**ENTERPRISE APPLICATIONS STRATEGIC PLAN**

We need a strategic plan to modernize our enterprise applications.

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>PURPOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Information Systems/Human Capital Management</td>
<td>1. Reduce risk to critical systems</td>
</tr>
<tr>
<td>Payroll</td>
<td>2. Enable business improvements, provide expanded functionality, and information for managing</td>
</tr>
<tr>
<td>Grants Management</td>
<td>3. Address manual processes that are more prone to errors</td>
</tr>
<tr>
<td>Enterprise Financial Applications</td>
<td></td>
</tr>
<tr>
<td>Enterprise Support Applications</td>
<td></td>
</tr>
</tbody>
</table>
THE CASE FOR CHANGE

The status quo fails to meet Rhode Island’s needs and puts the State at risk.

- Decision-makers are unable to receive **accurate information** in a **timely** manner
- Rhode Island’s systems decades-old and are **outdated**—even in comparison to its state government peers
- Current systems are susceptible to **single points of failure** and **security risk**
- The **handful of experts** the State is reliant upon for existing systems are nearing retirement
- Antiquated systems and processes make it difficult to attract and retain **talent**
- **Errors** that result from **non-integrated systems** waste time and money
- Existing enterprise technology has an impact on the State’s **ability to serve** its residents
The new Enterprise Resource Planning (ERP) system will make it easier for state employees to do their jobs and enables better service to the public.

Automate transaction processing and compliance to generate increased capacity for value-added services

HIGH-PERFORMING ENTERPRISE APPLICATIONS

TRANSFORMATION PER THE STRATEGIC PLAN
NEW ENTERPRISE APPLICATIONS

Our future architecture is a modern, integrated, and comprehensive Enterprise Resource Planning system.

- Cloud/Software-as-a-Service (SaaS) solution provides speed, cost reduction, flexibility, scalability, and innovation.

- This architecture balances the advantages of a unified approach with the advantages of specialized, “best-of-breed” applications.

*Also supports non-ERP applications.
TIMELINE

The program timeline accomplishes modernized enterprise applications, delivering speed-to-value and minimizing risk. All dates are directional and subject to project approval.

- HR/Payroll Go-Live on 12/31/2022
- Grants Management Release 1 Go-Live on 12/31/2022
- Finance Go-Live on 6/30/2024
- Grants Management Release 2 Go-Live on 6/30/2024
FUNDING STRATEGY*

<table>
<thead>
<tr>
<th>Operating Budget</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
<th>FY29</th>
<th>FY30</th>
<th>FY31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program expenses, FY21-FY27</td>
<td>$1.5M</td>
<td>$3.3M</td>
<td>$3.3M</td>
<td>$2.7M</td>
<td>$2.6M</td>
<td>$2.7M</td>
<td>$2.8M</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$18.9M</td>
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<tr>
<td>Principal on COPs</td>
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<td>$0.5M</td>
<td>$5.1M</td>
<td>$5.4M</td>
<td>$7.8M</td>
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<td>$7.7M</td>
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<td>$2.6M</td>
<td>$2.6M</td>
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<td>$54.8M</td>
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<tr>
<td>Program expenses and principal on COPs</td>
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<td>$3.8M</td>
<td>$8.4M</td>
<td>$8.1M</td>
<td>$10.4M</td>
<td>$10.5M</td>
<td>$10.5M</td>
<td>$7.7M</td>
<td>$7.7M</td>
<td>$2.6M</td>
<td>$2.6M</td>
<td>$73.7M</td>
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<tr>
<td>Interest on COPs</td>
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<td>$0.1M</td>
<td>$0.7M</td>
<td>$0.7M</td>
<td>$1.0M</td>
<td>$1.0M</td>
<td>$1.0M</td>
<td>$1.0M</td>
<td>$1.0M</td>
<td>$0.4M</td>
<td>$0.3M</td>
<td>$7.3M</td>
</tr>
<tr>
<td>Ongoing program expenses, FY28-FY31</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$12.1M</td>
</tr>
<tr>
<td>Operating Budget Outflows</td>
<td>$1.5M</td>
<td>$3.9M</td>
<td>$9.1M</td>
<td>$8.8M</td>
<td>$11.4M</td>
<td>$11.5M</td>
<td>$11.5M</td>
<td>$11.6M</td>
<td>$11.7M</td>
<td>$6.0M</td>
<td>$6.1M</td>
<td>$93.1M</td>
</tr>
</tbody>
</table>

• The State proposes to fund the $54.8M through Certificates of Participation (COPS) in two issuances of $36.3M in FY22 and $18.5M in FY24 and will incur a total interest expense of $7.3M. COPs will be completely paid out by FY31.
• Program expenses [FY21-FY27] ($18.9M), principal on COPs ($54.8M), interest on COPs ($7.3M), and ongoing program expenses [FY28-FY31] ($12.1M) total $93.1M.

*Dates are directional and subject to project approval
### OUTFLOWS FROM FUNDING SOURCES*

<table>
<thead>
<tr>
<th>Total - Costs</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
<th>FY29</th>
<th>FY30</th>
<th>FY31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.5M</td>
<td>$3.9M</td>
<td>$9.1M</td>
<td>$8.8M</td>
<td>$11.4M</td>
<td>$11.5M</td>
<td>$11.5M</td>
<td>$11.6M</td>
<td>$11.7M</td>
<td>$6.0M</td>
<td>$6.1M</td>
<td>$93.1M</td>
</tr>
</tbody>
</table>

| Savings - GR portion | -    | -    | ($1.1M) | ($2.2M) | ($3.5M) | ($3.6M) | ($3.7M) | ($3.9M) | ($4.0M) | ($4.1M) | ($4.2M) | ($30.3M) |
| Savings - non-GR portion | -    | -    | ($0.2M) | ($0.5M) | ($0.9M) | ($0.9M) | ($0.9M) | ($1.0M) | ($1.0M) | ($1.0M) | ($1.1M) | ($7.4M) |

| Subtotal – Costs (Savings) | $1.5M | $3.9M | $7.8M | $6.2M | $7.0M | $6.9M | $6.9M | $6.8M | $6.7M | $0.9M | $0.8M | $55.3M |

<table>
<thead>
<tr>
<th>Total</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
<th>FY29</th>
<th>FY30</th>
<th>FY31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
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<td>$3.9M</td>
<td>$7.0M</td>
<td>$4.3M</td>
<td>$4.3M</td>
<td>$4.1M</td>
<td>$4.1M</td>
<td>$4.0M</td>
<td>$4.0M</td>
<td>($1.8M)</td>
<td>($1.9M)</td>
<td>$33.3M</td>
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<tr>
<td>Federal</td>
<td>-</td>
<td>-</td>
<td>$0.6M</td>
<td>$1.3M</td>
<td>$2.0M</td>
<td>$2.0M</td>
<td>$2.0M</td>
<td>$2.0M</td>
<td>$2.0M</td>
<td>$2.0M</td>
<td>$2.0M</td>
<td>$15.8M</td>
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<tr>
<td>Restricted Revenue and Other Funds</td>
<td>-</td>
<td>-</td>
<td>$0.3M</td>
<td>$0.5M</td>
<td>$0.8M</td>
<td>$0.8M</td>
<td>$0.8M</td>
<td>$0.8M</td>
<td>$0.8M</td>
<td>$0.7M</td>
<td>$0.7M</td>
<td>$6.2M</td>
</tr>
</tbody>
</table>

| Total | $1.5M | $3.9M | $7.8M | $6.2M | $7.0M | $6.9M | $6.9M | $6.8M | $6.7M | $0.9M | $0.8M | $55.3M |

- Accounting for General Revenue and non-General Revenue savings, the cost is reduced from $93.1M to $55.3M.
- Accounting for Federal Funds and Restricted Revenue and Other Funds, the projected total cost to the State is $33.3M.

*Dates are directional and subject to project approval*
Hard Dollar benefits

Implementation of the Strategic Plan results in measurable cost decreases and savings.

- Terminate existing license fees
- Increase accuracy for payroll
- Ensure overtime is allocated appropriately
- Reduce money spent on supplies (e.g., paper, ink, storage, etc.)
- Reduce consultant workforce
- Reduce the amount of time people are out on administrative leave
- Reduce hardware costs and overhead for data storage and infrastructure
- Avoid penalties associated with non-compliance with federal and regulatory policies
- Avoid cost of future upgrades required by current systems to be replaced
SOFT DOLLAR BENEFITS

Implementation of the Strategic Plan results in process efficiencies and desirable enterprise wide benefits.

- **Increase process efficiencies**
  - Automate routine and recurring transactions and inquiries
  - Automate manual processes to improve cycle time
  - Standardize business processes to reduce error rates

- **Improve worker experience / productivity**
  - Enable self-service
  - Modernize workforce skills and competencies

- **Improve information for decision-making**
  - Improve access to accurate and timely data
  - Provide data sharing for greater visibility across the enterprise

- **Reduce risk**
  - Reduce exposure to “system failure”
  - Reduce dependency on institutional knowledge
  - Reduce single points of failure

- **Increase customer / constituent satisfaction**
  - Allow for improved access to federal aid
  - Provide an improved applicant experience

**Soft Dollar Benefits**
SECURITY

The Strategic Plan outlines the strategy for effective security, which is an additional driver for success or failure.

- The security approach:
  - Includes the people (e.g., training end users to follow sound security practices)
  - Incorporates processes (e.g., rigorous internal controls to manage access)
  - Utilizes technology to enable and execute the applications

- Complies with federal and industry standards and state policies
- Leverages existing and planned Rhode Island security-related solutions and initiatives
- Leverages security features and functionality inherent in the modern cloud/SaaS ERP software
- Embeds security as a priority in each phase of the program
SUMMARY

The time for action is now.

1. Rhode Island has a compelling case for change.

2. Rhode Island has a strategic plan which is comprehensive and actionable. It includes a:
   • Modern ERP application architecture, similar to other states
   • Realistic implementation timeframe that balances speed and risk
   • Dynamic staffing plan, that develops new skills and competencies for state resources
   • Affordable funding and financing approach, tailored for Rhode Island
   • Significant benefits, both hard and soft dollar
   • Critical success factors and risk mitigation strategies based on experience

3. The next step is for Rhode Island to undertake the journey to new enterprise applications by seeking approval from the General Assembly.