



The City's HRIS was acquired from GDS Canada Ltd in 1996 for a cost of \$85,000 and was expected to serve the identified Human Resource requirements until the eventual replacement of the Wang Payroll application. By 1999 ADP Canada, the parent company of GDS Canada Ltd, chose not to continue maintenance, support or development of this application.

HRIS handles the information required to manage approximately 2,500 employees. Information is captured and managed from the time of job application is received through to the retirement of employees. Most of the information is confidential and is critical to enable managers throughout the organization to effectively and fairly manage staff. It is imperative that the information be handled accurately and securely.

## Scope of Work

In April 2002, a Core Work Team consisting of representatives from Payroll, Human Resources, Finance and Information Technology was formed. The mandate of this group was to analyze the following alternatives for the replacement of the Payroll and Human Resource Information Management Systems:

### 1. Outsource to a Payroll Service Bureau

Outsourcing refers to transferring most of the simple electronic payroll processing to a service bureau. Surrey would provide the necessary data to the service bureau for processing. Typically, the processing includes gross-to-net calculations, generating cheques, pay statements and/or electronic bank deposits, annual payroll reports and T4 slips.

The majority of the time to generate a typical payroll is spent preparing the payroll information that results in the generation of pay cheques. The determination of employee entitlements, derived from union and/or employee contracts, such as overtime and shift differentials, policy and legislative requirements would still need to be completed in-house and would require a software solution. The actual functions that would be completed by a service bureau, is only a small component of the entire process. It was therefore, determined that this alternative was not viable since it would not eliminate need to purchase some type of payroll/HRIS software system.

### 2. Subscribe to a Payroll/HRIS Applications Service Provider (ASP)

An ASP alternative is similar to the outsourcing option in that, through a contract, charges are based on usage or monthly rates. The company however, goes a step further by providing the application functionality and associated services across a network of multiple customers. The step of providing data to the outsource service provider is eliminated as City staff would input the data directly in the APS application. The ASP provides application hosting ongoing maintenance, management, conversions enhancement and support of the application.

The performance of the ASP network, application and support is totally outside of the City's control and there are security concerns related to operating over a web-based network. The ASP approach is relatively new and unproven. Since there is no demonstrated, track record for service or business viability particularly in the public sector, this solution is not recommended.

### 3. "In-house" Design of a Custom-Built, Fully Integrated, Payroll/HRIS Application

The Wang payroll application was designed in-house during a time when other suitable options were not available. For some years now, the City has acknowledged that it is not in the software development business and that it should instead focus on core business functions. As a result, there has been a move to industry-standard technology for hardware, software and database architecture.

The Information Technology Division no longer has the in-house resources to efficiently and effectively design and implement a custom-built fully integrated payroll/HRIS application, therefore, this solution is not recommended.

### 4. Move (Port) Existing Payroll Application from Wang Mainframe to Client Server Environment

The Wang payroll application was well designed in its day although it was designed specifically for a now obsolete and outdated Wang mainframe. Today, it would require substantial re-investment to modernize and eliminate its shortcomings as well as make it adhere to the current client server environment. In addition, this would not eliminate the need to replace the existing HRIS application that is also obsolete and significantly deficient.

Today, the IT division no longer has the resources to efficiently modernize and cost-effectively integrate the existing payroll/HRIS applications, therefore, this solution is not recommended.

## **5. Acquire and Implement Vendor Supplied, Fully Integrated Payroll/HRIS**

This alternative involves replacing the current application with a new, packaged application supplied by a qualified vendor. This is the preferred solution since it eliminates the deficiencies and shortcomings of the existing system and has less overall capital cost than the alternative solutions.

The Team completed extensive market research, business requirements and business case analysis to arrive at options for replacing these two systems. Business requirements were gathered from a broad range of customer focus groups throughout the organization. A Request for Information was issued to the marketplace in August 2002. Supplier responses provided information on availability of solutions and associated costs. A Customer Task Force was then created which consisted of five managers from throughout the organization. Their focus was to audit and challenge the work and findings of the Core Work Team.

The final result was a recommendation to proceed with the sourcing, acquisition and implementation of a vendor-supplied, fully integrated Payroll/HRIS that would:

1. Provide a fully functional payroll system that incorporates:
  - a. Canadian Payroll taxation and deductions requirements;
  - b. Multiple pay cycles;
  - c. Multiple collective and special agreements, and
  - d. Full-time and part-time employees with full-time equivalent controls.
2. Fully integrate payroll, HRIS and other systems to provide one time data entry with data collection and maintenance at source;
3. Capture, store, manage and report personnel related information;
4. Identify all positions and related costs to assist in budget preparation, and
5. Allow on-line, real-time, easy-to-use widespread access to information that provides:
  - a. Managers with human resource information for decision-making, and
  - b. Employees with their personal payroll information.

## **DISCUSSION**

Based on the recommendation outlined in the previous section, the Core Work Team developed an RFP (#1-03) that was posted on the City Website and BC Bid January 10, 2003. Eleven written proposals were received.

The Core Work Team evaluated the responses using a matrix of strategic criteria such as business functionality, compatibility with existing technical architectures, flexibility, ease of use, proponent qualifications, implementation effort, timelines, support capabilities and cost.

Of the eleven proposals, two were priced excessively, three had insufficient Canadian municipal experience and three had products that were lacking in business functionality or were technically incompatible. These three proponents were therefore short-listed and asked to demonstrate their products to our staff (Core Work Team, Customer Task force and other users) in order to provide a more detailed look at the software functionality, as well as discuss product, implementation and support specifics with each proponent.

A joint proposal from PeopleSoft Canada Co. and Telus Enterprise Solutions Partnership emerged from this process as the leader in terms of meeting the City's requirements. PeopleSoft Canada Co. provides the software licencing, consulting and training. Telus Enterprise Solutions Partnership provides the implementation services.

The City's Purchasing Section has been consulted throughout this process to ensure that correct purchasing procedures were employed. The Legal Services Division has reviewed the purchasing processes employed and deemed them to be sound.

The solution evaluation process, results and recommendations have also been presented to and endorsed by the Information Technology Investment Committee (ITIC).

## Benefits

The benefits to be realized from replacing the Payroll/HRIS software with PeopleSoft Canada Co. and Telus Enterprise Solutions Partnership include:

### 1. Elimination of the following risk from:

- a. Running a critical application on an aging, obsolete mainframe computer;
- b. Currently unsupported HRIS software, and
- c. Reliance on a few specialized in-house resources.

### 2. Information control, accuracy, accessibility and efficiency by:

- a. Provision of a single source data for both Payroll and Human Resources;
- b. Elimination of a number of manual processes;
- c. Storage of multiple generations of data to allow analysis of historic events so future events can be anticipated;
- d. Integration with existing financial & work management systems, and
- e. Accurately reporting up to date information.

### 3. Agility and flexibility to adapt quickly to business, legislative and technology changes;

### 4. Employee self service that provides immediate answers to queries via on-line access, and

### 5. Manager self serve providing on-line, real-time access to accurate information.

## Project Cost Summary

Contract (software licensing, 1 <sup>st</sup> yr mtce, consulting & training)	\$1,300,000
Integration, conversion, implementation & project management	325,000
Hardware – servers, workstations, miscellaneous	80,000
Project Contingency	<u>140,000</u>
Total	<u>\$1,845,000</u>

The funding for this project is available within the Corporate Information Technology Capital Replacement Program.

## Project Timeline

The goal is to go into live production with the Payroll and Human Resource Information System functionality in the second quarter of 2004. Should Council award this contract to PeopleSoft Canada Co. and Telus Enterprise Solutions Partnership, work would commence in May of 2003.

The planned high-level timeline is as follows:

Contract award & project planning	May 2003
Data mapping and conversion, system configuration & integration	Q2-Q4 2003
System testing	Q1 2004
End-user training	Q1 2004
Live production	Q2 2004

## CONCLUSION

Council was presented with Report #R247 in December 2001 which outlined the urgent need to retire the aging Wang Mainframe over a three-year period. The City's Payroll application was custom designed for the needs of Surrey and has served the City well since January 1984. The HRIS was acquired from GDS Canada Ltd in 1996 and was expected to serve the identified Human Resource requirements until the eventual replacement of the Wang Payroll application.

The Core Work Team developed an RFP for which eleven written proposals were received. The responses were then evaluated and Telus Enterprise Solutions Partnership/PeopleSoft Canada Co. emerged from this process as the leader. Legal Services Division has reviewed evaluation process and the process, results and recommendations have also been presented to and endorsed by the Information Technology Investment Committee (ITIC).

Funding is available within the current Corporate Information Technology Capital Replacement Program. It is therefore recommended that Council authorize staff complete negotiations for Payroll/HRIS software licensing, consulting services, implementation and training with PeopleSoft Canada Co. and Telus Enterprise Solutions Partnership for a total cost of up to \$1,300,000 including GST and PST and to award the contact based on negotiations, subject to terms and conditions acceptable to the City Solicitor.

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