State of Idaho

Luma

(Illuminating Idaho's Future Business Operations)

Project Charter

Date: 02/12/2019
Version: 1.1

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February 12, 2019

Subject: Luma Charter Approval and Executive Sponsorship Announcement
To: Idaho State Employees and Agency Directors

Idaho's aging payroll and accounting infrastructure is fast approaching the end of its useful life. In order to mitigate the risks of missing payroll or failing to pay bills, the State Controller has been pursuing executive, legislative, judicial, and agency support to acquire, implement, and sustain a statewide enterprise system that modernizes and transforms the way the State of Idaho does business, improves transparency, and provides a core foundation for the future.

The new system designated "Luma" will enable the state to modernize and standardize business processes, eliminate redundant systems, and increase transparency. Luma will modernize the state's accounting, payroll, budget, procurement, and human capital management systems ensuring it meets current and future state needs.

With the passage and signing of House Bill 493, a funding source and governance model is now in place for the state of Idaho to move ahead with this major business operations and information infrastructure project under the direction of the State Controller's Office.

As the project sponsors of this critical systems infrastructure modernization project, we approve this Luma Project Charter. This project will not be easy, but through hard work and dedication, together we will create long lasting value for Idaho and its citizens. Every state employee plays a unique and key role in providing essential services to the citizens of Idaho. We encourage your active participation and ideas as stakeholders to ensure this project goes as effectively and efficiently as possible, and helps agencies transform business processes to provide better service delivery to our citizens.

Sincerely,

_____
Brad Little
Governor

_____
Brandon Woolf
State Controller
(Lead Sponsor)

_____
Brent Hill
President Pro Tempore

_____
Scott Bedke
Speaker of the House

Project Title: Luma

Previously known as Idaho Systems Infrastructure Modernization (ISIM)

Project Sponsors: C. L. "Butch" Otter, Governor

Brandon Woolf, State Controller

Brent Hill, Senate President Pro Tempore

Scott Bedke, Speaker of the House

Project Manager: Steven Detton, Deputy Controller

Project Customers: The citizens of the State of Idaho and State of Idaho employees

References: System Modernization Study Business Case Analysis - dated January 12, 2015

State of Idaho Office of the State Controller, Request for Information (RFI), RFI-2016-10 for Enterprise Resource Planning (ERP) Software and Systems Integration Services

Idaho House Bill 493 - March 7, 2018 - Luma Funding and Authorization

Prepared By

Document Owner(s)	Project/Organization Role
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Project Charter Version Control

Version	Date	Author	Change Description
1.0	06/01/2018	Steven Detton	Initial Draft
1.1	02/12/2019	Steve Detton	Updated Signature Page

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Section 1. Project Purpose

1.1 Objective

With the passage of House Bill 493 on March 7, 2018, the State of Idaho is authorized and funded to acquire and implement a statewide Enterprise Resource Planning (ERP) system. The new system, called Luma, will replace the legacy Employee Information System (EIS) and Statewide Accounting and Reporting System (STARS). In addition, Luma will centralize and standardize budget, procurement, and Human Capital Management (HCM) across state agencies. The title Luma was selected because its Latin origin lumen means "to shine light on" or "to make clear." Luma illuminates the path ahead for modernizing business practices for the State of Idaho, mitigates risks associated with maintaining aging and disparate systems, and evokes transparency in government operations. During the implementation process, state agencies will align business processes with industry best practices inherent in the software, minimize software customization, and seize every opportunity to retire redundant systems reducing the overall costs for Idaho taxpayers.

1.2 Background

As outlined within Idaho's Constitution as well as title 67 chapter 10 of Idaho Code, the State Controller is "To superintend the fiscal concerns of the state, with its accounting, informational, payroll, and related data processing services." EIS and STARS, acquired by the State Controller in 1987 and 1988 respectively, are outdated, difficult to maintain, and lack flexibility and functionality necessary for State business processes. The State Controller's Office has made targeted investments and extended the lives of these legacy systems with more modern add-ons such as web-based interfaces, data warehousing capabilities, and online reporting tools. These efforts have allowed the State to continue paying its obligations, processing payroll, and leveraging the largest possible return on its investment. However, this key infrastructure has reached the end of its useful life and become obsolete and unsupportable.

Recognizing the risks associated with Idaho's aging business systems, in 2014, the State Controller sponsored a systems modernization study after receiving approval and funding from the legislature. Information Services Group (ISG), an independent third party firm with expertise in the public sector, conducted a study and submitted a report titled "System Modernization Study Business Case Analysis" on January 12, 2015. The study primarily evaluated two options. The first option was to maintain the status quo with a variety of disparate systems across state agencies. The second option was to acquire and implement a statewide modern ERP system that encompasses a software suite of fully integrated modules for business operations. ISG recommended that the State of Idaho implement a "fully integrated, commercial off-the-shelf ERP system to address current and future statewide and user agency administrative business needs." Considering the risks to the state, the State Controller decided to follow the study recommendation. As a result, the State Controller's Office has completed the following efforts to prepare for a new ERP System: Request for Information (RFI) from software vendors and software integrators, agency visits by the Controller and Chief Deputy Controller, funding legislation request, statewide requirements gathering, and business process mapping for the "As Is" and "To Be" processes.

1.3 Project Vision and Goals

A vision statement sets forth the aspirational road map for the project and provides guidance for decision-making and long term planning of transformation efforts.

> *Acquire, implement, and sustain a statewide enterprise system that modernizes and transforms the way the State of Idaho does business, improves transparency, and provides a core foundation for the future.*

The following are the goals of Luma:

- Acquire and implement an ERP solution that all state agencies will utilize for statewide unification in Budget Planning, Financial Management, Procurement, Payroll, and Human Capital Management.
- Improve productivity and reduce costs by eliminating redundant systems, workarounds, and unnecessary complexity required to perform operational and administrative services.
- Modernize and standardize business processes for alignment with industry best practices inherent in commercial off-the-shelf (COTS) software for efficient workflow and accurate information reporting.
- Increase transparency of government operations and expenses.
- Reduce risk exposure associated with the current outdated software systems.
- Improve decision making by capturing and being able to report consistent expandable set of data.
- Ensure strength and efficiency of the State's Data security management.

1.4 Discussion

The State of Idaho will acquire and implement a modern ERP system with anticipated core functionalities that will enable statewide budgeting, financial management, procurement, payroll, and human capital management. This charter will serve as a framework and reference for all stakeholders throughout the project lifecycle. Modern ERP systems are designed to fully integrate operational activities with administrative activities to optimize effectiveness and efficiency. In responses provided to the 2016 Request for Information (RFI), vendors made it clear that customized software was more complex, harder to maintain and upgrade, resulted in decreased functionality and longevity, and thus was more expensive than configuring COTS software. Based on this information, the State of Idaho will be pursuing opportunities to utilize industry best practices within existing software configuration capabilities to meet operational and administrative needs. The project team will seek input from State agencies during the development of system requirements and business process maps to help identify ways to modernize and improve business processes within the configuration capabilities of the newly acquired system.

This charter establishes a formal project management methodology and project organization construct for the State of Idaho to acquire and implement a new ERP system to replace EIS and STARS and centralize and standardize budget, procurement, and human capital management across state agencies. Additional information about the project may be found on the project website http://luma.sco.idaho.gov/.

Section 2. Project Description

2.1 High-Level Description

In order to improve government services to its citizens, the State of Idaho needs to acquire and implement a single modern ERP system for all Idaho State agencies. The varied missions and services provided by Idaho state agencies will provide the basis upon which to develop the requirements for the new ERP system. Project team members will meet with agency experts to seek input on business process mapping and requirement development. The project team will utilize industry best practices to identify areas for standardization and unique business processes that will require specialized software capabilities or alternate solutions to meet those requirements. A guiding principle will be for state agencies to develop ways to modernize business processes to align with commercial off-the-shelf (COTS) products, minimize customization and reduce costs. In some instances, unique legislatively mandated processes may exist that will not align or function with COTS software. If determined feasible through the governance process, a request to update legislation may be submitted. In cases where processes will not align with COTS products, provisions will be made to find the most effective and compatible solution. See section 4 of this charter for a description of the role of the Leadership Council and other participants in the project governance structure.

In the "System Modernization Study Business Case Analysis", 19 agencies, which make up approximately 80% of the combined total Operating Budget and 70% of the combined FTEs of the State, were interviewed. This

cross section of agencies will likely have similar business processes and requirements as the remaining agencies. Using this analysis as a template, the project team will collect detailed requirements from agencies during project planning and the Request for Proposal (RFP) development. A guiding principle will be to identify and procure a comprehensive ERP system that will provide effective and efficient software services for as many state agencies as possible. Where conflicts arise regarding scope and requirements, the Governance Board and Leadership Council will make final decisions regarding the path forward.

2.2 High-Level Requirements

Acquisition of a modern ERP system that will enable the following:

- Budget Planning

- Financial Management

- Procurement

- Payroll

- Human Capital Management

Implementation, Modernization, and Organizational Change Management (OCM):

- Review Agency Processes and identify areas for improvement, standardization, and alignment with the new ERP system.

- Facilitate OCM across all state agencies including details of implementation, go-live, support, training, and end-user readiness.

- Provide organizational structure for operational sustainment post implementation.

2.3 High-Level Risks

- Insufficient requirements development and inadequate development of the RFP or procurement difficulties resulting in the purchase of an ERP system not meeting state needs.

- Inadequate change management planning and implementation resulting in lack of acceptance by state agencies and individual users.

- Insufficient data mapping and data cleansing in preparation for data migration to the new system.

- Maintaining a consistent and secure source of project funding.

- High number of interfaces between SCO and State Agencies.

- Insufficient statewide agency commitment providing staffing and project support.

- Insufficient end user support or software sustainment plan after implementation.

Risk analysis and mitigation strategies will be conducted during the development of the project management plan and project execution.

2.4 Project Objectives and Success Criteria

Knowledge Area:	Project Objectives	Success Criteria	Person Approving
Scope Objective #1:	Acquire and implement an ERP System that will be utilized by all State Agencies.	• Identify and validate all agency operations and procedures that will be incorporated in new ERP system. • New System implemented within schedule baseline and system successfully operated and sustained.	Brandon Woolf, State Controller
Scope Objective #2	Eliminate agency-specific, redundant systems/procedures required to perform operational & administrative services.	• During planning, identify all systems & procedures that will be incorporated in the new ERP system. • Validate this list against deliverables during project closing.	Brandon Woolf, State Controller
Scope Objective #3	Facilitate change management across all state agencies including details of implementation, Go-Live, training, and support.	• Successful achievement of Scope Objective #1 and #2. • Provide end-user training and agency readiness review prior to Go-Live.	Brandon Woolf, State Controller
Time Objective:	Acquire and complete implementation of an ERP System by no later than 06/30/2023 See figure 2-1.	• Complete implementation and first six months of sustainment prior to 30 June 2023.	Brandon Woolf, State Controller
Cost Objective:	Acquire and complete implementation of an ERP System for no more than amount appropriated in the Business Information Infrastructure Fund (BIIF)	• Total cost of acquisition and implementation no more than BIIF.	Brandon Woolf, State Controller

2.5 Major Project Activities and Summary Milestones

Project Activities and Summary Milestones	Due Date or Period of Effort
1. Systems Modernization Study	08/25/2014 to 01/12/2015
2. Statewide Business Process Mapping & Requirements Development.	01/26/2016 to 07/30/2018
3. RFI for ERP Systems	07/21/2016 to 03/31/2017
4. Request Project Funding. Obtain consistent and secure funding to complete full scope of project [$102.7M] and Business Information Infrastructure Fund (BIIF) authorization.	01/08/2018 to 03/23/2018 [end of legislative session]
5. Funding Authorized by Legislature & Governor	03/07/2018 [HB-493 signed into law]
6. Planning to Acquire Software & Integration Services.	04/02/2018 to 06/30/2019 [15 months]
7. Award Contract(s). Contract(s) awarded for selected software vendor and systems integrator.	06/30/2019
8. Phase 1 Implementation (Budget Planning, Financial Management, and Procurement).	07/01/2019 to 06/30/2021 [24 months]
9. Phase 1 Go-Live. Go-Live for Budget Planning, Financial Management, and Procurement functionality.	07/01/2021
10. Phase 2 Implementation (Payroll & Human Capital Management).	07/01/2021 to 01/01/2023 [18 months]
11. Phase 2 Go-Live. Go-Live for Payroll and Human Capital Management functionality.	01/1/2023
12. Project Complete.	06/30/2023
13. Transition to Operations & Sustainment.	06/30/2023
14. Decommission of Mainframe. Decommission of codes software, data, hardware, contracts, and disposal.	12/31/2024

Figure 2-1 Proposed Timeline

Figure 2-1 Proposed Timeline
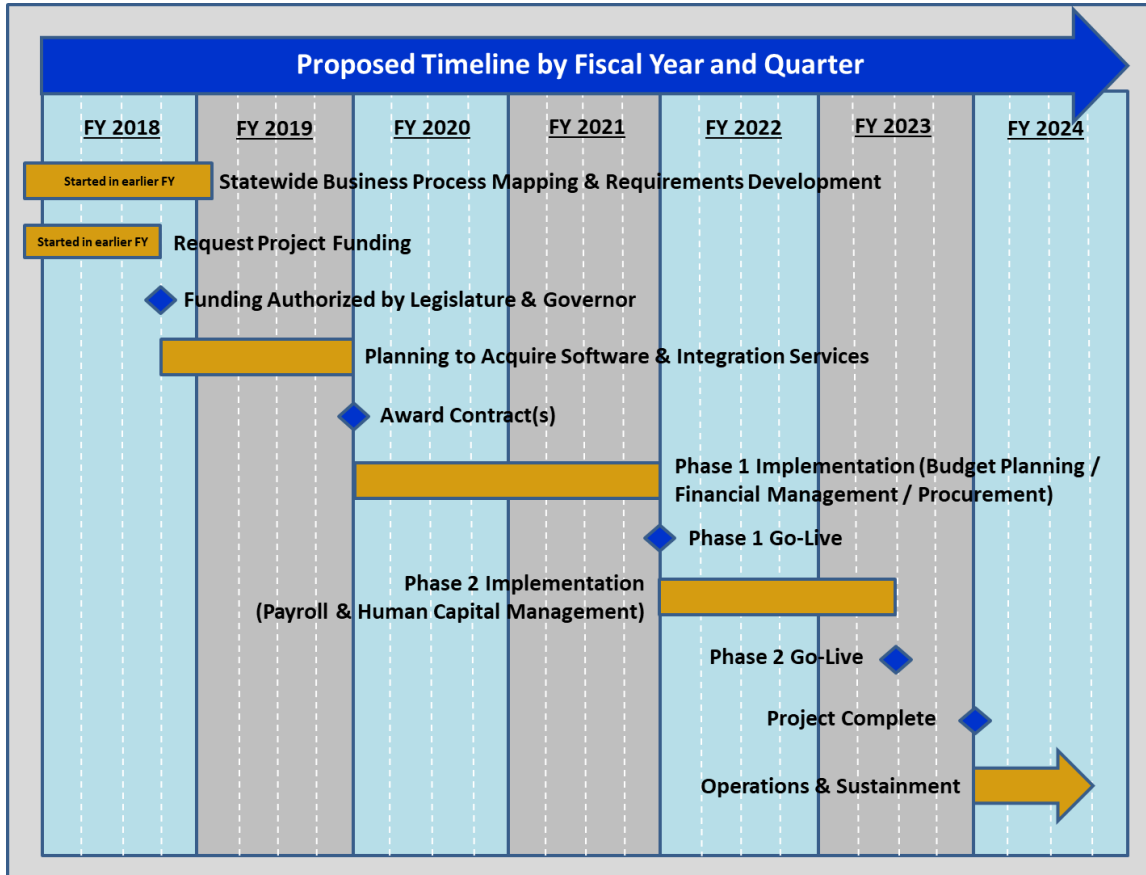
Section 3. Stakeholders

3.1 Discussion

In a project as large and extensive as a statewide ERP system acquisition and implementation, the list of stakeholders is extensive. One key element of success in project management is the successful identification and communication with all stakeholders. The table below is a general list of high-level stakeholders associated with the project. More detailed stakeholder analysis will be conducted during project planning.

3.2 Stakeholder List

Stakeholders	
Citizens of the State of Idaho	State of Idaho Legislature
All State of Idaho Employees	Project Sponsors
All State of Idaho Agency Directors	Selected ERP software and implementation vendors

Section 4. Project Governance

4.1 Leadership Council

An effective governance framework is critical to project management and provides the structure necessary for a successful project outcome. The state will establish a clear governance structure with executive sponsorship aligning with Idaho's constitution and statutes. The Sponsors of the project are the State Controller, the Governor, the Senate Pro Tempore, and the Speaker of the House. Together they will form a Leadership Council with the State Controller acting as the chair. The primary roles of the Leadership Council are to guide the strategic vision, ensure adequate funding, and remove major project roadblocks. The State Controller will call leadership Council meetings as needed per statute requirements.

4.2 Governance Board

The Governance Board will provide the second layer of project oversight and will consist of members from a representative group of State Agencies that are the primary stakeholders of budget planning, financial management, procurement, payroll, and human capital management services. The Governance Board will provide leadership and guidance to the Project Team and be chaired by the Chief Deputy Controller. The Governance Board will analyze and resolve all issues forwarded to them by the Project Team and respond with guidance. For any issues requiring executive oversight, the Governance Board will forward them with a recommendation to the State Controller as the Chair of the Leadership Council. The State Controller will consider the proposed solution and forward to the Leadership Council as necessary. The Governance Board will meet bi-monthly or as required.

4.3 Advisory Team

The Advisory Team will consist of Subject Matter Experts (SMEs) from key state agencies and consultants who can provide technical expertise and guidance to the Project Team and Governance Board throughout the project. The State Controller's Office will continue to utilize ISG for project management and quality assurance consulting and oversight for alignment with industry best practices and lessons learned from other state implementations.
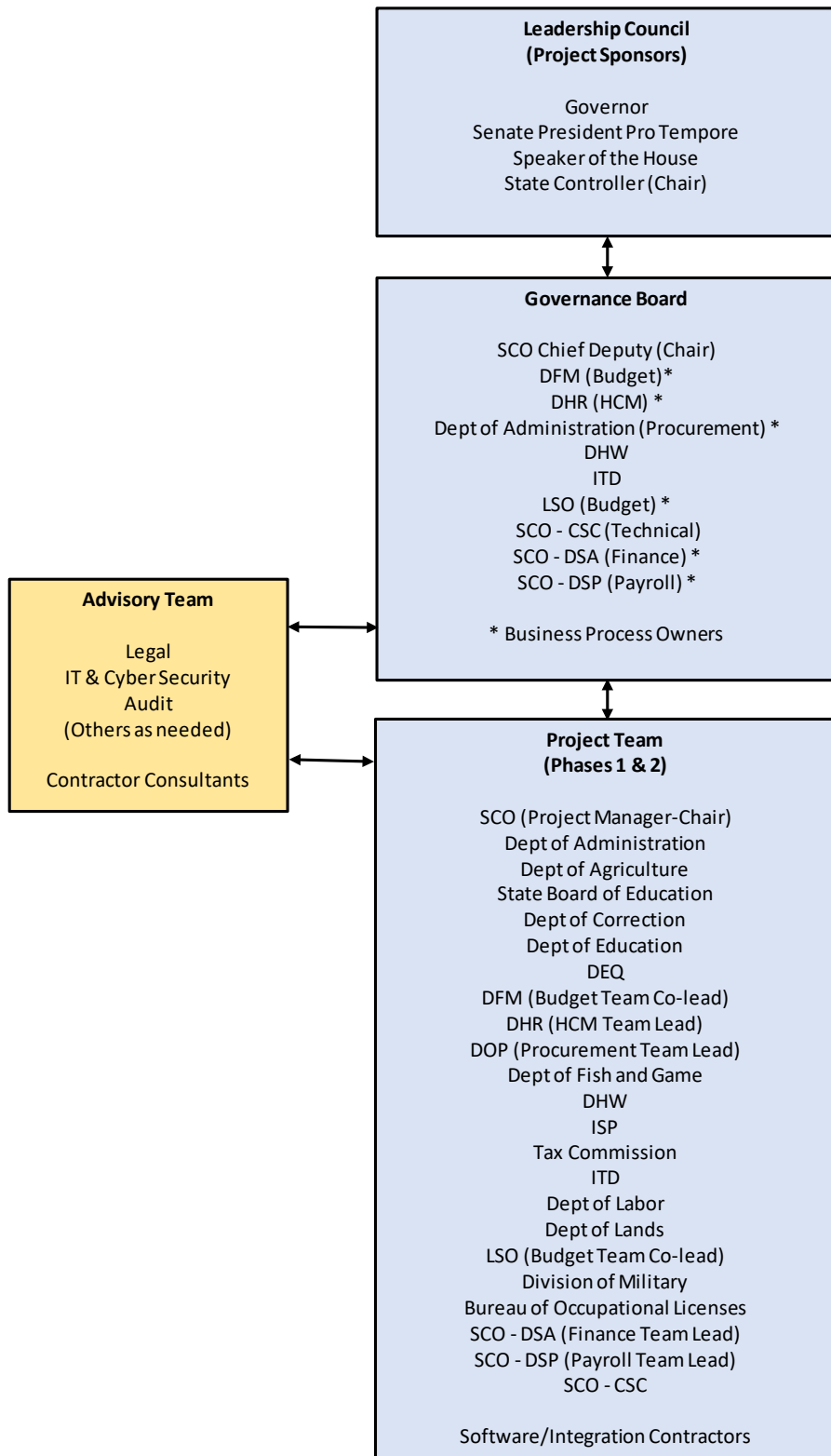
4.4 Project Team

The Project Team will execute daily activities associated with the project and be comprised of SMEs from across a broad range of state agencies and include contractor support personnel from software service and integration companies as required. The Project Team will be led by the Project Manager and be responsible for developing and executing the approved project management plan. Functional Team Leads will be identified for budget, finance, procurement, HCM, and payroll to guide project team efforts in these areas. The Project Manager will present issues that arise during project execution to the Governance Board for discussion and resolution. The Project Team will meet weekly or as required.

4.5 Project Execution

The detailed Project Management Plan, including all subordinate plans, will be developed in accordance with the procedures outlined by the Project Management Institute in alignment with the Project Management Body of Knowledge (PMBOK Guide) and the Project Management Professional (PMP) certification. The Project Team under the guidance of the Project Manager will develop a project management plan. The Project Manager will guide and execute all implementation activities and procedures in accordance with the approved project management plan. Issues will be resolved in accordance with the governance structure described above and displayed in figure 4-1, and as outlined in the approved project management plan.

Figure 4-1 Governance Structure

Leadership Council
(Project Sponsors)

Governor
Senate President Pro Tempore
Speaker of the House
State Controller (Chair)

Governance Board

SCO Chief Deputy (Chair)
DFM (Budget)*
DHR (HCM) *
Dept of Administration (Procurement) *
DHW
ITD
LSO (Budget) *
SCO - CSC (Technical)
SCO - DSA (Finance) *
SCO - DSP (Payroll) *

* Business Process Owners

Advisory Team

Legal
IT & Cyber Security
Audit
(Others as needed)

Contractor Consultants

Project Team
(Phases 1 & 2)

SCO (Project Manager-Chair)
Dept of Administration
Dept of Agriculture
State Board of Education
Dept of Correction
Dept of Education
DEQ
DFM (Budget Team Co-lead)
DHR (HCM Team Lead)
DOP (Procurement Team Lead)
Dept of Fish and Game
DHW
ISP
Tax Commission
ITD
Dept of Labor
Dept of Lands
LSO (Budget Team Co-lead)
Division of Military
Bureau of Occupational Licenses
SCO - DSA (Finance Team Lead)
SCO - DSP (Payroll Team Lead)
SCO - CSC

Software/Integration Contractors

Section 5. Project Manager Authority Level

5.1 Discussion

The project manager plays a key role in directing the project and integrating all of the various and complex aspects associated with the implementation of a new ERP system. The project manager will report directly to the Chief Deputy Controller and State Controller, who is the lead sponsor of this project.

5.2 Software Integration

The integration and implementation of an ERP system is a tremendously complex process with inherent risk. Industry standards indicate that software integration expertise is critical to the success of a large-scale ERP project. Sometimes the software vendor provides integration services, but most often, implementation companies have partnerships with the software vendors who perform these services. Systems integration companies generally provide the following services:

- Project management and reporting

- Business process redesign and alignment

- Software configuration

- OCM consulting

- Data readiness and migration preparation

- System testing

- End user readiness and training

- Establishment of a sustainable, responsive, and comprehensive ERP support model

The Project Manager and the State Controller's Office will take the lead in management and oversight of the Software Vendor and Software Integrator contracts.

5.3 Staffing Decisions

Successful implementation of a new ERP system will require support and commitment from all Idaho state agencies. Subject matter experts reside within each respective agency and in order to develop detailed requirements for the new system will be called upon on a part-time or full-time basis. Additionally, after the requirements have been generated, there will be tremendous work necessary to prepare for implementation, Go-Live, and sustainment. The project manager will work with the Chief Deputy Controller and State Controller to identify project team members from the State Controller's Office, other state agencies, or contractors. In the interest of cost savings, to enhance the effectiveness of organizational change management during implementation, and to minimize future training time, team members will be sought from current state employee SMEs. Requests for assistance to serve on the Project Team will originate from the Chief Deputy Controller or the State Controller and be coordinated in consultation with the respective agency administrators.

5.4 Budget Management and Variance

The estimated project cost of $102.7M was based on a conservative approach to a software solution produced in the System Modernization Study, 2014. The most significant portions of the cost estimates are software integration services, software acquisition, and consultant support. During the project, the project manager will report directly to the Chief Deputy Controller and State Controller on budget management and variance with the primary goal of project completion within the funds appropriated to the Business Information Infrastructure Fund (BIIF).