



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of RFP 16-015, Enterprise Resource Planning (ERP) Software and Implementation

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of RFP 16-015, Enterprise Resource Planning (ERP) Software and Implementation, to Tyler Technologies for an amount not to exceed \$7,418,476 for a seven year contract period, plus a 3% contingency.

BOARD/COMMISSION REVIEW:

N/A

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action
N/A		

DEPARTMENT: City Manager's Office
Finance Department

SUBMITTED BY: Steve Cope, ERP Manager
Rachel Mayer, Finance Director

BACKGROUND:

The City's current business software, SunGard Naviline, was implemented in 1990 and does not provide the functionality and integration of applications that are common in today's Enterprise Resource Planning (ERP) software platforms. ERP refers to an integrated suite of software applications that support the core business functions of an organization, including accounting, utility billing, accounts receivable, building permits, business licenses, payroll/personnel, purchasing/inventory and code enforcement.

Currently, the City's customers can only conduct simple transactions online. Most often, customers must come to the City to conduct business face-to-face. In today's world, Naperville's

customer experience is inefficient, frustrating and outdated. An updated ERP is fundamental to the success of this agency and, as it requires a fairly complicated backend structure, it is considered to be one of the most important investments in terms of budget and execution time for a business of any size.

Support for Naviline, the City's current ERP, is decreasing as SunGard increases marketing for its new OneSolution product. Naviline is not built to current software development standards and it does not have the capability to support customer-friendly e-government initiatives. It is time for Naperville to migrate from the current business software platform to a modern system that offers greater internal efficiencies and external customer services online.

The ERP Software Migration project, CE125, aligns with three of the City's ends policies – High Performing Government, Economic Development and Financial Stability.

DISCUSSION:

In January 2016, staff initiated RFP 16-015 to solicit proposals for vendors' ERP software and implementation solutions to meet Naperville's needs.

Advertisement Date:	01/22/2016	Notices Sent:	370
Opening Date:	02/26/2016	Planholders:	70
		Bids Received:	9

Proposals were received from the following firms:

Application Software Technology Corp.	Quintel Management Consulting
Artha Systems	Sungard Public Sector
Ciber, Inc.	Tyler Technologies
IT Resonance, Inc.	V3IT Consulting, Inc.
Kinsey & Kinsey	

A selection committee consisting of staff from the City Manager's Office, Information Technology, DPU-Electric, Finance, Human Resources and T.E.D. Business Group reviewed the proposals. The proposals were scored based upon the criteria set forth in the RFP, including:

- Overall Software Solution
- Implementation Philosophy and Project Plan
- Experience and Qualifications
- Cost Proposal

Three of the nine firms - Ciber, Inc., Quintel Management Consulting and Tyler Technologies - were shortlisted and invited to attend three-day demonstrations with City staff. In addition to the selection committee, all City staff members were invited to attend the demonstrations. In all, 87 employees from 13 departments attended portions of the demonstrations and provided feedback to their departmental liaisons. Of the 13 City departments, 11 ranked Tyler Technologies' Munis and EnerGov software and implementation plan as the best solution. DPU-Electric and Human Resources ranked Tyler second; their concerns with the Tyler solution have been addressed

through the negotiation process. In selecting Tyler's Munis and EnerGov software, Naperville has selected a "Best of Breed" software applications platform.

"Best of Breed" Selected Solution and Term

In looking at the ERP solutions, the City found that many products are not tailored to the needs of local governments, as they require customization and additional funds. The City began to focus on a "Best of Breed" environment – utilizing several software solutions already in place that need to be fully leveraged and integrated across departments as well as across platforms. These include, but are not limited to:

- Cityworks for service requests, work orders and asset management;
- Hyland's OnBase for document management;
- GovQA for a citizen engagement platform.

The recommended "Best of Breed" business software platform linking the existing software applications with Tyler's Munis and EnerGov software applications allows the City to provide an enhanced customer experience. It also creates the most cost-effective and robust ERP solution and eliminates our reliance on one vendor.

Significant Business Improvements

Adding online building permit, license and plan review

Add online bill payment

Migration to cloud-based applications (Tyler/Novatime)
"Best of Breed" with integration

From 18 to 8 core business software applications

- Financials from 11 down to 4 applications

One service request/work order/asset management system

- SR/WO/AM from 7 down to 5 integrated applications

Effect

Improved customer service

Improved customer service

Long-term cost reduction, disaster recovery

Utilizes best applications, not locked into one

Efficiencies, integration

Efficiencies, integration

Efficiencies, integration

Efficiencies, integration

Software as a Service (SaaS) or cloud-based software licensing and delivery is staff's selected approach in lieu of hosting the software on-premises. Advantages of cloud-based SaaS versus traditional on-premises hosting include:

- **Hardware Performance and Maintenance** - Vendor supplies and maintains all necessary hardware at standard industry performance levels. All repairs, upgrades and replacements to server hardware are the responsibility of Tyler.
- **Disaster Recovery** - Tyler backs up all system and data files and stores them in secure off-site locations (Maine and Texas). Restoring service is very quick and performed by Tyler, not the City.
- **Software as a Service** - Can provide services, sometimes entirely new services, with fewer resources, eliminate wasted time and effort for constituents and businesses and speed up processes to keep serving our community.

The term of the agreement for SaaS and implementation of the ERP system between the City of Naperville and Tyler Technologies is seven years, beginning January 1, 2017 and ending on December 31, 2023 with the option to indefinitely renew in three-year increments, if mutually agreed upon by both parties.

The implementation phase begins with migration of the core financials, the essential “back office” module, in January 2017. The core financials module will require all of 2017 to complete. Work will begin on the implementation of the planning and land management module in late 2017 and continue through 2018. It is anticipated that online services will begin to be provided in late 2018 into 2019.

FISCAL IMPACT:

The seven-year projected cost for the ERP includes implementation and maintenance as part of the contract terms. Funding for this project is split into two components, and Tyler’s proposal is divided accordingly:

1. Implementation (capital outlay) = \$3.8 million over 3 years beginning in 2017.
2. Maintenance (recurring SaaS fees) = \$3.6 million over 4 years beginning in 2020.

The implementation component of the project will be funded through CIP CE125 – ERP Software Migration. The below chart breaks out the proposed funding sources.

Funding Source	CY2016	CY2017	CY2018	Total Source
2016 Budget, Soft. & Maint.	\$500,000			\$500,000
Water Utility		\$266,000	\$253,980	\$519,980
Electric Utility		\$682,000	\$506,940	\$1,188,940
Unfunded Capital		\$1,322,000	\$769,080	\$2,091,080
Totals	\$500,000	\$2,270,000	\$1,530,000	\$4,300,000

The recurring SaaS fee is \$893,368 annually and from year four of the contract forward will be budgeted appropriately in the City’s operating budget, starting in 2020.

The contract with Tyler for the implementation and maintenance of the ERP solution totals \$7,418,476 over the next seven years. By comparison, all three of the short-listed vendor proposals reflected a cost estimate of approximately \$7.5 million over a seven-year period. This amount is in line with the City’s current CIP proposal and future operating budget forecasts.

In addition to the contract with Tyler for implementation and maintenance, there are other execution costs associated with the overall ERP solution. The below costs are required to align with the “Best of Breed” software model and include:

- Migration of DPU-Water work order software to Cityworks - \$146,000
- Migration of DPU-Electric work order and warehousing to Cityworks - \$279,000
- Support of implementation consulting services - \$750,000 (three-year projection)

The migration of the two utilities' work order software components will be funded through CIP CE148 – Cityworks Service Request and Work Order Management System. The consulting services expense is detailed in the above chart related to CIP CE125 – ERP Software Migration. These items will be part of future award recommendations with more detailed funding breakdowns.

RECOMMENDATION:

Approve the Award of RFP 16-015, Enterprise Resource Planning (ERP) Software and Implementation, to Tyler Technologies for an amount not to exceed \$7,418,476 for a seven year contract period, plus a 3% contingency.

ATTACHMENTS:

1. CIP Page