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PROPOSAL FOR THE IMPLEMENTATION OF AN ENTERPRISE RESOURCE
PLANNING (ERP) SYSTEM

Document prepared by the Secretariat

I.   INTRODUCTION AND BACKGROUND

1.   Between 1999 and 2001, preparations began in WIPO for a project which would provide a much needed integrated administrative information management system (AIMS) that would include finance, payroll, human resource management, budgeting, procurement, enterprise reporting, travel and program management. This system was to be built around an Enterprise Resource Planning (ERP) software package. It was decided at the time to adopt a phased approach to this project with an initial scope limited to Finance and Budget Reporting functionality, with the other functionalities to be addressed after the successful introduction of a core financial and budget control and reporting system. The main reasons driving this approach were the limited experience and success within the United Nations (UN) system of implementing large scale ERP systems and the marked absence of proven and stable implementations within the UN system of the human resource and payroll modules.

2.   The AIMS project was approved as part of the 2002-2003 Program and Budget with a budget of 9.9 million Swiss francs, and an additional 1 million Swiss francs for start up and post-implementation costs. The project was completed on-time and within the budget.

3.   The full benefits of ERP implementations, it must be emphasized, are realizable only if they are used in an integrated manner across the targeted sectors such that data is captured and validated once by the originating source and is made available for further processing by downstream functions where workflow and approval hierarchies are effectively managed. The administrative and resource management functions of the Organization which were out of

the scope of the first phase have remained largely unsupported by mainstream IT systems and have therefore continued to have a strong need for an integrated system with functional modules to support their high priority information system needs in the most efficient, robust and cost-effective manner.

4.   In 2006, the External Auditor started an assessment of the AIMS (Financial and Budget Reporting) system and recommended that the system be extended to other resource management and administrative areas of the Organization including Publications, Procurement and Human Resources Management (the final report of the External Auditor was circulated internally on March 16, 2007).

5.   Further, as outlined in document WO/PBC/11/7, compliance with the International Public Sector Accounting Standards (IPSAS) will need the support of integrated and enhanced IT systems within the Finance Department and the Office of the Controller.

6.   The implementation of the Human Resource Strategy, submitted in its preliminary version to the WIPO Assemblies in 2006 (document A/42/10, Annex V), will also need IT support for processes such as performance management, management of competencies and skills, online recruitment, etc.

7.   An additional factor pointing to the need to implement an ERP project at WIPO stems from the planned introduction of new Financial Regulations and Rules at WIPO, as proposed for the consideration of this Committee in document WO/PBC/11/8. As outlined in that document, to be effective, the implementation of the proposed new Financial Regulations and Rules will need to be supported by a comprehensive review and streamlining, of the relevant administrative processes and procedures, as well as by the development of a cross cutting IT based system for resource management. It is to be stressed that after reviewing, at its March 2007 session, the proposed new Financial Regulations and Rules, the Audit Committee stated that, to be effective, these proposed new Financial Regulations and Rules should be supported by the establishment of new and automated processes (document WO/AC/4/2, paragraph 21). Such establishment of new and automated processes can only be achieved through the implementation of a full Enterprise Resource Planning (ERP) system in line with what several UN system agencies have undertaken in recent years.

8.   Finally, the proper deployment of an ERP system, supported by the necessary process and organizational changes, is expected to permit considerable efficiency gains in several areas of work of the Organization.

9.   For all these reasons, it is hereby proposed that WIPO should embark on the development of an ERP project with a view to implementing, like most agencies of the UN system have by now done, a harmonized and integrated resource management system.

10.   The main elements of the proposed project are elaborated in Chapters II to VIII, below. A preliminary cost estimate for the project, with its underlying assumptions, is provided in Annex I.

II.   PROJECT EXPECTED BENEFITS

11.   The principal benefits of implementing an ERP for the Organization may be summarized as follows:

—   the establishment of re-engineered and automated processes which are essential for the effective implementation of the new Financial Rules and Regulations,

—   compliance with IPSAS through enhanced functionality and system upgrade within Finance and Budget;

—   realization of efficiency gains in all sectors within the scope of the project, in particular, in those areas which are poorly supported by IT systems today;

—   reduced manual and paper work throughout the Organization through automated workflow and approval processes; and

—   establishment of an integrated and harmonized management reporting system.

III.   PROJECT SCOPE

12.   The project is proposed to address the information management needs of those business areas which were deferred under the phased approach adopted for AIMS, by binding them together on the existing ERP platform, providing thereby the integration with the finance and budget system that is necessary if the full benefits of such a system are to be realized. These areas are as follow.

Human Resource Management and Payroll

13.   The current SIGAGIP and Human Resource Access (HR Access) systems which were implemented around 2000 are struggling to keep pace with user requirements, in particular with respect to reporting and management information. The implementation of the Human Resource Strategy submitted in its preliminary form to the WIPO Assemblies in 2006 (document A/42/10 Annex V), will depend extensively on enhanced IT systems utilization. The functionality of such a system would need to include payroll, benefits and entitlements administration, recruitment and career development, personnel data management, post management, staff welfare management, performance management, absence management and, potentially, facilities such as self-service[*].

Finance and Budget

14.   The Finance Department will have to implement changes to accounting standards and procedures to comply with the International Public Sector Accounting Standards (IPSAS) by 2010. This will imply potential modifications to the manner in which the software is used and the implementation of asset management functionality (for further details, please see

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[*]   PeopleSoft Employee Self-Service pertains to system facilities within the HR Management modules that enable employees to access and maintain certain elements of personnel data in a fully secure manner. Such facilities help to decentralize the workload and reduce the overall administrative workload within HRMD.

document WO/PBC/11/7). (The definition of IPSAS requirements and their implications will be undertaken prior to the design and implementation of the system).

15. Today the Office of the Controller (which is also responsible for the preparation and monitoring of the budget of the Organization) has no structured IT system support for the preparation of the budget. This is currently undertaken using spreadsheets which are limited in functionality and structure. A strong need has been identified for a system that supports budget preparation and management. This system would need to be integrated with the finance (general ledger module) system.

Procurement

16. There is a marked absence of structured IT support for this business area. As a result there is considerable manual effort and duplication of data (with Finance Department and the users of the services of the Procurement and Contracts Division (PCD) for the purpose of keeping parallel departmental records within spreadsheets and local databases. Furthermore the new WIPO procurement processes and procedures established in 2006 have placed higher demands on PCD staff in terms of workload due to the highly manual methods of working. The implementation of a reliable IT system is therefore expected to result in efficiency gains. The main functionality required by PCD includes vendor management, contract management, purchase requisitions, purchase order management, management reporting, re-ordering and inventory management.

Enterprise Reporting

17. The fundamental shortfalls of the current suite of systems is the absence of integrated reporting tools which can extract data from systems across the Finance Department, Budget Section and Human Resource Management Department (HRMD) and present such data in a harmonized manner for management purposes. The proposed system must address this shortcoming through the implementation of a well structured reporting system that can extract and present data from multiple areas.

Publications Sales

18. This business area is currently supported by a homegrown, Access-based system, modified over several years and with a complex interface with the existing AIMS. The overheads and effort incurred for maintaining the system and its interfaces appear, however, to be disproportionate to the revenues that the system brings. There is therefore a need to implement a simpler and more structured basic sales order processing, e-bookshop, inventory and billing system which will interface to the accounts receivables module of AIMS.

Travel Management

19. There is a need to support the WIPO Travel Unit with a system that integrates with Finance and the contracted travel agent's system. The proposed system will be used by approximately 120 direct users across the administrative sectors within the scope of the project. Additionally, workflow and document approval processes will potentially impact all staff of the Organization.

IV. PROJECT KEY DELIVERABLES

20. The project's key deliverables are:

— the re-engineering of the key administrative and resource management processes of the Organization to align them with the new Financial Regulations and Rules and

— a robust and integrated administrative information and resource management system to support the re-engineered processes, using the standard PeopleSoft ERP solution with minimum customization and adopting the best practices inbuilt in the software.

V. HIGHLIGHTS OF PROJECT IMPLEMENTATION MODALITIES

21. The project will be implemented with full consideration of the key success factors for ERP implementations and of the lessons learnt by other agencies. The implementation strategy will comprise the following key elements:

(a) ERP Product Strategy: Given the significant investment that WIPO has already made in the PeopleSoft product suite (for AIMS) which is now used by several Organizations (including the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP), the United Nations High Commissioner's Office for Refugees (UNHCR), and the Red Cross), and WIPO's conscious effort to consolidate application and technical platforms, the most prudent way forward is to extend the ERP implementation (AIMS) using the PeopleSoft product suite to the maximum extent possible. Any use of an alternative software solution for particular processes would only be justified in cases where the PeopleSoft Suite does not include a workable solution. It may, at this point, be noted that Oracle Corporation, which has acquired PeopleSoft, have provided documented input on their strong and clear commitment to the continued support and extension the PeopleSoft product line.

(b) Application Hosting Strategy: WIPO has recently succeeded in arranging to host the PeopleSoft Financials Applications at the United Nations International Computing Center (UNICC). This has been done initially for the development environments being used for the upgrade to Version 8.9. Once the upgrade is completed successfully, the production environments will be hosted by ICC in an arrangement that includes 24/7 support and a disaster recovery capability. The most appropriate application hosting strategy would therefore be to build further on the initial agreement with UNICC. It may be noted that several UN Organizations across Geneva and in other locations are currently using the ERP application hosting services of the UNICC, among them the World Meteorological Organization (WMO) (Oracle Applications), UNHCR (PeopleSoft applications), and UNDP (PeopleSoft Applications).

(c) Application Management Strategy: Drawing from the experience of establishing an internal support structure which included a combination of internal and external resources and the cost of re-training internal resources, the strategy will be to develop a very small core functional team for internal user and application support, and enter into more flexible and more cost-effective contracting arrangements with external support service providers, as appropriate. Several UN Organizations are adopting this approach. This also presents

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opportunities for WIPO to collaborate with other Geneva based agencies that have tendered for and are entering into such support arrangements.

(d)   Project Approach and Structure: WIPO is fully aware of the challenges and pitfalls of an ERP implementation which is complex and impacts a large number of users across multiple sectors and will therefore ensure that:

—   Senior Management actively sponsors and steers the implementation;

—   the project is business driven (as opposed to IT driven);

—   a formal and clear Project Structure is established;

—   the project is adequately and suitably resourced; and

—   existing processes are thoroughly reviewed and re-engineered prior to automating them.

VI.   PROJECT TENTATIVE TIMELINE

22.   At this stage it is envisaged that the project timeline will be as follows:

(i)   prioritization of the modules by the Project Board and development of a project plan in 2007;

(ii)   detailed planning and preparation, infrastructure and organizational arrangements and software acquisition, tendering and recruitment of project personnel as appropriate: 2007;

(iii)   design of core set of high priority modules: 2008;

(iv)   deployment of the high priority modules: 2008 and 2009;

(v)   design and deployment of the second priority modules: 2009/2010; and

(vi)   post implementation review and system stabilization: 2010/2011.

VII.   ESTIMATED PROJECT COSTS AND PROPOSED SOURCE OF FUNDING

23.   Annex I shows the estimated project costs and the underlying assumptions for it. As Annex I shows, the high-level preliminary cost estimate for the project is approximately 20 million Swiss francs. This initial estimate is based on WIPO's own initial experience of implementing the PeopleSoft Finance and Budget reporting system (AIMS) and the implementation experiences and input from other UN system organizations which have undertaken similar implementations. This estimate will be further refined and detailed for the different phases and the different categories of cost including software license acquisition, application hosting, external and internal implementation resources.

24.   In view of the multi-biennium time framework of the project and the significant capital investment envisaged, it is proposed that the resources for this project be drawn from the reserves.

VIII. REPORTING MECHANISM

25.   The Secretariat will provide progress and financial reports of the project to the Program and Budget Committee on a regular basis.

> *26.   The Program and Budget Committee is invited to take note of the information contained in this document and to recommend to the Assemblies of the Member States the approval of the proposal to implement an ERP project at WIPO, over the 2008/09 and 2010/11 biennia, to be funded from the reserves.*

[Annex I follows]

WIPO ENTERPRISE RESOURCE PLANNING (ERP) PROJECT
PRELIMINARY COST ESTIMATE
(in thousands of Swiss francs)

Cost Element	2007*	2008	2009	2010	2011	Total
Application hosting		900	700	700	700	3,000
Software Acquisition & Maintenance	650	458	200	200	200	1,708
Project Personnel	132	924	924	924	396	3,300
User Back-Filling Resources	36	588	588	372	36	1,620
Training	72	120	120	150	72	534
External Implementation Partner(s)		2,975	3,400	2,550	1,275	10,200
Staff Missions	30					30
Total	890	5,965	5,932	4,896	2,679	**20,392**

* The estimated costs for 2007 have already been budgeted in the Revised Budget for 2006/07.

Assumptions

Application Hosting
– Application Hosting Costs are tentatively based on the current costs of AIMS hosting with UNICC. A more precise estimate will be prepared by obtaining a budgetary quotation from UNICC.

Software Acquisition and Maintenance
– Software acquisition costs have been estimated based on a budgetary quote from Oracle PeopleSoft (P/S) Enterprise Human Resources, P/S Enterprise Payroll, PeopleSoft Enterprise Self Service H/R, P/S Enterprise I Recruitment, P/S Enterprise Planning and Budgeting, P/S Enterprise Internet Expenses, P/S Asset Management and P/S Business Intelligence Suite for Enterprise Reporting.
– Software Maintenance costs are estimated at 22% of the license costs.

Project Personnel
– Project personnel costs relate to temporary project personnel who will be recruited for the duration of the project.
– Project personnel are estimated at an average monthly cost of 11,000 Swiss francs.
– Three resources have been estimated for the preparatory phase in 2007 for four months.
– From 2008 to 2010, seven project personnel have been estimated and, in 2011, three project personnel have been estimated.

User Back-Filling Resources
– This refers to the cost of replacing user resources who are released to work on the project by temporary resources to allow routine business operations to continue smoothly during the project timeline.

Training
– The cost of PeopleSoft training is based on the assumption that the arrangement with Oracle through UNICC for training in Geneva will continue.
– Functional/process training of users will be undertaken by project resources and through the train-the-trainer approach.

External Implementation Partner(s)
– The External Implementation Partner(s) will be selected through an Open International Tender.
– The External Implementation Partner costs have been estimated on the basis of approximately 6,000 man-days and a daily average cost of 1,700 Swiss francs has been assumed. The estimated number of man-days does not consider any economy that may be derived from the use of customized solutions already implemented at other agencies.
– The distribution of external manpower costs across years will depend on the detailed project plan.
– WIPO is currently in the process of recruiting a consultant to study the implications of IPSAS compliance. While PeopleSoft is IPSAS-compliant, there may be some modifications required to the manner in which the current financial system is configured and used. These will be incorporated into the project's scope when more information is available.

Staff Missions
– One to two staff missions are planned during the preparatory phase to visit organizations that have undertaken similar projects.

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