

Item: 6A

Date: 9/17/24

# Dynamics 365 Update, 3-Year Roadmap, & 2025 Investment Approval

Erin Galeno, Chief Financial and Administrative Officer

Mark Miller, Sr. Director, Information Technology

Martyn Adamson, Sr. Manager, Enterprise Applications

Port of Tacoma Commission Meeting

Date: September 17, 2024



- Request Commission Project Authorization to undertake Dynamics 365 Enhancements not to exceed \$1,000,000.
- Request Commission Authorization to execute an amendment to Personal Services Agreement 071709 with Crowe LLP to add \$1,200,000 to perform the Dynamics 365 Enhancements Project and Dynamics 365 System Migration Assessments.
- Request Commission Authorization to execute an amendment to Personal Services Agreement 071658 with JFC & Associates to add \$450,000 to perform the Dynamics 365 Enhancements Project, Dynamics 365 System Migration Assessments, and Maximo related projects.

# Enterprise Resource Planning System

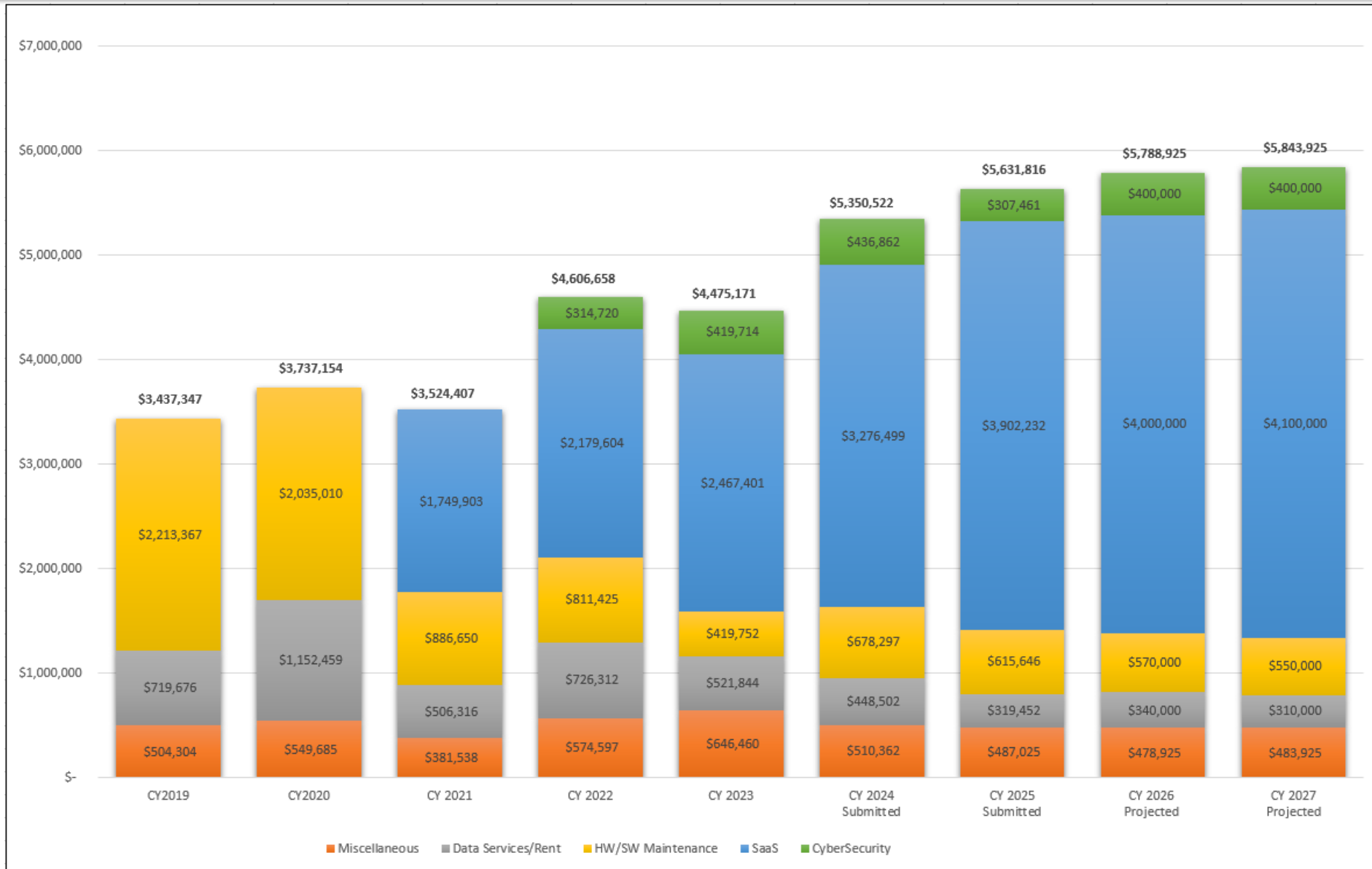
## Previous Commission Presentations

- In the June 16, 2022, Commission Meeting, Commissioners were briefed on the Port Enterprise Application Strategy and Planned Enterprise Resource Planning (ERP) Application Implementation.
- In the January 17, 2023, Commission Meeting, Commissioners were briefed on the Port's enterprise application history and strategy, reviewed ERP software platforms and the progress of the Port's ERP implementation project planning and estimated \$2.0-\$3.0 million project cost.
- In the March 21, 2023, Commission Meeting, Commissioners authorized Port staff to execute a contract with Crowe LLP, the Microsoft Dynamics 365 implementation partner selected via RFP, to undertake the NextGen Finance and Procurement Planning and Design Project at a cost not to exceed \$400,000.
- In the September 7, 2023, Commission Meeting, Commissioners authorized Port staff to undertake NextGen project implementation with costs not to exceed \$2,450,000 which resulted in a total project cost of \$2,850,000.

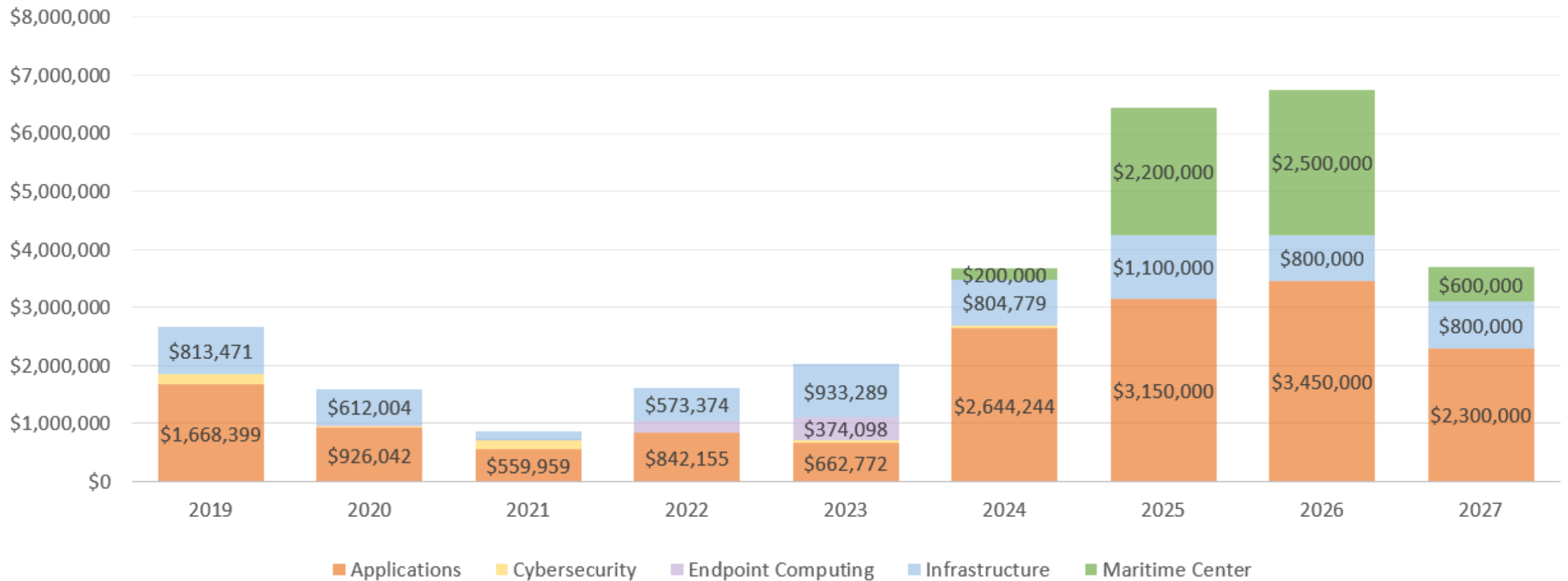
Today we will review:

1. IT Financial History and Forecast
2. NextGen Project Overview and Results
3. ERP Strategy and 3-Year Roadmap Review
4. Dynamics 365 Enhancements Project
5. Crowe LLP Dynamics 365 Services Background
6. JFC and Associates Maximo Services Background

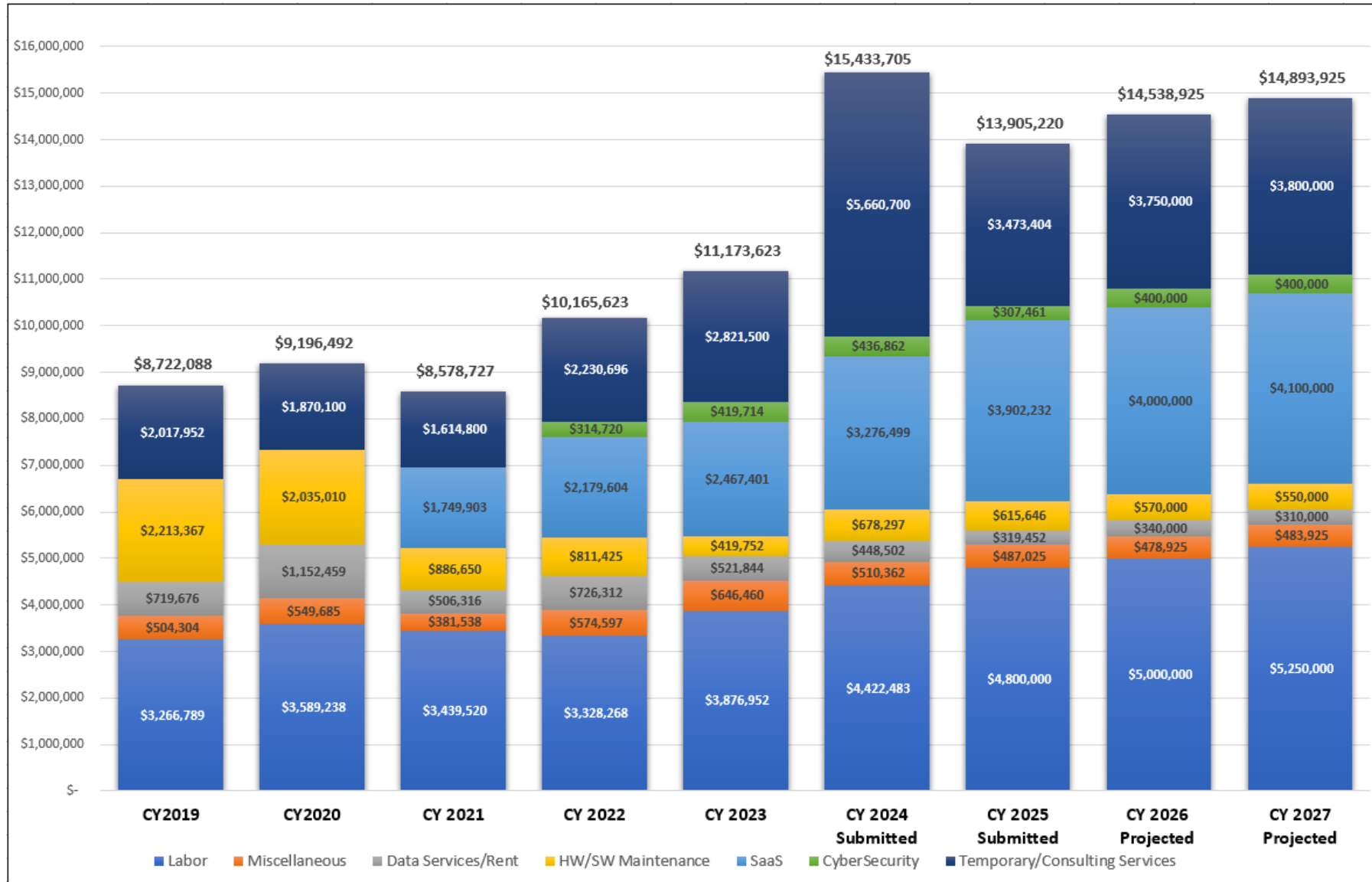
# IT Historical & Future Operational Spend (Excludes Labor and Project Costs)



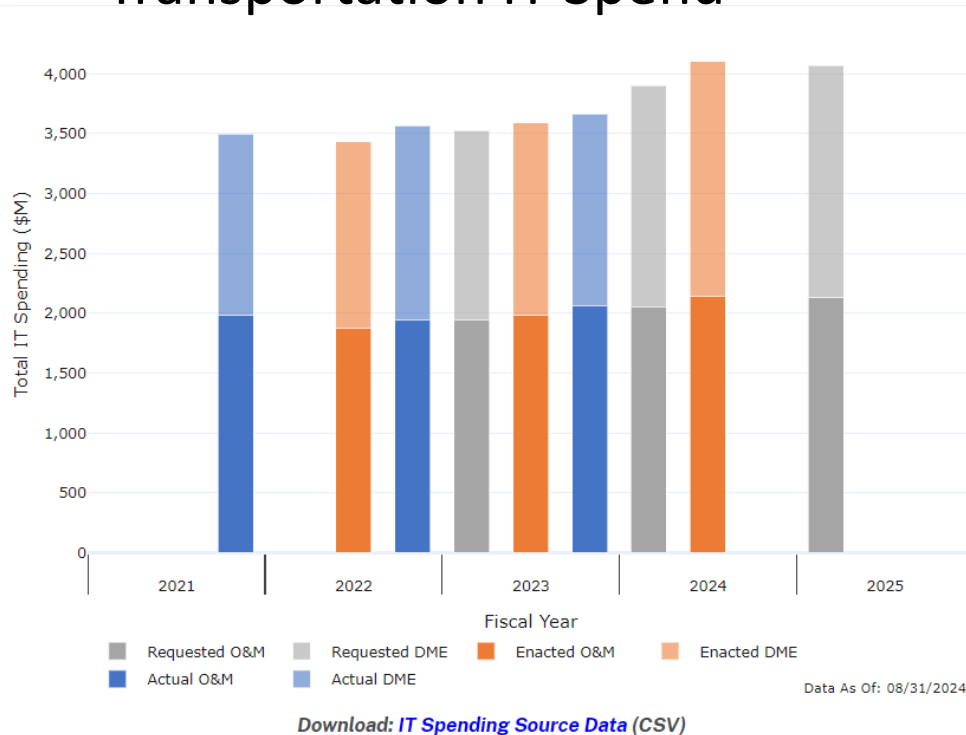
# IT Historical & Future Project Costs



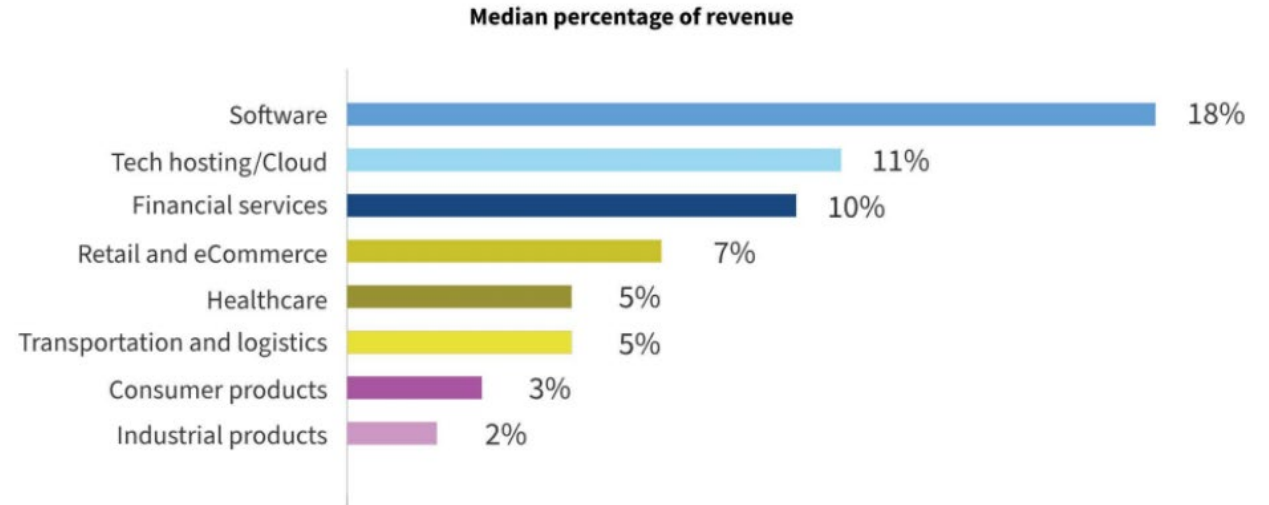
# IT Historical & Future Total Costs



## US Federal Department of Transportation IT Spend



## Percentage of revenue spent on IT, by industry



Expert Market Research  
<https://www.expertmarketresearch.com/reports/...>

### United States IT Spending Market Size, Analysis 2024-2032

The United States IT Spending market attained a value of USD 1.30 trillion in 2023. the market is further expected to grow at a CAGR of **3.8%** in the **forecast period of 2024-2032**. [See more](#)

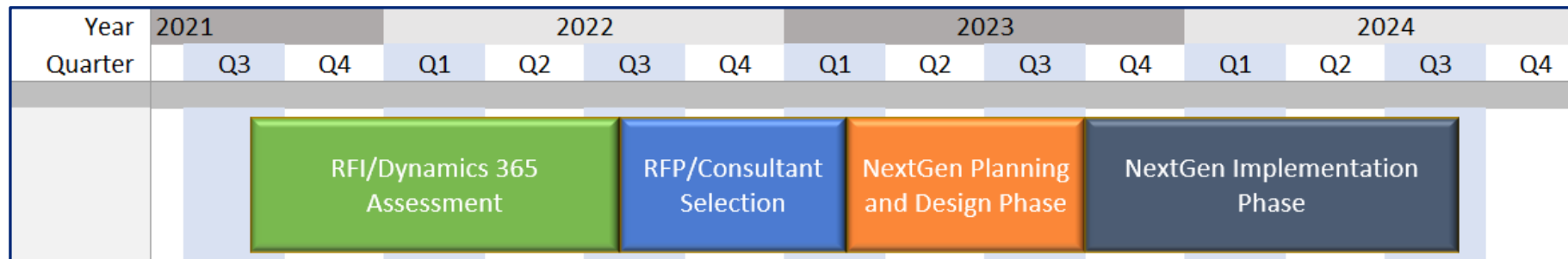
## Port of Tacoma/NWSA IT Spend as % of Revenue

- 2019-2023 was ~4%
- 2024-2027 forecasted ~5%



# NextGen Project Overview

- NextGen Project successfully completed implementation of Microsoft Dynamics 365 Finance and Operations, an industry leading, integrated, ERP software platform.
- Project scope included systems functionality for Accounting, Billing, Purchasing, Contract Management, and Claims Management.
- NextGen consolidated functionality from several separate systems, including Dynamics GP, e-Builder, and Maximo, and aligned business processes in departments that had previously used independent systems.
- Bringing core business functions together into one software platform creates a significant opportunity to modernize the Port and become a more efficient organization that is well positioned to take on the business challenges of the future.
- The Project timeline below highlights the three-year journey:



- ~47 members of Port and NWSA staff contributed to project success.
- System integrator, Crowe LLP, provided expert consultation services and were committed to project success. Additional software vendors, including JFC and Associates, provided further implementation services.
- NextGen steering committee and project sponsors provided expertise and strong project governance and has transitioned to a Dynamics 365 Steering Committee.

**Project Sponsors**

Erin Galeno & Mark Miller

**Project Steering Committee**

Martyn Adamson, Don Kelley, Thais Howard, David Morrison, Tom Reznicek, Sharon Rothwell

**Project Managers/Facilitators**

Nicole Sims (Crowe) & Kevin Carpenter (Port)

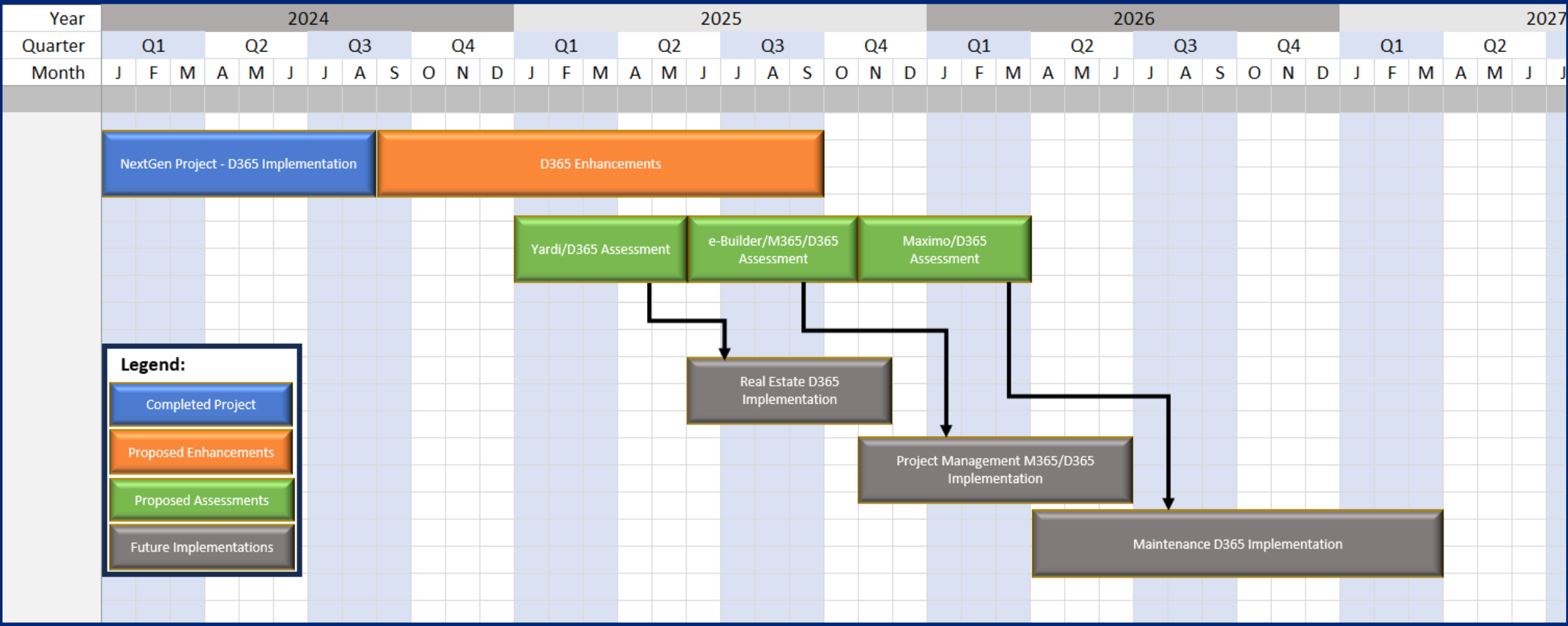
- NextGen Project completed under budget, with total project expenditure of \$2,838,739.
- Implementation completed on-schedule, with cutover to Dynamics 365 starting on August 1, 2024. Project close-out occurred on August 30, 2024.
- Project scope was met, with core objectives successfully completed.
- Scope adjustments were made throughout the project as Port requirements were further clarified, with scope governance provided by the NextGen Steering Committee.
- The project identified additional opportunities to enhance and leverage the Dynamics 365 software platform, including for managing Grants, Competitive Procurements, Debt, and the CIP being planned. We anticipated this and had included investment in the 2025 IT CIP budget.

- Dynamics 365 is now in use in production by Port/NWSA staff.
- 108 Port/NWSA staff have logged in to Dynamics 365.
- Dynamics 365 has been utilized to process the following business transactions (8/1/24 - 9/6/24):

<b>Business Area</b>	<b>Port</b>	<b>NWSA</b>	<b>Total</b>
<b>Purchase Agreements</b>	9	6	<b>15</b>
<b>Purchase Orders</b>	959	306	<b>1265</b>
<b>Receipts</b>	474	138	<b>612</b>
<b>Invoices</b>	435	168	<b>603</b>
<b>Purchase Requisitions *combined NWSA/PORT</b>			<b>83</b>

- Port staff has developed an ERP Strategy to leverage the Port's technology investment. This strategy will allow the Port to:
  - Further expand Dynamics 365 functionality.
  - Implement Dynamics 365 for additional Port business areas.
  - Simplify the Port software environment and business processes.
  - Retire several current Port legacy systems, reducing licensing and support costs.

# Port ERP Strategy and 3-Year Roadmap



Continued enhancements to core business functions within one software platform modernizes the Port and positions it to manage future business challenges and opportunities.

- System enhancements are a routine part of the ongoing management of ERP software platforms.
- Enhancements include activation of additional features and improvements to business processes.
- Approximately 116 enhancement opportunities were identified during the NextGen project which will leverage Dynamics 365.
- The Dynamics 365 Enhancements Project will prioritize, design, develop and implement enhancements based on business process improvement opportunities.
- Enhancements include Grant Management, the Capital Improvement Plan (CIP) Management, Debt Management, Funds Management, and Procurement Solicitations.
- The prioritization of enhancements will be governed by the Port's Dynamics 365 Steering Committee.
- The Dynamics 365 Enhancements Project has a budget of \$300,000 in 2024 and \$700,000 in 2025.
- Multiple vendors will provide services under existing Personal Services Agreements. Commission Authorization is being sought to amend these agreements to undertake this work.

- Dynamics 365 presents an opportunity to leverage the Port's technology investment, retire further Port legacy systems, and reduce annual licensing and support costs.
- The ERP Strategy defines three Assessment Phase Projects starting in 2025 that could replace additional systems with Dynamics 365:
  - Yardi (Real Estate)
  - e-Builder (Project Management)
  - Maximo (Maintenance)
- Further Port systems could be replaced with Dynamics 365 in outlying years.
- Staff intend to undertake Assessment Projects for each system to define requirements, validate assumptions, and develop conceptual designs.
- Port staff will return for Commission Authorization to undertake the implementation for system migration projects.
- Multiple vendors will provide consulting services under existing Personal Services Agreements, including Crowe LLP and JFC & Associates.



## **Competitive Selection and Personal Services Agreement (PSA)**

- Crowe LLP were selected through competitive RFP No. 071709 issued in 2022 to provide Microsoft Dynamics 365 systems services.
- PSA 071709 runs through March 31, 2026. Two one-year extension options were defined in the RFP.
- PSA 071709 had an original contract amount of \$318,000 for Planning and Design Services. Commission Authorized the Dynamics 365 Implementation project in September 2023 and the contract amount increased to \$2,369,200 to perform this work.

## **Services Provided**

- Expert consulting services have been provided to successfully deliver the Dynamics 365 Planning and Design project phase and Implementation project phase.
- The contracted Scope of Work anticipated and defines services to perform system enhancements.
- Crowe LLP will provide further services in the Dynamics 365 Enhancements Project and the D365 Migration Assessment projects.

## **Contract Amendment**

- Commission Authorization is being sought to amend the PSA with Crowe LLP to add \$1,200,000 to perform the Dynamics 365 Enhancements Project and Dynamics 365 System Migration Assessments.

## **Competitive Selection and Personal Services Agreement (PSA)**

- JFC and Associates were selected through competitive RFP No. 071658 in February 2022 to provide Maximo Azure Cloud Migration and Support services.
- PSA 071658 runs through May 31, 2025. A one-year extension option is defined in the RFP.
- PSA 071658 had an original contract amount of \$200,000. Commission Authorizations in 2023 and 2024 increased the contract amount to \$507,163.

## **Services Provided**

- JFC and Associates provided expert consulting services to complete several significant projects relating to Maximo, including successfully migrating Maximo to the Azure Cloud Platform.
- The scope of services provided by JFC and Associates increased with the Maximo/Dynamics 365 integration development undertaken within the NextGen project, as previously approved by Commission.
- JFC and Associates will provide further services relating to Maximo in the Dynamics 365 Enhancements Project, the Maximo/D365 Migration Assessment project, and other Maximo projects.

## **Contract Amendment**

- Commission Authorization is being sought to amend the PSA with JFC & Associates, adding \$450,000 to perform the additional services.
- If needed, a new RFP will be issued in 2026 to competitively select a Maximo support vendor.

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# Thank You

## Questions & Discussion



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