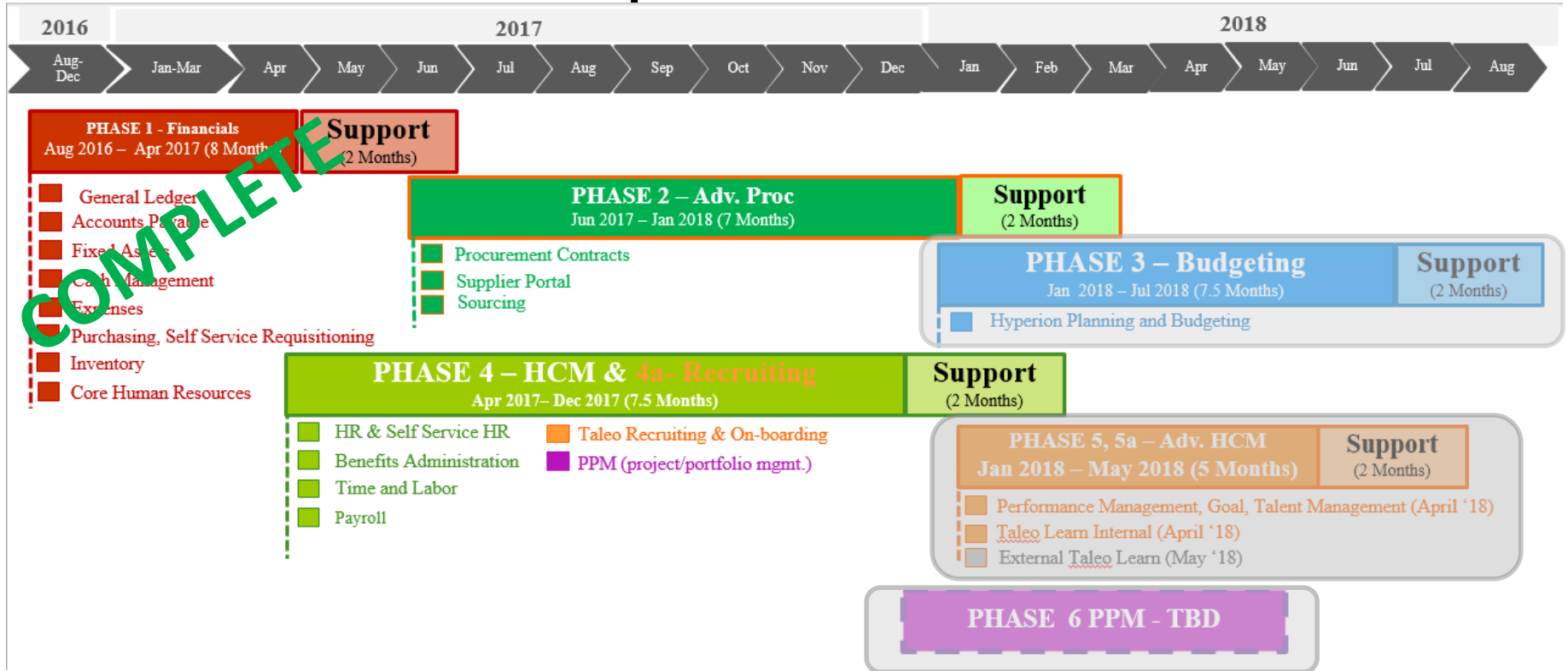


Drivers for Timeline Revisions:

- **Resource constraints** to staff/support four (4) parallel phases in addition to business-as-usual activity plus Citizens' other mandatory annual activities (annual budget cycle, open enrollment and the unplanned Oracle Fusion upgrade)
- Corporate **change-management saturation** with Centerpoint phases 2 and 4 planned for delivery in 4th Quarter 2017
- **Risk reduction** re: successful delivery of highly visible functionality with broad enterprise impact; i.e. all employees

Integrated ERP Solution:

Revised Timeline*



Timeline Revisions:

- **Start date changes** for two (2) of the **gray phases** (Phase 3-Budget and Phase 5-Advanced Human Capital Mgmt.)
- **Phase 6 added** for PPM (portfolio/project management), originally part of Phase 4-HCM. *Note: AST's resource availability was the primary driver for the Phase 6 break-out*

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

Software Subscription Contract	Approved Spend	2016 Invoiced	as of 10.31.17 Invoiced YTD	Projections by Quarter thru Implementation					Total for Years 1-3
				2017 Forecast	Q1 '18	Q2 '18	Q3 '18	Q4 '18	
Subscription Services	\$ 4,528,865	321,335	446,989	446,989	0	0	448,059	0	\$ 1,216,383
Software Licenses	\$ 195,682	68,747	13,637	13,637	0	0	13,637	0	\$ 96,021
Contingency, subscriptions: <i>incurred</i>	\$ -	50,449	12,750	27,918	0	0	0	0	\$ 78,367
Contingency, subscriptions: <i>available</i>	\$ 452,887	0	0	50,000	100,000	100,000	100,000	24,520	\$ 374,520
Total Costs for 10 years	\$ 5,177,434	440,531	473,376	538,544	100,000	100,000	561,696	24,520	\$ 1,765,291
Implementation Services Contract									
Implementation Services	\$ 6,586,200	2,001,940	2,553,710	3,316,128	726,673	417,191	105,144	19,124	\$ 6,586,200
Training Credits	\$ 40,320	40,320	0	0	0	0	0	0	\$ 40,320
Contingency, change orders: <i>incurred</i>	\$ -	0	118,775	440,374	285,565	247,800	61,700	10,200	\$ 1,045,639
Contingency, change orders: <i>available</i>	\$ 1,656,630	0	0	3,401	300,000	307,590	0	0	\$ 610,991
Total Costs for 10 years	\$ 8,283,150	2,042,260	2,672,485	3,759,903	1,312,238	972,581	166,844	29,324	\$ 8,283,150
Legacy Systems Consulting Svcs	\$ 150,000	0	0	0	0	60,000	0	90,000	\$ 150,000
Total Expenditure for 10 Yrs.	\$ 13,610,584	2,482,791	3,145,861	4,298,447	1,412,238	1,132,581	728,540	143,844	\$ 10,198,441

Commentary:

- **Subscription Services, Software Licenses and Implementation Services' spend** trending as projected based on revised timelines
- Total **Incurred Contingency spend** (\$1,124,006) is **54%** of contingency spend authorization (\$2,109,517)
 - **Available Contingency Spend** = \$985,511
 - *Contingency, change orders: incurred* spend includes \$927K for approved but not yet invoiced change orders
 - Three (3) timeline changes represent 54% of total *Contingency, change orders: incurred*

Integrated ERP Solution: Action Item Projected Spend, Post Implementation

Software Subscription Contract	Approved Spend	2016 Invoiced	as of 10.31.17 Invoiced YTD	Projections by Quarter Post Implementation								
				Total for Years 4-10	Q3 '19	Q3 '20	Q3 '21	Q3 '22	Q3 '23	Q3 '24	Q3 '25	
Subscription Services	\$ 4,528,865	321,335	446,989	3,312,482	449,229	450,519	461,966	471,173	481,921	493,075	504,599	
Software Licenses	\$ 195,682	68,747	13,637	\$99,661	\$13,637	\$13,637	\$13,910	\$14,188	\$14,472	\$14,761	\$15,056	
Contingency, subscriptions: <i>incurred</i>	\$ -	50,449	12,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contingency, subscriptions: <i>available</i>	\$ 452,887	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Costs for 10 years	\$ 5,177,434	440,531	473,376	3,412,143	462,866	464,156	475,876	485,361	496,393	507,836	519,655	
Implementation Services Contract												
Implementation Services	\$ 6,586,200	2,001,940	2,553,710									
Training Credits	\$ 40,320	40,320	0									
Contingency, change orders: <i>incurred</i>	\$ -	0	118,775									
Contingency, change orders: <i>available</i>	\$ 1,656,630	0	0									
Total Costs for 10 years	\$ 8,283,150	2,042,260	2,672,485		0	0	0	0	0	0	0	
Legacy Systems Consulting Svcs	\$ 150,000	0	0		-	-	-	-	-	-	-	
Total Expenditure for 10 Yrs.	\$ 13,610,584	2,482,791	3,145,861	3,412,143	462,866	464,156	475,876	485,361	496,393	507,836	519,655	

Integrated ERP Solution

