

Application Modernization

Arizona Department of Water Resources

PIJ #WC22002 Change Request (CR-1111)

August 21, 2024

ADWR Vision

Reliable water supplies to meet the needs of current and future Arizonans.



ADWR Mission

To safeguard the health, safety and economic welfare of the public by protecting, conserving and enhancing Arizona's water supplies in a bold, thoughtful and innovative manner.

Project Team Introduction

- **Lynne Smith - Deputy Director**
- **Scott Selin - Chief Financial Officer**
- **Matthew Marshall - Chief Information Officer**
- **Justin Morgan - *Project Manager, Salesforce***
- **Yvette Toledo - *Senior Managing Partner, Gartner***

ADWR Application Modernization Project:

- Replaces mission-critical applications, from 2 - 22 years old

Reasons For Project:

- Legacy development languages - support is challenging
- Lack of uniform way for customers to interact with ADWR
- Too many ADWR processes are paper-based
 - Extensive manual data entry
 - Only 23% of services are available online
 - Only 30% of transactions are performed completely online

Original Application Modernization PIJ

- Build online customer portal utilizing Salesforce platform
- System integrator responses ranged from \$1.1 - \$8.3 million
- ITAC approved ADWR's PIJ for an Application Modernization project on August, 17th 2022
- Contracted with vendor for \$1.8 million
- Project expected to run from September 2022 to June 2024
- Total 5-year cost of \$4.6 million
- Key Performance Indicators:
 - Percent of Services Available Online (baseline 23%)
 - Percent of Transactions Completed Online (baseline 30%)
 - Transaction Time (baseline average 2.6 hours)

Summary of Previous ITAC Review - Change Request

- **Original Integrator**

- There were repeated quality issues and lack of communication from the original integrator
- Overall design was of questionable quality and fit for the agency
- Determined that issues with original integrator were irreconcilable
- On 10/5/23, at ADWR's request the State Procurement Office (SPO) issued a Task Order Termination to the original integrator

- **Onboarding Salesforce Professional Services**

- SOW was a time and materials contract with an estimated cost of \$4 million
- Salesforce Dot Com (SFDC) was confident that they fully understood the project requirements
- The cost of time and materials SOW was 30% less than a fixed fee contract
- ADWR issued a SOW to SFDC to finish project by September 2024
- ITAC approved Change Request #1012 on 02/21/2024

- **Development Issues**

- Salesforce
 - Did not complete all user stories assigned to early sprints
 - Found that ADWR's data and processes were unexpectedly complex
 - Team did not have sufficient expertise in Public Sector Solutions to meet project needs
- Arizona Department of Water Resources (ADWR)
 - Underestimated the workload associated with data mapping
 - Struggled to keep up with the Salesforce pace during sprints
 - Data Mapping should have been completed before the Sprints started; instead Data Mapping was occurring as the sprints were being executed.

Project Change Request Overview

What in the PIJ is changing?:

- ✓ 5 Yr Budget
 - From \$9,038,500 to \$11,294,000
- ✓ Timeline - From September 2024 to July 2025
- ✓ Scope - Descoping X and/or Adding X
 - Moving from time & materials to a fixed-fee milestone based contract
 - Covering fewer business units, but at greater depth

What initiated this change?:

- IV&V Vendor Gartner recommended contract changes to address challenges and position project for future success
 - Eliminate uncertainty of T&M contract by moving to Fixed Fee milestone contract
 - Longer timeline to accommodate ADWR resource constraints (small IT team, business demands on SMEs)

IV&V Risk Assessment Quarterly Report

Prior Gartner Risk Assessment Report April 2024 - Agency Responses to Key Risks

- **Project Contract and spending not tied to System Development Milestones.**
 - **ADWR Response - ADWR addressed this risk by transitioning to a fixed fee deliverable-based contract in the proposed Statement of Work (SOW).**
- **Level of Effort Underestimated by Salesforce**
 - **ADWR Response - ADWR and SFDC mapped business needs for the proposed SOW and revisited select parts of the discovery process to gain a complete understanding of the full business requirements for specific functionalities.**
- **Lack of Capability Prioritization**
 - **ADWR Response - ADWR addressed this risk by mapping business needs in detail and removing all non-essential items to create a true MVP.**
- **Benefit Realization Not Well Defined**
 - **ADWR Response - ADWR is focusing on key performance indicators to track and evaluate project success.**

IV&V Risk Assessment Quarterly Report

Agency Bright Spots from Aug 2024 Gartner Risk Assessment Report

- **Fixed Fee Contract:** ADWR and Salesforce agreed to a fixed fee contract that ensures payments are tied to deliverables. This mitigates many of the risks that arose due to the previous time and materials contract.
- **New Refined Scope:** ADWR and Salesforce collaborated to understand capabilities and requirements, allowing them to scope the level of effort and assign story points. They prioritized business unit needs based on budget and total story points, leading to a refined project scope.
 - Project scope aligns with latest Statement of Work
 - Project cadences meet expectations to support three week sprint phases through completion, with No Design or Discovery phases as they're being worked now in a bridge contract
 - Timeline is consistent with Gartner's expectations given scope, resourcing, and client considerations
- **Data Migration Efforts:** Data mapping, cleansing, and migration efforts have been much more efficient. There is a better understanding of what needs to be done and by when. Salesforce is providing support when needed & there have not been last minute requests to ADWR team.

IV&V Risk Assessment Quarterly Report

Agency Responses to Key Risk Areas from **Aug 2024** Gartner Risk Assessment Report

- **Additional Project Management Expertise Needed** - Need resource with transformational enterprise implementation project management experience.
 - **ADWR Response - Exploring options for a contract project manager to augment PM staff.**
- **Undefined Legacy Data Testing Methods** - Use of non-client data could result in issues with the integrity of the system's automation and validation capabilities. Salesforce needs to coordinate with ADWR to establish what sample data needs to be uploaded to Test.
 - **ADWR Response - Data mapping and uploads are planned for early in the development process to enable a copy of legacy production data to be used during development.**
- **Readiness to Administer the System, no Salesforce Admin role**
 - **ADWR Response - We discussed this extensively with Salesforce and they agreed that current ADWR Salesforce staff are competent to fill this role.**

Overall project risk rating is Medium-Low.

Original Project Costs

Project Costs by Category	FY-2023	FY-2024	FY-2025	FY-2026	FY-2027	Total
Professional & Outside Services (Contractors)	\$946,236	\$860,215	\$0	\$0	\$0	\$1,806,451
IV&V						
Facilities						
License & Maintenance Fees	\$566,705	\$566,705	\$566,705	\$566,705	\$566,705	\$2,833,525
Other Operational Expenditures						
Total Development	\$1,512,941	\$1,426,920				\$2,939,861
Total Operational			\$566,705	\$566,705	\$566,705	\$1,700,115
Overall Total	\$1,512,941	\$1,426,920	\$566,705	\$566,705	\$566,705	\$4,639,976

Project Costs - CR #1012

Project Costs by Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Previous Integrator	\$308,000	\$48,300				\$356,300
Professional & Outside Services (Contractors)	\$335,600	\$3,550,200	\$581,000			\$4,466,800
IV&V		\$95,000	\$180,000			\$275,000
Facilities						
License & Maintenance Fees	\$551,600	\$741,600	\$979,300	\$899,300	\$768,600	\$3,940,400
Other Operational Expenditures						
Total Development	\$1,195,200	\$4,435,100	\$761,000			\$6,391,300
Total Operational			\$979,300	\$899,300	\$768,600	\$2,647,200
Overall Total	\$1,195,200	\$4,435,100	\$1,740,300	\$899,300	\$768,600	\$9,038,500

Revised Project Costs

Project Costs by Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Previous Integrator	\$308,000	\$48,300	\$47,400			\$403,700
Professional & Outside Services (Contractors)	\$335,600	\$2,315,000	\$3,693,100			\$6,343,700
IV&V			\$525,000			\$525,000
License & Maintenance Fees	\$551,600	\$631,000	\$956,000	\$941,500	\$941,500	\$4,021,600
Other Operational Expenditures						
Total Development	\$1,195,200	\$2,048,400	\$5,211,400			\$8,455,000
Total Operational			\$956,000	\$941,500	\$941,500	\$2,839,000
Overall Total	\$1,195,200	\$2,048,400	\$6,167,400	\$941,500	\$941,500	\$11,294,000

Financial Impact

Change in Project Financials

Actual Development Spend from 7/1/2022 through 7/1/2024	\$3,243,600
Projected Development Spend from 7/1/2024 through 6/30/2027	\$5,211,400
Total Development Cost:	\$8,455,000
Previously Approved Development Cost	\$6,391,300
Total Change in Development Project Cost	+\$2,063,700

Development Costs Paid to Date:

- *Integration Payments to previous integrator (including AMA Portal) - \$356,300*
- *Integration Payments to Salesforce - \$1,352,100*
- *FY23 and FY24 - Renewal of Software Licenses - \$1,182,600*
- *Architectural Evaluation with Salesforce - \$277,800*
- *ADWR Contracted Employee Costs - \$74,800*


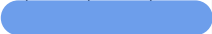



Financial Impact (with additional APF)

Overview of Current Budget Position










State Funding			
APF			
	Appropriated	Favorably Reviewed	ADOA Transferred
Total FY23 Appropriated	\$1,700,000	\$1,700,000	\$371,000
Total FY24 Appropriated	\$2,500,000	\$0	\$1,329,000
Total FY25 Appropriated	\$	\$	\$
Total APF	\$4,200,000	\$1,700,000	\$1,700,000
General or Non-APF State Fund			
Fiscal Year	Planned		
FY23	\$1,017,800		
FY24	\$525,800		
FY25	\$3,667,400		
FY26	\$941,500		
FY27	\$941,500		
Total General Fund	\$3,643,000		
Total of All State Funding	\$7,094,000		
Actuals			
APF/GF Spent	Federal Spent		
APF	\$1,550,200	Name/Number of Fund	\$
General Fund	\$1,178,000	Name/Number of Fund	\$
Indirect Cost Fund	\$350,200		
Total APF/GF Spent	\$3,078,400	Total Federal Funds Spent	\$
Total Fund Remaining			
Total Funds Available to Spend	\$11,294,000		
Total Funds Spent	\$3,078,400		
Total Funds Remaining	\$8,215,600		

- *ADWR received a \$2.5 million FY 2024 appropriation from the APF in June 2024.*
- *Current actuals include all costs paid through 6/30/2024*

Original Project Timeline

Date	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
	FY23											FY24											
Project Kickoff																							
Discovery and Define																							
Integration																							
Data Migration																							
UAT																							
Regression Testing																							
Training																							
Go Live																							

Current Change Request #1111: Project Timeline

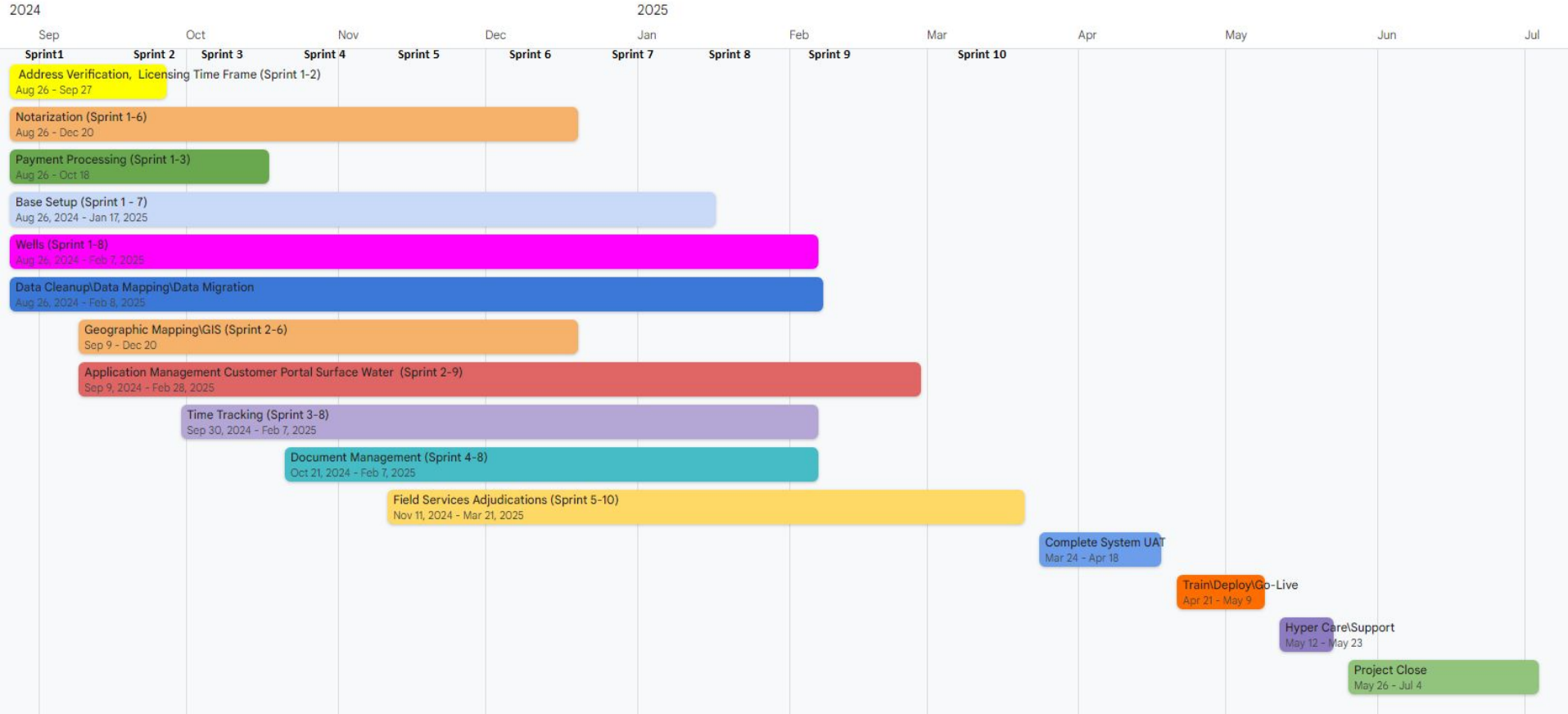
Date	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
	FY25										FY26		
Project Kickoff													
Build Readiness													
Sprints 1 - 5 (including UAT for each Sprint)													
Sprints 6 - 10 (Including UAT for each Sprint)													
Full System UAT													
Train\Deploy													
Go-Live													
Hyper Care Support													
Project Closeout													

Revised Project Milestones

Identify any change in timeline and possible benefits:

Milestone Name	Milestone Health	% Complete	Original Start Date	Original End Date	Revised Start Date	Revised End Date
Project Readiness		100%	8/31/23	8/31/23		
Sprint 0		100%	12/18/23	02/18/24		
Sprint 1 - 5		80%	12/18/23	02/19/24		
Development Restart - Sprint 1 - 5		Not Started			08/26/24	11/26/24
Sprints 6 - 10		Not Started	02/20/24	04/12/24	12/02/2024	03/21/25
User Acceptance Testing		Not Started	04/15/24	05/03/24	03/24/25	04/18/25
Training/Testing/Deploy		Not Started	05/06/24	08/19/24	04/21/25	05/09/25
Go-Live		Not Started	08/19/24	08/19/24	05/09/25	05/09/25
After-Care Support		Not Started	08/19/24	08/30/24	05/12/25	05/23/25
Project Closeout		Not Started	09/24	10/24	05/26/25	07/04/25

Revised Project Functionality Timeline



Revised Project Scope

Identify any change in scope and possible benefits:

Moving from time & materials to a fixed-fee milestone based contract

The project scope is being changed to develop functionality for four (4) Business Units, all shared services, and data migration. The business units being developed are:

Business Units

- Groundwater Permitting & Wells
- Surface Water
- Field Services
- Adjudications

Shared Services

- Address Verification
- Signature / Notarization
- Mapping / GIS
- Time Tracking
- LTF (Licensing Time Frame)
- Payment Processing
- Base Setup & Security
- Document Management
- Customer Portal
- Application Management

Q & A Session

Recommended Conditions

ADOA-ASET Conditions

1. Should development costs exceed the approved estimates by 10% or more, or should there be significant changes to the proposed technology scope of work or implementation schedule, the Agency must amend the PIJ to reflect the changes and submit it to ADOA-ASET, and ITAC if required, for review and approval prior to further expenditure of funds.
2. Monthly reporting on the project status is due to ADOA-ASET no later than the 15th of the month following the start of the project. Failure to comply with timely project status reporting will affect the overall project health.
3. The agency shall provide the quarterly Independent Verification & Validation (IV&V) report, via email communication, to ADOA-ASET 90 days following the start of the project.
4. The agency shall provide quarterly informational updates, via ITAC presentation, to members of the Information Technology Authorization Committee (ITAC) for the committee's review, comments or questions.
5. Approval by the Committee does not constitute an obligation on behalf of the State to provide additional funding. Should the total project funding change from what was approved by ITAC, the Agency shall return to ITAC and inform the committee of the changes.

ITAC Voting Options

What ITAC May Consider In Review Whether:

- a. The proposed solution addresses the stated problem or situation;
- b. The budget unit is competent to carry out the project successfully;
- c. Sufficient sponsorship and support by budget unit leadership exists;
- d. Cost estimates provided are accurate;
- e. The proposed project aligns with the budget unit's Strategic IT Plan; and
- f. The proposed solution complies with statewide IT standards.

ITAC Motions:

- a. Move to Approve
- b. Move to Approve with Conditions As Presented
- c. Move to Approve with Conditions
 - i. Committee May Modify or
 - ii. Add Conditions
- d. Move To Deny

Relevant Statutes and Rules

[Per A.R.S. § 18-101](#) - [Per Administrative Code R2-18-101](#)