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☞ Details: UW System implementation of Appointment, Payroll and Benefits System (APBS) hearing, September 6, 2005

(FORM UPDATED: 08/11/2010)

# WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

## 2005-06

(session year)

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\* Contents organized for archiving by: Stefanie Rose (LRB) (November 2012)

**Assembly Colleges and Universities Committee**  
**Remarks by UW System President Kevin P. Reilly**  
**September 6, 2005**

Thank you, Representative Kreibich. Good morning, everyone. I appreciate the opportunity to be here today and to provide remarks regarding the University of Wisconsin System's efforts to implement a state-of-the-art Appointment, Payroll and Benefits System – APBS – before introducing my colleague, Executive Vice President Don Mash.

Don will provide you with more detailed information and respond to your questions, but I wanted to just take a few moments to offer some background.

- Planning for the UW's APBS project began more than five years ago, and the project's current emphasis is in line with the UW System's ongoing commitment to efficiency and effectiveness.
- However, at the time I became president and learned more about APBS, I was uncomfortable with the direction in which the project was going and the costs we were absorbing when compared to the progress we were making.
- I became convinced that we did not have the right project management skills in the leadership of the project, including executive level oversight and decision making.

- There did not appear to be good coordination between our human resources and technical people when it came to what they wanted from the project, and how they thought APBS would meet their expectations.
- And UW-Madison, our biggest user of APBS services, and the provider of our outdated legacy system, had not been brought into the project enough.
- Therefore, I tasked UW System Executive Vice President Don Mash with leadership of the project's steering committee and asked him to work with his colleagues, among them UW-Madison Vice Chancellor Darrell Bazzell, to respond to these implementation challenges.
- Dr. Mash, Vice Chancellor Bazzell, and their APBS steering committee colleagues have put in place project management improvements and a new coordinating structure. They have transitioned personnel to cut costs and are working hard to ensure that UW-Madison, the System's largest campus, is ready to participate.
- In short, we identified a problem, we took positive and decisive action, and now we are moving forward.

Let me introduce my colleague, Don Mash, who can provide you with additional details. Don . . .



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## News 3 Exclusive: UW Software Glitch Costs Taxpayers Millions

### **Report: Projected Shortfall Up To \$28 Million**

POSTED: 9:10 pm CDT July 14, 2005

UPDATED: 6:45 am CDT July 15, 2005

**MADISON, Wis.** -- A new University of Wisconsin System computer project is supposed to streamline operations by improving use and cutting costs, but a News 3 investigation finds that after years of work -- a massive computer upgrade is bogged down, offline and off budget, reports News 3's Linda Eggert in this I-Team report.

The "Lawson Project" aims to replace old mainframe technology with new comprehensive payroll software.

A News 3 investigation finds after years of work, and tens of millions of dollars, system officials still can't say when it will be powered up or how much it will cost.

"We have spent more money at this point than the people who initially envisioned the project thought we would have spent five years out, and we're not as far along as they thought we would be," said Don Mash, chairman of the steering committee for the APBS/Lawson project, which is an unprecedented endeavor that will impact every UW System campus and its 42,000 workers statewide.

The Appointment Payroll and Benefits System project is supposed to consolidate all system human resource functions -- everything from record keeping and hiring to cutting checks will be under one roof, inside user-friendly software called "Lawson."

The aim is to be more efficient and save money -- how much money isn't clear.

"We can't know that," Mash said. "We expect to save a considerable amount of money. We're going to be able to downsize a number of staffing and we're going to have a much more efficient and much more serviceable system."

After five years of work and roughly \$26 million, a News 3 investigation finds only rising costs, major technical glitches and other problems -- and no launch date in sight.

"There's no 'go live' date," said Mash, who also insists the project is not off track. When News 3's Linda Eggert asked him if the project is on hold, he said, "Well, it is, and it isn't."

Eggert's investigation found that the project's start or "go live date" has been delayed twice -- in January and again in April.

That happened after readiness reports revealed some serious problems -- including how to interface with UW-Madison.

Mash said the problems are being addressed -- and are common in such complex projects.

"Everyone who's implemented a APBS system has had major challenges," Mash said.

Still, News 3 finds continuing concern over the project's past and future. In February, private consultant Diane Haubner was hired to identify the remaining "risks" to launching the payroll project. She found 124 of them.

"It's a lot for the stage of the project," Haubner said.

The report's six highest risks include staff burnout, maintaining APBS after it starts, and testing. But one problem area stood out: "The project planning and management," Haubner said.

UW-Madison Vice Chancellor Darrell Bazzell told Eggert when he was Steering Committee chair last fall that he brought in Haubner to do her report.

When Eggert asked Bazzell if the report identified project management issues, he said, "Sure." When Eggert asked if they were big issues, he nodded and said, "Mm-hm."

The report said, "The lack of professional project manager ... created the risk and cost overruns that exist today ... the most significant risk on the project as a whole" was the "lack of an integrated project plan."

Haubner said they were using a "task list" instead of a plan, which she said is not appropriate "according to the standard that we used to do the risk assessment."

The report includes budget estimates that put the total project cost between \$55 million and \$62 million in three to four years with an estimated budget shortfall between \$21 million and \$28 million.

Mash said it's impossible to estimate costs now due to all the unknown, which News 3 finds includes exploring a switch to another software company -- Peoplesoft -- just in case Lawson doesn't work out.

"Is there a chance that we might say, you know, maybe we do need to look at another vendor?" Mash said. "I guess that's a possibility."

But Mash and others don't believe a switch is likely, Eggert found.

System officials this fall will decide the future of the project.

Meantime, the troubleshooting continues to deal with the decisions of the past.

"It's never been clear to me what the initial decision-making process really was," Bazzell said. "Why they decided to manage things in a certain way, develop timelines and budgets, who was calling the shots ... "

When Eggert asked who was calling the shots, Bazzell said, "That's my question."

Despite UW-Madison's technical expertise, Bazzell said system administration wanted to lead the project. The system official who oversaw the project the longest denies any mismanagement.

System human resources Associate Vice President George Brooks said, "I think we've done a very good job of managing this."

Brooks also attacks Haubner's report as biased and... "loaded with opinion."

"She's a professional project manager where everything has to be in a nice tiny little box," he said.

Haubner said she used international standards that are scientific.

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WTN

**UW working to salvage multi-million HR software project****Problem leads state senator to call for disbanding of UW System****Eric Kleefeld** • Published 08/17/05

Print this article • E-mail this article • 1 comment

**Madison, Wis.** -- A report is due next month that will help University of Wisconsin System officials determine whether and how to proceed with an IT project that was put on hold after approximately \$25 million was spent working to implement it over a five-year period. The project was determined to be fraught with problems, including a lack of good project management.

The Appointments, Payroll and Benefits Systems project (ABPS) for the UW System was put on hold after cost overruns raised red flags, prompting an audit that determined numerous problems with the project that missed several go-live dates.

While UW officials await the report, a state senator suggested the problem was the last straw in "a string of failures by the system," and that those failures indicate the state might be better off without the consolidated UW System.

"What was once a framework for shared experiences and cost savings has become a strangling bureaucracy," said Sen. Ted Kanavas of Brookfield in a news release. "It is ridiculous that the UW System is preparing to spend more than \$60 million on this project. Only an organization that is out of touch with reality could justify such an expenditure," added Kanavas, who has an IT background and who still works for a software company.

But that \$60 million figure was called "wildly inaccurate" by a top UW IT official who is working to straighten out the problem. Ed Meachen, assistant vice president of the Office of Learning and Information Technology in the UW System, admitted the \$60 million figure was a "worst-case scenario" number, but said it would be "completely inaccurate" to suggest that figure could be reached.

**Project overruns sparked review**



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The problems were found when project budget overruns of up to \$6 million were noticed, Meachen said. "That's a large amount of money, and it would be irresponsible to gloss over it," he said. But it doesn't mean the project would be headed toward \$60 million, he stressed.

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The project, using a software product from St. Paul, Minn.-based Lawson Software, was initiated in order to replace the UW System's aging mainframe payroll structure, which will be obsolete within a few years. The project would offer consolidation of payroll as well as appointments and other program management functions into a single system throughout UW

System campuses.

"We've had our challenges with the project," said UW System executive senior vice president Don Mash, who took over the project's steering committee this past spring. "These are very complex systems to implement, as we have learned from the experience of others around the country, and we're trying to do it for an entire system of different campuses."

Mash took his UW System post March 1 after the system restructured its administration, eliminating two positions - senior vice president for administration, and vice president for university relations, which was eliminated. Mash had been chancellor at UW-Eau Claire. He replaced David W. Olien.

### Decision could come in October

The IT project report should be completed in September, with the decision-making process proceeding into October. For now, Mash says the main goal is to get a new system working for the Madison campus, and then to integrate the rest of the system into it.

The original project management team has been disbanded, with many of the original decision-makers having retired by now or about to do so. George Brooks, an associate vice president of human resources with the UW System, was one key decision-maker in the project; he retired earlier this month. While he declined to be interviewed by WTN, Brooks previously told WISC-TV in Madison that he stands by his management of the project.

Meachen was not pleased with the decision by Brooks to hire his own HR-level staff for the project rather than to work through UW System's IT office.

"My office was not allowed to get involved in this project, which was unusual," Meachen said.

According to Meachen, the real source of the budget over-runs was an initial desire to save money and, hopefully, make the process easier, managing the project in-house rather than bringing in outside people to coordinate it. But "sometimes you shoot yourself in the foot by trying to save money," he noted.

As a result of that decision to keep much of the project work in-house, Meachen said, there was ultimately poor communication between IT directors at the system level and the Madison campus, with Meachen complaining of a lack of receptiveness to any input or participation from his office or outside advice from other IT professionals throughout the state.

### **Original budget was underestimated**

In defense of the project, Meachen said the original projected costs of \$20 million were severely underestimated. The final cost should be in line with market value of such projects and well short of the worst-case \$60 million. Meachen also noted that when the HR project was conceived seven years ago, the "Common Systems" approach that is now in place did not exist. Under the Common Systems Group, the UW System looks to fund unified IT systems that serve the entire system, when appropriate, rather than have disparate projects at various campuses.

The HR project must resume relatively soon, Meachen said. "We can't go on with the legacy system for any length of time," he observed of the current HR system.

When it does resume, the system will "strive for a fast implementation," he said. But it will likely be with an entirely new project team. "I don't know whether we'll try to bring back anyone from the previous team, or whether they would even want to return to this project," Meachen added.

Meachen noted that other IT projects in the system turn out very successfully, with millions of dollars saved, for example, via a system-wide course management project and a student administration project. He estimated the cost of the course management system would be double what it now is if it remained separated among the campuses.

The success of the system's other projects makes the problems with the Appointments, Payroll and Benefits Systems project more striking, Meachen said.

### **Report notes several problems**

A report prepared by UW project management consultant Diane

Haubner faulted the entire planning process that went into the project. Among other things, her report noted:

- The use of a committee-made task list as opposed to development of an overall project plan and the naming of a project manager;
- People in charge of the project who knew a lot about software but not a whole lot about actual project management;
- Poorly planned testing of database systems;
- Lack of communication between testers and management.

It was not a small project to undertake.

"The migration is a complex project," said Lawson spokesman Terry Bake. "When you're talking about moving from a 30-year-old legacy system, transferring all of that information to a new system, it can be a lengthy and very complicated, but manageable, project."

Blake explained that the transition can involve transfer of data, installation of software, a testing period, running both systems in parallel but relying on the old one, and then finally the go-live date of switching to the whole new system entirely.

"There are generally, within those types of categories, hundreds of tasks to ensure the overall conversion of a legacy system to a new system," he added. Delays can happen due to any one of those tasks going awry, which in turn can cause one change after another in the overall scope of the project.

### **Bureaucracy run amoke?**

Kanavas feels the Lawson project is a prime example of bureaucracy running away with itself, and has suggested that the UW System may have outlived its usefulness — that the state would be better off dismantling the system and going back to the independent state-run schools as they existed before 1971.

"The question with the system that we have to have a debate about, in my opinion, is whether the system is adding value or not," said Kanavas. "Because if they're not adding value then they need to go away and then let the individual campuses manage themselves."

Prior to his election to the Senate, Kanavas spent 12 years in the software industry and still works for Brookfield-based HarrisData, a developer of enterprise software solutions.

UW-Madison vice chancellor Darrell Bazzell, who in a previous interview with WISC-TV faulted the previous decision-making process, also said that many of those objecting to the project have only just recently found out about its very existence, which he said has led to some misunderstanding about its whole history.

"I think if they better understand the fact that we have to move to a new system, I think some of those comments would be tempered in the future,"

The future may bring an even greater cooperative approach to technology, according to Meachen, who said Mash's office is willing to look into the idea of setting up a project management office to oversee projects that involve multiple campuses of the UW System. That office would be governed by the Common Systems Group.

Eric Kleefeld is a writer for WTN based in Madison. He can be reached at [eric@wistechology.com](mailto:eric@wistechology.com). Senior contributing editor David Niles contributed to this story.

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**Ken:**

August 18, 2005 • [Link to this comment](#)

"Kanavas feels the Lawson project is a prime example of bureaucracy running away with itself..."; he should look a little closer to home and DET's growing bureaucracy. ERP systems, statewide network, email consolidation, server consolidation, help desk consolidation and a huge new data center; all started but none yet completed.

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## **UW payroll software may have to be scrapped**

### **Project already \$6 million over budget**

By Aaron Nathans  
August 19, 2005

The University of Wisconsin System will decide this fall whether to rebuild an unfinished computer system that's already cost the university \$25 million.

UW has spent five years constructing the Appointment, Payroll and Benefits System, a human resources database and payroll system for the 26-campus university system.

It was scheduled to be operational last April, but is still unusable.

A consultant said in a February audit that the computer system was improperly tested and has "severe defects." University officials have estimate the project has gone about \$6 million over budget.

People with technological backgrounds, not administrative workers, should have been put in charge of the project, said the consultant, Diane Haubner.

The Assembly Committee on Colleges and Universities is scheduled to hold a hearing on the matter at the State Capitol on Sept. 6.

Don Mash, executive senior vice president of the UW System, said the consultant is now studying whether the computer system can meet the needs of the largest campus, UW-Madison. A big question is whether to stay with the current software vendor, Lawson.

"Yes, it's taken longer to get it up and running than they thought it might five years ago. On the other hand, these projects are very complicated," Mash said. "We're acknowledging where we could have done things a little differently. But we're looking forward."

As for starting the project over from scratch, Mash said: "It's my hope and expectation that's not what's going to happen."

But state Sen. Ted Kanavas, R-Brookfield, said the university will probably have to restart the project. Government should take more careful steps before beginning a large computer network project, he said.

"I don't think there's any question they bungled it," Kanavas said.

"They've already spent 25 million bucks, and they don't have anything to show for it."

He said the problems were further evidence that the UW could work better as independent campuses than in the current arrangement as a centralized whole. Consolidation more than 30 years ago was supposed to bring cost savings and efficiencies, but the UW System often comes off as too big and unwieldy, he said.

The University of California System and the state of Michigan have also struggled to create similar computer systems, Mash noted.

The payroll system now used by the UW is expected to be no longer functional within two to three years, Mash said.

One initial idea in planning the new system was to save money by not bringing in high-priced consultants, Mash said.

"One could reasonably say today, in retrospect, we probably should have spent more money early, more front-loading, with consultants. We tried to do a big part of this with our already existing staff people," Mash said.

Mash said the university is quite aware of the state's tight fiscal situation and has been frustrated with the project's slow progress.

But he added: "You need to focus on the future, not the past. That's all negative energy."

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