Business Optimization Program
Program Update and Hosting & Application Support Recommendation
Board of Directors
May 1, 2013

Agenda

• Program Update
• Hosting & Application Support Recommendation
Program Overview

• Implementation of PeopleSoft Applications with Strong Emphasis on
  - Cradle-to-Grave Business Process Re-engineering
  - New modules such as Grants, Project Costing, Time and Labor, Customer Contracts and Cash Management
  - Organizational Change Management
  - Professional Training

• Functional Areas in Scope
  - Finance, Contracts and Procurement, Grants, Human Resources, Payroll and Budgets

Program Status

• Contract Awarded to Wipro, Inc. on 1/12/11
• Phase 1 Completed in December 2011
• Phase 2a (Design and Build) is in progress
  - Program schedule re-baselined due to unavailability of contractor key resources
  - Current go-live date planned for 4/7/14
• Phase 2b (Test, Train & Deliver) option exercised in June 2012
• Hardware Support Service for BOP included as part of the contract in June 2012
  - Data center, servers, operating systems, databases, backup & recovery and monitoring systems & tools
Financial Update

<table>
<thead>
<tr>
<th>Approved Budget</th>
<th>$19,297,515</th>
</tr>
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<tbody>
<tr>
<td>Value of Contract Awarded to Wipro, Inc.</td>
<td>$11.2M</td>
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<tr>
<td>Project Soft Costs Incurred (approx.)</td>
<td>$5.3M</td>
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<tr>
<td>Total Uncommitted Funds (approx.)</td>
<td>$2.8M</td>
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Note: Additional $2 million included as part of FY2014 capital budget request for soft cost increases due to timeline extension

Hosting and Application Support

- Staff evaluated various options for the long-term maintenance of the BOP PeopleSoft Environment after go-live
  - In-house support vs. Contracted Services
- Hosting and Application Support scope was included as part of the BOP RFP
- Wipro was awarded the BOP contract as a result of a competitive procurement process
  - Contract included an un-priced option for Hosting and Application Support
Hosting and Application Support

- The Board approved staff’s request to solicit a proposal for the un-priced option
- Initial proposal submitted in January 2012
  - Fully vetted by the BOP project team and the IT Department
  - Negotiated by the BOP PMO
  - Staff concluded Wipro proposal significantly less risky and less expensive than the in-house model
- Wipro responded to the District’s comments and submitted a final proposal in April 2013

Scope of Services

- Infrastructure Hosting Services:
  - Data Centers (Kings Mountain, NC and Tempe, AZ)
  - 24X7 Physical and Data Security
  - Hardware, Operating Systems, Databases and Monitoring Systems
  - Backup and Disaster Recovery Services
  - Service Level Agreement for System Availability (99.6%)
- Infrastructure Support
- Application Support
- Integrated Helpdesk for Infrastructure and Applications
Cost Breakdown

- Wipro Recommends a budget of $2.25 million in FY2017 or FY2018 for PeopleSoft Upgrade
- Extended Services cost based on negotiated rate card or fixed price based on scope of work

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<tbody>
<tr>
<td>Hosting</td>
<td>$183,720</td>
<td>$328,320</td>
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<td>$249,788</td>
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<tr>
<td>VPN - 3 Mbps</td>
<td>$4,250</td>
<td>$10,200</td>
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<td>Service Desk</td>
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<td>Application Support</td>
<td>$323,215</td>
<td>$960,245</td>
<td>$1,006,234</td>
<td>$1,010,804</td>
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<td>Total by FY</td>
<td>$680,465</td>
<td>$1,338,765</td>
<td>$1,384,754</td>
<td>$1,389,324</td>
<td>$1,386,646</td>
<td>$1,095,145</td>
<td>$7,275,099</td>
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Alternative

- Host, maintain and support the application in-house
  - Procure and install hardware and software
  - Hire, train and retain resources
  - Expand help desk coverage
  - Develop and implement Disaster Recovery capability

- Total Cost of Ownership for 5 years ~ $10.1M
  - $2+ million more expensive
  - Higher risk
Risks of Hosting In-house

- Current data center located in the basement of the District headquarters represents increased flood and earthquake risk
- The District has no disaster recovery capabilities for its data center
- The District does not have experienced IT staff that can plan, build, operate and maintain the infrastructure required to support the PeopleSoft suite of applications

Recommended June Action

- Authorize GM/CEO to exercise the Hosting and Application Support Option for 62 months for $7,275,099