
Program and Budget Committee

**Eighteenth Session
Geneva, September 12 to 16, 2011**

PROGRESS REPORT ON THE IMPLEMENTATION OF A COMPREHENSIVE INTEGRATED ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

prepared by the Secretariat

I. INTRODUCTION

1. The forty-eighth session of the Assemblies in September 2010 approved the Secretariat's proposal for the Implementation of a Comprehensive Integrated Enterprise Resource Planning (ERP) System (documents WO/PBC/15/17 and A/48/14).
2. The benefits from the implementation of the ERP system may be summarized as: (i) the modernization of WIPO's core administrative, management and customer-service functions, (ii) improved productivity and (iii) capability to provide better information to Member States, Stakeholders and Management.

II. SCOPE OF THE ERP PROJECT PORTFOLIO

3. WIPO plans to undertake the implementation by first defining a clear vision and conceptual design and plan. The footprint of the system will evolve gradually over a five year timeframe.
4. The Portfolio Vision will include future direction for the provision of management and administrative services in accordance with the strategies outlined in the Medium Term Strategic Plan (MTSP) and the Strategic Realignment Program (SRP). It will provide guidance for each functional area within the scope of the ERP portfolio.

5. The primary scope of the ERP Portfolio includes Human Resource Management and Development, Planning, Budgeting, Enterprise Performance Management, and Customer Relationship Management.

6. An important aspect of the implementation is the enhancement of the existing Finance, Procurement and Travel systems (AIMS) implemented previously. The first phase in enhancing these systems is to upgrade to the latest versions of the software and tools, additional modules and configuration changes to enable new features. The existing chart of accounts (COA) structure and usage will be reviewed. Such review may result in a new COA being proposed. Subsequent phases will implement functional enhancements to core processes based on the recommendations of the Portfolio Vision.

III. KEY ACHIEVEMENTS

7. The ERP Portfolio is planned to be implemented in a phased and prudent manner. In particular, the approach includes:

- Establishing a strong portfolio and project governance structure;
- Adopting implementation best practices;
- Building a comprehensive solution architecture;
- Leveraging existing application hosting arrangements.

Below are WIPO's key achievements to date:

8. The implementation approach will include consciously reviewing and mitigating key risks through strong Portfolio Governance and the adoption of best practices. The governance structure and process has been established and has been put into effect as follows:

(a) The ICT Board (composed of members of the Senior Management Team) has been delegated the responsibility for the portfolio of projects. The Board is accountable to the Director General for the successful implementation of the ERP Portfolio and the realization of business benefits.

(b) A Cross Functional Group has been established, composed of staff with sufficient seniority and authority to not only provide input to the vision and planning, but also take ownership of the design and implementation decisions, address cross-functional process issues and define reporting needs. The group has representatives from multiple sectors including PCT, Madrid, Development and Administration and Management

(c) A Project Board comprising a single executive (ultimate decision maker), a senior user (customer) and senior supplier (IT and/or external supplier) has been established for each project launched so far, in accordance with the Prince2 project management methodology.

(d) The ERP Project Management Office (EPMO) has been established to provide common planning, quality assurance and budget management and reporting processes across the ERP Portfolio implementation.

(e) Ongoing alignment with other WIPO strategic initiatives through regular status updates with the SRP Program Management Office.

(f) Proactive risk management and regular reporting to the WIPO Independent Advisory Oversight Committee (IAOC).

9. The Organization is handling an increased number of projects which, with Member States' approval, are funded from the reserve funds. The funding approved for such projects generally includes provision for additional human resources required for their implementation. For the purpose of transparent and efficient resource management, procedures have been established to enable Program Managers to request the creation of either fixed-term project posts or temporary project positions for approved projects funded under the Reserves, and to recruit personnel to fill these. Project posts and positions are established for a limited duration in accordance with the project time frame and availability of approved project funds.

- WIPO has successfully attracted and inducted a core team of qualified and experienced professionals to fill project positions for the EPMO Manager, two Project Managers, a Solution Architect, and a HRMS Functional Lead.
- Candidates for the three remaining positions, including a Change Management Specialist are currently being actively recruited. The Process Management Specialist role will be re-advertised due to lack of suitably qualified candidates in the first round. The recruitment of experienced resources into project positions will ensure continuity of a core team throughout the implementation and the containment of overall costs of personnel resources.
- WIPO has engaged a partner with a proven methodology and an experienced team to assist in delivering the comprehensive Portfolio Vision required. The selection process took longer than originally anticipated, and was subject to international tender rules, regulations and rigorous contractual negotiations. The tender was reviewed by WIPO's external advisors, The Gartner Group (Gartner), prior to being issued.
- PriceWaterhouseCoopers (PWC) was selected, and has been contracted on a fixed price basis, with strict milestone payment terms and Key Performance Indicators (KPIs) to govern acceptance. This partner engagement minimizes the risk, and controls the cost of the effort. The partner brings value to WIPO through their methodology, best practices, tools and accelerators and a strong pool of resources.

10. Work has begun on establishing the high-level Portfolio Vision and Conceptual Design, which are two important deliverables.

- These two deliverables will be completed in November 2011, and will provide the blueprint and guiding principles for each functional area, ensuring that the implementation of projects deliver coherent solutions and business benefits.
- Delays in staffing the EPMO and rigorous negotiation and planning with the delivery partner have resulted in a slightly delayed start. The current state assessment stage of this effort is currently underway and is expected to be completed in July 2011. This initial delay is not expected to extend overall portfolio timelines.
- Overall project timelines have been extended to accommodate the peak effort for Program and Budget preparation; summer holiday schedule, and the effective participation of users. Planning will also need to consider activities related to Organizational Design, Staff Rules and Regulations and Staff Performance Management.

11. The EPMO is successfully engaged with staff at all levels (as many as 60 staff members have participated in workshops and interviews in the first six weeks). Involvement of staff is a critical success factor.

12. The overall strategic ICT direction for the ERP Portfolio (products and technology) was confirmed, following a detailed and rigorous review of alternative solutions, development of a

proof of concept prototype for RBM enablement, discussions with externally recognized advisors, such as Gartner, and customer reference checks.

- The strategy is aligned with the overall ICT strategy and has been reviewed and approved by the ICT board.
- Following the ICT board approval, detailed negotiations were conducted with Oracle, with advice from Gartner, for the acquisition of new software product licenses. These negotiations were successfully concluded and resulted in WIPO achieving a significant discount due to the size of the deal and the timing of the negotiations coinciding with Oracle's financial year end.
- At the same time the hosting arrangements with UNICC were confirmed to support the strategic direction.
- The choice of software for electronic document management system (EDMS) which is awaiting customer reference checks and a proof of concept from Oracle will be confirmed later in 2011.

13. The AIMS enhancements stream within the portfolio has made significant progress:

- (a) A project to introduce a new hardware technology infrastructure through the UNICC was successfully completed to provide a more up-to-date, robust and higher performing technical foundation for AIMS, as well as providing an infrastructure to support the introduction of future solutions.
- (b) A project to upgrade PeopleTools (PeopleSoft user interface utility programs), was successfully completed in June 2011, providing AIMS users with an updated user interface, and a technically sound foundation for future AIMS development work.
- (c) The project to upgrade from PeopleSoft v8.9 to PeopleSoft v9.1, which was originally planned for 2012/13 has now been moved forward to 2011. The project was started in July 2011, and is expected to be completed in April, 2012. This upgrade is a major release to PeopleSoft and brings some 1400+ functionality improvements to the product, many of which WIPO will benefit from. Upgrading sooner not only allows WIPO to take advantage of the new functionality earlier, but also helps to establish a good foundation on which to implement future functional enhancements, and other core solutions, such as HR, and Business Intelligence.
- (d) Our existing Support Partner, Cedar Consulting was engaged to perform the upgrade implementation, following rigorous negotiations which resulted in a discounted fixed price cost. This implementation partner engagement minimizes the cost of the effort, and provides WIPO with the necessary core WIPO knowledge and product expertise to ensure the project's success. Cedar has successfully implemented Projects at WIPO, including the previous PeopleSoft Upgrade, and the FRR/IPSAS projects. In order to ensure consistency and reliability of support during the upgrade the support partner contract with Cedar was extended.
- (e) A key output expected from the vision project later in 2011 is the re-design of the chart of accounts (COA). Any high priority elements identified as needed for the implementation of the Program and Budget 2012/13, as approved by Member States, will be incorporated in the AIMS system for the biennium beginning January 1, 2012.

IV. ERP PROJECT BUDGET UTILIZATION

14. The overall estimated cost for the implementation of the portfolio of projects is approximately 25 million Swiss francs over a five-year time frame. The estimated costs include application hosting, software acquisition, project personnel, user back-filling resources, external implementation partner fees, training and communication and other costs. As systems/modules are deployed and become operational, the recurring costs of maintenance and system operation would be included in successive program and budget proposals as part of the regular budget.

15. A summary of the budget utilization to date, together with the forecast utilization to the end of 2011 is presented in the table below:

ERP Portfolio of Projects Cost Tracking
(in Swiss francs, as at 30/06/2011)

Cost Element	Project Budget for 2011	Actual to Date (Note 1)	Forecast to end of 2011 (Note 2 & 3)
Application Hosting	713,196	0	430,000
Software Acquisition	2,995,794	1,825,998	2,063,898
Project Personnel (Note 4)	1,476,567	188,429	804,429
User back-filling resources	774,400	0	450,000
External Implementation Partner	3,611,469	1,280,000	1,440,000
Training	398,200	0	100,000
Communications and other	110,000	0	110,000
Total	10,079,625	3,294,427	5,398,327

Note 1: Actual to Date includes expenditures and commitments up to June 30, 2011.

Note 2: Forecast to end of 2011 shows expected actuals at the end of 2011 based on actuals to date and expected spend over the rest of 2011, based on the original assumptions for the project budget.

Note 3: Original budget foresaw the vision to be completed earlier in 2011, and therefore for implementation projects to commence earlier, requiring software, back-fill resources, implementation partners, training, etc. As the vision will now be completed later many of these aspects will occur later, with some moving into 2012.

Note 4: Original budget foresaw project personnel to be on-board for the whole year. Many positions have only been filled during 2011 so therefore the costs for personnel will be significantly lower in 2011. As a result some additional personnel costs will be incurred later than planned in the portfolio, for example in years four and five.

V. PLANNING

16. The following key changes are highlighted in the project timelines in comparison to the plan presented to the Member States in September 2010:

(a) The HR stream, in particular, Personnel and Payroll project, has not yet been initiated. This was due to changes in senior HR management (waiting for the new HR Director to come on-board) and delays with the revised Staff Regulations and Rules (SRR), an underlying assumption mentioned in document A/48/14. The HR stream will be initiated once the SRR are clarified and as an output of the vision implementation planning;

(b) The vision project, originally expected to end in the second quarter, will now finish later in 2011. The delay in starting this project, due to the international tender and contract negotiations, as already mentioned, causes scheduling conflicts due to key personnel absences during the summer holiday period; and

(c) The PeopleSoft upgrade has been brought forward and will now start in 2011 and complete in 2012, originally planned to start 2012 and complete in 2013.

17. For the remainder of 2011 the following high-level activities are expected:

(a) Finalize the Portfolio Vision, conceptual design and solution map;

(b) Replan the portfolio based on the priorities determined in the vision project. At this time, the five year plan still on target, and no change to the overall duration is expected; and

(c) Initiate AIMS upgrade project.

18. For 2012, subject to the outcome of the vision implementation planning, the following activities are expected:

(a) EPM and HR implementation projects will be initiated; and

(b) The AIMS upgrade project will also be completed.

VI. RISKS

19. The following risks have been identified for the ERP Portfolio. The EPMO and the ICT Board will continuously review and monitor these risks to develop and refine mitigation strategies as well as to identify new risks as the implementation progresses:

Risk Category	Description	Risk mitigation
Strategy		
Maximum Value Not Obtained	Inability to extract maximum value from ERP Portfolio: SMT, operational level, wider staff	Well defined ERP Portfolio governance structure. Project is driven as an organization-wide project, not just administration and management, and not technological
Change Management	Staff do not use the system as planned, they do not respond well to the change	Change Management efforts; ownership and involvement at multiple levels
Operations		
Skills Deficiency	Insufficient resource capacity in key areas	Adequate recruitment and backfilling as well as training on the new work processes
Changes to existing Systems	Changes to the existing systems in anticipation of the ERP portfolio requirements poses a risk of disruption to the existing systems	Full involvement of ICT department. AIMs upgrade and enhancements are integrated with ERP portfolio
Finance		
Cost Overruns	Project cost overruns and ongoing cost of ERP solutions too high for organization to absorb	Manage carefully the mix of direct hire staff versus commercially contracted staff. Use of solid project management practices.

20. *The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO to take note of the contents of the present document*

[End of document]