

In the mid-1990s the Commonwealth payroll, human resources, procurement, and budget business areas were searching for solutions to resolve long-standing and new business and information technology problems.⁽⁶⁾ The Commonwealth's aging business information system was known as the Integrated Central System (ICS). ICS was customized by the Commonwealth and had taken about ten years to develop. It was implemented during the mid-1980s. Unlike many other states the ICS did provide the Commonwealth with an integrated system between the HR component and the payroll system. According to Rafael Perez-Bravo, Director, Bureau of Systems, Policy and Program Planning, Office of Administration, "ICS was very mature and it did what it was designed to do very well." However, it was a legacy system in need of updating.

The Commonwealth's Corporate CIO Advisory Group (made up of private sector chief information officers from PA businesses) and Gartner Consulting recommended an ERP solution to replace and advance beyond ICS. At that time, the strategic value of an ERP solution had been proven most often in the private sector with limited application in government. This situation provided the Commonwealth with little in the way of best or current public sector practices to draw on and naturally brought with it the risk inherent in any pioneering endeavor. However, the primary advantages of ERP in the private sector supported the Ridge Administration's strategy to use technology to enable government change. The primary advantages of deploying the ERP software were expected to be:

- "Best business practices" incorporated in the software;
- state agency officials and staff would have ready access to real-time data for making better informed business decisions;
- improved infrastructure from which to deliver electronic-government services;
- increased opportunities for employees to enhance service delivery;
- potential for delivering improved service to internal and external customers; and
- economic development resulting from more effective state government operations making PA more attractive for business.⁽⁷⁾

In early 1999, the Commonwealth began two separate but closely related procurement processes: one to select the ERP software and a second to select a systems integrator to help state agencies manage their migration to a new ERP-based business information system. In June 2000, SAP was selected under a competitive procurement to provide its mySAP.com software and in December 2000 KPMG Consulting was selected as the system integrator to help the Commonwealth plan and execute the transition from the existing Integrated Central System to the mySAP.com software. The three-year contract for both the software and consulting was for approximately \$51 million; funding for which was included in the 2001 Commonwealth budget.

Vision

A newly formed Steering Committee worked in the summer of 2000 to develop a vision for the project that was guided by the Governor's direction, as well as the recommendations of the Corporate CIO Advisory Group (see Table 1).

Table 1. Enterprise-Wide Imagine PA Vision Points(8)	
Category	Expected Benefits
People	<ul style="list-style-type: none"> • Increased job satisfaction • Changes in employees' roles and responsibilities • Increased decision-making power • Enhanced customer service delivery • Visible, accessible and reorganized workforce
Business Process	<ul style="list-style-type: none"> • Integrated and universal processes across the enterprise • Agency mission and vision aligned to processes • Single point of data entry at the source • Continuous business process improvement
Technology	<ul style="list-style-type: none"> • Provide technology at all levels for all employees • Technology provides timely access of data for decision-making • Technology provides transparency and accountability • Technology liberates resources for direct services in support of agency missions • Technology provides a better communication channel across government, customers, employees, vendors, citizens, etc.

The vision and expected benefits went well beyond technology. They were categorized as **People**, **Business Process**, and **Technology**. The categories helped the team clearly identify the key stakeholders that needed to be involved in the project for it to be successful (i.e., business owners of administrative functions, system users in the agencies, and executive support). While the vision explicitly identified the benefits to these stakeholder groups, it also implicitly included a complex mix of policy, management, and technology issues and potential risks that would have to be addressed. These issues and risks required consistent engagement with and support of business owners, future system users, and senior government leaders.

Mobilizing Support and Resources

With strong executive support and funding secured for the project, the next level of support and resources to be mobilized was the business owners and system users from the core administrative functions to be addressed by the system. In order to develop and implement standard business processes across the core business functions, a standardized collaboration process was developed to guide the interactions of the Imagine PA team and these stakeholders.

The key to the Imagine PA team's success in this area was a well-structured project management process for system evaluation and change initiation. The key players in this process were the stakeholders themselves, each of which had specific roles and responsibilities:

- **User Groups** – Comprised of end-users who represented all areas of functionality of the ERP. Provided advice and feedback on both individual ERP functionality issues and general enterprise-wide and ERP-system related issues.
- **Implementation Leadership Committee** – Comprised of 12 Deputy Secretaries for Administration. Reviewed all the information provided by user groups and forwarded the business process related issues to the relevant

- business process owners.
- Business Process Owners – Comprised of HR, Budget, Accounting, Payroll, and Procurement managers. Provided operational guidance within their specific functional areas.
- Project Teams – Comprised of IT staff and project managers from the Imagine PA team. Provided knowledge and ability to configure and customize, if necessary, the system to meet the business owners' functional requirements.
- Steering Committee – Comprised of the Deputy Secretary of the Budget, Deputy Secretary for Comptroller Operations, Deputy Secretary for Procurement, Deputy Secretary for Information Technology, Deputy Secretary for Human Resources and Management, and the Deputy Secretaries for Administration for the Department of Public Welfare and the Department of Corrections. This body provided operational guidance and direction to the project.(9)
- Advisory Board – Comprised of the Secretary of Administration, Secretary of the Budget, and Secretary General Services. These three cabinet-level officers of the government were the sponsors and executive-level business owners of the Imagine PA project.(10)

Two types of User Groups engaged in the system change control process. The Knowledge Sharing Workshop was comprised of end-users who represented all areas of functionality of the ERP. This group provided feedback on general enterprise-wide and ERP-system related issues. The Functional User Groups represented end-users who provided advice and feedback on individual ERP functionality issues.

Feedback from both user groups was reviewed by the Implementation Leadership Committee (ILC), which comprised the 12 Deputy Secretaries for Administration. The ILC reviewed all the information provided by both types of User Groups and forwarded the business process related issues to the relevant Business Process Owners. Any system related issues were forwarded to the Imagine PA Project Team. Both the Business Process Owners and the Imagine PA Project Team assessed the information and forwarded the actionable items to the Steering Committee for final approval or re-evaluation (see Figure 5).

Figure 5. Imagine PA Business Process (11)

One other key aspect of the Imagine PA team's approach to effectively engage with the key stakeholders and mobilize support for the project occurred external to yet in parallel with the implementation strategy. Early in the project, the Imagine PA team conducted a thorough legislative review to determine whether any existing legislation would impact the project. While determining that no existing legislation would negatively impact the implementation, the review did reveal the need to change the law that governed how Local Earned Income Taxes under Act 511 of 1965 were withheld for Commonwealth employees. The result was passage of legislation that allowed alignment of the legacy payroll system local tax withholding process so that the employee's would not be faced with a major shortfall in withholding requiring filing of quarterly tax payments or face a large tax due at year end. This effort reinforced the Imagine PA strategy of using technology as just one of several enablers to bring about improved government business processes and apply best practices to government operations that ultimately serve the citizens.

Implementation Strategy

The Imagine PA team used the above Business Process approach in its implementation strategy. Table 2 below shows the timeline for each implementation wave as well as specific functions that were implemented in each wave and the agencies involved.

Table 2. ERP Implementation Phases

Date / Phase	Agencies Involved	Functional Areas Affected
July 2002Wave 1	<ul style="list-style-type: none"> Executive offices of the Office of Administration Executive offices of the Office of Budget Aging Agriculture Banking Emergency Management Health General Services Insurance Military and Veterans Affairs State State Police Public Utility Securities Commission Attorney General 	<ul style="list-style-type: none"> Budgeting preparation (All Agencies) Budget execution Accounting Procurement Workflow Business Warehouse Travel planning Construction Project Administration
October 2002Wave 2	<ul style="list-style-type: none"> Community and Economic Development Conservation and Natural Resources Corrections Education Revenue Municipal Retirement Public School Employee Retirement System State Employee Retirement System Civil Service Fish and Boat Game 	<ul style="list-style-type: none"> Budget execution Accounting Procurement Workflow Business Warehouse Travel planning Construction Project Administration
January 2003Wave 3A	<ul style="list-style-type: none"> Public Welfare Pittsburgh Ports Probation and Parole Tax Equalization Historical and Museum Commission 	<ul style="list-style-type: none"> Budget execution Accounting Procurement Workflow Business Warehouse Travel planning Construction Project Administration
July 2003Wave 3B	<ul style="list-style-type: none"> Environmental Protection Environmental Hearing Board Labor and Industry Liquor Control Board 	<ul style="list-style-type: none"> Budget execution Accounting Procurement Workflow

		<ul style="list-style-type: none">• Business Warehouse• Travel planning• Construction Project Administration• Travel Expenses (All Agencies)
January 2004Wave 4	<ul style="list-style-type: none">• All Wave 1 through Wave 3C Agencies	<ul style="list-style-type: none">• Human Resources• Payroll• Time• ESS• Workflow
July 2004Wave 3C	<ul style="list-style-type: none">• Department of Transportation	<ul style="list-style-type: none">• Budget execution• Accounting• Procurement• Workflow• Business Warehouse• Travel planning• Travel Expense Reporting• Construction Project Administration

(6) **Case for Change Report for Imagine PA**, KPMG Consulting, April 27, 2001.

(7) IES Project Background <http://www.ies.state.pa.us/imaginepa/cwp/view.asp?A=6&Q=58215>.

(8) *Case for Change Report for Imagine PA*, KPMG Consulting, April 27, 2001.

(9) The Steering Committee was deactivated upon project completion and replaced with a new Advisory Board to provide guidance and direction during the transition of the Commonwealth's ERP's from a project to a program. Upon the Commonwealth's ERP's successful transition, the Advisory Board was deactivated. Also activated at the beginning of the transition was the IES Operating Committee. This body, which is comprised of representatives of the IES business owners and the staff of the Bureau of the IES, remains active upon publication of this Case Study. The Operating Committee's primary function is to coordinate, approve, and/or prioritize enterprise sustainment and improvement activities thereby linking the Bureau of the IES with the business owner community.

(10) The Imagine PA advisory Board was inactivated and merged with the Imagine PA Steering Committee during the Imagine PA project to streamline decision making and provide timely executive-level guidance and direction to the Imagine PA project.

(11) See <http://www.ies.state.pa.us/imaginepa/cwp/view.asp?a=4&Q=172539&PM=1>.