City of

FORT SASKATCHEWAN

Information Report
Committee of the Whole – May 21, 2024

Enterprise Resource Planning Assessment

Purpose:

The purpose of this report is to provide Committee of the Whole with the findings of the Enterprise Resource Planning Review conducted by Tantus Solutions.

Background:

In 2021, Microsoft announced that the previous version, Dynamics GP 208, would cease to be supported in 2028. The City is currently on version 18.6, which is on Microsoft's modern lifecycle policy and updates are limited to tax and security updates, hot fixes, updates to maintain usability and reliability, and addressing top customer issues. Subsequently, Microsoft announced that it will no longer be selling Dynamics GP to new customers beginning in 2026. Because of these announcements, and the fact that Dynamics GP lacks many features and capabilities that are expected of a modern ERP, many municipalities are planning to replace or have started replacing Dynamics GP.

On June 28, 2022, Council adopted The City of Fort Saskatchewan Strategic Plan 2023-2026. A strategic initiative within the Operational Excellence and Continuous Improvement strategic goal is:

> "Continue focus on organizational technology and modernization including Microsoft 365/Teams, records management, Enterprise Resource Planning and IT Security and Data Management to ensure innovation advancement across the organization."

In 2023, Tantus Solutions was engaged to conduct a comprehensive review of the City's Enterprise Resource Planning systems ("ERP"). The City's ERP, Microsoft Dynamics GP, is the software that provides City's core business processes, such as accounting, utility billing, human resources, property taxation, payroll, purchasing, and reporting. Dynamics GP has a number of complex integrations with other systems that provide functionality for budgeting and reporting, job costing, work order management, project management, point of sale, timesheets, permitting and licensing, and other services.

Summary Analysis:

The ERP review is intended to identify current gaps in existing functionality and capabilities as well as identify long-term recommendations regarding ERP, renewal, or replacement. The attached report (Appendix A) includes:

- Recommendations and Roadmap for ERP replacement;
- Gap Assessment Report;
- ERP Market Scan; and
- Functional Requirements Documentation.

The Review recommends replacing the City's current ERP with a modern mid-market solution and provides a roadmap for ERP replacement. The report also includes recommended pre-RFP Initiatives that will establish a solid implementation foundation for a new ERP. It estimates that replacing the ERP will take more than 30 months and will cost between $4.9 and $5.4 million. These estimates do not include the time or cost of the pre-RFP initiatives.

Key Findings

A series of stakeholder engagement sessions from across the organization and a review of current software and organizational service levels helped inform the results of the Review. The Gap Assessment Report identified current issues in People, Process, Implementation, and Technology. The Gap Assessment also identified the ideal state or "need" associated with each issue and what changes, activities, or projects would be needed to close the gap.

Significant findings include:

- Dynamics GP is not meeting staff needs, due to:
    - limited training materials making the system hard to learn;
    - staff are performing standard finance tasks outside of the system due to a lack of system capabilities;
    - minimal vendor support and several issues with system performance; and
    - highly technical processes for modifying basic reports.
- Staff capacity constraints;
- Data governance issues related to:
    - significant staff concerns over data quality in Dynamics GP;
    - heavy reliance on manual processes and spreadsheets due to a lack of self-service on-demand access to information;
    - integration issues resulting in significant manual efforts to maintain system data quality; and
    - Utility Customer and Tax Roll database lacks standardization and requires significant effort to align with data quality controls present in modern systems.

Pre-RFP Initiatives

The Review recommends ten pre-RFP initiatives to address current gaps and establish a solid implementation foundation for a new ERP. These initiatives focus on establishing a governance framework for an ERP project, identifying interim solutions for immediate issues, adopting a data governance framework, and reviewing general ledger code structure and reconciliations between systems. These initiatives may require some existing staff to be seconded to the project and their positions subsequently backfilled.

Financial Implications:

Replacing Dynamics GP is expected to cost between $4.9 and $5.4 million. Currently, there is no contribution to the City's financial reserves to fund the replacement of Dynamics GP. Following implementation, annual reserve contributions should be incorporated into the City's operating budget to prepare for future ERP replacements.

The 2025 Operating Budget will include the following budget recommendations:

- additional staff and resources to begin work on the pre-RFP initiatives; and
- an increase in the contribution to financial reserves to fund the future replacements of the ERP.

Internal/External Impacts:

Replacing Dynamics GP will impact most areas of the organization. The Review recommends the City add a mix of contracted positions and backfilling the positions of key project team members. Additional resources will be required for change management and training.

Diversity Impacts:

Dynamics GP has limited accessibility options for staff with physical or visual needs. The new ERP will need to have accessibility options for a diverse range of needs.

Implementing a new ERP will require a robust change management plan and communication plan. Implementation plans should incorporate staff engagement throughout the process. Any training should also be provided through a variety of methods to accommodate different learning styles.

Plans/Standards/Legislation:

City's Strategic Plan:

Goal - Operational Excellence and Continuous Improvement (continuous improvement; constantly looking for ways to improve our services through innovative practices, technology, collaboration, and consultation).

Next Steps:

A project team is begin established to work on the pre-ERP initiatives.

In the 2025 budget, Administration will include a budget recommendation:

- to increase the contribution to financial reserves to fund the future replacement of the ERP
- additional staff and resources to begin work on the pre-RFP initiatives identified in the report.

Attachments:

1. Appendix A – ERP Assessment - Final Report

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