REPORT TO THE COMMON COUNCIL
Regarding a request to distribute an RFP for
Application Hosting for FMIS (PeopleSoft) system
January 29, 2003

PURPOSE

CC Resolution 990089 Substitute resolution relative to outsourcing or privatizing of City services, states in Resolved section 1:
"Requesting departments shall prepare a written request accompanied by a written report specifying the services and functions to be outsourced or privatized, and the substantiating reasons therefore, including but not limited to factual information concerning current level of service and associated costs, projected cost savings, anticipated change in level or quality of service provided, and specific positions to be affected."

DEFINITION

"Application hosting" is a form of outsourcing where IT services are delivered over a secured network from an externally managed facility, for multiple customers on dedicated systems, on a service fee basis. By employing this model, organizations such as the City of Milwaukee can avoid the costs, time and effort associated with deploying and maintaining their own software and network infrastructure.

SERVICES AND FUNCTIONS TO BE OUTSOURCED

- Hardware and systems software for running the FMIS (PeopleSoft) system
- Software for running the FMIS (PeopleSoft) system (Note: The application software is still owned and licensed by the City of Milwaukee.)
- Infrastructure and applications management services associated with keeping the system running efficiently and effectively

SUBSTANTIATING REASONS / POTENTIAL BENEFITS

- Cost predictability, smoothing and possible savings by switching from fixed to variable cost model (cost is tied to usage vs. fixed assets).
- Focus on better use of the information, rather than maintaining the system
- Save money on hardware, systems software and utility software costs
- Potential future savings on staffing costs
- Focus existing staff on better use of FMIS and other citywide projects
- Possible collaboration with MPS and others, thereby further driving down costs
- Future opportunities to better negotiate PeopleSoft support costs
- Future flexibility to move to other products
- Cost avoidance in the areas of security and disaster recovery. The burden of performance is placed upon the vendor and is covered by the fixed, monthly fee.

CURRENT COSTS

2003 budget (Special Fund)

Upgrade funding	$ 370,000
Training	$ 136,300
Maintenance & Support	$ 754,536
TOTAL	$ 1,260,836

2003 staffing

Information Systems Manager	PR15	90%	Pulled from other proj mgmt
Enterprise Systems Manager	PR13	100%	
Systems Analyst/Project Leader	PR11	100%	
Data Base Administrator	PR11	100%	
Systems Analyst-Sr.	PR8	100%	
Systems Analyst-Sr.	PR8	100%	
Systems Security Administrator	PR8	100%	
Systems Analyst-Sr.	PR8	20%	Other operations
Systems Analyst-Sr.	PR8	10%	Retiring, losing this position
Programmer II	PR556	100%	
Info Technology Specialist	PR532	100%	

Salary Total (Loaded +44%)　　　$ 657,667

TOTAL OPERATING + SALARIES　　$ 1,918,503

CURRENT LEVEL OF SERVICE

- Maintain hardware
- Maintain software – operating systems, databases, applications
- Perform maintenance - patches and fixes
- Perform upgrades, with consultants
- Limited user training

PROJECTED COST SAVINGS

- Unknown until we go through the RFP process
- Costs will be more level and predictable, as 3 and 5 year contract options will be requested
- Hardware will be housed at the service provider end, as will operating systems and databases, so these costs will not be borne by the City
- ESTIMATED SAVINGS
  - New hardware costs avoided in 2003-04　$ 250,000 (not included in current budget)

ANTICIPATED CHANGE IN LEVEL OR QUALITY OF SERVICE PROVIDED

➤ Maintenance and support services, comprising the bulk of what is now performed by City personnel, should improve under Application Hosting with contractual obligations around system uptime and trouble ticket response levels
➤ User training will improve significantly, as staff can now spend more time on this
➤ Use of information by management will increase with more training
➤ Information quality and timeliness will improve

SPECIFIC POSITIONS TO BE AFFECTED
NOTE: NO POSITION ELIMINATIONS ARE ANTICIPATED IN THE IMMEDIATE FUTURE DUE TO APPLICATION HOSTING.

1. Information Systems Manager (PR15 -90%)
   Will return to other ITMD management duties as chief technical officer for the division.
2. Enterprise Systems Manager (PR13 -100%)
   Will continue to manage the FMIS applications, including the hosting contract, and production of RFPs for upgrades, and act as lead functional/technical resource for all applications.
3. Systems Analyst/Project Leader (PR11-100%)
   Will act as a lead functional/technical resource for HR and Payroll applications.
4. Data Base Administrator (PR11-100%)
   Will act as citywide DBA for Oracle systems.
5. Systems Analyst-Sr. (PR8-100%)
   Will act as a lead functional/technical resource for financial applications.
6. Systems Analyst-Sr. (PR8-100%)
   Developer
7. Systems Security Administrator (PR8-100%)
   Will act as citywide information systems security analyst.
8. Systems Analyst-Sr. (PR8-20%)
   Will return to other operations duties.
9. Systems Analyst-Sr. (PR8-10%)
   Retiring, losing this position.
10. Programmer II (PR556-100%)
    Developer
11. Info Technology Specialist (PR532-100%)
    Help Desk level 1