



FORT HAYS STATE UNIVERSITY

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OFFICE OF VICE PRESIDENT FOR
ADMINISTRATION AND FINANCE

Date: December 16, 2020

To: Joint Committee on Information Technology
Sen. Mike Peterson, Chair
Rep. Kyle Hoffman, Vice Chair
Sen. Tom Holland, Ranking Minority

From: Michael W. Barnett
Vice President for Administration and Finance/CFO
Fort Hays State University

Re.: ERP Project-Workday

Good day Chair Peterson, Vice Chair Hoffman, and Members of the Committee. Thank you for the opportunity to submit testimony and answer questions regarding the Fort Hays State University Enterprise Resource Management project (ERP).

Background

In early 2015, the University initiated the process of selecting a vendor through the RFP process to provide an ERP system to replace the existing legacy system. The need to undertake this project was due to a number of factors concerning the legacy system, including but not limited to the language (COBOL) the system was written with, the declining availability of staff fluent in COBOL, the desire to move to a cloud-based system, and the need for a singular data set to manage the University's student, human resource and financial records in a more efficient way.

The RFP process was completed, and two potential vendors were identified, Oracle and Workday. Analysis of the two products, including cost, was conducted by the VPIT and other potential users on campus. Workday was selected.

Bids were then received from implementation partners, who had partnered with other universities in implementations of Workday HCM/Finance. Collaborative Solutions was selected. All agreements were contingent upon a plan being approved by KITO.

In late 2015, working with the assistance of Collaborative Solutions, the University submitted a plan for time and funding to the KITO for review and approval. As you will see in the information that follows, both the time budget and financial budget were underestimated, and the recast is being developed for review and approval of KITO.

Some Additional History: A Timeline

Late 2015, after review and approval of the plan by KITO, the University begins implementation of Phase I, Workday HCM/Finance/Payroll.¹

Beginning 2016, Phase I is fully underway. October 2016 it is determined the January 2017 “go live” date was much too aggressive and in consultation with our implementation partner it is extended to April 2017 at an added cost of approximately \$627,000.

By mid 2016, some portions of Phase II, Workday Student, are being implemented, including admissions and recruiting, using Workday Consulting Services as the implementation partner. There is not an alternative implementation partner due to few complete implementations of Workday Student. The “go live” date for this module was July 2016.

Early 2017, implementation of additional modules of Phase II, Student, are beginning including curriculum management, financial aid and student records.

By April 2017, Phase I HCM/Finance/Payroll is completed and operational.

2018 - Analysis by University staff indicates Workday Financial Aid is not sufficiently developed to provide the services required. Numerous staff changes within Workday cause numerous issues delaying progress on the project. In addition, there are numerous shortcomings discovered within the Workday product due to the stage of development of the software. Little progress is made during the year in implementation of Workday Student.

2019 - Through negotiations and discussions with Workday staff, it is determined the project needs additional time. Workday agrees to suspend annual fees for two years. The Workday project team is reorganized and work continues. A change to the consulting costs is approved resulting in expense of implementation increase of \$768,000.

2020 - Workday, through consultation with FHSU, determines the timeline should be extended with full implementation date of August 2021. Workday agrees to provide the additional consulting hours at no charge.

Budget

The original project budget was \$11.6 million approximately. To date accumulated expenses related to implementation as reported in the latest transmittal to the KITO are \$15.3 million. We have identified an error in the transmittal totaling \$1.4 million that has been corrected in an amended report provided to KITO. The error is the result of expenses related to internal cost reporting including annual fees for HCM/Finance after the project went live.

The recast will show a budget of approximately \$17.5 million. The largest change from the original submission is changes to internal costs. Although staff time, as a part of internal costs, is included in the project cost based on an hourly calculation, the majority of staff working on the project are salaried, not eligible for overtime, thus there is no actual cash expense increase on account of the staff time changes.

The amended budget will also include approximately \$1.4 million additional consulting costs resulting from the changes in the timeline, all of which were incurred before negotiations with Workday (whereby it agreed to eliminate future charges for consulting time) were complete.

Summary

The project is well over its original estimated time and budget. This is due to a number of factors, including continuing product development by Workday, continuous staff adjustments made by Workday, and an unreasonably aggressive timeline that was initially established. Additionally, FHSU likely underestimated staff availability. FHSU made the decision, through internal discussions, to maximize efficiencies by largely utilizing existing staff to complete the project. In hindsight, this may not have been the correct choice.

The project is scheduled to complete August of 2021. Most of the system should be live February 2021 due to the need to register and enroll students for the fall of 2021.

Again, thank you for the opportunity to provide this information to the Committee.

¹ The administration at the time included a Vice President for Information Technology. This position no longer exists. In addition, the president left the University in late 2016.
