

# ☞ 09hr\_JC-IPT\_Misc\_pt02



Details: Informational hearing on 10/6/2009 on Wisconsin IT Projects

(FORM UPDATED: 08/11/2010)

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

### 2009-10

(session year)

### Joint

(Assembly, Senate or Joint)

## Committee on ... Information Policy and Technology (JC-IPT)

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

SEPTEMBER 23, 2009

T. C. HAUNG  
3988 PLYMOUTH CIRCLE  
MADISON, WI 53705  
FAX: 233-2323  
Tel: 238-8169

Hon. Rep. Gary sherman and  
Hon. Sen. Pat KREITLOW  
co-chairmen, the joint committee of  
Information Policy and Technology  
State Capital Madison, WI,

Re: A "PLAN" for donation to UW for free use of a most advanced  
payroll software, the ERP (payroll-accounting linked) software  
system, and subsequent donations

Dear Rep. Sherman and Sen. Kreitlow:

The contents of this letter have 4 parts:

1. Letter campaign of a donation
2. The "Plan" of donation for a quality payroll software
3. Customization and training program
4. Long term maintenance

1.1 In September 2006, I made a pledge to Governor Doyle that UW and Dept/  
Agencies of Wis. state government can use my payroll software free as a donation.  
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ERP (Enterprise Resources Planning) software which links payroll and all other  
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"2. Project status of major Information Technology  
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There was no agenda item requesting approval any IT project.

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Sincerely,



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(A Privileged Document)

8-28-2009

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2. Historical ERP

ERP-software began available in the mid-1990s and became very popular. It is extremely expensive. One exception is that if the software company let you use it free. Am I kidding? No. My proposed Plan will just do that for UW-Madison as well as UW System, a pledge I made three years ago to Governor Doyle in our correspondence September, 2006: 9/11/2006 to Governor and Governor's response, 9/21/2006.

Subsequent cost involves customizing of the ERP-software and part of the training program. For long term maintenance contract there is an annual fee. All these contracts and fees are usually very high. However, the CAD/CAM company which I direct, will charge eventually charge UW a very low fee according to Plan's process.

Currently, there are two leading companies serving the market with ERP-software. A third company, Madison, Wisconsin based, is rising, ready to serve the ERP market.

The first company is SAP, a German company. SAP devotes the whole company in ERP program serving clients worldwide.

The second company is Oracle. Oracle's PeopleSoft Division serves the ERP market. For 10 years, Oracle, a dominant database company, failed to develop an ERP-software by itself. Then, it decided to buy PeopleSoft's ERP-software. After year and half proxy fight and paying 11.5 billion dollars, Oracle succeeded in a hostile takeover of Peoplesoft and its ERP-software at the beginning of 2005.

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is ready for customizing and training program, the necessary steps to fit the user's requirements by modifying the software code prior to the formal implementation of any main software, including ERP-software, of course.

### 3. Donation - Form and Process

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#### (1) Initial donation

Initially, CAD/CAM will donate all the proceeds from UW for the use of ERP-software to a foundation account of UW. The foundation can only channel the fund to UW for research and related academic activities in the same way WARF is doing.

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### 4. Beyond UW

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### 5. Conclusion

In my long time service to the UW-Madison, with additional support from WARF at the early years, I attained my greatest professional satisfaction in my accomplishment in all three fields: teaching, research and public service. Therefore, this "Plan" is essentially my payback plan.

T. C. HUANG  
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Testimony before the  
**Joint Committee on Information Policy and Technology**

**October 6, 2009**

by

**Tom Anderes, Sr. VP, Administration and Fiscal Affairs  
University of Wisconsin System**

Thank you, Chairmen Sherman and Kreitlow.

Good morning. I am responsible for human resources, information technology, business services – all the areas involved in our significant Human Resource System project, commonly known as “HRS.” Ed Meachen, CIO of the System, and Lorie Docken, HRS Project Director, are in attendance as well.

We have submitted our regular semi-annual report on major IT projects, as required by statute and UW System policies. I will briefly address each of the projects in that report, and I will be happy to answer any questions you may have. Given the size and scope of our HRS project, I’ll devote a few extra minutes to that item.

On September 2, we distributed a background paper to all legislative offices, providing broad information about HRS. As described in that paper, this is a massive undertaking. It is a long-term effort to integrate and modernize information systems and business practices across all 26 UW campuses and all 72 county Extension offices, affecting nearly 70,000 faculty, staff and students.

HRS will move us away from an outdated combination of programs and databases that present a growing risk to the university and every local community where UW employees live and work. They rely on our payroll system for their paychecks, their tax forms, their leave accrual, and insurance payments.

The new system will ensure full compliance with state, federal, and international legal requirements related to personnel/payroll information. In the future, when new statutory or regulatory requirements are added, changes will be vastly simpler and less labor intensive.

As the UW System’s chief financial officer, I realize that this implementation will require significant commitment of scarce dollars, but it is a necessity not a luxury – and one we need to address now.

As President Reilly explained to our Board of Regents, implementing a new payroll system is like replacing the furnace in your home. It requires a significant investment but it’s not very “glamorous.” Unlike new siding or landscaping, nobody will ever notice it. You will notice if the heat goes out in February and the water pipes start bursting! But then it’s too late. That’s the type of failure we’re trying to avoid.

Reliability is a major concern, and so is security. I know that you and many of your constituents are concerned about identity theft and data security. We can ensure that Social Security Numbers and other information will be better secured and efficiently monitored.

Having addressed “why” we need HRS, let me also touch on “how” we’re proceeding with this project. What we learned from the previous failed effort was we need to create a clearer understanding of the features we want in the system from the outset of the project; clarify the degree to which the features are compatible with software (limit customization of software and added cost); and produce a detailed implementation plan including key dates and funding requirements (strong planning structure).

We have a comprehensive governance structure in place including an experienced project team, strong project leadership and active steering committee, and system executive committee.

In its April 2007 report, the Legislative Audit Bureau found that most problems with complex IT projects resulted from inadequate planning. We have heeded that LAB finding, and put very strong emphasis on thorough planning.

Our HRS plan identifies more than 500,000 hours of work required to complete the implementation. Working from the bottom-up, we used detailed work estimates to derive the project budget of \$81.4 million.

We have paid close attention to costs, and concluded that the cost was reasonable based on a number of factors including projects ranging from \$80-110 million with Big Ten Universities. We have, as suggested earlier, avoided more expensive customization of the software. We negotiated \$8 million of reductions with our consultant based on a reduced number of staff, reduced hourly rates, and more limited project scope.

To be clear, the UW System is not asking the State or students for additional resources to carry out this project. We’ve been planning for this project and setting aside resources.

- We will apply \$12 million in rebates as our share of a nationwide class action suit from Microsoft.
- The system has been saving funds specifically for HRS. \$19 million represents nearly 25% of the cost.
- The final source will come from the system operating budget that would typically be used to offset lapses, utility shortfalls, or other unbudgeted expenses. The funds are not coming from university or college operating budgets.

Our consultant, Huron Consulting Group, chosen through a competitive RFP process, has provided services to over 175 higher education clients. We have worked closely with Huron for 10 months and their support has been excellent. Huron subcontracts with Accenture; they have partnered on many successful major higher education IT projects such as UMass (multiple campuses), Ohio State University, University of Illinois, University of Michigan, etc.

- Our Agreement (Time and Materials) with Huron:

- Specifies milestones be met or pay damages
- Specifies that key staffing support be in place or pay damages
- Maintains 60-day termination notice
- Requires immediate notification when there is a resource issue that impacts performance
- Allows for revised hours of support as negotiated and approved by UW System Executive Committee

There are a number of other safeguards built into the contract as well.

In conjunction with our reports to the Regents at each of their meetings and semi-annual updates to your committee, we will ensure that there are milestones to measure progress before moving on to the next step.

Stepping back from the HRS project, I'll touch on some of the other items in our report to the committee...

In each case, these major IT projects benefit from some of the same approaches we are taking with HRS:

- Each project is required to have a clear governance structure to provide oversight and a direct line to the Board of Regents.
- Management and fiscal oversight for all System-wide IT projects is provided by a central Project Management office, created in 2007.
- And every major project must have a detailed project plan which includes scope, timeline and cost.

In addition to the HRS Project, the UW System has three such projects under way.

At UW-Eau Claire, we are working to implement the Oracle/PeopleSoft Campus Solutions. This \$2.7 million project will replace the old student information system. It is "on time" and "on budget" and is scheduled to be completed by summer 2010. Similar projects at UW-La Crosse and UW-Stout were successfully completed on time and within budget.

At UW-System, the Identity and Access Management Project is a \$4.7 million project that will enhance system security and protect sensitive data. This project is also on time and on budget, scheduled for completion in fiscal year 2012.

Finally, we are also working on replacing our current Budget System. The first phase of this project, costing approximately \$3.8 million, will create an interface between the legacy budget system and HRS. The second phase will replace the legacy system altogether with an off-the-shelf product. The first phase of the project is scheduled for completion by the fourth quarter 2010.

As I said, I'll be happy to address your questions about these projects, HRS, or other matters.



Submission for Record

for

INFORMATIONAL HEARING  
Joint Committee of  
Information Policy and Technology  
October 6, 2009

with agenda

1. Update from UW-System IT Project
2. Update on State of Wisconsin IT Projects

Inclusion

1. Letters to Committee co-Chairmen for donation of payroll software wishes, and
2. The "PLAN" how to implement the donation.

submitted by

T. C. Huang  
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and

CAD/CAM CORP.

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Date?

## **Agenda**

- Recent Milestones for Information Technology (IT) Policy
- Overview of IT Policies
- Status of High-Profile IT Projects
- DOA Project Updates
  - Server Consolidation
  - E-mail Consolidation
  - Integrated Business Information System (IBIS)

### Recent Milestones for IT Policy

- **April 2007** – LAB Review of Information Technology Projects
- **October 2007**
  - DOA report on New Approach to IT Management
  - High-profile IT projects starting after this date required to follow recommendations in report, including monthly dashboard status reports
  - DOA Secretary issued instructions to agencies
- **January 2008** – State CIO began follow-up meetings on yellow and red monthly status indicators
- **March 2008** – JCIPT meeting to review progress
- **July 2008**
  - IT Management Board meets to review IT planning policies, agency project plans
  - First on-site IV&V review initiated

### Overview of IT Policies

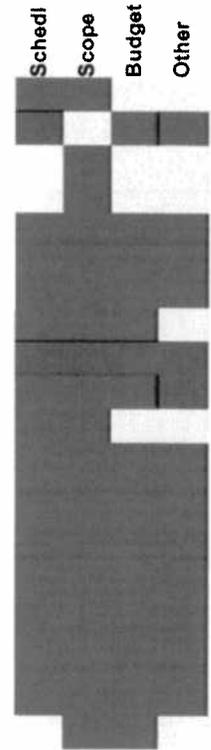
- Three annual agency IT planning cycles completed using IT Directors Council-approved plan template
- One ITDC-led biennial statewide planning cycle completed – ITDC beginning work on producing next biennial statewide plan
- Upcoming high-profile projects described in agency IT plans
- ITDC Steering Team reviews project charters
- State Bureau of Procurement approves RFPs or RFBs related to high-profile project
- DOA Legal Counsel reviews contracts and contract amendments
- Technical Architecture Review Committee (TARC) reviews project's technical aspects
- Agency sends monthly dashboard reports to DOA during implementation
- State CIO conducts follow-up meetings for any yellow and red status indicators
- Interagency teams perform on-site periodic project evaluations (including documentation reviews and interviews with project authorities, end users and vendors)
- New business model, technical reference model and project documentation standards in place

### Completed High-Profile IT Projects (23)

	<b>Final Dashboard</b>
Health Insurance Electronic Enrollment, Validation and Payment Project Phase 3	ETF September 2009
Wisconsin Processing and Audit System (WINPAS) Rollout 6	DOR August 2009
Health Insurance Electronic Enrollment, Validation and Payment Project Phase 2	ETF July 2009
Statewide Voter Registration System (SVRS)	GAB May 2009
Longitudinal Data Systems Phase I	DPI April 2009
Health Insurance Electronic Enrollment, Validation and Payment Project Phase I	ETF March 2009
WINPAS Rollout 5 -- Image Management	DOR March 2009
WINPAS Business Tax TAP (Taxpayer Access Point)	DOR March 2009
Integrated Property Assessment System (IPAS) Phase 2, Release 0 -- Equalization	DOR Feb 2009
Job Center of Wisconsin	DWD Feb 2009
UIBNet	DWD Feb 2009
IPAS Phase 3, Release 0 -- Local Government Services	DOR January 2009
Campaign Finance Information System	GAB January 2009
E-mail Consolidation	DOA Dec 2008
ForwardHealth InterChange (f/k/a Medicaid Management Information System)	DHS Dec 2008
Benefit Payment System	ETF Nov 2008
Air Permit Improvement Initiative	DNR October 2008
Integrated Property Assessment System (IPAS) -- Phase 1 -- Manufacturing	DOR October 2008
WINPAS Rollout 4 -- Withholding Tax, Pass-through Withholding, Partnership	
Returns, Combined Returns	DOR October 2008
Department of Revenue Server Co-location Project	DOR Sept 2008
Wisconsin Integrated Corrections System (WICS) -- Phase 1	DOC July 2008
SUITES (State Unemployment Insurance Tax Enterprise System)	DWD July 2008
Automated License Issuance System	DNR May 2008

**Active High-Profile IT Projects (19)**

	<b>Agency</b>
Server Consolidation	DOA
Wisconsin Integrated Corrections System (WICS) -- Phase 2	DOC
Lump Sum Payment System	ETF
Health Insurance Electronic Enrollment, Validation and Payment Project -- Phase 4	ETF
Public Health Information Network Migration (includes status of Wisconsin Electronic Disease Surveillance System)	DHS
Statewide Vital Records Information System Implementation	DHS
Injured Patients and Families Compensation Fund (IPFCF) Application	OCI
eTIME -- Phase II	DOJ
Wisconsin Forest Inventory and Reporting System (WisFIRS)	DNR
Wisconsin Justice Information Sharing (WIJIS) Gateway	OJA
Integrated Property Assessment System (IPAS) Phase 4	DOR
Integrated Property Assessment System (IPAS) Phase 5	DOR
Wisconsin Processing and Audit System (WINPAS) Rollout 7	DOR
Wisconsin Carrier Registration System (WisCRS)	DOT
Driver's License Security Improvement (DLSI)	DOT
Veterans Benefits and Application Tracking System (VBATS) Enhancements	DVA
QWRS (Quarterly Tax and Wage Reporting System) Integration to SUITES	DWD
DVR IRIS Electronic Case Management System Redesign	DWD
IDMS to DB2 Conversion	DWD



### Server Consolidation Update

- Server consolidation started in FY01.
- Department of Administration (DOA) reported spending \$90.9 million on server consolidation through June 2009.
  
- In October 2007 DOA reported to the Joint Legislative Audit Committee:
  - Server consolidation would be completed by June 2010.
  - Expenditures would total about \$110 million for implementation and operating cost through completion.
  - About \$22.5 million in related revenues would be collected between October 2007 and June 2010.
  - Program would run a deficit through FY09 and FY10. Cash flow would turn positive in FY11.
  
- In October 2009 DOA reports:
  - Workload initially serviced by approximately 2,400 servers will be handled by approximately 1,300 servers due to virtualization and reorganization.
  - 76 percent of state agency servers have been consolidated at data center.
  - Project will be completed in FY10.
  - Program expenditures for FY07 through FY09 were about \$5 million less than projected in October of 2007; program revenue for the same period was about \$10 million more than projected.
  - DOA has action plans and is committed to implement cost savings and rate adjustments to put the project into a positive cash flow by January 2011.

Completed Agencies: Natural Resources; State Fair Park; Small Agency Support Infrastructure (SASI) agencies; Administration; Revenue; Educational Communications Board; Office of the State Treasurer; Agriculture, Trade and Consumer Protection; Regulation and Licensing; Tourism; District Attorney IT Program.

Agencies In Process: Corrections; Office of the Commissioner of Insurance; Health Services; Commerce; Public Service Commission; Workforce Development; Transportation; Children and Families; Financial Institutions.

### E-mail Consolidation Update

- E-mail consolidation started in FY05.
- In October 2007 DOA reported to the Joint Legislative Audit Committee:
  - E-mail consolidation and version updates would be completed in 2008.
  - Cost to date for the project was \$9.7 million; estimated cost for the development and operating costs through completion was \$13.6 million.
- In October 2009 DOA reports:
  - E-mail consolidation was completed in 2008.
  - Cost for development and operating costs through June 2009 was \$13.4 million.
  - Revenue through FY09 stands at about \$5.5 million.
  - Approximately 37,000 active mailboxes.

### IBIS Update

- IBIS started in FY04 with a feasibility study.
- DOA reported spending about \$9.1 million on IBIS through June 2009.
- In October 2007 DOA reported to the Joint Legislative Audit Committee:
  - Projected implementation date for the first phase was March 2009.
  - Project had spent about \$10 million to date.
  - An additional \$16 million would be required for phase 1 completion.
  - Our ability to staff the project at adequate levels with suitable skills was the largest risk to the project.
- In April 2008 DOA reported to the Joint Committee on Information Policy and Technology that IBIS was suspended as an active project when the ability to staff it was put in doubt due to budget pressures.
- PeopleSoft licensing is being maintained with the expectation that the project will be reactivated; this will be a consideration for the next State budget.

### Questions?

Contact information:

Oskar Anderson  
State Chief Information Officer  
Division of Enterprise Technology  
(608) 264-9502  
Oskar.Anderson@wisconsin.gov