City of Brisbane

Agenda Report

To: City Council via City Manager

From: Betsy Cooper, Deputy Finance Director

Subject: Financial Software Consultant

Date: July 29, 2013

Purpose:

To select a software consultant to assist with financial software needs assessment.

Recommendation:

Hire SoftResources to be our software consultant.

Background:

The City of Brisbane has had our current software for over 15 years. The software company (Corbin Willits) is no longer updating the system except for the basic necessities. This indicates the software may be dying. The first step in replacing the software is to do needs assessment which an RFP is based on.

Discussion:

The City purchased its current financial software in 1998 from CWS – MOM software. It has worked well for us over the years. However, it is from a small company with no foreseeable updates and we are concerned about the shrinking customer base. We know several cities have moved on from MOM and more are looking. The company's current emphasis appears to be Native American Tribes.

Best practices for purchasing software has several steps. One of the prime steps is determining the requirements necessary for the software to function the way we want. Ideally, this is more than just the finance department and IT. We would want software that provides the information that city council, city manager, planning, public works, and all other departments need to best serve the city. We also need to determine if we want to migrate to Cloud computing and look at the variations and costs compared to buying the software and running it in house.

After the needs assessment is completed, a request for proposals (RFP) can be issued. Hopefully, the needs assessment identifies the software level that would best serve us. These levels are usually defined as Tiers with Tier 1 being Enterprise software such as Oracle and SAP down to Tier 5 which is referred to as the Shrink Wrap Market. RFPs are sent to firms in the targeted tier.

Staff has contacted five businesses for preliminary information regarding a software consultant for a needs assessment and financial software procurement.

GFOA doesn't have much experience working with a city as small as Brisbane. Their broad estimate was $40,000- $50,000.

Staff was on an interview panel at Mid-Peninsula Regional Open Space District. They have recently replaced their financial software and used Schafer Consulting. Mid-Peninsula was glad that they had used a consultant. Schafer Consulting gave us two estimates depending on how much assistance we want. Their Light Touch approach is priced at $39,400 and the full service is $58,605. The full service does more work on the needs assessment and the evaluation & selection process than what is provided with the light touch.

Soft Resources provided the most information on both software selection and looking at Cloud Computing. They have provided a Software selection services checklist in order to tailor the process to our needs. They have also sent me articles (that they wrote) on preparing a preliminary software budget and 12 deadly mistakes in software selection. Using the checklist we sent them, they are quoting $25,044 for the Requirements Analysis & Request for Proposal, Software Demo assistance and the decision making process. If we want assistance with Contract negotiations they will charge based on time and materials.

Staff spoke with NexLevel regarding what we were looking to do and they were supposed to send a proposal, but it has not shown up.

ClientFirst Technology Consulting sent us a comprehensive proposal. They have two other agencies in Northern California that they will start working with in August. If we can tie into this schedule, they can do the needs assessment, request for proposal for $14,812. We can add vendor evaluation & demo management and contract review & negotiation assistance for an additional $12,690. Combined, that would be $27,502.
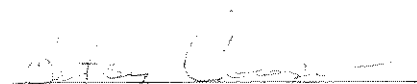
Staff was impressed with SoftResources and ClientFirst Technologies. Our contact person at SoftResources even stayed in touch while he was on vacation.
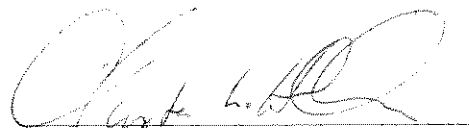
Fiscal Impact:

$30,000 is budgeted for a software consultant in the FY12/13 Budget.

Measure of Success

Stable software from a reputable company that will allow multiple variety of reporting.

_____
Deputy Finance Director
Betsy Cooper

_____
City Manager
Clay Holstine

Proposal

Consulting Services for the Selection of Enterprise Resource Planning Software

City of Brisbane, California

July 18, 2013

SoftResources LLC
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Betsy Cooper, Deputy Finance Director
City of Brisbane
50 Park Place
Brisbane, CA 94005

Dear Ms. Cooper:

SoftResources LLC is pleased to provide this proposal to the City of Brisbane, California (City) for Consulting Services for the selection of Enterprise Resource Planning (ERP) Software. This selection project will include requirements analysis, RFP development, vendor selection and contract negotiations for one final selected ERP vendor.

The City has indicated the following 'Required' modules as part of the ERP footprint:

General Ledger	Asset Management
Project Accounting	Report Writer
Accounts Receivable/Miscellaneous Billing	Payroll
Purchase Order/Requisitions	Employee Administration
Fund Accounting	Benefits Administration
Encumbrance Accounting	Cash Receipting/POS
Accounts Payable	Business Licensing/Other Licensing
Bank Reconciliation	Utility Billing/Service Orders/CIS

The City has indicated an interest in the following 'Considered' modules for new ERP software:

Grant Management, Budgeting, Inventory Management, Timekeeping, Planning and Permitting, Parks and Recreation, Citizen Relationship Management, Citizen Self-Service/eGovernment Services.

About SoftResources

SoftResources provides Enterprise Resource Planning (ERP) assessment and selection services. We do not receive monetary compensation from any software vendor in order to remain completely objective in the software evaluation process.

SoftResources began in 1993 when a group of consultants organized a practice within KPMG Peat Marwick that focused solely on unbiased software selection for audit and tax clients. In 1995, after reorganizations at KPMG and a clear KPMG desire to recommend and implement only a few software systems to clients, the group amicably left KPMG and independently founded SoftResources LLC.

Today, SoftResources remains dedicated to providing unbiased software evaluation consulting and have completed over 700 software projects. Following is a list of the core services we offer:

- Software Assessment
- Software Selection
- Implementation Partner Selection
- Software Contract Review and Negotiations
- Implementation Oversight

b. **Schedule Interviews**. SoftResources will develop and work with the City to finalize the 2-day interview schedule and manage the invitation process.

c. **Interview Memo**. An Interview Memo will be created and sent to the interview attendees so they can prepare for the discussion. The memo will orient attendees and include a few questions to help them prepare.

d. **Conduct On-Site Requirements Interviews.** SoftResources will send two SoftResources personnel (Principal/Director and Senior Consultant) to conduct the 2-day interview schedule on-site. We will gather user needs and requirements.

- Conduct requirements analysis: interview key users, department heads, and IT to gather key ERP functional and technical requirements unique to the City, discuss the vision for new ERP software, and identify future business objectives including opportunities for functional areas/modules that can be incorporated into the new ERP software.

- Assess current ERP system environment: observe the City's current ERP system and other peripheral systems to gather how users currently use the system(s), identify unmet needs, gather user input and vision, observe points of integration and observe high-level business processes.

- Provide vision of capabilities of modern ERP applications: throughout the interviews there will be opportunities to educate attendees on the capabilities of modern software and processes based on our experience working with similar clients.

- Interview wrap up: at the end of each interview day, conduct a wrap up session with the City's Project Manager to summarize the day's interviews, note unanswered questions, handle issues and review the next day's schedule. SoftResources may also conduct follow up calls if needed with various City personnel for clarification or additional details.

Deliverables
- **Interview Schedule and Interview Memo**

1.4   Identify ERP Software Requirements

Using the data collected from the review of City documentation, the on-site interviews, and our experience gained from conducting similar projects, SoftResources will capture the City's key differentiators and prepare a Key ERP Functional and Technical Requirements document. Purposefully kept to 3-10 pages, the key requirements document lists and prioritizes the City's key requirements in the areas of technology, modules/functionality, and business processes and is an effective tool to evaluate vendors.

Deliverable

- **Key Functional and Technical Requirements Document** – developed in table format; includes requirements for technology, functionality, vendor viability, pricing, etc. (3-10 pages)

1.5   Prepare Request for Proposal (RFP) Document

SoftResources will develop an RFP for ERP software for effective evaluation of vendor responses.

a. **Draft RFP for ERP Software.** SoftResources will create the RFP by inserting the approved Key Functional and Technical requirements document and making sure that City fiduciary requirements are met. Our philosophy is to make the RFP easy for the vendors to respond in order to encourage vendor participation, while at the same time focusing on the key requirements that facilitate RFP response analysis. We will deliver the draft Request for Proposal document via email and conference call for feedback and approval from the City. The City will finalize and issue. We recommend that the City allow at least four weeks for vendors to respond.

Experience

SoftResources is comprised of a team of experienced consultants who focus on software assessment and selection activities daily. Our project managers have 16 to 18 years' experience leading software selection projects and our senior consultants have 9 to 16 years' experience selecting software. We offer a field-proven methodology that is custom tailored to each client in order to find software that most closely matches their business needs.

Work Plan and Deliverables

SoftResources will assign a core team of 2 people (Principal/Director and Senior Consultant) to the City's project. The following is SoftResources' work plan by phase along with deliverables associated with each phase. Some tasks within different phases may be performed concurrently.

Phase 1 – Requirements Analysis and Request for Proposal

SoftResources will work with the City to set up the project. We will conduct requirements interviews on-site in Brisbane, develop the key requirements document, and prepare a Request for Proposal for ERP software.

1.1   Project Setup

SoftResources' Project Manager (PM) will work with the City's PM to set up and manage the project.

a.   **Project Planning.** SoftResources will work with the City PM to set up the project. As part of this task we will review the following for the project:

- Drivers and Objectives
- Stakeholders, Project Team Members, Decision Makers
- Constraints and Resource Availability

b.   **Project Management.** SoftResources will manage the project to ensure all milestones and deliverables are successfully executed on time and within budget.

1.2   City Documentation Review

SoftResources will review any documentation the City can provide relating to the ERP selection. The type of documentation we look to review includes any or all of the following:

- ✓ Organization Charts
- ✓ Annual and Strategic Plans
- ✓ Current System(s) Diagrams
- ✓ Software License and Maintenance Agreements
- ✓ Commissioned Reports and Strategic IT Plans
- ✓ Other documents pertinent to the project

1.3   Requirements Interviews

SoftResources will conduct 2 days of on-site requirements interviews with personnel at City offices in Brisbane, California (Brisbane). We will gather key ERP functional and technical requirements necessary for development of the RFP. SoftResources will perform the following steps:

a.   **Identify Interview Attendees.** SoftResources will work with the City to determine key personnel for interview discussions. Participants may include IT staff, department heads, key users, others.

b. **Prepare ERP Vendor Long List.** SoftResources will prepare a Long List of possible ERP Vendors that may be a fit for the City. The Long List is developed based on the City's key requirements plus SoftResources' experience working with similar clients. The Long List helps to mitigate the risk that vendors who may be a good fit are not eliminated because they did not know of the opportunity.

c. **Provide Coaching through Vendor Evaluation.** SoftResources will provide coaching and advise the City via phone through the RFP issuance and evaluation of vendor proposals.

<u>Deliverables</u>

- **Request for Proposal Document**
- **ERP Vendor Long List**

Phase 2 – Software Demos

SoftResources will provide our Software Evaluation Kit and prepare a City-specific software demo script that is custom tailored to the City's unique requirements.

2.1 Software Evaluation Kit

SoftResources will provide a Software Evaluation Kit that outlines the steps necessary to complete the software selection process after the City decides on a Short List (approximately three vendors that best meet the City's needs). The Kit contains the following templates that the City may customize for their situation:

✓ Demo Script
✓ Request for Demo Letter (RFD)
✓ Demo Report
✓ User Visit Report
✓ Cost Comparison Model
✓ Final Rating sheet

2.2 Custom Software Demo Script

Scripted software demos are a key step in the selection process. We provide a custom-tailored demo script based on the City's key requirements document. The script enables the City to compare the vendors on an equal basis. Specifically, SoftResources will do the following:

a. **Custom Software Demo Script.** Prepare a custom-developed Software Demo Script based on data gathered through on-site interviews. The City will approve the draft demo script and insert any desired business case scenarios. We recommend the City allow the vendors at least 2-3 weeks for the vendors to prepare.

b. **Demo Coaching.** SoftResources will provide advice and counsel to the City via phone through the Demo preparation and Demo process.

<u>Deliverables</u>

- **Software Evaluation Kit**
- **Custom Software Demo Script**

Phase 3 – Decision

3.1 Final Decision Consulting

SoftResources will provide coaching to City through the final decision process via phone. We will continue to manage vendor questions and communications. SoftResources' direct participation with reference checks, follow up demos, etc. will be billed on a Time and Materials basis.

Phase 4 – Contract Negotiations

The City will likely have three contracts to negotiate 1) Software License, 2) Software Maintenance, and 3) Implementation Services. If a hosted or Cloud vendor is selected, the City will negotiate a Service Level Agreement (SLA). We also recommend that the Statement of Work be agreed upon prior to signing the software contracts.

SoftResources has negotiated hundreds of software contracts. The Director of our Contract Negotiations practice has over 16 years' experience negotiating software contracts. We know the discounts and the terms and conditions that should be included in the contract to protect the City's interests. Our philosophy is to negotiate a contract that is a win-win for both sides in order to develop a strong working relationship moving forward. Please note that SoftResources is not a law firm and the contract will need final legal review. However, we frequently work with our clients' legal counsel and offer valuable insight into software specific contracts throughout the negotiation process.

In order to allow for flexibility in the services offered, this phase will be billed on a Time and Materials basis. We will work with the City to determine the Scope of Work required when we get to this stage of the engagement as the services will depend on the software solution selected and the needs of the City. SoftResources will provide any or all of the following services:

4.1   Equalize Cost Proposals

SoftResources will equalize the cost proposals of two top finalist vendors using our cost equalization spreadsheet and adding ideas on implementation assumptions and maintenance services from SoftResources' experience.

Deliverable

- **Completed Cost Comparison Spreadsheet** – for the two top finalists

4.2   Vendor Contract Review

SoftResources will review and evaluate the final selected vendor's software license, maintenance, implementation services contracts or Service Level Agreement, and Statement of Work (SOW) and discuss via teleconference with the City. Discussion points typically include pricing issues and contract clauses and protections that should be negotiated in the contract to protect the City once the contracts are signed.

4.3   Written Software Contract Review

SoftResources will prepare a Written Software Contract Review document of key clauses that need to be negotiated, removed, changed and/or inserted into the contract. The Contract Review document is emailed and we work with the City PM and legal counsel via teleconference to discuss and manage the recommended actions.

Deliverable

- **Written Software Contract Review Document**

Client Participation and Responsibilities

In order to successfully complete the engagement it is expected that the City will:

1. Designate a project team lead.
2. Be prepared for on-site interview discussions.
3. Ensure employees are available for interviews/phone calls as scheduled.
4. Review and approve the Request for Proposal.
5. Issue and manage the RFP process.
6. Review the RFP responses and select a short list of vendor solutions.
7. Issue the Demo Script and manage the Demo process.
8. Conduct follow up analysis and due diligence of the finalist vendor(s).
9. Make the final decision.
10. Be responsible for all the phases and steps not assigned to SoftResources.

Scope Control

If there are services performed at the City's request, which are outside of those outlined in the "Work Plan and Deliverables" section of this letter, a new or amended engagement letter will be drafted.

Fees

SoftResources offers our services on either a Fixed Fee or Time and Materials basis. We have provided the services outlined in this proposal on a Fixed Fee basis with a few services offered on a Time and Materials basis to allow for flexibility.

The following table lists SoftResources' hourly rates.

Hourly Rates	
Principal/Director	$175
Senior Consultant	$150

The following table lists the fee estimates for the services outlined in the Work Plan and Deliverables.

Phase	Description	Fees
1	Requirements Analysis and Request for Proposal	$14,450
2	Software Demos	5,100
3	Decision	3,400
4	Contract Negotiations	Time and Materials
	Total Fixed Fees	$22,950
	Estimated Expenses	$2,094
	Total	$25,044

Expenses will be billed as incurred. An estimate for travel expenses including per diem (GSA rate $61/day) has been provided.

Because this project is proposed as a Fixed Fee project, billing of fees and expenses will occur on a monthly basis according to the estimated percent complete at the end of the month. The City will approve all invoices. (Payment is due net 15 of invoice date.)

Termination/Deferral

If the City decides to defer or terminate the contract, SoftResources will calculate the hours of work completed and the associated fees to the point of termination or deferral and bill the City for work completed.

Please email or call us with any questions regarding this proposal.

Regards,

Spencer Arnesen
Principal
SoftResources LLC

Proposal Acceptance Notification

To: Spencer Arnesen
        SoftResources LLC
        Email PDF: info@softresources.com
        Via Fax # (206) 860-2828

From: Betsy Cooper, Deputy Finance Director
        City of Brisbane, CA

The SoftResources proposal dated July 18, 2013 is accepted.

SoftResources tax ID# is: 91-1700358

Organization: City of Brisbane, CA   SoftResources LLC

By: _____   _____

Title: _____   _____

Date: _____   _____