

**11th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Washington, D.C., USA, 22-24 March 2017

Provisional Agenda Item 5.3

SPBA11/INF/3
7 February 2017
Original: English

**STATUS OF THE PASB MANAGEMENT
INFORMATION SYSTEM (PMIS)**

Introduction

1. Pursuant to the instructions of the 50th Directing Council of the Pan American Health Organization (PAHO) in 2010, the Pan American Sanitary Bureau (PASB) launched a project to modernize the PASB Management Information System (PMIS). Subsequent progress has been reported to several Governing Bodies meetings.
2. The Organization is pleased to report that the Project to implement PMIS has been successfully completed. Phase 1 has been operational for more than 2 years and Phase 2 has completed its first year of operations as of January 2017. This document provides a final report covering the work carried out on the project since the Tenth session of the Subcommittee on Program, Budget, and Administration.

Background

3. The advent of the Global Management System (GSM) of the World Health Organization (WHO) prompted PASB to reexamine its own systems to determine the extent of modernization that would best serve PAHO. In 2009 and 2010, PASB developed guiding principles for modernization; reviewed, improved, and documented its business processes; analyzed numerous options for modernization, including the implementation of the GSM, and the relevant costs of each of these options; and submitted recommendations to PAHO's 50th Directing Council (Document CD50/7 [2010]).
 4. The PMIS, an Enterprise Resource Planning (ERP) system that integrates human resources, finance, budget, and procurement functions in a single system, plays a critical role in providing effective support for delivering technical cooperation to Member States.
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5. Annex A provides a chronology of the project history from the 50th Directing Council up to the Tenth Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee.

Update on Progress Achieved

6. During 2016, PASB dealt with many challenges due to the complexities of the project: fully operating in 4 languages, handling 24 currencies and 180 business processes, and being used by over 2000 staff members in 30 locations throughout the Americas. Such challenges were anticipated based on project risk analysis, and the contingency budget provided resources to address them. In addition, PASB devoted significant staff time and resources, including staff time required for organization-wide training and change management, to stabilization of the system.

7. 2016 also saw the completion of the non-Go-Live critical components that were not addressed prior to Go Live in January 2016, in particular the annual financial closure and reporting processes.

8. PMIS governance was enhanced with the addition of the PMIS Advisory Committee and a working group to manage the prioritization of new features, additions, and fixes.

9. The PMIS Core Team completed its work, staff members who served on the Team returned to permanent posts, and operational responsibilities for the system were transitioned to the Information Technology Services Department.

Project Risk Management

10. During the risk assessment for this project, PASB identified and took steps to mitigate risks in the following major areas:

- a) *Meeting PASB's needs:* PASB carefully defined its requirements for the new system and subsequently conducted an extensive evaluation of possible software.
- b) *Controlling costs:* An important part of minimizing this risk was the use of a fully competitive procurement process for software and for system implementation support services, which together represented a substantial portion of the project budget. PASB also believes that strong project management has helped control costs throughout the project.
- c) *Ensuring highest quality project management:* PASB received advice from PAHO's Audit Committee and also hired an external project manager who had significant experience in implementing the Workday ERP software, in order to ensure that the project adhered to best project management practices.
- d) *Preparing staff for transition:* PASB contracted the services of a change management consultancy firm to design and implement a change management strategy. The change management program consisted of three phases. First,

PAHO Executive Management developed a “Mandate for PMIS-Related Organization Change.” The Mandate is a document underscoring the reasons why PAHO has undertaken PMIS. Second, all staff were given a PMIS Passport, a physical document resembling a travel passport. The PMIS Passport’s pages defined PMIS terminology, offered team exercises about changes to day-to-day work, and listed training courses for all staff. Finally, the Mandate and Passport initiative were the foundation of a Region-wide training program, using online, self-study, and face-to-face methodologies.

- e) *Adapting policies and procedures:* PAHO reviewed all policies related to PMIS processes. Standard Operating Procedures (SOP) were developed to implement policies using PMIS. Job Aids served as critical procedural training materials, explaining discrete steps within PMIS. Focus was on streamlining PMIS business processes to reduce managerial burden and administrative steps.

Budget Update

11. The pre-implementation phase of the PMIS, which included the business case for a new ERP, and the vendor selection process resulted in an actual cost of US\$ 1.7 million.¹

12. The implementation phase, which included the architecture, programming, testing, and deployment of the ERP software, as well as change management to support the very significant corporate changes in every day business processes, was initially projected to cost \$18.9 million.

13. In 2014, the 53rd Directing Council approved additional contingency funding of \$2.2 million to cover the expected costs of change orders, based on industry best practices recommending that organizations budget the cost of change orders as 25-35% of the integration costs, increasing the total project budget to \$22.5 million.

14. Annex B provides details of the PMIS project implementation budget. During the design, configuration, and testing cycles there were several enhancements and custom reports identified that were not Go-Live-critical, meaning that they were not needed for 1 January 2016. They were later implemented in 2016.

15. During 2016 the \$5.1 million listed in Annex B as remaining to be implemented as of 31 December 2015, was used to implement these not Go-Live-critical items, as well as stabilization of the system, training and enhancements:

- a) Stabilization efforts included improving payroll processes, as well as streamlining business processes to respond to the needs of country offices and technical areas.
- b) Training included face-to-face sessions in several country offices/centers and HQ, as well as virtual and recorded sessions.

¹ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

- c) Enhancements included implementation of the new UN Benefits/Compensation plan, non-Go-Live functionalities such as Year End Closure, Financial Statement Reporting, Interface with WHO/GSM and other financial integrations. Strategic enhancements in reporting were made to support technical cooperation.

16. A recruitment module was not part of the original scope of the project. In 2015 the WHO recruitment system, used by PASB, was scheduled for replacement. PASB decided to maintain alignment with WHO's recruitment system, and to join a WHO project to deploy a new recruitment platform. The Go-live date for the replacement platform was postponed to 2017; this separate project is in progress. The implementation expenses covered by the Human Resources Strategy Subfund of the Master Capital Investment Fund are reported in the HR Strategy line of the Master Capital Investment Fund (Document SPBA11/INF/4).

Project Completion

17. The PMIS is a modern integrated information system, the implementation of which enables efficiencies in how work is accomplished in the PASB. This project was implemented on time and within budget.

18. The scope of the implementation project was complex. The system supports 180 business processes, handles 24 currencies, and it is used by over 2000 users in four languages and 30 countries. Change management and collaboration were key components for the success of the project. While the project has been completed, a key component of the new PMIS is its ability to continuously improve functionality at a low cost. Thus streamlining of business processes will continue to improve support for technical cooperation.

19. Despite the complexity of the project, PMIS is already producing tangible benefits such as streamlining many business processes, data management, and collaboration. PASB foresees greater benefits once the system is fully stabilized and the new ways of working are fully assimilated. Future impact of the PMIS on human resources will be reported in the annual PASB Staffing Statistics report.

20. PASB will continue to report to Member States on improvements to the PMIS and their impact on technical cooperation via the Annual Report of the Director.

21. The complexity and scope of the project brought the following significant challenges:

- a) Following the initial launch of the system, numerous scenarios not previously contemplated needed to be resolved with workarounds, until a solution was developed.
- b) A number of unexpected behaviors of the system impacted business processes. PASB needed to coordinate with the software vendor to solve these issues.

- c) During the first months of transition and stabilization, staff members supporting business processes were at times overwhelmed by a significant increase in workload. This involved: adapting to the new system; supporting users' needs across the Region; finding solutions to problems; and introducing and testing needed enhancements and reports.
 - d) Once staff began using the system, it became apparent that training before going live was not as effective as hands-on training once the system was operational.
22. Managing a newly implemented ERP system is complex, with significant challenges going forward.
- a) The PMIS platform is continuously evolving and improving. The software vendor applies automatic weekly updates to the system, and also applies major version releases of the software twice a year. This requires extensive testing and coordination to ensure that current business processes are working as expected after the release is applied, and that new features and enhancements are working to meet PAHO requirements. While continuous change is a challenge, it is also a methodology to achieve sustainability and predictable costs.
 - b) PASB has not yet fully completed the necessary knowledge transfer to support the system with internal resources. Staff will need to both complete the acquisition of the new skillsets and adapt to the functional changes.
 - c) PASB will perform the coming biennial financial closure with PMIS for the first time. This requires careful planning and coordination among several PMIS stakeholders.

Action by the Subcommittee on Program, Budget, and Administration

23. The Subcommittee is invited to take note of the progress report, provide any comments that it may have, and make a recommendation to the Executive Committee on discontinuing reporting regularly on this matter.

Annexes

Annex A

Background Information on PMIS

1. The 50th Directing Council adopted Resolution CD50.R10 (2010), Modernization of the PASB Management Information System. This resolution included several key provisions: *a)* approval of the guiding principles for modernization; *b)* authorization to proceed with the adoption of Enterprise Resource Planning (ERP) software, which would be independent of WHO and with limited customization, while remaining aligned with WHO's GSM and responding to all its requirements; and *c)* approval of funding sources.
2. The scope of the modernization project included systems that support planning and budget, human resource management, payroll, financial management, and procurement services.
3. The overall budget for the project, as approved by the 50th Directing Council, was US\$ 20.3 million,¹ including \$10.0 million funded from the Holding Account.
4. On 19 February 2013, the PASB Director put the PMIS project under the Office of Administration and identified the Director of Information Technology Services (ITS) as the internal lead for the project. Consequently, the project's governance, management, and charter were revised.
5. On 25 April 2013, a formal Request for Proposal (RFP) was issued to identify a Tier II² ERP software package that would satisfy most of PAHO's business requirements. The project team identified the Workday ERP as the best fit overall as the ERP for the Organization.
6. PAHO signed the contract with Workday on 30 September 2013, just five months after the RFP was issued. The contract negotiations resulted in better contractual conditions for PAHO and savings, compared to the original quote, of an excess of \$900,000 over the duration of the contract.
7. On 30 October 2013, PAHO signed a contract with Tidemark to provide the planning and budgeting module which integrates closely with Workday.

¹ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

² Tier II ERP vendors sell ERP products and services designed specifically for Tier II (mid-market) companies with annual revenues ranging from \$50 million to \$1 billion. Tier II companies may have a single facility or multiple facilities. Tier II ERP products generally are of medium complexity: they address all the application needs of a larger company, but with less complex products. Tier II ERP products have a lower cost of ownership than Tier I ERP products, annual fees are lower, and they are easier to implement and support.

8. Between October and December 2013, PAHO finalized the scope of work of the system integrator, Collaborative Solutions. The contract with Collaborative Solutions was signed on 17 December 2013.
9. Between October and December 2013, PAHO also engaged in a competitive Request for Proposal for change management services. The winner of the RFP (Cutter Consortium) signed a contract with PAHO on 19 December 2013.
10. Following a competitive hiring process and an RFP for project management services, PAHO finalized the external project manager contract in early January 2014. The external project manager, who has experience with implementing the Workday ERP software, was hired as of 1 February 2014.
11. Effective 27 January 2014, the Interim Director of Administration appointed PAHO's Chief Accountant as the new PMIS internal project manager.
12. January 2014 represented the beginning of the implementation of the project. This implementation phase encompassed Human Resources System and Payroll (Phase 1), which was completed at the beginning of 2015. A second implementation of the finance portion of the system (Phase 2) started in mid-2014 and was completed in January 2016.
13. Phase 1 replaced many of the Human Resources legacy systems such as HR Express, HR Tracking, e-PPES (PAHO's Performance Planning and Evaluation System), and Leave Tracking. Phase 2 replaced the core legacy financial systems: AmpesOmis, AMS/FMS (Award Management System/Financial Management System), FAMIS (Financial Accounting Management Information System), ADPICS (Advance Purchasing Inventory Control System) and SOS (Simplified Online Search). The following existing systems will continue to operate outside the scope of PMIS: taxes, pension, staff health insurance, and SharePoint.
14. During the preparation of the PMIS business case, a study of existing business processes identified potential efficiencies which would reduce the number of steps for processes by as much as 26%. These projected efficiencies included a 14% reduction in the number of approval steps currently required to complete the in-scope business processes. This study projected reduction in the number of days required to complete the in-scope business processes by as much as 40%. During the first semester of 2014, an overall assessment of the Organization's information technology identified a number of long-term IT investments required to ensure sustainability of PMIS. These include support for development and implementation of regular software updates of the PMIS modules, ongoing staff training, and continued optimization of business processes.
15. During January and February 2014, PAHO completed the "plan" phase of the implementation. The following activities characterized this phase of the project:
 - a) identification of the PMIS implementation team;

- b) training of the team on Workday (4 weeks, ending 21 February 2014);
- c) finalization of the detailed work plan, training plan, and change management plan.

16. From 24 February to 28 March 2014 the Phase 1 design sessions were completed on schedule. Staff from human resources, payroll, and the PMIS team, along with PAHO stakeholders and business process owners, participated in these sessions, which were supported by consultants from Collaborative Solutions (PAHO's Implementation Partner).

17. During April and May 2014, the PMIS team continued working with the consultants from Collaborative Solutions on finalizing the design portion of Workday. In June, PAHO reviewed the solutions proposed by Collaborative Solutions. Throughout August and the beginning of September the testing of the Workday system was conducted.

18. Official training of the staff commenced in November 2014 at Headquarters, starting with training for country office Administrators. Staff training continued through December 2014 and January 2015.

19. During December 2014 and January 2015 the data and configuration for Phase 1 were loaded and validated in Workday. In early February 2015, the Phase 1 Human Resources and Payroll system was moved into live production.

20. Design sessions for Phase 2 began in September 2014. These sessions were completed by early February 2015. Staff from Financial Resources Management, General Services Operations, Human Resources Management, Information Technology Services, Procurement and Supply Management, and the PMIS team, along with PAHO stakeholders and business process owners participated in these sessions, which were supported by consultants from Collaborative Solutions.

21. During 2015, the configuration of the design was carried out by the integrator and the PMIS Core Team with the support of the business areas.

22. Pre-Go Live Training for staff on PMIS Phase 2 functionality commenced in September 2015 and continued through December 2015.

23. On 30 December 2015, PAHO took possession of the completed configured Workday system. On 4 January 2016, the Phase 2 financials portion of the system joined the Phase 1 human resources and payroll system live in production.

24. In January 2016, a Post-Go-Live Center was established to provide intensive support to staff members, including daily question-and-answer sessions by topic for staff members.

25. In addition to the Post-Go-Live Center a new and better system to register and manage user support requests was deployed in January 2016 and continues to be used today. A comprehensive training plan was implemented in 2016 which consisted of training modalities targeted to specific audiences both in Headquarters and Country Offices including the following: Virtual Courses, Web Sessions, Presentations, How to Videos, and Face-to-Face instructor led-training courses.

Annex B

2014/2015 Biennium PMIS Budget as of 31 December 2015

(Expressed in US\$ millions)

	<u>Expended</u>	<u>Budget</u>	<u>Under/(Over)</u>
Pre-implementation cost	1.8	1.8	-
ERP implementation (Workday and Collaborative Solutions integrator)	7.6	8.0	0.4
Other			
<i>Change management, training plan, project manager</i>	2.8	2.9	0.1
<i>Staffing (Backfill)</i>	1.2	3.5	2.3
<i>Travel, reporting, interfaces, data conversion</i>	1.9	3.3	1.4
<i>Tidemark, Cash management, In-Tend</i>	0.7	1.1	0.4
Total Other	6.6	10.8	4.2
Subtotal	16.0	20.6	4.6
Change orders	1.4	1.9	0.5
Total	17.4	22.5	5.1

2016 PMIS Budget as of 31 December 2016

(Expressed in US\$ millions)

	<u>Expended</u>
PMIS Team and Backfill cost	1.3
Training and change management	0.8
Post Go-Live vendor support	3.0
Total	5.1
