

## 1. Executive Summary

The Summit Re-implementation Project - Phase 2 kicked off as of September 1, 2015 and is expected to be the re-implementation of PeopleSoft Financials 9.2, with a target go-live date of January 2, 2018. Slalom has been providing Quality Assurance (QA) for this effort to help the City identify and mitigate project risks. As of December, 2016, Slalom has published 15 risk assessment reports. A summary of the risk assessment presented each month to the SRI Leadership Team can be found in Appendix A. As of July, 2016, the overall risk rating for the SRI Project – Phase 2, was raised to a level 4, high-risk rating.

Given the high-risk rating, an external consulting firm was retained by the SRI Leadership Team to conduct an in-depth assessment of the SRI Project in the October/November 2016 timeframe. Slalom was asked by the SRI Leadership Team to provide a review of the external assessment and frame it within the context of the on-going QA/risk assessment for the project and progress that is underway.

The external consulting firm acknowledged that progress has been made in several risk assessment areas and their recommended initiatives (5) align to the monthly, risk assessment recommendations, summarized specifically in the following areas of:

- Project Organization Structure (including Governance) – (1,2,5)
- Change Management (3)
- Project Planning (4)

### FinMAP and SRI

An important point of context is understanding the SRI Project relative to the broader program strategy referred to as the Financial Management and Accountability Program (FinMAP), which the City launched in 2007 to determine a solution to the challenges posed by the current financial system (Summit) and the many, decentralized business practices across the City Departments.<sup>1</sup>

FinMAP devised a multi-year strategy to standardize the City's accounting and procurement business practices, bring them into compliance with generally accepted accounting principles (GAAP), and to implement them with a modern version of PeopleSoft. The Summit Re-Implementation (SRI) Project is the first stage of the FinMAP strategy and was not intended to address all of the FinMAP objectives upon the initial go-live. The following is documented in the project charter:

*“The first iteration of SRI will not fulfill all FinMAP objectives, but will lay the groundwork for doing so over time. The long-term plan for Summit is to spread full implementation across multiple, perhaps four, releases spanning multiple years. SRI focuses on the necessary first steps for a standardized accounting and procurement system and provides the majority of **system** functionality.”*

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<sup>1</sup> Refer to the SRI Implementation Phase Project Charter published on January 14, 2016 for the documented charter and scope.

This is important context since **scope management** of the SRI Phase 2 project has been the highest risk for implementation (at level 4 since March, 2016), in addition to the associated **change management** (at level 4 since June, 2016). Elements of the recommendations from the external assessment may expand the scope of the SRI Phase 2 project to include previously defined components of the FinMAP strategy/program, especially as it relates to the City Departments readiness for go-live and associated Department Operating Systems (DOS).

Defining a framework of City-wide, essential business operations required for implementation go-live is a critical success factor to obtain a shared understanding of project success for the initial go-live, differentiated from what will be considered part of continuous business improvements and future releases. The essential business operations are those functions/processes that are absolutely critical to be in place for go-live from both a City-wide and City-Department perspective, such as Time sheet entry, Payroll cycle ready, Financial Balance Sheet produced, Project Control Structures finalized, etc. Documenting and communicating this framework will be key to moving forward with any of the external assessment recommendations in order to define a clear action plan and agreed upon go-live date.

## 2. Slalom's Assessment Approach

Slalom's review of the external assessment focused specifically on the recommendations made and the proposed options presented in the assessment summary. For each recommendation, context will be provided on specific progress (or where there is still a gap to be addressed).

The specific recommendations from the external assessment are as follows:

1. Enhance the governance structure
2. Restructure the project organization
3. Institute a change management program
4. Perform a comprehensive re-planning effort
5. Conduct a "deep-dive" of the work being done by the systems integrator

## 3. Review of Recommendations

### 3.1 Enhance the governance structure

This recommendation focused on aligning stakeholders to project objectives, decision authority and adding representation from key Departments to the governance process.

As mentioned prior under the Executive Summary, defining a framework of City-wide, essential business operations required for implementation go-live by the SRI Leadership Team is needed, to be clear on conveying expectations and accountability to the SRI Project Team and City Departments. Once this framework is defined, the associated scope, schedule and budget can be recalibrated and communicated.

The challenge with adding only “key Departments” to the SRI Leadership Team is that this may not solve the issue where City Departments feel they are not being heard, or involved in the decision making process. The existing CFO Steering Committee already has representation from key City Departments for both finance and procurement, though the issue has been acknowledged that this group does not feel like they are being heard or have input into the decision making process. The centralized, “top-down” standardization does represent a cultural shift for the City in mandating decisions that will drive compliance toward the goals of the “One City, One System” vision, with minimal system modifications. City Departments will need to understand what is being standardized and how they need to change, versus what can change (if anything) based on City Department specific requirements.

The risk rating level for Project Support was raised to a level 4 in November 2016 to acknowledge the risk that is inherent in the City’s federated set of business operations and the challenge with the change impact that is resulting from implementing a standard, City-wide financial and procurement business model. A senior-level, decision making model and associated metrics for the degrees of variability for each department operational needs while adhering to the City-wide standards, will need to be defined and included as part of the essential business operations framework. A new risk recommendation, PS-4 has been added to address this risk, which is currently lacking from the project’s governance structure along with how to assess/measure the change impact for each of the City Departments and hold the City Department Director’s accountable.

#### ***Recommended Action Plan***

- Define the essential business operations framework that outlines the specific readiness that needs to be in place for both the SRI Project and City Departments as part of the initial go-live (suggest leveraging a sub-set of the criteria defined as part of the Department Impact Assessments (DIA)).
- Have the SRI Leadership Team Sponsors (City Operations, City Budget and Seattle IT) attend the monthly CFO Steering Committee meetings and make it a priority. Ensure expectations are set regarding the CFO’s role in the decision making process.
- Clarify the decision making authority of the SRI Leadership Team and the City Departments, including defining how the federated operating model of the City Departments will be defined and measured within the new context of the City-wide standard financial and procurement business models.

### **3.2 Restructure the project organization**

Prior to the external assessment, updates to the project’s organization structure were underway. This was largely due to the retirement of the Project Director in October 2016, the acknowledged management gaps over some of the key work streams and the lack of direct accountability of the Business Owners to the Project Director for SRI project-related deliverables. Updates were also in response to the risk finding (EM-6) documented in September, 2016, regarding the SRI Project organization chart, which does not accurately reflect the accountability of project staff and lacks clear, single point of accountability over some of the major work streams/tracks.

Until the SRI project organization structure is stabilized by adding in key management roles over technology tracks (e.g., data management, testing and reporting), in addition to filling the Project Director and Change Management Lead roles, *the SRI project may be at more risk by moving department related resources to the project team*. However, establishing clear accountability of each City Department's Project Manager to the SRI Project (via the Change Management Lead), should be another top priority.

City Department Readiness needs to be looked at holistically: people, process and systems; so there is also the potential for increased risk by breaking out the responsibility for the DOS as a separate team, versus keeping the responsibility under the City Department PM. City Departments and Seattle IT are responsible for the delivery of the DOS, given the change impact defined by the City's new financial and procurement model. The consolidation of the City DOS is in transition as part of the City's IT Consolidation and program management over the DOS should remain with Seattle IT, to not compound the complexity already inherent in the consolidation re-organization.

The same concept holds true for the Technical Team, which should be a holistic view of the data management, testing, reporting, etc., to avoid redundancy and not compound the current risk of diffuse accountability. To reduce risk, these major technical work streams should report up to one Technical Lead/Manager, with assigned, proficient PM's over the major technical work streams. Deployment is another area, which needs heavy coordination across many of the major tracks/work streams. This should be coordinated between the management leads, versus broken out as a separate area with a separate manager/lead (as depicted on the proposed organization chart).

#### **Recommended Action Plan**

- Finalize decision regarding the Project Director and scope of responsibility in relationship to the FinMAP Program.
- Fill the Change Management lead position for the SRI Project.
- Fill the management gap with Leads/PMs for Data Management, Testing and Reporting Tracks and have these PMs report into the Technical Manager. Also include the accountability for the Department Operational System (DOS = critical for go-live).
- Define clear accountability of the City Departments to the SRI Project, via the Department PM's (DPM) and associated work plans (that need to be updated as a result of the DIA's).
  - Need to ensure DPM have requisite skills and experience as part of the "readiness", including "dotted line" reporting into the Change Management Lead.
- Hold the Business Owners accountable to the Project Director for work that is part of the essential business operations framework.

### **3.3 Institute a change management program**

The issue has been clearly raised that the original scope of the SRI Project's change management initiative was not expansive enough and did not include the responsibility for the change management for each of the City Departments. Change management has lagged behind the project, in part due to

the key business decisions being finalized later than would have been optimal to provide business requirements to the SRI Project (e.g., indirect cost model, project control structures).

As mentioned in previous risk assessment reports, given the scale and wide-spread impact of change management there needs to be clear definition of accountability between the SRI Project and the City Departments. The SRI Project is not funded to sustain a high-touch OCM effort across all of the City Departments, nor is it practical for the SRI Project to be able to manage the specific OCM activities that need to be completed for each department. This is especially the case given the high-degree of variability that exists to get from current state to future state (for people, process and system changes), that will need to be defined and executed. The external assessment, in concurrence with Slalom's observations, came to the conclusion that the City Departments are at varying levels of readiness to achieve the target go-live date.

Metrics cannot be defined until there is an essential business operations framework defined for the initial go-live. Once this is established there can be practical measurements put in place, including the recognition that there is a spectrum of City Departments complexity and what will be essential for go-live.

#### ***Recommended Action Plan***

- Fill the Change Management lead position.
- Continue the detailed planning for the change management program, including accountability between the SRI Project and the City Departments.
- Address the open risk recommendations (CM-6 & 7) to define a more extensive change management program, identify the leader and define specific accountability agreements between each City-Department CEO and the Project Executive, after the January 2017 Combined CEO/CFO meeting.

### **3.4 Perform a comprehensive re-planning effort**

It is important to differentiate between project planning artifacts and the actual process and management structure essential to maintain a very complex project plan. The SRI Project has focused on re-baselining the master schedule for several months in the summer/fall and brought on a dedicated resource to manage/maintain. There can be a "law of diminishing returns" in putting too much emphasis on development of the artifacts, versus putting focus on the management capabilities, communication and collaboration of an effective management team (aka Track Leads).

The external assessment is proposing a reconciliation of business requirements against City Department operating needs, which gets to the root of the challenge with change management in a highly-federated environment. Current efforts to address this understanding include the Department Impact Assessment, Budget Conversion exercise and the recently completed Department Prototyping. Department "deep-dives" and hands-on labs are also in progress. As mentioned under the governance structure enhancements, clarifying how the federated operating model of the City Departments will be

defined and measured within the new context of the City-wide standard financial and procurement business models is still an open issue.

The process of updating the Master Schedule continues to be an effective mechanism for getting the input of the Track Leads responsible for the sub-plans, on a weekly basis. The Interim Project Director has been positively focusing on timely reviews of the progress of the sub-plans and flagging items for discussion at the weekly Track Leads meeting. Detailed updates for the OCM track, and for Data Management, Testing and Reporting are still outstanding and dependent on the completion of the end-to-end business process documentation. It is a valid point to incorporate critical Departmental dependencies, including DOS required for go-live, into the Master Schedule.

#### ***Recommended Action Plan***

- Complete the detailed planning for work streams that are still largely undefined (e.g. change management, data management).
- Continue to refine the process that is in place for maintaining the Master Schedule, including the weekly updates and Track Leads meeting
- Add in key dependencies from the City Department Work plans, once the essential business operations framework is defined and the focus on what is needed for go-live is understood.
- Balance the development of the project planning artifacts with the process and management structure needed to pragmatically execute a complex project plan.

### **3.5 Conduct a “deep-dive” of the work being done by the systems integrator**

The scope of Slalom’s risk assessment does not include a detailed review of the specific system integrator’s deliverables, though we have raised the risk finding that as the master schedule was re-baselined, a review of the SI SOW and related deliverable schedule needs to be updated and in alignment.

Previous risks raised regarding the systems integrator have been performance based and on-going discussions with the SI leadership are in place to address. The approach in defining the City Department requirements (via extensive Requirements, Fit-Gap and Design – RFD sessions) in the absence of having the City-wide business requirements fully defined to drive the RFD sessions, has also raised risks in the approach to system configuration. Due to this gap, process adjustments were made to several key deliverables such as Design Demo #1 and both Prototyping phases (internal and departmental). It should also be noted that one of the main objectives of implementing PS 9.2 is to minimize system modifications, which enabled the system integrator to begin the system configuration “out of the box.”

The system integrator is using a tracking tool for traceability of all system requirements – including fit, gap and how the gap will be addressed and the publishing of the complete set of system requirements is scheduled to be released to the City Departments in early January, 2017.

#### ***Recommended Action Plan***

- Update the SI SOW based on the re-baselined Master Schedule.

- Define SI performance expectations and metrics to hold the SI accountable, including the reassignment of SI roles if needed.
- Continue the defined process for reviewing Deliverable Expectation Documents (DED) and associated review/approval of the SI Deliverables.

#### 4. Conclusion and Recommendations

The external assessment presented three options relating to scope and timeline, with #3 as the recommended option:

1. Stay-the-Course
2. Reprioritize Functionality
3. Defer the Implementation Date

There are several Organizational Change Management (OCM) activities taking place with the City Departments (Budget Conversion, Department Impact Assessments, Department Prototyping, Deep-Dives, Labs) and as the outcomes of these activities are known, the magnitude of the change that is being introduced as a result of the City's new standard financial and procurement business models is becoming increasingly clear.

One of the outstanding deliverables on the critical path is the documentation of the "end-to-end" business processes so the full impact of this City-wide change is known and communicated to the City Departments. The completion of this milestone is also needed before the planning and scheduling for Testing, Data Management and Reporting can be completed and has been made an official predecessor on the project plan for these tasks by the SRI Project Director's office, which will cause these tasks to slide from their original planned start dates.

**Recommended Action Plan** – Before any of the recommendations and associated options relating to scope and timeline are decided, several key dependencies need to be completed to ensure a well thought-out decision is made:

- 1) define the essential business operations framework needed for go-live,
- 2) understand City Department readiness as a result of the City-wide business requirements and change impact, and
- 3) complete the detailed planning for work streams that are still largely undefined (e.g. change management, data management).

A complete and thorough assessment of the viability of the target January 2, 2018 go-live date needs to be made once these dependencies are fully defined. If it is determined that the target go-live date is not viable, then options for a revised go-live date need to be fully evaluated and the associated scope, schedule and budget can be recalibrated and communicated.

## 5. Appendix A – Summary of Slalom’s Quality Assurance – Risk Assessment Reports

Summit Reimplementation Project (SRI) Phase 2 - QA Risk Ratings by Category and Reporting Month														
	1st Report (Sep '15)	2nd Report (Oct '15)	3rd Report (Nov '15)	4th Report (Dec + Jan '15)	5th Report (Feb '16)	6th Report (Mar '16)	7th Report (April '16)	8th Report (May '16)	9th Report (Jun '16)	10th Report (Jul '16)	11th Report (Aug '16)	12th Report (Sep '16)	13th Report (Oct '16)	15th Report (Nov '16)
<i>Overall Project Risk Rating</i>	3	3	3	3	3	3	3	3	3	4	4	4	3	4
<i>Expectation Management</i>	3	3	3	3	4	4	3	3	3	3	3	3	3	3
<i>Project Planning and Tracking</i>	3	3	3	2	2	3	3	4	4	4	4	4	3	3
<i>Project Support</i>	3	3	2	2	2	2	2	2	2	2	3	3	3	4
<i>Monitoring and Reporting</i>	2	2	2	2	2	2	2	3	3	3	3	3	3	3
<i>Scope Management</i>	3	3	3	3	3	4	4	4	4	4	4	4	4	4
<i>Resource Management</i>	3	3	3	3	3	3	3	3	3	3	3	3	3	3
<i>Issue and Risk Management</i>	3	3	2	2	2	2	2	2	2	2	3	3	3	3
<i>Communication Planning and Execution</i>	3	3	3	3	3	3	4	4	4	4	4	4	3	3
<i>Change Management</i>	3	3	3	3	3	3	3	3	4	4	4	4	4	4
<i>Testing Management</i>										2	3	3	3	3
<i>Technology Management</i>	3	3	2	2	3	3	3	3	3	3	3	3	3	3
<i>Implementation Management</i>														

## 6. Appendix B - Slalom’s Direct Scope of Work

As a reminder, Slalom’s direct scope of work for these reports is to provide a monthly risk assessment of the SRI project scope. Citywide business decisions that are external, albeit critically related and impactful, to the SRI project (e.g., standardizing the financial and procurement business processes and policies across the City), and a detailed assessment of each City-Department readiness, are outside of Slalom’s immediate scope for these reports. There is additional risk assessment work provided for and described in Amendment 1 between the City and Slalom, and approved in September 2014. After a discussion with the Project Executive in May 2016, it was determined to re-purpose these additional QA hours to additional QA “deep-dives” on specific subject areas, as agreed upon by the Project Executive, Project Director and Deputy Project Director.

The following graphic clarifies the scope of Slalom’s SRI QA Assessment, in relationship to the other major bodies of work that are also occurring in parallel for the Citywide standardization of policies, process and procedures, and the City-Department Readiness:

## Focus of Slalom's SRI QA Assessment

