

Covering page for SAP Development PID

<b>CONTENTS OF REPORT</b>
SAP Development PID
Appendix A – Detailed list of implementation improvements – jointly agreed between ICT and the business
Appendix B – Detailed list of Essential Business Developments – jointly agreed between ICT and the business
Appendix C - Future Development Summary – jointly agreed between ICT and the business
Appendix D - Future Developments – Detailed List
Appendix E - SAP Risk Action Plan

<b>RECOMMENDATIONS</b>	
Appendix A - Outstanding implementation improvements	Approve proposals
Appendix B - Essential Business Developments	Approve proposals
Future Projects	Approve project priority list for 2011 outlined in Recommendations section of report

<b>CIRCULATION LIST</b>	<b>CIRCULATE BY</b>	<b>MEETING DATE</b>
DoR TLM	8 <sup>th</sup> April 2011	13 <sup>th</sup> April 2011
CLT	26 <sup>th</sup> April 2011	3 <sup>rd</sup> May 2011

Audit Committee	3 <sup>rd</sup> May 2011	13 <sup>th</sup> May 2011
-----------------	--------------------------	---------------------------

## SAP Development PID

<b>CONTENTS</b>	
1	Purpose of paper
2	Background
3	Business drivers for change
4	Issues with current implementation of SAP 4.1 Data Quality 4.2 Reporting 4.3 Process improvement 4.4 ESS/MSS
5	The way forward 5.1 Unresolved implementation improvements 5.2 Essential business developments 5.3 Future SAP developments
6	Risks
7	Conclusions
8	Recommendations

<b>APPENDIX</b>	
A	Outstanding Implementation improvements – jointly agreed between ICT and the business
B	Essential Business Developments – jointly agreed between ICT and the business
C	Future Development Summary – jointly agreed between ICT and the business
D	Future Developments – Detailed List – jointly agreed between ICT and the business
E	SAP Risk Action Plan

VERSION HISTORY	ISSUE DATE	AUTHOR	COMMENTS
0.1 – DRAFT	8 <sup>th</sup> April 2011	Karen Perrett – Head of ICT Programme	Approved for circulation by Mark Stone
1.0	14 <sup>th</sup> April 2011	Karen Perrett – Head of ICT Programme	Approved by DoR TLM

## 1. Purpose of paper

The purpose of this paper is to:

- Identify development opportunities with the current implementation of SAP
- Detail essential business developments
- Detail future development options
- Identify and mitigate SAP corporate risks
- Detail resource implications
- Seek approval for the recommendations

## 2. Background

SAP has been live since April 2009 and is used for Finance, Procurement, Human Resources, Payroll, Performance and Risk.

In addition SAP is used to provide payroll services to external clients including Police, Fire, and Schools inside and outside of Wiltshire including Academies.

The KPMG SAP Post Implementation Review report from November 2010 stated:

- a. the overall finding by KPMG that “Ultimately Wiltshire Council achieved a great deal in successfully implementing a major SAP system”;
- b. the decision to go live on 1 April 2009 was bold but appears to have been the right one; and
- c. that project initiation and planning was well organised and co-ordinated, a good standard of project documentation existed and that the Council’s SAP trainers showed a great deal of dedication.

At the time the report also stated:-

- a. that conflicting and competing priorities within the council at the time resulted in limited capacity and resources for the project;
- b. there are currently no plans to further invest in SAP so as to drive out further efficiencies in other areas of the business;  
*These proposals address this issue*
- c. planned head-count reductions will mean that it is likely future projects will have to consider the use of contractors where internal capacity and/or skills are limited;  
*IT restructure and ICT cross training address this*
- d. some service areas felt uncomfortable with the pace of the project and struggled to provide sufficient resource to manage the necessary business change activities that were delegated to them.
- e. Technology works but some cultural (behavioural) issues to address.

### **3. Business drivers for change**

The need to rationalise, improve, and further develop SAP is driven from:

- corporate plans to improve efficiency and effectiveness
- organisational restructuring
- recent discussions with DoR Process Owners and Business Leads
- responding to the challenges highlighted in the KPMG post implementation review
- return on investment

In brief, there is a need to:

- improve the user's experience of SAP
- reduce duplication of data,
- reduce the time and effort to maintain data,
- deliver meaningful, timely management information to service managers.
- deliver system efficiencies,

The SAP Support section moved into ICT in December 2010. SAP is listed as a core strategic application within the Information Services Technology Plan. ICT concentrate skills development and evaluate requests for new business functionality against core applications before looking to the market for a new application. SAP has to be further developed to fit the Information Services Technology Plan. Information within the system needs to be useful in meeting a defined business need; the application must be useable; the information must be accessible where it is required and the processes to maintain the information must be resilient. The revised ICT structure should broaden the knowledge base and our ability to support and exploit SAP but this will take time to embed.

### **4. Current implementation of SAP**

Recent discussions with DoR Process Owners and Business leads identified consistent issues with data, reporting, process improvements, Employee Self Service (ESS), Managers Self Service (MSS)

#### **Key issues**

##### **4.1 Data quality**

- Migrated from old systems and is out of date or not required
- Not being maintained due to restructuring and changes not being notified
- Missing data as data fields are not populated or are currently unavailable
- Incorrectly mapped data
- Ownership of data in SAP is not well-defined

## **4.2 Reporting**

Developments in the following areas:

- Consistent approach to reporting
- Reports are being published that are too complex
- Accurate, timely, management information for service managers
- Data for organisational establishment control
- Integration of data from different databases
- Need for improved quality assurance / exception reporting
- Integrated knowledge development plan for in-house resources

## **4.3 Process improvements**

- Ability to produce contracts of employment from SAP
- Introduction of electronic forms and automation of workflows
- Increased use of interfaces to and from applications

## **4.4 ESS/MSS**

- Mixed user experience as reports are cumbersome
- Improved confidence or desire to use SAP
- Budget management not offering some budget holders the means to manage their own budgets
- Reliance on central HR and Finance staff to provide management information to managers
- Training

## **5. The way forward**

There are three categories that need to be addressed, resourced and delivered:

- Implementation improvement issues
- Short to mid-term essential business developments
- Future Projects that are to be addressed as part of a SAP development programme

### **5.1 Implementation improvement issues**

There are a number of outstanding actions that remain unresolved with the current implementation, These are as a result of use of the systemsince implementation and identifying processes that need to be refined or that have changed.

Workarounds have been developed to overcome these issues due to other priority work taking precedence over close-out of these actions. The outstanding issues are detailed in Appendix A.

By resolving these issues we can reduce the recurring support and reliance on the SAP Support team and remove the workarounds used by the business.

This is aligned to phase one of the Information Services Technology Plan where we need to build in resilience into core systems.

## **5.2 Essential business developments - short to mid-term**

A number of short to mid-term business development requirements were identified. These are small discreet projects required in their business areas that once addressed, mitigates recurring support issues and reliance on the SAP Support team. These are detailed in Appendix B.

By delivering these projects we can mitigate the recurring support issues and reliance on the SAP Support team.

This is aligned to phase two of the Information Services Technology Plan where we need to consolidate and standardise our core systems

## **5.3 Future SAP developments**

The current future roadmap for SAP contains 25 projects. Some of these have been investigated and costed. However there is no allocated budget and the projects have not been fully quantified and evaluated by the business. Therefore future development proposals may not be delivered within current funding or resources.

During recent consultation with DoR Process Owners and Business Leads, the projects were prioritised in categories of very high, high, medium and low. These are summarised in Appendix C with more detail of each project provided in Appendix D. A priority list has been completed for delivery in 2011/2012 within the recommendations section.

The future SAP projects are aligned to phase 3 of the Information Services Technology Plan where we will exploit our core systems to drive service performance.

## **6 Risks**

The following list documents the potential impact on SAP, as outlined in the SAP Corporate Risk Action plan, if no action is taken to address the implementation issues or programme of future developments of SAP. The SAP Risk Action plan is included in Appendix E.

- Negative impact on reputation of SAP - despite the fact it works well
- Delayed future benefit realisation - unclear where savings are possible and/or being made
- SAP not optimised
- Continued use of work-arounds with resulting inefficiencies
- Possible non compliance with statutory arrangements - reputation could be affected.
- Lack of accurate corporate reporting

## 7 Conclusions

In summary the major issues fall into three main categories:

- The underlying data quality should be improved
- The reporting and visualisation of the data is difficult for users to manipulate
- Business processes are not well aligned with SAP leading to duplication of effort.

It is very clear that SAP is not in a position to be developed further until all implementation issues, and identified essential business developments have been addressed. These can be achieved quickly, unresolved implementation issues would take 2 months and the essential business developments would take 6 months to complete.

## 8 Recommendations

- A dedicated Project Manager is required.
- All implementation improvements implemented.
- All short to mid-term business requirements to be delivered.
- Future development projects need to be delivered as set out in the Recommendations section, although they are currently unfunded or resourced at this time

The implementation issues (8.2) and short-term essential business developments (8.3) will be completed in 2011/2012.

	Resource in dedicated person days	Logica Cost
Implementation issues	SAP Support - 70 Payroll – 26 Finance – 10 HR – 7 Business Support – 30 CPU - 2	£20,000
Essential Business Developments	SAP Support - 158 Payroll – 29 HR – 63 Business Support – 2 CPU - 18	£35,000

The prioritised future projects (8.3) will be started in 2011/2012 but completion of some will continue into 2012/2013.

### 8.1 Dedicated Project Manager

A dedicated Project Manager will be required to ensure control and delivery of addressing the implementation issues, the short to mid-term business developments and the future development projects.



**Recommendation is for Sally Rose to be nominated as the Project Manager. Sally will work within the ICT Programme section where she can pull from programme resources where required. A Logica consultant will be bought in to backfill in the SAP Support team for one month only funded from the ICT Programme budget.**

## 8.2 Address implementation issues

We have the capability within DOR to address all of the implementation issues; however, capacity is an issue which must be addressed. The following table gives an indication of the resource and **dedicated** time in person days it would take to resolve the issues. A detailed breakdown of each individual issue and resource requirement is included in Appendix A:

Issue Owner	Number of issues	Who and how long, in <b>dedicated</b> person days, to resolve
Payroll	8	SAP Support – 11 Payroll – 26 Finance – 3
HR and OD	3	SAP Support – 7 HR - 7
Finance	11	SAP Support – 27 Business Support – 20 Finance - 7
Procurement	5	SAP Support – 25 Business Support – 10 CPU - 2

**All improvement issues need to be resolved. This will require dedicated resource from the SAP Support team and the business. A contingency of £20,000 should be made available to cover any additional costs to Logica that may occur resolving some issues. Funding is available for this.**

## 8.3 Deliver short-term essential business developments

We have the business knowledge, some of the capability but could require further knowledge transfer or consultancy to deliver the short to mid-term essential developments. Insufficient knowledge across our internal capacity is an issue that has been identified and needs to be addressed.

Process Owner	Number of projects	Who and how long, in <b>dedicated</b> person days, to deliver
Payroll	2	SAP Support - 10 Payroll - 10
HR and OD	11	SAP Support – 42 HR – 63 Payroll – 19
Procurement	8	SAP Support – 106 Business Support – 2 CPU - 18

**All of these essential development projects need to be completed. This will require dedicated resource from the SAP Support team and the business. A contingency of £35,000 should be made available to cover any additional costs to Logica that may occur delivering these projects. Funding is available for this.**

#### **8.4 Prioritise Future Projects**

We have the business knowledge, some of the capability but would require further knowledge transfer, consultancy, implementation expertise and other support e.g. from 3<sup>rd</sup> party providers to deliver the SAP Future Development / Projects.

There is a requirement from the business to play a key part in helping to shape the plans and provide input of the right level of business knowledge to ensure that the blueprint, design and implementation of the future projects are a success.

There are projects that are still in the analysis stage that we are aware of and will need to be factored into this year's roadmap once the requirements are known, these are:

Carefirst  
eRecruitment integration/interface  
eLearning interface

The predicted costs of the priority projects identified during recent consultation with DoR Process Owners and Business Leads are £200,000 which is currently unfunded. This requirement will be evaluated as part of the ICT 11/12 budget analysis which is currently underway and options for delivery will be presented accordingly.

The following table shows the projects in priority order:

The following table shows the recommended project priority list as agreed with the DoR Process Owners and Business Leads:

Project	Key Benefits	Summary	Resources required	Est. delivery time
Publication of Organisational Charts & information on ESS/MSS	<ul style="list-style-type: none"> <li>• Enables better decision making around re-structures or team reorganisation and identifying data which needs to be cleansed</li> <li>• Enhanced functionality available to HR, including 'drag and drop' structure changes and 'what-if' modelling for organisational change</li> <li>• Targeted organisational charts available to all managers via the SAP portal with ESS users able to access data about their teams.</li> <li>• This provides the mechanism to meet Government open data requirements to publish an online structure chart</li> </ul>	HR Business partners have access to Organisational charting; this project extends the functionality to managers and staff.	SAP Support Logica	2 months
SAP Reporting	<ul style="list-style-type: none"> <li>• Focus and prioritise reporting resources to enable much needed Management Information to be delivered efficiently and effectively</li> <li>• Be able to respond more efficiently to requests from senior management, politicians and for FOI</li> <li>• Have clear consistent approach across the council to maximise VFM</li> </ul>	There is insufficient reporting resource in the SAP support team and the opportunities of SAP reporting are not being fully exploited.	Business Leads & Service Depts SAP Support Applications Logica	6 months

<p>SAP / Line of business interfaces – Review</p>	<ul style="list-style-type: none"> <li>• Reduced risk of negative press and exposure to legal action for the Council - for instance Housing Benefit payments being sent late</li> <li>• Improved service to corporate customers and reduction in delayed payments to suppliers - for instance payments to taxi drivers</li> <li>• Less manual intervention and duplicate data entry required which therefore reduces the risk of incorrect data being entered and improves processing time and efficiency</li> </ul>	<p>There are currently around 30 interfaces which are highly visible and business-critical between SAP and existing line-of-business systems. There are opportunities to review, improve and increase the interfaces.</p>	<p>Business Leads &amp; Service Depts SAP Support Applications Logica Line of Business Application Suppliers</p>	<p>6 months</p>
<p>Large Volume Data Manipulation Tool</p>	<ul style="list-style-type: none"> <li>• Introduces an opportunity to improve staff productivity in the way large volumes of data are managed and improve the data quality held in SAP</li> <li>• Allows payroll to automate the process of migrating payroll data for new business e.g. Academy Schools, Fire service etc</li> <li>• Creates an auditable record of data manipulated or created</li> </ul>	<p>An indicative cost for a Data Manipulation Tool that is commonly used by SAP clients has been obtained and is approx £30,000.</p>	<p>Supplier of product SAP Support Business Leads to identify users</p>	<p>2 months</p>
<p>e-forms</p>	<ul style="list-style-type: none"> <li>• Reduced processing times which adversely affect Accounts Payable Payees and Accounts Receivable customers and prevents forms from going missing</li> <li>• Reduced staff overhead through reduction of input effort and data</li> </ul>	<p>Not Started</p>	<p>Business Leads &amp; Service Depts SAP Support Applications</p>	<p>12 months</p>

	<p>duplication/re-keying</p> <ul style="list-style-type: none"> <li>Improvement in data quality and accuracy, therefore corporate reporting will become accurate</li> </ul>		<p>Logica</p> <p>Application Vendor</p>	
Budget Management	<ul style="list-style-type: none"> <li>Enables effective budget management by managers rather than accountants by providing easy to use reports, accessed by using Managers Self Service (MSS)</li> <li>Provides visibility of the budgeting process and gives a clear audit trail of budget management</li> <li>Simplifies the changes required to support organisational restructuring</li> </ul>	<p>Finance is in the process of analysing the requirements so that the necessary blueprint and the resulting development work can be carried out.</p>	<p>Corporate Finance</p> <p>Business Leads &amp; Service Depts</p> <p>SAP Support</p> <p>Logica</p>	<p>18 months</p>
Profit Centre Accounting	<ul style="list-style-type: none"> <li>Increased reporting options by introducing service area accounting</li> <li>Improved Balance Sheet Reporting</li> <li>Accurate information to support an improve the Accounts Receivable - Debt Management function</li> </ul>	<p>Work has started to consider using a PCA approach.</p>	<p>Corporate Finance</p> <p>Business Leads &amp; Service Depts</p> <p>SAP Support</p> <p>Logica</p>	<p>18 months</p>