CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 6.02
TO:                    Mayor and City Council
FROM:                 Kevin O’Rourke, Interim City Manager
                       Laurie Montes, Deputy City Manager
SUBJECT:              CONTRACT WITH INNOPRISE SOFTWARE, INC. FOR SUPPORT AND
                       UPGRADE IMPLEMENTATION SERVICES FOR FINANCIAL AND
                       BUSINESS TRANSACTION SOFTWARE

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving findings and
authorizing the City Manager to execute an agreement with Innoprise Software, Inc. to
assume the support for the City’s current SunGard HTE software system and provide an
enterprise financial and business transaction software system with corresponding
software support to the City for $190,210 for Fiscal Year 2010-11, and a total of
$1,141,260 for a six-year term.

Summary

For the past several years, the City organization has struggled with the functionality of
its legacy financial and business transaction software, implemented in the early 1990’s.
The current software provider began developing its replacement system some time ago;
however, the timing and cost of that full solution is currently unknown. Until recently,
the City’s only alternative to waiting indefinitely was to engage in a traditional
procurement process that would require a multi-million dollar enterprise system
replacement budget. The City has since identified a cost-effective and modern solution
that is consistent with its technology strategy.

The recommended solution will provide a clear path to transition from the legacy system
to a browser-based, non-proprietary based architecture that will deliver modern system
functionality to City users. This will have a correspondingly positive effect on the ability
to deliver services to the public that use the organization’s financial and business
system (e.g., community development, business license, utility billing, code
enforcement, etc.), and will provide for a community portal that will allow the public more
direct access to public information managed by the City.

The funding for this solution is fully self-contained within the cost to sustain and
maintain the current system and its corresponding third-party applications and internal
work-around systems. Thus, no additional resources are required to move forward.
This solution provides the additional benefit of introducing technology that will facilitate
the development of an agenda management system, as well as open-source document
management functionality that will provide basic document management functionality for
the financial and business transaction system.

AGENDA ITEM 6.02
DISCUSSION

Background

The City of Stockton purchased its first HTE applications in 1990. Since that time, the City has acquired an entire suite of integrated applications that are intended to serve mission critical areas such as financial reporting, budget, purchasing, asset management, accounts receivable, accounts payable, payroll, utility billing, business license, work orders, community development, and code enforcement. Since HTE was acquired by SunGard Public Sector in 2003, the company has been slow to add new functionality and to incorporate new technology into its applications. Today, the software runs on an iSeries IBM AS/400, providing many of the core business functions for City staff and the residents of Stockton. Although the environment has been stable, the applications noticeably lag behind the industry in ease of use, end-user productivity tools, and community accessibility.

The City pays nearly $200,000 per year to SunGard Public Sector of Lake Mary, Florida, for support required to maintain the integrated financial and business transaction system software. Additional costs are often incurred for programming and training throughout the year.

Present Situation

The first expressions of dissatisfaction with the SunGard HTE software came several years ago, in the areas of community development (building permitting and planning/zoning) and code enforcement. Limitations with supporting applications in the field for building inspectors and code enforcement officers, inability to support on-line scheduling of building inspections and status updates, the number of steps required to navigate through the system and the difficulty in extracting information from the system emerged as areas of user and management frustration.

Since that time, there have been increasing reports of frustration with the labor and complexity involved in extracting financial information from the system, as well as with the time required to orient new users to the system. In addition, the City has had to pay additional programming costs and has had to purchase a number of third party products to extend functionality that is readily available on more modern systems (e.g., employee applicant tracking, electronic distribution of pay information, citizen request management, etc.)

In response to the growing lack of satisfaction with the SunGard HTE legacy system, staff looked at a number of alternatives. In March, City staff met with representatives from SunGard Public Sector, and received an update on their progress in developing their replacement system called ONE Solution. Staff learned that the Finance and
Community Development modules would be available later in the calendar year, and that Public Works and Utility Management would be undergoing development through much of 2012. There was an indication that there would be discounted licensing on the first modules that became available in 2010; however, implementation costs were not known, and the pricing for the latter modules was unavailable. At this time we cannot confirm any ONE Solution sites that have implemented production-ready financial or community development functionality.

Beginning in March, and extending through May, City staff conducted an evaluation of another enterprise software provider, Innoprise, Inc., of Broomfield, Colorado. This provider was engaged because it had (1) an extensive, demonstrated ability to support the SunGard HTE legacy system during the migration from the old software to the new system; (2) a browser-based, non-proprietary based design that provides for the reduction and, more often than not, elimination of per-user licensing costs; (3) a significant number of established city government users of the full range of their enterprise offerings throughout the country; and (4) an offer to engage in a “strategic cities partnership” that would include a fixed price support and implementation plan that would allow the organization to migrate from the legacy system to the new system over a multi-year process for a total cost that is equivalent to that which is being paid to support the legacy system. (Such pricing has been offered to a few cities who could serve as a showcase in the region for the functionality and value of the Innoprise software solutions.)

In mid-May, user demonstrations were provided to key system users throughout the organization. The feedback was overwhelmingly positive, with users noting a tremendous opportunity to improve existing processes and service delivery through the Innoprise system’s ease of use and access to information residing in it. Staff contacted several agencies/references for Innoprise and all provided positive feedback on the system. City staff worked closely with the City of Merced in this due diligence phase, and took steps to confirm that Innoprise is financially sound.

Following the reports from the City’s key users, the Executive Team unanimously recommended that the City proceed with an engagement with Innoprise. City staff informed Council at the May 25 Study Session that a potential solution to the flagging legacy system had been identified, and would be brought forward, once the staff work had been completed. At that time, the strategic shift to browser-based user interfaces utilizing open source technology was presented and discussed.

In order to complete the analysis, City staff assessed the possibility of a retail purchase, using a request for proposal process. Following discussions with other agencies, and building off experience with recent enterprise-wide system solutions, staff concluded that a budget of $4 to $6 million would be required for a complete enterprise system purchase and implementation. A significant portion of this cost is attributable to the cost
of migrating data from the legacy system to the new system, and the traditional implementation model that financially penalizes organizations for extended implementation timeframes. Staff does not believe that the City has the organizational depth and capacity to sustain an economical transition schedule under the traditional model. More importantly, the current technology offered by the major providers is not as robust as that offered by Innoprise.

Comparative costs are summarized in the following matrix:

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Software/Support Costs</th>
<th>Other Costs</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain legacy system (SunGard HTE)</td>
<td>$190,210 / yr plus additional programming.</td>
<td>Hardware replacement in 2013; training; third-party solutions; additional programming</td>
<td>Doesn’t address functionality concerns; timing of availability and cost of SunGard ONE Solution is unknown</td>
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<tr>
<td>Pursue Retail Solution</td>
<td>New system estimated $3.5 million; including support of legacy system during implementation.</td>
<td>Allowance for hardware, training and implementation: $2 million</td>
<td>Costs would be difficult to control, due to intense need for implementation support, given organization's staffing capacity. Source of funding not identified.</td>
</tr>
<tr>
<td>Strategic Partnership with Innoprise, Inc. [Recommended]</td>
<td>$190,210 / yr</td>
<td>Hardware required in FY10-11, offset by removing need to replace AS/400 system at end of useful life. New hardware will be servers, network connectivity devices. Network software licenses will also be required. Also will have a duplicate system at the SEB for redundancy. Additional costs would be discretionary, and mostly offset by reductions of other costs (e.g., third-party applications; maintenance of side systems, etc.)</td>
<td>Provides immediate opportunity to address system functionality. Takes advantage of limited opportunity to secure preferred pricing. Introduces technology and functionality that can be strategic for development of document management.</td>
</tr>
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The Innoprise implementation model and pricing structure provides for a state-of-the-art, true browser-based suite of integrated applications that the City can transition to over the six-year life of the contract. Browser-based systems provide more flexibility and
increased productivity without special programming to extract critical data. Additionally, since the new software is browser-based, it does not require any software to be installed on each PC, and special licensing per workstation is also not required. Staff estimates the transition to Innoprise software to be completed within four-to-five years, but have the option of six years if limited resources make it necessary.

Innoprise has already developed custom interfaces between our SunGard HTE applications and the new applications for other clients. These interfaces will greatly enhance business continuity throughout the conversion process. The on-going support and customized interfaces represent a competitive advantage over all other vendors.

The City would be able to change SunGard HTE's software support to Innoprise, who would assume full support responsibility beginning no later than September 1, 2010.

In addition to functionality that corresponds to the financial and business transaction system, Innoprise has agreed to provide, as a part of its Strategic Cities Partnership proposal, an agenda management solution with the following capabilities:

1. Ability to create and maintain meeting agendas.
2. Ability to track versions and attachments to meeting agendas, including appropriate approval steps.
3. Ability to archive agendas
4. Ability to search on the content of agendas

The Innoprise suite also includes document management functionality far superior to that contained in the legacy system. This functionality includes the same workflow management system employed by the Innoprise financial and business transaction system software (JBPM). This will make it simpler and more economical to integrate the enterprise financial and business transaction system with document workflow requiring minimal integration points.

Once the functionality of the agenda management and document management are implemented and validated, the staff will evaluate and recommend the appropriate next steps.

Findings

Stockton Municipal Code Section 3.68.070 provides for an exception to the competitive bidding process in cases where the City Council has approved findings which support and justify the purchase.

1. There are only two software providers in the United States who have the demonstrated ability to support the SunGard HTE software system; only
one of those companies, Innoprise, Inc., has the demonstrated ability to facilitate the migration from the legacy financial and business transaction system to a new system that employs current technology.

2. The legacy financial and business transaction is beyond its designed, useful life; therefore, there is an urgent need to replace it.

3. The cost for new software, data migration, ongoing maintenance and support under the proposed contract is the same as that being paid for the support of the legacy system.

4. The City does not have an identified source of funds that could be used to consider alternative legacy financial and business transaction system replacement strategies.

FINANCIAL SUMMARY

The annual $190,210 funding of for this contract will come from the Computer Internal Service Fund 502-5101. No additional funds will need to be budgeted in FY10-11 for software and support, as this contract will be funded from resources previously programmed for support of the legacy system by SunGard Public Sector. Additional fiscal year appropriations will be requested annually in the City Manager's proposed budget.

Additional funds, up to $300,000, will be needed in Fiscal Year 2010-11 for hardware (servers, network connectivity devices, network software licenses, and a duplicate system at the SEB for redundancy), to support the new system. This expenditure will be in place of approximately $550,000 that would be required to replace the AS/400 in Fiscal Year 2013-14. These funds have been appropriated in the Computer Internal Service Fund Computer Equipment account 502-5101-670 as part of the 2010-11 Annual Budget.

Respectfully submitted,

Laurie Montes
Deputy City Manager

APPROVED BY

Kevin O'Rourke
Interim City Manager

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STOCKTON CITY COUNCIL

APPROVE FINDINGS AND AUTHORIZE A CONTRACT WITH INNOPRISE SOFTWARE, INC. FOR SUPPORT AND UPGRADE IMPLEMENTATION SERVICES FOR FINANCIAL AND BUSINESS TRANSACTION SOFTWARE

The functionality of the City's legacy financial and business transaction software, implemented in the early 1990's has exhausted efforts in labor and new technology, and

The current software provider (SunGard Public Sector) cost nearly $200,000 per year for maintenance support; the development of the replacement system began some time ago, but the timing and cost of that full solution is currently unknown, and

The City's only alternative to waiting indefinitely was to engage in a traditional procurement process that would require a multi-million dollar enterprise system replacement budget, and

The City has identified a cost-effective, modern solution that is consistent with its technology strategy to provide a clear path to transition from the legacy system to a browser-based, non-proprietary based architecture that will deliver modern system functionality to City user, now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. Stockton Municipal Code Section 3.68.070 provides for an exception to the competitive bidding process in cases where the City Council has approved findings which support and justify the purchase. The findings to support this purchase are as follows:

   a. There are only two software providers in the United States who have the demonstrated ability to support the SunGard HTE software system; only one of those companies, Innoprise, Inc., has the demonstrated ability to facilitate the migration from the legacy financial and business transaction system to a new system that employs current technology.

   b. The legacy financial and business transaction is beyond its designed, useful life; therefore, there is an urgent need to replace it.

   c. The cost for new software, data migration, ongoing maintenance and support under the proposed contract is the same as that being paid for the support of the legacy system.
d. The City does not have an identified source of funds that could be used to consider alternative legacy financial and business transaction system replacement strategies.

2. The City Manager is hereby authorized to execute an agreement with Innoprise Software, Inc. to assume the support for the City’s current SunGard (HTE) software system, and provide an enterprise financial and business transaction software system with corresponding software support to the City for $190,210 for FY10-11 which funding will come from resources previously budgeted for support of the legacy system, and a total of $1,141,260 for a six-year term.

3. The City Manager is authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED and ADOPTED ____________________________.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton