

City of Los Angeles Achieves ROI in Upgrade to PeopleSoft 9.0



City of Los Angeles

Los Angeles, CA

www.lacity.org

Industry:
Public Sector

Employees
51,000

PeopleSoft Modules

- Purchasing
- eProcurement
- Accounts Payable
- Inventory
- Strategic Sourcing
- eSupplier
- General Ledger
- Commitment Control

Services

- PeopleSoft Upgrade

Client Since
2006

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www.metaformers.com

"In this tough economic environment, Metaformers is helping us to operate more efficiently and effectively. More than a consultant, Metaformers has been our strategic partner, helping us turn our PeopleSoft 9.0 upgrade into an investment that will benefit the city's employees and residents for years to come."

- Randi Levin, Chief Technology Officer, City of Los Angeles

Background

Los Angeles is the largest city in North America running Oracle's state-of-the-art Enterprise Resource Planning package for financial management. City-wide, the City of Los Angeles uses PeopleSoft Enterprise for its Supply Management System (SMS), which handles procure-to-pay functions for all departments controlled by the city council. This system has more than 3,000 users and manages more than 10,000 suppliers. The City of Los Angeles has an annual budget in excess of \$7 billion.

The City of Los Angeles first engaged Metaformers in 2006 to address critical issues arising from the PeopleSoft Enterprise 8.8 upgrade.

Challenges

From a big picture perspective, the City needed better visibility and control over the City's finances and to deliver a reliable, real-time view of the city's committed and available funds. The City was forced to scramble at year-end to accomplish mandatory tasks in support of the closing, yet operationally had millions tied up in unneeded encumbrances. At every level, management had their fill of the shortcomings of the solution to meet financial needs.

Foremost, the City needed to eliminate the painful symptoms of the bad v8.8 upgrade and their leadership agreed that eliminating these symptoms required resolution of some fundamental problems. The City's technical team was fighting fires – when a code fix was desperately needed – it was made; when a data fix was desperately needed – it was made. The City had not been able to apply maintenance fixes to their environments since their 7.5 to 8.8 upgrade. In short, the technical team had become the software vendor and the City could not get intended ROI from their solution investment or from their annual software maintenance fees.

Solutions

The City's executive team sought to eliminate customizations and their current pain points, get real value out of their PeopleSoft solution, leverage their relationship with Oracle Global Support and put themselves in a position to do without contract support. The City had the foresight to take an action to reduce their costs of ownership of the PeopleSoft solution.

The approach the City's leadership moved forward with was a low-cost upgrade to align themselves with the PeopleSoft delivered solution. Metaformers brought the government best-practice way of using PeopleSoft from their many years in industry and working directly with PeopleSoft and then Oracle.

Continued on back



"Metaformers' executives put real skin in the game. They stood by us throughout our data cleanup and upgrade, and made our long-term success as their top priority."

- Beverley Dembo, Assistant General Manager, City of Los Angeles Information Technology Agency

"We look for partners that can take our current investments and drive their ROI to new heights. Metaformers has been selected to do just that with our investment in PeopleSoft by helping the City of Los Angeles move to the current 9.0 release in order to aggressively exploit all of its capabilities."

- Deborah Ramos, Assistant General Manager, General Services Division, City of Los Angeles

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As important, they provided executive involvement familiar with the challenges of change in government to work directly with the City's executive team. The 9 month upgrade leveraged a few highly skilled solution architects, rather than a large number of low-cost consultants, and relied heavily on the City's own staff – after all these were the same people that had to "own" the system after go-live.

Return on Investment

The City and Metaformers effort right-tracked the City's system support capability moving them forward just prior to the economic downturn. The City had to do more with less and Metaformers efforts enabled this. From the standpoints of governance, business process, organizational purpose and culture, the City's leadership took a step forward and gained momentum towards their overarching need for strategic change. Financially, the City was able to transition their technical support team to other assignments – which would have otherwise cost the City in terms of contract support, and they have been able to substantially reduce their contractor support. In addition to the strategic steps forward with their SMS solution, the City's direct return on investment through the upgrade is estimated to be greater than \$2M per year on contractor maintenance, offsetting upgrade costs in less than two years. Key upgrade gains include:

- **Tactical:** Maximized use of internal resources, minimized upgrade costs to the City
- **Tactical:** Reconciliation effort closed over 100,000 purchasing documents; Reduced encumbrances and freed up budget of over \$75M
- **Tactical:** Reconciled their legal encumbrance, budget, and accounting
- **Strategic:** Established Board to manage the direction of the solution, empowered by a Charter
- **Strategic:** Customization reduced by ½ in terms of numbers and estimated reduction of more than 90% of all custom code by removing significant, invasive customizations and replacing them with delivered PeopleSoft processes
- **Strategic:** Aligned their process with the delivered best practice government process within PeopleSoft - positioned to take advantage of Oracle Global Support without consultant support
- **Strategic:** Back on track with Oracle Maintenance - positioned to take advantage of bundle fixes and point releases without consultant support
- **Strategic:** Reduced City technical fixes and maintenance of custom code, and reduced firefighting from technical Support – required LOE reduced by 2/3
- **Strategic:** Enabled management to eliminate single points of failure and knowledge bottlenecks
- **Strategic:** Partnership with IT empowered business owners, improved overall configuration management, and clarified roles and responsibilities within stakeholder organizations