INTERNATIONAL LABOUR OFFICE

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Governing Body

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Programme, Financial and Administrative Committee

PFA

FIFTH ITEM ON THE AGENDA

Information Technology Systems Fund

(a) Enterprise Resource Planning Project

1. This paper provides a further update for the Committee on the progress of the Enterprise Resource Planning Project. The project has now adopted the title Project IRIS. The name was selected from over 100 suggestions put forward by ILO staff in response to an internal competition and is an acronym for Integrated Resource Information System. A project web site has also been developed on the ILO Intranet to keep staff and constituents informed of developments.

2. Since the 283rd Session of the Governing Body (March 2002), the project has made steady progress in a number of important areas:

- Following a rigorous evaluation process and extensive negotiations with three vendors, the Office selected Oracle software as the ERP platform in June 2002. The ILO also explored the possibility that Oracle might provide implementation consulting services but after extensive discussions decided instead to launch a separate bidding process as foreseen in the original project plan. The Office expects to complete this process in November 2002.

- Recruitment of staff experienced in ERP project implementation and the transfer of officials with good knowledge of ILO business processes to the project means that the team now comprises some 30 staff and is substantially complete.

- The Telecommunications Task Force has completed its evaluation of ILO's existing telecommunications infrastructure and developed the technical specifications for the upgrade of the ILO's network that will be required, inter alia, to support Project IRIS. A Request for Proposal has been drafted and will be issued in November, with a closure date of mid-December 2002.

- A training programme in Oracle applications for Project IRIS team members and selected users has been arranged with Oracle Training Services and formal training sessions began in August 2002. Oracle Applications software has also been installed to facilitate in-house training, familiarization and validation of design concepts in the initial project phases.

- Business analysis and process mapping (i.e. documenting business processes) has continued since March and is now well advanced in preparation for the development and implementation phases of the project.

Software selection

3. It will be recalled that following a review of 19 expressions of interest, three software vendors were asked to submit proposals. These were Oracle, Peoplesoft and SAP. Proposals were received by the due date and each vendor was invited to present their software to the ILO in a series of technical workshops held in April. Each vendor's performance was carefully assessed by a broad range of experienced ILO staff representing user departments. A separate panel evaluated the commercial aspects of the vendors' proposals and, to ensure the independence and objectivity of the process, the commercial bids were not opened until after the technical evaluations had been completed.

Oracle Applications

4. Oracle software was rated the most technically acceptable solution and was also considered the best commercial proposal. However, the ILO sought further concessions and therefore continued to negotiate with all three vendors in May. During these negotiations, significant cost reductions were negotiated in some areas and a number of important commitments were obtained from Oracle concerning the linking of payments to deliverables (including penalties for late delivery), and regarding the way in which consulting costs would be controlled.

5. The ILO formally confirmed its acceptance of Oracle's offer in a Letter of Intent dated 25 July 2002. In this letter, which is a form of temporary contract, the ILO agreed a fixed price to purchase Oracle's standard e-Business suite software (version 11i) and a fixed price contract for customization of the standard software to meet the ILO's unique requirements in areas such as payroll, budgetary control and travel. The need for such customization work arises mainly from UN common system requirements and is critical to the overall success of the project. A major factor influencing the choice of Oracle was that only Oracle made a commitment to incorporate significant elements of the customized software in future product releases thus easing potential problems associated with upgrading the software in future. The successful negotiation of this "productization" of requirements has not yet been achieved by other agencies in the UN system.

Implementation services

6. Following detailed analysis of Oracle's offer to provide implementation consulting services through two partner companies, the Office concluded that it would be preferable to test the market more widely and launched a separate bidding process. This process is now well under way and seven consulting companies have been invited to submit proposals to the ILO. A final decision on the selection of an implementing partner should be taken in November 2002 with a view to carrying out a scoping and planning exercise before the end of the year. This is a vital phase of the project intended to confirm the technical scope of the project and define a detailed project implementation plan.

7. The project still aims to implement major functionality at headquarters in early 2004 and to complete the implementation of functionality in external offices by the end of 2004.

Project expenditure

8. As reported previously [1] expenditure on the project will not follow an even pattern. There will be some periods of heavy investment, for example when the Office purchases major items of hardware or software, and some periods of relatively light expenditure.

9. The spending plans for the financial year 2002 envisaged total expenditure of approximately US$7.5 million. However, the ILO has been able to negotiate staged payments with Oracle and has not yet incurred major expenditures on implementing consultancy services. Consequently, expenditure during 2002 has remained moderate. At the end of September 2002 funds committed amounted to approximately US$5 million.

Geneva, 16 October 2002.

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[1] GB.283/PFA/3.