Committee(s): Digital Services Sub-Committee	Date(s): 24th January 2020
Subject: Oracle ERP strategy – interim paper	**Public**
Report of: The Chamberlain	**For Information**
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Summary

The Chamberlain's IT team have been working with colleagues in the Finance Division on an Oracle Enterprise Resource Planning (ERP) strategy based on decisions that need to be made on this critical system as we get closer to the requirement for a major upgrade and other major linked or related IT applications going through strategic reviews.

The City of London Corporation (CoL) uses multiple systems to carry out functions for finance, property management, payroll and HR with no overarching reporting solution. The IT division are assisting in investigating the options to rationalise the various systems into a single ERP and reporting solution to reduce software, licensing and support costs (Consistent with the Corporate IT Applications Strategy) and the benefits of specialist best of breed systems for the different business functions.

An independent consultancy will be commissioned in January 2020 to support the short options review.

Recommendation(s)

Members are asked to note this report

Main Report

Background

1. CoL currently uses multiple best of breed solutions to carry out key lines of business, such as Oracle Financials for Finance and Commercial Property management, Midland's City People for both HR and Payroll.

2. These applications were procured several years ago and are now due for re-procurement.

3. These applications are currently hosted in Agilisys datacentres and are considered 'on premises' from a vendors' perspective. As part of the IT strategy there is a desire to migrate to a Software as a Service (SaaS) solution where possible.

4. Oracle's extended support ends in December 2021 for the City's current version of Oracle Financials.

5. The current Oracle solution is considered not fit for purpose by the Department of City Surveyors. Oracle do not provide a SaaS solution for commercial property management. The Department of City Surveyors prefer a best of breed commercial property management solution.

6. Oracle do provide a SaaS solution for the Finance module. The Chamberlains Department have submitted a capital project bid for the migration of the application from current on prem to the SaaS solution, to ensure that the City remains on a maintained and supported solution.

7. Oracle Business Intelligence (OBI) is the reporting tools which is currently being used to report from Oracle Financials for both Finance and Commercial Property management.

8. Midland's City People (iTrent) is currently used for Payroll processing and HR with Business objects providing the reporting function.

9. This application is currently on a supported version and will continue to be so with the future upgrades in the current IT project pipeline.

10. The City recognises that having multiple solutions may not be the most efficient method (i.e. support, maintenance, software and license cost etc) of working and has therefore commissioned a workstream to investigate this further.

11. There are various work streams currently underway which will lead to an options appraisal paper for a decision by June 2020.

Current Position

12. A Tender Working Group has been setup, which consists of Procurement, IT, Finance, Payroll and HR.

13. The purpose of this group is to lead on the re-procurement of the key lines of business solutions discussed in this paper.

14. Due to the current hard deadline for Oracle Finance, the Chamberlain's Finance team have submitted a capital project bid for funding a hosted SaaS Enterprise Resource Planning (ERP) solution. This bid assumes that both HR and Payroll are to be incorporated into the one solution and costings are

based around this, however a decision is yet to be made on the viability of this option.

15. Enterprise resource planning (ERP) is the name for the integrated management of and organisation's main business processes, often in real-time and mediated by software and technology.

16. ERP is usually referred to as a category of business management software — typically a suite of integrated applications—that an organization can use to collect, store, manage, and interpret data from many business activities.

17. ERP provides an integrated and continuously updated view of core business processes using common databases maintained by a database management system.

18. The City Surveyors Department have also submitted a capital project bid for Commercial Property Management, as there is no upgrade path to Oracle's SaaS solution for this module.

19. No capital project bids have been made for the replacement of Midland's City People (iTrent HR/Payroll system).

Potential Options

20. CoL will need to decide on one of the following options:

    a. Continue the status quo – Continue to maintain all applications on existing platforms.

       Risk: Support life cycle is limited and potential Procurement law breaches.

    b. Best of breed solutions – All lines of business procure individual best of breed solutions.
       Risk: Increased cost of software, license, support and maintenance.

    c. ERP – A single solution.
       Risk: Business processes may need to be altered in certain business areas.

21. Considerations and decisions will need to be made on how reporting will be provided, if the decision is to not to go with a single ERP solution, which may have further financial implications.

22. Integration with the Financial systems will be required for any best of breed system chosen.

Corporate & Strategic Implications

23. A single ERP solution aligns with the Application strategy of rationalising applications where possible. The Application strategy feeds into the IT strategy which has a strong desire to migrate applications to a SaaS solution where possible.

Conclusion

24. A consultancy is being commissioned in January 2020 to provide an options review on ERP vs Best of Breed IT solutions for Finance, HR/Payroll and Commercial Property Management.

25. The Tender Working Party will need to agree the options appraisal paper at its earliest convenience to provide senior stakeholders with the ability to make an informed decision on the direction of the City's ERP solution. This decision will form the basis of Oracle's short, medium and long-term strategies.

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