



Memorandum

AGENDA ITEM 5

DATE: January 6, 2023

TO: Transportation Authority Board

FROM: Cynthia Fong - Deputy Director for Finance and Administration

SUBJECT: 01/10/23 Board Meeting: Award a Two-Year Consultant Contract to CGI Technologies and Solutions, Inc. in an Amount Not to Exceed \$350,000 for Migration, Licensing and Support Services and a One-Year Consultant Contract to Fix Your ERP LLC, in an Amount Not to Exceed \$200,000, for Project Management Services for Microsoft Dynamics 365 Finance & Operations (Enterprise License)

RECOMMENDATION Information Action

- Award a two-year consultant contract to CGI Technologies and Solutions, Inc. (CGI), in an amount not to exceed \$350,000, for migration, licensing and support services for Microsoft Dynamics 365 Finance & Operations (Enterprise License)
- Award a one-year consultant contract to Fix Your ERP LLC, in an amount not to exceed \$200,000, for project management services for the migration of Microsoft Dynamics 365 Finance & Operations (Enterprise License)
- Authorize the Executive Director to negotiate contract payment terms and non-material terms and conditions

- Fund Allocation
- Fund Programming
- Policy/Legislation
- Plan/Study
- Capital Project Oversight/Delivery
- Budget/Finance
- Contract/Agreement
- Other:

SUMMARY

For the past eight years, we have used Microsoft Dynamics AX 2012 for financial and accounting applications. At the end of 2020, Microsoft announced that it would no longer support Microsoft Dynamics AX 2012, as the software solution transitioned to Microsoft Dynamics 365 for Finance and Operations SaaS solution. Our former Enterprise Resource Planning (ERP) support consultant, Tyler Technologies, also ended its technical support for Microsoft Dynamics AX 2012 as of October 2021. We reviewed system demonstrations for



Microsoft Dynamics 365 for Finance & Operations and determined that migrating our ERP software to Microsoft Dynamics' cloud-based platform, Microsoft Dynamics 365 Finance & Operations (Enterprise License) would best serve our needs. On November 8, 2022, we issued a Request for Proposals (RFP) for migration and maintenance services for Microsoft Dynamics 365 Finance & Operations Services. By the proposal due date of December 7, 2022, we received one proposal. Following an interview with CGI, the selection panel recommended CGI to provide the requested services. The migration project will require project management services. Due to staffing shortages, we recommend contracting with technology systems consultant, Fix Your ERP LLC. We anticipate fully transitioning to Microsoft Dynamics 365 Finance & Operations (Enterprise License) and completing the migration project by July 2023.

BACKGROUND

Since 2014, we have used Microsoft Dynamics AX 2012, an off-the-shelf enterprise resource planning (ERP) system, for financial and accounting applications, which include functionalities for general ledger, cash management, purchasing, accounts payable, accounts receivable, project and grant accounting, timesheets and financial reporting. An ERP system is a business management software that integrates multiple applications and databases to enable better management of all facets of the financial management and operational oversight functions. We utilize multiple third-party software that integrate data with Microsoft Dynamics AX 2012, including 1) Automated Data Processing (ADP) for processing payroll on a bi-weekly basis; 2) a custom web-based grant management portal that allows grant recipients to submit progress reports, consolidate grant documents, and serves as a hub for communication between the Transportation Authority and project sponsors, including deliverables, final reports, reminders for important deadlines, close-out requests, and extension requests; 3) an automated, cloud-based accounts payable software, SAP Concur, for processing and paying invoices; and 4) a cloud-based budget software, OpenGov, for project budgeting, workforce planning and project management.

At the end of 2020, Microsoft announced that it would no longer support Microsoft Dynamics AX 2012, as the software solution transitioned to Microsoft Dynamics 365 for Finance & Operations SaaS solution. Our former ERP support consultant, Tyler Technologies, also ended its technical support to us for Microsoft Dynamics AX 2012 as of October 2021. During the COVID-19 pandemic, we reassessed priorities and paused on several efforts, including an ERP system migration. After reviewing system demonstrations for Microsoft Dynamics 365 for



Finance & Operations, we determined that migrating financial and accounting data from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations would best serve our needs. The Migration Project would be more cost efficient, requires less staff resources and can be completed in a shorter timeframe than implementing brand new ERP software. Transitioning to a cloud-based platform will enable us to access the application anytime and anywhere via a web browser from any device, and be less reliant on purchasing and replacing on-premise servers. The modules and functions in Microsoft Dynamics 365 for Finance & Operations are very similar to Microsoft Dynamics AX 2012, including the capability to help address regulatory requirements of public sector organizations including adaptability to legislative mandates and support of open government and accountability.

DISCUSSION

For the migration project, we recommend entering into two contracts, one contract for migration, licensing and support services and another contract for project management services. The establishment of both contracts will provide adequate support to complete the Migration Project within our projected schedule below. Below are brief descriptions of the recommended services.

Migration, Licensing and Support Services: We issued an RFP for migration and maintenance services for Microsoft Dynamics 365 Finance & Operations Services on November 8, 2022. We took steps to encourage participation from small and disadvantaged business enterprises, including advertising in four local newspapers: San Francisco Chronicle, San Francisco Examiner, Small Business Exchange, and Nichi Bei. We also distributed the RFP to certified small, disadvantaged, and local businesses; Bay Area and cultural chambers of commerce; and small business councils.

By the due date of December 7, we received one proposal in response to the RFP. A selection panel comprised of Transbay Joint Powers Authority and Transportation Authority staff evaluated the proposal based on qualifications and other criteria identified in the RFP, including company overview and understanding of project objectives, project team experience and qualifications, work plan and approach, and costs. We held an interview with the proposal team on December 19. Based on the selection process defined in the RFP and interview, the panel recommends that the Board award the contract to CGI. The CGI team distinguished itself based on an understanding of project objectives and challenges, specifically, experience implementing Microsoft Dynamics 365 for a public agency on time and within budget migrating AX to Dynamics 365, and is a Microsoft Gold Partner.

We established a Disadvantaged Business Enterprise/Small Business Enterprise (SBE)/Local Business Enterprise goal of 10% for this contract. CGI's proposal, less license fees, included 11.5% participation from Apian Consulting, a certified Disabled Veterans Business Enterprise and Microbusiness Enterprise. CGI's headquarters office is located in Virginia, which is not



included in the Banned State List, nor is it a state with laws that restrict abortion access or discriminate against LGBT individuals.

The migration project is anticipated to take six months to complete with an eighteen-month warranty period, for a total not to exceed \$350,000. This cost includes migration services, software licenses, post go-live support, and warranty services. Thereafter, we will determine the level of annual maintenance and cloud hosting costs needed to maintain Microsoft Dynamics 365 Finance & Operations.

The schedule is anticipated to be as follows:

- Phase 1 - Plan and Design Services February 2023 - March 2023
- Phase 2 - Build, Test and Deploy April 2023 - June 2023
- Phase 3 - Support and Maintain July 2023 - December 2024

Project Management Services: The migration project will require project management services. Due to staffing shortages, we previously worked with an experienced technology systems consultant, Jeff Woller, through a specialized staffing firm. Mr. Woller is experienced in both Microsoft Dynamics AX 2012 and Microsoft Dynamics 365 Finance & Operations, with over 20 years of experience in the financial industry, to provide ERP support to the Finance Division. Mr. Woller has completed similar migrations from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations for several companies and can assist us in a project management capacity for our migration project. We recommend contracting with Mr. Woller's firm, Fix Your ERP LLC for a one-year period. Due to limited staff resources, Fix Your ERP LLC will augment and enhance the project management capacity of staff. Fix Your ERP LLC's headquarters office is located in Delaware, which is not included in the Banned State List, nor is it a state with laws that restrict abortion access or discriminate against LGBT individuals. The firm is also in the process of certifying as a minority-owned firm.

FINANCIAL IMPACT

The proposed contracts will be funded by Prop K sales tax funds. The first year's activities will be included in the Transportation Authority's Fiscal Year 2022/23 mid-year budget amendment. Sufficient funds will be included in future budgets to cover the remaining cost of the contracts.

CAC POSITION

The Community Advisory Committee did not consider this item since no CAC meeting is held at the end of December due to year-end holidays.

SUPPLEMENTAL MATERIALS

- Attachment 1 - Scope of Services



- Attachment 2 - Resolution

Attachment 1

Scope of Services

A qualified system integrator shall provide migration services, automate business processes, and operation support for Microsoft Dynamics 365 Finance & Operations Services (Enterprise License) (Migration Project). The scope of services includes completing the Migration Project, and providing licensing, support and maintenance services including the full 18-month warranty period.

The Transportation Authority's primary objectives for this contract are to:

- Analyze and understand the current Microsoft Dynamics AX 2012 R3 with business intelligence on financial and accounting system, timesheet system, check printing system and Excel-based shadow systems components.
- Design and plan to migrate the current Microsoft Dynamics AX 2012 R3 with business intelligence platform to a cloud-based Microsoft Dynamics 365 Finance and Operations Services (Enterprise License).
- Develop and build a Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) platform that will meet Transportation Authority business requirements.
- Migrate and implement the current Transportation Authority business processes onto the Microsoft Dynamics 365 Finance and Operations Services (Enterprise License).
- Heavily rely on automation and streamline use of Purchase Agreements that may include Purchase Orders but allow for flexibility so that Purchase Agreement amounts do not commit to project funds. The only commitment occurs during invoice phase.
- Review, recommend, and help migration of a new purchasing software (if needed) that improves work product, reduces differences in actual versus invoice proposals, reduces staff time to input, and improves pull throughs and outputs from current CONCUR Accounts Payable (AP) system used by the Transportation Authority. NOTE: This includes the ability to pay from Purchase Agreements, not just Purchase Orders. The agency desires to set up Contract amounts, and pay invoices against it either in 365 Finance and Operations or a third-party easy to use AP system with the following basic setup:
 - The Transportation Authority envisions security controls to prevent fraudulent activity for all payment types
 - Required setup of all contractual agreements, including tracking down to subcontractor level
 - Flexibility; due to limited staffing, ease of use, speed of inputs, and fewest changes is a top priority
 - Limit, reduce or eliminate invoice processing/payment hold up while invoices are in various statuses. For example, invoices on hold, or pending receipt, should not hold up future invoices from being processed or paid
- Integrate paperless document management into all business processes
- Report actual project spend versus invoice proposal amounts and report variances
- Upgrade from Microsoft Dynamics 365 Finance and Operations Services should Microsoft roll out updated version(s)
- Confirm MS Dynamics AX detailed transaction details are available post migration, assist agency with proper hardware/server setup and confirm safe access to AX detailed transaction history

- Work with Transportation Authority's external consultants and Transportation Authority staff to link output of data from Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) to SFCTA Portal and OpenGov budgeting software
- Ensure sandbox or test environment up and running

The Transportation Authority will drive the modification of business processes but will rely on the system integrator's expertise to guide Transportation Authority staff with understanding of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) functionality and suggestions on customization to fit Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) platform functionality. The system integrator will be responsible for acquiring and setting up the Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) subscription and software for the Transportation Authority. The Transportation Authority requires the budget module to function in April 2023 and a Go-Live date of July 1, 2023, for the general ledger, purchasing, accounts payable, project and grant accounting, budget, forecast, timesheet, fixed assets, and benefits functionality for migration in order to fully transition by July 1, 2023 for FY 2023/24. Human resources and payroll accounting modules will not be utilized.

The functions available in Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) offer organizations the capability to help address regulatory requirements of public sector organizations including adaptability to legislative mandates, support of transparency and open government, and improvement of constituent services and accountability. The Microsoft Dynamics AX 2012 R3 release took into consideration specific needs of the public sector including specific functions such as project management, grant management, tracking of multiple fund sources for projects, contract management, and public sector accounting reporting. The same level of detail will apply with the Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) migration. It's anticipated the Transportation Authority will have eight (8) super-users, some task-based users, and a large number of users with inquiry access for project management and must have the ability to perform time sheet entry to enter their time. The ERP migration will be Cloud Based for specific Subscription (forecast User Counts of 60 users) Basis to determine maintenance amounts. Proposer should allow growth of up to 5 additional subscription counts at no additional charges to allow for potential increase in worker counts due to workflow processing requirements at no fault of agency alone.

The specific work of the firm will include the tasks described below, each of which includes the firm's internal Quality Assurance/Quality Control (QA/QC) for all deliverables.

Phase 1 – Plan & Design Services

During Phase 1, the Consultant will work with the Transportation Authority's Migration Team (Team) and design the Transportation Authority's future business processes based on Microsoft Dynamics 365 Finance and Operations Services off-the-shelf functionality. The Consultant will work with the Team to understand existing business processes and shadow systems, design future business processes, and establish detailed design requirements for the Microsoft Dynamics 365 Finance and Operations Services migration. The Team will consider changing business processes if needed to conform to "out-of-the-box" functionality.

The Team's existing knowledge of Microsoft Dynamics 365 Finance and Operations Services functionality is limited to demonstrations and hands-on lab exercises during a two-day discovery session.

The Consultant will document all design decisions in written form for Team review and approval, including the following:

- The Consultant will describe at a high level how Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) will be used at the Transportation Authority.

- The Consultant will describe the migration process and schedule of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) and all modules including system administration and setup.
- The Consultant will assist the Team in the design of future workflows which should align with Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) functionality. This may include updates to existing Power Automate, Power BI, and Power App process (if required).
- The Consultant will describe the data migration, business process adoption, and cut-over strategy. At this time, the Transportation Authority anticipates migrating all outstanding balances, and consider migrating data from the prior fiscal years with minimal work (intent: minimal data checking/data validation of prior year data).
- The Consultant should identify any additional networking requirements, software or hardware that may be required to successfully migrate Microsoft Dynamics 365 Finance and Operations Services (Enterprise License).
- The Consultant will work with Transportation Authority's external consultants and Transportation Authority staff to link output of data from Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) to SFCTA Portal and OpenGov budgeting software.

Phase 1 Deliverables:

1. *Detailed Enhancement Plan, Designation of Responsibilities, and Schedule Including 3 Mock Data Go Lives. Mock Data Go Lives are designed so the agency and Consultant ability can assess readiness to migrate from existing environment to Live Environment within a specific number of days for each Mock Data Go Live to identify critical path issues that could delay or prevent actual Go Live. The intent is to make sure both agency and Consultant have proper staff, technical resources, and understanding for data to be migrated in a timely fashion such that the Go Live deadline will be met on time.*
2. *Detailed Design Documents*
3. *Weekly Meeting Agendas, Attendance and Status Reports (including, but not limited to timeline progress, budget progress, issues, risks, change orders, deliverable quality assurance and acceptance, and any project scope creep that may potentially negatively impact deliverables)*
4. *Identify either an agency or consultant resource familiar with security and setup changes needed, or provide training throughout project on security/setup features and/or maintenance that require Transportation Authority attention prior to Mock Data Go Live I.*

Phase 2 – Build, Test & Deploy

Phase 2 will involve the Build, Test and Deploy activities of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) as planned and designed in Phase 1. The Transportation Authority expects the Consultant to lead the following migration activities:

- Enhancement of networking, hardware, and software requirements and configuration of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) software.
- Modify Transportation Authority business processes to fit Microsoft Dynamics 365 Finance and Operations Services (Enterprise License), based on Transportation Authority direction.
- Migrate financial data from the past nine years from Microsoft Dynamics AX 2012 R3 with business intelligence to Microsoft Dynamics 365 Finance and Operations Services (Enterprise License). The intent requires minimal data checking/data validation from Transportation Authority staff.

- Software Testing and User Acceptance Testing.
- Transportation Authority staff training.
- Quality assurance.
- Transition and final cutover.

Phase 2 Deliverables:

1. *Weekly Team Meeting Agendas, Attendance, and Status Reports (including, but not limited to timeline progress, budget progress, issues, risks, change orders, deliverable quality assurance and acceptance)*
2. *Quality Assurance Report of entire system and processes including cyberattack risks or related suggestions to mitigate hacking or hijacking ransomware that falls under ERP umbrella. Discuss Disaster Recovery Plan, copy of data backup, failover hosting site, etc.*
3. *Recommend if 2-Factor Authentication is required, if so, provide support how to do so for agency use only.*

Phase 3 – Support & Maintenance Services

In Phase 3, the Consultant will provide eighteen (18) months of Post Go-Live Support to fix defects identified by Transportation Authority users.

Level of Transportation Authority Staff Support

The Transportation Authority has limited staff, and as such, will be unable to commit any full-time resources to this ERP migration project. The Transportation Authority has assembled a Migration Team consisting of the organization's three accountants, four analysts, one temporary staff and an IT staff. Together the Team has deep, across the board knowledge of the business processes in these functional areas and will continue their day-to-day tasks during the migration.



RESOLUTION AWARDING A TWO-YEAR CONSULTANT CONTRACT TO CGI TECHNOLOGIES AND SOLUTIONS, INC., IN AN AMOUNT NOT TO EXCEED \$350,000, FOR MIGRATION, LICENSING AND SUPPORT SERVICES AND A ONE-YEAR CONSULTANT CONTRACT TO FIX YOUR ERP LLC, IN AN AMOUNT NOT TO EXCEED \$200,000, FOR PROJECT MANAGEMENT SERVICES FOR MICROSOFT DYNAMICS 365 FINANCE & OPERATIONS (ENTERPRISE LICENSE) AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE CONTRACT PAYMENT TERMS AND NON-MATERIAL CONTRACT TERMS AND CONDITIONS

WHEREAS, Since 2014, the Transportation Authority has used Microsoft Dynamics AX 2012, an off-the-shelf enterprise resource planning (ERP) system, for financial and accounting applications, which include functionalities for general ledger, cash management, purchasing, accounts payable, accounts receivable, project and grant accounting, timesheets and financial reporting; and

WHEREAS, At the end of 2020, Microsoft announced that it will no longer support Microsoft Dynamics AX 2012, as the software solution transitioned to Microsoft Dynamics 365 for Finance & Operations SaaS solution; and

WHEREAS, Staff reviewed system demonstrations for Microsoft Dynamics 365 for Finance & Operations and determined that migrating the agency's financial and accounting data from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations (Enterprise License) would best serve the Transportation Authority's financial and accounting needs; and

WHEREAS, The modules and functions in Microsoft Dynamics 365 for Finance & Operations (Enterprise License) are very similar to Microsoft Dynamics AX 2012, including the capability to help address regulatory requirements of public sector organizations including adaptability to legislative mandates and support of open government and accountability; and

WHEREAS, The migration project would be more cost efficient, require less staff resources and could be completed in a shorter timeframe than implementing brand new ERP software; and

WHEREAS, On November 8, 2022, the Transportation Authority issued a Request for Proposals (RFP) for migration and maintenance services for Microsoft Dynamics 365 Finance



& Operations Services (Enterprise License); and

WHEREAS, The Transportation Authority received one proposal in response to the RFP by the due date of December 7, 2022; and

WHEREAS, A review panel comprised of staff from the Transbay Joint Powers Authority and the Transportation Authority interviewed the proposed team on December 19, 2022; and

WHEREAS, The review panel evaluated the proposal based on qualifications and other criteria identified in the RFP, with an emphasis on project team experience and qualifications, work plan and approach, and cost; and

WHEREAS, Based on the results of the selection process, the panel recommended award of consultant contract to CGI Technologies and Solutions, Inc.; and

WHEREAS, Due to limited staff resources, the migration services will require project management services to augment and enhance the project management capacity of staff; and

WHEREAS, Given staff shortages in the Finance & Administration Division, Transportation Authority staff recommended contracting with Fix Your ERP LLC to provide project management services in the migration from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations (Enterprise License); and

WHEREAS, The proposed Fix Your ERP LLC project manager is experienced in both Microsoft Dynamics AX 2012 and Microsoft 365 Finance & Operations and has completed similar migrations from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations for several companies; and

WHEREAS, The establishment of contracts with CGI Technologies and Solutions, Inc. and Fix Your ERP LLC will provide the Transportation Authority with adequate support to complete the migration project by July 2023; and

WHEREAS, The first year's activities of both contracts, funded by Prop K sales tax funds, will be included in the Transportation Authority's Fiscal Year 2022/23 mid-year budget amendment, and sufficient funds will be included in future fiscal year budgets to cover the cost of these contracts; now, therefore, be it

RESOLVED, That the Transportation Authority hereby awards a two-year consultant contract to CGI Technologies and Solutions, Inc., in an amount not to exceed \$350,000, for



migration, licensing and support services for Microsoft Dynamics 365 Finance & Operations (Enterprise License); and be it further

RESOLVED, That the Transportation Authority hereby awards a one-year consultant contract to Fix Your ERP LLC, in an amount not to exceed \$200,000, for project management services for Microsoft Dynamics 365 Finance & Operations (Enterprise License); and be it further

RESOLVED, That the Executive Director is hereby authorized to negotiate contract payment terms and non-material contract terms and conditions; and be it further

RESOLVED, That for the purposes of this resolution, "non-material" shall mean contract terms and conditions other than provisions related to the overall contract amount, terms of payment, and general scope of services; and be it further

RESOLVED, That notwithstanding the foregoing and any rule or policy of the Transportation Authority to the contrary, the Executive Director is expressly authorized to execute agreements and amendments to agreements that do not cause the total agreement value, as approved herein, to be exceeded and that do not expand the general scope of services.