

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: March 13, 2020

TO: Theodore Lipscomb, Sr., County Board of Supervisors, Chairman

FROM: Enterprise Resource Platform Steering Committee

Scott B. Manske, Comptroller 
Lynn Fyhrlund, Chief Information Officer, DAS – IMSD
Joe Lamers, Budget Director, DAS – Fiscal Affairs
Genaro Baez, Director HR Operations & Talent Acquisition, HR

SUBJECT: Request to Enter into an Agreement with Ceridian Corporation and other Supporting Partners for the Upgrade of HPW to Dayforce for Human Resource Management, Payroll Processing, Learning Management, and Recruitment Services; to Enter into a Three-Year Agreement for Dayforce Subscription and Maintenance Services; to continue using Ceridian Corporation's services on a month-to-month basis through December 31, 2020; to transfer funds from Capital Project WO546 – Enterprise Platform Modernization Phase 2; and to Fund Other Necessary Expenditures Relating to the Delay of the ERP Platform Go Live (Updated)

Issue

The Enterprise Resource Planning Steering Committee (ESC), in order to mitigate any risk relating to its payroll function, is requesting authority to enter into agreements with Ceridian Corporation, and Comcentia or DCH Advisors as Disadvantaged or Targeted Business Enterprise partners, for the upgrade of Ceridian's human resource and payroll processing platform (HR / Payroll Web or HPW) and current learning management and recruitment services (Cornerstone OnDemand, Inc.) to Ceridian's current platform (Dayforce) and for subscription and maintenance services on the new Dayforce platform. Due to the delays in implementing the enterprise resource planning platform (ERP) from Infor Public Sector, Inc., the ESC is also requesting funding to continue the operation of the County's mainframe services and ancillary human resource platforms.

Background

The County is currently implementing Infor's enterprise resource planning platform (ERP). This product will centralize under one platform many of the standalone products the County currently uses. Marketplace Central provided by Jaggaer (formerly known as SciQuest, Inc.) (purchasing), CGI Advantage (finance, accounts payable), BRASS (budget), Morneau Shepell Limited (benefits administration), Cornerstone OnDemand, Inc., (recruiting/learning management), and Ceridian Corporation (payroll/time and attendance/human resources) are County platforms currently slated to sunset when the ERP is live.

Implementation of the ERP project has been split into two groups – finance and human resources. While both are currently being configured, the intention is to go live first with the finance group. After the finance aspect of ERP is fully operable, the human resource group will go live. The finance group was set to originally go live in September of 2019. That go live date has been delayed and is currently set to go live in October of 2020. The human resource group was set to initially go live in December of 2019. Due to the delays in the finance go live, the go live date for the human resource group is now set for December of 2020.

Under current operating platforms, another delay in the go live would not necessarily pose a significant risk. However, Ceridian has informed the County that it will not support the HPW platform past 2020. Should another delay occur in the project causing the human resource group to go live any time after December of 2020, the County would have no payroll function as of January 1, 2021, and would have no ability to pay its employees. Given current time constraints, it is not feasible to issue a request for proposals, select a new vendor and have that vendor fully operational by January 1, 2021. The ESC has decided that this risk of not having a payroll vendor as of January 1, 2021 is too great and that a backup plan needs to be executed. While Ceridian has offered an additional use period of three months for a fee, the ESC does not want to pursue this option, due to the cost and risk.

The most feasible backup plan at this juncture is the following:

- Execute a sole-sourced agreement as quickly as possible with Ceridian for the upgrade of the current HPW platform and Cornerstone platform to the Dayforce platform. The cost of the software and hardware upgrade with Ceridian is \$750,000 and DBE partnership and support for upgrade is \$200,000 for a total of \$950,000. The upgrade is expected to take at least nine months to fully execute.
- Continue using Ceridian's services on a month-to-month basis for the second half of 2020.
- Execute a three-year agreement with Ceridian for subscription and maintenance services beginning January 1, 2021 for human resource and payroll services. The cost of this service is \$24.08 per employee per month as well as other ancillary annual costs, resulting in annual cost of \$1.5 million annually. Ceridian will require such a three-year subscription, at minimum. Ceridian will also begin to provide recruitment and learning management platform under this agreement on January 1, 2021, at the earliest, or once the system is able to accommodate the platform.
- Execute a six-month agreement with Cornerstone OnDemand for recruitment and learning management services through early 2021, at which time these services will convert to Ceridian's Dayforce platform.
- Execute a four-year agreement with Morneau Shepell for benefits administration through 2023.
- Delay go live of the human resource group in INFOR until 2024.

Budgetary Impact

This request addresses the funding issues for the Ceridian upgrade, as well as the funding necessary to continue the operation of the County's mainframe and other human resource platforms.

Mainframe

The mainframe is currently budgeted for in DAS – IMSD (Org 1172). Four months of funding was appropriated for mainframe services in 2020 or \$780,000. Due to delays in the ERP project, a full year of funding will be necessary to support the mainframe through the finance group go live date and through full operation into 2021. The estimated cost of a full year of operation is \$1,900,000, leaving a shortfall of \$1,120,000.

Human Resource and Payroll Systems

Ceridian is currently budgeted for in Human Resources and Payroll Systems (Org 1921). Six months of funding was appropriated for the Ceridian services in 2020 or \$615,000. Other products dependent on the ERP platform are also budgeted for in this org unit, including Morneau Shepell and Cornerstone OnDemand, Inc. Six months of funding was

provided for Morneau Shepell and no additional funds were provided for Cornerstone OnDemand for a total budget of \$210,100. Estimated costs to provide these services for the full 2020 calendar year are \$1,600,000. Additionally, \$950,000 will be required to fund the Ceridian software and hardware upgrades, resulting in total estimated costs of \$2,550,000. Budgeted funds in addition to carried over funds will help offset these costs, leaving a deficit of \$610,000.

WO546 – Enterprise Platform Modernization Phase 2

Capital Project WO546 includes funding for ERP modifications for usability and process efficiency that were not able to be accommodated in original platform implementation timelines as well as funding for possible software fixes and functionality to stabilize the platform. Due to the delayed go live date, it is likely that this funding will not be needed in 2020 and could be used to offset the deficits in the operating budget. Future funding for phase 2 of the project will be assessed as implementation continues throughout 2020 and may be requested in the 2021 Capital Budget.

	2020 Cost Estimate	2020 Budget (includes carryover funds)	Surplus / Deficit
Mainframe	\$ 1,900,000	\$ 780,000	\$ (1,120,000)
Ceridian/Morneau/Cornerstone	\$ 1,600,000	\$ 1,940,000	\$ 340,000
Ceridian Upgrade Cost	\$ 950,000	\$ -	\$ (950,000)
SubTOTAL	\$ 4,450,000	\$ 2,720,000	\$ (1,730,000)
WO546	\$ -	\$ 2,000,000	\$ 2,000,000
TOTAL	\$ 4,450,000	\$ 4,720,000	\$ 270,000

Recommendation

The ESC respectfully requests the County Board approve the following requests:

- Approval to enter into agreements with Ceridian Corporation, and Comcentia or DCH Advisors as Disadvantaged or Targeted Business Enterprise partners, for the hardware and software upgrade to Dayforce in an amount not to exceed \$950,000.
- Approval to enter in an agreement with Ceridian Corporation for subscription/maintenance services for a three-year period from January 1, 2021 to December 31, 2023 in an amount not to exceed \$5,000,000.
- Approval to enter into an agreement with Morneau Shepell Limited for a four-year period from January 1, 2020 to December 31, 2023 for benefits administration services in an amount not to exceed \$1,500,000.
- Approval of a fund transfer of \$1,730,000 from Capital Project WO546 – Enterprise Platform Modernization PH 2 – to:
 - DAS – Information Management Services Division – Mainframe (Org 1172) – in the amount of \$1,120,000 to fund mainframe operations for the full year; and
 - Human Resources and Payroll Systems (Org 1921) – in the amount of \$610,000 to fund an entire year of services with Ceridian Corporation (current HPW platform), Morneau Shepell Limited (benefits administration), and Cornerstone OnDemand, Inc. (current recruiting/learning management platform).