

eFinancePLUS

Enterprise Resource Planning Program Summary

Important Notification

The accompanying program, product, investment and other information provided in this presentation is part of on-going negotiations between the MC•OECN and SunGard K-12. As such, all information contained herein is subject to change without notice. The MC•OECN will make every attempt to notify ITCs and LEAs of any significant changes should they occur.

The Current Environment

“Classic” and “Redesign” State Software

A majority of Ohio school districts and other educational entities have been using state-developed school accounting and payroll systems collectively known as “State Software” for over 35 years. This software was originally developed in Cobol. It was provided as a hosted service by a network of regional data centers. These data centers are known as the Ohio Education Computer Network Information Technology Centers or “OECN ITCs”.

There are two major concerns impacting the future of the current State Software system:

- The system is primarily hosted on the Hewlett-Packard “Alpha” platform. The Alpha is an aging platform considered end-of-life by the manufacturer.
- Although State Software has been enhanced during its life cycle, the architecture of the system is considerably antiquated. Continued enhancement is neither cost effective nor practical.

For the reasons noted above, and in response to customer demand for a more modern software product, State Software is being re-engineered from the ground up. Due to the complexity of developing an entire new system within the constraint of available resources, a design decision was made to build a modular platform capable of being enhanced while intentionally limiting the initial feature set to one that matched the software being replaced. To differentiate the two products, the original software is known as “Classic” while the new implementation is called “Redesign”.

The Current Environment

School Financial Operations – The Scale of this Work and Why it is Important

Ohio is the 7th most populous state with approximately 11.6 million residents and 1.8 million students. Different ways to express the operational scale of K-12 education in Ohio include:

- 3,580 Buildings generating an estimated 86,000 utility bills
- 85,647 Teachers and Administrators earning 2.23 million annual paychecks
- Combined annual budgets of approaching \$17,450,000,000 (\$17.45B) leading to the generation of more than 7,356 monthly financial reports.

Educating students is the mission. Achieving this requires efficient financial systems to support the business operations of school districts – finance, accounting, human resources, payroll, and inventory management.

The track record for the State Software-based fiscal service delivered by the OECN ITCs is a great story to tell. By adopting common software and common platforms the ITCs developed a “de-facto” standard which lowered operational costs for school districts.

This standard has driven affordable school operational management by enabling:

- Centralized software development
- Shared professional development resource
- Common reports
- An available and knowledgeable user base
- Lower auditing costs
- Lower state and federal compliance costs
- Improved business owner and public confidence

Inflection Point

State Software has many loyal users, based in no small part on the affordability and other advantages previously noted. At the same time, current unknowns with State Software “Redesign” may impact future adoption. Two issues commonly cited are:

- Not currently production-ready and no guarantee when it will achieve this status
- Districts’ needs and desires for additional features

For many districts State Software “Redesign” remains a viable alternative with a low total cost of ownership (TCO) and a straightforward conversion path. Other districts express the desire for “more features, mature software, ready to go”. Regardless of this choice one outcome is clear – districts will need to move to a new fiscal package.

What is an “ERP”?

Historically, State Software has proven to be a stable platform with limited “frills” that meets the basic needs of most districts. To complement the basics, many districts have licensed add-on products to extend the feature set. This approach is called “best of breed” when the market for a given function is large enough to allow choice among several possible alternatives – the district can select the product which best fits their local requirements.

The extent to which these packages integrate with State Software – and the quality of those integrations – can vary significantly from one vendor to another. Other aspects, like the type and design of the user interface, hardware needed, or where the software is hosted create boundaries between applications. Still another type of boundary may occur if different departments or centers within the district acquire their own solutions. Collectively these logistical, technical, and political boundaries form operational silos built around different software and/or functions in the district.

The Enterprise Resource Planning “ERP” tool differs greatly from the “best of breed” or independent silo environment described above. An ERP system is created from close alignment of modules within one software package, each sharing a common user interface design, common database tool, common hardware platform, common security management, and common reporting tools. This tight integration creates a more efficient and effective software solution. An ERP package is typically comprised of a base functionality plus an extensive set of modules. Districts can choose which modules are needed to meet their operational requirements, with the potential for greater cost savings and operational efficiency than can be achieved by the best of breed approach.

Districts needing an expanded feature set expressed an interest in further exploration of ERP systems as an alternative to State Software.

Overview of the MCOECN ERP Selection Process

After an extensive evaluation process the MCOECN and Member Information Technology Centers announce a partnership with SunGard K-12 to acquire eFinancePLUS Enterprise Resource Planning System for Ohio's K-12 schools. This section provides an overview of the selection process leading to this announcement.

The goals of the ERP program are:

- Reduce acquisition costs for all participating districts through an enterprise licensing program achieved through economies of scale enabled by school district and ITC participation and commitment
- Reduce implementation costs, build capacity and expertise to assist schools with ERP adoption that leads to school district efficiencies achieved through improvements in business processes
- Reduce technology infrastructure operating costs
- Focus support resources on end-user software use and adoption
- Understand and mitigate shared platform migration risks
- Build "communities of practice around ERP adoption, implementation and on-going use

The MCOECN conducted a competitive selection process which started with a Request for Response- Intent to Qualify (RFP-ITQ) open invitation published on June 9, 2015. The RFP-ITQ document described desired aspects of a successful acquisition which included functional, technical, and relationship requirements. The deadline to respond was July 13, 2015.

Six vendors responded. A committee of MCOECN Member ITC executives reviewed and scored each proposal for completeness, adherence to the described requirements listed in the RFP-ITQ document, and an initial review around total cost of ownership. Of six, three were selected for the next evaluation phase.

For the second evaluation phase each vendor demonstrated how their product would handle a series of six detailed use case scenarios provided by the MCOECN. These demonstrations were conducted in early November 2015. Over 50 ITC and district staff consisting of Treasurers and accounting, payroll, and human resource specialists participated for three days to score each vendor based on completeness, business logic, user interface, perceived risks, and response to questions. Evaluations in each of these categories were weighted to produce an overall score for each vendor. All three vendors advanced to the next phase.

The third evaluation phase consisted of day-long interviews with each vendor to evaluate relationship, implementation, marketing, and technical aspects of each proposal. Again, a structured evaluation instrument was used to score each vendor. This phase was conducted in early December 2015 by a small team of MCOECN employees and ITC Directors from MCOECN Member ITCs. Following this phase one vendor was removed from further consideration, one

Overview of the MCOECN ERP Selection Process (continued)

advance conditionally (requiring additional clarification around implementation costs), and the third advanced unconditionally.

Clarification from the second vendor was received mid-January 2016, and this vendor was removed from further consideration after review of the additional information.

Although no longer competitive, the remaining vendor was not informed of their status until the final evaluation phase was complete. The fourth and final phase involved one and a half days of additional product demonstrations on nine additional use cases, for a total of 15 use cases spanning Phase 2 and Phase 4 of the evaluation. The demonstration was scored using a similar instrument as used in Phase 2. The product demonstration occurred during the first week of February 2016.

It is important to note SunGard scored highest for both the functional (Phase 2) and relationship (Phase 3) evaluations. Following the satisfactory completion of the final use case demonstration, the MCOECN proceeded with negotiations with senior officers of SunGard K-12 to draft an agreement around acquisition of the eFinancePLUS ERP solution.

The RFP-ITQ spanned seven months, included over fifty evaluators from ITCs and school districts, and was comprised of an estimated 5,352 people-hours of effort. This would be equivalent to 3.25 FTE.

ERP Components – What’s Included

Hosting – MCOECN

Data Center

- City of Westerville Owned
- Managed and Operated by Involta
- 100% power uptime SLA
- Separate power feeds from 2 providers
- Generator backup
- Monitored 24x7x365
- Two-factor authentication (badge and biometric)

Infrastructure

- Redundant architecture – no single point of failure
 - Server, Storage, Network fully redundant
- High performance, auto-tiered, scalable SSD backed storage
- Current Intel CPUs (i.e. Haswell)
- Highly configurable network services including load balancing
- 20 Gb redundant ring connection to the OARnet backbone
- No ISP fees for intra-Ohio K-12, Government or HED traffic
- Highly scalable: from hundreds to thousands of VMs

Remote Systems Administration – SunGard K-12

Operating System Admin

- Monitor & modify operating system parameters
- Install operating system patches
- Provide first level of diagnosis of system hardware problems
- Monitor hardware reliability, check error logs, and initiate corrective action
- Oversee backup procedures
- Perform recovery of specific files and/or entire systems
- Create and maintain cron jobs, scheduled tasks and printer configurations
- Monitor system performance and tune operating system parameters for maximum efficiency
- Monitor disk and file system utilization/permissions and adjust as needed
- Administer network connectivity settings
- Administer printer connectivity
- Create or Modify default gateway

Management

- Serve as a point person for all communication between MCOECN and SunGard K-12
- Part of integrated helpdesk
- Oversee system on daily and basis and report administrative activities

ERP Components – What’s Included

Remote Systems Administration – SunGard K-12 (continued)

Database Admin

- Maintain database security and permissions
- Perform backup and restoration of specific database tables or an entire database environment
- Perform checks for data consistency and monitor database performance
- Monitor and modify data allocation
- Add database space
- Export and import databases as required
- Create test (or other special purpose) databases as required
- Install database system upgrades or downgrades as required (if included)

Security Administration

- Monitor system access via the Internet (SecureLink)
- Investigate attempted security breaches
- Monitor application software utilization and setup for correct authorizations
- Monitor file and database permissions and accounts

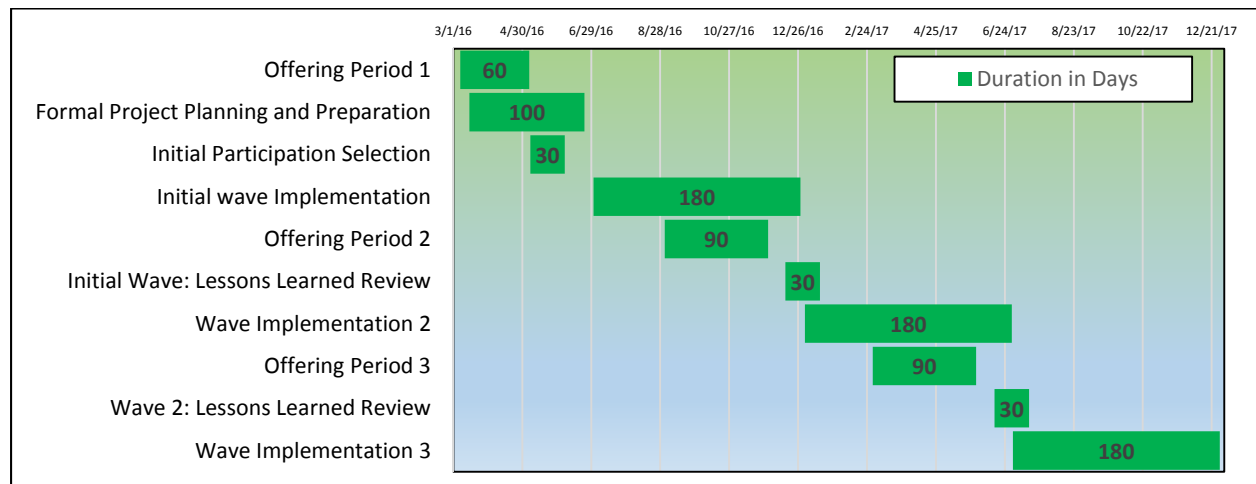
Implementation Strategy Overview

SunGard K-12 is providing a proven implementation methodology following Project Management Professional (PMP) best practices. Sungard K-12’s methodology has been used in hundreds of implementations nationwide, including previous statewide implementations. It will be tailored for the specific needs of the Ohio K-12 market. Elements of the implementation plan include pre-implementation planning, training, configuration, data conversion, data verification, test pilot parallels, end-user training, final pass data conversions, and go-live support.

The implementation methodology will leverage elements of the existing OECN fiscal support infrastructure to create similar economy of scale as delivered by OECN ITCs today. This includes creation of common, standard practices and supporting materials – such as templates and eLearning content – which can be reused for efficient configuration, conversion, and implementation. Implementation will be conducted in groups of school districts, with the number of groups or “waves” of districts scaled in coordination with ITC training and implementation capacity.

As part of their commitment to the Ohio implementation, SunGard K-12 will provide an “ITC University” program of extensive training, support materials, eLearning, configuration/set-up plans, and train-the-trainer certifications to enable ITCs to effectively implement and support the application for their districts. ITC University will also deliver ongoing training and certification seminars for additional module implementation beyond the core products and to assist ITCs to managing in the event of staff turnover. SunGard K-12 is dedicated to the long-term support of ITCs and districts for successful implementation and use of eFinancePLUS in Ohio.

Program Management Timeline



District Investment Overview

Implementation

MCOECN or ITC Wave Based Training

Minimum of 8 Districts per Wave or 8 Districts per ITC

Implementation Components	Description	Base Bundle	Full Bundle
Training (includes on-site and remote)	All modules within eFinance Plus (Bundle) that the client wants to implement	\$60,000	\$72,160
Remote Project Management		\$28,000	\$28,000
Payroll Parallel Assistances	3 Parallel training/support sessions. 2 Districts per session	\$15,360	\$15,360
Unlimited Seminar Participation	Ohio Specific. Conducted remotely in 1/2 day increments focused on process activities	\$18,000	\$18,000
Implementation Support		\$20,000	\$20,000
Conversion Toolkit & Programming Support	SunGard will update conversion templates for 5 years*		
Optio Toolkit (Forms)	Sungard will train ITC staff to customize District's AP, Che and PO Forms	\$3,750	\$3,750
	Total Wave Cost	\$145,110	\$157,270
	Investment Per District	\$18,139	\$19,659
Estimated Travel Costs	8 Trips @ \$1,940 per trip	\$15,520	\$15,520
Estimated Wave Costs	Estimated Total Wave Cost with Travel	\$160,630	\$172,790
		Estimated Wave Cost Per District	\$20,079

Notes

Each Wave includes up to 8 School Districts. Class size is limited to 20 participants.

Usage Fees

Use Fees (Software Licenses, Hosting & Support)

EFinancePLUS v 5.1 Base Bundle (Core Applications + Third-Party)

District Type	Enrollment		Year 1	Year 2	Year 3	Year 4	Year 5	Total	avg.
	From	To							
A	1	3,166	\$8.27	\$1.72	\$1.75	\$1.77	\$1.79	\$15.30	\$3.06
B	3,167	6,392	\$7.95	\$1.69	\$1.71	\$1.73	\$1.76	\$14.84	\$2.97
C	6,393	18,063	\$7.63	\$1.65	\$1.68	\$1.70	\$1.72	\$14.38	\$2.88
D	18,064		\$7.19	\$1.61	\$1.64	\$1.66	\$1.68	\$13.77	\$2.75
	avg.		\$7.76	\$1.67	\$1.69	\$1.71	\$1.74	\$14.58	\$2.92

EFinancePlus v 5.0 Full Bundle (Core + Third-Party + Optional Applications)

District Type	Enrollment		Year 1	Year 2	Year 3	Year 4	Year 5	Total	avg.
	From	To							
A	1	3,166	\$11.37	\$2.46	\$2.50	\$2.53	\$2.56	\$21.42	\$4.28
B	3,167	6,392	\$10.90	\$2.41	\$2.45	\$2.48	\$2.51	\$20.76	\$4.15
C	6,393	18,063	\$10.45	\$2.38	\$2.41	\$2.44	\$2.48	\$20.15	\$4.03
D	18,064		\$9.84	\$2.31	\$2.34	\$2.38	\$2.41	\$19.28	\$3.86
	avg.		\$10.64	\$2.39	\$2.42	\$2.46	\$2.49	\$20.40	\$4.08

If needed, there will be an option for school districts to finance the cost over the five year period. This will be based on financial need and the current interest fees at the time the district enters into the agreement.

District Investment Overview

Ongoing Investment (Sample)

Example Investment (Software Licenses, Hosting & Support)

EFinancePLUS v 5.1 Base Bundle (Core Applications + Third-Party)

Enrollment		Year 1	Year 2	Year 3	Year 4	Year 5	Total	avg.
A	1,583	\$13,096	\$2,727	\$2,764	\$2,800	\$2,838	\$24,225	4,845
B	4,780	\$38,008	\$8,074	\$8,181	\$8,290	\$8,401	\$70,954	14,191
C	12,228	\$93,336	\$20,232	\$20,502	\$20,775	\$21,052	\$175,898	35,180
D	18,064	\$129,820	\$29,154	\$29,543	\$29,937	\$30,336	\$248,790	49,758

Example Investment (Software Licenses, Hosting & Support)

EFinancePLUS v 5.1 Base Bundle (Core Applications + Third-Party)

Enrollment		Year 1	Year 2	Year 3	Year 4	Year 5	Total	avg.
A	1,583	\$17,261	\$3,821	\$3,874	\$3,928	\$3,981	\$32,865	6,573
B	4,780	\$49,943	\$11,354	\$11,513	\$11,672	\$11,831	\$96,312	19,262
C	12,228	\$120,359	\$28,262	\$28,657	\$29,052	\$29,448	\$235,778	47,156
D	18,064	\$192,244	\$43,178	\$43,782	\$44,385	\$44,989	\$368,578	73,716

More Information

- Program Portal: <http://www.sungardk12.com/mcoecn> (live 3-8-16)
- Frequently Asked Questions: *Coming soon*
- Your Local ITC <http://www.mcoecn.org/about-the-mcoecn/itc-locations>
- MCOECN Contact Address: Get-eFinancePlus@mcoecn.org

Live Weekly 90 Minute Webinars

<u>Date</u>	<u>Time</u>	<u>Link to Register</u>
<u>Friday, March 18th</u>	<u>10:00 –</u> <u>11:30 EST</u>	<u>Click to Register</u>
<u>Friday, March 25th</u>	<u>10:00 –</u> <u>11:30 EST</u>	<u>Click to Register</u>
<u>Friday, April 1st</u>	<u>10:00 –</u> <u>11:30 EST</u>	<u>Click to Register</u>
<u>Friday, April 8th</u>	<u>10:00 –</u> <u>11:30 EST</u>	<u>Click to Register</u>
<u>Friday, April 15th</u>	<u>10:00 –</u> <u>11:30 EST</u>	<u>Click to Register</u>
<u>Wednesday, April 20th</u>	<u>10:00 –</u> <u>11:30 EST</u>	<u>Click to Register</u>
<u>Friday, April 29th</u>	<u>10:00 –</u> <u>11:30 EST</u>	<u>Click to Register</u>