

WIPO



WO/PBC/13/6(d)
ORIGINAL: English
DATE: November 10, 2008

E

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

PROGRAM AND BUDGET COMMITTEE

Thirteenth Session
Geneva, December 10 and 11, 2008

**PROPOSAL FOR THE IMPLEMENTATION OF IT MODULES
TO ESTABLISH COMPLIANCE WITH THE NEW FINANCIAL REGULATIONS AND
RULES AND IPSAS:
PROCUREMENT, ASSET MANAGEMENT AND OTHER SYSTEM REQUIREMENTS
FOR IPSAS COMPLIANCE**

Document prepared by the Secretariat

1. At the forty-third session of the Assemblies in September 2007, the Member States approved the adoption of International Public Sector Accounting Standards (IPSAS), in principle, but no additional funding was approved for its implementation. At the same session, the Member States approved the new Financial Regulations and Rules of WIPO (FRR), for entry into force on January 1, 2008. However, the proposal to implement an Enterprise Resource Planning (ERP) system in WIPO, and its financing from available reserves, was neither considered, nor approved by this session. It is recalled that while these were separate proposals, important linkages existed between them and the ERP proposal, which contained within it proposals for the establishment of tools and systems essential to both the implementation of the FRR and IPSAS.
2. During the initial phase of the implementation of the FRR in 2008, the Working Group established by the Director General (responsible for the implementation) concluded that it would not be possible to implement processes and key controls necessary to support the FRR without putting in place certain basic elements of a standard IT system. The first and most important of these elements is a procurement module based on best practice and fully integrated with WIPO's financial system. It is recalled that the WIPO Audit Committee and the External Auditor have both recommended the establishment of modern and automated administrative processes and systems.

3. The Secretariat, during the first several months of 2008, has made considerable progress on its assessment of the impact of IPSAS on its financial statements as well as on its processes and policies. The impact assessment on system requirements is still underway, and a number of policy decisions require review by Senior Management and/or by Member States, such as the Organization's Reserve Policy. The Secretariat wishes to emphasize that, despite all efforts to ensure progress on the preparation for IPSAS adoption, the resource limitations have resulted in delays for this task. As a consequence, WIPO is now behind schedule on the preparation for IPSAS compliance by 2010. However, the Secretariat will continue its efforts to prepare for IPSAS implementation with effect from 2010. Significant progress can be made in the course of 2009 with the implementation of the projects proposed in this document. Subject to an assessment of progress achieved by the end of 2009, a decision will be taken as to whether full compliance is reasonable as of 2010, or deferral of the same would be required to 2012. It is noted that even if full compliance cannot be achieved for 2010, the Secretariat may propose the adoption of certain IPSAS standards for its financial reporting, thus bringing its financial statements further in line with the reporting requirements of IPSAS.

4. A full and detailed scope of IPSAS requirements will be prepared based on the results of the impact assessment work currently underway. It is already clear, however, that the adoption of IPSAS will imply key changes in respect of the following areas:

- Plant property and equipment: Recognition and depreciation of capital assets, such as buildings, vehicles, furniture and equipment, as a result of which capital assets will not be charged to expenditures at the cost of purchase in the year of purchase, but will be depreciated over their useful life. This will require the implementation of the assets management modules of PeopleSoft which will be fully integrated into AIMS (Financial System of WIPO);
- Revenue Recognition: This may require the modification of the interfaces between AIMS and the operational systems within the PCT and Madrid/ Hague. Detailed analysis is currently underway;
- Implementation of Segment Accounting: The early indications are that there will be a need to examine and modify WIPO's chart of accounts and the manner in which accounting and reporting by Unions is undertaken. AIMS will need to be modified to accommodate any changes that are needed to these aspects; and
- Budgetary and Planning procedures: The Secretariat has not completed its assessment of this area. It is likely that system changes to support reporting and reconciliation are necessary. One such requirement is the use of secondary ledgers to provide IPSAS conforming financial statements if WIPO intends to maintain its current modified accrual/cash based budgetary procedures.

5. The present document and its Annex comprise a proposal to address the issues identified in paragraphs 2 and 3 above through:

- A tightly scoped implementation of the procurement module;
- The development of detailed scope and functional specifications for the implementation of the IPSAS requirements, including the assets management module; and

- The implementation of the IPSAS requirements including asset management module, in accordance with the specifications.

6. Such an implementation will result in (i) the establishment of processes and enhanced controls necessary to support the new FRR; (ii) the implementation of tools and system modules necessary to comply with IPSAS in the most cost-effective manner and (iii) productivity improvements in key administrative areas of the Secretariat.

7. It is recalled that the ERP proposal submitted by the Secretariat in 2007 contained within it several other key elements, including the implementation of Human Resources, Payroll, Treasury, Budgeting, Travel Management, Publication Sales and Enterprise Reporting modules/functionality. These will be the subject of a proposal by the Secretariat in 2009, which will be developed within the context of the Strategic Re-alignment process and will be submitted for consideration by the Member States in 2009. The cost estimates for the implementation of these elements will be reviewed and presented in full detail at that time. It should be noted that the approximate costs are foreseen to be in the range of 18-20 million Swiss francs.

8. The overall cost of the implementation of the project proposed in paragraphs 2 and 3, above, is estimated at 4.2 million Swiss francs. The Annex to this proposal provides full details, including the budget, scope, deliverables, timelines, key assumptions and cost estimates.

9. The detailed timeline of the project, subject to obtaining approval from Member States in December 2008, and assuming a January 1, 2009 commencement is contained in the Annex. In summary, the timeline would be as follows:

Work Segment	Expected Completion
Project organization and establishment of the team	March/April 2009
Development of detailed scope of system modifications and functionality required for IPSAS; finalization of the scope and requirements for procurement	February 2009
Design of the procurement module	June 2009
Design of the assets management Module	June 2009
Deployment of procurement module	January 2010
Deployment of asset management module	February 2010
Deployment of other IPSAS related modifications	<i>To be determined when assessment and scoping are completed</i>

10. The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO and of the Unions administered by it, each as far as it is concerned, to:

(i) approve the proposal to implement the IT modules and system modifications required for compliance with IPSAS and the FRR, as set out in the Annex of this document; and

(ii) approve the appropriation of a total of 4,200,000 Swiss francs for this purpose from the reserves, to be available to be utilized, with the balances carried forward from one biennium to the next, for the envisaged duration of the project, as set out in paragraph 9 of this document.

[Annex follows]

ANNEX

PROJECT PROPOSAL

FOR THE IMPLEMENTATION OF IT MODULES TO ESTABLISH COMPLIANCE
WITH THE NEW FINANCIAL REGULATIONS AND RULES AND IPSAS:
PROCUREMENT, ASSET MANAGEMENT AND OTHER SYSTEM REQUIREMENTS
FOR IPSAS COMPLIANCE

TABLE OF CONTENTS

I.	INTRODUCTION AND BACKGROUND.....	3
II.	EXPECTED PROJECT BENEFITS.....	4
A.	STRENGTHENING OF THE REGULATORY FRAMEWORK AND FINANCIAL MANAGEMENT	4
B.	STAFF DEVELOPMENT	4
III.	PROJECT SCOPE	4
A.	PROCUREMENT	4
B.	IPSAS RELATED REQUIREMENTS.....	5
IV.	PROJECT KEY DELIVERABLES.....	6
V.	KEY ELEMENTS OF THE APPROACH	6
A.	SOFTWARE PRODUCT	6
B.	APPLICATION HOSTING	7
C.	IMPLEMENTATION	7
VI.	PROJECT PHASING AND TENTATIVE TIMELINE.....	8
VII.	PROJECT ORGANIZATION AND GOVERNANCE	8
A.	PROJECT BOARD.....	9
B.	EXECUTIVE SPONSOR	9
C.	IPSAS PROJECT.....	9
D.	FRR IMPLEMENTATION PROJECT	9
E.	STRATEGIC REALIGNMENT	9
F.	PROJECT LEAD	9
G.	EXTERNAL IMPLEMENTING PARTNER	10
VIII.	ESTIMATED PROJECT COSTS AND UNDERLYING ASSUMPTIONS AND PROPOSED SOURCE OF FUNDING	10
A.	UNDERLYING ASSUMPTIONS	11
B.	SUMMARY EXPLANATIONS AND KEY ASSUMPTIONS.....	12
(a)	Application Hosting	12
(b)	Software acquisition and maintenance.....	12
(c)	Project Personnel	12
(d)	User Back-Filling Resources	12
(e)	Training.....	12
(f)	External Implementing Partner	12
(g)	Communications and Other	13
C.	PROPOSED SOURCE OF FUNDING	13
IX.	REPORTING MECHANISM.....	13

I. INTRODUCTION AND BACKGROUND

1. The Secretariat implemented a PeopleSoft (an ERP system now used by several UN agencies) based Finance and Budget Reporting System through the AIMS project which was approved by Member States, as part of the 2002/03 program and Budget. This implementation had been restricted in scope to Finance and Budget for manageability and budgetary reasons while recognizing that several other administrative areas had equally important and urgent information processing needs.

2. The full benefits of ERP systems, it must be emphasized, are realizable only if they are used in an integrated manner across the targeted sectors within the administration such that data is captured and validated once by the originating source and is then made available for further processing by downstream functions with workflow and approval hierarchies being effectively managed. Several of the Organization's administrative and management functions, which were out of scope of AIMS, have remained largely unsupported by mainstream IT systems. Maintaining service levels while coping with growth and new procedures/controls in a manual environment has been an enormous challenge in these areas.

3. The Member States, during the Assemblies held in September 2007, approved the adoption of the International Public Sector Accounting Standards (IPSAS) in principle. However, no additional funding was approved. Compliance with the International Public Sector Accounting Standards (IPSAS) as outlined in documents WO/PBC/11/7 Rev. and A/43/5 will need the support of integrated and enhanced IT systems within the Procurement and Finance and Budget Sectors. The principal new module needed is asset management.

4. Additionally, during the same session of September 2007, the new Financial Regulations and Rules (FRR) were approved by Member States while the proposal to an ERP system (which contained within it key elements required for both IPSAS and FRR compliance) was not considered or approved. It is recalled that after reviewing the proposed new FRR at its March 2007 session, the Audit Committee recommended that, to be effective, these proposed new FRR should be supported by the establishment of new and automated processes (document WO/AC/4/2, paragraph 21). It has been confirmed by the Secretariat's own experience of implementing the FRR in 2008, that the full and effective implementation of the FRR will need certain elements of a standard best-practice based procurement system such as (i) entry of purchase requisitions at source, (ii) the corresponding automated recording of pre-encumbrances and (iii) a system enforced budget check to assist Program Managers to disallow requests that exceed the allocation. The implementation of such elements will considerably enhance internal controls.

5. The procurement system functionality proposed to be implemented will enable the following:

(a) Establishment of the principles of accountability of all employees of the Organization, the codification of a system of checks and balances and the principle of financial segregation which will be supported by the re-engineered business processes and practices, approval hierarchies and streamlined workflow incorporate within the procurement, and financial systems;

(b) IT support for the new regulatory framework for the procurement of goods and services.

6. The main elements of the proposed project are elaborated in Chapters II to VIII, below. A preliminary cost estimate for the project, with its underlying assumptions, is provided in Chapter IX.

II. EXPECTED PROJECT BENEFITS

A. Strengthening of the Regulatory Framework and Financial Management

- The establishment of re-engineered and automated processes which are essential for the effective implementation of the new Financial Rules and Regulations
- the establishment of a basis for more coherent internal control and accountability framework based on user roles, automated approval procedures and workflow
- capability to comply with IPSAS through enhanced functionality and
- improved budget monitoring and control

B. Staff Development

- The project will serve as an excellent platform or vehicle for training and professionalization of staff, (as users adapt to best practice based processes), higher data discipline and more value added analytical tasks facilitated by the improved availability of data. This will prepare the Organization, its Management and its Staff for the implementation of the full ERP system.

III. PROJECT SCOPE

7. The project is proposed to address the most urgent and essential needs for the implementation the FRR and for compliance with IPSAS.

A. Procurement

8. Presently, there is a marked absence of structured IT support for this business area. Purchase Requisitions and Purchase Orders are manually processed and paper files are moved through the organization to complete the approval process. One of the consequences of such a manual system are that expenditure related transactions are entered into the Financial System at a very late stage (pre-encumbrances are not recorded in the system) and thus Program Managers and the Budget Section have a somewhat inaccurate view of the available budgetary allocation. Furthermore automated budget checks are not possible and this increases the risk that Program Managers, who are responsible for resource utilization, exceed budgetary allocation.

9. The Secretariat proposes to improve compliance with the FRR and establish processes and system support for pre-encumbrances for non-personnel transactions through the implementation of the PeopleSoft purchasing module (tightly scoped to address essential and high priority requirement) to facilitate recording of pre-encumbrances automatically for

purchased goods and services. Such pre-encumbered amounts would then automatically move to obligated amounts upon creation of a purchase order in the system with obligations being converted to expenditure when invoices are received, processed and payments approved. Additionally, manual and electronic travel authorization transactions and event related transactions will be reflected as pre-encumbrances in the system with minimum change to user procedures. Other non-personnel transactions such as stand alone hospitality, non-HQ SSAs, Fellowships, will also be pre-encumbered.

10. Purchase requisitions will be budget checked and approved at the originating point which is within the program. Travel/ event transactions are budget checked at the point of interface into the pre encumbrances ledger. For other non-personnel transactions (e.g. stand alone pre-approved hospitality, stand alone fellowships etc.) the purchase requisition – purchase order module will be used to the maximum extent possible so that these can be pre encumbered and budget checked in the same manner as purchase requisitions for goods and services. *This approach has been successfully adopted by other UN agencies.* Workflow to support each of the above categories of transactions will be implemented.

11. The implementation will also include the development of tools for the Budget Section for monitoring and control purposes.

B. IPSAS Related Requirements

12. The Finance Service will have to implement changes to accounting standards and procedures to comply with the International Public Sector Accounting Standards (IPSAS) by 2010. A study is already underway to assess the implications of IPSAS. While the study of the impact of IPSAS on WIPO's policies and procedures has made considerable progress, the full impact on systems is still being assessed. It is however very clear that the IPSAS adoption will imply key changes in the following areas:

- **Plant property and equipment:** recognition and depreciation of capital assets such as buildings, vehicles, furniture and equipment, as a result of which capital assets will not be charged to expenditures at the cost of purchase in the year of purchase, but will be depreciated over their useful life. These will require the implementation of the assets management module of PeopleSoft which will be fully integrated into AIMS (Financial System of WIPO). The implementation of fixed assets will require the conversion of the current information which is a huge access database that needs modification, additional data elements and verification before it would be reasonable to move it to AIMS
- **Revenue Recognition:** This may require the modification of the interfaces between AIMS and the operational systems within the PCT and Madrid/ Hague.
- **Implementation of Segment Accounting:** The early indications are that there will be a need to examine and modify the chart of accounts and the manner in which accounting and reporting by Unions is undertaken. AIMS will need to be modified to accommodate any changes that are needed to these aspects.

- Budgetary and Planning procedures: The Secretariat has not completed its assessment of this area. It is likely that system changes to support reporting and reconciliation are necessary. One such requirement is the use of Secondary ledgers to provide IPSAS conforming financial statements if WIPO intends to maintain its current modified accrual/cash based budgetary procedures

13. Since IPSAS expense accruals are based on the delivery principle - only goods received, travel taken or services rendered may be accrued - the implementation of the procurement system which provides for the acknowledgement by the requesting department of the receipt of the good, service or travel should, in principle, allow for almost complete automation of the accrual process. The project will examine the possible set up of the system to handle the accrual automatically (any outstanding order or part of an order for which receipt has been acknowledged but no payment made would be moved by the system to the appropriate balance sheet accrual (ULO) account).

14. The full scope of system implications and modifications for IPSAS are currently being analyzed. Detailed specifications will be developed for each of the above requirements.

IV. PROJECT KEY DELIVERABLES

15. The project's key deliverables are the following:

- Re-engineering of procurement processes to align them with the new Financial Regulations and Rules; and
- Implementation of the procurement module with the adoption of best practices inbuilt in the software. Customization will be minimized
- Re-engineering of assets management process and the implementation of the assets management module with minimum customization
- Implementation of other system modifications required for IPSAS Compliance
- Implementation of essential monitoring and control tools.

V. KEY ELEMENTS OF THE APPROACH

16. The project will be implemented with full consideration of the key success factors for such implementations and of the lessons learnt by other agencies of the UN system. The project approach will include the following:

A. Software Product

17. PeopleSoft procurement and assets management will be used to implement the requirements outlined in this proposal. Other system modifications required to comply with IPSAS will for the most part be carried out within AIMS (the financial and budget reporting system which is also based on PeopleSoft).

B. Application Hosting

18. WIPO has recently succeeded in arranging to host the PeopleSoft Financials Applications at the UNICC. It has been determined by the IT Division that no additional costs will be incurred to host the two additional modules proposed to be implemented. However this will hold true only if WIPO provides ICC with adequate notice and lead time for the preparations.

C. Implementation

19. The approach to the implementation will include the following key elements:

- Senior management sponsorship and accountability
- A business driven approach as opposed to an IT driven approach
- A “minimum customization” approach will be adopted for the implementation. As previously mentioned, the income modules of AIMS have been customized considerably owing to business needs and the manner in which the legacy systems within the PCT sector and the international registry for trademarks and industrial design operate. However, the cost of developing and maintaining customizations is prohibitive and it is imperative that such needs are reviewed by senior management with rigor, and undertaken only upon full justification.
- A formal project structure will be needed, including a Project Board comprising key stakeholders and IT. This typically must include Program Managers in charge of the main business areas concerned, who will be responsible for driving the change required within their respective areas, and who will need to take policy and other decisions that will facilitate the smooth implementation in their sectors.
- The Project Lead will be a key role which must be undertaken by someone who has had recent successful experience in similar finance/ procurement projects.
- The project will be undertaken with substantial assistance from an experienced and qualified PeopleSoft Implementing Partner.
- Strong user involvement will be needed for the project in order to complete the project successfully. The participation of full-time users who are knowledgeable about their business areas and information needs (relieved partially, substantially, or fully, as appropriate, from their current duties) is imperative for the success of the project. Such participation has been assumed and costs of backfilling have been included in the estimates.
- A short yet thorough planning, scoping and preparation phase will precede the implementation, focusing on the development of a detailed project plan, finalizing the scope based on the business process requirements, and potentially preliminary training of certain key team members.
- Risk management is seen as a key element of the approach. Key risks and mitigation measures will be identified. They will be assessed and prioritized

based on their probability of occurrence and potential impact. The project risk register will be continuously monitored and updated by the Project Board.

VI. PROJECT PHASING AND TENTATIVE TIMELINE

20. At this stage it is envisaged that the project timeline will be the following.

March/ April 2009

- Establishment of the Project Board (to be appointed by the Director General);
- Appointment of the Project Lead;
- Prioritization of the modules by the Project Board and development of a project plan; and
- Detailed planning and preparation, development of requirements infrastructure and organizational arrangements and software acquisition, contracting and recruitment of project personnel, as appropriate
- Preparation of the IPSAS scope and detailed requirements document
- Finalization of the scope and detailed requirements of the procurement implementation.

June 2009 – Design of the procurement and asset management modules;

January 2010 – Deployment of procurement module;

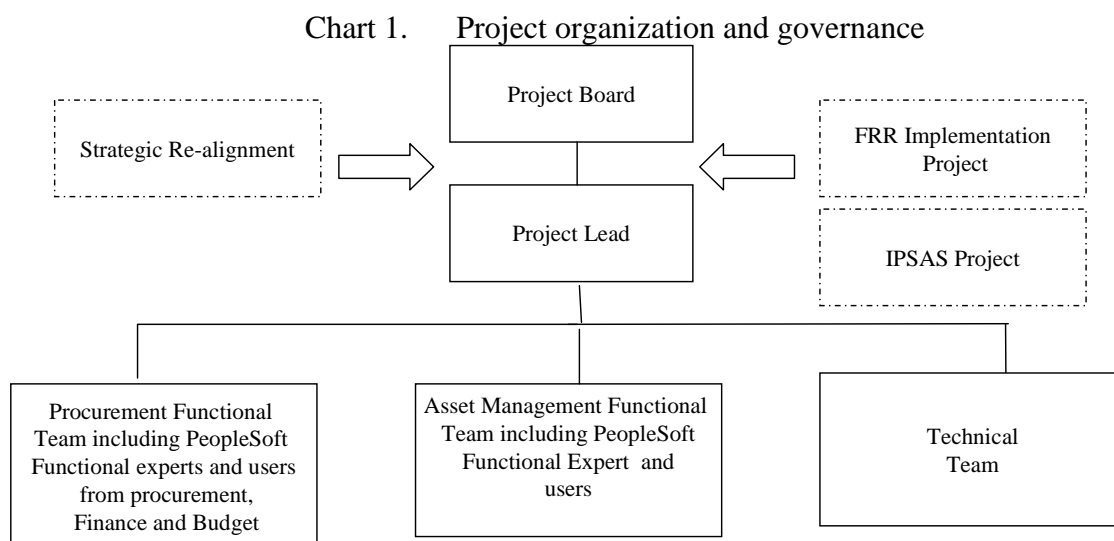
February/ March 2010 – Deployment of asset management module;

To be determined – Deployment of other IPSAS modifications;

June 2010 – Post implementation review and system stabilization.

VII. PROJECT ORGANIZATION AND GOVERNANCE

21. The overall indicative project organization for the implementation of the project is set out in Chart I below. In essence, the project will be run by WIPO with external assistance from an Implementing Partner.



Note: The current AIMS Support team, with required additional resources that will be estimated after the scoping exercise is completed, will be involved in undertaking modifications to the financial system.

22. The entries appearing in the diagram are further defined and described below.

A. Project Board

23. The Project Board will comprise senior management members from the key functional areas that form part of the scope of the project namely Finance and Budget, Procurement and asset management and the IT Division. The Board will have the responsibility for the successful implementation of the project and must therefore be delegated authority to make key policy and process decisions that will guide the implementation.

24. The Board will deliver the decisions and inputs which will guide the implementation of the project. Given the cross-functional nature of the project and the decisions that would need to be taken, it is imperative to have a single Executive Sponsor who will chair the Board and who is delegated the authority to take decisions that are necessary for effective implementation the project.

B. Executive Sponsor

25. The Executive Sponsor, supported by the Board, will have responsibility for ensuring that all business requirements within its scope are effectively implemented, that the project scope is controlled, that project risks are monitored and mitigated, that customization is minimized and that the project is delivered on time and within budget.

C. IPSAS Project

26. The IPSAS project and its team will be established under the supervision of the Chief Financial Officer (Controller) within the Finance, Budget and Program Management Department of the Organization and will need to interact closely with the project lead to provide key inputs on policy decisions, requirements, procedures which will form the basis of the systems implementation

D. FRR Implementation Project

27. The FRR Implementation Project, once again under the supervision of the Chief Financial Officer (Controller), will provide the necessary inputs to the Project Lead and teams on FRR related policy, procedures and requirements.

E. Strategic Realignment

28. The Strategic Realignment program which will be supervised by the Office of the Director General will provide the necessary inputs on the re-engineering of the processes within the scope and restructuring, as appropriate, of the relevant organizational units.

F. Project Lead

29. The Project Lead would be a WIPO official (recruited for the duration of the project) who will be delegated responsibility for the day-to-day execution of the project by the Project Board.

G. External Implementing Partner

30. An External Implementing Partner will be hired to bring in the business process and PeopleSoft functional and technical expertise necessary for the project. The project manager of the External Implementing Partner will report to the Project Lead.

31. In addition to the resources brought in by the External Implementing Partner, there would be a need for a strong internal core project team in each functional area. This core team will include at least one user lead, knowledgeable about the business requirements and authorized to take decisions on behalf of users, for each functional area. Users will need to be assigned to the core team on a substantial basis. Other users will be drawn in for various activities throughout the duration of the project such as training, user acceptance test planning and testing.

VIII. ESTIMATED PROJECT COSTS AND UNDERLYING ASSUMPTIONS AND PROPOSED SOURCE OF FUNDING

32. The cost of the project is estimated at 4.2 million Swiss francs. The Secretariat wishes to draw the attention of the Program and Budget Committee to the fact that this estimated cost does not include a general contingency factor. However, an amount of 150,000 Swiss francs has been included as a scope contingency for the work that may be required to deliver the chart of accounts and segment reporting changes arising from IPSAS. Delivering the project within budget requires very strict project management, scope control and deployment based on standard functionality as opposed to undertaking customizations. The quality and availability of data in legacy systems is another major factor that could lead to delays and cost overruns.

33. The table below shows the estimated project costs and the underlying assumptions for these. As shown, the preliminary cost estimate for the project is 4.2 million Swiss francs. This cost estimate is based on WIPO's own experience of implementing the PeopleSoft finance and budget reporting system (AIMS), scoping work carried out as part of the FRR implementation and the implementation experiences of other UN system organizations.

34. It is highlighted that while the project will not be completed within the year 2009, some costs which will be incurred beyond 2009 such as those for project personnel and the external partner will need to be committed to upfront. The approval for appropriation of funds must therefore cover the full costs for project continuity purposes.

Chart 2. Project preliminary cost estimate
(in of Swiss francs)

Cost Element	2009	2010	Total
Application hosting*			
Software Acquisition**	280'879		280'879
Project Personnel	444'000	444'000	888'000
User back-filling Resources	492'000	114'000	606'000
External Implementing Partner	1'890'900	145'200	2'036'100
Training	190'000		190'000
Communications and other	45'000	5'000	50'000
Total	3'342'779	708'200	4'050'979
Scope Contingency	150'000		150'000
Total	3'492'779	708'200	4'200'979

* The IT Division has confirmed that no additional hosting costs will be incurred

** Includes acquisition of licenses for PeopleSoft Purchasing Assets Management and UPK licenses

A. Underlying Assumptions

35. The above cost estimate is driven by five overarching assumptions, which, if not held true, would result in a need to increase the estimate. These are:

(a) The IPSAS requirements and scope will be clearly defined;

(b) The effort estimates and therefore costs of internal and external resources are based on a “minimum customization” approach. This will imply important changes to policies and business processes to adapt the Organization’s way of working to the best practices and functionality within the PeopleSoft software suite. However, if the Project Board is for any reason unable to ensure the effective enforcement of this approach, user requests for customizations may explode, and the project effort estimate, and therefore cost, will be commensurately higher;

(c) The effort and costs of specific enhancements related to segment reporting and chart of accounts changes within the financial system required for IPSAS are not included in this estimate; a contingency amount of 150,000 Swiss francs has been included for this;

(d) The estimation of effort and therefore cost of the External Implementing Partner’s services has been prepared on the assumption that temporary internal project resources will be hired (these appear in Chart II as “project personnel”). Such internal temporary project resources are typically hired at considerably lower costs (60% lower) than external resources. However, if for any reason the project is unable to attract and hire such internal project resources, these resources would need to be supplied by the External Implementing Partner and the costs would increase commensurately;

(e) WIPO’s current partner for PeopleSoft implementation and support will be engaged to assist in this project. This assumption is key since the current agency has deep and substantial knowledge of WIPO’s financial system - AIMS, knowledge of the FRR and

IPSAS requirements and of WIPO's administrative business processes. The functional scope of the project being proposed is very tightly linked with AIMS. The financial, procurement and asset management modules are tightly integrated and co-exist within the same suite of software. Changes to design or parameters in one module impact the functioning of other modules. Undertaking the proposed project with another agency will lead to additional cost and risk for the project.

B. Summary Explanations and Key Assumptions

36. Summary explanations and key assumptions for the costing used in Chart 2 are provided below.

(a) Application Hosting: No additional cost will be incurred for hosting the additional modules at UNICC

(b) Software acquisition and maintenance: Software acquisition costs have been estimated based on a budgetary quote from Oracle PeopleSoft (P/S) and include the following modules: PeopleSoft Purchasing (reinstatement of license costs), PeopleSoft asset management, UPK kit (limited users). Software Maintenance costs which will be at 22% of the license costs for the first year are to be paid along with the purchase. These costs are therefore included in the project cost. Maintenance costs in future years will not be funded from the reserves.

(c) Project Personnel: Project personnel costs relate to temporary project personnel (1 project lead, 1 functional resource, 1 IPSAS resource) who will be recruited for the duration of the project as described in paragraph 35(d). Project personnel are estimated at an average monthly cost in the range of 10,000 – 14,000 Swiss francs per month depending on the role and profile needed;

(d) User Back-Filling Resources: Building on our own experience of implementing AIMS, and that of other agencies we have consulted, business areas would need to assign key users who are knowledgeable about their business processes to the project for various activities during the design and implementation phases. This budgeting line refers therefore to the cost of replacing user resources who are released to work on the project, by temporary resources in order to allow routine business operations to continue smoothly during the project timeline;

(e) Training: The cost of PeopleSoft training is based on the assumption that the arrangement with Oracle through UNICC for training in Geneva will continue. Functional/process training of users will be undertaken by project resources and through the train-the-trainer approach; the estimated cost represents training for a limited number of project team members and trainers. Training of the larger community of users will be carried out by the trainers. IPSAS training has been included in this estimate.

(f) External Implementing Partner: In our own experience during the AIMS project and in that of other agencies, the role of an External Implementing Partner is critical for a successful implementation and represents a considerable portion of the costs. The External Implementing Partner(s) will bring in the much needed expertise for designing, configuring and implementing the system. The scope of the proposed project is very tightly linked with the existing financial system. The financial, procurement and asset management modules

coexist in a single suite of software. Changes to one of these modules will impact the design and functioning of other modules. The External Implementing Partner costs have been estimated on the basis of approximately 1200 man-days and a daily average cost of 1,650 Swiss francs has been assumed.

(g) Communications and Other: This cost head will cover costs of communications, advertisements, if appropriate, for project personnel in relevant journals, etc.

C. Proposed Source of Funding

37. It is proposed to fund the project from the available reserves (see document WO/PBC/13/6.)

IX. REPORTING MECHANISM

38. The Secretariat will provide progress and financial reports of the project to the Program and Budget Committee on a regular basis.

[End of Annex and of document]