

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of September 11, 2012

ITEM TITLE: *(Please define the subject; e.g., change order – Berkeley City College)*

Consider ratification of contract with eVerge Group to provide technical and project management assistance for application upgrade support and implementation of the PeopleSoft Student Financial Aid module.

SPECIFIC BOARD ACTION REQUESTED:

Ratification of contract with eVerge Group to provide technical and project management assistance for PeopleSoft application upgrade support and implementation of the PeopleSoft Student Financial Aid module.

ITEM SUMMARY: *(PLEASE DISCUSS THIS ITEM)*

Consider ratification of contract with eVerge Consulting Group that will assist the District with upgrading its existing versions of the HR and Student Administration modules within PeopleSoft to the most recent version available. This involves moving from versions 8.9, which were the initial versions adopted in 2005, to versions 9.1. Our current version, 8.9, is scheduled to lose support from Oracle by 12/31/2012. The second component of this agreement will assist the District with planning, preparing, and implementing the PeopleSoft Student Financial Aid module. The District purchased this module in 2005 but has not implemented it. The contract includes an hourly rate of \$150 with a not-to-exceed amount of \$188,000. The term of the contract is August 10, 2012 – February 28, 2013.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

Measure E. Upon approval of the IT Strategy by the Board of Trustees in February 2012, the approved budget for the PeopleSoft upgrade is \$1,446,500 and \$2,080,000 for the implementation of the Student Financial Aid module. Portions of these approved budgets will be encumbered and used to pay for this contract.

BACKGROUND/ANALYSIS:

Since first adopting PeopleSoft version 8.9 in 2005, Peralta has not upgraded HR & Student Administration to more current versions. Our current version 8.9 is scheduled to lose support from PeopleSoft by the end of 2012 so the question is one of timing only since we have little option to upgrading. The new version is 9.1 offers better integration particularly with the new Student Administration suite containing the Schedule of Classes among other things. Recommended actions include: conducting a scope of study to determine in detail the duration and what investment this would require; based on this information, plan and budget for the upgrade; and implementation of the upgrade.

While there are some cost savings associated with the upgrade, most of the benefit comes from providing a platform that increases the productivity and usefulness of all the PeopleSoft modules.

If we choose not upgrade, we will be unable to take advantage of future enhancements to our PeopleSoft system. Starting in 2013, our annual maintenance fees will increase by 10-15% as Oracle tries to incentivize customers to move away from 8.9. In addition, all functionality and modules implemented prior to the upgrade will need to be redone, increasing the cost of any future upgrade. Although this project shows a net cost over three years (as opposed to savings), it is regarded as high benefit as this is an unavoidable change central to all the major operating systems in the District.

	1st year	2nd year	3rd year
Maintenance Fee Increase - cost avoided	\$25,000	\$25,000	\$25,000
Rework after upgrade - cost avoided		\$200,000	\$200,000
Expected investment	\$1,000,000	\$0	\$0
Annual net savings (cost)	-\$925,000	\$225,000	\$225,000
Cumulative savings (cost)	-\$925,000	-\$700,000	-\$475,000

Peralta already owns the PeopleSoft Student Financial Aid module and should implement it. The current Student Financial Aid System (SAFE) is a mainframe product run on our existing mainframe. Peralta is the last remaining client for this 3rd party mainframe system by ESI and all annual update costs now fall on Peralta only, rapidly escalating our costs. The prospects for ESI maintaining this system over the long term (at a reasonable cost) are poor. Also, the hardware on which we run the system is well past its lifespan and even the programming support must come from Peralta retirees whose willingness and ability to continue in this role is questionable.

This project has high up-front costs but much lower long term support costs. Maintaining the current system is not a reasonable option. Recommended actions include: engage PeopleSoft to conduct a detailed evaluation of the modifications needed to fully meet Peralta's needs and a detailed implementation plan which can be used as a planning guide to the project; determine whether the work should be wholly or partially led by PeopleSoft or whether it should be bid out to other integration vendors; and budget, schedule, implementation.

This will require modification of the delivered product by Oracle and the complexity is high. The project needs to begin with a 4 week study by Oracle to ensure our needs can be met, to estimate any costs associated with the PeopleSoft modification, and to lay out a detailed implementation plan. This study is estimated to cost \$100,000 and should be undertaken immediately (2012). Implementation is estimated at 6 to 9 months and assumed to rely on an external contractor team (possibly Oracle). Implementation cost is estimated at \$1,000,000.

Based on these costs only, the project would begin generating annual savings in 2016 and in subsequent years would create savings of about \$185,000 per year compared to the continued operation of the current ESI mainframe system. These annual savings would be used to fund the internal costs of the additional IT Analyst required for system support. Including these additional labor costs in the comparison of the two alternatives, the PeopleSoft alternative would breakeven and begin generating net savings in 2020.

ROI cannot be a primary consideration in this project since our current system will soon be non-viable as both the hardware and the software will lose support or become simply too costly. The new system will have the same functionalities as the existing system while resolving some of its technical problems such as being able to see all class enrollment and support from all colleges for each student. It is unlikely to create any new savings, but rather, an avoidance of costs. Historically, in the few occasions this has occurred in the past, Peralta had to issue repayments when the DOE or State funding authorities conduct full audits and determine that the aid given was not

eligible. The source of the problem has been human error, except for one case with the Regent system where the system was reported to be partially or wholly at fault in creating a \$400,000 repayment liability. Presumably the new system would remove this risk.

	1st year	2nd year	3rd year
Savings	not estimated	not estimated	not estimated
Investment			
Scoping Preliminary Study	(\$100,000)		
Implementation services from an external contractor		(\$900,000)	(\$100,000)
Ongoing cost of supporting the ESI mainframe system	(\$150,000)	(\$165,000)	(\$165,000)
Peralta Systems Analyst and external project manager	(\$150,000)	(\$300,000)	(\$150,000)
Annual net savings (cost) through implementation	(\$400,000)	(\$1,365,000)	(\$415,000)
Cumulative savings (cost)	(\$400,000)	(\$1,765,000)	(\$2,180,000)

Note that the \$480,000 spent in these three years to continue to support the existing ESI mainframe system will be incurred whether or not this project proceeds. It is unclear whether the full amount for ESI would be required for all of the third year of this estimate.

DELIVERABLES/SCOPE OF WORK:

Deliverables under the agreement include gathering functional and technical requirements, data and systems analysis and documentation, testing and deployment of product and content, and final configuration and validation.

ANTICIPATED COMPLETION DATE:

February 2013.

ALTERNATIVES/OPTIONS:

Not applicable

EVALUATION AND RECOMMENDED ACTION:

Approve contract with eVerge Group to provide technical and project management assistance for PeopleSoft application upgrade support and implementation of the PeopleSoft Student Financial Aid module.

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ NO X

COMMENTS:

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING? (VICE CHANCELLOR) VC GERHARD
 (*****Board contract approval is subject to negotiation and execution by the Chancellor.)

DOCUMENT PREPARED BY:

Prepared by: *Ronald Gerhard* Date: 8/28/12
Ron Gerhard, Chief Financial Officer

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: *Ronald Gerhard* Date: 8/28/12
Ron Gerhard, Chief Financial Officer

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: *Ronald Gerhard* Date: 8/28/12
Ron Gerhard, Chief Financial Officer

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

Signature: *Thuy Thi Nguyen* Date: 9-7-12
Thuy T. Nguyen, General Counsel

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda Not Approved, but Place on Agenda

Signature: *José M. Ortiz* Date: 9-4-12
José M. Ortiz, Chancellor