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Program and Budget Committee

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CAPITAL MASTER PLAN PROJECT PROPOSALS

prepared by the Secretariat

BACKGROUND

1.   WIPO's services and support to its Member States and its customers rely on a strong administrative, financial and management foundation, including its premises, information and communications technology (ICT) systems and safety and security. Keeping them fit-for-purpose requires continued capital investments. Starting from 2013, the Assemblies of the Member States of WIPO have approved the funding of WIPO Capital Master Plan projects, comprising capital investments financed from the Reserves in line with the Revised WIPO Policy related to Reserves[1]. This document sets out an outline of the longer-term outlook for capital investments in the areas of ICT as well as buildings and facilities.

ICT MEDIUM TERM CAPITAL INVESTMENT STRATEGY

2.   Continued Digital Transformation is central to the success of WIPO. Most, if not all, of WIPO's products and services are critically dependent on excellent ICT infrastructure services and the successful delivery of ICT projects that enable significant transformation and enhancements to our business activities.

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[1] Document WO/PBC/23/8

3.   WIPO, through the global IP systems provides time-bound and quality-sensitive services to thousands of private sector entities. The ability of WIPO to sustain and enhance these services and to keep pace with growth and customer expectations will hinge upon our ability to know and serve our customers better, to manage customer data in a reliable and secure manner and to proactively anticipate customer needs and tailor and adjust our services to these needs.

4.   The development and maturing of these Organization-wide capabilities will need targeted investments to underpin customer facing operations across the Global IP Systems and the Foundation of our strategy over the coming years. More specifically, some of the core capabilities that will need ICT investments include Customer Data Management, Customer Relationship Management, Customer Experience Management and the continuous improvement of our Customer Portals and Infoline services.

5.   This will need to be carried out in tandem with improving the core business applications across the global IP systems and the WIPO Arbitration and Mediation Center (AMC). The level of investment across these systems will depend on the needs of each system and will be driven by their growth, the current level of automation and the evolution of customer needs, the regulatory framework and the business processes.

6.   WIPO's Administration, Finance & Management Sector (AFMS) is responsible for WIPO's operating platform and provides the foundation for the delivery of services and results across the Organization. As we invest and transform our customer facing ICT infrastructure and applications, it is important that WIPO invests commensurately in its management and administrative systems to drive productivity enhancements and the delivery of higher quality services to both external and internal users of our services. The full and successful implementation of the Human Resources (HR) Strategy, the re-engineering and simplification of our internal business processes and improvements in employee/user experience will need significant investments in the next generation Enterprise Resource Planning (ERP) System and further investments in our translation infrastructure and a modern state of the art platform for conference services, including the management of interpretation services.

## TOWARDS A NEW STRATEGY FOR THE WIPO CAMPUS

7.   In the post-pandemic context, WIPO, like most international organizations, has adopted a flexible working policy. However, our current space utilization and office layout remains unchanged. As much of WIPO's estate was constructed in the 1960s and 1970s, it is nearing the end of its natural lifespan and some significant capital renewals of the buildings will be needed in the coming decade. A new vision and management strategy for WIPO's campus is therefore needed to ensure that WIPO's real estate continues to be aligned with its organizational goals.

8.   The new strategy will preserve the heritage value of our buildings, continue to ensure safe and secure buildings and facilities, and minimize the risk of unexpected obsolescence or unforeseen major costs. A well-designed and modernized campus can contribute to a more open, dynamic and collaborative organizational culture, essential to creating a healthy, inclusive workplace where high performance and innovation can thrive. WIPO's strategy will address:

-      How best to facilitate collaboration and foster innovation in a hybrid work environment that contributes to a positive corporate culture, learning from other organizations (within and beyond the UN) that have adapted their work environments for the future.

-      How best to adapt to the current and evolving nature of the workforce, including size and profile, experience, expectations of the future workplace and employee well-being.

-      How to optimize the use of space and develop smart and sustainable buildings that improve energy efficiency and support WIPO's wider sustainability efforts, including waste reduction.

9.   WIPO's new Campus Strategy will therefore focus on two streams: a long-term strategic vision and a short- to medium-term preventive maintenance plan. The aim is to ensure that the premises

remain fit for purpose in the short term, while preparing for the future needs of the Organization, through the following approach:
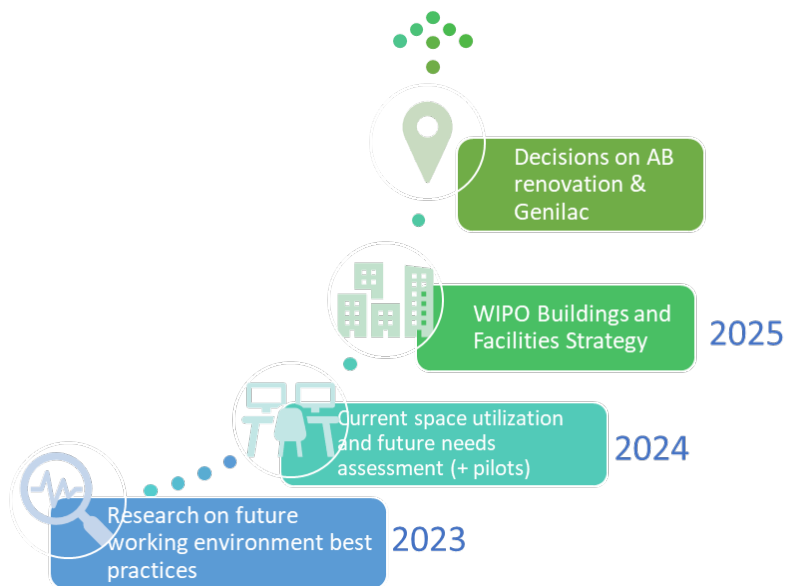
10.   Studies already conducted in 2023 and those being undertaken in 2024 will inform the long-term WIPO Campus Strategy, which is expected to be presented to Member States in 2025/26.

11.   As part of this longer-term strategy, WIPO will present its proposed approach to the renovation of the AB Building (WIPO's "blue tower", designed by Pierre Braillard) and the "Genilac" project.

12.   The renovation of the AB Building will require significant advance planning due to its high level of technical complexity, coupled with the need to ensure business and operational continuity, access to workspace during the transition, and maintenance of service levels to internal and external users of our space.

13.   The aim of the "Genilac" project is to use the existing water network of the Geneva Lake for heating (instead of gas). It is currently only used for cooling WIPO buildings. By using a renewable and sustainable source of locally available energy, WIPO would be able to ensure a stable supply of heating energy at a predictable cost and long-term independence from potential gas shortages and associated price volatility.

14.   The short- to medium-term preventive maintenance plan aims to ensure that our buildings and facilities remain fit for purpose, up to date and properly maintained. Most of the required initiatives and interventions are included in WIPO's maintenance plan and are funded through the regular biennial budget approved by Member States. A major project to migrate the current Building Management System (BMS) to a new generation system is proposed to be funded from the Reserves. The current BMS manages and controls all the technical infrastructure in the buildings, including heating, ventilation, air conditioning and sanitary (HVACS), lighting and blinds, but it is reaching the end of its working life, and will not be supported beyond 2027. The proposed project is detailed in the Annex to this document.

STATUS OF CAPITAL MASTER PLAN PROJECTS FINANCED FROM THE RESERVES

15.   Regular reporting on the status of implementation of individual Capital Master Plan projects is included in the annual and biennial WIPO Performance Reports (WPRs) submitted to the Program

and Budget Committee (PBC). The progress of each project as at December 31, 2023, is included in the WPR for 2022/23[2], Annex IX.

16.   Table 1 provides, for each currently ongoing project, an update on the status of budget utilization as at March 31, 2024, and projected expenditure for the remainder of 2024.

Table 1: **Status of CMP Projects**
(in thousands of Swiss francs)

	Total Project Budget	Cumulative Expenditure to Dec 31, 2023	Remaining Balance in Special Projects Reserve Dec 31, 2023	To be Returned to Accumulated Surpluses	2024 Estimated Expenditure		Projected Special Projects Reserve Dec 31, 2024
					Actual Expenditure[1] as at March 31	Estimated Expenditure April 1 - Dec 31	
ICT Related Projects							
WIPO IP Portal - Phase II[2]	6,960	6,886	74	74	-	-	-
WIPO IP Portal - Phase III	7,531	4,722	2,809	-	384	1,735	689
PCT Resilient and Secure Platform - Phase I[2-3]	8,800	8,275	525	525	-	-	-
PCT Resilient and Secure Platform - Hybrid Phase	9,945	1,370	8,575	-	341	2,634	5,600
Madrid IT Platform	6,000	3,766	2,234	-	244	1,990	-
Hague Externalization Project	3,001	2,981	20	-	20	1	-
Cloud Transition - Phase III[4]	2,750	1,464	1,286	-	134	518	634
Integrated Conference Services Platform	930	583	347	-	-	-	347
Treasury Management System (TMS)	250	112	138	-	2	102	35
EPM 2nd Generation Cloud Based	825	668	157	-	5	152	-
AIMS 2.0 Transformation - Phase I	2,900	488	2,412	-	329	608	1,474
Conference Systems Upgrade[2]	2,594	2,504	90	90	-	-	-
Enterprise Service Management (ESM)	1,500	220	1,280	-	40	720	520
Data Management and Governance	1,000	-	1,000	-	-	100	900
Sub-total	***54,985***	***34,039***	***20,946***	***688***	***1,499***	***8,560***	***10,199***
Safety and Security Related Projects							
Dynamic Incident Management (DIM)[2]	400	317	83	83	-	-	-
Security Enhancement, Data Encryption and User Management Phase II - Identity Access Governance (IAG)[2]	407	361	46	46	-	-	-
Strong Modern Authentication	897	105	792	-	34	103	655
Sub-total	***1,704***	***782***	***922***	***130***	***34***	***103***	***655***
Total Reserve Funded Projects	**56,689**	**34,821**	**21,868**	**818**	**1,534**	**8,663**	**10,854**

[1] *2024 Actual expenditure excludes pre-encumbrances and encumbrances.*

[2] *These projects have been closed and their remaining budget balances will be returned to the Accumulated Surpluses.*

[3] *Includes additional budget of 800,000 Swiss francs (document A/62/7) to support software transformation and renovate the outdated PCT IT infrastructure (without cloud technology).*

[4] *Project full name: "Establishment of a Long-term Capability for WIPO to Utilize Cloud Service Providers and Migration of Legacy Applications"*

17.   At the end of 2023, the remaining balance in the Special Projects Reserves amounted to 21.9 million Swiss francs. It is estimated that 0.8 million Swiss francs in the Special Project Reserves will no longer be required and will therefore be returned to the Reserves in 2024. This is on account of the following projects that were completed under budget: (i) the completion of the PCT Resilient and Secure Platform - Phase I (524,896.18 Swiss francs); (ii) the completion of the WIPO IP Portal Phase II (73,687.08 Swiss francs); (iii) the completion of the Conference Systems Upgrade (89,800 Swiss francs); (iv) the completion of the Dynamic Incident Management projects (83,485.93 Swiss francs); and (v) the completion of the Security Enhancement, Data Encryption and User Management Phase II - Identity Access Governance (IAG) (46,241.70 Swiss francs).

[2] Document WO/PBC/37/7
Note: Figures in tables may not add up due to rounding.

CAPITAL MASTER PLAN PROJECT DRIVERS AND ADDITIONAL SELECTION CRITERIA

CAPITAL MASTER PLAN DRIVERS

18. The main drivers for capital investment projects are detailed below. The drivers also facilitate the assessment of whether projects meet the principles mandated by the Revised WIPO Policy related to Reserves.

Business Need	Cost Efficiency	Accessibility	Lifecycle	ESG	Regulations	Safety & Security

- ***Business need*** - building or acquiring new assets, which will enable the Organization to improve or expand services delivered to Member States and WIPO's customers.

- ***Cost efficiency*** - taking advantage of new technology, equipment and systems improvements to reduce recurring operating expenses.

- ***Accessibility*** - investing in initiatives to make WIPO's premises and services accessible to all stakeholders, including persons with disabilities.

- ***Lifecycle*** - effective lifecycle management of equipment and facilities assets, including essential refurbishment and renovation works or renewal of worn assets, to prevent risks related to safety and non-operability of such assets.

- ***Environmental, Social, and Governance*** – (i) investing in renewable energy initiatives, which will reduce WIPO's carbon emissions footprint and promoting sustainable practices in the Organization's operations; (ii) promoting access to IP for marginalized communities, supporting innovation in developing countries, LDCs and countries in transition; (iii) promoting diversity and inclusion in the Organization's workforce; and (iv) promoting good governance practices (internal controls, transparency and accountability), and ensuring fair and unbiased decision-making.

- ***Regulations*** - implementing projects to ensure organizational compliance with Swiss federal and local regulatory frameworks, as well as UN adopted guidelines.

- ***Security, safety and information assurance*** - implementing preventive and protective measures to reduce WIPO's vulnerability in case of threats and to safeguard WIPO staff, delegates and visitors as well as WIPO's physical and information assets.

CAPITAL MASTER PLAN ADDITIONAL SELECTION CRITERIA[3]

19. In 2020, WIPO's External Auditor conducted a performance audit of projects financed from the Reserves. The External Auditor presented the results of the audit as part of his Report on the 2020 WIPO Financial Statements to the 33rd Session of the PBC in September 2021.

20. All recommendations pertaining to project management and reporting have been addressed by the Secretariat and closed. The External Auditor's recommendations, which remain to be addressed are:

  i) *WIPO, in consultation with Member States, should reconsider the criteria for the Special Project investments to keep focus on their special and significant nature and make budget provisions for wider generic renewal investments and smaller initiatives through the normal budgeting process.*

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[3] Following approval of the CMP proposal the Revised Policy Related to the Reserves will be updated accordingly.

> ii) WIPO should consider mapping in the individual projects against WIPO's core objectives and ranking them to enable Member States to better understand the priority areas for investment.

21. The following additional criteria will be applied to Capital Master Plan projects proposed to be financed from the WIPO Reserves:

(i) Projects of a strategic and special nature *(versus routine maintenance projects which should be financed from the regular budget).*

i. In cases where a project is considered strategic and special in nature, the project is transformative, the cost is extra-ordinary and requires a unique investment. Such investments could, for example, be in core platforms, and major renovations of buildings. These projects, for example, improve access to services for both internal and external customers, introduce automation and improve ICT platforms/processes.

Note: Routine maintenance projects are assumed to be feasible to implement during one biennium. Examples include, power outage mitigation, upgrading of elevators/systems, and renewal of IT infrastructure or security systems. These types of projects would be part of the regular budget for building repairs/refurbishments and the renewal of IT infrastructure/systems.

(ii) IT projects should conform with WIPO's technical standards and ICT policies and duly consider how it would fit with the existing WIPO technology and strategy stack.

(iii) A preparatory/feasibility study or technical assessment is a pre-requisite for submitting a project proposal. The cost of such studies/assessments should be covered from the regular budget.

(iv) Where applicable the cost of a project should be benchmarked against similar projects outside of WIPO.

(v) Each project should be contained to a maximum of two phases.

(vi) Projects to be financed from the Reserves should normally be for a minimum budget of three million Swiss francs. If a project is proposed to be implemented in two phases, the budget for each phase should exceed three million.

CMP PROJECT PROPOSALS FOR RESERVE FUNDING

22. The following ICT and buildings related projects are proposed for funding from the Reserves (Table 2).

23. Both ICT projects are transformative strategic projects which require significant one-time investment. The buildings-related project is special in nature and cannot be implemented as a routine maintenance project.

24. The detailed project proposals in the Annex have been considerably strengthened compared to previous CMP project proposals and now include a mapping of the project objectives to WIPO's results framework, description of the project implementation approach and project risks. Considering that all projects represent considerable investments well above the proposed threshold of 3 million Swiss francs, they have been preceded by extensive planning or preparatory phases including a technical feasibility study for the buildings-related project. Furthermore, the estimated costs for the ERP project has been compared with similar recent projects in other UN organizations. Both proposed ICT projects are in line with WIPO's ICT policies.

Table 2: Capital Master Plan Project Proposals
(in thousands of Swiss francs)

Projects	Total
ICT Related Projects	
AIMS 2.0 Transformation - Phase II	21,500
Madrid IT Platform - Phase II	10,950
Sub-total ICT Related Projects	**32,450**
Building Related Projects	
Building Management System for HVACS facilities and lighting	10,839
Total	**43,289**

25.   The total estimated one-time cost of the proposed key priority projects amounts to 43.3 million Swiss francs.

STATUS OF THE UTILIZATION OF RESERVES

26.   The first principle (Principle 1) set out for use of the Reserves in the Revised Policy Related to the Reserves pertains to the availability of amounts above the reserve target level.   The balance of Reserves in excess of the mandated reserve target level and the Special Projects Reserve is estimated to reach 547.4 million Swiss francs at the end of 2024. For the purposes of prudence, the calculation of available reserves excludes: (i) the Working Capital Funds and Revaluation Reserve Surplus, as per Principle 2 of the Revised Policy on Reserves; and (ii) the projected Overall Result after Reserve Expenditure for 2024.

Table 3: Estimated Status of Reserves end 2024
(in millions of Swiss francs)

Total Reserves[1-2] at 31.12.23	**824.1**
of which :	
Accumulated Surpluses at 31.12.23	802.2
Special Projects Reserve at 31.12.23	21.9
Estimated Movements of Special Projects Reserve in 2024	
Estimated to be Returned to Accumulated Surpluses	(0.8)
Estimated Expenditure on Projects Financed from the Reserves in 2024	(10.2)
Proposed CMP Projects	43.3
Special Projects Reserve (estimated) at 31.12.24	**54.1**
Total Reserves (estimated) excluding Special Projects Reserve at 31.12.24	**769.9**
RWCF Target 2024/25[3]	**222.5**
Balance of Reserves in Excess of Reserve Target Level[4]	**547.4**

[1] *Excluding Working Capital funds (WCF), Revaluation Reserve Surplus, and Actuarial gains/(losses).*

[2] *Actuarial gains/(losses) at 31.12.23 amounted to -233.4 million Swiss francs.*

[3] *Reserve target is based on targets for the Unions determined in the Revised Policy on Reserves i.e. 26% of the total 2024/25 biennial budget of 857.3 million Swiss francs.*

[4] *Does not take into account the projected Overall Result after Reserve Expenditure for 2024.*

27.   As illustrated in Table 3, the proposed funding of 43.3 million Swiss francs for the CMP projects can be absorbed without affecting the required target level of Reserves, as the projected balances can well accommodate the expenditures for the proposed projects. In addition, the estimated movements of the Special Projects Reserve in 2024 is illustrated in the diagram below.

Estimated Movements of Reserves in 2024
(in millions of Swiss francs)
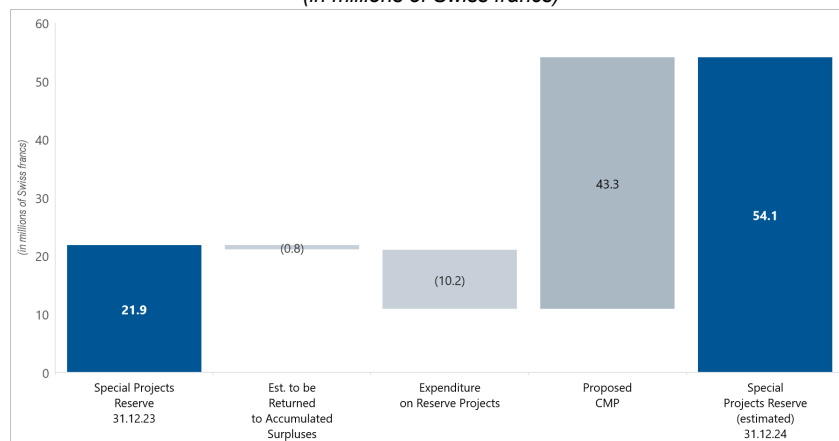
28. It should be noted that, as the Organization's financial statements are prepared on an International Public Sector Accounting Standards (IPSAS) basis, expenditure on ICT projects will be capitalized where it meets the required recognition criteria. Similarly, expenditure on building projects that extends the useful life or enhances the value of the affected buildings will also be capitalized. For each project, a determination will be made on whether capitalization is allowable under IPSAS, as detailed information on the costs and scheduled implementation become available. Where a project is capitalized, the expenditure is recognized over the useful life of the resulting asset once the project has reached completion and is available for use. In these cases, the impact of the expenditure on the Organization's Reserves is, therefore, deferred over a longer period through an annual amortization or depreciation charge, as opposed to an immediate impact as the project is implemented.

ALLOCATION OF PROPOSED CMP PROJECTS TO THE UNIONS

29. The three CMP projects proposed for financing from the Reserves are allocated to the Unions based on the extent to which they directly or indirectly benefit the Union(s):

AIMS Transformation 2.0 Phase II
o   Indirectly benefits all Unions
o   Cost allocated as indirect administrative expenditure to all Unions *(capacity to pay principle)*

Madrid IT Platform Phase II
o   Directly benefits the Madrid Union
o   Cost allocated as direct Union expenditure to the Madrid Union

HVAC and Lighting
o   Indirectly benefits all Unions
o   Cost allocated as indirect administrative expenditure to all Unions *(capacity to pay principle)*

30. Table 4 provides an overview of the allocation of the costs of the proposed projects by Union. It should be noted that the estimated level of the Reserves at the end of 2024 by Union does not consider the projected Overall Result after Reserve Expenditure for 2024 (please see paragraph 26).

Table 4: Estimated Status of Reserves end 2024 by Union
(in thousands of Swiss francs)

	CF Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Total
Total Reserves[1-2] at 31.12.23	**9,321**	**806,991**	**104,724**	**(88,002)**	**(8,966)**	**824,068**
of which:						
Accumulated Surpluses at 31.12.23	9,319	788,439	101,457	(88,049)	(8,966)	802,200
Special Projects Reserve at 31.12.23	2	18,552	3,267	47	-	21,868
Estimated Movements of Special Projects Reserve in 2024						
Estimated to be Returned to Accumulated Surpluses	-	(791)	(27)	-	-	(818)
Estimated Expenditure on Projects Financed from the Reserves in 20	(1)	(7,449)	(2,712)	(34)	-	(10,196)
Proposed CMP Projects	-	29,941	13,347	-	-	43,289
Special Projects Reserve (estimated) at 31.12.24	**1**	**40,253**	**13,875**	**13**	**-**	**54,142**
Total Reserves (estimated) excluding Special Projects Reserve at 31.12.24	**9,320**	**766,738**	**90,849**	**(88,015)**	**(8,966)**	**769,926**
RWCF Target 2024/25[3]	**25,732**	**151,176**	**39,907**	**5,731**	**-**	**222,545**
Balance of Reserves in Excess of Reserve Target Level[4]	**(16,412)**	**615,563**	**50,942**	**(93,746)**	**(8,966)**	**547,381**

[1] *Excluding Working Capital funds (WCF), Revaluation Reserve Surplus, and Actuarial gains/(losses).*

[2] *Actuarial gains/(losses) at 31.12.23 amounted to -233.4 million Swiss francs.*

[3] *Reserve target is based on targets for the Unions determined in the Revised Policy on Reserves i.e. 26% of the total 2024/25 biennial budget of 857.3 million Swiss francs.*

[4] *Does not take into account the projected Overall Result after Reserve Expenditure for 2024.*

31. Given that the Reserve balances for the Contribution-Financed (CF), Lisbon and the Hague Unions are projected to be below their required Reserve targets at the end of 2024, the indirect administrative costs are allocated only to the PCT and Madrid Unions.

IMPACT ON CASH FLOWS AND LIQUIDITY LEVELS OF THE RESERVES

Impact on Cash Flow

32. After setting aside the operational reserve target of 25.9 per cent of the Program of Work and Budget (205.2 million Swiss francs for 2022/23) and the Reserves established for the funding of after-service employee benefit liabilities (Strategic Cash amounting to 219.7 million Swiss francs at the end of 2022, and 248.8 million Swiss francs at the end of 2023), the balance of Core Cash, including the Special Projects Reserve, is as follows:

Table 5: Reserves as per Investment Policy
(in millions of Swiss francs)

	31-Dec-23	31-Dec-22
Total Cash and Investments	1,300.1	1,170.8
Operating Reserve (RWCF target 2022/23)	205.2	205.2
Strategic Cash	248.8	219.7
Core Cash*	846.1	745.9

* Core Cash includes the Special Projects Reserve

33.   The balance of cash and investments increased by 129.3 million Swiss francs between December 31, 2022, and December 31, 2023. The Organization retains sufficient liquidity available for cash requirements.

34.   In accordance with WIPO's Investment Policy, the Core Cash balance is invested while ensuring that sufficient cash is made available to meet contingencies should it be required. In addition, WIPO's cash balances are replenished on an annual basis with operating surpluses.

Liquidity Levels of the Reserves

35.   The liquid portion of WIPO's net assets has been defined as the excess of its current assets over its current liabilities after certain adjustments are made based on IPSAS requirements. The position of the liquid portion of the net assets has moved from 742.8 million Swiss francs as at December 31, 2022, to 872.5 million Swiss francs as at December 31, 2023.

36.   During 2022 and 2023, the Organization continued to make significant investments as part of its Policy on Investments. In the 2022 and 2023 Annual Financial Statements, the portion of Core and Strategic Cash invested is included in non-current assets, since the Organization plans to hold these balances in investments which exceed a one-year timeframe in order to maximize return while preserving capital. The Strategic Cash is invested for the longer term, resulting in a reduction of liquid reserves. The Core Cash has been invested in such a way as to ensure that the funds remain available should they be required to meet any contingencies. Therefore, for the calculation of Reserve liquidity, the Core Cash investments are considered liquid. However, it is important to note that the Core Cash is invested with the objective of generating a positive return over rolling five-year periods.

37.   The other adjustment made to the calculation of the liquid portion of net assets concerns advance receipts, net of the current asset Accounts Receivable PCT. Unlike other liabilities, advance receipts represent deferred revenue already received in cash, which will form part of WIPO's revenue and surplus within a period of 12 months or less. Therefore, the cash portion of advance receipts are not considered an offset to WIPO's liquid assets since they do not result in any outflow of cash resources.

Table 6: Evolution of Net Liquid Reserves
(in millions of Swiss francs)

	31-Dec-23	Position after Adjustments 31-Dec-23	31-Dec-22	Position after Adjustments 31-Dec-22
Current Assets	360.7		375.5	
Core Cash non-current investments		789.0		662.6
Accounts Receivable PCT		(57.2)		(60.1)
Net liquid current assets		1,092.5		978.0
Current Liabilities	546.6		569.0	
Adjustment for advance receipts		(326.6)		(333.8)
Net liquid current liabilities		220.0		235.2
Net current assets	(185.9)		(193.5)	
Liquid portion of net assets		872.5		742.8

38.   WIPO's available cash and the liquid element of its reserves are both more than sufficient to fully finance the level of cash outflow for the proposed CMP projects and the balances of existing ongoing CMP projects.

PROPOSED CMP PROJECTS AND ADHERENCE TO RESERVE POLICY PRINCIPLES

39.   The purpose of the Revised WIPO Policy Related to Reserves[4] was to further strengthen financial and risk management, provide enhanced guidance to the Secretariat on the on-going management of the Reserves including target levels and liquidity, and clarify the requirements for reporting on Reserves. The revised policy included a set of revised principles on the use of the Reserves and Working Capital Funds (RWCF) and guidelines pertaining to the calculation of available amounts (Principles 1 and 2).

40.   In addition to providing guidelines applicable to the financial aspects of managing the Reserves, the revised Policy Principle 3 requires that projects financed from the Reserves be for extraordinary, one-time capital projects. Principle 3 further provides that projects included in the CMP may be defined as projects related to construction/refurbishment and Information and Communication Technology (ICT) that are needed to keep the Organization's facilities and systems fit-for-purpose through significant expansion or additions.

41.   Principle 4 requires that the proposals for use of the Reserves should be prepared in a comprehensive manner including, inter alia, information on full lifecycle costs of the projects, expected benefits, and the impact on cash flows and liquidity levels of the Reserves. Lastly, Principle 5 provides guidance with regards to the time-horizon for the implementation of proposed projects.

42.   The below provides a synopsis of the analysis of compliance for each of the principles contained in the Revised Policy related to Reserves for the use of the Reserves.

PRINCIPLE 1: Proposals for the use of the RWCF should only pertain to the amounts available in the RWCF exceeding the target level required by WIPO's Policy on Reserves. This is applicable both at the level of individual Unions as well as at the level of the Organization as a whole.

> **Compliance with Principle 1:** The balance of the Reserves (excluding WCF, Revaluation Reserve Surplus and actuarial gains/(losses) as at end 2023 amounted to 824.1 million francs. The Balance of Reserves in Excess of the Target Level is estimated at 547.4 million Swiss francs at the end of 2024. The proposed funding of CMP projects amounting to 43.3 million Swiss francs is, therefore, well within the estimated balance.

PRINCIPLE 2: The calculation of the available Reserves will be based on the information on the RWCF levels contained in the most recent financial statements and must take into due consideration the actual, committed, and planned expenditures from Reserves for the financial period(s) during which the proposed project will be implemented. The Revaluation Reserve Surplus (which arises from the revaluation of the land on which the new building has been constructed) and the Working Capital Funds (which were established through Member States contributions) will be excluded from the calculation of the amounts available in excess of the RWCF target.

> **Compliance with Principle 2:** The calculation of the available Reserves excludes the WCF and Revaluation Reserve Surplus (Tables 3 and 4 refer).

PRINCIPLE 3: Proposals for the use of available Reserves should be limited and for one-time projects for capital improvements and exceptional circumstances, as decided upon by the Assemblies of the Member States and of the Unions, each as far as it and its available Reserves are concerned. Capital projects would typically be identified in a long-term capital master plan and may be defined as projects related to construction/refurbishment and Information and Communication Technology that are needed to keep an Organization's facilities and systems fit-for-purpose through significant expansion or additions.

> **Compliance with Principle 3:** The proposed projects are one-time, key capital investments related to ICT and buildings. The descriptions of projects and their drivers are included in the Annex.

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PRINCIPLE 4: Proposals for the use of the Reserves should be prepared in a comprehensive manner with information on full lifecycle costs of the projects, estimated benefits (which may be both financial and qualitative in nature), recurring expenditures that the Organization will be committed to budgeting for as part of the regular budget in subsequent biennia, and the impact on cash flows and liquidity levels of the Reserves.

> **Compliance with Principle 4:** The Annex provides a comprehensive overview of the key capital investments for the three proposed ICT and buildings related projects, including a comprehensive outline of the business case, the project objectives and their link to WIPO's Expected Results, the expected benefits of the project and related KPIs, baselines and targets, an overview of the project implementation approach, project risks, the full one-time cost and the estimated annual recurring costs.
>
> In addition, the proposed CMP projects are estimated to not have any negative impact on cash flows and liquidity levels of the Reserves (please see paragraphs 32 to 38).

PRINCIPLE 5: Proposals for the use of the Reserves may be for projects and initiatives that are outside the biennial financial period of the Organization and may cut across, or last for, more than one biennium.

> **Compliance with Principle 5:** Subject to the WIPO Assemblies' approval of the proposed CMP projects, implementation of the projects may start in the 3rd quarter of 2024 and continue until end 2028.

43. The following decision paragraph is proposed.

> *44. The Program and Budget Committee (PBC) recommended to the Assemblies of WIPO, each as far as it is concerned, to approve the CMP proposal (document WO/PBC/37/11) and the funding from the WIPO Reserves for the three projects detailed in the annex of the document, amounting to a total of 43.3 million Swiss francs.*

[Annex follows]

ANNEX – CMP Project Proposals

ICT RELATED PROJECTS

Madrid IT Platform Phase II

Background and Business Case

The Madrid IT modernization program was completed in 2016, achieving the goal of migrating IT systems based on outdated 1990s legacy technology to a more modern IT platform and adding functions to enable selected electronic transactions. However, this IT system continues to be based on architectures, processes and administrative practices that have evolved over the long history of the Madrid Registry, rather than designed specifically to take advantage of the possibilities offered by modern technological solutions.

The Madrid IT Platform project, which started in 2017, set out the pathway for a technological leap forward to support optimized, efficient, resilient, flexible and customer focused business processes. The platform, when finalized, will provide the core components of a new comprehensive and agile IT business solution for all Madrid System services.

A road map for the completion of all the work required to establish the new Madrid IT Platform was developed at the beginning of Phase I. The four key categories of work are the delivery of online services and portfolio management, data exchange with IP Offices, establishment of the new architecture and the gradual implementation of all transactions into the new IT system.

The first phase of the project focused primarily on improving customer experience. Important progress was made in this regard with the delivery of online forms covering 96% of all transaction volumes, the new notification system, expanded credit card payment and improvements to designation status information. This focus on improved customer experience will culminate in 2024 with the launch of eMadrid, an online portal that offers external users a secure and centralized location to perform all necessary actions related to the filing and management of their international applications and registrations. Additionally, at the end of Phase I (Q4 2024), an improved document storage system and APIs (Application Programming Interface) for IP Office data exchange will be delivered.
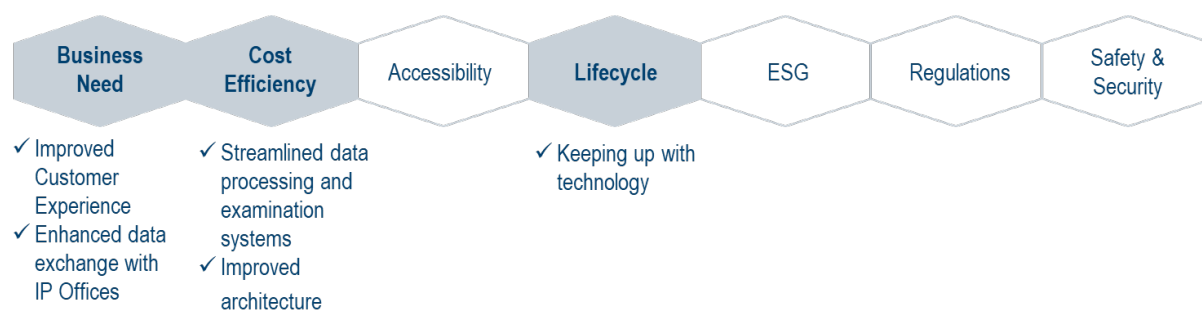
Anticipating the conclusion of the first phase of the project, further in-depth internal evaluations and reviews were conducted in 2023 to refine and detail the overall project roadmap. This roadmap provides the basis for embarking upon the second phase of the project.

The core focus of the second phase of the project, which is estimated to conclude in 2028, will be on the development of the core architectural elements for the Minimum Viable Product (MVP) and other transactions. The new core architectural elements will allow the new IT system to support the entire examination process of New Applications (MVP), and eventually all Madrid transactions, which will improve the efficiency, timeliness and quality of Madrid outputs. Additionally, activities such as improving data exchange with IP Offices by replacing legacy processes for data ingestion and refactoring the legacy database structure will ensure that they are effective and fit-for-purpose in the new IT system. The following table shows the division of deliverables between Phase I and II:

		Phase 1	Phase 2
	Online Services & Portfolio Management	• Madrid Credit Card Payment • Madrid Online Forms (*) • ID & Portfolio Management (Analysis) • eMadrid (version 1)	• eMadrid (hyper-care and version 2)
	Data Exchanges with IP Offices	• Overhaul of notification system • Madrid Office APIs (*)	• New data ingestion system
	New Architecture	• Analysis and Planning • Madrid Object Storage System (MOSS) (*)	• Operational system for start-to-finish examination of New Applications: New Application MVP (Core Architectural Elements: BPM, EMB, Data Access Module) • Database refactoring
	Implementation of remaining transactions		• Operational system for start-to-finish examination of remaining transactions

(*) Hyper-care and version 2 of these deliverables will run into the initial part of Phase II

Drivers

Business Need	Cost Efficiency	Accessibility	Lifecycle	ESG	Regulations	Safety & Security

✓ Improved Customer Experience
✓ Enhanced data exchange with IP Offices

✓ Streamlined data processing and examination systems
✓ Improved architecture

✓ Keeping up with technology

Project Objectives

The overall objective of the Madrid IT Platform project is to replace current IT systems with improved, more modern, and robust systems, based on modern architectural principles to establish a more reliable, flexible and maintainable IT capability to support the IT requirements of the Madrid Registry.

Phase I of the project focused on enhancing customer experience through the development and implementation of additional online services, creation of a new self-service user portal, improvements to communication with holders and representatives, establishing APIs for data exchange with IP Offices, and improved data storage and integrity.

The objective of Phase II of the project is to establish a new fundamental application architecture, upon which we will base streamlined and cost-effective data processing and examination systems. This will enable the flexibility and responsiveness required to support the current and future needs of the Madrid Registry and its customers.

Link to WIPO's Expected Results and Medium-term Strategic Plan (MTSP)

Expected Result	Project Contribution
Strategic Pillar 3	*Provide high quality intellectual property services, knowledge, and data that deliver value to users around the world*
3.1 Wider and more effective use of WIPO's global IP systems, services, knowledge, and data	- Increase the ease of use of Madrid services
3.2 Improved productivity and service quality of WIPO's global IP systems, services, knowledge, and data	- Enhance the efficiency and effectiveness of processing Madrid transactions - Seamless data exchange with IP Offices
Foundation	*Empower our people to work effectively, collaboratively, and innovatively by providing them with the right resources, training and environment*

Expected Result	Project Contribution
5.2 Digitally enabled, secure and sustainable operating environment and service	- Modern technology for the Madrid Registry providing a stable, agile and user friendly internal and external facing IT platform

Expected Benefits, KPIs, Baselines and Targets

The expected benefits and measurements of success of the second phase of the New Madrid IT Platform project are summarized below:

Benefit Description	KPIs	Baseline	Target for Phase II
Improved customer experience	% of customers that are satisfied with Madrid online information and transactional services	85%	90%
	% adoption of portfolio management tools by customers	30%	75%
	% adoption of online forms by customers	70%	85%
	Timeliness and availability of Registry information through the online tools	More than 24 hours	Less than one hour (99% of the time)
Increased efficiency of WIPO	% automation per transaction	Renewals: 47% Subsequent Designations: 51% Modifications: 0% Decisions (by DCP): 79%	Renewals: 65% Subsequent Designations: 65% Modifications: 50% Decisions (by DCP): 90%
	% of irregularities	Renewals: 3% Subsequent Designations: 6% Modifications: 6%	Renewals: 2% Subsequent Designations: 2% Modifications: 2%
	% productivity improvement in processing international applications	-	20%
	Agility to make changes to the IT System; a) Reduced average time for change request implementation b) Reduced average IT system downtime during new releases	a) 130 b) System downtime of 30 minutes	a) 95 days b) No system downtime
Improved data exchange between WIPO and IP Offices	Number of IP Offices using Madrid APIs	0	20
	Number of files received with errors that require manual processing	510	100

Project Implementation Approach

The project implementation approach for the Madrid IT Platform remains consistent over both phases of the project.

The New Madrid IT Platform is likely the single most important element of the Madrid System to improve, maintain and enhance its strategic position. In order to achieve its objectives without undue risk, core components will be implemented in a phased manner throughout the lifecycle of the project, in order to avoid any "big-bang" deliveries. To realize this strategy, the project has been broken down into manageable deliverables (work packages) with dedicated teams, each concentrating on a limited set of the core components required to deliver a new and improved Madrid IT system. The scope for each deliverable of the project will comprise of version 1 of the solution with hyper-care and version 2 (enhancements and improvements). By maintaining compatibility with existing legacy systems wherever possible and establishing controlled and reversable transition plans for each deliverable separately,

disruptions in service delivery have been reduced or eliminated. Additionally, the project roadmap (timelines, budget, deliverables) is reviewed regularly to ensure that the projects viability and feasibility are sustained throughout their lifecycle.

Deliverables	Description of deliverable	Expected outputs
Operational system for start-to-finish examination of New Applications: New Application MVP (Core Architectural Elements: BPM, EMB, Data Access Module)	Development of new examination system supporting the processing of the New Application transaction, based on new core architectural elements, maintaining compatibility with existing register and capable of interfacing with both new and legacy external systems	• Implementation of core architectural elements (BPM, EMB, Data Access Module) • Operational system for start-to-finish examination of New Applications
New data ingestion system	Replacement of existing legacy processes for data ingestion with modern, supportable, and reliable systems	• Implementation of new data ingestion system • Retirement of the current tool (PODDIIR)
Database refactoring	Rationalization and clean-up of legacy database structure without data migration	• Streamlined database structure • Comprehensive documentation
Operational system for start-to-finish examination of remaining transactions	Staged and gradual implementation of remaining transactions using the platform created during the New Application MVP	• Operational system for start-to-finish examination of all transactions
Hyper-care of version 1 and release of version 2 for eMadrid, Madrid Online Forms, Madrid Object Storage System and Madrid Office APIs	Hyper-care, enhancements and improvements that will provide additional functionality and features to users	• Implementation of high-priority modifications and provision of hyper-care

Risks

Risks	Mitigation strategies
Difficulty in acquiring quality technical resources to work on the project could lead to project implementation delays	Proactive planning and outreach to secure the required technical resources. Exploration of internal mobility possibilities.
Madrid legal framework changes and other necessary work requiring prioritized changes to existing MIRIS system to support modified requirements (e.g., new languages or transactions) will lead to unavailability/limited availability of Madrid staff to work on the new Madrid platform deliverables	Implement changes in the current Madrid IT system using, to the extent possible, a plug-and-play approach, so make them reusable in the new Madrid IT platform.
Shortage of available and adequately skilled long-term resources required to effectively execute the transition to operations plan, and continuously support and maintain the delivered systems after the completion of the project.	Reskilling of existing Madrid workforce, exploring opportunities of the ICT centralization to use existing resources across IT teams and proactive planning for new resources.

Deliverables and Budget

The expected deliverables for Phase II and the associated budget are shown in the table below. The table also gives an indication of the estimated cost of time-spent by WIPO staff involved in the project, over its duration.

Deliverables	Budget (in Swiss francs)
Operational system for start-to-finish examination of New Applications: New Application MVP (Core Architectural Elements: BPM, EMB, Data Access Module)	3,582,962
New data ingestion system	718,914
Database refactoring (Rationalization and clean-up of legacy database tables. No migration of data needed)	336,515
Operational system for start-to-finish examination of remaining transactions	4,586,429
Hyper-care of version 1 and release of version 2 for eMadrid, Madrid Online Forms, Madrid Object Storage System and Madrid Office APIs	1,725,180
Total Project Costs	**10,950,000**
Estimated cost of WIPO Personnel pertaining to project governance	*430,000*

Project management and technical experts are included in the budget by deliverable

Estimated Recurring Operational Costs

Ongoing cloud hosting operational costs of systems that are currently in or nearing production are estimated to be roughly 5,000 CHF per month. Operational costs of the Madrid Platform deliverables that are based on new architectural elements are currently estimated at a monthly cost of 17,000 Swiss francs for cloud hosting. Further detailed cost projections will be available as specific architectural elements are delivered as part of the project. The costs will be included in the successive Program of Work and Budget proposals as part of the regular budget.
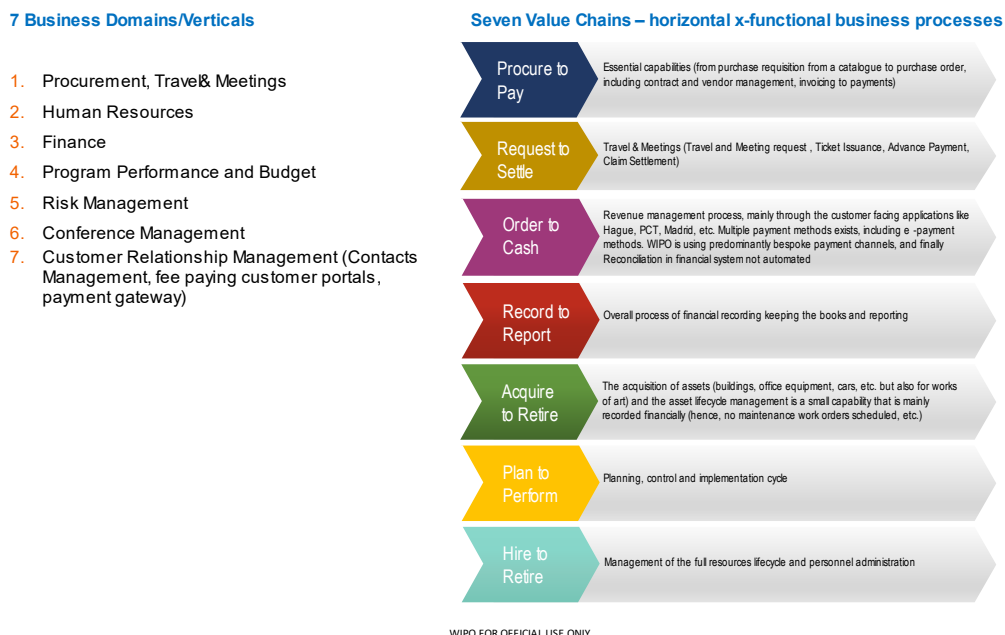
Recurring Operational Costs*	Budget (per year) *(in Swiss francs)*
Cloud hosting	264,000
Total	**264,000**

* The cost of maintenance and technical support for the completed Madrid IT Platform will be estimated during Phase II by ICTD in collaboration with the Madrid Registry.

AIMS TRANSFORMATION 2.0 PHASE II

Background and Business Case

The WIPO portfolio of ERP applications (known as "AIMS") provides the backbone for administrative, human resource and financial management processes as the main digital platform supporting these processes. It is composed of 13 applications, with over 1,300 internal users and a vast community of external customers, and underpins all the key administrative and financial processes in WIPO. It supports the following business verticals and cross-functional (horizontal) processes.

7 Business Domains/Verticals

1. Procurement, Travel& Meetings
2. Human Resources
3. Finance
4. Program Performance and Budget
5. Risk Management
6. Conference Management
7. Customer Relationship Management (Contacts Management, fee paying customer portals, payment gateway)

Seven Value Chains – horizontal x-functional business processes

Procure to Pay	Essential capabilities (from purchase requisition from a catalogue to purchase order, including contract and vendor management, invoicing to payments)
Request to Settle	Travel & Meetings (Travel and Meeting request , Ticket Issuance, Advance Payment, Claim Settlement)
Order to Cash	Revenue management process, mainly through the customer facing applications like Hague, PCT, Madrid, etc. Multiple payment methods exists, including e -payment methods. WIPO is using predominantly bespoke payment channels, and finally Reconcilation in financial system not automated
Record to Report	Overall process of financial recording keeping the books and reporting
Acquire to Retire	The acquisition of assets (buildings, office equipment, cars, etc. but also for works of art) and the asset lifecycle management is a small capability that is mainly recorded financially (hence, no maintenance work orders scheduled, etc.)
Plan to Perform	Planning, control and implementation cycle
Hire to Retire	Management of the full resources lifecycle and personnel administration

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The above integrated ERP system portfolio (AIMS) was implemented following Member States' approval in 2010. In 2012, the first results-based planning and budgeting module was completed in the Enterprise Performance Management (EPM) application. The last release was completed in 2019 and included Travel & Meetings (TAM) and Absence Management.

In April 2020, WIPO engaged external expertise to assess the current AIMS portfolio to help define the next-generation ERP strategy. The assessment included an evaluation of business capabilities, user interviews and feedback, evaluation of the applications, and value chain (horizontal, cross-functional domains) assessment.

Although the assessment concluded that the majority of business capabilities are digitized and well supported by the current AIMS functionality, it found that the transformation of the portfolio is required to ensure that it is operating optimally, is future-ready, is able to accommodate changes in administrative and financial management processes in an agile manner, can provide an end-to-end modern user experience and can keep up with new and evolving Organization-wide technology and business needs. In particular, the following areas of improvement were identified: (i) use of a fit-for-purpose and modern technology platform; (ii) need to enhance user friendliness and modularity of the interfaces; and (iii) need to strengthen reporting capabilities and solution(s) to better support business needs.

Further to this analysis, the first phase of the AIMS Transformation was approved by Member States in 2022 with the following objectives:

(i)   Improved fee-paying customer services and solutions;
(ii) An agile, future-ready applications architecture that is easy to adapt to new solution delivery models and which comply with WIPO's cloud strategy;
(iii) Improved reporting and analytics whilst fostering better access to and usage of the enterprise AIMS data;
(iv) Improved user experience through modernization, process simplification and automation.

Most importantly, Phase I initially anticipated the migration of the existing Peoplesoft application to a cloud hosting environment, in a format of a lift-and-shift. However, given the fast evolution of ERP solutions on the market as well as the evolving cloud landscape, it was decided to review this lift-and-shift strategy. A review of the overall project approach was therefore carried out.

The review found that adopting the originally envisaged lift-and-shift approach (i.e., migrating the existing core ERP applications as-is to the cloud) would have limited benefits. Instead, it stressed the need for better preparation to adopt a next-generation (SaaS - Software as a Service) solution for WIPO's ERP.

This change in strategy had scope and planning consequences, and as a result, the AIMS Transformation project was re-focused to prepare WIPO's technical environments as well as business areas towards the full implementation and adoption of a next-generation ERP.

Phase I of the AIMS Transformation delivered the following revised deliverables with the objective to better prepare the Organization for the implementation of a next generation ERP (Phase II):

(i)   Inventory of business requirements, business process reengineering, including market and fit-for-purpose analysis;
(ii) Gathering of experiences and lessons learned from other organizations;
(iii) Identification of best-of-breed ERP solutions based on business requirements, workshops and final proposal for the best fit solution;

This proposal for Phase II focuses on the core ERP capabilities (Finance, Procurement, Human Resources Management and Payroll, Travel & Meetings) including integration capabilities with on-premise business systems (PCT, Madrid, Hague, AMC, etc). It is part of the broader, WIPO digital transformation strategy, already initiated in some areas such as planning and budgeting with the new SaaS result-based planning system WePerform[5]. Strong integration is foreseen between the new core ERP and satellite capabilities such as WePerform. Phase II of the project is estimated to be completed by the end of 2028.

The planned Phase II of the AIMS 2.0 transformation will be using a multi-layered approach that can be visualized as follows:

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[5] See WIPO Performance Report, document WO/PBC/37/7, Annex XI: CMP 31 – Enterprise Performance Management (EPM) 2nd Generation Cloud-based
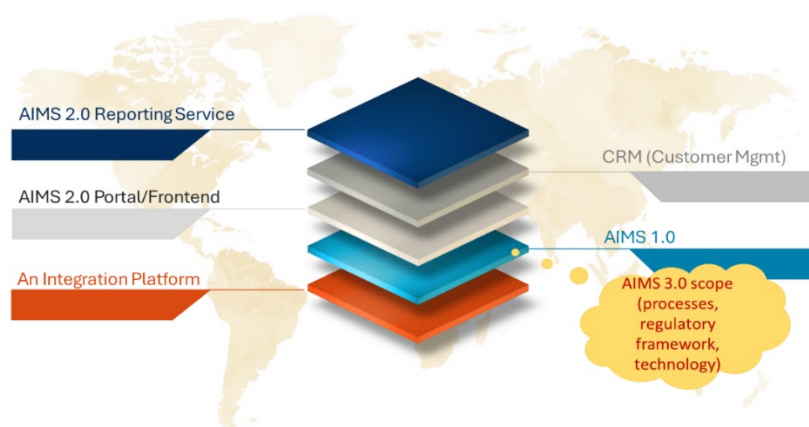
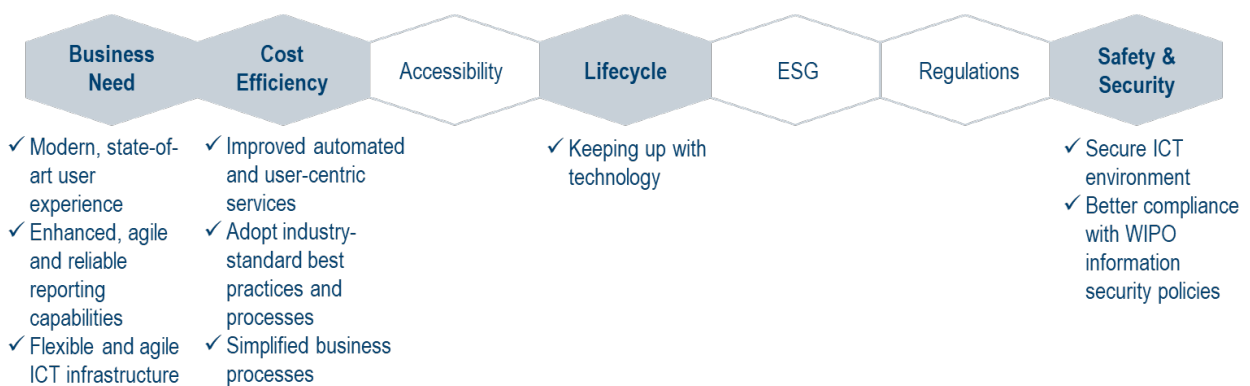The target core architecture and its integration with other business systems would be a follows:
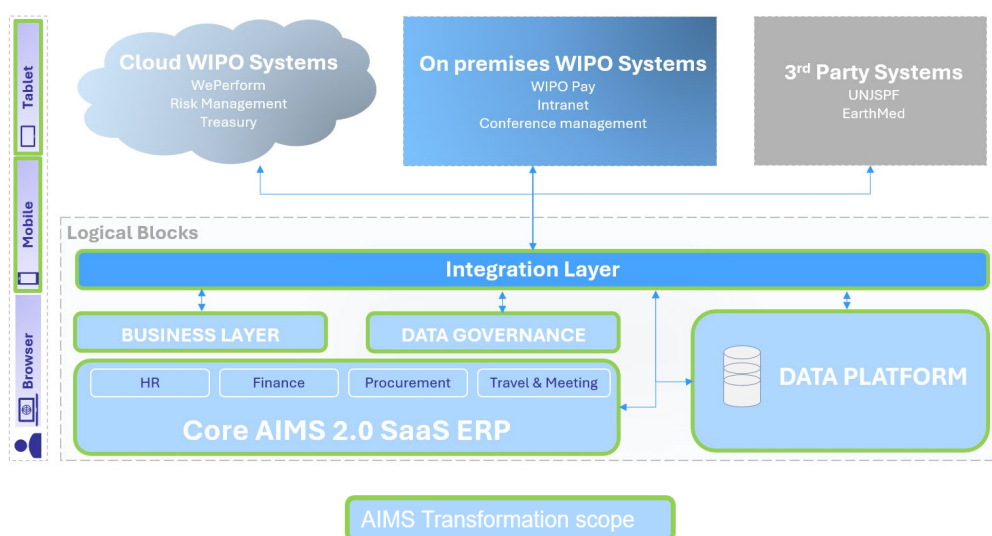
Drivers

Business and user related drivers:

- The key strategies for the Foundation in the Medium Term Strategic Plan (MTSP), the HR Strategy and the regulatory framework, will guide the implementation of the ERP transformation project.

- Increased reliance on data-driven decision-making will require significantly enhanced, agile and reliable reporting capabilities.

- Current business processes and workflows have become cumbersome. There is therefore a need to adopt industry-standard best practices and streamlined processes to enhance efficiency.

- The look-and-feel of the current ERP applications is outdated. There is a strong need for a modern, state-of-the-art user experience.

- Remote working has increased the need for a higher degree of automation.

Technology drivers:

▪ The current PeopleSoft applications are fit for purpose and use the latest releases. However, Oracle has announced the end of life for Peoplesoft in 2035. The cost of maintenance is continually increasing due to the diminishing pool of available resources in the market.

▪ The current ERP applications have a large number of customizations in various applications making it difficult and costly to support, patch and upgrade them.

▪ Traditional monolithic applications tightly coupled without a clear integration strategy, impact the ability to respond to business changes in an agile manner.

▪ ERP solutions on the market have shifted to new solutions and service delivery models.

▪ The current reporting solution does not adequately support the business needs and does not offer the needed insights into the data.[6]

Business Need	Cost Efficiency	Accessibility	Lifecycle	ESG	Regulations	Safety & Security
✓ Modern, state-of-art user experience ✓ Enhanced, agile and reliable reporting capabilities ✓ Flexible and agile ICT infrastructure	✓ Improved automated and user-centric services ✓ Adopt industry-standard best practices and processes ✓ Simplified business processes		✓ Keeping up with technology			✓ Secure ICT environment ✓ Better compliance with WIPO information security policies

Project Objectives

The objectives of the Phase II of the AIMS Transformation project are:

i)   Enhanced services for WIPO Member States, customers, and other external stakeholders
ii)   Improved management and administrative business processes
iii)   Enabler for organizational culture change
iv)   Future-proof business applications and technology that keep pace with changing business needs

Link to WIPO's Expected Results and Medium-term Strategic Plan (MTSP)

WIPO's MTSP recognizes the central and enabling role of its management and administrative functions and its culture in the delivery of its Expected Results across all Strategic Pillars and Sectors.

Strategic Pillar / Expected Result	Project Contribution
Strategic Pillar 3	*Provide high quality intellectual property services, knowledge and data that deliver value to users around the world*
3.1 Wider and more effective use of WIPO's global IP systems, services, knowledge, and data	- A unified, simplified payment system spanning across various IP services provided by WIPO.

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[6] Reporting capabilities are expected to be delivered later during implementation. An interim reporting and analytics initiative is currently underway.

Strategic Pillar / Expected Result	Project Contribution
Foundation	*Empower our people to work effectively, collaboratively, and innovatively by providing them with the right resources, training, and environment*
5.1 A Secretariat that is empowered through a dynamic corporate culture and is provided with the right resources and training to work effectively, collaboratively, and innovatively	- A modern and intuitive employee portal, favouring self-service, user journey and portability, will promote an employee focused culture compared to an administration and process driven one.
5.2 Digitally enabled, secure and sustainable operating environment and service	- The review and simplifications of processes as well as the selection of a new ERP ecosystem will facilitate the overall services operating model as well as the general user experience of WIPO's internal services.
5.3 Sound and prudent financial management and effective corporate governance and oversight	- Enable data-driven decision making, by providing accurate and timely reporting supported by seamless dataflow across different business sectors. - Provide comprehensive business process capabilities by automation and reduction of manual work. Provide better data insight capabilities to facilitate decision-making

Expected Benefits, KPIs, Baselines and Targets

The expected benefits and measurements of success of the AIMS Transformation project are summarized below:

Benefit Description	KPIs	Baseline	Target
Increased customer and user satisfaction	% of customers who are satisfied with the new ERP system applications	83%	90%
	% of users who are satisfied with the new ERP system applications	76%	90%
Increased security and availability of latest technology updates and features	Frequency of security updates	Quarterly	Two weeks
	New feature release cycle	Yearly (on request)	Every 6 months
Enhanced efficiency of administrative and management processes	Reduction in the % of key manual processes	-	25%
	Reduction in time spent on key processes[1]	Annual closure: 45 days Procure to pay average: 4.8 days Payroll freeze period: 5 days	Annual closure: 40 days Procure to pay average: 4 days Payroll freeze period: 3 days
	Increase in the number of self-service capabilities	33	48
Improved access to data analytics	Data is available real-time	Data not available real-time	Most data is available real-time
	Self-service data analytics capability is enabled	Self-service data analytics capability not available	Self-service data analytics capability available to all users
	Access to data sources is seamless across all data sources	Limited access to data sources across different domains	Availability of seamless data source access across different domains
Increased adoption of unified payment system	Number of business services using WIPO as their payment system	40%	100%
Increased agility in delivering new capabilities	% reduction in complexity and time to integrate new applications through APIs	100% 5 weeks	70% 2 weeks
	Average time for CR Implementation	69 days	45 days

[1]Financial closure, procure-to-pay, payroll

Project Implementation Approach

The following implementation approach will be adopted:

- We will place people and users at the center focusing on user experience (UX) design and ensuring that we use the capabilities of the new system to empower managers and staff.

- We focus on business process reengineering to simplify business processes and improve overall process efficiency, with a particular focus on the horizontal cross processes and capabilities.

- We spend time on preparatory work such as review of the chart of accounts, data retention policy, access control, etc, to accelerate implementation process.

- We leverage Phase I deliverables: selection of preferred solution and identification of business requirements.

- We engage external expertise to perform the implementation of the selected solution.

- We adopt a phased implementation approach in order to ensure business and service continuity.

- We develop internal ownership by training internal teams along the way to understand the technology, and gain knowledge in order to be able to operate the new system once implementation is completed.

- We develop integration capabilities by adopting an Integration Platform (IpaaS).

- We focus on quality management and rigorous testing and assurance.

The project roadmap will have four principal implementation stages:

Stage 1: Initiation and planning

Stage 2: Enabling capabilities

- Business Process Reengineering
- Implement Integration Platform (IpaaS) and Applications Decoupling
- Historical Data Migration
- Change Management Strategy
- Quality Management Strategy

Stage 3: Core capabilities transitions

Each business area (Finance, Procurement, Human Capital Management and Payroll, Travel & Meetings) will be migrated in different stages in a sequential/parallel order to mitigate the risk on operations and maximize adoption. Each transition stage will follow the same approach:

- Business Process Mapping and Optimization
- System Design and Customization
- Change management
- Deployment and Go-Live

Stage 4: Transition to Business as Usual (BAU) Phase

- Post-Implementation Support and Optimization
- Review and Evaluation

Risks

Description	Mitigation
Failure to simplify our processes and adopt best practice could lead to the implementation of over-engineered and customized business processes not resulting in the expected efficiency gains and leading to high maintenance costs	- Strong tone at the top on "no automation without simplification". - Establishment of a business process review stream and a "cutting red tape" task force. - Respect the Cloud SaaS platform standardized business process solutions.
Vendors performance (quality) and other delivery related risks could lead to implementation delays and additional costs	- Comprehensive due diligence as part of the selection process - Incorporation of lessons learnt from the implementation of recent ERP solutions among our sister UN organizations - Proactive contract and vendor performance management
Inability to recruit and retain quality project resources could lead to project implementation delays and not expected quality level of deliverables	Proactive planning, outreach, and networking to secure the required technical resources.

Deliverables and Budget

The expected deliverables and the associated budget are shown in the table below.

Deliverables	Budget *(in Swiss francs)*
Project Management & control	2,500,000
Change & Quality Management	1,800,000
Reengineered Business Process	1,900,000
Software Subscription	2,800,000
HCM & Payroll	3,900,000
Finance	3,600,000
Procurement, Travel & Meetings	2,500,000
WePerform	500,000
Integrations & Enhancements	1,500,000
Post Implementation support	500,000
Total Project Costs	**21,500,000**
Estimated cost of WIPO Personnel pertaining to project governance	*405,000*

Estimated Recurring Operational Costs

The annual recurring costs of maintenance and operation of the new ERP system will, after completion of the project, replace the recurring cost of the current on-premises hosting of WIPO's current ERP system. The costs will be included in the successive Program of Work and Budget proposals as part of the regular budget.

Recurring Operational Costs	Budget (per year) *(in Swiss francs)*
Maintenance, licenses, and technical support	2,400,000
Total	

BUILDINGS RELATED PROJECT

BUILDING MANAGEMENT SYSTEM FOR HVACS FACILITIES AND LIGHTING

Background and Business Case

A fully computerized Building Management System (BMS) is a single tool which enables the central/remote control and monitoring of all mechanical, electrical, and electronic installations in a building. This includes the control and monitoring of Heating, Ventilation, Air Conditioning and Sanitary (HVACS), as well as lighting, blinds and technical alarms. The tool also collects data to facilitate trouble-shooting and reporting and can be integrated with other technical management systems, as required.

A BMS system is essential to the management of any modern building to optimize energy consumption (environment and cost efficiency considerations), to provide a working environment with ambient temperature for the users' comfort, to monitor the state of installations 24/7, and to anticipate preventive maintenance for the continuity of operations.

Currently, WIPO has two separate and independent management systems for:

    i)   The management of HVACS installations
    ii)   Management of lighting and blinds

The current BMS for HVACS installations was progressively deployed, building by building, as follows:

Building	Year
PCT	2003
AB (partially only – does not cover offices)	2004
GBI & GBII (partially only – does not cover offices)	2005
NB	2011
WCH	2014
Access Center	2014

Because the construction period and design are different for each building, measurements, controls, and individualized regulation of temperature in each office is only possible in the most recent buildings – PCT, NB, WCH and Access Center.

In 2019, the manufacturer of the current BMS equipment announced the end of production of the equipment and the operating/monitoring system from 2022. The availability of spare parts and technical support is guaranteed by the manufacturer until 2027.

Since 2019, the future obsolescence of the current BMS has been partially addressed in the context of the latest projects (e.g., creation of the Multimedia Studio, installation of the new cooling system in the AB Building, renovation of the water network in the AB Building, etc.). These installations are now managed in parallel by a new generation of the BMS compatible with the future migration of the whole system.

The management of lighting and blinds is currently ensured by an independent Lighting and Blinds Management System (LBMS) platform available in the following buildings: NB, PCT, WCH and Access Center, as well as in AB and GBI (lights only on office floors and lobbies).
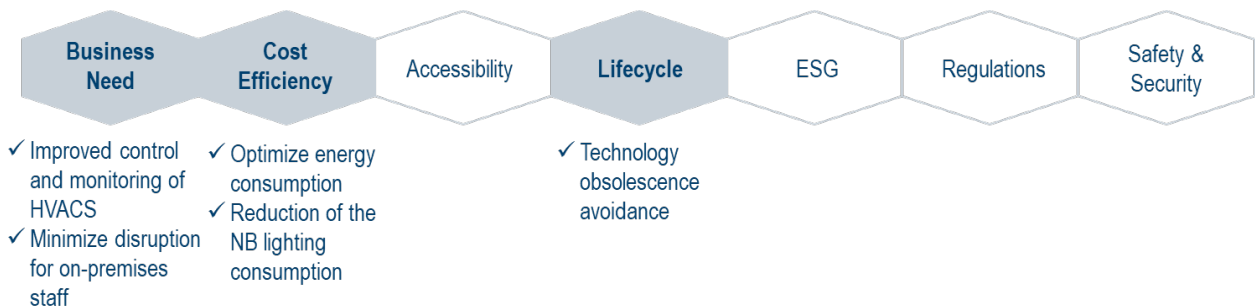
With the end of the lifecycle of the current BMS in 2022, an envisaged replacement of the current infrastructure and monitoring system is inevitable. The supplier's guarantees of the availability of reconditioned spare parts and continuity of technical support until 2027 allows for a window of opportunity for the implementation of a new system project starting in 2024.

The implementation of the BMS system will help to reduce the following risks:

i) More frequent breakdowns of the system resulting in discomfort for building occupants and potentially interruption of activities within one or more buildings during hot summers or harsh winter periods.

ii) Degradation of the current infrastructure and building security functions if technical alarms are not transmitted efficiently in a timely manner.

iii) Additional energy costs as the current system does not allow for optimizing energy consumption and more costly repairs as reconditioned spare parts could be up to three times more expensive.

The replacement of the current BMS will require extensive infrastructure works, e.g. opening of ceilings and closure of offices. While the works takes place, there is therefore an opportunity to upgrade the current lighting system in the offices and corridors of the NB building to LED technology. The NB Building is the last building on the WIPO campus still using fluorescent lighting. These light sources have been prohibited in Switzerland as of August 2023. In addition, there is an opportunity to replace all blind control devices in the PCT Building, since they have reached the end of their lifecycle (532 control devices). The proposed project is estimated to be completed by the end of 2028.

Drivers

Business Need	Cost Efficiency	Accessibility	Lifecycle	ESG	Regulations	Safety & Security

✓ Improved control and monitoring of HVACS
✓ Minimize disruption for on-premises staff

✓ Optimize energy consumption
✓ Reduction of the NB lighting consumption

✓ Technology obsolescence avoidance

Project Objectives

The main objective of this project is to ensure that the lifecycle of the BMS is extended after the end of support in 2027. The new BMS will improve the energy performance of our buildings while enhancing occupant experience and well-being.

The second objective is to merge the two currently separate management systems (BMS and LBMS) into one integrated and centralized system that can be operated by a single technician.

And lastly the project will aim at replacing the obsolete fluorescent lighting in the NB building and the blind control devices in the PCT building.

Link to WIPO's Expected Results and Medium-term Strategic Plan (MTSP)

Expected Result	Project Contribution
Foundation	*Empower our people to work effectively, collaboratively, and innovatively by providing them with the right resources, training, and environment*
5.2 Digitally enabled, secure and sustainable operating environment and service	- Replacement of end-of-life or prohibited devices in the WIPO buildings to ensure that they remain fit-for-purpose and provide a well-functioning and up-to-date working environment for WIPO employees.

Expected Benefits, KPIs, Baselines and Targets

The expected benefits and measurements of success of the project are summarized below:

Benefit description	KPIs	Baseline Value	Target Value
Reduced energy consumption taking into account teleworking	% of individual offices being remotely controlled	General control of temperature in buildings as a whole i.e. 0% of individual offices under remote control	Control of temperature in individual offices: 100% of offices being remotely controlled (NB, PCT, WCH)
Reduction in electricity consumption for lighting in the New Building	KwH consumption for NB building	82 000 kWh	20% reduction = 65 000 kWh
New life cycle for the NB Building lighting fixtures, up to 25 years	Improved life cycle for lighting and fixtures	24 000 hours	50 000 hours
Reduction of maintenance costs and number of operators for operating the Building Management System (BMS)	Cost of operating the BMS	2 separate systems yearly maintenance and operating costs: 120'000	1 global system yearly maintenance and operating costs: 80'000 CHF

Project Implementation Approach

Given the scale of the project and to ensure the continued operations on the HVAC installations in each building, or in the portion of buildings, which will be kept operational during the works, the installation will be carried out gradually, building by building, over a total estimated duration of four years.

The project implementation will take place in stages, starting with the installation of the centralized control and monitoring tool, the realization of a pilot project, followed by the installation work, building by building, floor by floor, in unoccupied offices, ensuring the continuity of operations throughout the project duration.

The order of the work to be carried out will be defined according to several criteria: the size of the building, the scale of the equipment to be replaced, the duration required for the replacement while minimizing business interruptions, and the BMS architecture for each building.

Some occasional and localized business disruptions to heating, ventilation and air conditioning will be unavoidable. Therefore, part of the work may be considered implemented during office hours and part outside office hours, at night or at the weekend to minimize any inconvenience for the occupants.

Risks

Risks	Mitigation
Unforeseen technical problems during the works could lead to unexpected delays	Close monitoring of the installation works and proactive collaboration with external companies will ensure that potential challenges are identified and solutioned in a pro-active manner
Interruption of activities in the building concerned due to the installation work could result in dissatisfaction among building occupants	Close cooperation with building occupants to manage expectations and identify work-arounds to minimize business disruptions
Significant cumulative delays could occur due to internal requests to interrupt the works for business reasons	Intensive planning with building occupants to identify the least disruptive period for the installation works

Deliverables and Budget

The expected deliverables and the associated budget are shown in the table below.

Deliverables	Budget (in Swiss francs)
Migration works – NB Building (pilot project included) - Testing, commissioning of NB works	6,171,130
Migration works PCT Building - Testing, commissioning of PCT works	3,721,740
Migration works WCH and Access Center Buildings - Testing, commissioning of works	420,130
Migration works AB / GBI / GBII Buildings - Testing, commissioning of works	525,520
Total Project Costs	**10,838,520**
Estimated cost of WIPO Personnel pertaining to project governance	*188,000*

Note: Testing, commissioning, and final acceptance of consolidated works included in the above estimates

Estimated Recurring Operational Costs

The annual maintenance cost of the existing BMS is 120,000 CHF approximately (including spare parts). Annual recurring costs for the new system should be reduced to 80,000 CHF. The integration of the BMS in the WIPO IT network architecture and Business Continuity needs, requires two virtual servers' and eight switches' licenses / support at approximately 50'000 CHF per year. The costs will be included in the successive Program of Work and Budget proposals as part of the regular budget.

Recurring Operational Costs	Budget (per year) (in Swiss francs)
Maintenance and operating costs	130,000
Total	**130,000**

[End of Annex and of document]