

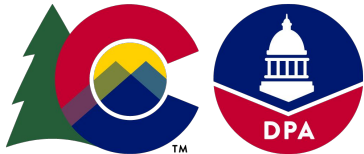
CO L O R A D O

**Department of Personnel
& Administration**

**Joint Technology Committee
CORE Upgrade & Payroll Modernization
Jan. 25, 2022**

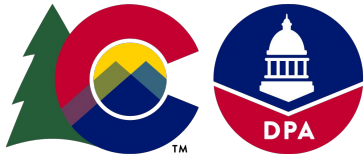
Agenda:

- Overview
- CORE Upgrade
- Payroll Modernization



Overview

- **Upgrade/replace critical enterprise systems**
 - Financial (accounting, procurement, contracts, reporting, etc)
 - Payroll (payroll, core HR, time & leave, etc.)
- **Developed/Supported by a Statewide Governance**
 - DPA
 - OIT
 - Agencies
- **Based on independent market research and stakeholder engagement**
 - Gartner
 - Peer states
 - Stakeholder engagement
- **Follows best practices**
 - ITN solicitation
 - Agile (deployment and contracting)
 - Product ownership and governance



CORE (Financial) Upgrade

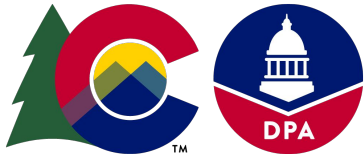
Background

Key Drivers

Stakeholder Engagement and Market Research

Request Summary and Benefits

Implementation



CORE (Financial) Upgrade

Background

- CORE
 - State's Financial system
 - Vendor Self Service
 - Performance Budgeting
 - Labor Allocation
- Hosted by vendor in NIST compliant data center
- Used by all 3 branches of Colorado State Government (including IHEs)
- CORE implemented in 2014



CORE (Financial) Upgrade

Key Drivers

- CORE software version nearing end of life
 - No longer supports browser certification
 - No future compatibility releases or in version upgrades
 - If not upgraded, State would need to pursue hosting arrangement for the software (contract with vendor expires in 2024)
- Out-of-date user interface
- Missing important functionality/modules (GASB 87)



CORE (Financial) Upgrade

Stakeholder Engagement & Market Research

- Controllers, Procurement Officials, Budget Directors, OIT, CDS
- Gartner market research
- Direct contact with 10 states upgrading/replacing financial systems
- Key Takeaways
 - Upgrade will alleviate pain points of current/outdated software version
 - Upgrade cost is about one-third of a full financial system replacement
 - Upgrade can be achieved during the earlier stages of the Payroll Modernization project



CORE (Financial) Upgrade

Request Summary

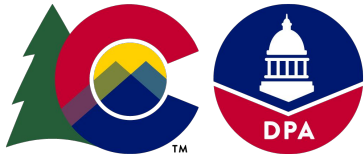
- \$11 million COPs
 - COPs payments charged to all depts & fund sources (GF, CF, FF)
 - Same approach as current CORE system
- Upgrade over about 2 years
- Adds new modules (GASB 87 and Travel)
- Agile contract & deployment



CORE (Financial) Upgrade

Benefits

- Enhanced user experience with configurable role based usability
- Enhanced business process workflows
- Enhanced vendor portal for vendor registration & response to solicitations
- New modules for GASB 87 & Travel reimbursement
- Best practice integration capability (e.g. REST API)
- Modern, modular platform
- Mobile app options



CORE (Financial) Upgrade

Implementation

- Agile deployment methodology
 - Agency driven Product Backlog refinement, testing, policy updates, etc
- Project governance
 - ERP Steering Committee
 - CORE Governance Committee & Performance Budgeting Steering Committee
 - Product Owner - CORE Operations Unit



CORE (Financial) Upgrade

Summer 2022

- ❑ Contracting
- ❑ Sprint 0 Planning

Spring 2024

- ❑ Upgrade stabilization

Fall 2022 to Winter 2023

- ❑ Sprint build of CORE Upgrade MVP
- ❑ Agile Scrum team (DPA, OIT, Agency, Vendor)
- ❑ Agency involvement, backlog refinement

Post Spring 2024

- ❑ 2-3 vendor releases, yearly
- ❑ Continue Agile delivery



Payroll Modernization

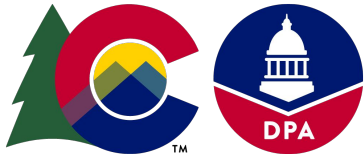
Background

Key Drivers

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Request Summary and Benefits

Implementation Plan



Payroll Modernization

Background

- CPPS (Payroll) system
 - 35-year-old legacy COBOL mainframe system
 - Customized version of COTS package released 1980s
- 55 pay cycles a year for about 40,000 employees
- 200 interfaces/reports
- Used by all 3 branches of Colorado State Government
- CPPS ongoing maintenance and operations expenses
 - Annual Costs: \$1.6 million



Payroll Modernization

Key Drivers

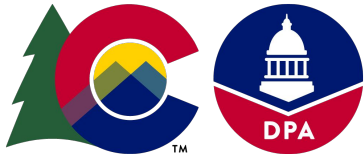
- CPPS system is end of life
 - 35-year-old mainframe system
 - Risk of failure to pay state employees
 - Risk of failure to provide data to critical state systems
 - Extremely difficult & expensive to hire COBOL support staff
 - Increased future costs (>\$4 million)
- Data and Financial Processing
 - Tax reporting is entirely manual
 - Labor allocation process is complex and reliant on several systems
 - Difficult to pull statewide employee data
 - Key workforce data information is not available and/or of poor quality



Payroll Modernization

Stakeholder Engagement and Market Research

- Payroll Managers, Human Resource Directors, Product Directors, Deputy Directors, OIT, CDS
- Gartner market research
- Direct contact with 9 states implementing payroll/HR systems
- Key Takeaways
 - Governance is a key component of success
 - Need dedicated full time staff (new & “backfilled” staff)
 - Iterative system rollouts are successful
 - Focus on data & process/policy standardization
 - Marketplace dominated by a handful of “mega suite” vendors



Payroll Modernization

Request Summary

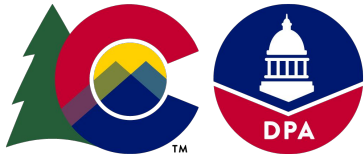
- \$46 million over 4 years
- 15 term limited FTE
- Payroll as an “MVP”
 - Pay (pay, taxes, labor allocation, etc.)
 - Core HR (position, employee, etc.)
 - Time & Leave (basic functions)
 - Integration (e.g. REST API)
- ITN solicitation
- Agile contract & deployment



Payroll Modernization

Benefits

- Significant reduction risk of failure and errors
- Elimination of manual processing
- Increase in data accessibility and reliability
- Support for workforce planning
- State of Art cloud technology
- Modern integration approach



Payroll Modernization

Implementation

- Agile Project & Budget Methodology
 - Product Owner
 - SMEs
 - Backlog refinement, sprint reviews, testing, policy updates etc.
- Governance
 - ERP Steering Committee
 - HRIS Strategy Group
 - DPA Product Owner



Payroll Modernization

Summer 2022 to Summer 2023

- Payroll system solicitation & selection
- Payroll system Agile contracting
- Formalize governance structure
- Resourcing plan
- Short term solutions
- Data cleanup
- Time and leave standardization cleanup

Summer 2026

- Payroll stabilization

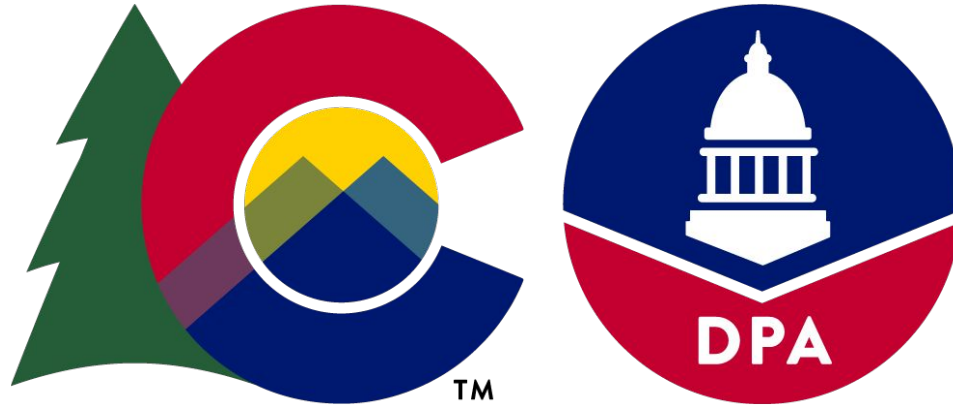
Summer 2023 to Spring 2026

- Agile Scrum teams (DPA, OIT, Agency, Vendor)
- Agency involvement, backlog refinement
- HRIS Strategy Group & ERP Executive Steering
 - Sprint build of Payroll system MVP
 - Change management & Training
 - Integration
 - Business analytics
 - Data migration & standardization
 - Process & policy

Post Summer 2026

- Continue Agile delivery
- Continue to address HRIS needs





Questions & Thank You!