

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952215
metro**EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 20, 2012****SUBJECT: ENTERPRISE BUSINESS SUITE UPGRADE****ACTION: APPROVE CAPITAL PROJECT****RECOMMENDATION**

- A. Approve Upgrade of Oracle Business Suite (FIS) and establish Life-of-Project (LOP) budget of \$12.9M for the Enterprise Business Suite Upgrade, Project No. 207132; and
- B. Amend the FY13 budget by adding \$1.5M in revenues and expenses to Project No. 207132 Enterprise Business Suite Upgrade.

ISSUE

The Oracle system is Metro's current computing database standard and the enterprise-wide foundation for many of our mission critical business applications. Metro is operating on a version of the software that will no longer be fully supported by the vendor after November 2013. Metro must perform a major version upgrade of the system and replace the computing infrastructure platform it operates on to continue meeting the current and future business system requirements of finance, procurement, human resources, construction, real estate and operations.

DISCUSSION

The Oracle Enterprise Business Suite, also known as FIS, is a set of twelve major applications that comprise Metro's enterprise resource planning (ERP) system. The system supports many of Metro's mission critical business services including Financial Management, Human Resource Management, Project Accounting, and Procurement. The system supports day-to-day business operations in many of Metro's departments such as Accounting, Procurement, Office of Management & Budget, Human Resources, Benefits, Recruitment, Grants, Real Estate and Transit Operations.

Metro first implemented the Oracle Enterprise Business Suite in 1996. In 2001, the system had its first major version upgrade. Since 2001, there have been minor technical and system patch upgrades but the major version release level remained the same.

Current Situation

Due to this deferred maintenance, vendor support for the older Oracle Enterprise Business Suite version that Metro is operating will be reduced significantly to minimal support (called "Sustaining Support") from the vendor in November 2013. This major upgrade is required to maintain a state of good repair for this critical suite of applications that Metro depends on.

If the system were to enter "Sustaining Support," the manufacturer level of support provided to Metro would no longer include the following important services:

- New and updated security patches and software capabilities;
- New and updated tax, legal, and regulatory changes;
- Certification with new third party products/versions;
- Troubleshooting assistance for any new problems discovered;
- Timely support services.

Without standard vendor support, departments that use the Oracle system to perform their day-to-day operations would be at risk. Continued full vendor support is critical to modify software code to support departmental requirements, support changes in hardware and software computer technology, and to provide security and programming fixes.

Requirements

Strategically, the Oracle system is Metro's current computing database and business system standard. To continue to support the current and future business system requirements of finance, procurement, human resources and operations, Metro must undertake a major version upgrade of the system to continue to receive needed support from Oracle past November 2013. This includes bringing the Oracle Enterprise Business Suite system and associated data from version 11 (11.5.10) to version 12, upgrading the computing infrastructure platform it operates on and revising the associated business reporting.

This upgrade will provide a number of new capabilities to enhance the efficiency and effectiveness of business processes for the departments which use the system. The upgrade includes the addition of new data analysis capabilities. This is consistent with Metro's goals of "Enhancing Our Bus and Rail System" and "Providing the Right Information, Right Now." This project, which entails moving to the current version of the Enterprise Business Suite to maintain support and upgrading the computing platform, directly supports Metro's goal to "Restore Our Key Transportation Assets".

FINANCIAL IMPACT

Funding of \$1.5M will be added to the FY13 budget from FY12 capital project under-runs. As this is a multi-year project, the cost center manager and the Chief Administrative Services Officer will be responsible for budgeting the cost in future years.

Impact to Budget

The sources of funds for this project are TDA 4% and Prop A 35%. These funds are eligible for bus and rail operating expenditures.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the LOP budget for this proposal, however, the operation of several of Metro's mission critical business systems would be at risk after November 2013 when Metro begins receiving sustaining support from Oracle. Changes to the system including security patches and regulatory/tax related modifications would no longer be provided by the vendor that are needed to protect the applications and meet the needs of the business departments.

Another alternative is to completely replace the Oracle system with another product. This solution is not viable as this would cost much more, require an extensive, multi-year effort to implement, and in the end provide similar capabilities to what we already have with the Oracle system.

NEXT STEPS

Upon Board approval, the project will proceed with the procurements for systems integrators and computer equipment suppliers needed to complete the project. Upon selecting the best qualified integrator, staff will prepare a follow up Board Report to seek approval of a contract to proceed with the upgrade efforts.

ATTACHMENT

A. Funding/Expenditure Plan

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for 
Arthur T. Leahy
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ATTACHMENT A

ENTERPRISE BUSINESS SUITE UPGRADE

Funding/Expenditure Plan

(Dollars in Thousands)

Capital Project No. 207132	Prior	FY13	FY14	FY15	TOTAL	% of TOTAL
Uses of Funds						
System Integration	0.0	1,400.0	6,200.0	1,900.0	9,500.0	73.6%
Acquisition	0.0	0.0	1,600.0		1,600.0	12.4%
Contingency	0.0	0.0	0.0	1,250.0	1,250.0	9.7%
Administration	0.0	100.0	300.0	150.0	550.0	4.3%
Total Project Cost	0.0	1,500.0	8,100.0	3,300.0	12,900.0	100%
Source of Funds						
TDA 4%	0.0	1,125.0	6,075.0	2,475.0	9,675.0	75%
Prop A 35%	0.0	375.0	2,025.0	825.0	3,225.0	25%
Total Project Funding	0.0	1,500.0	8,100.0	3,300.0	12,900.0	100%