

FINANCIAL SERVICES ADMINISTRATION TRACKS Replacement



2016 SUPPLEMENTAL BUDGET

Request	FY16	FY17	15-17
FTE	4.0	4.0	3.0
State	\$1,124,000	\$2,360,000	\$3,484,000
Total	\$1,369,000	\$2,873,000	\$4,242,000

DECISION PACKAGE SUMMARY

The Department of Social and Health Services (DSHS), Operations and Support Services Division (OSSD) requests \$4,242,000 for 4.0 FTE and services and software in order to replace its legacy e-Purchasing and Asset Management System (Tracks). By funding this request, OSSD is expected to purchase or build an e-Purchasing and Asset management system to comply with Procurement Reform Act (RCW 39.26), additional OFM requirements, and automate costly work-arounds.

PROBLEM STATEMENT

For almost 20 years, DSHS has used a legacy e-Purchasing and Asset Management system (Tracks) for processing purchase requests into purchase orders and managing assets and vehicles. Due to the aging nature of this system, along with new regulatory and business demands, this system is no longer suitable for DSHS needs. As a result, DSHS is requesting funding to purchase a Software as a Service (SaaS), Commercial off the Shelf (COTS), or contracting to build a custom e-Purchasing and Asset management system to comply with Procurement Reform Act (RCW 39.26), additional OFM requirements, and automate costly work-arounds.

- This Decision Package is only capturing the 18 months costs for implementation. We expect there will be subsequent Maintenance and Operation costs over a five year cycle.
- DSHS has not determined the implementation approach at this time.
- The State portion is 82% based on an assumed 18% Federal match.

DSHS uses the legacy e-Purchasing and Asset Management system to process over 27,000 purchases annually totaling over \$73 million, and to manage assets valued over \$85 million in 30 cost centers. The existing legacy system is antiquated, built over several years starting in 1996, using VB6 and SQL. The system has since been piece-meal enhanced over the years using NET, C#, VB6, and classic ASP. This approach has made the system expensive and challenging to maintain and enhance. The following are known problems with the current system:

- The legacy system does not meet the department's needs in four key areas: (1) compliance with procurement reform laws, (2) necessary detail on purchase card spend (3) lack of flexibility to meet organizational change and business consolidation needs, and (4) accurate purchasing data.
- The legacy system does not meet OFM requirements in that it does not calculate depreciation, allow asset category code changes to reflect current OFM SAAM Chapter 30 requirements, include the full value of asset



DSHS VISION

People are healthy • People are safe • People are supported • Taxpayer resources are guarded

DSHS MISSION

To transform lives

DSHS VALUES

Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service

(taxes, shipping, subsidiary components), or accept direct entry of non-DSHS transferred assets into the DSHS system.

- The legacy system contains numerous entries of protected health information for DSHS clients. The system was not originally designed to contain this information and consequently does not have adequate protections in place to manage and secure this type of data.
- The lack of flexibility and inefficiencies of the system creates hours of manual workarounds for staff as the legacy system does not allow changes to organizational identifiers due to DSHS reorganization. (refer to the Information Technology Addendum and Appendix B-Concept Briefing for further problem details).

PROPOSED SOLUTION

DSHS is seeking input from vendors capable of delivering a SaaS, COTS, or a custom built solution. The DSHS e-Purchasing and Asset Management Replacement project is intended to replace the outdated legacy purchasing and asset inventory system and meet procurement reform law.

DSHS is in the discovery/market analysis stage, analyzing alternatives for the implementation approach. Activities include:

- Completed research of Washington state agencies and other jurisdictions.
- Completed initial research of Purchase to Pay (P2P) systems from Gartner Magic Quadrant which included several phone discussions and vendor demonstrations.
- Planning to release a Request for Information (RFI) at the end of September 2015 seeking responses at the end of October for a SaaS, COTS, or custom built solution with vendor demonstrations to follow.
- Plan to complete Business Case document with solutions alternatives and recommended approach for executive management by end of December 2015.
- If this Decision Package is approved, DSHS would release an RFP to determine the best vendor to meet DSHS's need.

DSHS is looking at several approaches to replace our legacy system with a significant focus on a SaaS or COTS solution that offer a cloud-based option. Those vendors will be evaluated on their ability to meet DSHS business requirements and provide a secure solution which meets OCIO security policy and standards. For the purposes of this decision package, both DSHS and CTS hosting solutions are being considered.

The FTEs will do the following:

1. 1 IT Business Analyst – Liaison between the vendor and business validating business requirements and solution, facilitating configuration management and user acceptance testing.
2. 1 IT Developer – Liaison with the vendor to validate DSHS security and other technical requirements, develop solution to authenticate users to cloud Active Directory (AD), assist vendor with data migration and conversion, and implement coding and unit testing as may be needed.
3. 1 Program Specialist 5 – Act as CPU's main point-of-contact as the system business owner, and provide input, guidance, and support to IT Business Analyst and contractor team to configure contractor's system solution to meet DSHS organization structure; request-to-purchase management approval requirements; consolidated business office functions; Cost Center and Location Code identifier associations; partner with DES on master contract catalog development; and compliance with DES laws and DSHS decentralized delegated authority across the state.
4. 1 Program Specialist 5 – Liaison with Administration, Headquarter, Division, and Local Office stakeholders to assess current process and needed changes driven by new system. Act as lead to develop new system training curriculum;

revise Administrative Policies (as needed); update CPU instructions, links, and SharePoint resources; plan for multi-month statewide training roll-out; provide statewide system training; and assist with other system implementation projects.

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EXPECTED RESULTS

DSHS expects the new system will eliminate waste and duplicative processes, and maximize effectiveness and efficiencies. This will address the problems explained above and will ensure compliance with the Procurement Reform Act, IT Security standards, DSHS policies and procedures, and Performance Based Contracting/Monitoring requirements. Further it will reduce risk of delays and errors, allow for continuous improvements and efficiencies including the following:

- **Compliance with Purchasing and Asset Management rules:** Implement controls that will prevent or detect actions that violate state and DSHS purchasing and asset management rules. Prevention is preferred. Measures include: 1) Non-compliant or fraudulent purchases are prevented or detected. 2) Lower risk rating from DES
- **Robust enterprise reporting** for Agency Executive Management, State Auditors, Legislature and the Governor's office. This includes ability to pull and report on any (or all) of Tracks data fields. Measures include: Management is able to get the reports they need from the system directly and immediately.
- **Remove waste and streamline purchasing and asset management.** Measures include: 1) Cost per PO target 2) Request to PO lead time target.
- **Easy to use and intuitive system.** Measures include: 1) Users are able to use the system properly with minimal training 2) Usability ratings meet or exceed those of Scan KB, AppTracker and HARTS.
- **System of record for purchases of operational goods and services and management of inventorial assets.** Measures include: Users are able to get accurate information about purchases and assets (historical and current).
- **Flexible and responsive** to changing organizations and organizational needs. Measures include: Easily able to adjust to yearly Delegation Memo changes, along with DSHS organizational changes.
- **Potential Statewide Enterprise Pilot** which could provide a viable, scalable solution with the potential for a future bridge with the OneWashington enterprise procurement system.

STAKEHOLDER IMPACT

Inefficiencies cause stakeholders to struggle in usage of the existing system and unnecessary work. In addition, administrations and divisions resort to creating internal tracking systems, which leads to data captured in multiple systems and tools. The new system would have a significantly positive impact on stakeholders, improving, simplifying and standardizing processes. This would allow purchasing staff to efficiently and expeditiously process requests, getting necessary items and services in support of DSHS operations to include care for clients and residents. Stakeholders could be assured their purchases comply with laws, rules, policies, and procedures.

Project planing includes strong DSHS executive management support and active user participation.

The greater impact is having demonstrative ability to ensure purchasing actions are compliant with RCW 39.26, DES, and DSHS purchasing rules and policies. This will enable DSHS to receive a lower risk rating and instill confidence with DES and other stakeholders.