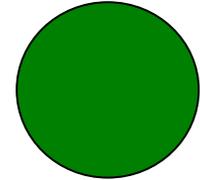


Little Hoover Commission
 Information Technology Progress Update
 August 25, 2011
Project Overview Report

Project Name: Financial Information System for California (FI\$Cal)
Department/Agency Sponsor: Department of Finance
Total Project Cost: \$111,448,908 (Through Procurement Phase only) - Implementation Costs TBD
Amount Spent vs. Anticipated To Date: \$55,694,995 vs. \$71,885,332
Timeline (# of Fiscal Years to Complete): Implementation currently estimated between 3 - 7 years
Total Percent Complete: N/A - Implementation not started
Months Ahead/Behind Schedule: N/A - Implementation not started



Progress Indicator:
Green

<p>Business Need: Current State accounting, budgeting, and procurement systems have been in operation for many years, and include disparate, “stovepipe” legacy systems as well as stand-alone departmental systems that lack adequate integration. The overall mission of FI\$Cal is to provide integrated, reliable, and timely financial information for the State by selecting and implementing a COTS ERP software package. Throughout FI\$Cal implementation, the State will modernize and standardize its financial processes by adopting best practices and leveraging the inherent efficiencies embedded in ERP software tools.</p>
<p>Key Vendors: IBM (SAP), Accenture (PeopleSoft), CGI (AMS Advantage)</p>
<p>Current Status and Project Phase: The two-stage procurement is on schedule to complete by 5/16/2012. The Project is also in the process of planning and executing work efforts to prepare for the Implementation Phase.</p>
<p>Milestones and Accomplishments: FI\$Cal is currently in Stage 2 of a two-stage procurement. Stage 1 (Fit Gap) of the procurement completed on 6/17/2011 with the receipt of Stage 2 Final Proposals from all three bidders. During Fit Gap, the State provided 78 presentations and answered over 1,800 questions to clarify to the bidders' how the State conducts its financial business (e.g. budgeting, accounting, procurement, and cash management) and to enable the bidders' to revise their approach to better fit with the State's expectations and requirements before submitting their final proposals.</p>

This innovative two-stage procurement reduces the overall risk typically inherent in large IT projects, and is expected to reduce the number and dollar amount of change orders during Design, Development, and Implementation (DDI).

The Project is currently preparing to negotiate with all three Stage 2 Bidders beginning on 8/31/2011 as a precursor to each bidder submitting their Best and Final Offer (BAFO).

Additionally, the Project is on schedule to complete a Financial Benchmarking Study with 63 state departments by 10/26/2011 to identify process metrics which will be used to measure benefits throughout the implementation of FI\$Cal.

To date, the Project has completed all SPR3 Milestones on schedule since November, 2009.

Major Changes:

The Project Schedule was recently adjusted to incorporate revised bidder negotiation dates which will allow for preparation time between each set of negotiations. The revised strategy will put the the state in a better position heading into negotiations as time has been added between each negotiation session, and this will enable FI\$Cal to be better prepared to negotiate with each bidder. The revised strategy also enables the Project to provide high-level points of negotiation in advance to prepare the bidders prior to their negotiations so as to get the most meaningful results for the state.

-SPR3.A was approved on 4/13/2011 to update the project schedule to reflect more accurate milestone dates as a result of a 90 day Legislative Pause which is now required before a contract can be awarded.

-SPR3 was approved on 11/19/2009 to change the procurement strategy to a two-stage bundled procurement.

-SPR2 was approved on 12/31/2007 with the primary objective of increasing costs and the schedule to enable the Project to adapt to changes which were previously unidentified.

-SPR1 was approved on 12/15/2006 to transform the scope of the Budget Information System (BIS) to become the statewide Financial Information System for California (FI\$Cal) in partnership with SCO, DGS, and STO.

Staffing Issues:

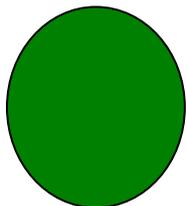
The FI\$Cal Project has the resources necessary to complete the two-stage procurement by 5/16/2012. To support a just-in-time hiring strategy and bring the right people with the right skills when needed, the Project is currently conducting a staffing assessment to determine the number and types of staff needed for work efforts which must be completed prior to the award of a contract with a System Integrator (SI), and to also identify the staff necessary throughout DDI.

Other Challenges to Complete:

In preparation for DDI, the Project is at a transition point whereby participation and commitment by multiple departments will be critical to the success of FI\$Cal. The Project has received positive feedback from the 63 departments participating in the Financial Benchmarking Study, and they have confirmed their willingness to participate throughout DDI. To maintain pro-active participation by departments, FI\$Cal is in the process of establishing a Department Communication Infrastructure to assist departments with organizational transition and change management throughout the Implementation Phase. The Project has also begun a number of DDI preparedness work efforts including Data Conversion Preparation and Legacy Interface Documentation to better prepare the Project during the Implementation Phase.

Lessons Learned:

FI\$Cal is pro-actively taking into account the lessons learned by other large, complex IT Projects to reduce the overall risk to the State. Under Public Contract Code (PCC) 6611, the Project will be able to negotiate with the contractor(s) until a contract is awarded in May, 2012. To reduce the risk to the State, the Project has clarified requirements to reduce the number and cost of post contract award change orders, established a partner-based governance model to ensure active support is provided and decisions are made in the best interest of the entire State, and full transparency is provided to the Legislative Analysts Office (LAO) and Bureau of State Audits (BSA).



Progress Indicator:
Green

Justification:

Schedule - Progress against the approved SPR3.A milestone schedule is less than 5% variance.

Resources - The Project is operating with 42% fewer positions than planned, but this is not impacting Procurement related activities.

Cost - The Project has incurred 22% less cost than planned through June, 2011 because of efficiencies gained through lower facility costs and fewer staff resources.

Quality - The Project has clarified RFP requirements using an iterative process throughout Fit Gap.

