



ADOA - ASET

Arizona Strategic Enterprise Technology

Project Investment Justification (PIJ)

Including Instructions

*A Statewide Standard
Document for Information Technology Projects*

Project Title: **Microsoft Dynamic GP – ERP Interim replacement**

Agency Name: *Industrial Commission*

Date: *9/05/2013*

Prepared By: *Michael Hempel*

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I. GENERAL INFORMATION {A}

Fill out agency information requested below.

I.A General Information {A}

Agency CIO:	Michael Hempel	Contact Phone:	
Agency Contact Name:	Michael Hempel	Contact Phone:	
Agency Contact Email:		Prepared Date:	Michael Hempel

I.B Special Funding Considerations {A}

Yes No - Does this project require funding approved for a Pre PIJ Assessment phase?

If **YES**, provide details for the **Pre PIJ Assessment** funding needs by filling out the areas marked with **{A}** or **{Required for Pre-PIJ Assessment only}**. Further information and details will be required after the assessment for the Final PIJ approval.

If **NO**, provide details for the Final PIJ by filling out **all** areas **excluding** those sections marked with **{Required for Pre-PIJ Assessment only}**.

II. Project Overview

II.A Management Summary {A}

I. Problem Description

The Industrial Commission of Arizona (“Commission”) is responsible for administering and enforcing laws and regulations that relate to the protection of life, health, safety and welfare of Arizona employees. The Commission currently funds the majority of its operations from three separate funds:

1. The Administrative Fund, Fund 2177, which is managed through AFIS, and
2. The Federal Fund, Fund 2000, which is managed through AFIS, and
3. The Special Fund, Fund 9003, which is managed through a legacy in-house developed accounting system (Voyager).

The ICA’s Voyager system for Accounts Payable and Accounts Receivable is not integrated with the existing Microsoft Dynamics Great Plains General Ledger. Currently with Voyager, the process for producing monthly management financial and budget reports for the Special Fund, a \$460 million fund, is manual, labor-intensive, and prone to errors.

II. Solution

The solution is the implementation of the Accounts Receivable and Accounts Payable modules in the Microsoft Dynamics Great Plains software stack, to integrate with the already implemented Microsoft Dynamics Great Plains General Ledger and Microsoft SQL Server 2008 Reporting Services (SSRS), as well as Capital Software Inc’s GovCollect revenue collection software.

III. Quantified Justification

- An in-depth assessment of the Commission's accounting requirements has determined that Microsoft Dynamics GP ERP software is the best and most cost-effective solution to meet the Commission's needs associated with Special Fund accounting and integration with Special Fund Case Management and tax collection systems.
- The proposed solution will improve the accuracy and efficiency of the accounting process by eliminating manual processes, reducing unnecessary duplicative processes and reconciliations, and improving the time frames for performing the different steps of the process. Savings will be realized through the increased productivity of the accounting staff and integration with new business systems.
- The cost for the project is \$126,218 which includes software and implementation services, which the Commission considers to be a sound investment.

II.B Existing Situation and Problem, "As Is" {A}

The Workers Compensation insurance industry is very specialized. For each injured worker, we must establish an insurance reserve. Calculating and maintaining insurance reserves is complex, and is much too complex for a standard "encumbrance" accounting system. Each claimant may have multiple financial relationships that must be maintained and managed within the accounting system, for example, an attorney, a guardian, the employer where their injury occurred, and the service providers that are helping them to recover from their injuries (doctors, pharmacists, hospitals, caregivers, occupational therapists, trade schools, etc.). Every action made to a claimant account must be reflected in the reserve (establish original reserve, adjust reserves based on new information, decrease reserve when checks are issued, increase reserve when a check is voided, etc.). Payments cannot be made on a claimant account if there is not an adequate reserve established. The system must have a hard stop to prevent this from occurring. Payment stubs must reference the claimant name, claim number, invoice date, the beginning and ending service dates, cut code, invoice number and amount paid.

Because we have our own Special Fund accounting system (Voyager) and a separate Special Fund bank account, we have always printed our own accounts payable checks. A payment on a claimant account might be written in any of the following ways:

- Paid and mailed directly to the claimant
- Paid to the claimant "in care of the name of the claimant's attorney" and mailed to the attorney
- Paid to the claimant "in care of the name of the claimant's guardian" and mailed to the guardian
- Paid to the claimant's beneficiary and mailed to the beneficiary
- Paid and mailed directly to the service provider (doctor, pharmacy, hospital, etc.)

Electronic invoicing is common in the insurance industry. We need the ability to import/export large amounts of claimant data, which is not possible with the current accounting system.

For "No Insurance" claims, the Industrial Commission attempts to recoup its cost from the uninsured employer. Therefore, all expenses must be closely tracked by claim number so they can be tied to the corresponding employer A/R account and be billed for reimbursement.

Our four different tax rates (Special Fund, Apportionment, No Insurance and Administrative Fund) are very complex, and require 8 actuarial tables and complex mathematical algorithms to calculate. The actuarial tables change annually. We need to be able to report on the calendar tax year and the State fiscal year. We also need to segregate each of the four taxes and related penalties and reimbursements by calendar tax year and State fiscal year.

The existing Voyager Accounts Payable and Accounts Receivable system is not integrated with the existing Microsoft Dynamics Great Plains General Ledger and Microsoft SQL Server 2008 Reporting Services (SSRS), or with Capital Software Inc's GovCollect revenue collection software. General Ledger and Accounts Receivable entries are currently manual, labor-intensive and prone to errors.

The insurance industry we serve is demanding improved financial and statistical disclosure by the Special Fund. As a result, we are in the process of developing an ICA CAFR to include all funds to improve transparency with our taxpayers.

II.c Proposed Changes and Objectives, "To Be" {A}

The following actions outline the steps necessary to automate the Commission's Accounts Payable and Accounts Receivable functions for the Special Fund:

1. Install Microsoft Dynamics Great Plains. Configure two entities (Admin and Special Fund) and implement the following Dynamics Great Plains modules/tools:
 - Accounts Payable
 - Accounts Receivable
 - Ariett Requisition Management
 - Mekorma MICR for AP
 - Professional Advantage, Collections Management
2. Integrate with existing Microsoft Dynamics Great Plains General Ledger and Microsoft SQL Server 2008 Reporting Services (SSRS), as well as Capital Software Inc's GovCollect revenue collection software.

The project's objectives are to:

- Improve the timeliness of the accounts payable and accounts receivable functions,
- Improve the accuracy and quality of information presented, and
- Reduce staff time spent processing transactions and preparing financial reports.

The project, as planned, will meet its stated objectives.

III. Project Approach

III.A Proposed Technology {Required for PIJ Approval}

Software:

- Microsoft Dynamic GP, Version 2013 Starter Pack
 - Additional Concurrent users: 9 users
 - Limited Users: 1 user
- Mekorma MICR for AP
- Ariett Requisition Manager
 - Up to 20 named users
- Professional Advantage, Collection Management
- Microsoft Windows 2008R2 Server
- Microsoft SQL Server 2008R2

Integrations:

- Worker Compensation Claims Management: Invoices, Cash Receipts, AP, GL, customers, vendors
- Tax Assessment System: Invoices, Cash Receipts, AP, GL Customers, Vendors

Hardware: (Note: no hardware cost is included because the existing ICA VMware Cloud infrastructure will support, as is, the hardware requirements for the system)

- Certified VMware Cloud Infrastructure
 - Implemented 2013
 - 10GIG Backbone
 - Cisco Nexus 5548 Network Switches
 - Cisco UCS 5108 Blade Enclosure
 - Cisco USC b200 Blade Servers
 - NetApp 3220HA Primary SAN Storage
 - VMware ESXi 5.1 Hosts
 - Backup – NetApp Snap Manger, NetApp Snap Mirror, Backup Exec 2012 NDMP
 - VMware vCenter 5.1
 - VM operating systems – Window Server 2008R2
 - VM Servers – application, database, mail, web, Active Directory

III.B Other Alternatives Considered

1. Upgrading the current accounting application was rejected for the following reason:
 - a. The existing application is of a design carried over from a WANG PACE implementation over 25 years ago and would not be compatible with modern accounting systems and would not be feasible to upgrade.
2. Other software company programs were considered but rejected for the following reasons:
 - a. Did not meet needs of the agency; and
 - b. Were Financially infeasible

III.C Major Deliverables and Outcomes

- Install application Server
- Install database Server
- Install application workstations
- Implement Account Receivable
- Implement Analytical Accounting
- Implement Bank Reconciliation
- Implement Fixed Assets
- Implement General Ledger
- Implement Grant Management
- Implement Sales Order Processing
- Implement Inventory Management (needed for requisitions)
- Configure Management Reporter
- Implement Payables Management
- Implement Requisitions module
- Implement Check printing module
- SF Case Management Integrations
- GovCollect Tax Management Integrations
- Data Migration
- Acceptance testing
- User Training
- Final Conversion

IV. Policies, Standards & Procedures

IV.A Enterprise Architecture

Yes **No** - Does this project meet all standards and policies for Network, Security, Platform, Software/Application, and/or Data/Information as defined in <http://aset.azdoa.gov/security/policies-standards-and-procedures> as applicable for this project?

If NO please describe NEW or EXCEPTIONS to Standards {Network, Security, Platform, Software/Application and/or Data/Information}:

IV.B Service Oriented Architecture Planning and Implementation

Yes **No** - Does this project qualify as an SOA application by improving application delivery for technology reuse and /or application reuse and / or services reuse?

IV.C Disaster Recovery Plan and Business Continuity Plan

Yes **No** - Does this project require a Disaster Recovery Plan and Business Continuity Plan?

IV.D Project Operations

Yes **No** - Is there a written assessment of short-term and long-term effects the project will have on operations?

IV.E Web Development Initiative

Yes **No** - Is this a Web Development initiative? If **YES**, a Notice of Intent (**NOI**) must be provided. Link: <http://aset.azdoa.gov/node/15>

IV.F IT State Goals

Please check which goal the project is in support of; if more than one, indicate only the primary goal.

- Accelerate Statewide Enterprise Architecture Adoption
- Champion Governance, Transparency and Communication
- Invest in Core Enterprise Capabilities
- Proactively Manage Enterprise Risk
- Implement a Continuous Improvement Culture
- Adopt Innovative Sustainability Models
- Reduce Total Cost of Ownership
- Improve Quality, Capacity and Velocity of Business Services
- Strengthen Statewide Program and Project Management
- Build Innovative and Engaged Teams
- Other _____

V. Roles and Responsibilities

V.A Project Roles & Responsibilities:

Please identify Project Roles & Responsibilities:

Michael Hempel,	Project Manager (ICA)
Michael Hawthorne	Project Sponsor
Sylvia Simpson	Business Area Expert
Ed Bonaski	Project Manager (Sherwood Systems)

Please indicate Project Manager Certification:

The **project manager** assigned to the project is:

- Project Management Professional (PMP) Certified
- State of Arizona Certified
- PM Certification not required

Michael Hempel will to serve as ICA PM but will be relying on the Business Area Expert, Sylvia Simpson, to ensure business requirements are properly addressed. A Sherwood Systems PM will also be included to manage the project.

VI. Project Benefits

VI.A Benefits to the State

Describe the economic impact the project may have on your agency, the State or the public. Enter score and add total. Enter total score into Project Values table on Approvals page.

Score: 0=None, 1=Minor, 2=Moderate, 3=Considerable, 4=Substantial, 5=Extensive.

Description	Score
Agency Performance: The extent to which duties and processes will improve or positively affect business functions. Consider reduced redundancy and improved consistency for the agency.	3
Productivity Increase: The improvements in quantity or timeliness of services or deliverables. Consider improved turnaround time or expanded capacity of key processes.	3
Operational Efficiency: Efficiencies based on improved use of resources, greater flexibility in agency responses to stakeholder requests, reduction or elimination of paperwork, legacy systems, or manual tasks.	3
Accomplishment Probability: The extent to which this project is expected to have a high level of success in completing all requirements for the division or agency.	3
Functional Integration: The impact the project will have in eliminating redundancy or improve consistency. Consider the impact of information sharing between departments, divisions, or agencies in the State.	3
Technology Sensitive: The implementation of the right types of technology to meet clear and defined goals and to support key functions. Consider technologies and systems already proven within the agency, division, or other similar organizations.	3
Total	18
Additional Information (provide details on Benefits that score > 3)	
<i>Describe additional details on benefits > 3 score. Also provide details on any savings that may be applicable.</i>	

VI.B Value to the Public

Evaluate the impact the project will have on State customers, clients, and citizens. Enter score and add total. Enter total score into Project Values table on Approvals page.

Score: 0=None, 1=Minor, 2=Moderate, 3=Considerable, 4=Substantial, 5=Extensive.

Description	Score
Client Satisfaction: Rate how stakeholders may respond to anticipated improvements. This could apply to health and welfare services, quality of life or life safety functions.	3
Customer Service: Rate anticipated improvements to internal and external customer service delivery. Give consideration to faster response, greater access to information, elimination or reduction in client complaints.	3
Life Safety Functions: Applies to public protection, health, environment, and safety. Consider how this project will reduce risk in these functions.	0
Public Service Functions: Applies to licensing, maintenance, payments, and tax. Consider how this project will enhance services in these functions.	3
Legal Requirements: Consideration should be given to projects mandated by federal or state law. Other consideration could be given if there are interfaces with other federal, state, or local entities.	0
Total	9
Additional Information (provide details on Value to the Public scores > 3)	
<i>Describe additional details on scores > 3.</i>	

VII. Project Timeline {A}

VII.A Project Schedule

Provide estimated schedule for the development of this project. These dates are estimates only; more detailed dates will be required at project start up once the project schedule is established.

Project Start Date:	September 30, 2013	Project End Date:	March 30 2014
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VIII. Project Financials

VIII.B Detailed Project Financials {Required for PIJ Approval}

VIII.C Funding Source {A}

Funding Source Category	Name of Funding Source	Currently Available (\$)		New Appropriations Request (\$)		Total (\$)
		Development Budget	Operational Budget	Development Budget	Operational Budget	
General Fund						\$ -
Federal ARRA Fund						\$ -
Federal Fund						\$ -
Other Appropriated Funds	2177	\$ 58,300	\$ 24,045			\$ 82,345
Other Non Appropriated Funds	ICA Special Fund	\$ 58,300	\$ 24,045	\$ -	\$ -	\$ 82,345
TOTAL PROJECT COSTS		\$ 116,600	\$ 48,090	\$ -	\$ -	\$ 164,690
Totals should = development and operational totals above						

VIII.D Special Terms and Conditions (if required) {A}

Special Terms and Conditions (if required)
N/A

VIII.E Full Time Employee Project (FTE) Hours

Provide estimated FTE Development hours that will be utilized for the duration of the project. Include IT as well as Business Unit FTE hours, if available. Enter into Project Values table on Approvals page. Enter FTE costs (if known) as well.

Total Full Time Employee Hours	0
Total Full Time Employee Cost	\$0

IX. Project Classification and Risk Assessment

IX.A Project Classification and Risk Assessment Matrix

Rate each question to determine risk level at Low (0), Medium (1), High (2), Very High (3).

RISK EVALUATION RANGES

LOW RISK PROJECT	0 - 8
MEDIUM RISK PROJECT	9 - 25
HIGH RISK PROJECT	26 - 42
VERY HIGH RISK PROJECT	43 +

Add Project Risk Details (if required)
N/A

PIJ Project Classification & Risk Evaluation					
Risk Factor	Low (0)	Medium (1)	High (2)	Very High (3)	Score
Project Management Complexity					
Project Team Size (# of people)	1-5	6-10	11-15	> 15	0
Project Manager (PM) Experience	Deep experience in this type of project	Some experience in this type of project and able to leverage subject matter experts	Some experience in this type of project and has limited support from subject matter experts	New to this type of project	0
Team Member Availability	Dedicated staff for project activities only as assigned	Staff is in place, few interrupts for non project tasks are expected and have been accounted for	Available, some turnover expected, some interrupts for non project issues likely	Dedicated team not available; staff will be assigned based on capacity	1
# of Agencies involved in Development activity	1	2	3	> 3	0
Vendor (if used)	No Vendor required	Vendor has been used previously with success	Vendor has been used previously with some management support required	New Vendor and/or multiple vendors	3
Project Schedule	Schedule is flexible	Schedule can handle minor variations, but deadlines are somewhat firm	Scope or budget can handle minor variations, but deadlines are firm	Scope, Budget and Deadlines are fixed and cannot be changed	0
Project Scope	Scope is defined and approved	Scope is defined and pending approval	Scope being defined	High level definition only at this point	0
Budget Constraints	Funds allocated	Funds pending approval	Allocation of funds in doubt or subject to change without notice	No funding allocated	0
Project Methodology	Defined methodology	Defined methodology, no templates	High level methodology framework only	No formal methodology	0
IT Solution Complexity					
Product Maturity (if purchased)	Product implemented & working in > 1 state agency or business of similar size	Product implemented & working in 1 agency or business of similar size	Product implemented & working only in an agency or business of smaller size	Product not implemented in any agency or business	1
Solution Dependencies	No dependencies or interrelated projects	Some minor dependencies or interrelated projects but considered low risk	Some major dependencies or interrelated projects but considered medium risk	Major high-risk dependencies or interrelated projects	0
System Interface Profile	No other system interfaces	1-2 required interfaces	3-4 required interfaces	> 4 required interfaces	1
IT Architectural Impact	Follows State IT approved design; principles, practice & standards	New to the State but follows established industry standards	Evolving "industry standard"	No standards, leading edge technology	0
Deployment Impact					
Process Impact	No business process changes	Agency wide process changes	Multi-State Agency process changes	State-wide process changes	0
Scope of End User Impact	Department or Division level only	Multiple Division or Agency wide impacts	Multi-Agency impacts	State-wide impacts	0
Training Impact	No training is required	Minimal training is required	Considerable training is required	Extensive training is required	1
Total Risk Score					7

X. Project Approvals

X.A CIO Review {A}

Key Management Information		Yes	No
1. Is this project for a mission critical application system?		yes	
2. Is this project referenced in your agency's Strategic IT plan?		yes	
3. Is this project consistent with agency and State policies, standards and procedures?		yes	
4. Is this project in compliance with the Arizona Revised Statutes and GRRC rules?		yes	
5. Is this project in compliance with the statewide policy regarding the Accessibility to Equipment and Information Technology for Citizens with Disabilities?			no
6. Is this project mandated by law, court case or rule? If yes, cite the federal requirement, ARS Reference or Court Case. Authority for assessments: A.R.S. §§ 23-961(J), 23-966(D), 23-1065(A), and 23-1065(F).		yes	
Details: <i>Provide details related to technology as part of the requirement.</i>			

X.B Project Values

Summary of information documented throughout.

The following table contains summary information taken from the other sections of the PIJ document.

Description	Section	Significance
Assessment Cost {A}	VIII. Project Financials {Required for Pre-Assessment PIJ Approval Only}	\$0
Economic Benefits	VI. Benefits to the State	18
Value Rating	VI. Value to the Public	9
Total Development Cost	VIII. Project Financials	\$116600
Total Project Cost	VIII. Project Financials	\$48090
FTE Hours	VIII. Project Financials	0
Project Risk Factors	IX. Risk Summary	7

X.C Project Approvals {A}

Select One Pre PIJ Assessment Approval Only PIJ Project Approval

Project Title:

Responsibility	Printed Name	Approval Signature	Date
Project Manager:	Michael Hempel		
Agency CIO:	Michael Hempel		
Project Sponsor:	Michael Hawthorne		
Agency Director:	Laura McGrory		

Appendix

A. Itemized List with Costs