



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

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ENTERPRISE RESOURCE PLANNING – FINANCIAL SYSTEM UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee receive Report No. 041-18FFC re: “Enterprise Resource Planning – Financial System Update” for information.

Key Points

- The FRx management reporting tool is no longer supported and an integrated purchasing system is required to improve predictive spending analysis.
- An extensive search for alternatives and a competitive bidding process have resulted in a recommendation to upgrade the current Microsoft Dynamics GP system at a cost of \$34,650.
- Implementation will occur in phases, and is scheduled for completion by March 31, 2019.
- This process has identified several areas where efficiencies could be achieved through investment into a comprehensive Enterprise Resource Planning System.

Background

The Middlesex-London Health Unit conducted an in-depth review to determine the most cost-effective solution to enhance its financial management reporting processes. Key criteria included:

- Replacement of FRx, the current management reporting tool, which is at the end of its life and no longer eligible for vendor support;
- Acquisition of an encumbrance tool to integrate purchasing activities initiated by multiple departments with approved budgets, accounts payable, and the general ledger;
- Acquisition of a fixed asset management system integrated with the general ledger; and
- Ensuring that the current financial accounting system Microsoft Dynamics GP 2015 is updated to the most current version to ensure full vendor support.

Proposals

A request for proposal (RFP) was issued in 2017 to replace the FRx system and integrate the purchasing system. This RFP was unsuccessful, as no bids were received that were able to address the requirement for a purchasing application. A detailed survey of other health units was conducted earlier this year to investigate alternate solutions, but no preferred solution was identified. It was discovered that several health units are also actively looking to replace or upgrade their current management reporting systems. One vendor, who had been engaged by several health units, was interviewed extensively by the Project Team. Due to the risk of significant time delays and excessive consulting fees, however, discussions with this vendor were severed. Further analysis concluded that the most effective solution was to focus on upgrades to the MLHU server environment, migrate to Microsoft Dynamics GP 2018, acquire limited user licenses for the GP 2018 purchasing module, and replace FRx with Microsoft Management Reporter.

A second RFP was issued in September 2018 with these parameters, and two responses were received. The current Microsoft Dynamics partner, Smarthead Solutions Inc. received the highest score from the

evaluation team and was able to meet all outlined requirements. This proposal was also submitted with the lowest quote, at \$34,650. The proponent's response demonstrated a deep knowledge of MLHU financial business processes, time-management software, payroll processing, tax table updates, and supplementary Crystal reporting.

Implementation

The implementation schedule is broken out into two phases. Phase One will include the upgrade to Microsoft Dynamics GP 2018 and the replacement of FRx with Management Reporter. This phase is scheduled to be completed by December 21, 2018. Phase Two will include the introduction of Microsoft Dynamics Purchasing, a pilot roll-out to limited departments, and the introduction of the Microsoft Dynamics Fixed Asset module, which is scheduled to be completed by March 31, 2019.

Training for the Management Team will be provided in early 2019.

Next Steps

This process has identified a number of areas where efficiencies could be achieved with investment into a comprehensive Enterprise Resource Planning (ERP) System. The Microsoft Dynamics GP system would be the foundation around which the ERP would be implemented. Work is underway on identifying this broader solution, which incorporates the time and attendance and payroll functions from finance, as well as a number of human resources processes and activities. More information on these matters will be brought forward in a separate report.

This report was prepared by the Healthy Organization Division.



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