



Update on State's Enterprise Resource Planning System – Cardinal

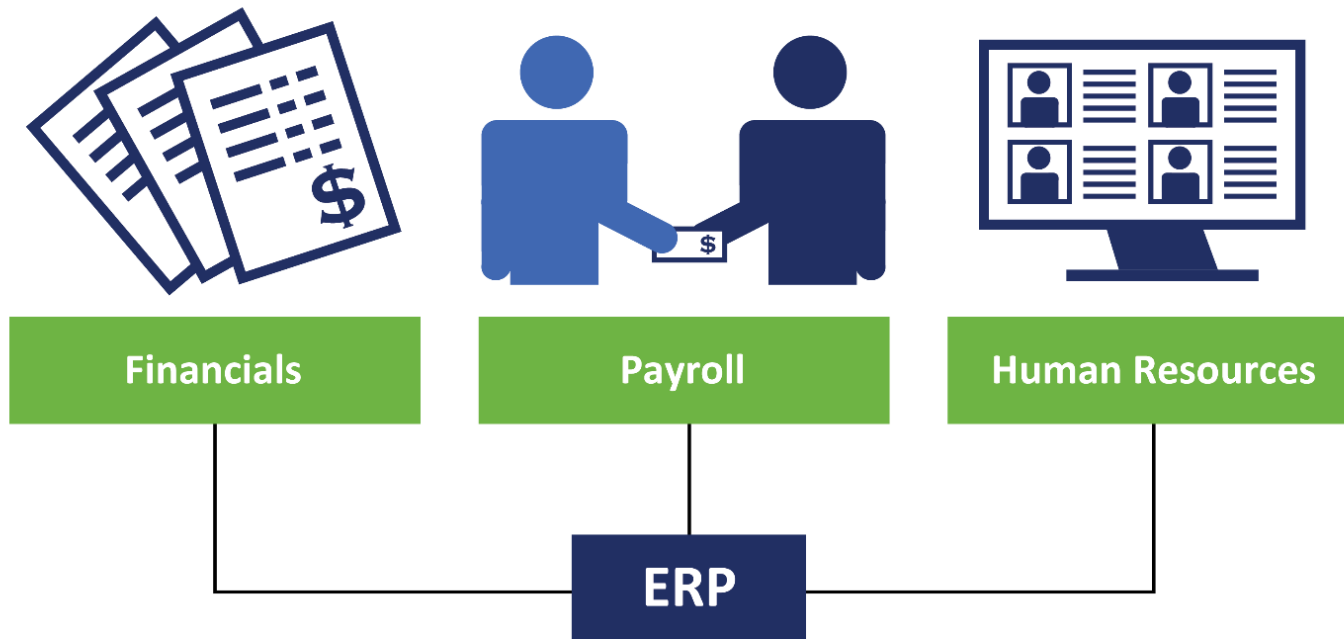
JLARC oversight of Cardinal

- Appropriation Act requires JLARC to oversee Cardinal on a continuing basis
 - Development, implementation, performance, and costs
 - Technology and security
 - Governance

2020 Appropriation Act Item 32(I).

What is Cardinal?

- Cardinal is an Enterprise Resource Planning (ERP) system designed to integrate state's business functions



History of Cardinal project

- **2016** - Cardinal Financials completed
 - \$111 million was spent on Financials project
- **2016** - Cardinal Payroll project to replace CIPPS initiated
- **2018** - Cardinal Payroll expanded to broader Human Capital Management (HCM) project after conversion problems with PMIS data
 - Includes replacing PMIS and BES
- **2021** - Planned roll-out of HCM to all agencies

CIPPS = Commonwealth Integrated Payroll/Personnel System.

PMIS = Personnel Management Information System.

BES = Benefits Eligibility System.

HCM Project Costs (FY15–FY22)

Project	Spending
Payroll project (<i>spending to date</i>)	\$35.9M
Expanded HCM project (<i>estimated</i>)	\$85.9M
Oracle Cloud (<i>estimated</i>)	\$8.5M
Total HCM project costs (<i>estimated</i>)	\$131.8M

The HCM Project is being funded through a Working Capital Advance, which will be paid off over 10 years through the Cardinal Internal Service Fund.

HCM project status

- As of December 2020, HCM project is currently within budget and schedule overall
 - Interface testing with agencies delayed recently but not likely to delay overall project
- Latest independent verification & validation (August 2020) did not identify any significant problems
- Project successfully transitioned to Oracle Cloud Infrastructure in September 2020

Risks to Cardinal HCM project success

- Highly complex project incorporating multiple systems and state and local entities
 - Schedule slippage and costs from other unanticipated problems
- Providing adequate preparation during COVID-19 pandemic for agencies and localities to begin using new systems
- Move from VITA data center also occurring in 2021
 - Requires significant effort by agencies and VITA

Future considerations for Cardinal

- Permanent governance structure needed to reflect all agencies' business needs
 - Decisions on whether/how to increase functionality of Cardinal
- Open procurement for Cardinal support in 2022

JLARC staff for this report

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Appendix: Projected Cardinal Operating Costs

	FY22	FY23	FY24
Financials	\$20.9M	\$20.6M	\$21.3M
HCM	15.7M	19.4M	20.0M
Total	\$36.6M	\$40.0M	\$41.2M

Cardinal operating costs will be paid through the Cardinal Internal Service Fund.