

Kia Tika Vendor Recommendation

ERP Procurement

21 April 2023

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Purpose & Outcome

Purpose:

1. Provide an overview of the process we've undertaken to date
2. Explain our recommendation
3. Provide an update on our next steps

Outcome:


1. Approval to enter into a (paid) discovery phase with our recommended delivery partner

Process Overview

1. Tech demonstrations
2. Evaluated tech written responses
3. Attended workshops with tech vendors
4. Attended workshops with delivery partners
5. Evaluated delivery partner written responses
6. Issued clarifications to all parties
7. Refined proposals with all parties
8. Conducted reference checks
9. Agreed on a clear preference

Project Objectives

1. Standardising our processes, procedures, and behaviours with generally accepted best practice (potentially aligning with the All of Government Common Process Model);
2. Freeing up our people's time and enabling them to focus on higher impact work;
3. Accessing and using our corporate systems anywhere at any time;
4. Great customer experience with the function to seamlessly interact with other tasks such as timesheets and core people data;
5. Ability to run the function in a safe and secure manner; and
6. Aligning with overarching strategic approaches including:
 - a. a single source of truth for all corporate systems data
 - b. a single way to integrate applications outside the corporate system environment
 - c. a single cloud technology stack that's secure, scalable, and resilient

 = where vendors differed

Quality Assessment: Workday +

Section 9(2)(b)(ii) - Commercial Information

Workday - overall score, 79%

Finance System	Very good	<ul style="list-style-type: none">• Significant benefits over current state, including the user experience.• Can consolidate all current finance systems into the ERP offering.
HR System	Very good	<ul style="list-style-type: none">• Significant benefits over current state, including the user experience.• Can minimise the current HR system footprint significantly, leaving only payroll as an additional system required on top of the ERP.
Technical Alignment	Good	<ul style="list-style-type: none">• Will be able to use procurement functionality and integrate with asset management tools in the future.• Significant reduction to our total number of systems.• Need to integrate with <small>Section 9(2)(b)(ii) - Commercial Infor</small> (confirmed integration with CRM)
Organisational Conduct	Good	

Delivery Partner - Section 9(2)(b)(ii) - Commercial Information

Section 9(2)(b)(ii) - Commercial Information

Important points:

- **Aligns** with our technology strategy to consolidate current disparate systems under a single unified platform.
- Significant change management required given the opportunity to introduce a self-service model
- Need to be wary of elongated recruitment times and additional training requirements

Quality Assessment: Section 9(2)(b)(ii) - Commercial Information

<small>Section 9(2)(b)(ii) - Commercial Information</small> - overall score, 67%		
Finance System	Ok	<ul style="list-style-type: none"> Can 'do the job' but not much better than what we currently have aside from a better user interface. A separate e-invoicing system would be needed. Would need to retain our current budgeting/forecasting tool.
HR System	Poor	<ul style="list-style-type: none"> Cannot 'do the job' - no benefits over the current state. A separate HR system would be needed.
Technical Alignment	Good	<ul style="list-style-type: none"> Provides some asset management functionality <small>Section 9(2)(b)(ii) - Commercial Information</small>
Organisational Conduct	Good	
<small>Section 9(2)(b)(ii) - Commercial Information</small> - overall score, 72%		
Technical Competency	Good	Solid and reputable vendor. <small>Section 9(2)(b)(ii) - Commercial Information</small>
Diversity	Good	
People and Experience	Good	
Workplace Culture	Good	

Important points:

- Good alignment Section 9(2)(b)(ii) - Commercial Information
- Poor alignment with overarching corporate systems strategy of implementing a single unified platform
- Would not provide any additional system/tech opportunities to collaborate with Section 9(2)(b)(ii) - Commercial Information (who are on a different system entirely).

Commercial Assessment

Total cost to implement, use, and support over 5 years:

Section 9(2)(b)(ii) - Commercial Information

Workday: Section 9(2)(b)(ii) - Co

Key Points:

1. Overall, it would cost Section 9(2)(b)(ii) **more over 5 years** to implement and use Workday instead of Section 9(2)(b)(ii) - Comme
2. Ongoing licensing, supports costs, and savings achieved through turning off redundant systems, means Workday is less expensive in ongoing costs by Section 9(2)(b)(ii) over 5 years.
3. Implementation costs are more expensive for Workday of Section 9(2)(b)(ii) - Commercial Information

Important notes (refer Appendix 2 for cost breakdown):

- Workday's higher implementation and support costs are due to its wider breadth of functionality.
- Section 9(2)(b)(ii) - Comm **does not** include a proper HRIS system. As such, this would add approximately Section 9(2)(b)(ii) in implementation, support, and licensing costs to the Section 9(2)(b)(ii) - Comm offering.
- Additional costs would be added to the Section 9(2)(b)(ii) - Comm offering to source a separate e-invoicing system and for data middleware integration.
- Further reductions in Workday licensing could be possible under a shared tenancy arrangement (to be explored).

Vendor Comparison

Overall, the evaluation team is **unanimous**; Workday offers **greater value for money** over Section 9(2)(b)(ii) - Comm (once implemented). The Section 9(2)(b)(ii) difference in the 5-year cost is likely to be offset by benefits offered through simplification and standardisation (which will be validated through discovery). For example, enhanced functionality, especially in the people space, improved user experience, and removal of current disparate systems.

	<small>Section 9(2)(b)(ii) - Comm</small>	Workday
Quality	Would not work without other add-on systems. Some improvements over current state.	Works. Significant improvements.
Implementation Cost	<small>Section 9(2)(b)(ii) - Commercial Information</small>	Higher implementation - <small>Section 9(2)(b)(ii)</small>
Ongoing Licence and Support Cost (incl retained systems)	<small>Section 9(2)(b)(ii) - Comm</small>	<small>Section 9(2)(b)(ii) - Comm</small>
Risk	Medium - well tested in other agencies	Medium - positive experiences in agencies including <small>Section 9(2)(b)</small> , GNS, and ESR
Licensing	<small>Section 9(2)(b)(ii) - Commercial Information</small>	Fixed
System consolidation	Low	High
Tech Integration	Low	Medium
Level of internal change	Medium	High
Future proofed	Medium	Medium
Quality of delivery partner	Good	Good
Legal T&Cs	Good	Good
Strategic Alignment	Medium	Medium

Workday's Value Proposition

What makes them different from the others?

- One system for finance and people
- Able to easily adapt with growing needs (highly configurable front-end)
- Specifically designed for project-based organisations - e.g. project-based analysis such as returns and utilisation
- Focus on people and integration between business functions
- Ease of use and people-centric experience
- High implementation success rate and 98% customer satisfaction rating (supported via outside research)
- Alignment with GNS and ESR
- Hands-on implementation

What do we miss out on?

- ERP functionalities for product-centric organisations such as: asset management, warehousing, logistics, manufacturing control, product lifecycle management etc.
- **Section 9(2)(b)(ii) - Commercial Information**

What do we need to watch out for?

- While some efficiencies may be achieved through automation, **we should be conservative in our analysis of this**. With such a significant system comes a need for people to manage that system and the information within it. For example, a **small technical systems team** may be required. This would likely be the case with **Section 9(2)(b)(ii) - Commercial Information** also - but it is especially true for Workday given its greater functional breadth.

How risky is it? How innovative are we being?

- Strong global adoption, including Aus and NZ. Just not in NZ Gov
- Far more complex operating environments than CI (e.g. Banks)
- 200 Workday employees in NZ
- 2nd highest market share in global ERP sales, next to Section 9(2)(b)
- Growing faster than any other Gartner-recognised ERP vendor
- Becoming increasingly recognised as the ERP leader (Gartner Insights)

Section 9(2)(b)(ii) - Commercial Information

Section 9(2)(b)(ii) - Commercial Information

Section 9(2)(b)(ii) - Commercial Information

Next Steps

1. We recommend progressing to discovery with Workday and Section 9(2)(b)(i) - Commercial Information. This will involve:
 - a. Notifying Workday and Section 9(2)(b)(i) - Commercial Information they have been identified as the 'preferred vendors' subject to successful completion of discovery and reaching agreement on the final contracts (e.g. final pricing)
 - b. Agreeing a standard contract for services for discovery, including:
 - i. Section 9(2)(b)(ii) - Commercial Information
 - ii. 2 month timeframe

1. At the conclusion of the discovery we intend to:
 - a. Assess the outcome of the discovery and validate (or otherwise) our vendor selection
 - b. Submit a recommendation report to Board requesting approval to execute contracts with Workday and Section 9(2)(b)(i) - Commercial Information (including detailed benefits analysis of our vendor selection)

Appendix 1 - retained systems

Section 9(2)(b)(ii) - Commercial Information

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Appendix 2 - detailed costings

Section 9(2)(b)(ii) - Commercial Information

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Appendix 3: Workday and Section 9(2)(b)(ii) - Commercial Information Reference Checks

Section 9(2)(b)(ii) - Commercial Information

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Appendix 4 - What we've learnt along the way

Section 9(2)(b)(ii) - Commercial Information

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Appendix 5 - Why is WD functionally better than

Section 9(2)(b)(i) - Co

Finance - Workday (paraphrased evaluator comments)

Section 9(2)(b)(ii) - Commercial Information

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Appendix 5 - Why is WD functionally better than

Section 9(2)(b)(i) - Co

Finance - Section 9(2)(b)(i) - Co (paraphrased evaluator comments)

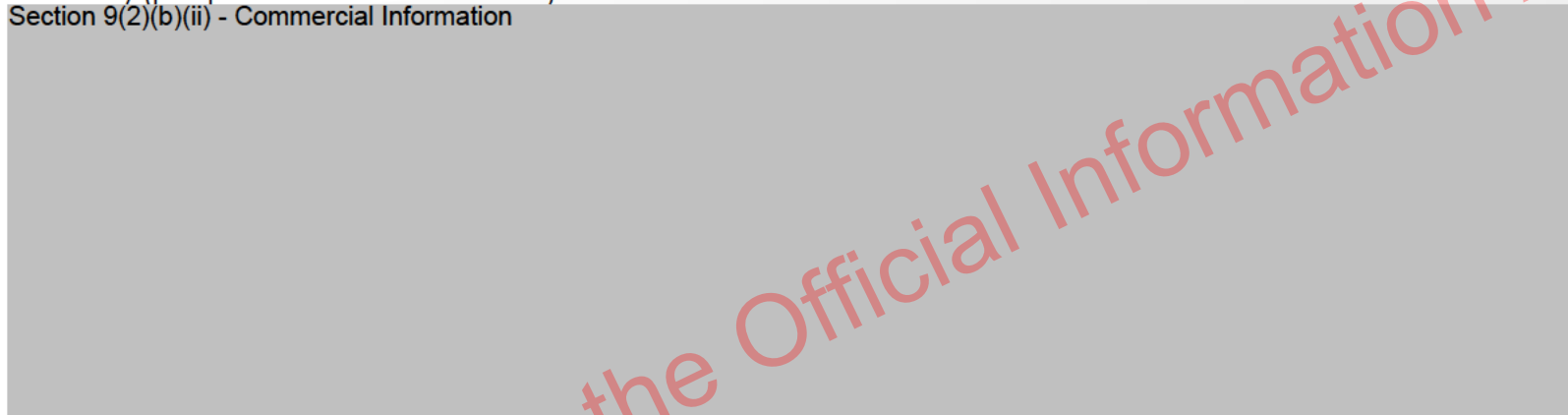
Section 9(2)(b)(ii) - Commercial Information

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Appendix 5 - Why is WD functionally better than

Section 9(2)(b)(i) - Co

HR - Workday (paraphrased evaluator comments)
Section 9(2)(b)(ii) - Commercial Information



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Appendix 5 - Why is WD functionally better than

Section 9(2)(b)(i) - Co

HR - Section 9(2)(b)(i) - Com (paraphrased evaluator comments)
Section 9(2)(b)(ii) - Commercial Information

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Appendix 6 - Workday Profile

Workday is a leading provider of enterprise cloud applications for finance, HR, and planning. Founded in 2005, Workday delivers financial management, human capital management, and analytics applications designed for the worlds largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday.

Section 9(2)(b)(ii) - Commercial Information

The top three of Workday's competitors in the Enterprise Resource Planning (ERP) category are Section 9(2)(b)(ii) - Commercial Information

Section 9(2)(b)(ii) - Commercial Information

Appendix 7 - Workday Customers

Section 9(2)(b)(ii) - Commercial Information

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Appendix 8 - Workday's 2 min Pitch

Section 9(2)(b)(ii) - Commercial Information

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