



JUNE 2018

PROGRAM BLUEPRINT EXECUTIVE SUMMARY



One Washington

A Business Transformation Program



Program Blueprint Summary

- Overview
- Guiding Principles
- Initiatives
- Recommended Staffing and Budget Estimates
- Funding and Financing Strategy
- Alternative Deployment Model
- Risk Management Approach

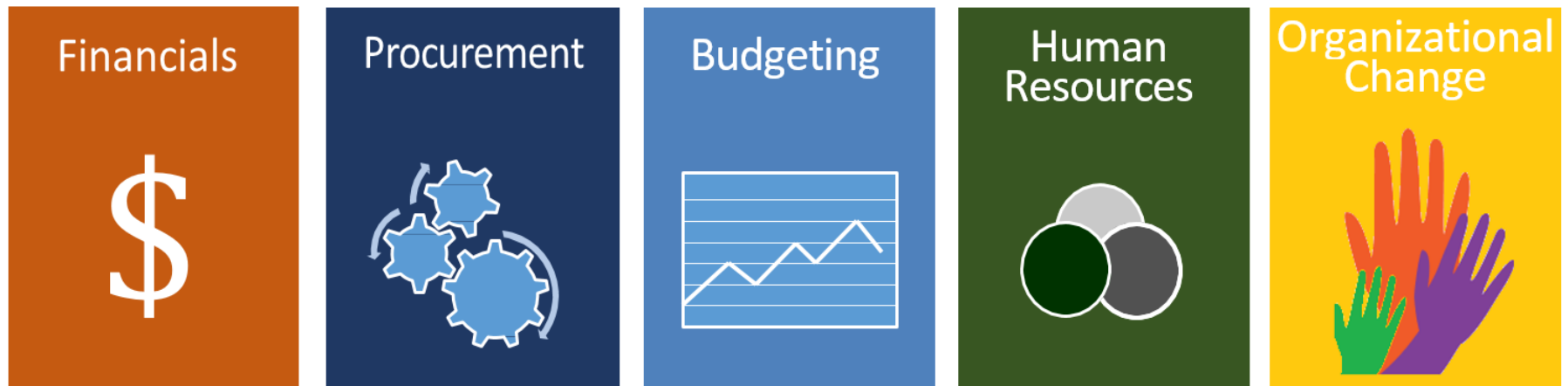
Overview



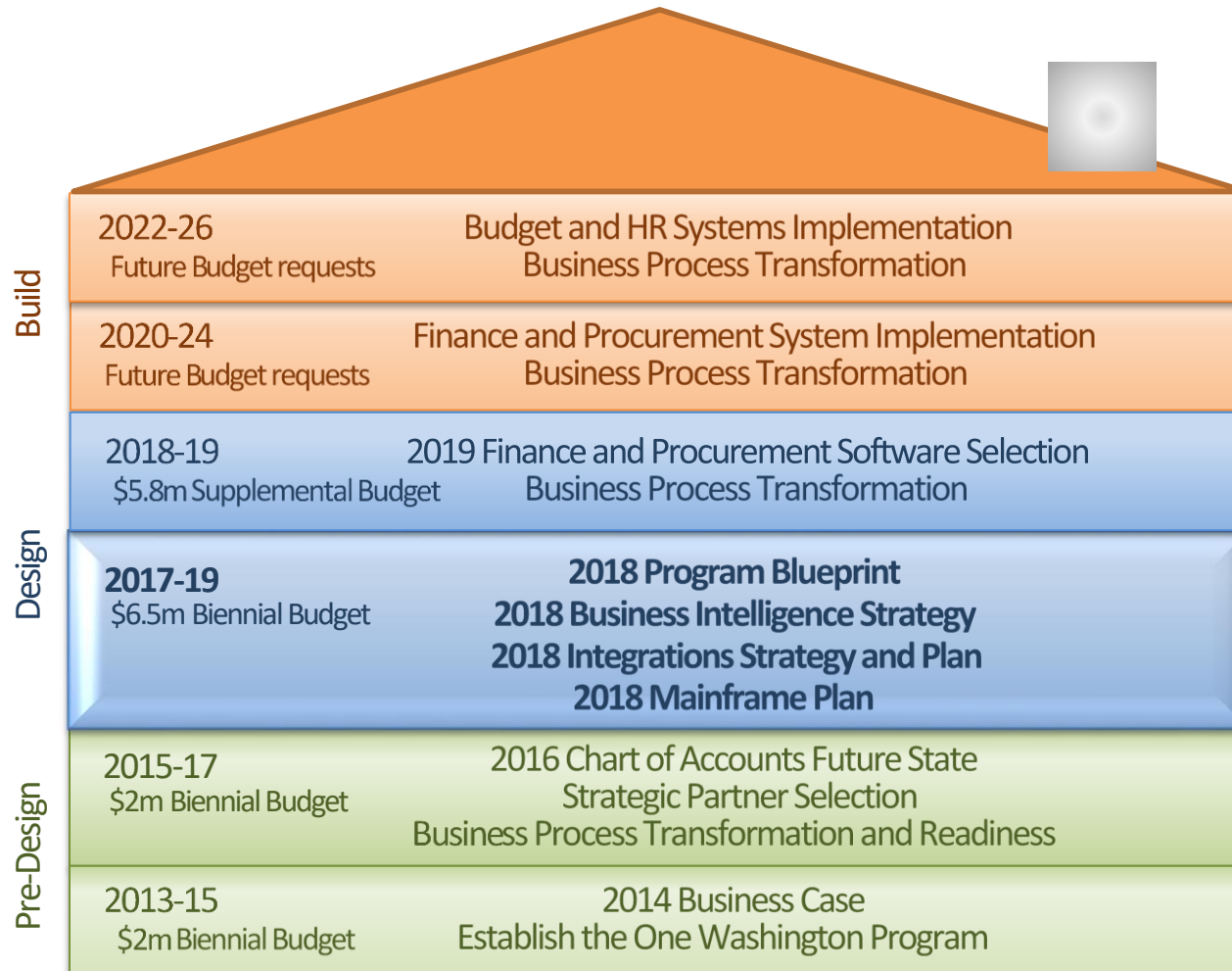
Program Overview

One Washington is a comprehensive, business transformation program to modernize and improve aging administrative systems and related business processes common across state government.

There are four key business areas with change management touching all areas:

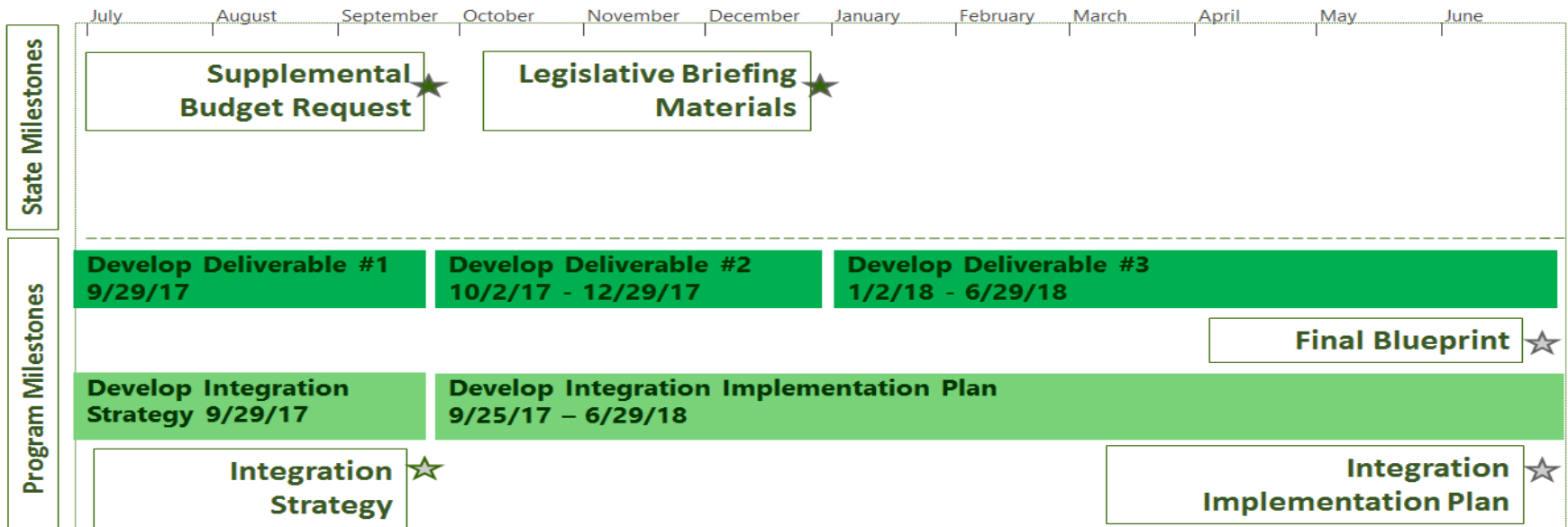


Building the One Washington Program

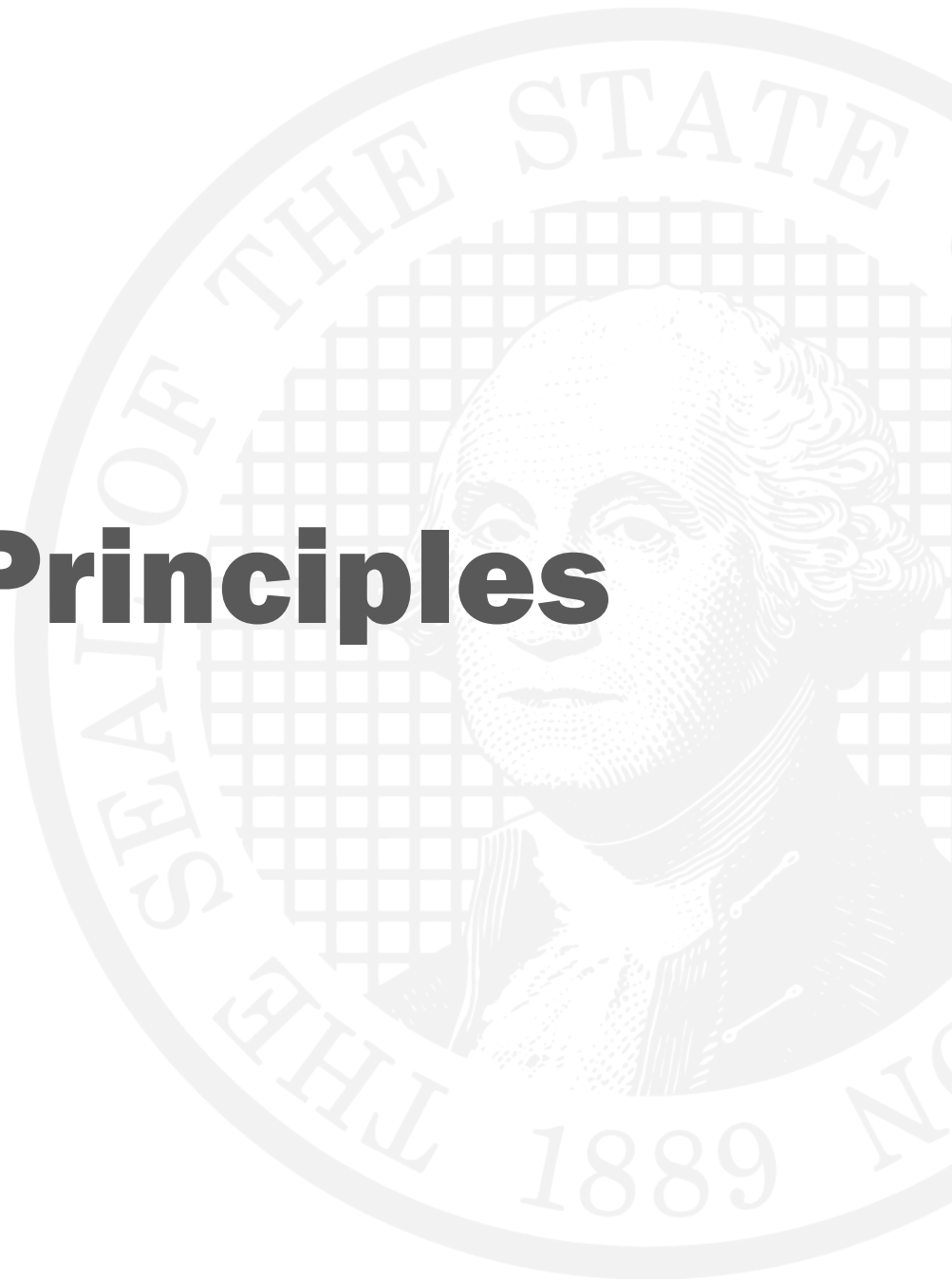


Blueprint Overview

- The Program Blueprint was developed in three versions:
 - Version 1 included foundational assumptions and detail for Finance and Procurement
 - Version 2 added implementation detail for Budget and HR/Payroll, and the Change Management Strategy
 - Version 3 added the Integration Implementation Plan, Business Intelligence, Performance Measures, Risk Management, Funding and Financing Strategy, and Agency Phasing Approach



Guiding Principles



Unified vs. Best-of-Breed

- In the unified approach, an organization implements and supports a single instance of a suite of software modules for each functional area from a single vendor
- In a best-of-breed approach, an organization implements and supports a compilation of different vendors and products, each based on specific needs in specific functional areas
- One Washington will give preference to a unified system to minimize complexity and maximize long term business value

Unified vs. Best-of-Breed

Unified Considerations	Best-of-Breed Considerations
An organization implements and supports a single instance of a suite of software modules for each functional area from a single vendor	An organization implements and supports a compilation of different vendors and products, each based on specific needs in specific functional areas
Provides functionality for common requirements across the various functional areas, with a common data model, data base, and user interface	Allows for very precise requirements in various functional areas
Integration is relatively less complex (all components in a single-vendor environment), with integration provided “out of the box” by the vendor	Integration is relatively more complex (typically multiple vendor environments are involved), requiring dedicated efforts on integrations, some of which may be delivered by the vendors
Relatively less change management to train end users on a common application	Relatively more change management to train end users on different applications
Relatively slower to implement because single-vendor integration means more comprehensive design required, but less complexity to future changes and upgrades as part of the same application	Relatively faster to implement because fit-for-purpose modules can be ‘plugged in’ to core system, but adds complexity to future changes and upgrades (e.g. testing)
Sample vendors include Oracle, Workday, SAP, CGI, Infor, etc.	Sample vendors include Salesforce, Round Corner (Grants Management), Periscope, Coupa, Amazon (eCatalog and Reverse Auctions), etc.

Unified vs. Best-of-Breed

Guiding principles:

1. Consider a unified approach for selecting and implementing the initial functionality of the Finance and Procurement systems
2. Maintain the option of selecting best-of-breed for Finance and Procurement business capabilities not met by the enterprise software solution
3. Consider a unified approach for the functionality of the Budget and HR/Payroll systems
4. Consider the unified approach while maintaining options for selecting software from the same or different vendors for Budget and HR/Payroll functionality scheduled for FY23

Technology Deployment Model

For the deployment model, One Washington considered both an on-premises deployment and Software as a Service (SaaS)/Cloud approach

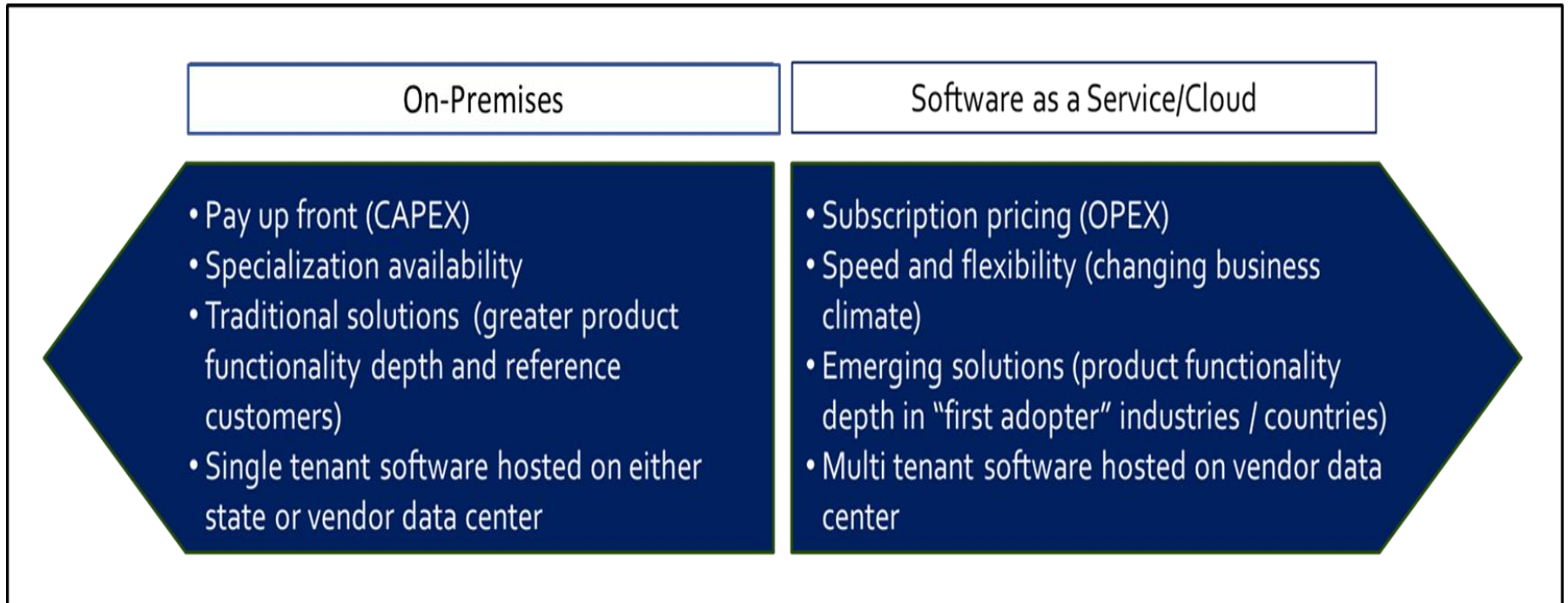
On-premises: the state would buy the complete code for its enterprise software and host on-site

SaaS: the state would subscribe to enterprise software that resides in the Cloud

Technology Deployment Model

A SaaS approach has been selected for the One Washington program.

Key distinctions between the two models:



Technology Deployment Model

On-Premises Considerations (Buy)	SaaS Considerations (Lease)
Allows significant organizational freedom to shape the software to business requirements	Software customization is limited to non-existent , but the solutions are generally highly configurable
This model allows for flexibility to perform technical hosting activities either internally or outsourced to a service provider	Software is not locally installed or owned ; it is accessed through the web or mobile applications
Fixed pricing model - customers pay a license fee and on-going maintenance charges	Variable pricing model - customers pay subscription fee per user and module
Enhancement patches and release upgrades must be done by the customer or a third party with specialized technical skills	The vendor releases patches, functionality enhancements, or full upgrades, so that the customer solution will be automatically updated
Requires dedicated staff with technical and business knowledge of the software	Requires dedicated staff with business knowledge to work with software vendor
Higher implementation cost , longer implementation cycle, longer cycle time between major functionality additions	Lower implementation cost , quicker implementation cycle, more frequent additions of new software functionality
Business requirements not satisfied by the software can be addressed via software customization (though not recommended), or business process redesign	Business requirements not satisfied by the software cannot be met with direct changes to vendors' baseline code , but can be addressed via Platform as a Service, on-premises middleware, or business process redesign

Technology Deployment Model

Guiding principles of One Washington:

1. SaaS strategy will be used for the One Washington enterprise software solution.
2. For planning purposes, SaaS strategy is assumed for Finance, Procurement, Budget and HR/Payroll.

Scope of Business Functions – Finance and Procurement

One Washington worked with stakeholders to establish scope for the Finance and Procurement business functions.

Finance – Initial Release Functionality	Procurement – Initial Release Functionality
General Ledger Accounting	Requisitions and purchase orders
Specialized accounting, e.g. project accounting, cost accounting, grantee accounting, Federal Highway accounting	Contract management
Budgetary control, e.g. encumbrances, commitment control	Receiving
Asset management and accounting	Sourcing, e.g. RFP, RFQ, RFX
Accounts payable	Supplier Relationship management
Accounts receivable	Category management
Travel and expense	Catalog purchasing
Cash management, e.g. local banking and cash control	Master data, e.g. suppliers, commodities
Master data, e.g. chart of accounts, payees, suppliers	Reporting and Business Intelligence
Reporting and Business Intelligence	
Expanded Release Functionality	
Grantor Management	Inventory Management

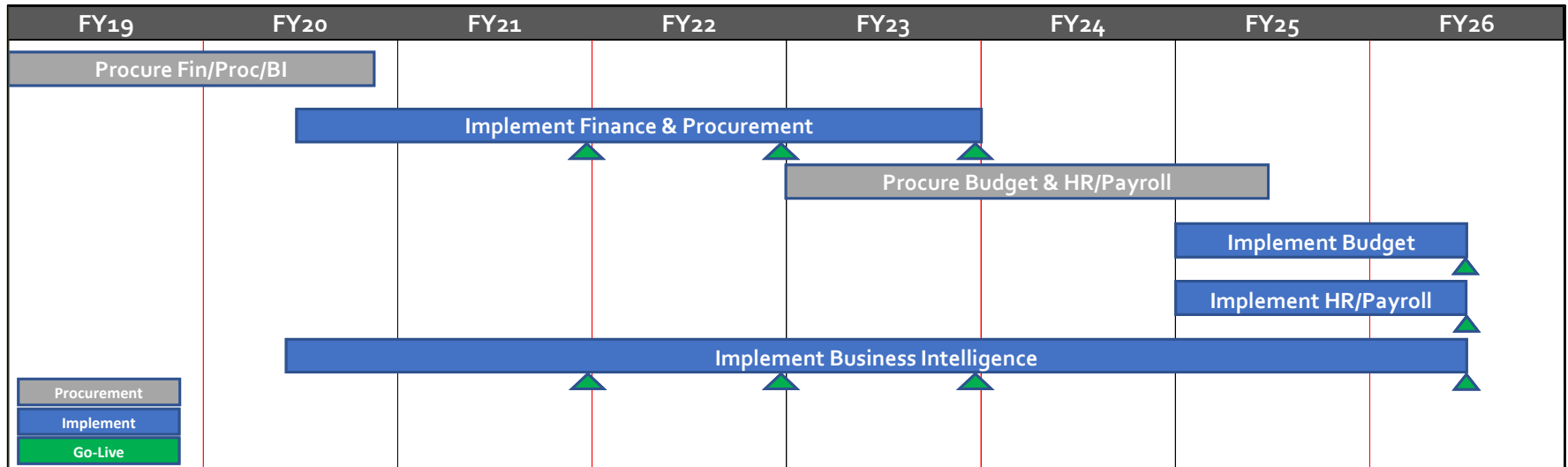
Scope of Business Functions – Budget and HR/Payroll

One Washington worked with stakeholders to establish the scope for the Budget and HR/Payroll business functions.

Budget – Initial Release Functionality	HR/Payroll – Initial Release Functionality
Operating, Transportation, and Capital budget	Payroll
Revenues and expenses	Primary HR functions e.g. hire, exit management, update employment data
Scenario planning and forecasting	Benefits administration (*Integration only)
Publishing the budget book	Position classification
Master data	Time and attendance
Allotments and spending plans	Compensation planning
Budgetary transfers	Recruitment
Linkage to performance measures	Development
Reporting and Business Intelligence	Labor relations
	Performance evaluation
	Health and safety
	Master data, e.g. positions, job descriptions
	Leave & Absence Management
	Employee/Manager Self Service
	Competency Management
	Reporting and Business Intelligence

Implementation/Phasing Approach

- Finance and Procurement will be deployed in three waves:
 - Wave 1: Initial roll-out
 - Wave 2: Remaining agencies
 - Wave 3: Reserved for agencies that require expanded functionality to meet their business needs
- Budget and HR/Payroll will be deployed in one release

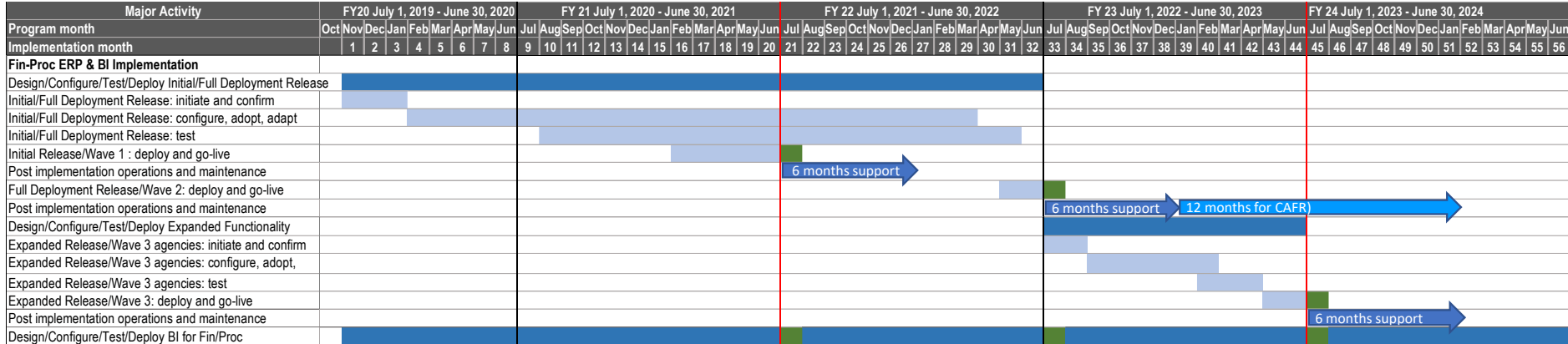


Finance and Procurement Deployment Waves

The deployment approach will lower technical risks, provide a longer runway for organizational change management, and decrease risk to target go-live dates.

Implementation Wave	Detail
Wave 1 Initial Release July FY22	<ul style="list-style-type: none">• DES (+ small agencies except for Payroll only)• DOC• DOH• Office of the Governor• OFM• Services for the Blind• Treasurer• UTC• UW (Integration only)• WaTech
Wave 2 Initial Release July FY23	<ul style="list-style-type: none">• All other agencies
Wave 3 Expanded Release July FY24	<ul style="list-style-type: none">• Agencies that require expanded functionality

Implementation for the Finance and Procurement Enterprise System






LEGEND	
Go-Live Month	█
ERP Implementation overall timelines	█
Implementation - waves/ Non-tech initiatives	█

Implementation for the Budget and HR/Payroll Enterprise System

Major Activity	FY 25 July 1, 2024 - June 30, 2025												FY 26 July 1, 2025 - June 30, 2026											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
Technical Infrastructure (if needed)																								
Budget & BI Implementation																								
Design/Configure/Test/Deploy																								
Full release all agencies: initiate and confirm																								
Full release all agencies: configure, adopt, adapt																								
Full release all agencies: test																								
Full release all agencies: deploy and go-live																								
Post implementation operations and maintenance																								
Design/Configure/Test/Deploy BI for Budget																								
HR/Payroll & BI implementation																								
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Post implementation operations and maintenance																								
Design/Configure/Test/Deploy BI for HR/Payroll																								

6 months support →

6 months support →

LEGEND	
Go-Live Month	
ERP Implementation overall timelines	
Implementation - waves/ Non-tech initiatives	

Implementation/Phasing Approach



Guiding principles of One Washington:

1. Consider a phased agency/phased functionality approach for implementation of the Finance and Procurement integrated software.
2. Consider an all agency/full functionality approach for the Budget and HR/Payroll software implementation.
3. Provide a unified system of record (SOR) for Finance, Procurement, Budget and HR/Payroll.

Selection and Procurement of the Finance and Procurement Software

The timeline to identify business capabilities and technical specifications for the competitive procurement process (CPP):

Major Activity	Spring FY18	FY19 July 1, 2018 - June 30, 2019												FY20 July 1, 2019 - June 30, 2020											
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Program month																									
Implementation month																									
Fin/Proc ERP & BI Capabilities Definition and Procurement Activity																									
Initial ERP Software Acquisition																									
Market research/ERP software demonstrations																									
Defining business capabilities/technical specifications																									
Drafting the CPP documents																									
Final merge and publish the CPP documents																									
Time for vendors to develop proposals																									
Evaluation, demos, orals, and selection																									
Negotiations and contracting																									
QA Services for entire program																									
Network infrastructure for initial functionality																									
Technical infrastructure for initial functionality																									
ERP infrastructure for initial functionality																									
Expanded ERP software acquisition																									
Technical infrastructure for expanded functionality																									
Specialized consulting services acquisition																									
		as needed/if needed												as needed/if needed											

LEGEND	
ERP Procurement Activity	
Milestone	

Software Selection Process for Budget and HR/Payroll

In FY23, One Washington will select the Budget and HR/Payroll software.

One Washington will:



- Evaluate whether to acquire software from the Finance and Procurement vendor based on:
 - Vendor performance
 - Fit to Budget and HR/Payroll business and technical capabilities
 - Cost
 - Experience of other states
- Conduct market research

If One Washington determines that it is in the best interest of the state to seek alternative solutions, a competitive procurement process may be conducted.

Selection of the Budget and HR/Payroll Software

Below is the timeline to identify business capabilities and technical specifications for Budget and HR/Payroll software.

Major Activity	FY 23 July 1, 2022 - June 30, 2023												FY 24 July 1, 2023 - June 30, 2024												FY 25 July 1, 2024 - June											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec						
Program month	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62						
Implementation month	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62						
Budget and HR/Payroll ERP & BI Capabilities Definition and Procurement Activity																																				
Software Acquisition																																				
Market research/ERP software demonstrations																																				
Defining business capabilities/technical specifications																																				
Drafting the CPP documents																																				
Expose draft CPP for review and comment																																				
Time for vendors to develop proposals																																				
Evaluation, demos, orals, and selection																																				
Negotiations and contracting																																				
Technical Infrastructure (if needed)																																				

LEGEND	
ERP Procurement Activity	
Milestone	

Integration Approach

- The strategy will leverage an integration layer to facilitate data exchange between legacy systems and enterprise software
- To prepare for implementation, One Washington:
 - Gathered agency system information
 - Identified standardized interfaces and conversions
 - Defined the activities that occur throughout the integration implementation lifecycle

Decommissioning Legacy Systems

One Washington worked with agencies to identify agency-level administrative systems that could be decommissioned as the enterprise system is deployed:

Agency Administrative Systems	
Retire	118
Keep	175
Solution Dependent	21
Total	314

Note: Numbers include Finance, Procurement, Budget and HR/Payroll functions

Interfaces

- One Washington collaborated with agencies to review their systems and identified 598 integration points with agency systems
- There are 142 unique interfaces within the integration points
- One Washington will consolidate and standardize interfaces:

Unique Interfaces	
Current state	142
Proposed future state	41

Note: Numbers include Finance, Procurement, Budget and HR/Payroll functions

Master Data Management

- Master Data is common data with agreed upon definitions for enterprise use
- The One Washington Master Data Management Strategy enables consistent and accurate information across enterprise business functions
- This strategy has several benefits:
 - Provides a single, authoritative version of the truth
 - Enables an integrated data source and information delivery to other applications
 - Creates operational efficiencies
 - Facilitates application interoperability
 - Enhances compliance

Master Data Management Governance

One Washington will establish an enterprise data governance structure for shared use across Finance, Procurement, Budget, HR/Payroll and Business Intelligence.

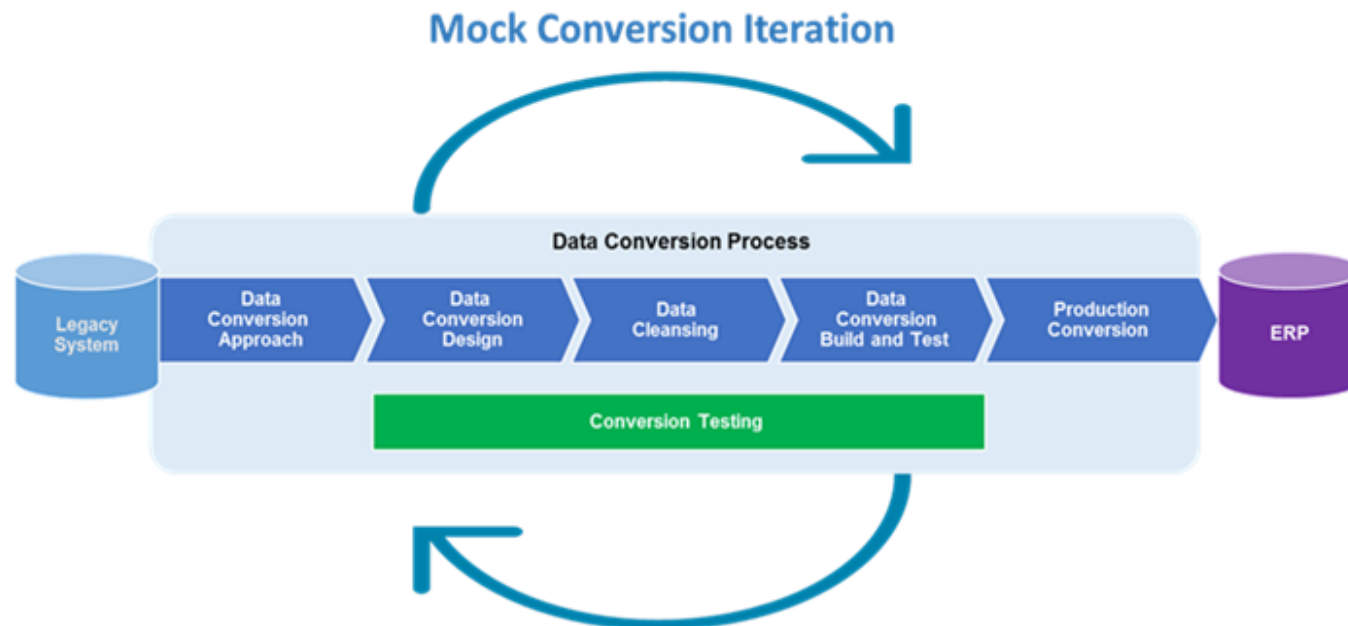
The governance process engages multiple stakeholders:



Data Conversion

The data conversion approach will leverage the integration layer to facilitate data transfer from agency systems that will be replaced by the enterprise software system.

- One Washington used the data gathered in the integration plan to define standardized data conversions.
- One Washington will use the process below to convert, validate and deploy data from legacy systems to the enterprise software system.



Reporting Capabilities

One Washington will employ the following approach:

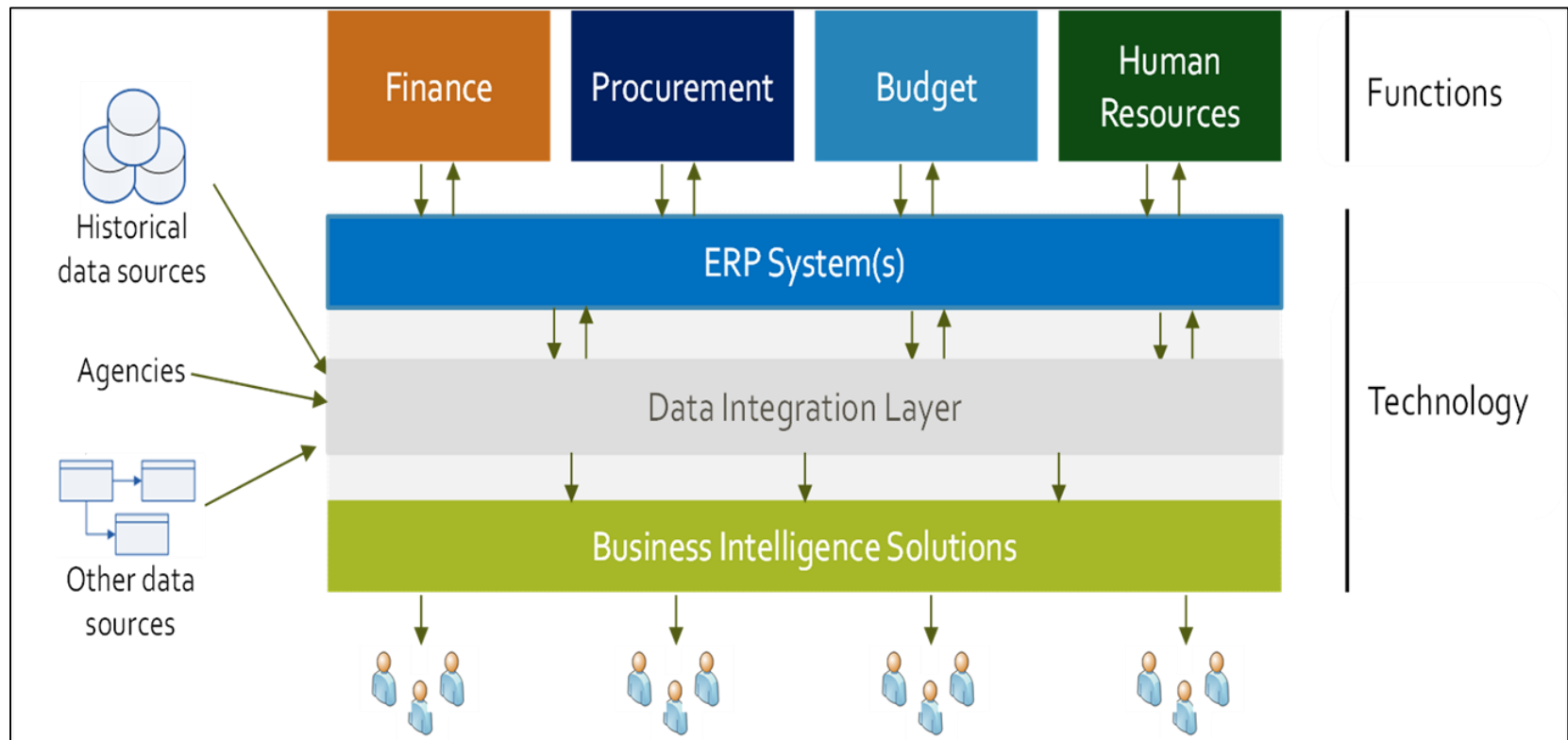
- Leverage the delivered reporting capabilities of the selected software solution
- Supplement the delivered reporting capabilities with custom reports
- Provide access for reporting on historical data in systems that are not converted or integrated into the enterprise system
- Use Business Intelligence (BI) reporting capabilities to perform descriptive and predictive analytics

Reporting Capabilities Illustrated



Business Intelligence

BI enhances the inherent reporting capabilities from the enterprise software solution with the ability to transform data into purposeful intelligence.



Security Approach

- The security approach for One Washington will align delivered enterprise software security with existing state security processes and policies
- The security implementation will focus on three areas:
 - Infrastructure Security – Includes connectivity, data and enterprise software platform
 - Data Security – Appropriate users have access to the appropriate data required for their role
 - Application Security – Users can only gain access through trusted authentication services

Change Management Strategy

- One Washington is a business transformation program
- Changing business processes involves people
- One Washington will collaborate with agencies in the following areas to promote successful adoption of the changes:
 - Stakeholder identification and engagement
 - Communications
 - Training
 - Business user engagement and business readiness planning

Performance Measures

One Washington will provide both program and operational performance measures, which is an industry best practice

- Program-level performance measures will:
 - Measure One Washington program targets
 - Align to program goals and benefits
 - Align to business outcomes for stakeholders
- One Washington will provide an initial list of operational performance measures for consideration to agency line of business owners for post-implementation adoption

Initiatives



Initiatives Beginning in Fiscal Year 2019

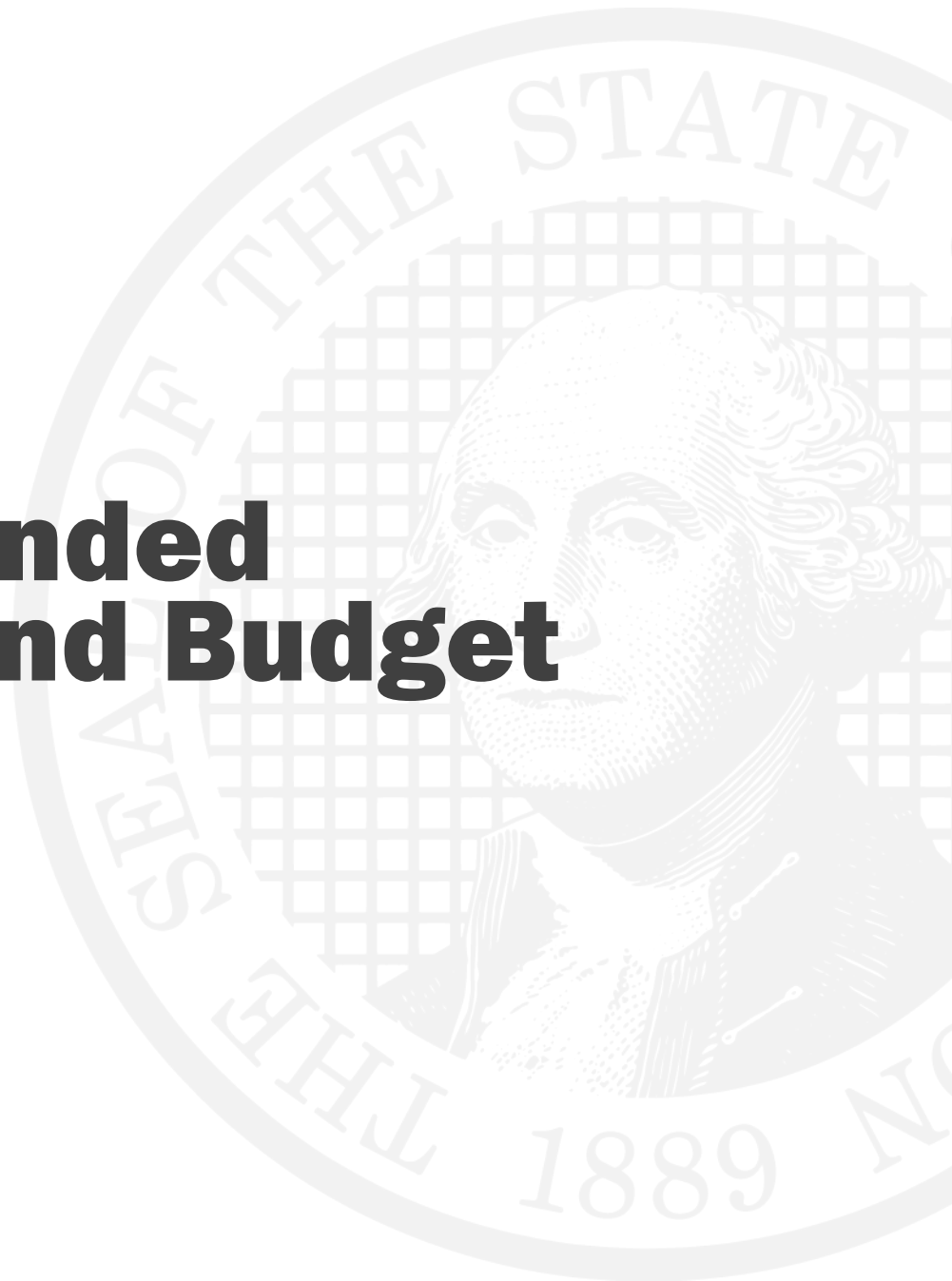
Initiatives		
Procurement of Finance and Procurement Software	Assess Procurement Organizational Strategy	Assess Finance Organizational Strategy and Readiness
<ul style="list-style-type: none"> • Work with stakeholders to gather business and technical requirements • Work with WaTech to ensure infrastructure readiness • Facilitate software demos • Evaluate and select software • Continue to coordinate change readiness activities 	<ul style="list-style-type: none"> • Assess current business processes with procurement organizational strategy • Conduct review of laws, regulations, and policies in readiness for a new procurement system • Launch strategic sourcing assessment for a select group of categories 	<ul style="list-style-type: none"> • Assess current business processes with finance organizational strategy • Consolidate statewide master payee and customer files • Conduct a review of laws, regulations, and policies in readiness for a new financial system • Review business processes that could be improved with existing technology • Standardize accounting practices and data in preparation for a new system

Initiatives for Next Biennium

There are three non-technology related initiatives for Budget and HR/Payroll for consideration in the 2019-21 biennium:

- 1 - Assess opportunities to simplify and improve Budget processes
- 2 - Review HR/Payroll statutes and business processes
- 3 - Assess the feasibility of creating a Center of Excellence for HR/Payroll

Recommended Staffing and Budget Estimates



Recommended Program Staffing and Budget Estimates

These estimated costs for the One Washington program do not include agency costs.

Model Summary	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Total Annual Costs	\$ 5,256	\$ 26,441	\$ 51,857	\$ 57,870	\$ 33,787	\$ 24,745	\$ 54,028	\$ 49,977
Total Program Costs	\$ 5,256	\$ 31,697	\$ 83,555	\$ 141,424	\$ 175,211	\$ 199,956	\$ 253,984	\$ 303,961

* Numbers presented in thousands

Staffing Levels	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
State FTE	11.7	31.2	52.4	61.2	39.1	23.2	43.0	35.2
Contractor FTE	7.0	22.2	42.5	43.4	24.6	10.5	31.0	26.0
Total FTE	18.7	53.3	94.8	104.6	63.7	33.7	74.1	61.2

* Numbers rounded to 1 decimal

Program Blueprint Annual Summary

These estimated costs for the One Washington program do not include agency costs.

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
2017 - 2018 Program Blueprint	\$5.3m	\$26.4m	\$51.9m	\$57.9m	\$33.8m	\$24.7m	\$54.0m	\$49.9m
	Software Selection / Finance	Implement - Finance				Software Selection / Budget	Implement - Budget	
	Software Selection / Procurement	Implement - Procurement				Software Selection / HR/Payroll	Implement - HR/Payroll	
		Implement Business Intelligence/Analytics						
Total One Washington Program Cost = \$303.9m								

Funding and Financing Strategy

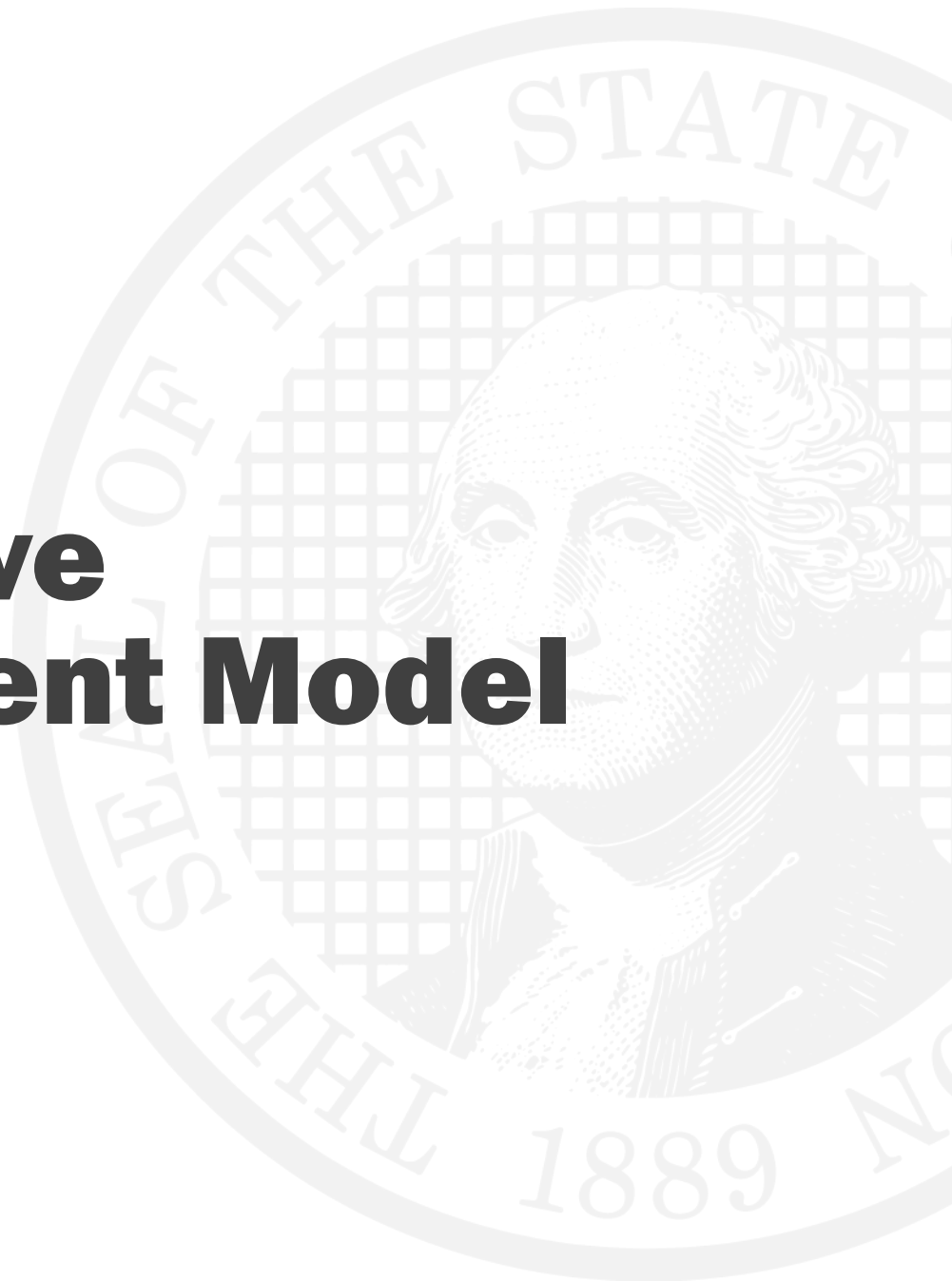


Program Blueprint Financing

With SaaS, there is no asset ownership and traditional debt financing is not available.

Traditional Financing	SaaS Financing
<ul style="list-style-type: none">• Debt funded• Typically 20 year terms	<ul style="list-style-type: none">• Software companies have third party financing• Typically shorter terms, five to seven years• Variations of integration and implementation costs

Alternative Deployment Model



Deployment Model

While One Washington was exploring financing options, we discovered another methodology called Everything as a Service. In this option:

- A single vendor provides a service to the state that includes the software, platform, infrastructure, onboarding and operations as well as future innovation
- A fixed price and terms of service are defined in the procurement and contracting process
- A sole vendor will be the single point of accountability for the ongoing delivery and maintenance of the ERP platform
- Enables the state to redirect executive focus to business outcomes

Risk Management



Risk Management

- Risk management is a critical key to success of the One Washington program
- High risks are actively managed and brought to the Executive Steering Committee for input and guidance
- Current program risks are identified on [the OCIO project dashboard](#)



FOR MORE INFORMATION:

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One Washington

A Business Transformation Program

