



## Legislation Text

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**File #:** 2020-0717, **Version:** 0

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### Title

Enterprise Resource Planning (ERP) Software Review

### History

Enterprise Resource Planning (ERP) is business process management software that enables an organization to use a system of integrated applications to manage and automate core business functions. This platform of applications typically focuses on automated workflows for financial processes. The Village's present Harris Innoprise ERP does not satisfy the five primary requirements that an ideal ERP provides.

First, it has to be functional and satisfy the requirements of the business units, end users and customers. This system would have an intuitive user interface that is easy to learn and requires little effort to input and retrieve information. Innoprise is cumbersome for the user to navigate. It requires staff to utilize third-party vendor software, Excel spreadsheets, and Access databases to provide the functionality Innoprise lacks. It also does not integrate with the Village's Tyler EAM/311/EnerGov applications resulting in dual entry and other inefficiencies.

Second, the ideal ERP has to be sustainable. The ERP vendor must be an established company with sustained growth, a stable financial base, and a large customer base. A large public sector customer base is especially important due to its unique reporting, compliance, and records requirements. An ideal ERP is developed using current software code, platforms and architectures. A customer should not invest in an antiquated, soon to be end of life, platform. Harris is not adequately investing in the Innoprise ERP platform leaving customers with antiquated software and unreliable technical support.

Third, the ideal ERP has to be affordable. Regardless of how well an ERP satisfies the customer's requirements; the customer needs to determine if it can sustain the cost of implementation, ongoing onsite and vendor support, and annual licensing costs. While the Innoprise licensing and support costs are \$68,000 annually, there are significant costs related to the inefficiencies caused by the lack of functionality and supporting third-party software.

Fourth, the ideal ERP system has to be scalable and be able to sustain higher capacities of users and storage. Innoprise has significant performance issues when there is a larger number of concurrent users on the system. This has resulted in staff experiencing wait times ranging from 30 seconds to 30 minutes to process one invoice or to process a staff person's time sheet. The Police Department has incurred significant overtime costs just to process their payroll each period.

Finally, the ideal ERP has to be adaptable. The vendor must adequately invest in research and development, adapting as technology changes by adding new functionality. Such a platform would not require the customer to replace their platform after significant initial and ongoing investment. The Village desires to move more business process functions online and to staff in the field. Innoprise does not provide an adequate online portal or mobile apps to provide these capabilities.

Due to the aforementioned issues, an interdepartmental ERP Strategy Task Force was developed and charged with developing an integrated ERP strategy and approach. An ERP system is significant investment for any business and typically has a life span ranging from 10-20 years; therefore, it is important to look at total cost of ownership over an extended period as opposed to strictly the initial investment. The team evaluated Tyler Technologies Munis ERP and BS&A Software as the two leaders in the Midwest municipal market. The Village is heavily invested in Tyler Technologies through their New World Computer-Aided Dispatch, EnerGov Community Development platform, as well as Enterprise Asset Management and is currently launching 311 Citizen Access.

As part of the due diligence, staff from all Village departments participated in software demonstrations and reviewed the cost proposals received from each vendor. Staff performed reference checks with other municipalities who are using each of these ERP platforms.

The total cost to purchase and implement the Tyler Munis ERP is presently estimated at \$1,289,118. The total cost to purchase and implement the BS&A ERP is estimated at \$945,435. The difference between both vendor's cost estimates is \$343,683. While at first appearance the BS&A ERP solution appears to offer a lower price, it is important to note that BS&A does not provide comparable functionality.

If the Village were to contract with BS&A, it would have to maintain its existing Tyler Enterprise Asset Management/311/EnerGov software at a cost of \$133,072 annually and would incur additional inefficiency due to lack of system integration. These inefficiencies create business process redundancy as data is entered into two separate systems, or custom integrations requiring extra expenditure and reprogramming after software updates. If Tyler Technologies was selected, this annual maintenance cost is absorbed by the proposed contract.

BS&A also does not have scheduling time and attendance functionality. We would need to purchase NovaTime at an added cost of \$35,410 with maintenance fees of \$49,215.

Tyler is also providing business process consulting and documentation services (valued at \$84,000); which BS&A's proposal does not include and would need to be paid for using an outside consultant. The business process consulting will be essential in making sure that the ERP system replacement is utilized as an opportunity to improve our workflow and fully implement the interoperability of the new ERP system.

With NovaTime and the additional Business Process Improvement Consultant, the total startup costs for BS&A are estimated at \$1,029,435, which is \$259,683 less than Tyler MUNIS.

Annual maintenance fees total \$126,628 for Tyler MUNIS, while the total maintenance fees for BS&A,

NovaTime, and Tyler Energov/311/ComDev are \$248,762, a difference of \$122,134. During the third year of the agreement, the total cost of ownership for Tyler MUNIS becomes less expensive to own and maintain. For the first 5 years, Tyler MUNIS is estimated to cost \$1,818,882. Over the same 5 years BS&A/NovaTime/Tyler Energov/311/ComDev is estimated to cost \$2,128,827, or \$309,944 more. Please refer to the Munis BS&A 5-Year Cost Comparison for a more detailed breakdown of each vendor's proposal and the five-year total cost of ownership.

Staff recommends purchasing and implementing the Tyler Munis ERP platform for the following reasons:

1. **Functionality** - The Tyler ERP platform provides significantly more functionality and scalability than BS&A.
2. **EAM/311** - Staff has been using Tyler EAM since 2018 and soft launched 311 internally in October 2020. There would be significant cost to maintain this platform alongside the BS&A platform, increasing total operational expenses above those of Tyler Technologies' Munis platform.
3. **Sustainability** - Tyler Technologies is a large publically traded enterprise that is financially sound and not likely to be bought or merged into another company, as occurred with the Village's current Innoprise ERP. Tyler is constantly innovating and provides major updates to its software annually. BS&A is a small privately owned company. Its ERP platform is limited in functionality requiring other software vendors to fill out its portfolio. Its software will undoubtedly require a redevelopment effort in the near future. The ERP Strategy Task Force received feedback from other customers that they have been promised updates for years, but no action has been taken, therefore the Task Force is concerned about the longevity of the software system and future replacement or purchase of the platform.
4. **Affordability** - While the total cost to implement Tyler Munis ERP is significant, its annual licensing and support costs reduce long term operational costs when compared to the total annual cost to maintain existing disparate systems which provide similar functionality that is already included in Tyler Munis ERP.

Implementation is projected to take 18-24 months from contract signing due to its complexity and to lessen the impact to existing operations. It is recommended the Village dedicate a full time project manager to coordinate this effort and facilitate its completion. The Village will issue an RFP to solicit proposals from firms experienced with providing these services for implementation of the Tyler Munis ERP platform.

#### ..Recommended Action/Motion

Staff recommends the Committee of the Whole provide consensus to negotiate a contract with Tyler Technologies for procurement of their software and services to implement the Munis ERP system for the Village of Orland Park. The fully negotiated and reviewed contract would be brought forward at a future Board of Trustees meeting for approval.