

Item: 6A

Date: 9/7/23

NextGen Finance and Procurement Implementation Authorization

Erin Galeno, Chief Financial and Administrative Officer

Mark Miller, Director, Information Technology

Martyn Adamson, Sr. Manager, IT Enterprise Applications

Port of Tacoma Commission Meeting

Date: September 7, 2023



Request Commission authorization for NextGen project implementation, Master ID 101618.01, costs not to exceed \$2,450,000 which will result in a total project cost of \$2,850,000.

NextGen Enterprise Resource Planning and Finance and Procurement Project 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.
- Today, we present the NextGen Finance and Procurement Microsoft Dynamics 365 implementation plan in alignment with the Port Strategic Plan OS-1 and seek Commission authorization to proceed with the Implementation Project.

- The Port's current core financial application, Microsoft Dynamics GP, was implemented in 2008. The scope of the project was core financials – G/L, A/R, A/P, & Fixed Assets. The cost of this implementation was \$1.5 million.
- This application is now approaching the end of its usable life and needs to be replaced to ensure the Port's financial applications have continued supportability.
- Port staff developed an Enterprise Application Strategy which planned for the replacement of Microsoft Dynamics GP with an Enterprise Resource Planning Platform, Microsoft Dynamics 365 Finance and Operations.
- This Microsoft Dynamics 365 Finance and Operations platform will also be utilized to support further business functions in addition to core financials, increasing business process efficiency.

Challenges with current systems:

- Many functions are maintained in spreadsheets outside of any system
- Manual processes are used to address system and integration deficiencies and maintain controls
- Reporting is complicated and limited as data is in multiple systems
- Functionality is duplicated across multiple systems
- Data is siloed in multiple systems
- Limited integrations between systems

Benefits of new platform:

- Dynamics 365 is a current cloud-based ERP platform providing the Port/NWSA with a flexible software solution on which to build efficient business processes
- Major financial functions and processes are part of one software platform with a common database, simplifying dependent financial processes
- Improved Financial and Procurement Reporting and Analytics from a single common system/database
- Fewer third-party systems are required and integrations between systems can be more effective

Project Sponsors

Erin Galeno & Mark Miller

Project Steering Committee

Martyn Adamson, Darren Arakaki, Thais Howard, David Morrison, Tom Reznicek, Sharon Rothwell

Project Managers/Facilitators

Nicole Sims (Crowe) & Kevin Carpenter (Port)

Project Department Contributors

Accounting (5 staff members)

Contracts and Purchasing (6)

Budgeting (4)

Grants (2)

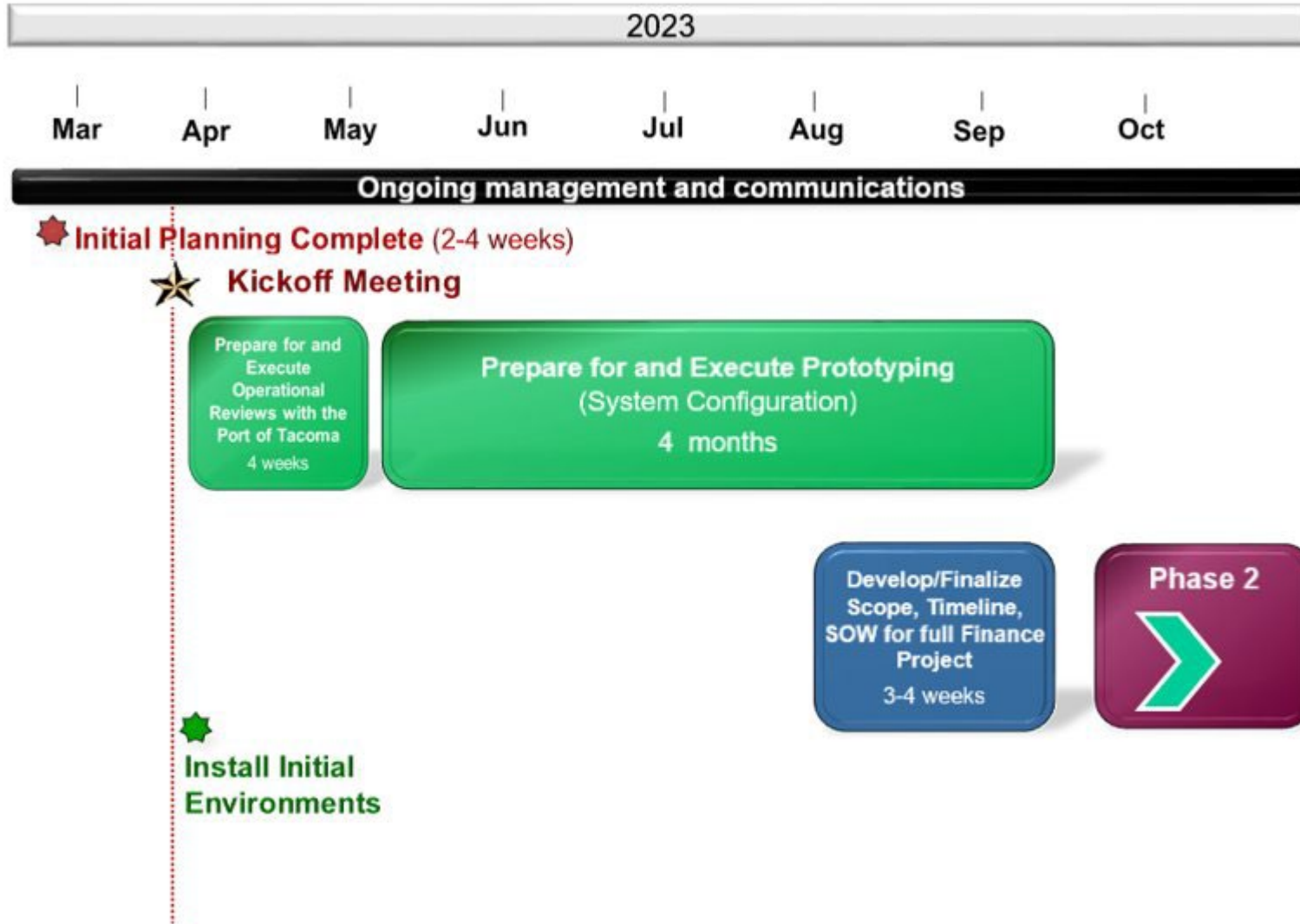
Engineering (2)

Environmental and Planning (2)

Claims (1)

IT (5)

NextGen Finance and Procurement Planning and Design Schedule



NextGen Finance and Procurement Platform Functions

Functional Area
Functions in Microsoft Dynamics GP (the Port's current Financial system):
GL & Reporting
Accounts Payable
Accounts Receivable
Fixed Assets
Cash & Bank Management
Total Business Scenarios: 220
Functions in separate system, spreadsheet, or managed manually currently:
Core Procurement
Contract Management
Debt Management
Vendor Collaboration
Case/Claims Management
CIP/Project Financial Controls
Grant Management
Total Business Scenarios: 220
Grand Total: 440

NextGen Finance and Procurement Project Process Improvements



Functional Area	Process Improvement
Core Procurement	Purchase Requisitions and Purchase Orders will be managed in the same system as Accounts Payable, greatly improving core procurement business processes
Contract Management	Contracts will be managed within Dynamics 365, improving contract processes and controls
Debt Management	Debt will be managed in Dynamics 365, improving record keeping and controls
Vendor Collaboration	Port Vendors can self register on-line and submit invoices electronically for payment
Case/Claims Management	Claims cases can be effectively managed and paid within Dynamics 365, rather than an external third-party tool
CIP/Project Financial Controls	CIP/project budget will be maintained in Dynamics 365, improving record keeping and controls
Grant Management	Grant awards, allocations, and spending will be managed within Dynamics 365 and reporting can be tied to invoices and projects, improving grant management

Phase 1

Planning and Design

Business
Operation Reviews

Conceptual Design

Prototyping

Phase 2

Implementation

Detailed Design

Development

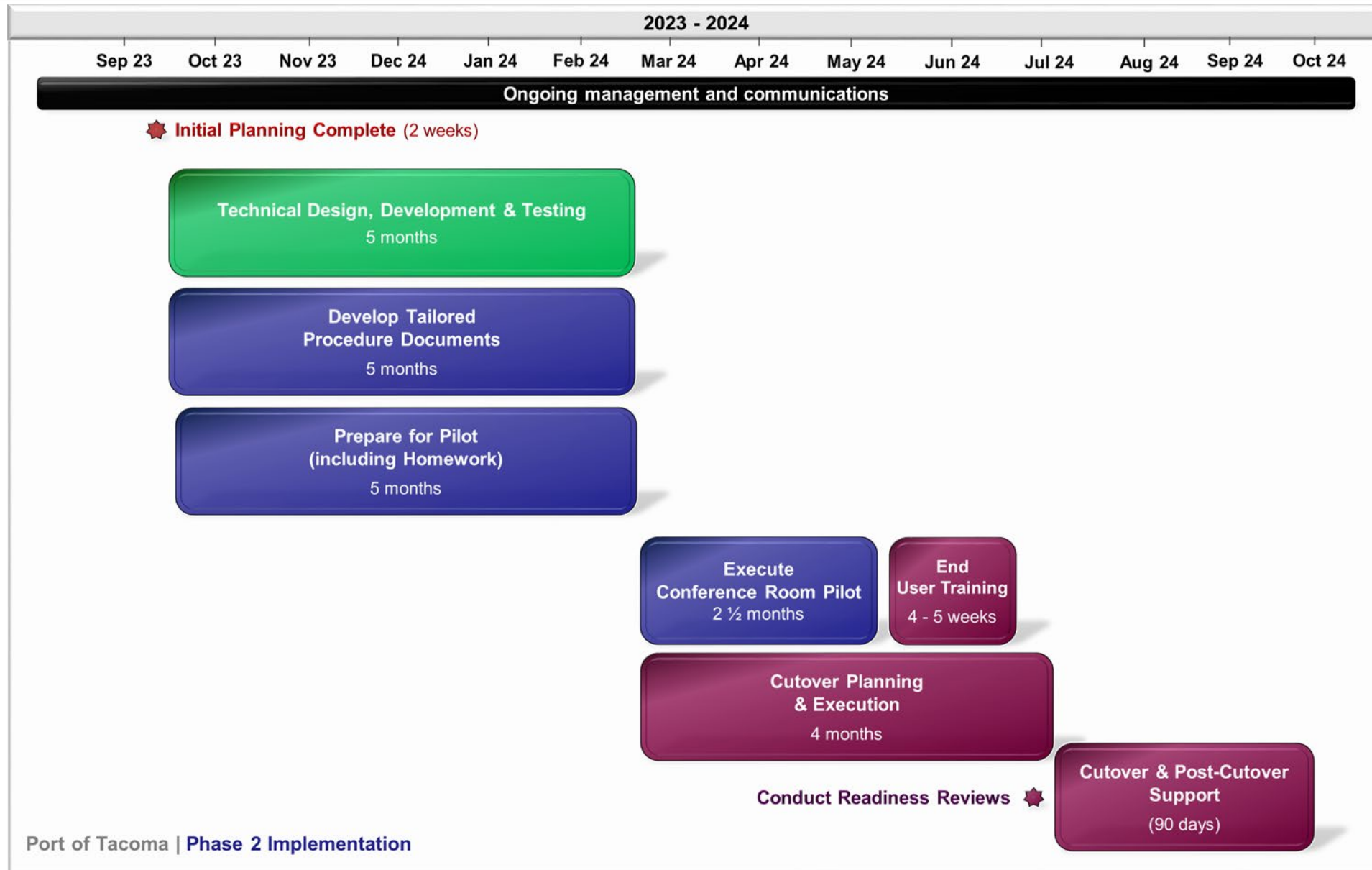
Testing

Validation

Training

Implementation

NextGen Finance and Procurement Project Implementation Schedule



NextGen Finance and Procurement Financial Summary



Item	Amount	Note
Planning and Design Project services from Crowe LLC	\$350,000	Commission Authorized \$400,000 on 3/21/2023
Microsoft Dynamics 365 F&O Annual Service Cost	\$100,000	
Implementation Project services from Crowe LLC	\$1,650,000	
Port application changes and integration costs from various software vendors using existing support contracts	\$350,000	
Project Contingency on Implementation – 20%	\$400,000	
Total Project Costs	\$2,850,000	

- Funding source will be from operating income and costs will be expensed as incurred. These costs have been included in the current five-year CIP.
- These expenses are included in the service agreement charges for Information Technology services to the NWSA.

Request Commission authorization for NextGen project implementation, Master ID 101618.01, costs not to exceed \$2,450,000 which will result in a total project cost of \$2,850,000.



Thank You

Questions & Discussion



Mark Miller
Director—Information Technology
mmiller@portoftacoma.com