Finance, Administration and Oversight Committee

Action Item III-I

February 14, 2008

Information Technology Reallocation Request

Washington Metropolitan Area Transportation Authority
Board Action / Information Summary

☒ Action ☐ Information	MEAD Number:	Resolution: ☒ Yes ☐ No

PURPOSE

The purpose of the action item is to request the Board of Directors' approval to alter the plan to create a stand-alone telephone network (total funding of $16.9M, of which $11.8M is planned for the network backbone), including delaying the currently-funded replacement of telephone handsets ($5.1M). The stand-alone telephone network, as revised, will be an integrated voice and data network which can support (in addition to telephones) data connectivity for Administrative Services, Bus, Rail, and ParaTransit. This integrated infrastructure will now be able to be expanded in the future through a public/private partnership to include wireless applications for cell phones, customer communications, 7000 series rail cars, and future public safety radio applications. The plan, as altered, is to use the same funding as would have been spent on the single-purpose stand-alone telephone network to construct an integrated voice and data network supporting all of Metro's wireline voice and data requirements. The $5.1M previously planned for replacement of telephone handsets will now be used for critical remediations of PeopleSoft HR, Payroll, and Procurement with the telephone handsets replaced at a later time as new capital funds become available.

DESCRIPTION

In 2006, the Board of Directors approved an upgrade of Metro's telephone system for $16.9M. Of that amount, $11.8M was for the telephone network backbone and $5.1M was for replacing telephone handsets. As previously planned, this voice network would have been unable to support data applications for Administrative Services, Bus, Rail, and ParaTransit. For the same price as the stand-alone voice network of $11.8M, Metro can implement a next-generation voice and data network capable of meeting the needs of all Metro divisions.

Unlike the previous plan, the next generation network can be expanded to support Metro's wireless priorities, including future public safety radio systems,

cellular phones (Neutral Host), customer communications, and 7000 Series rail car connectivity.

Staff is seeking Board of Directors' approval to execute the current $11.8M integrated voice and data network implementation plan.

Furthermore, as no funding is currently available for critical remediation of Metro's PeopleSoft administrative systems, we are also seeking approval to delay deployment of new telephone handsets, and to spend the $5.1M in telephone handset funds on PeopleSoft remediations. $3.6M will be used to bring the Human Capital Management Suite into good repair (HR, Time & Attendance, Payroll, Recruitment and Employee Self-Service) and $1.5M will be used to implement critical repairs to the Procurement and Online Catalog Management systems.

FUNDING IMPACT

This is a reallocation/reprogramming of current funding. Funding from an approved phone procurement is being reallocated to procure different technology that will deliver expanded capabilities at no additional cost. Budget authority is being reprogrammed between two Metro Matters IRP projects to fund a higher priority need for PeopleSoft remediation. No budget increase is required to complete the voice and data network or the PeopleSoft remediation for HR and Procurement. It will be necessary to seek funding to replace telephone handsets in the future.

RECOMMENDATION

Request that the Board of Directors' approve the change in plan regarding the voice and data network, and the reprogramming of $5.1M from telephone handsets to critical PeopleSoft HR, Payroll and Procurement remediations.

PRESENTED AND ADOPTED:

SUBJECT: REALLOCATION OF $16.9M IN APPROVED CAPITAL EXPENDITURES

PROPOSED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
PROPOSED
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, On June 16, 2006, the Board of Directors approved Metro Electronic Action Document (MEAD) 99545, which authorized the expenditure of $16.9M to upgrade Metro's telephone network of which $11.8M was directed to the telephone system and $5.1M was directed to handset replacement; and

WHEREAS, Staff has identified an opportunity to build a voice and data network that will meet the need for a new telephone network and will also provide "next generation" voice and data capabilities that will serve all of Metro and provide support for future wireless priorities at the same cost of the $11.8M planned for the telephone network; and

WHEREAS, Staff has identified a need to remediate Metro's installation of PeopleSoft, without which Human Resources, Payroll, and Procurement processes will continue to degrade; and

WHEREAS, Staff reports that the remediation can be accomplished for a cost of $5.1M; now, therefore be it

RESOLVED, That the Board of Directors approves the reallocation of $11.8M from the Telephone Network Upgrade project to a voice and data network upgrade project; and be it further

RESOLVED, That the Board of Directors amends the Metro Matters Infrastructure Renewal Program Element by reprogramming $5.1M in funding from the Systems Project to the Information Technology Project, as defined in the Metro Matters Agreement, Attachment 3A; and be it further

RESOLVED, That the programmatic approval to initiate and award contracts and modifications to existing contracts granted to the Department of Information Technology in MEAD 99807 (IT Strategic and Business Plan), is hereby expanded to cover the $5.1M to be used for PeopleSoft remediation identified in this Resolution; and be it finally

RESOLVED; That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

Carol B. O'Keeffe
General Counsel

PROPOSED

Information Technology Reallocation Request

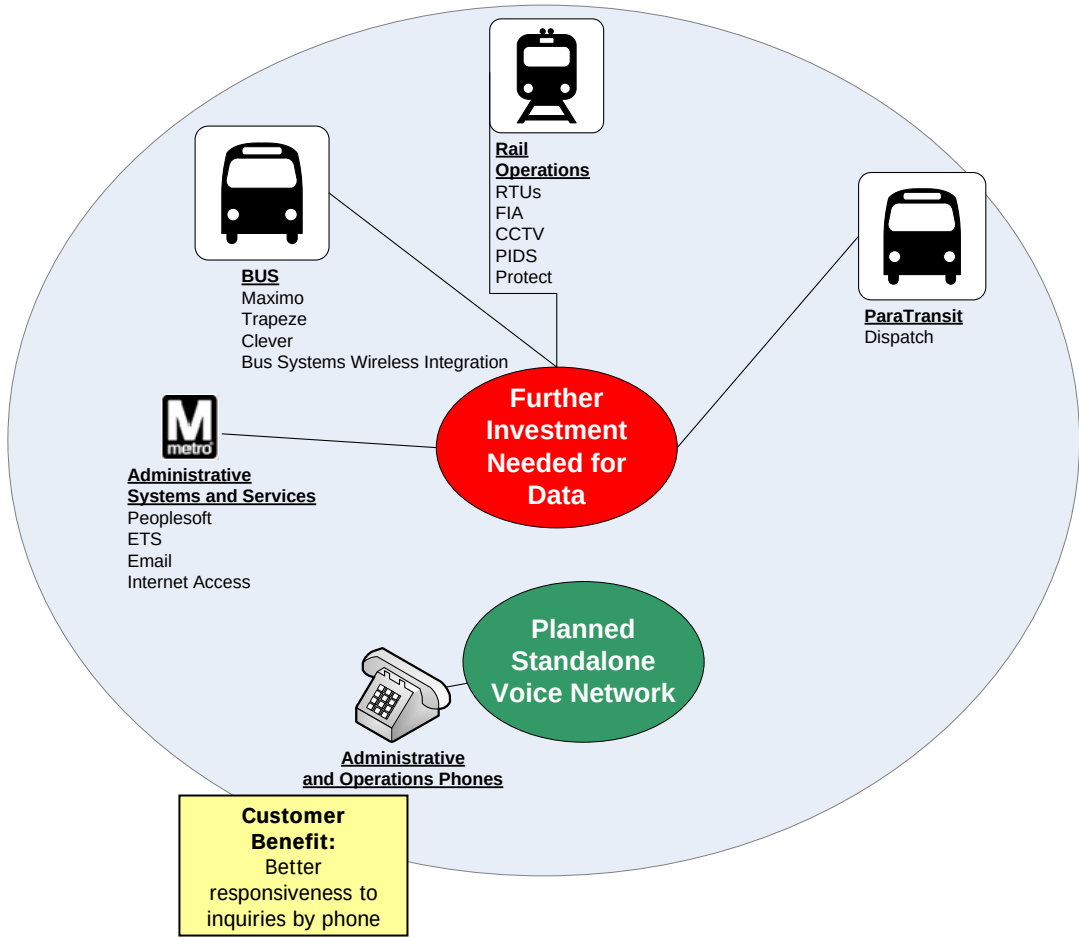
Presented to the Board of Directors:

Finance, Administration and Oversight Committee

February 14, 2008

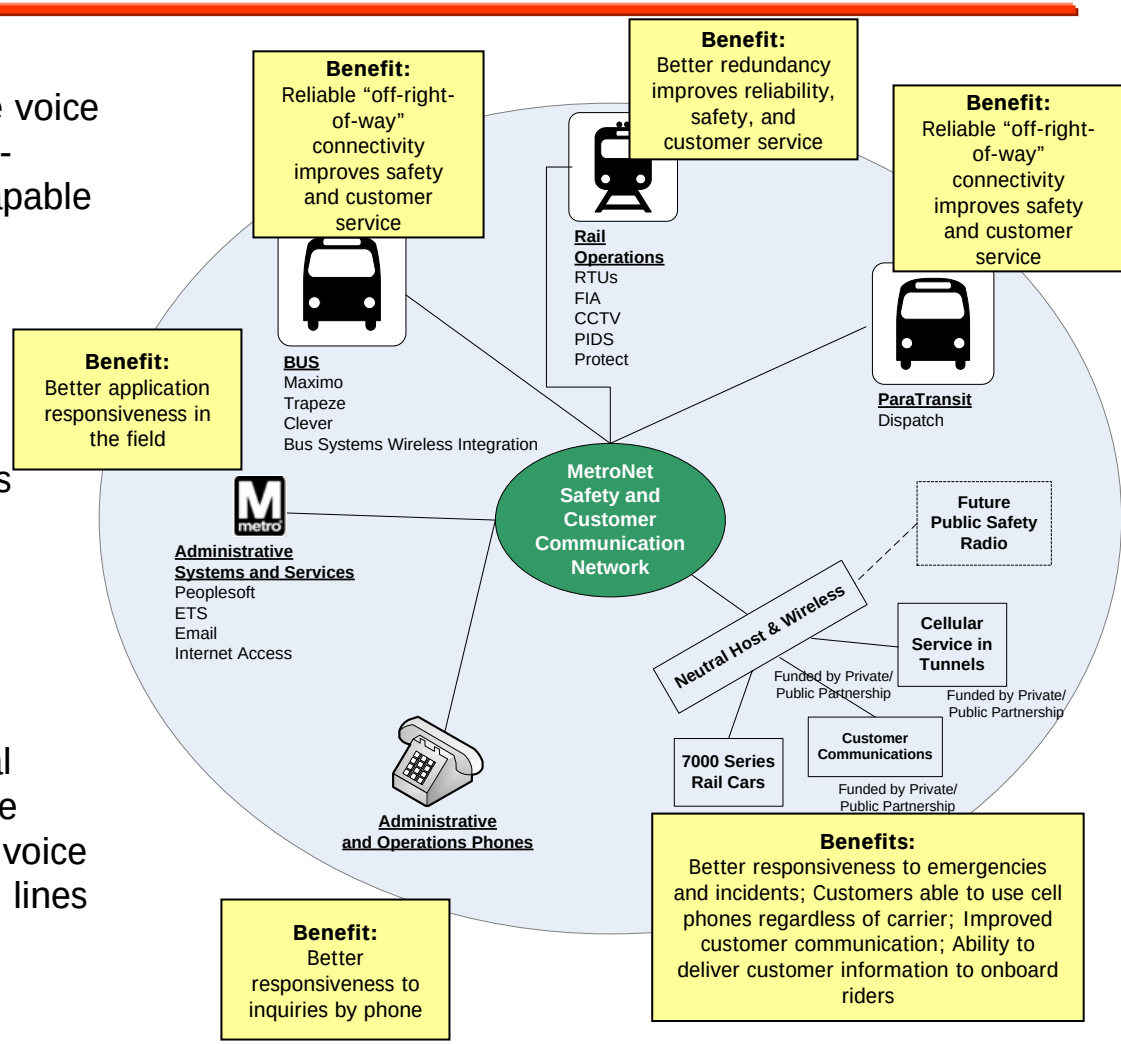
Key IT Priorities –Phone Network Upgrade (Previous Plan)

- In 2006, the Board approved an upgrade of Metro's phone system for $16.9 Million
- As previously planned, this new voice network would have been unable to support data applications for administrative services, bus, rail, and paratransit



Key IT Priorities - MetroNet Safety and Customer Comm. Network (Current Plan)

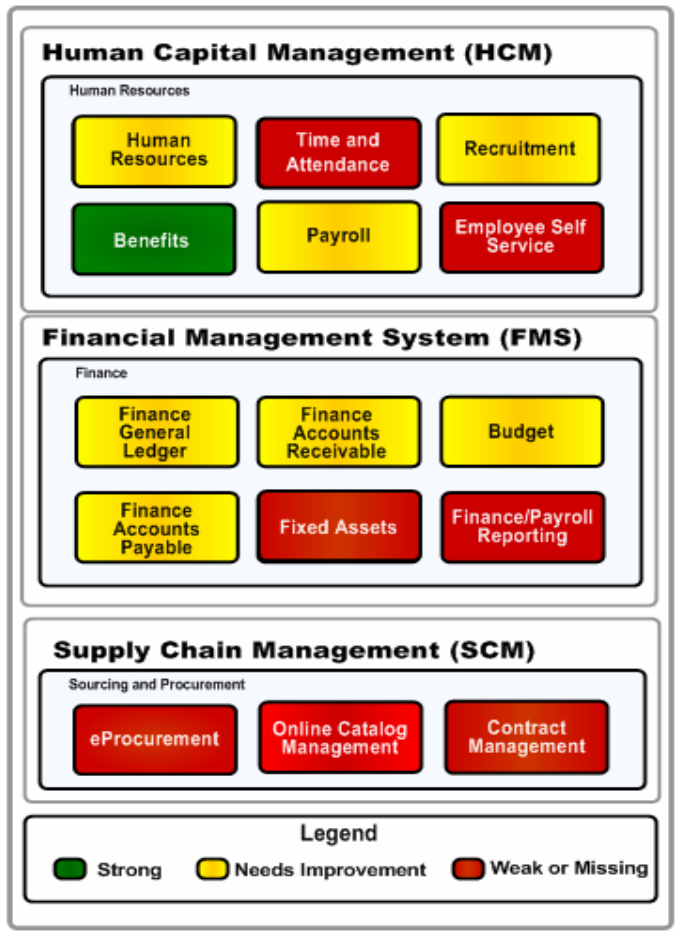
- For the same price as the stand alone voice network, Metro can implement a next-generation voice and data network capable of meeting the needs of all divisions
  - Administrative
  - Bus
  - Rail Operations
  - Paratransit
- This network is also critical to wireless priorities
  - Future Public Safety Radio Systems
  - Cellular Phones (Neutral Host)
  - Customer Communications
  - 7000 Series Rail Car Connectivity
- As currently planned, the same capital funding will be leveraged to create the phone system infrastructure AND the voice and data network that can support all lines of business



Key IT Priorities – PeopleSoft Phase II

- Metro's implementation of PeopleSoft administrative systems has been extremely challenging
- Since the launch of PeopleSoft systems, many HR, payroll, and procurement processes have degraded
- We've installed the right products, but with imperfect implementations
- This problem is not unique to Metro. Gartner research reports that 70% administrative systems projects fail to deliver what they originally promise
- The good news is that Metro is in a position to succeed in PeopleSoft Phase II, with the right products and the right remediation team in place
- To date Metro has spent about $52 M on its PeopleSoft implementations including:
  - Approximately $50 million on the original acquisitions
  - Approximately $2.1 million on post-implementation remediation
  - This request reallocates $5.1 million (from the phone handset replacement) for additional post-implementation remediations

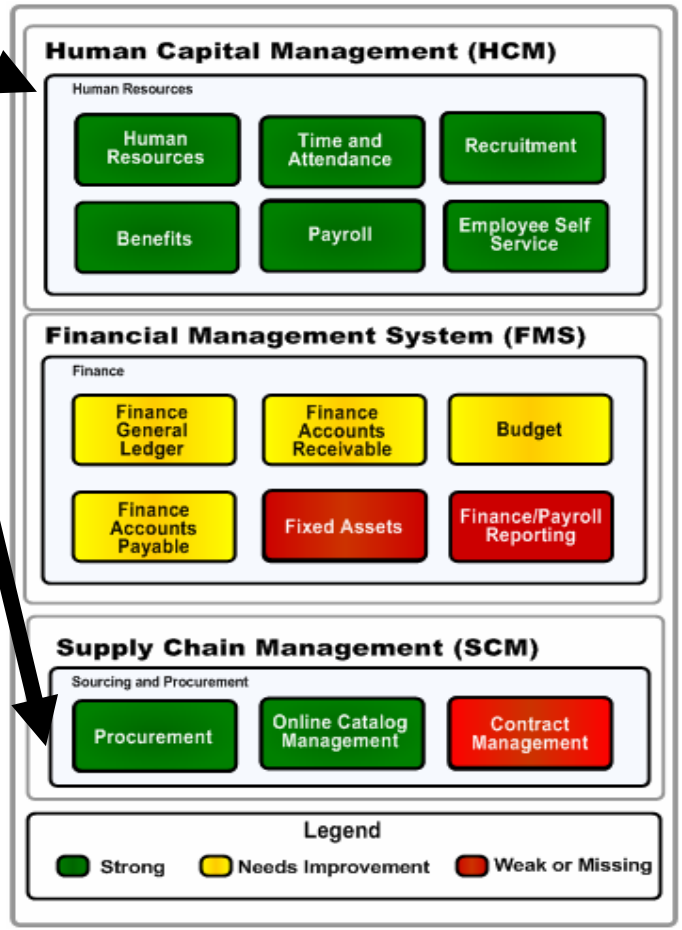
Gartner Group framework of Metro's PeopleSoft System results to date



Key IT Priorities Funding

- With current capital constraints, we are finding ways to do more with less.
- To that end, we propose:
  - **Stopping** the plan to create a stove-piped standalone phone network ($16.9M)
  - **Deploying** an integrated voice and data network that can support (in addition to phones) data connectivity for administrative services, bus, rail, and paratransit as well as wireless applications for cell phones, customer communications, 7000 series rail cars and future public safety radio ($11.8M)
  - **Delaying** currently-funded replacement of telephone handsets ($5.1M)
  - **Reinvesting** funding for handsets for remediation of PeopleSoft HR, payroll, and procurement ($5.1M)

Funding and Expected Results of $5.1 Million Remediation Program

Program	Estimate in Millions	Funded	Source	Benefit
Remediate Peoplesoft Payroll and HR	$3.6	Y	Phone Replacement	HR, Payroll, Time and Attendance, Recruitment and Employee Self Service brought into state of good repair.
Remediate Peoplesoft Procurement	$1.5	Y	Phone Replacement	E-Procurement function and online catalog management brought into state of good repair.
FUNDED PEOPLESOFT REMEDIATION NEEDS	**$5.1**			
Remediate Peoplesoft Fixed Asset	$1.0	?	Metro Matters (Proposed)	Increases capacity to manage and track fixed assets. Software purchased but not implemented.
Remediate Peoplesoft Budget	$1.5	N	Metro Matters (Proposed)	Eliminates manual integration of expense and budgets.
Remediate Peoplesoft Finance	$1.0	N	Metro Matters (Proposed)	Enhances ability to measure financial performance and track and control spending.
Remediate/Stabilize Major Operational Systems	$1.0	N	Metro Matters (Proposed)	Improves operations and customer communication.
Enable Peoplesoft Contracts System	$2.0	N	Metro Matters (Proposed)	Enables procurement more effectively manage Metro's contracts.
Enable Finance/Payroll Reporting System	$1.8	N	Metro Matters (Proposed)	Enables analyses of payroll and financial data. Software purchased but not implemented.
UNREPROGRAMMED REMEDIATION NEEDS	**$9.4**			
Develop Enterprise Architecture	$1.2	N	Metro Matters (Proposed)	Avoids duplication of IT projects; better aligns IT work with business objectives; lowers risk of IT project failure.
Enable IT Security	$5.4	N	Metro Matters (Proposed)	Lowers risk of financial and operating system security breaches
Enable Business Process Reengineering	$0.5	N	Metro Matters (Proposed)	Helps operational lines of business adapt to fully take advantage of technology project benefits.
Stabilize Data Center	$8.4	N	Metro Matters (Proposed)	Reduces risk of data and system loss and provides redundancy and backup in cases of emergency or crisis.
UNREPROGRAMMED UNDERLYING INFRASTRUCTURE NEEDS	**$15.50**			

Gartner Group framework of Metro's projected post-remediation results.