

MEMORANDUM

To: Kim Kiefer

From: Mike Silverman

Date: May 16, 2008

Re: **Finance and HR Software Summary**

This memo summarizes the City and Borough of Juneau's (CBJ) software selection activities and decisions to date.

The effort began in November, 2005 with an initial assessment focused on finance and human resources (HR) software requirements and market alternatives. Delivered in March, 2006, that work clearly indicated that CBJ needed to move off its installed Cayenta product (from Harris Computer Corporation). The Cayenta software is technically archaic, functionally deficient, and does not have a clear long-term future in the local government market. It also suffers from significant dissatisfaction among current users of the finance system and proved unable to automate the City's human resources functions in any usable fashion. The study also suggested including CBJ's revenue collection systems (taxation and appraisal) in the procurement effort.

The initial report identified five potential vendors for CBJ's consideration:

- ◆ **Agresso** – a recent reentrant to the North American market, Agresso offers a comprehensive finance/HR package and is highly motivated to gain market share.
- ◆ **Harris Computer** – In addition to Cayenta, Harris sells GEMS – another local government finance/HR product.
- ◆ **Lawson** – with a large municipal installed base, a relatively advanced product and an existing market presence in Alaska, it made sense to include Lawson in the mix.
- ◆ **Sungard** – Sungard sells two local government finance/HR products, Bi-Tech and HTE. Bi-Tech was recently re-architected, but has sometimes concentrated more heavily on the education sector than on local government. HTE relies on older technology and offers a very low total cost of ownership. It is a functional, but inflexible, product.
- ◆ **Tyler Technologies** – between their Munis and Eden products, Tyler has a significant share of the local government middle-market and provides an integrated package with modules for all desired areas of functionality. Tyler is aggressively pursuing business on the West Coast, although they currently have limited presence in the Alaska market.

Note that the list did not include products such as SAP and ORACLE/Peoplesoft/JDE, which were deemed too expensive for CBJ.

All the above vendors were asked to participate in our selection process. Four of the five did respond: Agresso teamed with Hansen (for revenue collection); Harris proposed GEMS;

Sungard proposed their Bi-Tech solution (in concert with PG Govern for the revenue collection component); and Tyler bid their Munis application. Despite our entreaties, Lawson chose not to participate.

Over a period of fourteen months, the selection process revealed that, among the respondents, the Sungard/Govern solution offered the best alternative for CBJ. Govern proposed a comprehensive suite for the revenue collection functions, and the Bi-Tech product was very strong in basic accounting functions, project accounting, and work flow. Bi-Tech was technically current and appeared capable of carrying CBJ into the future. GEMS and Munis were clearly functionally weaker than Sungard, and the Agresso/Hansen partnership dissolved, with Agresso de facto withdrawing from the process as a result.

After selection, Sungard and Govern chose to negotiate independent contracts with CBJ. CBJ came to agreement relatively easily with Govern. Note that, over the course of the selection and negotiation process, Harris Computer purchased Govern, bringing Govern under the same ownership as GEMS.

After several months of negotiation, CBJ was unable to come to contract with Sungard. Sungard performed poorly on a small fit analysis effort, did not appear to negotiate in good faith, and left the CBJ steering committee with the unanimous impression that they were not a customer-oriented company. As a result, in March, 2008, CBJ made a difficult decision – determining that they did not want to do business with Sungard.

By this time, several things had changed in the market. Harris' purchase of Govern made the GEMS option appear more appealing, as a future of tight integration between these key products could offer significant benefit. Agresso failed to materially improve its US market share over the course of the procurement, leaving them with only 4 or 5 US installs and making them a high-risk choice as a vendor. The selection demonstrations revealed that the Munis product, while an improvement over Cayenta, was expensive and lacked features such as business intelligence and flexible workflow, which represent differentiating components for a new application. Finally, Lawson had undergone personnel changes and was now very interested in the CBJ opportunity.

In light of the above, CBJ decided to:

- ◆ Table negotiations with Sungard so that other options could be reviewed
- ◆ Revisit Harris' GEMS product in light of the Govern purchase
- ◆ Evaluate the Lawson application, which is known to be functionally strong in the local government market

Additional demonstrations revealed that the GEMS application, despite a long-range plan for integration with Govern, was still functionally deficient. Similar to Munis, it would be an improvement over current automation in some areas, but was weak in the project accounting, human resources, and payroll areas; had very limited workflow; had minimal on-line capabilities for either hiring or procurement; and offered no built-in business intelligence capability.

The Lawson demonstration presented a product that was clearly better than GEMS. Its human resources, business intelligence, training, and workflow components appear stronger than Sungard's Bi-Tech. It was weaker than Sungard in project accounting and budgeting,

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deficiencies that are apparently being addressed with ongoing development efforts. In short, Lawson represents a product that will meet CBJ's immediate needs while offering additional capabilities (such as sophisticated workflow and decision support) that CBJ will have to grow into.

As a consultant with more than 15 years of experience helping public sector clients select technology solutions, I am comfortable that **the Lawson software represents a solid choice for meeting CBJ's finance and human resource automation needs – now and into the future.** I also have recent experience negotiating license and maintenance agreements with Lawson and am confident that Lawson will make a suitable business partner for the City and Borough of Juneau.

Please contact me directly if you have additional questions.

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