MINUTES OF THE
WEST VIRGINIA ENTERPRISE
RESOURCE PLANNING BOARD

May 9, 2024

In accordance with Chapter 12, Article 6D, Section 1, of the West Virginia Code, a meeting of the West Virginia Enterprise Resource Planning Board was held on May 9, 2024 in the State Auditor's conference room located at the Capitol building, Room W-100. Due notice was given of the meeting and filed with the Secretary of State for publication in the State Register.

I. Call to Order and Roll Call of Members

The meeting was chaired by State Auditor J.B. McCuskey and called to order at 11:04 a.m. A roll call was taken with a quorum present consisting of the following Board Members:

State Auditor J. B. McCuskey
Ann V. Urling - Representing Governor Jim Justice
Steve Bohman – Representing Treasurer Riley Moore

Also in attendance were:

Kent Hartsog, WVSAO
V.J. Smith, WVSAO
Jeff Waybright, WVSAO
Malissa Hohmann, WVSAO
Amy Lewis, WVSAO
Kallie Cart, WVSAO
Bryan Hoffman, Enterprise Resource Planning Board
Matt Ellison, Enterprise Resource Planning Board
Andrew Jennison, CGI

II. Approval of April 18, 2023 Minutes

Mr. McCuskey moved for approval of meeting minutes from the April 18, 2023 board meeting. The motion was seconded by Ms. Urling. A vote was taken and the motion passed unanimously.

III. Project Management Updates

Auditor McCuskey turned the floor over to Mr. Hartsog, who began by giving updates on several current ERP projects.

a. Travel System Upgrade to 4.0

The travel upgrade agreement with CGI was signed in November 2020, and a project kick-off meeting was held on March 1, 2021. A detailed project plan was developed and approved at that time with an anticipated go-live date of September 1, 2021.

During the project implementation, ERP staff discovered that CGI was not honoring its obligations as it was proposing to house much of the travel system on-site rather than in the CGI cloud as required by the contract. This caused a significant delay for go-live of the system, which occurred in June 2022.

There are still intermittent issues with interfaces with State PCards. Also, various issues routinely arise due to compatibility (or lack thereof) between the 4.0 version of the travel module and the State's current version of the overall Advantage ERP suite, version 3.11. CGI has indicated that these issues should resolve when the State upgrades its Advantage suite to the 4.0 version.

Currently 30 agencies are live on the Travel 4 system, up from 24 as of last meeting. Three additional agencies are currently transitioning to Travel 4.0. and four additional agencies are expected to implement in the next nine months.

b. Security and Disaster Recovery

Mr. Hartsog next gave an update on projects related to security and disaster recovery for the ERP System. ERP retained consultants to provide a risk assessment and help craft disaster recovery documentation and processes. This documentation is critical particularly as the ERP system is currently housed on-premise.

Mr. Hartsog offered to provide Board members with the documentation as it could be adapted for use by other state agencies or informative as an example of what such documentation should look like.

Mr. Hartsog mentioned the implementation of artificial intelligence software to monitor the ERP system for suspicious or unusual activity. The software needed to be installed on the ERP system for a period of time to learn what is or is not unusual activity. When unusual activity is detected, the software takes a snapshot of the State's data, so that if the unusual activity is malicious, the State has a solid point in time from which to recover. The software has now learned the State's system and the additional security it provides is beneficial.

Mr. Bohman inquired where the State's data is stored. Mr. Hartsog answered that the primary servers are with WV Net in Morgantown, and the backup servers are located in the Auditor's Office in the Capitol. Mr. Bohman confirmed that this is a closed network, meaning that it is not stored off-premise of the State.

c. UKG Upgrade – status and timing

At the previous ERP Board meeting, the Board approved a new contract with UKG (formerly Kronos) to provide time-keeping services for state employees. The new contract upgrades to a newer version of the time-keeping system. Go-live on the new platform is still on schedule to occur in mid-June, 2024.

The upgrade has involved much more manual data entry into the system by State staff than anticipated, including manual entry of individual agency work schedules. Unfortunately, UKG did not make the State aware of this necessity until late into the project, and did not develop a method to pull this data from the State's current UKG system to the new platform.

State Police and the Supreme Court remain the only two departments that do not use the timekeeping systems available through the ERP System, including UKG and the Time I program licensed within the CGI Advantage suite. Auditor McCuskey asked why the Supreme Court was not on a time-keeping system. Mr. Hartsog and Ms. Hohmann explained that it was the department's decision but there are options available to the department should it choose to use one of the available systems.

d. Actian to Pentaho

Actian and Pentaho are both software programs that allow files to interface with the ERP System. CGI decided to convert from Actian to Pentaho within the past two years. In the beginning, CGI took the position that most of the conversion effort was incumbent upon the State. ERP staff pushed back, arguing that our contract requires CGI provide the State with Actian software. CGI insisted it had a unilateral right to make the switch, at one point going so far as to threaten to breach the contract by not renewing the Actian licenses.

State staff was able to demonstrate that the State position was correct. However, this took up a lot of time that could have been spent on the conversion effort. ERP staff is not opposed to the conversion, but insisted CGI provide appropriate resources to accomplish the task. CGI has now dedicated appropriate resources to the project, but it appears unlikely that the conversion will occur prior to the expiration of the current Actian licenses on August 31, 2024.

As part of the agreement with CGI being proposed for Board approval at this meeting, CGI will reimburse the State for the cost of one additional year of Actian licenses. The State will need to procure these licenses on its own via an RFQ. The interface software is critical to ERP System operations, and there cannot be a disruption in its availability. The conversion from Actian to Pentaho will continue. The conversion is expected to be complete prior to expiration of the additional year Actian licenses.

IV. Functional Area Updates

Mr. Hartsog provided an update on the following functional areas of Oasis.

a. HRM Payroll

1095-C reporting for 2023 was successfully completed. 2023 W-2s and W-2Cs were issued to state employees. HRM Payroll staff continues to provide training to state agencies regarding use of the HRM Payroll system.

HRM Payroll continues towards its goal of converting payroll vendors from paper checks to EFT. This led to some general discussion of the overarching goal to reduce the number of paper checks that the state issues by converting those payments to EFT. Some benefits include cost reduction for the state, payees receive payment quicker, and it is more secure. While certain legal and logistical challenges prevent the state from issuing all payments via EFT, significant progress continues to be made to reduce the total number of checks issued by the state.

b. Finance Team

The Finance Team also continues to convert State vendors from EFT to paper check. It assisted the State Budget Office to implement third-party software to help prepare the State's budget books in conjunction with Oasis. This has been a time-saver for the agency. Three higher education institutions (Bluefield State University, West Virginia State University and Glenville State University) have converted from the Banner financial system to Oasis.

As part of the continuing effort to move away from using miscellaneous vendors when making payments within Oasis, the Finance Team has been working with the West Virginia Lottery to convert Lottery revenue distribution payments from miscellaneous vendors to registered vendors. This has required counties, municipalities, and casinos to sign up for EFT payments. This project has been more difficult to accomplish than expected, but it is near completion. This will assist with transparency, as each payment can be tracked to a single vendor account, which is not possible when a miscellaneous vendor payment is issued.

c. Technical Team

For another consecutive year, the State's annual SOC-1 report has been completed for the State's on-premise ERP environment, with no exceptions noted. The State continues to experience various issues with patches and containers (software fixes) that CGI pushes to the State as part of its ERP maintenance responsibilities. The Technical Team helped complete 1095-C and W2 reporting. Significant progress has been made to close or resolve tickets entered with CGI to resolve software issues within Oasis.

The Technical Team and Oasis staff have been assisting the Division of Highways as it replaces its REMIS financial system in favor of Oasis. This project will help the Division of Highways to fulfil FHWA certification requirements for federal highway dollars. Oasis will be used to track financial chart of accounts, issue payments, procurement, reconciling PCard transactions, tracking inventory, and other functions. Extensive testing is being done in the Oasis

UAT environment and we have given them criteria to approve Go-live in Oasis. Go-live is planned for July 1, 2024.

V. CGI Upgrade Agreement – Approval Requested

The Board is being asked to give its approval to a new contract with CGI Technologies and Solutions, Inc. regarding upgrading and maintenance of the ERP System. Mr. Hartsog began by recounting the lengthy timeline of events leading to the presentation of this contract to the Board.

The Board's first contract with CGI for the ERP System expired on December 11, 2021. Prior to that date, in August of 2020, CGI proposed that the ERP Board enter a new agreement with CGI that would include an upgrade to Advantage 4.0 and option to move to the CGI cloud. Negotiations began but were delayed by CGI. This compelled ERP staff to pivot to a three-year "status quo" agreement with CGI. This was approved by the Board in July of 2021.

Thereafter, in March 2022, ERP staff worked internally on a new long-term contract, that included an upgrade to Advantage 4.0 and remained on-premise. This was provided to CGI in October 2022. CGI continued to direct the State to its cloud hosting solution, but did not provide a response to the State's proposed contract until June 2023.

In September 2023, CGI stated in a phone call that it would no longer support an Advantage on-premise solution after December 31, 2028. CGI has since confirmed this to the State in writing. Because of logistical constraints and the immense time and effort required to transition solutions, this effectively gave the State little choice but to transition to CGI's cloud.

Thereafter, CGI presented on a new long-term agreement that includes an upgrade to Advantage 4.0, transition to CGI's cloud, and continued maintenance for ten years. The proposed contract was very one-sided, and it took ERP staff a tremendous amount of effort to negotiate the contract to a position that was presentable to the Board. The effort took over 8 months, more than fifty meetings covering over 100 hours.

Mr. Hartsog then summarized some of the reasons for the new contract and moving to the CGI cloud. The State's current agreement ends at the end of this year. When the State proposed a new contract on-premise, CGI informed the State it will no longer support on-premise customers after December 31, 2028. Additionally, ERP staff asked CGI for a Service Level Agreement (SLA) for an on-premise deployment. CGI's proposed SLA cost $300,000 more than the penalties it could incur under the agreement. Most importantly, it would likely cost between $100M and $150M as well as an incredible amount of disruption to transition to a new ERP vendor.

Mr. Hartsog next gave an overview of key provisions of the new agreement. The agreement term is 10 years. The cost to upgrade to CGI's cloud is $5M. The cloud transition will cost $2.75M. There is a liability cap of $50M, much higher than CGI's original proposal of $5M. Transition to the cloud is expected to take 12 months, with 6 months of pre-transition work, including baselining the State's enhancements into Advantage 4.0. After go-live, the State begins to pay maintenance fees, then called cloud subscription fees, at $4.8M per year, escalated 2% annually.

After go-live, there will be no more upgrades. The State will always be on the latest version of Advantage. There is an SLA with significant economic penalties for cloud availability and responsiveness to issues within the system. The contract has robust termination provisions that require CGI to assist the State to transition to another ERP system. The contract also allows the State to segregate and cancel certain functions within the Advantage suite (e.g., HRM, Finance) to give the State more flexibility to transition the ERP system.

As part of the contract, all State data must reside in the continental US. Reporting will occur in Microsoft's Azure cloud. CGI was not forthright on this point, which required additional effort from ERP staff to ensure all contractual provisions require keeping State data within the continental US.

ERP's stand alone travel contract will be cancelled automatically upon go-live in Advantage 4.0. The State may option to use TestSavvy, a CGI offering used to help streamline testing that is required to transition to the cloud and implement Advantage 4.0.

Finally, ERP staff engaged an outside attorney that specializes in intellectual property, with particular focus on SaaS (cloud) agreements. He provided good insight and ideas regarding certain contractual provisions as well as insight into industry standards for SLAs and costs. Mr. Hartsog recognized the efforts on ERP staff in the contract negotiations, including V.J. Smith, Matt Ellison, recently retired Rick Pickens, Lorie Humphrey, Malissa Hohmann, Bryan Hoffman, and Evan Pauley.

Mr. Hartsog briefly discussed that the Board's finances were forecast to cover the costs of the contract without requesting a supplemental appropriation or raising the user fee. There are no plans to hire additional staff due to the upgrade. He detailed milestone payments that will be made during the transition to the cloud. He briefly noted certain on-going costs to Dataview for consulting services and UKG for timekeeping.

Mr. McCuskey asked what is the expected go-live. Mr. Hartsog answered November 2025, although based on past experience that date is subject to change.

ERP staff has gotten insurance requirements for this contract from BRIM. The contract has also been socialized with State Purchasing and the Attorney General's Office. The Office of Technology has given its required approval. Mr. Hartsog then requested that the Board approve the contract to upgrade to Advantage 4.0, transition to the cloud, for a term of ten years.

Mr. McCuskey made a motion that the Board enter into an agreement with CGI Technologies and Solutions, Inc. to upgrade the Enterprise Resource Planning System to its 4.0 Advantage cloud-hosted solution and continue maintenance on the system for a term of 10 years. Ms. Urling seconded, and the motion carried unanimously.

VI. Fiscal Outlook

There are no plans at this time to raise the user fee. For Fiscal Year 2025, the user fee will remain $275/FTE.

VII. Public Comment

There was no public comment.

VIII. New Business

There was no further new business before the Board.

IX. Adjournment

Mr. McCuskey moved to adjourn the meeting at 11:46 a.m. Ms. Urling seconded, and the motion carried unanimously. Meeting adjourned.

Prepared by:

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The Honorable State Auditor John B. McCuskey
ERP Board Secretary

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The Honorable Governor James C. Justice, II
ERP Board Chair