

State of Alabama
SMART Business Systems
Program Charter

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Introduction

The State of Alabama intends to transform the way the State, including all State agencies whose funds and appropriations are maintained in the State Treasury, conducts business by improving relevant business processes, technologies, and human performance capabilities. This business transformation will be accomplished as part of a program hereinafter referred to as SMART Business Systems. The State's goals for SMART Business Systems include:

- Building and utilizing standard, effective, and efficient business processes that are based on industry best practices, where applicable;
- Providing more timely and accurate information within and across agencies, where applicable, to support business-based decision making;
- Implementing a single, integrated set of technologies that meets the needs of the State today and provides a platform for growth and diversification in the years to come;
- Supporting the workforce through effective communications, training and organizational alignment; and
- Establishing a new organizational engine and spirit for innovation and transformation.

While the State may eventually seek to include a variety of functional areas in this enterprise-wide solution, it recognizes that certain functional areas must be transformed first to lay the foundation for future change. Accordingly, the State has determined SMART Business Systems' first project will address transformation of its capabilities in the areas of financial, procurement, personnel, and payroll management. This initial project will be called the SMART Business Systems Project.

Program Highlights

Mission <i>One State. One Stop.</i>	Enable the State to emerge as a single enterprise to provide information, services, and accountability to all individuals and entities served by the State of Alabama, through the transformation of existing business systems and continuous process improvements thereafter.
Why do we need SMART Business Systems?	The State needs SMART Business Systems to replace archaic software systems through a planned process before a sudden failure of a core system results in the need for an emergency replacement. The new software should eliminate the need for numerous and sometimes redundant systems and spreadsheets currently used by agencies for their most basic financial/procurement/personnel/payroll needs. Other drivers for this statewide transformation include the need for true accountability and transparency.
Which entities and functions are in-scope?	SMART Business Systems will provide a system to be used by ALL State agencies, boards and commissions for financial, procurement and personnel/payroll related functions, except where a legal exception exists or the entity operates entirely outside of the State Treasury.
What are the expected benefits?	The State expects to realize efficiency improvements and other benefits such as: <ul style="list-style-type: none">• Enhanced reporting, data inquiry capabilities.• Incorporation of nationally recognized Best Practices into business processes.• Improved access to information for individuals and entities served by the State.• Web-based services/information for employees, vendors and citizenry.• Technology to support continuous improvements and innovation for the State.
What are some of the things agencies will need to do?	<ul style="list-style-type: none">• Provide hardware and non-ERP software upgrades.• Temporarily loan individuals to SMART Business Systems.• Continue to pay allocated maintenance costs.• Participate in advisory groups and provide project liaisons
Who can help the State prepare for the transformation?	<ul style="list-style-type: none">• Sponsors – Governor and Finance Director• Steering Committee• Paragon Source, LLC – contract amendment required• Program Manager and Project Managers (to be hired)• Core Project Team members• Advisory Groups (Interagency, External, Technology)
What is critical to our success?	Key critical success factors for SMART Business Systems are: <ul style="list-style-type: none">• Executive level support – without this, nothing else matters.• Active participation and cooperation of State Agencies.• Availability of knowledgeable staff.• Sufficient State funding throughout the project’s duration.

Executive Summary and Background

Mission Statement

Enable the State to emerge as a single enterprise to provide information, services, and accountability to all individuals and entities served by the State of Alabama, through the transformation of existing business systems and continuous process improvements thereafter.

Summary

Strategic Business Drivers

The following strategic business drivers provide the justification for the State to expend time and resources required to complete the business transformation objectives for SMART Business Systems:

- Many aging and disparate financial and administrative systems utilizing aging technologies such that maintaining the status quo is not a viable option
 - Operations and maintenance cost of current systems are expected to grow at an increasing rate
 - Difficulty in attracting and retaining support staff
 - Lack of web-enabled functionality
 - Inability to meet current and anticipated needs of stakeholder agencies
- Need to standardize on “best practice” processes statewide
 - State can operate as an enterprise
 - Improve management reporting for internal and external stakeholders
 - Improve decision making and support for SMART Governing and other statewide initiatives
 - Improve accountability and transparency
 - Adapt to changing workforce expectations
 - Standardize business process training across agencies
- Provide a modern integrated software solution
 - Integrated “One-State” to improve consistency and reduce training costs
 - Enter data once to eliminate redundancy
 - Improved functionality and information access
 - Provide a platform for self-service and shared services
- Provide a modern technical environment
 - Provide Web-enabled access
 - Increase system manageability and cost-effectiveness

Guiding Principles

The following are the key guiding principles to keep the SMART Business Systems effort on course in meeting its objectives. These principles can be considered “non-negotiable” in providing overall direction for SMART Business Systems.

- The State will choose standardization to the ERP systems’ inherent best practices over customization.
- In selecting an integrated software solution for the State, all modules comprising the software solution must meet minimal acceptance criteria including adaptability to selected “best practice” business processes.

- Unless found to be impracticable, a single software vendor will be selected.
- Where the “best practice” may conflict with current legislation, the project may consider seeking first a legislative change before embarking on a software customization.
- Ability to evolve processes in the future. A formal and rigid exception process will be followed in allowing a State agency, whose funds and appropriations are maintained in the State Treasury, to “opt-out” of participation in the software solution.

Operating Principles

- Agencies may be required to provide any hardware and non-ERP software upgrades that are needed at their sites.
- Agencies will temporarily loan individuals to SMART Business Systems.
- Staff who will be fully dedicated to SMART Business Systems will be employees of the new SMART Business Systems organization.
- Maintenance Costs will be allocated to the agencies.

Anticipated Benefits

Anticipated benefits to be gained by SMART Business Systems are:

- Integrate disparate applications into a unified database that will support a One-State, one-stop approach for the execution of statewide and agency-specific business functions.
- Enhance security of personally identifiable information, often referred to as PII.
- Allow the State to utilize a data warehouse strategy to help satisfy the inquiry and reporting needs of the State in a timely and readily accessible manner.
- Incorporation of best practices into key centralized business processes.
- Better visibility and access to information about the State’s business operations for all individuals and entities served by the State.
- Improved ability to monitor contract utilization and analyze total expenditures.
- Better position the State to deploy web-based e-commerce and e-government services.
- Availability of ongoing vendor-supplied software enhancements to functionality that will support continuous business process improvements in the future.

Critical Success Factors and Performance Measurements

Key critical success factors for SMART Business Systems are:

- Active participation and cooperation of State Agencies in project activities.
- Continued executive level support and leadership in driving the project to a successful completion.

Key performance measures for SMART Business Systems are:

- Project milestones are identified, clearly defined, and achieved according to the project schedule.
- Project deliverables meet minimum quality standards.

Assumptions

The following are the key assumptions upon which SMART Business Systems decisions will be made. These assumptions will be validated and monitored throughout the program.

- Project will continue to receive executive sponsor support and direction.
- Sufficient funding will be appropriated as needed to complete the program.

- Any necessary legislative changes that are required to support the implementation of best practice business processes will be enacted on a timely basis.
- There will be ongoing vendor support for the implemented software solution.

Constraints

“Constraints” (by definition) are things that can’t be changed without impacting the project in some significant way. Impacts include program scope, timeline, resource availability, and so forth. The key constraints for SMART Business Systems are:

- Availability of subject matter experts and other staffing to fulfill the State’s commitment to the project.
- Availability of sufficient State funding throughout the project’s duration.

Program Scope

Organizational Scope

The Steering Committee will be establishing the criteria for determining whether an agency’s systems or special processes are to be in or out-of-scope of SMART Business Systems. The criteria established will set the framework for a formal and rigid exception process that will be followed in allowing State entities to “opt-out” of participation in SMART Business Systems. Other criteria may be the degree or extent that the agency’s processes are standardized, or whether an entity’s funds and appropriations are maintained in the State Treasury.

In-Scope

The intent of SMART Business Systems is to provide a system to be used by all State agencies, boards and commissions for financial, procurement and personnel/payroll related functions, except where any legal exception exists and/or the entity is identified as out-of-scope.

Out-of-Scope

The following is a list of governmental entities that are to be initially considered as out-of-scope for SMART Business Systems with limited exceptions. The exceptions include: the entities shown below that must submit budgetary data to the State’s Executive Budget Office and those entities below for which the State Personnel Department performs some personnel functions. Entities with a process/function that meets one or both of these exception criteria will be in-scope for that process/function only:

- K-12 Schools;
- Universities and Colleges;
- Counties;
- Cities;
- All other non-State entities;
- Private and state related institutions; and
- State agencies that operate entirely outside of the State Treasury.

Business Functionality Scope

In-Scope Business Processes and Systems

The business scope of SMART Business Systems for the next few years includes functionality traditionally provided by systems for Finance, Procurement, Personnel and Payroll.

- At a statewide level, the Central Accounting System (CAS) has been in use for a number of years, but at the agency level various systems are in use, including the Advantage Financial Systems (AFNS) in use at different agencies.
- The State Network of Automated Procurement (SNAP) system is used by all agencies except those with their own purchasing authority, e.g., the Retirement Systems of Alabama. The Department of Mental Health has its own purchasing authority and uses MHSNAP, which is a modified version of SNAP.
- All employees who are paid by the Comptroller's Office are paid through the Government Human Resources System (GHRS), but some critical data for personnel operations is maintained in a separate system, PDD0, by the State Personnel Department.

SMART Business Systems will provide a single, integrated system instead of these separate systems. Personally identifiable information will be protected and secured throughout the integrated system. The details of the scope of functionality to be implemented will be determined during the project. Some functionality may be provided in subsequent phases that are after the initial SMART Business Systems project.

The following major cross-functional areas may be included in the project, to the extent that the functionality and technology provides sufficient support:

- Document Imaging and Content Management;
- Contract Management;
- Portals for citizens, vendors, applicants, employees, managers;
- Self-Service functions;
- Workflow; and
- Reporting/downloads, including from the Data Warehouse.

Functionality to be implemented in the areas of Finance and Procurement may include:

- Budgeting;
- General Ledger;
- SMART Governing (including planning, budget requests, goal tracking, and quarterly performance reports);
- Treasury / Cash Management functions;
- Debt Administration;
- Expenditure controls
- Accounts Receivable;
- Accounts Payable;
- Inventory management;
- Travel reimbursement;
- Cost Allocation;
- Job/Activity Costing;
- Capital assets (includes planning, management, and expenditure tracking); and
- Grant and project management.
- Requisitions;
- Preparing/Publishing Solicitations;

- Bid Management;
- Purchase Orders;
- Commodity Management;
- Direct Purchases and Monitoring;
- Purchasing Cards;
- Catalog Management;
- Reverse Auctions; and
- Supplier/Vendor Management.

Functionality to be implemented in the areas of Payroll and Personnel may include:

- Pay Management/Controls;
- Deduction Management/Controls;
- Leave Management/Controls;
- Family and Medical Leave Act;
- Time and Attendance;
- Pay Cycle Processing;
- Pay Warrant/Direct Deposit;
- Labor Distribution;
- Personnel Administration;
- Position Control;
- Classification Management;
- Employee Performance Management;
- Pay Plan and Salary Increases;
- Training Administration/Learning Management;
- Workforce Analytics; and
- Workforce Planning.

SMART Business Systems Usage by Agencies

Once a determination is made as to which components of SMART Business Systems each agency will use, the Charter will be updated to reflect that usage.

Out-of-Scope Business Systems

Many agencies use systems which provide supplementary operational data to that which is provided by the financial, procurement or payroll/personnel systems. Much work remains to be done before a determination can be made as to which of these systems will be totally replaced by SMART Business Systems.

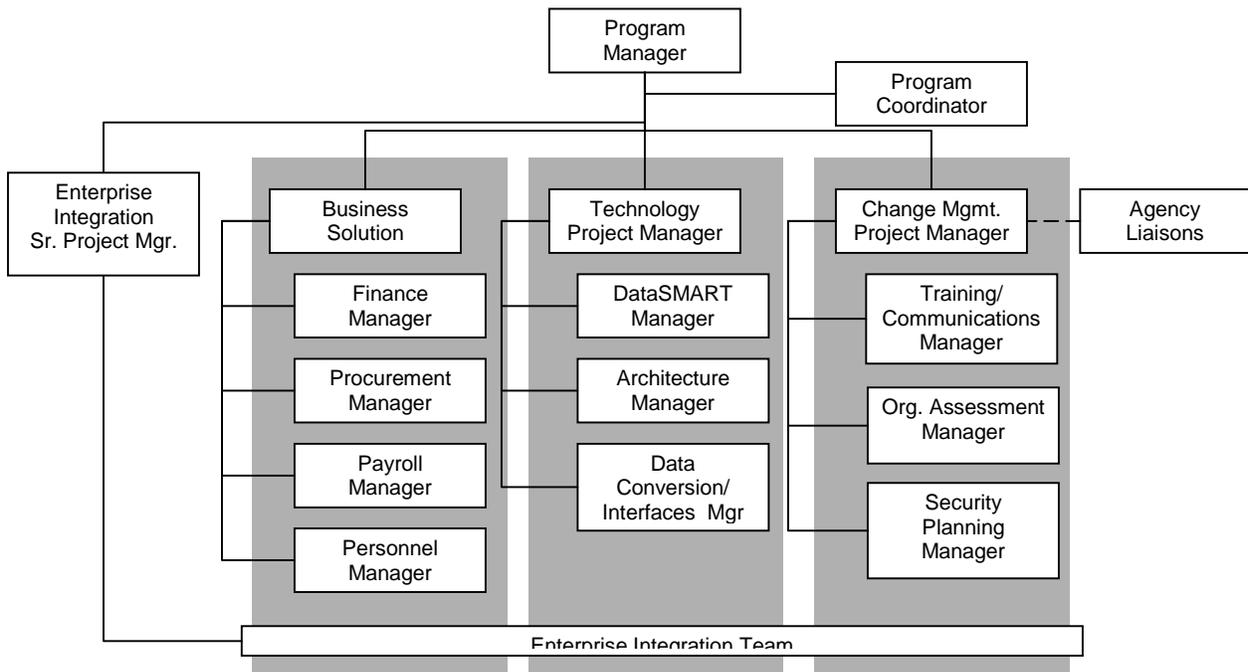
When the systems to be replaced have been identified, the Charter will be updated to list those systems that are considered out-of-scope.

Program Organization

Program Organization Chart

SMART Business Systems

Planning Phase Project Team Structure



Program Roles and Responsibilities (Anticipated)

The following are brief descriptions of each role:

- Executive Sponsor(s) are the persons ultimately responsible for SMART Business Systems. An Executive Sponsor:
 - Champions SMART Business Systems;
 - Obtains budget approval for SMART Business Systems;
 - Sets strategic direction and vision for SMART Business Systems;
 - Provides final sign-off on strategic decisions; and
 - Helps the SMART Business Systems team overcome internal resistance.
- The Steering Committee is the high-level governing body over SMART Business Systems and consists of key stakeholders who are responsible for providing guidance in accordance with an overall strategic direction. The Steering Committee:
 - Makes decisions regarding allocation of approved funding;
 - Determines what business functionality will be implemented and when it will be implemented;
 - Sets overall policy and direction for the program;
 - Receives periodic briefings on the program's status and risks;
 - Expedites resolution of critical issues and assists in resolving inter-agency issues; and
 - Makes decisions on scope changes.
- The Interagency Senior Advisory Group will consist of agency stakeholders directly impacted by program activities. Membership in this group will be determined through either appointment by the Steering Committee or through a representative selection process determined by the agency heads. The Interagency Senior Advisory Group:
 - Serves as the body representing all agency interests;
 - Communicates the SMART Business Systems vision and progress and critical news/tasks within their own agencies, as well as facilitating communications with other agencies that do not have direct representation in this group;
 - Advises the Steering Committee as to the business functionality to be implemented;
 - Helps identify program risks and provides support for risk mitigation strategies;
 - Advises the Steering Committee as to major agency concerns regarding project phasing, deployment, and cutover;
 - Receives periodic briefings on the program's status and risks;
 - Helps in expediting resolution of critical issues and assists in resolving inter-agency issues; and
 - Provides support in obtaining funding to address agency business system remediation as may be required for SMART Business Systems.
- The External Business Senior Advisory Group consists of members from the State's business and academic community. Additionally, members may also come from federal government agencies and not-for-profit professional organizations. Members of the External Business Senior Advisory Group:
 - Provide the Steering Committee with advice and counsel regarding their own ERP implementation experiences; and
 - Assist the Steering Committee in crystallizing the vision for the SMART Business Systems.
- The Technology Senior Advisory Group will consist of representatives from the community and selected agency stakeholders whose primary responsibilities within their agencies primarily involve information technology operations and/or planning and delivery of technology-related initiatives. Membership in this group will be determined through either appointment by the

Steering Committee or through a representative selection process determined by the agency heads. Members of the Technology Senior Advisory Group:

- Enhance existing state information channels, communicating insights, advice, concerns, and suggestions to the Steering Committee regarding the use of new technologies and the impact on agencies;
 - Help identify technology-related risks and provides support for risk mitigation strategies;
 - Provide advice to the Steering Committee as to major agency concerns regarding new technologies or infrastructure to be used as a result of SMART Business Systems;
 - Receive periodic briefings on the program's status and risks;
 - Serve as an additional "user voice" for shaping technology support, policy, and direction for SMART Business Systems and a means by which information can be shared concerning technology's contribution to SMART Business Systems' mission.
- The SMART Business Systems Program Manager is responsible for:
 - Planning and delivery of all SMART Business Systems projects so that they are on time, on budget and within scope;
 - Communicating with the Steering Committee on a timely basis;
 - Providing day-to-day direction and support for the SMART Business Systems operations;
 - Issue resolution or escalation where necessary; and
 - Vendor relationship management for vendors associated with any aspect of the SMART Business Systems program.
 - The Agency Liaisons are key project stakeholders in that they are responsible for executing the day-to-day program / project activities for their respective agencies as well as assisting in the overall program effort. Agency liaisons are:
 - Ultimately the end-users of the new SMART Business Systems system;
 - Responsible for defining the requirements for the business process;
 - Builders of confidence in the program;
 - Communicators with their respective agencies;
 - Facilitators in transitioning their agencies to new business processes;
 - A self-correcting feedback loop to the project team for agency concerns and issues; and
 - User acceptance testers for the new SMART Business Systems system.