(84) BUSINESS CASE:
FINANCIAL SYSTEM MODERNIZATION: DISCOVERY

PROJECT SUMMARY

This project constitutes the first phase of the Financial System Modernization initiative, which will replace the University of Washington’s legacy core financial systems with a modern system. The Discovery Phase includes conducting a formal benchmark study, and defining financial reporting requirements.

KEY OBJECTIVES AND BENEFITS

The purpose of this project is to lay the groundwork for replacing the UW’s aging financial systems with a modern system. This project includes conducting a benchmark study to assess the UW’s current costs for performing financial functions, and defining the University’s financial reporting and related data requirements. Subsequent phases of the Modernization initiative include: 1) conducting a systems options analysis; 2) redesigning core financial business processes; and 3) implementation planning. The ultimate goal is to replace the UW’s core financial systems once Phase 1 of the HR/Payroll implementation is complete, leveraging the knowledge gained from the HR/Payroll Modernization initiative.

The need to modernize the UW’s core financial systems was identified in 2008, as part of the University of Washington Strategic Roadmap for Information Management and Administrative Systems initiative. The University’s financial systems date back to the early 1970s and 1980s when the operating environment was substantially less complex than it is today. Current systems are not supporting our more diversified funding base and need to be replaced.

The benefits from this modernization initiative will reach all staff and faculty engaged in budgeting and financial management activities, including individuals involved in grant-funded research, self-sustaining programs, and activities funded by the State or locally generated funds.

Key project deliverables include:

**Benchmark Study:**
1) Baseline of UW’s current costs for performing finance functions
2) Assessment of UW costs and opportunities for improvement

**Financial Reporting Requirements:**
3) Documented financial reporting requirements reflecting the diverse funding sources, business models and compliance reporting needs
4) Financial data model prototype; “vision” for future Chart of Accounts
5) Test cases to inform and validate prototype

TIMELINE ESTIMATE

<table>
<thead>
<tr>
<th>Estimate of Project Duration (# of Months):</th>
<th>12-24 months</th>
<th>Start date (Month, Year):</th>
<th>July 2014</th>
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<table>
<thead>
<tr>
<th>BUDGET ESTIMATE – complete the yellow boxes (double-click)</th>
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<tbody>
<tr>
<td>Implementation</td>
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<tr>
<td>Contributed Labor (# of Hours @ $107):</td>
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<td>1,300</td>
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<td>New Labor (# of FTE @ $135,000/yr):</td>
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<td>3 $</td>
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<tr>
<td>HW/SW/Other non-Labor Expenses:</td>
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<td>Total:</td>
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<td>$ 719,100</td>
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V 2.7 - 1/6/2014

INFORMATION TECHNOLOGY
UNIVERSITY OF WASHINGTON

Page 1
FUNDING

How will this project be funded? (check all that apply) [x] Existing UW-IT Budget [ ] Provost [ ] Self-sustaining, grant, other

Are the funds for this project already committed?
Implementation: [ ] Yes [x] No [ ] Partially, explain: ____________________________
Ongoing (annual): [ ] Yes [x] No [ ] Partially, explain: ____________________________

PROJECT DEPENDENCIES

Identify any other projects that this project is dependent upon to be successful.
Success will be dependent upon availability of resources. Proposed resource needs overlap with campus and program resources required to support HR/Payroll Modernization.

PRIORITIZATION CRITERIA

1. Strategic Value

1. Does this project improve the University’s academic or research excellence? Yes, indirectly. Information provided by our current financial systems does not effectively support academic program planning/management or management of grant awards. A modern financial system will better support these activities, reducing the level of administrative burden.

2. Does it improve the UW’s competitiveness by helping to attract the best students, faculty, and staff or by increasing and diversifying funding? Yes, indirectly. Units have addressed gaps in the current systems’ abilities to manage diversified funding sources (i.e., non-State funds) through the development of a myriad of shadow systems. This approach is not sustainable and puts new funding opportunities at risk.

3. Does it enhance interdisciplinary collaboration in research, instruction, or other University efforts across organizational, regional, or global boundaries? Yes. For example, there is no way within our current financial systems to create a financial statement for a program that crosses organizational boundaries or that reflects a collaborative research effort amongst multiple principal investigators.

2. Impact

4. Does this project improve the personal productivity or experience of students, faculty, or staff (i.e. individual end user of system or service)? Yes. Aging systems are creating inefficiencies that negatively impact the productivity of people at all levels. It is difficult for faculty and staff to perform the most basic functions; systems lack basic tools and functionality to help staff do their work; and units have created/are maintaining hundreds of shadow systems.

5. Does it benefit a large number of UW students, faculty, or staff? Yes. The modernization initiative will benefit the many thousands of staff and faculty engaged in budgeting and financial management activities, including individuals working with grant, self-sustaining, State or locally generated funds.

6. Does it improve administrative efficiency or reduce overall administrative costs for the University (and not by shifting costs to units)? Yes. A modern financial system delivering functionality missing from our current systems will reduce the dependency on shadow systems (and the related costs of developing/maintaining those systems), and reduce the administrative burden associated with conducting basic financial management activities.

3. Risk

7. Does this project help sustain and strengthen core IT operations, mitigate operational risk, or ensure key services are resilient? Yes. Existing systems are becoming so complex that only a handful of staff understands them, and many of these staff are nearing potential retirement. It is also increasingly difficult to make necessary changes to these aging systems, introducing significant operational risk every time a change is implemented.

8. Does this project address compliance, financial, or information security and privacy risk? Reliance on a myriad of shadow systems to manage funds increases compliance and information security risks. When core functionality and data is disbursed so broadly, there is no effective means of implementing standardized processes or controls.

PREPARED BY: MELISSA BRAVO & JEANNE MARIE ISOLA  DATE: 2/26/14
APPROVED BY (Division Head): Bill Shirey  DATE: 1/27/14

Proposal not to exceed two pages to this point (Summary through Importance Criteria)