



Legislation Details (With Text)

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Title: Resolution to Approve a Contract with New World Systems Corporation to Replace the City's Financial System (not to exceed \$895,000.00)

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Attachments: 1. Financial Management System Business Case.pdf

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12/7/2009	1	City Council	Approved	Pass

Resolution to Approve a Contract with New World Systems Corporation to Replace the City's Financial System (not to exceed \$895,000.00)

Attached for your approval is a resolution which authorizes a contract in the amount not to exceed \$895,000.00, including a 10% contingency, with New World Systems Corporation for purchase, implementation and support of financial system software for use by the City and its affiliated agencies. Funding for the financial system software and this project was planned for and approved in the Information Technology FY2010 budget.

In 2002, the City installed a comprehensive Financial Management, Human Resources and Payroll system called AMS Advantage, by American Management Systems. The AMS Advantage system included modules for Finance, Accounting, Budget, Human Resources, Payroll and Management Reporting. The AMS Advantage system went through its last major upgrade in 2005. Subsequently, AMS came out with a new release on a new set of technology. Implementing this release was unaffordable for Ann Arbor, so minimum upgrades have been maintained since that time. In 2007, the AMS Human Resource and Payroll functions were replaced with Ultimate Software's Ultipro Human Resources and Payroll system. The financial aspects of the AMS system, including Finance, Accounting, Budget and Management Reporting, remain in use today.

Today the original technology is out-of-date and unsupported by the vendor. Without a major system upgrade or replacement, the city's current AMS Advantage Financial System will not be able to support any legislative changes. In addition, in September 2009, the primary City staff supporting AMS Advantage retired and this position is not planned to be replaced. Continuing to operate the City's current financial system, a core platform for the City, on unsupported system software and hardware and with no AMS application staff support, a risk is created to the City operations.

As part of the City's long-term strategic plan for Information Technology, the City has planned for this project for the last five years and has the set aside funding in the approved budget for the project in

the Information Technology Fund.

The project was initiated with a contract with The Azimuth Group to gather and organize the financial system needs, develop a gap analysis of current needs versus current functionality, and develop a Request for Proposal for a new financial system. The City received six responses to the Financial System RFP#749, and through the course of RFP review and a full day due diligence process for each vendor, the evaluation committee eliminated four of the six vendors. This committee consisted of cross-functional representatives from across the organization. The two finalists were brought back to City Hall for separate two-day demonstrations to cover specific topics including functionality, training, support, and implementation. A team of more than 100 city staff were invited to participate in these demonstrations. Staff evaluated the respondents and selected New World Systems Corporation, a Troy, MI-based company.

Staff identified several benefits for replacing the financial system with New World's solution:

1. Reduce costs - an annual reoccurring reduction in software, hardware and support costs of \$335,000. This will result in a return of investment in less than three years.
2. Reduce technology risk - the current AMS system relies on an old Unix platform and runs an older version of Oracle and COBOL. The software is written in COBOL, which is an older programming language and not in alignment with our current IT platforms. The new system will utilize the Microsoft Office suite for reporting as well as SQL Server 2005 as a database. SQL2005 is being used for several other IT applications and is our preferred technology platform.
3. Align with new technology standards - the new financial system is a web-based solution and is Microsoft compatible which allows the City to leverage existing technology such as Active Directory, stronger desktop integration through Microsoft Word and Excel, access to the system via the Internet, and expanded use of the Microsoft reporting tools we currently own. In addition, because the solution is web-based, this system does not need to be installed on every individual desktop.
4. Improve usability and decrease complexity - many manual processes such as re-keying into spreadsheets, routing of paper documents, etc. will be able to be accomplished online and via direct download into Excel. The current technology is based on mainframe logic where the user needed to understand the table structure to find what they need. Plain English text and drill down capability exists in the new system which eliminates the complexity for the user.
5. Increase financial transparency - many non-Finance users struggle with the complexity of reporting and how to extract and use information from the current financial system. This solution enables the casual user to access and use information without a deep understanding of accounting.
6. Improve business process - as the City searches for ways to be more efficient and cost effective with fewer resources, this technology investment provides the ability streamline business processes.

As part of this overall process, staff examined alternative scenarios including keeping the current system but bringing it into compliance. Not replacing and just modifying the existing software was estimated to cost \$1,022,512.

A pricing comparison of the two finalists for replacement is below:

CGI-AMS, Inc. - \$1,612,240
New World Systems - \$812,900

Staff recommends approving the New World Systems contract to replace the financial system software.

New World Systems Corporation received Living Wage approval on November 18, 2009.

Prepared By: Karen Lancaster, Manager, Accounting Services Unit, Dan Rainey, Director, Information Technology Services Unit

Reviewed By: Tom Crawford, Chief Financial Officer, Financial and Administrative Services Administrator

Approved by: Roger Fraser, City Administrator

Whereas, The City of Ann Arbor's financial system runs on outdated and unsupported versions of software and hardware;

Whereas, If left in its current state, the AMS Advantage Financial System will generate legislative compliance issues for the City;

Whereas, Continuing to operate the City's financial system on unsupported software and hardware with limited support options introduces an organizational operating risk;

Whereas, The City issued Financial System RFP#749, and through the course of RFP review, selected New World Systems Corporation, a Troy, MI-based company, for recommendation to Council;

Whereas, New World Systems Corporation received Human Rights and Living Wage compliance approval on November 18, 2009;

Whereas, As part of the City's long-term strategic plan for Information Technology, the City has planned for this project for the last five years and has the set aside funding in the approved project budget in the Information Technology Fund; and

Whereas, Funding for the financial system software and the project budget was planned for and approved in the Information Technology FY2010 budget;

RESOLVED, That City Council approve a contract with New World Systems Corporation for financial system software not to exceed \$895,000.00 to be expended without regard to fiscal year;

RESOLVED, That City Council authorize and direct the Mayor and City Clerk to execute the contract with New World Systems Corporation subject to approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, The City Administrator be authorized to take the necessary administrative steps to implement this Resolution.