GOLDEN RAIN FOUNDATION of LAGUNA WOODS

STAFF REPORT

DATE: February 11, 2022
FOR: Corporate Members Meeting
SUBJECT: Cloud Based Enterprise Resource Planning System (ERP)

RECOMMENDATION

Review and recommend board approval of the proposed Cloud Based Enterprise Resource Planning System (ERP) and up to $4,000,000 capital expenditure allocation over a 2.5 year period for the project.

BACKGROUND

During late 2019, two United Directors, Sue Margolis and Andre Torng, received permission to form an Ad Hoc Committee comprised of members and residents to review options to the current "Software and Computer systems". Such systems were reaching end-of-life (EOL) and thus vendor support was expiring. Additionally, technology had advanced significantly since the systems were originally installed. The Ad Hoc committee submitted its findings to the subsequently formed GRF Information Technology Advisory Committee (ITAC). ITAC members include experienced IT and business professionals and began in July 2021 to sort out the viable solutions. After weekly meetings and considering over twenty ERP candidates, the committee narrowed the choices to three and had each candidate make presentations to the committee. Each candidate also held four sessions of detailed demonstrations to the potential staff department users (stakeholders). The result of the evaluations by the stakeholders and the unanimous selection of the ITAC was that the Microsoft Dynamics 365 solution, represented by Advantiico, was the best strategic solution for the Village.

DISCUSSION

In the past, software solutions for companies were provided by multiple packages centered around the financial software. They were combined or integrated by sometimes complex interface systems that had difficulty communicating with each other. The result was many inefficiencies, manual checks and balances, reconciliations, and duplicate efforts within the operations. Since the current software was also at EOL, an investment in a modern cloud-based technology that supports our future needs while creating the opportunity to provide greater service and efficiency is the most cost-efficient approach. The investment will increase security, reduce the system operating expense and eliminate the repetitive cycle of purchasing new software packages every 8 years.

The Business Valuation performed during the ITAC analysis indicates that the project would require an investment of approximately $4.0 Million spread over two- and one-half years. This compares to an information technology reserve allocation of $2.4 Million over a similar period. It should be noted that the reserves are estimates for a financial software package only while the new ERP integrates the financial modules with most of the service and administrative software modules using the same data base.

FINANCIAL ANALYSIS

The ERP project estimated gross capital expenditure of is $4.0 million. The investment is expected to reduce IT license fees expenditures while increasing company productivity.

CHARTS:

IT Reserve/Capital Estimates			
	Old Technology	**Cloud ERP**	**Variance**
5 year Investment	$2,390,000	$4,000,000	$1,610,000
10 Year Investment	$4,865,000	$4,250,000	($615,000)
IT Operating Expense Estimates			
	Old Technology	**Cloud ERP**	**Variance**
5 Year Cumulative	$2,107,000	$1,408,000	($699,000)
10 Year Cumulative	$4,214,000	$2,022,000	($2,192,000)

Prepared By: Chuck Holland, Information Services Director

Reviewed By: Steve Hormuth, Director of Financial Services
Jose Campos, Assistant Director of Financial Services

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Technology Modernization Plan for Laguna Woods Village

presented by the

Information Technology Advisory Committee (ITAC)



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- People
- Purpose
- Process
- Products
- Price
- Conclusion

Project Stakeholders

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- Residents
- Board Members
- Executive Team
- Department Managers
- Staff/End Users
- Business Consultants

The ITAC Committee

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- **Jim Hopkins**, Chair – Business Professional
- **Bunny Carpenter** – Business Professional
- **Sue Margolis** – IT Professional
- **Debbie Dotson** - IT/Business Professional
- **Lynn Jarrett** – IT Professional
- **Diane Casey** – CPA/Business Professional
- **Mark Laws** – IT Professional
- **Chuck Holland** – IT Management

What is an ERP?

Enterprise Resource Planning



The purpose and need for change

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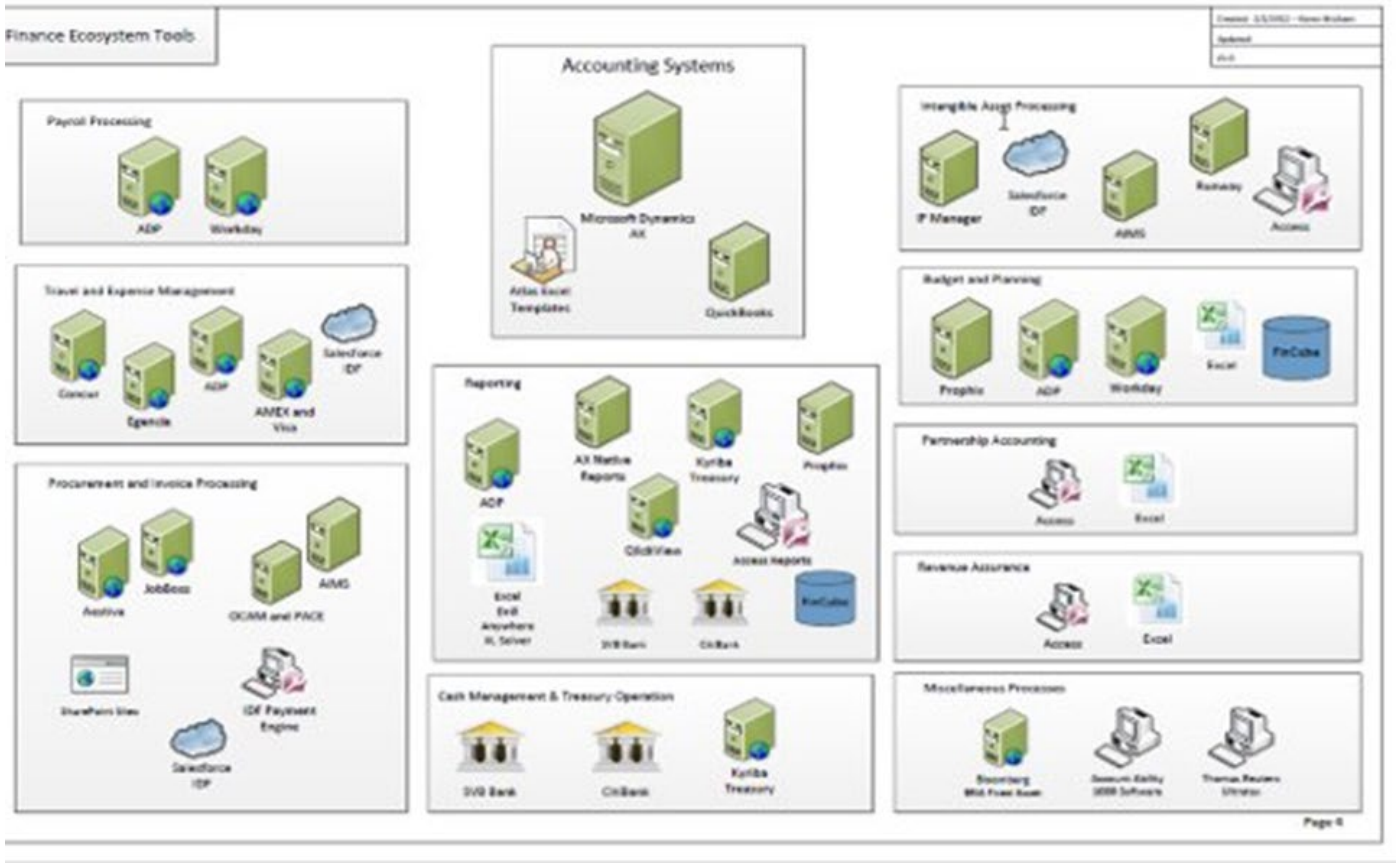
- Functional obsolescence
  - No possible option to keep what we have
- Various software systems patched together
- End of life on main financial software
- Expensive or impossible to support
- Security vulnerabilities
- Outdated processes
- Manual and duplication of processes delaying services

The past, present and the future

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Future Infrastructure



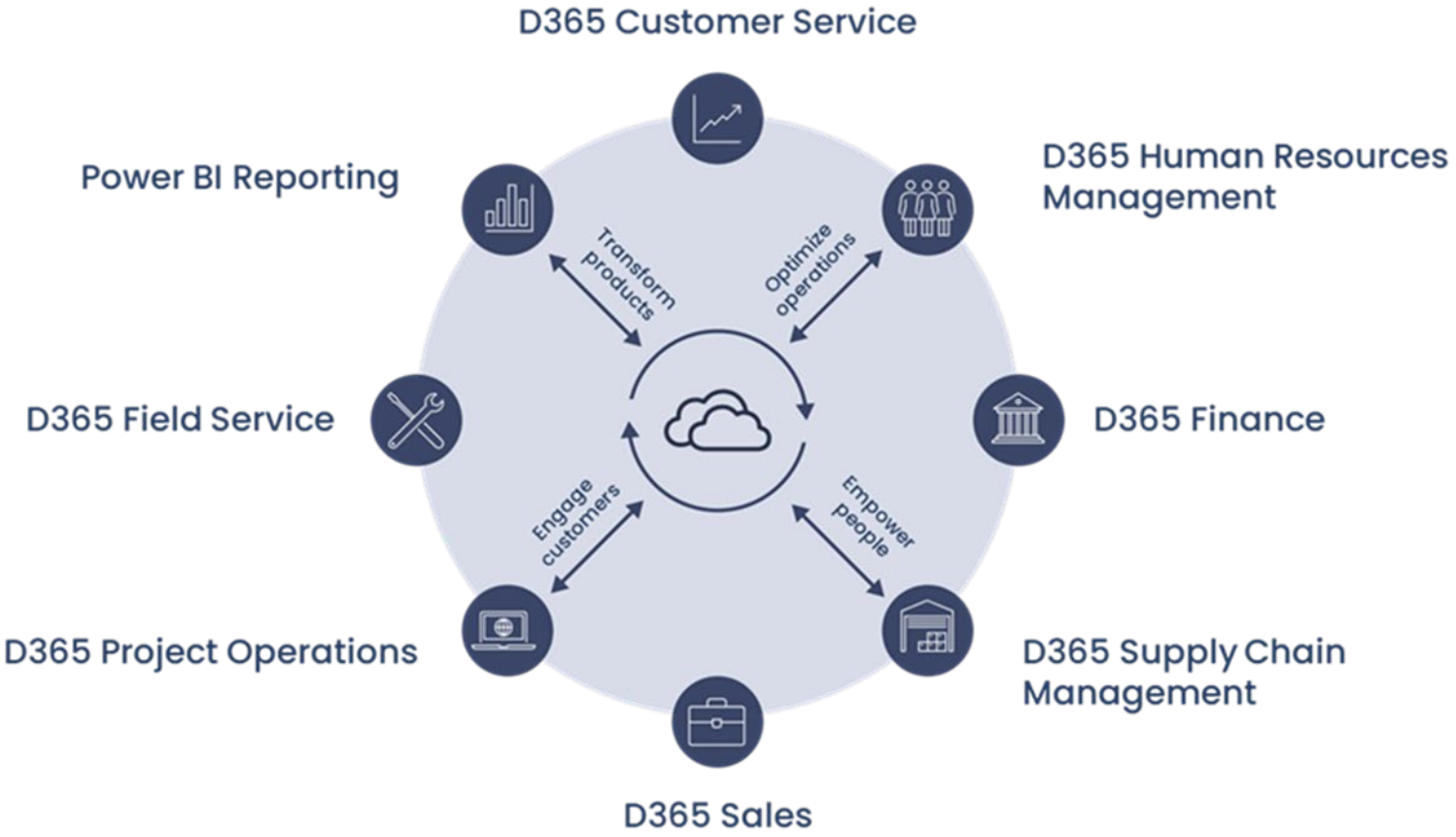


The past, present and the future

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Future Infrastructure





What will this achieve?

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The 21ST CENTURY Workplace

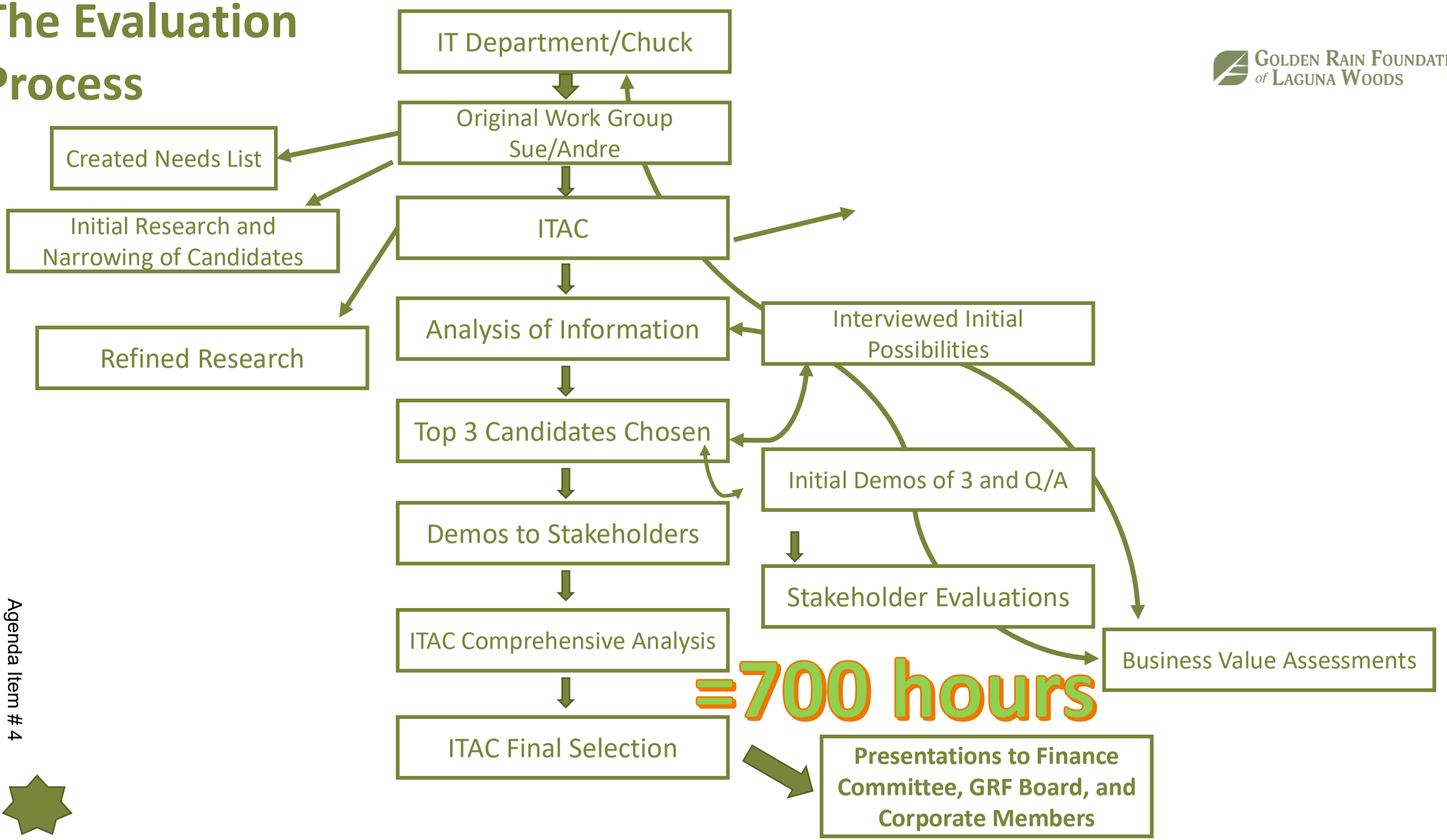
- ✓ Technological advancements to bring our community up to 21st Century industry standards
- ✓ Consolidate obsolete software systems, paper-based processes into a streamlined method
- ✓ Single system based in the cloud, offering more security, efficiency, resident satisfaction, and potentially save money over time.
- ✓ Long-term ability to meet our needs for years to come

The Evaluation Process

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- ✓ Established a software research group
- ✓ Created ITAC
- ✓ Conducted operational assessments
- ✓ Conducted software evaluations
- ✓ Completed surveys from stakeholders and committee members
- ✓ Conducted analysis
- ✓ Selected the best solution for our community

The Evaluation Process



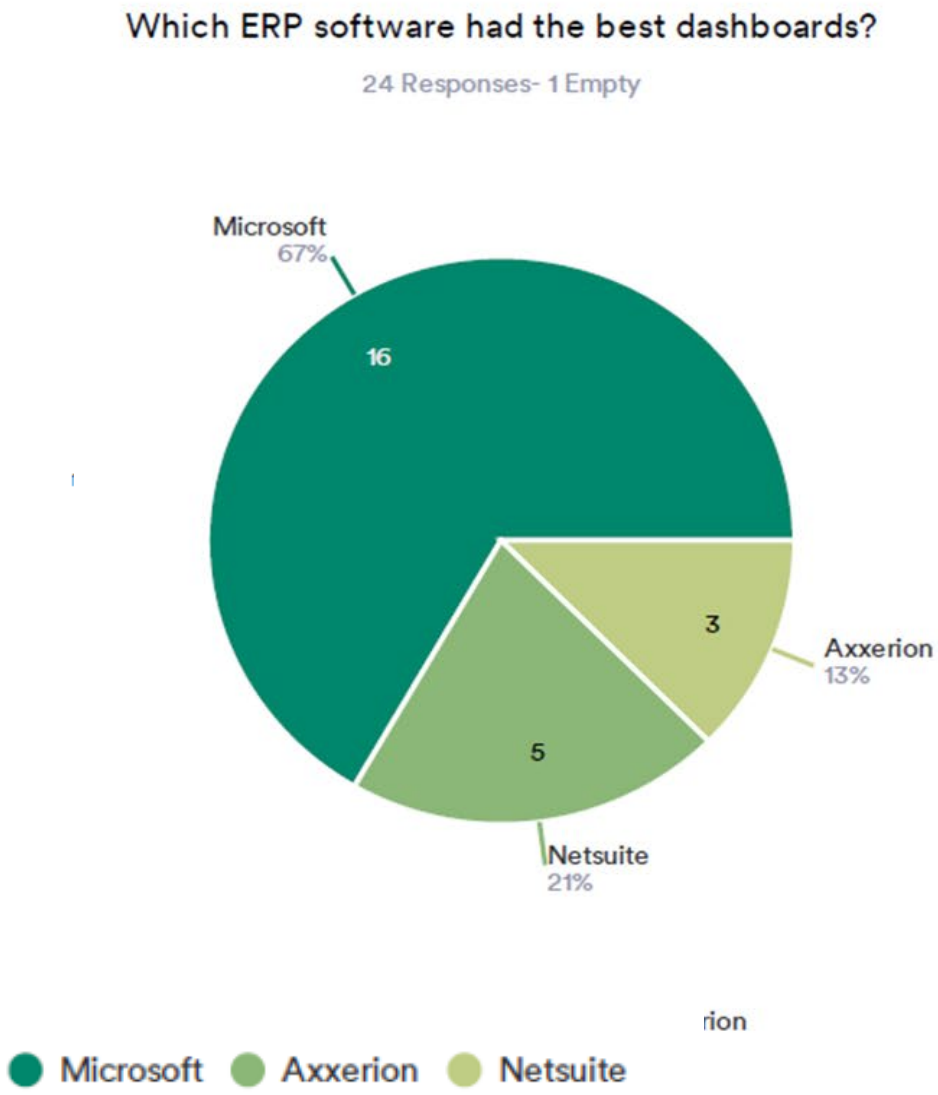
The Possibilities

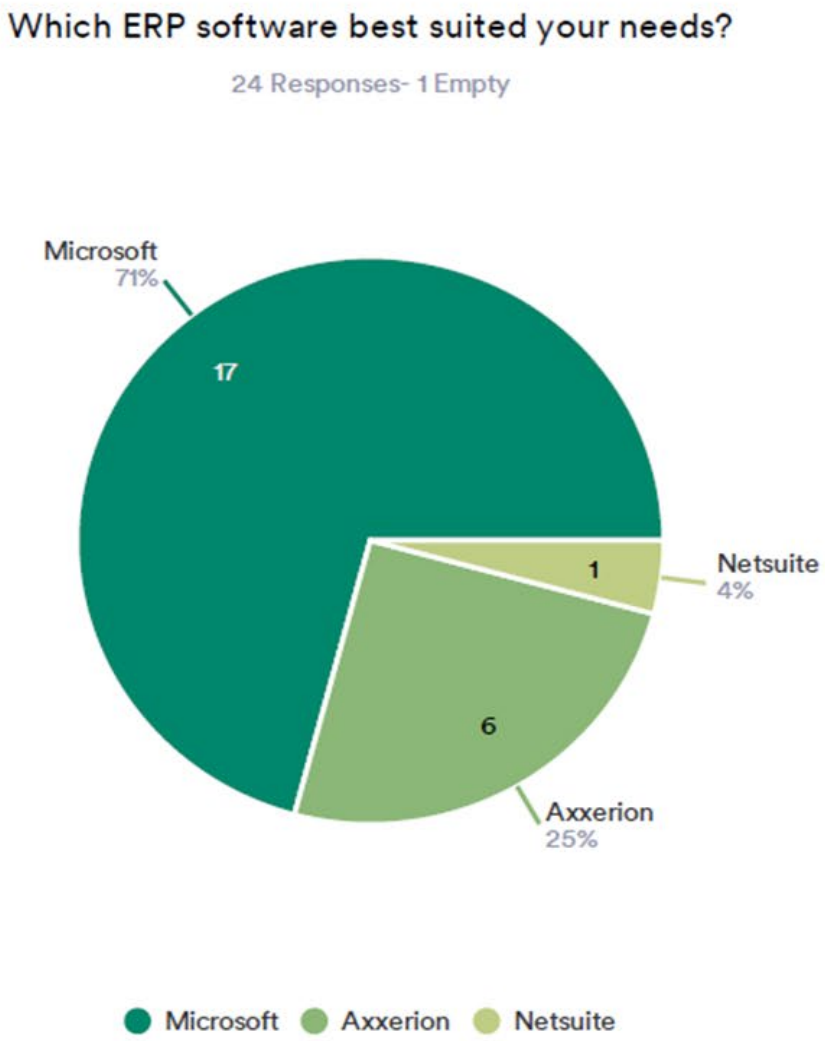
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- Axxerion
- Microsoft Dynamics 365
- Oracle - NetSuite

Evaluation Results

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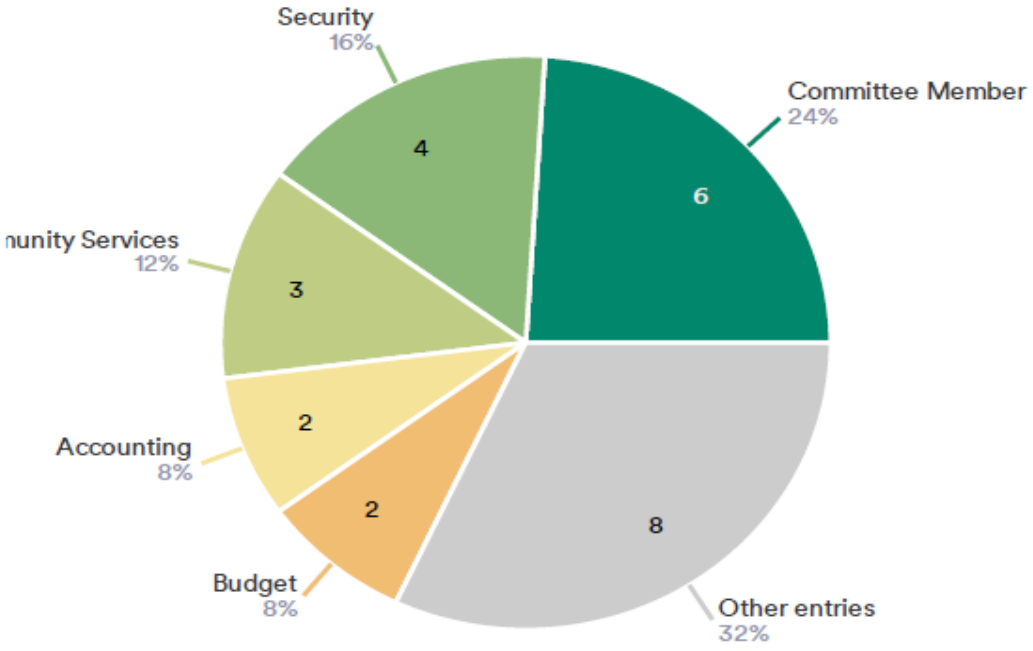


Evaluation Results

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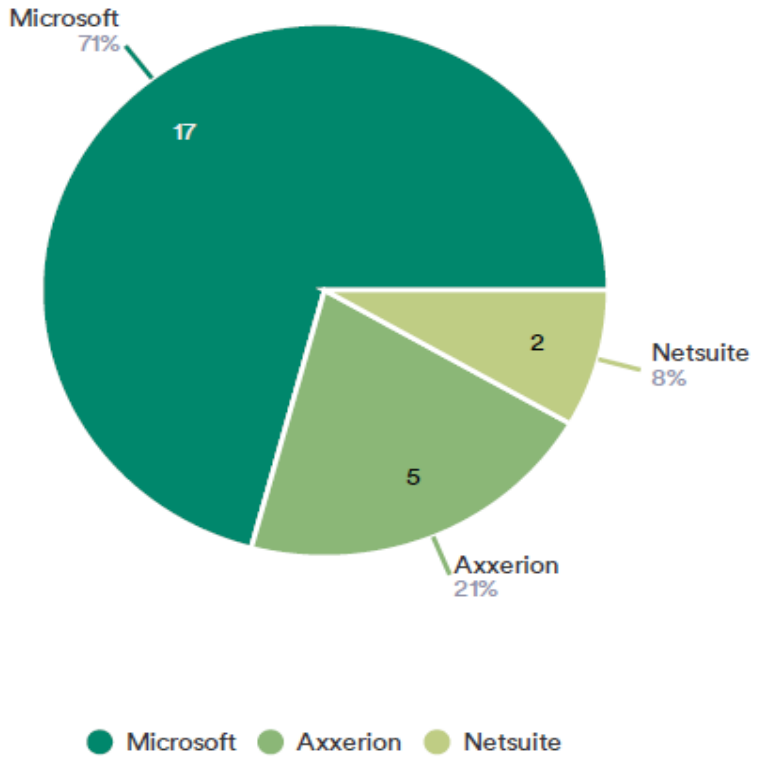
What best describes your software participation?

25 Responses

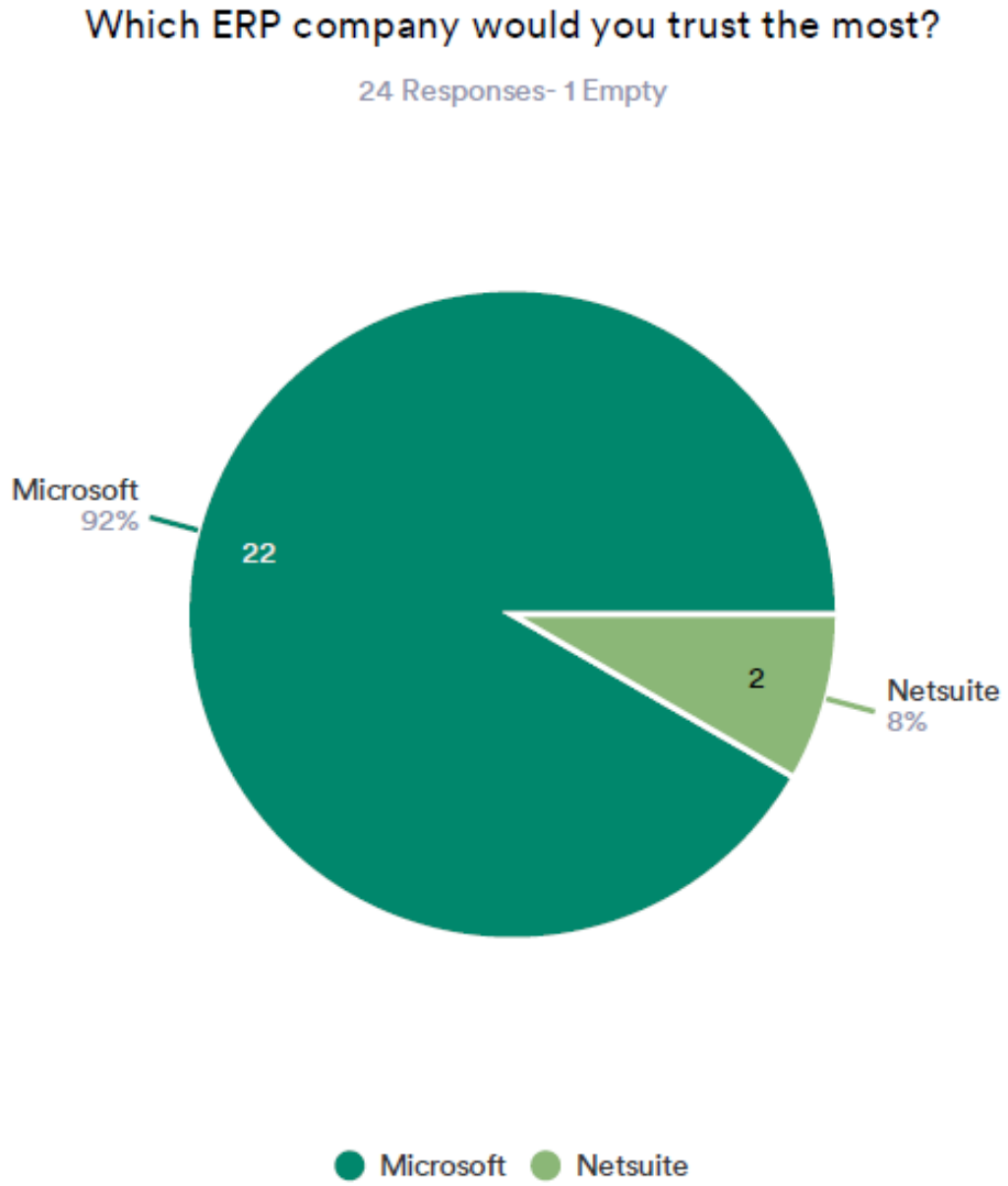


Which ERP software interface did you like the most?

24 Responses- 1 Empty

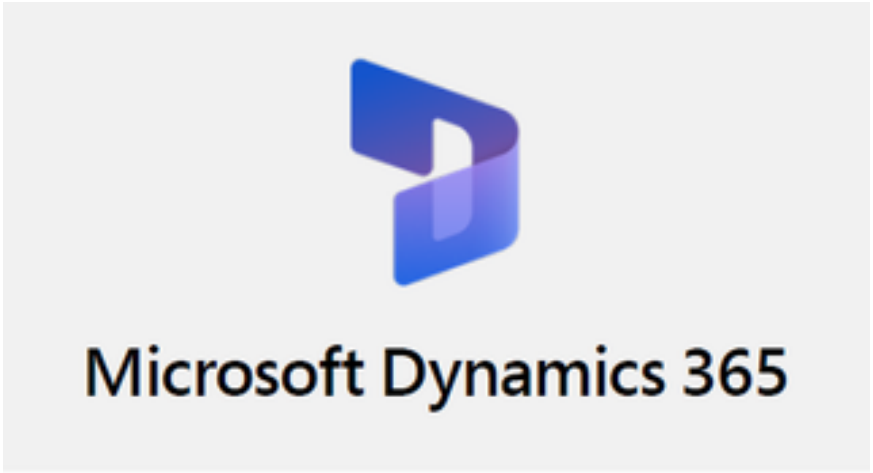


The evaluations concluded



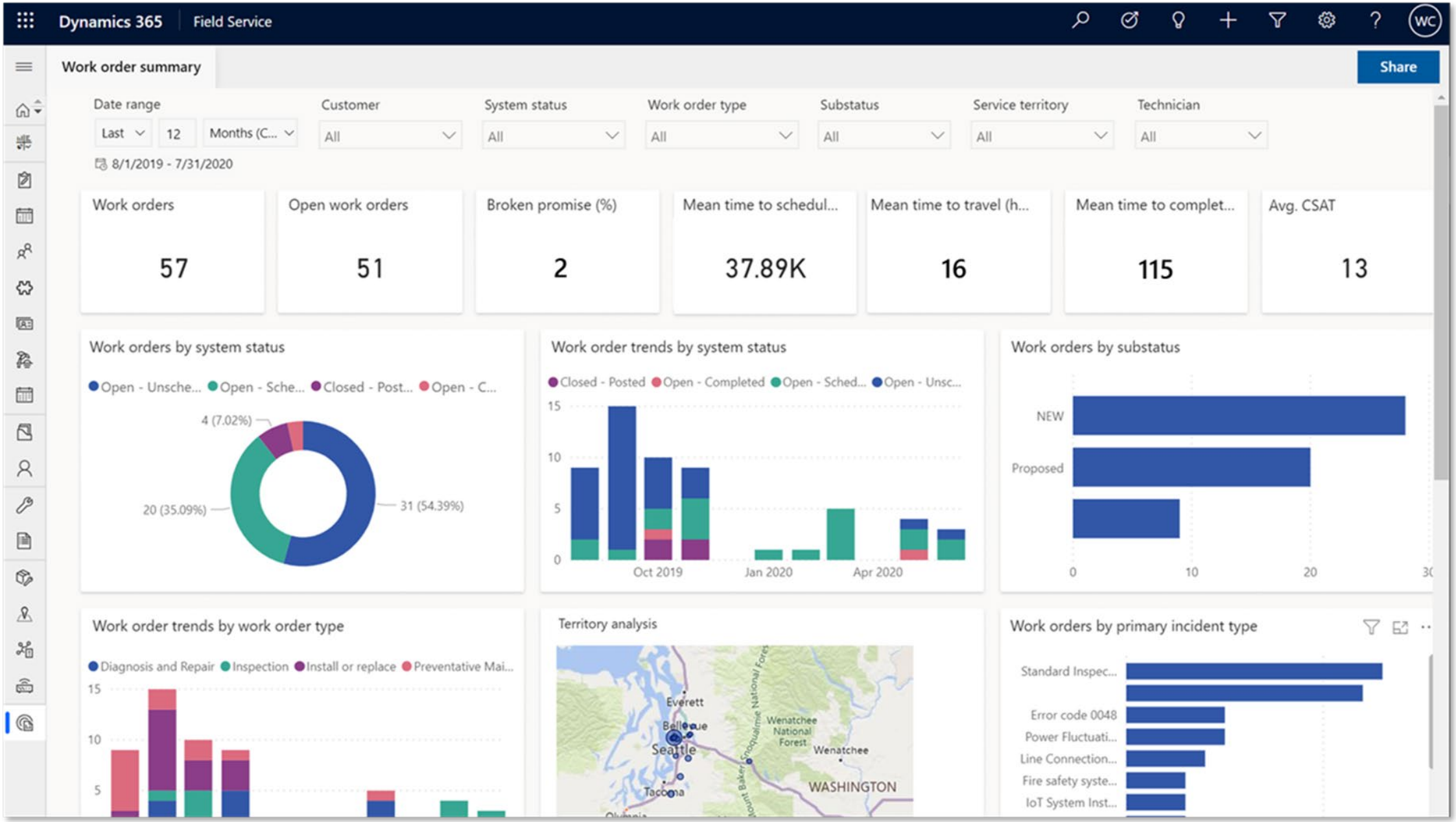
THE FINAL CHOICE!!

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- Excellent cloud ERP system
- Stable long-term company
  - Avantiico – GOLD PARTNER of Microsoft
  - Local branch - Irvine
- Modular – buy what is needed
- Unlimited customizations
- Integrates with third party software
- Existing migration path
- End user familiarity
- Intuitive, user-friendly interface
- High confidence in project team with prior experience to our community

EXAMPLE OF FIELD SERVICE DASHBOARD



Benefits after full implementation

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Investment Financial Summary

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IT Reserves/Capital Investments

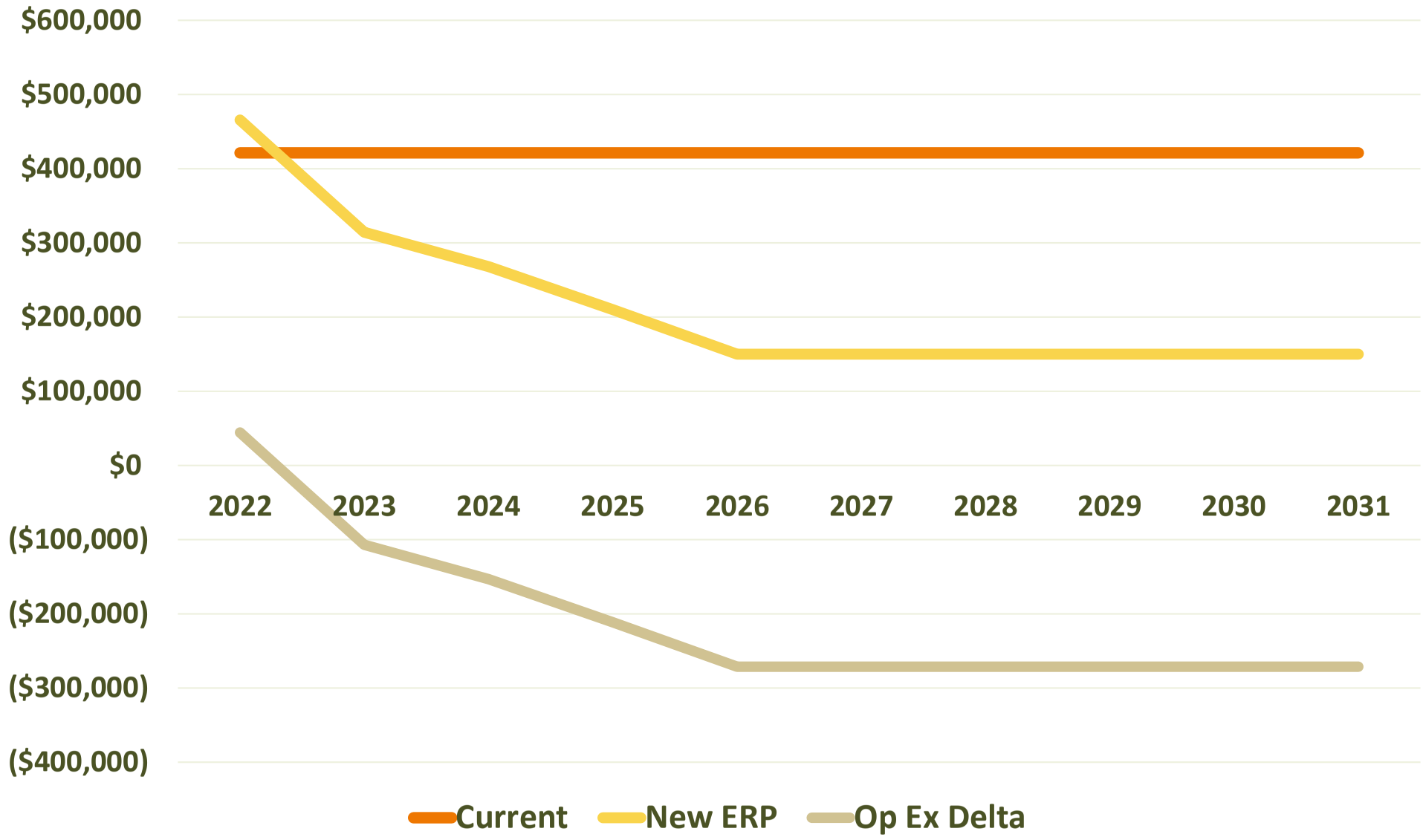
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IT Operating Expenses Estimates

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IT Department Support/License Fees Expense Projection

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Implementation Schedule

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