Enterprise Resource Planning Application Briefing

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Port of Tacoma
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Enterprise Resource Planning Application Briefing

- In the June 16th, 2022, Commission Meeting, Commissioners were briefed on the Port Enterprise Application Strategy and Planned Enterprise Resource Planning (ERP) Application Implementation.

- Today's briefing will recap the Port's enterprise application history and strategy, review ERP software platforms, and update the Commission on the progress of the Port's ERP implementation project.

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Introduction:

- The average lifecycle for business systems is ten to twelve years

- Mitchel Humphrey FMS software was utilized by the Port of Tacoma for Financial Management and Billing for many years prior to 2008

  - FMS Billing continued to be utilized after 2008, but is in the process of being replaced

- Microsoft Dynamics GP was implemented for Accounting in 2008

  - Implementation project was completed at a cost of $1.6M

  - Dynamics GP has now become outdated, and Microsoft is limiting support

- Port Staff recently developed a new Enterprise Application Strategy to provide direction for the next generation of Port financial systems

- The Port of Tacoma and NWSA Executive IT Steering Committee believes it is responsible to proactively migrate to Microsoft Dynamics 365
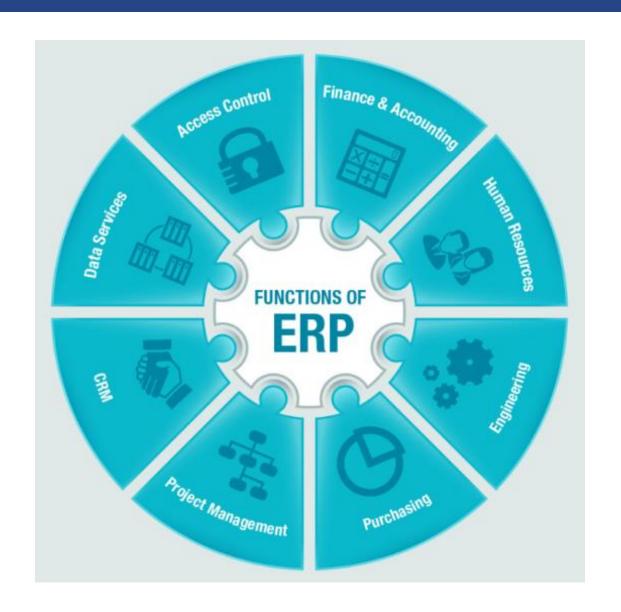
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Port Enterprise Application History

- Historically the Port has employed a 'Best of Breed' Enterprise Application strategy

- While serving business needs, this strategy has led to a large systems portfolio which is costly and hard to manage effectively

- The Information Technology Steering Committee approved a new Enterprise Application strategy in 2020

- Core elements of the Enterprise Application Strategy include:

  1. Simplifying the Port's Application Portfolio by retiring legacy and duplicative applications

  2. Defining and investing in five standardized industry leading Strategic Enterprise Platforms on which most future business software needs will be based

  3. Prioritizing investments in Microsoft software platforms as the cost-effective industry leader, using Washington State Department of Enterprise Services Master Contract

  4. Ensuring all new Applications are Cloud Based to provide business agility

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HISTORY OF ERP

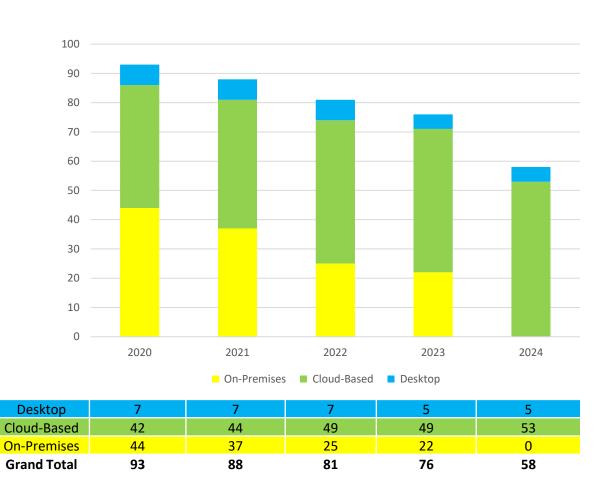| Decade	Development
1960s	Inventory Management and Control
1970s	Material Requirements Planning (MRP)
1980s	Manufacturing Resource Planning (MRP II)
1990s	Enterprise Resource Planning (ERP)
2000s	Web Functionalities with Internet (ERP II)
2010s	Cloud-Based ERP

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Standardized industry leading Strategic Enterprise Platforms:

	Strategic Enterprise Platform	Description
1	Microsoft Dynamics 365	Cloud Enterprise Resource Planning (ERP) Platform for Accounting, Financial Planning, Contracts & Purchasing
2	Microsoft 365	Cloud Productivity and Collaboration Platform for All Staff
3	Microsoft Azure	Cloud Services Platform for Servers, Services, Storage, DataManagement
4	IBM Maximo	Enterprise Asset Management Platform for Maintenance
5	Esri ArcGIS	Geospatial Platform for location tracking used by multiple staff teams

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Enterprise Applications by Environment & Year

	2020	2021	2022	2023	2024
Desktop	7	7	7	5	5
Cloud-Based	42	44	49	49	53
On-Premises	44	37	25	22	0
Grand Total	**93**	**88**	**81**	**76**	**58**

*Application count forecast for EOY

- As of 1/1/2021, there were 93 individual Enterprise Application IT Services
- Goals:
  - Migrate or retire all On-Premises Enterprise Applications IT Services by 2024
  - **Reduce Enterprise Applications IT Services from 93 to 58 by 2024, a reduction of 37%**
  - Migrate 13 Enterprise Application IT Services to the Cloud through 2024

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ERP Strategy:

	Strategic Enterprise Platform	Description
1	Microsoft Dynamics 365	Cloud Enterprise Resource Planning (ERP) Platform for Accounting, Financial Planning, Contracts & Purchasing

- As a component of the Enterprise Application Strategy, Port staff intend to replace the current core financial application, Microsoft Dynamics GP, with Microsoft Dynamics 365 ERP platform:
  - Separate applications are currently used for Accounting, Financial Planning, and Contracts & Purchasing. Replacing these applications with one integrated software platform will improve efficiency.
  - Implementing an Enterprise Resource Planning (ERP) platform will lower IT operating costs.
  - The Dynamics 365 project has been included in the CIP for 2023 and 2024 since approval by the IT Steering Committee in 2020.

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ERP System Project – Request for Information (RFI):

- Capabilities required in a new ERP Platform for Accounting, Financial Planning, and Procurement departments defined

- Request for Information (RFI) issued in November 2021

- Responses to RFI indicated Microsoft Dynamics 365 can meet the Ports ERP system needs

- **ERP System Project – Request for Proposal (RFP):**

  - Based on RFI responses, the Port's Information Technology Steering Committee approved proceeding with Planning and Design Phase

  - Competitive Request for Proposal (RFP) for an Implementation Partner closed in November 2022

  - Responses were received from four implementation partners. Demonstrations and interviews were held with two finalists, with a selection pending

    - Implementation cost estimates $2.0M-$3.0M

    - Implementation schedule estimate 15-18 Months

ERP System Project – Project Phases:

- The ERP Project will be conducted in two phases:
  - Plan and Design Phase:
    - Selected Partner will design the ERP solution specific to the Port's requirements
    - Project Team and Partner will refine Implementation Phase costs based on solution designed
  - Implementation Phase:
    - Partner and Port team will undertake system configuration, testing, training and deployment

  - Staff plan to return to Commission for project authorizations for each phase
    - Plan and Design Phase – March 2023
    - Implementation Phase – Q3 2023