

Committee(s):	Date(s):
Project Investment Board	19 th February 2013
Subject: Oracle Enterprise Resource Planning (ERP) project (the replacement / upgrade of CBIS and Manhattan Systems)	Public
Report of: Chamberlain	For Information
<p><u>Summary</u></p> <p>This project aims to replace two existing projects: Oracle R12 (Release 12 is the version of software) and Manhattan software replacement (Property income management system). It will be recommended to Finance Committee and Projects Sub Committee that these two projects are closed and the requirements consolidated to a new project; Oracle ERP (Enterprise Resource Planning) project.</p> <p>The Oracle ERP project team are presently developing a Finance Committee proposal (project <i>Vision Gateway 4</i>) that will detail the tender scope, set out the potential business benefits of moving to Oracle R12 (combined with a Property management solution) and the recommended procurement programme. The Gateway 4 committee(s) report will be submitted for approval in April 2013.</p> <p>The procurement will include an option for keeping the management and maintenance of the software in-house and will also include an option for a Managed Service provision for the Corporations' future Oracle requirements. A Managed Service provision would involve the outsourcing of the application development and on-going support functions.</p> <p>Recommendations</p> <p>The Committee receive this report</p>	

Main Report

Background

1. The maintenance agreement with Oracle which covers the Corporation's financial management system, known internally as CBIS, will reduce from November 2013 which represents a risk if action is not taken to move to the latest version of the system. A new version (Release 12) of the software will be required to ensure on-going full support.
2. The Manhattan system has been identified as a priority for replacement (Finance Committee, Property Investment Board) to assure future reliability and capability. The Corporation relies upon the Manhattan

system for the continued ability to effectively manage the Corporation's rental income and cost recovery from its investment portfolio.

3. Oracle Release 12 (Oracle R12) represents the opportunity to perform the property and lease management functions presently undertaken by Manhattan.

Current Position

4. The Oracle Property Manager has been demonstrated and the decision on its ability to meet the business requirement is a qualified "yes", subject to the necessary configuration and reporting requirements being undertaken by the System Integrator.
5. Cost proposals are being sought for an assessment of the data and business procedures in both the Manhattan and CBIS systems and to develop and test two necessary customisations, to include in the tender documentation. This advance work would speed up the implementation and reduce the uncertainty associated with the volume of work required in the tender. Funding will be requested when the indicative cost for this work is known (6th February 2013). The appointment of a service provider would be subject to a formal quotation procedure in accordance to procurement regulations.
6. The Gateway 4 committee(s) report will include an option for keeping the management and maintenance of the software in-house and will also include an option for a Managed Service provision for the Corporations' future Oracle requirements. A Managed Service provision would involve the outsourcing of the application development and on-going support functions.
7. Projects Sub-committee considered this project on 10th January 2013 and endorsed the option to consider a managed service provision as part of the appraisal.
8. The Establishment Committee has received a report for information purposes only; updating Members on the potential for TUPE considerations and the integration with the wider IS Sourcing Review strategy on the 31st January 2013. The report was noted without comment.
9. The Gateway 4 committee(s) report will be submitted in March 2013 for approval in April 2013. The formal agreement to combine the two projects will be sought as part of the Gateway 4 Detailed Options Appraisal report. If that report is approved, the projects will be combined in Project Vision.

Corporate & Strategic Implications

10. The Information Systems Review (IS Review Sourcing project) procurement is now underway, and includes options for procuring certain IS services which are presently delivered by in-house staff. This includes an option for Application Support.

11. Application Support includes resource which would also be impacted in a Managed Service for Oracle provision. The decision on which option to proceed with, will be made in conjunction with the IS Review Sourcing Project. The timings of both projects are co-ordinated to coincide for this decision towards the end of 2013.
12. The Oracle R12 and the IS Review Sourcing Project is working with the HR department to ensure all appropriate procedures are followed. Union representatives will continue to be kept informed of progress.
13. As part of the review of which Oracle modules will be required by the Corporation, consideration is being given to removing customisations to software and identifying improvement to business process and procedures where practicable to do so.
14. It is anticipated business benefits and improvements will be identified for each option, some of which may be cashable savings.
15. The Gateway 4 report will detail the current cost of delivering a maintained Oracle system (CBIS) and Manhattan and the anticipated tender price for each option.

Conclusion

16. The Oracle upgrade to R12 and the replacement of Manhattan are necessary for the continued essential business operations dependant on these systems.
17. The combined future delivery of these two operations within a single system represents the opportunity to implement a more standard system, utilisation of business procedures that represent best practice and efficiency improvement and provide on-going assurance for future changes in technology.

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