Board Decision
IT Integrated Solutions Contract

July 28, 2010

Summary

Authorize the Executive Director to sign a contract with Epicor, Inc. ("Epicor") and other service or software vendors committing Energy Trust to purchase and implement an integrated software solution and corresponding services**.** The final cost is being finalized and will be settled by the time of the board meeting; it is expected to be in the $3.2 - 3.6 million range, higher than our original budget estimate of $2.648 million**.**

Background

- Energy Trust's original IT systems - FastTrack, Great Plains and Goldmine - operated for 8 years, and were scaled for a smaller, far less complex organization.
- The current systems now support 300 users, maintain 4.8 million utility accounts, 5,000 trade and program ally files, and manage five terabytes of data.
- The number and complexity of data needs has expanded over time with the addition of two gas companies, supplemental efficiency funding, new reporting requirements, and the addition of a Washington service territory.
- In 2007, Energy Trust commissioned an independent study of its IT and data management systems. The evaluation recommended that Energy Trust replace the Great Plains financial and accounting software as well as Gold Mine contact management software and significantly retool the FastTrack program management software.
- In December 2009, the board authorized staff to develop a Request for Proposal (RFP) to explore options to replace two or more of these systems with an integrated solution. The RFP was issued March 19, 2010. The project objectives are:
    - Improve productivity and efficiency
    - Improve efficiencies in work flows by automating processes
    - Provide better customer relationship and customer service tools
    - Provide a strong, flexible and scalable foundation to meet growing needs
- To oversee the project, a Steering Committee was composed of senior staff, three outside experts, and board members Al Jubitz and Dan Enloe.
- A selection committee composed of Steve Lacey, Sue Meyer Sample, Peter West, Debbie Blanchard, Amber Cole, and two outside experts (Mark Roller, IT Director for NEEA and Joe Prats, IE4Solutions) reviewed and ranked the proposals.
- Five complete and two partial proposals were received; four were selected for presentations.
    - One proposal, SAP All in One, is fully integrated.
    - Three proposals, Microsoft Dynamics, Epicor 9, and Netsuite integrate financial accounting, customer contacts and differing levels of project tracking capabilities.
    - The selection committee used the Energy Trust standard PMC-type selection process that includes implementation approaches, conformance with requirements, organizational fit and cost criteria.

Discussion

Epicor 9 was unanimously supported as the top choice, ranking highest among all proposals considered. The solution is a highly-rated, completely integrated solution that provides the best combination of functional fit, price, and long-term value to better meet and support our project objectives.

- Epicor 9 will replace Energy Trust's three major IT systems with a single integrated software solution. The approach has: "Out-of-the-box" functionality to address current gaps
- Integrated data base and software to streamline business processes and improve data quality
- Easily personalized dashboards for tighter program management and tracking
- Easy integration to our current MS Office Tools
- Development tools to allow quick integration of new initiatives

Epicor also ranked highest as an implementation services provider. It owns the solution and is experienced in its implementation, which includes:

- MIS consulting sub-contracting to Epicor to augment implementation resources, leveraging MIS's financial systems expertise.
- References and financial stability ensure that both firms have the ability and experience to bring the project to successful completion.

Implementation cost and the total cost of ownership details submitted in the bid include the following:

- Epicor was one of the 3 lowest implementation cost options. From a 10-year lifecycle perspective, Epicor was the lowest cost option.
- While costs are still being reviewed and finalized, the estimated costs for 2010 are $138K over the budgeted amount. For 2011, the estimated cost is approximately $448K over the projected budget.

Implementation Costs

Descripton	*2010*			*2011*			*Total*		
ERP Cost Description	**Budgeted Cost**	**Estimated Cost**	***Variance***	**Budgeted Cost**	**Estimated Cost**	***Variance***	**Budgeted Cost**	**Estimated Cost**	***Variance***
ISP Software & Related Licenses	*350,000*	*870,576*	*(520,576)*	*150,000*	*-*	*150,000*	*500,000*	*870,576*	*(370,576)*
ISP Software Implementation Consulting	*525,000*	*228,938*	*296,063*	*575,000*	*534,188*	*40,813*	*1,100,000*	*763,125*	*336,875*
ISP Infrastructure Upgrade	*24,000*	*14,000*	*10,000*	*-*	*38,000*	*(38,000)*	*24,000*	*52,000*	*(28,000)*
Support Services*	*382,000*	*304,230*	*77,770*	*408,000*	*709,870*	*(301,870)*	*790,000*	*1,014,100*	*(224,100)*
IT Staff Backfill Support	*69,000*	*70,200*	*(1,200)*	*165,000*	*163,800*	*1,200*	*234,000*	*234,000*	*-*
Staff Backfill Support	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Contingency	*-*		*-*	*-*	*300,000*	*(300,000)*	*-*	*300,000*	*(300,000)*
Total	***1,350,000***	***1,487,944***	***(137,944)***	***1,298,000***	***1,745,858***	***(447,858)***	***2,648,000***	***3,233,801***	***(585,801)***

** Project management, business process design, and training and testing development and delivery*

Life Cycle Costs - over 10 years

Descripton	Year 2 - 12 Total
Ongoing Sofware License - total 10 years	*385,288*
Infrastructure Upgrades	*120,000*
Sofware Upgrades	*744,155*
Staff Changes	
Total	***1,249,443***

Total Cost of Ownership - 10 Years	**4,483,244**

- Staff estimates a 12-month implementation, taking into account potential Energy Trust workload and resource constraints. During this time:
  - Epicor, Inc. will configure the solution to meet Energy Trust requirements, customizing the solution to support specific needs, and will work with Energy Trust staff to implement the solution.
  - Contract staff will be used to backfill IT and program staff resources, and provide project management, testing services, training development and delivery.

- Contingencies and management considerations:
  - This project has impacts on and benefits to the entire organization. Creating buy-in and providing ongoing communication is critical for project success.
    - Action: A transition management plan will be put in place to ensure everyone understands the need for this change and their role.
  - Certain functionality and costs will be defined in a detailed design phase.
    - Action: Ensure that the right subject-matter experts are scheduled and committed during the initial 4-week detail design sessions.
  - Data quality issues may impact the length and cost of the data conversion phase.
    - Action: Cost and schedule contingencies have been planned and included.
  - Seasonality of staff workload will impact staff ability to focus on the project implementation.
    - Action: Alternatives for backfilling of critical resources are being evaluated. In addition, resource availability will be factored into the schedule.
  - Scope and cost control will be critical.
    - Action: The selection committee conducted a “project design” session to better detail the approach, deliverables, schedule, and costs. This engagement, with both MIS Consulting (an Epicor implementation services provider) and Epicor, also allowed us to “test drive” the team to ensure the appropriate experience, skills and fit.
    - Action: An Energy Trust contracted project manager experienced in integrated solution implementations has been engaged separately from the implementation services provider.

Recommendation

Authorize the Executive Director to negotiate and sign a contract with Epicor and other service or software vendors to purchase and implement an integrated software solution, by approving resolution 558.

RESOLUTION 558

AUTHORIZING PURCHASE AND IMPLEMENTATION OF EPICOR 9 SOFTWARE SOLUTION

WHEREAS:

1. **Energy Trust's original IT systems have operated since the organization's beginnings, and were scaled for a smaller organization. Those systems now support 300 users, maintain 4.8 million utility accounts, 5,000 trade and program ally files, and manage five terabytes of data.**
2. **In 2007, Energy Trust commissioned an independent study of IT and data management systems. The evaluation recommended that Energy Trust replace or retool all elements of these systems.**
3. **In December 2009, the board authorized staff to develop a Request for Proposal (RFP) for options to replace these systems with an integrated solution. The RFP was issued March 19, 2010.**
4. **To oversee the project, a Steering Committee was composed of senior staff, three outside experts, and board members.**
5. **A selection committee composed of senior Energy Trust managers and two outside experts reviewed and ranked the proposals. Epicor 9 emerged unanimously as the top choice, the best combination of functional fit, price, and long-term value for Energy Trust needs.**
6. **Based on Epicor's high ranking, the selection committee conducted a "project design" session to better detail the approach, deliverables, schedule, and costs. This engagement, with MIS Consulting, an Epicor implementation services provider and Epicor, also allowed us to "test drive" the team to ensure the appropriate experience, skills and fit.**
7. **At a bid cost of $ 4.5 million - $5.1 million, Epicor's total ten-year cost of ownership was the lowest cost option. After further discussions with Epicor, the purchase and implementation cost to be paid to Epicor is $_____ [to be provided prior to board meeting].**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc. authorize the Executive Director to negotiate and sign a contract with Epicor, MIS Consulting and other supporting service entities or vendors to pay up to $ _____ to purchase and implement the Epicor 9 software solution.

Moved by: Seconded by:

Vote: In favor: Abstained: