



**CITY OF DANIA BEACH  
FINANCE DEPARTMENT  
MEMORANDUM**

TO: Robert Baldwin, City Manager  
FROM: Mark Bates, Finance Director  
BY: Frank DiPaolo, Controller  
DATE: June 4, 2010  
SUBJECT: ERP System

*Mark Bates*  
*Frank DiPaolo*

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Finance department staff has been evaluating the City's current Enterprise Resource Planning (ERP) system that is used for many of the City's major operations and financial processes. The current SunGard HTE system is used for many of the City's business processes including Financial Management (Accounting, Payroll, and Purchasing), Human Resources (though not integrated with Payroll), and Community Development (building and code compliance). Many other City processes such as time-keeping, customer inquiry and credit card payment, registration and fire inspections are not utilized in the present SunGard system. The legacy technology utilized by SunGard is over 30 years old and is rapidly becoming unsuitable and unable to meet the City's processing needs. As a result, the City is faced with a strategic decision in meeting its future business needs choosing between:

1. **Purchase a new ERP System** – *New World Systems* – an initial investment of approximately \$600,000 that would reduce annual software licensing fees and create efficiencies, saving the City \$88,000 over ten years (based on today's dollars)

**Key Features of New World Systems, currently not available with SunGard HTE:**

- Enhanced e-government and e-commerce solutions
- Productivity features, such as paperless workflow and mobile access
- Highly intuitive interface, conducive to training and retaining new hires
- Robust reporting tools, suitable for both internal and external purposes
- Lower cost ERP solution

2. **Substantially Upgrade the existing SunGard HTE** – necessary upgrades are limited that would minimally help to improve staff and customer processes. City costs would be approximately \$13,000 for purchase and \$17,500 per year thereafter.

The Administration believes that investing in a new ERP system provides the most sensible and cost-effective choice in meeting the growing, long-term demands of the public, City business operations, employees and vendors. The New World Systems ERP would create operating efficiencies within every City department – and between Departments - that will improve operations and reduce costs. New World Systems is designed for and is capable of doing far more than the present SunGard HTE system a lower annual cost. The initial \$600,000 investment to purchase and implement New World Systems would results in a “payback” over 7.5 years while allowing immediate and profound improvements to public information access and Department operating efficiencies. The City’s business process efficiencies in each department will reduce this payback period even further.

A strategic plan to acquire a new ERP system will allow City departments to redesign the fractional business processes into a cohesive, integrated system design. This will free staff from time-consuming, duplicative and manual processes (required by the current SunGard THE system) allowing them to provide better service at less cost to residents and businesses of Dania Beach. Upgrading SunGard HTE to a point that would minimally serve current both citizen and staff needs would require less financial investment but can not achieve the integrated improvements to public access and integration of city operating processes due to the age and fundamental design that was created over 30 years ago.

The following is an in-depth description of the main features and benefits of the New World Systems ERP.

**e-Government: Online Access**

Today, more than ever, Governments are expected to provide citizens, customers, and other external users with online access to their accounts. New World Systems has robust e-Government capabilities that allow for 24/7 user access. The following table shows what users can access online using New World Systems:

User	Functions Accessible Online
Citizen	Payments of Utilities, Permits, & Licenses, Utility billing including consumption history, requests for services, comments, and complaints, parcel information incl. permit history and ownership information, online inspection requests
Employee	Payroll information/history, Employee information updates (W2, address changes), Human Resources online Benefits Administration
Vendor	Purchase order/invoice status, vendor registration, bid information

Customers can create a login and access all of their accounts and make payments. Additionally, the City can place a kiosk at City facilities that would allow customers to make credit card

payments to accounts. Another highly productive feature is the ability for staff to access the system using smart phones. Work orders can be accessed from the field, rather than staff returning to the office to pick up paper copies. Requisitions and invoices can be approved without the use of a computer.

The e-Government solution will empower customers with a choice to access information on-line while allowing staff to work more efficiently and still provide customers with the information and service they require.

### ***Paperless Capabilities***

In the last few years, the City of Dania Beach has taken steps toward becoming a paperless government. City staff currently uses Optiview, a document imaging program, to scan various types of source documents and make these documents available for electronic retrieval. While Optiview makes documents available electronically, it does not make the *process* paperless. New World Systems is natively paperless and would allow any type of supporting document directly in the system, so that documents are available electronically throughout the entire process. This feature would greatly improve the City's current review and approval process for requisitions and invoices, journal entries, and permit applications. For example, vendor registration documents can be attached to a vendor file. Code Compliance can attach case supporting materials such as images of a violation. The paperless feature of the system would save the City money in both consumable supplies and staff time required to complete tasks.

### ***Productivity***

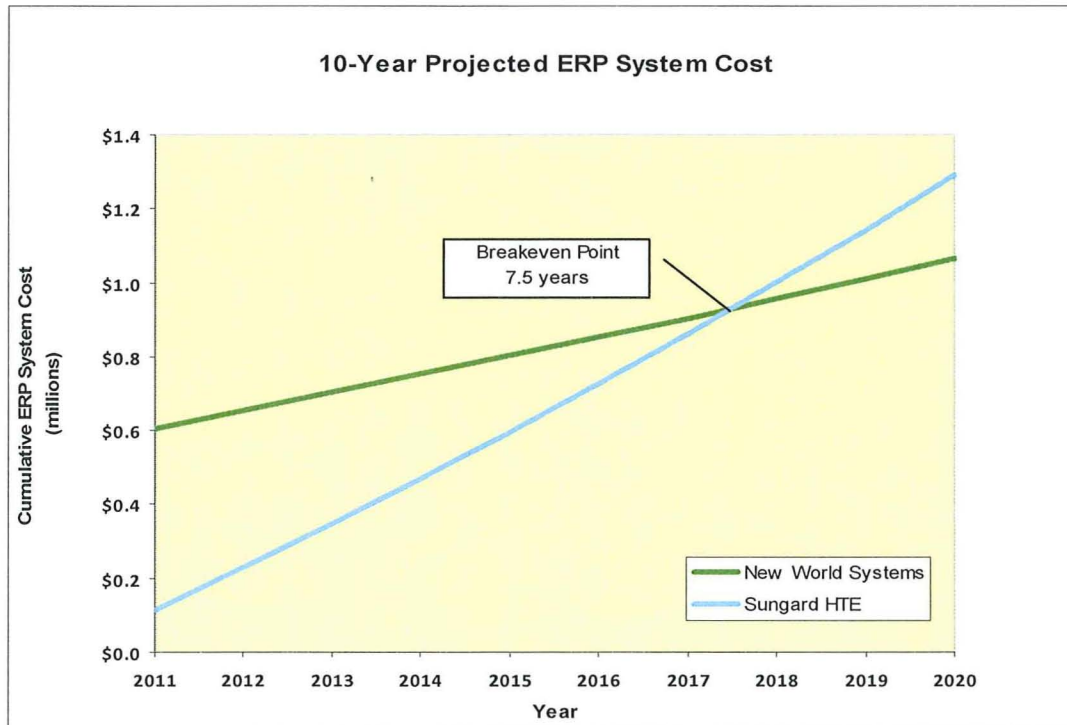
The New World Systems ERP solution will allow, encourage and support re-design in the way City of Dania Beach conducts its business processes. Most of our City's current processes have been structured around the SunGard HTE system which has inherent program structure limitations that forces each function to operate independently (some managers refer to these as silos). Moving to a new ERP system will all departments to review and integrate their business processes within and across division and Department control lines to create an integrated and efficient operation that eliminates data duplication, unnecessary manual steps that demand staff time without adding value. The new ERP system being proposed provides streamlined inquiry functions that allow users to access data more efficiently. It includes reporting tools for both internal and external purposes, including the ability to produce GASB financial statements, saving the system time and effort in preparing the CAFR. Its intuitive interface has the familiar Microsoft look and feel most users are accustomed to, making it easier and faster to train users. The new system could also allow customers to have on-line access to inquire about their utility accounts and apply for City services such as registration for recreation functions and applications for business licenses or building permits.

The New World Systems ERP allows the best opportunity for the strategic response to the mantra of "Doing More With Less".

**Estimated Cost/Payback**

The SunGard HTE system presently costs the City over \$100,000 per year in license fees. Each additional module the City could and should consider adding (to achieve incremental improvements that are available) would require a cash payment as well as more monthly license fees. There are some modules the City has considered purchasing in the past that would be beneficial to the City and our residents but they were ultimately considered to be too costly to recommend.

New World Systems came to our City's attention after their system was selected by the City of Davie to replace their SunGard system. Staff have already obtained preliminary pricing from New World Systems that would include nearly the entire suite of modules (some of which were not purchased in our existing SunGard system). The following chart compares the projected ten-year costs of SunGard HTE and New World Systems:



Since the annual maintenance fee for New World Systems is nearly half that of SunGard HTE, it would take approximately 7.5 years for the City to recover the implementation cost; after that point, the City is saving cash year after year, versus staying with SunGard HTE. The following table examines the cash flows associated with implementing the New World Systems ERP:

**Analysis of Cash Flows**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
New World Systems	\$ (606,256)	\$ (49,600)	\$ (49,600)	\$ (49,600)	\$ (49,600)	\$ (49,600)	\$ (51,088)	\$ (52,621)	\$ (54,199)	\$ (55,825)
Sungard HTE	(112,512)	(115,887)	(119,364)	(122,945)	(126,633)	(130,432)	(134,345)	(138,376)	(142,527)	(146,803)
Annual Cash Flow	<b>\$ (493,744)</b>	<b>\$ 66,287</b>	<b>\$ 69,764</b>	<b>\$ 73,345</b>	<b>\$ 77,033</b>	<b>\$ 80,832</b>	<b>\$ 83,257</b>	<b>\$ 85,755</b>	<b>\$ 88,328</b>	<b>\$ 90,977</b>
Discount rate	4%									
<b>Net Present Value</b>	<b>\$87,894.39</b>									

Based on today's dollars, the City will save approximately \$88,000 during the first ten years after implementation of the New World Systems ERP (actual cash savings are \$221,835). The pricing from New World Systems includes far more modules than the City currently utilizes with SunGard HTE. If the City were to include the cost of these modules in the SunGard HTE annual cost, the City would be saving even more money than shown above.

The Town of Davie recently carried out the entire RFP process receiving over eight responses and awarded the contract to New World Systems. The City of Dania Beach could "piggy-back" on this existing contract, effectively obtaining the above pricing without going out for RFP.

***Recommendation***

A move to New World Systems will afford staff the opportunity to flourish, using cutting-edge ERP technology in an extremely user-friendly environment. The system is far less costly than SunGard HTE, saving the City hundreds of thousands of dollars in the years to come. While the City could add modules to the existing system to incrementally increase functionality, its inherent limitations will never allow City staff to be as efficient and productive as they could with a new system. New World Systems will revolutionize the way the City of Dania Beach does business, providing benefits to its citizens, vendors, and staff, and ultimately creating the path to tomorrow.

The Finance department recommends the City of Dania Beach consider and approve a strategic plan to replace its present business and financial system with the New World Systems ERP in the coming Fiscal Year 2011. Funding for this new system could properly be apportioned among the City's Governmental and Business Funds as follows:

General Fund:	\$300,000
Water/Sewer Fund:	200,000
Building / Stormwater:	<u>100,000</u>
Total	<u>\$600,000</u>

As noted above, this strategic investment would provide improvements to City operations for:

- public information access,
- customer registration and payment,
- integrated City business processes, and
- provide a net present value annual cost savings of about \$88,000 yr.