

City of Los Angeles Improves Data Integrity & Financial Reports and Establishes Plan for ROI through PeopleSoft 9.0

City of Los Angeles

Los Angeles, CA
www.lacity.org

Industry:
State/Local Government

Employees:
36,000

PeopleSoft Users:
3,200

Annual Budget:
\$6.786B FY07-08

Oracle Products & Services:

PeopleSoft Enterprise v 8.8

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

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"Metaformers was chosen as a partner with the City of Los Angeles to upgrade our PeopleSoft Procurement system. They were chosen based not only on their technical expertise, but also their business process and functional knowledge. They bring a wealth of experience as well as best practices."

- Randi Levin, CIO, City of Los Angeles

The City of Los Angeles is the second-largest city in the United States, with 36,000 employees and more than 4 million people calling the city home. In 2007 Los Angeles celebrated its 225th anniversary.

Los Angeles has a significant impact on the rest of the nation and the world from an economic perspective. It is home to 18 different basic industries that give it a broad and diverse economic business base. Its strong commerce and diverse culture have earned the city the motto, "A Great Global City."

In top industries such as manufacturing and entertainment the city is a strong force. Los Angeles is the largest manufacturing city in the United States and is home to one of the world's busiest ports. Direct international trade is the city's largest industry, employing more than 261,000 people, and its international trade support infrastructure is also one of the largest in the world. The Motion Picture/TV Production industry employs almost a quarter-million people and generates more than \$33 billion in revenues.

The City of Los Angeles Department of General Services Division utilizes PeopleSoft Supply Chain and Financials for its Supply Management System (SMS), which handles procure-to-pay functions for all departments controlled by the city council. This system is used by more than 3,200 users, who manage more than \$500 million in spending and over 10,000 suppliers. The system initially went live in 2001 on version 7.5. The city upgraded to version 8.8 in May 2005.

Business Issue: Reconciliation and Performance

The city faced a myriad of system and data challenges after its upgrade from PeopleSoft 7.5 to 8.8. These issues prevented the city from returning to routine maintenance of its PeopleSoft solution as the city's knowledge leaders had to focus on issue resolution rather than software maintenance and/or financial position. At times, the city processed direct SQL updates to its SMS data to resolve these urgent issues. The combination of the city's business process to capture and report encumbrances, the inaccurate Commitment Control data caused by the upgrade issues and configuration options, the city's current, significant backlog of maintenance tasks, and the existence of direct SQL updates created a challenging environment to reconcile the city's pre-encumbrance and encumbrance data.

Business Goal: Produce Reliable and Accurate Data and Financial Reports

A key component of the PeopleSoft system is the custom interface with the city's Financial Management Information System (FMIS). This interface was upgraded during the 8.8 upgrade to work with PeopleSoft Commitment Control. Unfortunately, due to several problems related to the upgrade of the interface, including numerous customizations, the interfaced data did not correctly update FMIS for all transactions. Over a nine-month period the city, in conjunction with

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"With the realities of our current budget constraints, the City of Los Angeles is totally committed to providing our citizens with the highest quality services, at the lowest possible cost. 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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contracted support, was unable to resolve these issues. This had the potential to cause issues with the city's reliance on data interfaced from SMS – issues that could affect the opinion provided by auditors on the city's financial statements and ultimately impact the city's bond rating. The city wanted to resolve the data integrity issues within and between its Supply Chain and Financial Management systems.

Business Benefit: Establish the Path to PeopleSoft ROI

The city's critical first step was to establish its best-value path to ROI from PeopleSoft. By supporting every financial obligation to source documents, the city improved data integrity and met its immediate needs. As important, the city's executive leadership established a strategic foundation for future ROI from PeopleSoft. By establishing the PeopleSoft delivered process as the city's de facto business process, the city leveraged hundreds of millions of dollars of Oracle's R&D and QA efforts in their favor. The long-term advantages from this strategic step include: removing knowledge bottlenecks, establishing a culture that values PeopleSoft delivered processes, leveraging PeopleSoft best practices and delivered automation, and enabling self-maintenance.

Why Oracle PeopleSoft?

PeopleSoft represented the best software solution for the city to address its procure-to-pay needs. Further, PeopleSoft's flexible Commitment Control solution best met the city's needs for real-time funds management.

Implementation Process Plan

Oracle introduced the city to Metaformers as its top consultancy for Commitment Control and a go-to consultancy for customers in critical situations. The city engaged Metaformers to assist with year-end-close support and a full pre-encumbrance and encumbrance data reconciliation effort. Metaformers used its deep understanding of state/local business processes and its in-depth knowledge of PeopleSoft Supply Chain and Financial Management modules to add additional value to an existing PeopleSoft solution. The city and Metaformers collaborated to automate a comprehensive reconciliation process in order to synchronize data and source documents representing the city's obligations. The reconciliation effort successfully went live for the fiscal year 2007 year end. Throughout this effort Metaformers worked with the city executive team to establish the right long-term path to maximize ROI from PeopleSoft.

Future Plans

As part of its strategic path to ROI, the city has decided to undergo an upgrade effort from PeopleSoft 8.8 to 9.0. As a key component of this strategy, the city's upgrade will leverage previously unused, though delivered, PeopleSoft functionality and significantly eliminate customizations to aid in the integration of the SMS system with FMIS. Delivering significant ROI for an enterprise investment requires leadership and vision. The city executive team has both of these and is ready to gain the intended benefits from PeopleSoft 9.0.

