July 20, 2007

The Honorable Timothy M. Kaine
Governor of Virginia
Patrick Henry Building, Third Floor
Richmond, Virginia 23219

Dear Governor Kaine:

Item 54.10, Chapter 3, 2006 Acts of Assembly, Special Session I (Appropriation Act), established the Enterprise Applications Public-Private Partnership Project Office (EAPPPO) effective July 1, 2006, for the purpose of modernizing central administrative systems through an Enterprise Applications Public-Private Partnership. The appropriation act language requires the project office director to provide you with reports on the status of the project as well as funding needs, areas of risk, and any major problems.

The following is an outline of activities that have taken place since the last EAPPPO status report dated May 17, 2007.

Project Office Director

The appropriation act language provides for the establishment of a project office and creates the position of Project Office Director to oversee the activities of the project. As stated in the last update, the Information Technology Investment Board (ITIB) approved my qualifications for Project Office Director. My contract was signed by all parties on May 9, 2007.

On May 23, 2007, I presented a brief to the Senate Finance Committee and the Executive Agency heads on the status of the program.

Other Major Activities of the EAPPPO

1. As outlined in the last update, the primary focus of the activities in Phase I of the EAPPPO has been to develop an enterprise financial management system.

2. Over 30 state employees, as well as a team of CGI Technologies and Solutions, Inc. staff have worked to develop detailed project planning documents. Eight Future State Business Process documents, outlining the Future State processes for financial governance and implementation, have been through three review cycles. A recent review and update cycle broadened the scope from the eight initial participating agencies to 42 agencies. These documents contain over 3,000 stated requirements for future state financial management processes. They describe over 75 new business processes that will be explored for future implementation within the Commonwealth.

3. The project currently has a questionnaire out to all agencies to gather additional information pertaining to agency-based systems and business processes. To ensure Future State system requirements and candidate business process improvements have been fully vetted, the next step is to reach out to all of the agencies included in Phase I project scope. This will be completed in the August and September timeframe, and will include briefings to all Phase I agency Chief Financial Officers, Fiscal Officers, and Budget Officers. These meetings will take place after the questionnaire has been returned and analyzed to ensure consistency across the agencies.

4. During this reporting period, the program has also begun developing the technical strategies for the program. Strategies to determine the development costs associated with the application, database, information, systems integration, networks, platform, testing, and reporting technical architectures have all been documented. The current state technical architecture, current state interface list, conversion approach documents, future state technical architecture, and Business Intelligence and integration issues have all been documented.

5. During this reporting period, significant progress has been made in the area of Change Management and Communications. A change management lead, supplied from the Department of Human Resources Management, has been engaged by the project. Additionally, a change management plan has been developed to outline the tasks required to support the Commonwealth as it migrates to the new processes and procedures required to implement the financial management future state of the Commonwealth.

6. In support of modernizing central administrative systems with state of the art technology and "best practice" business processes, the Virginia Information Technologies Agency (VITA) Supply Chain Management (SCM), in collaboration with the EA project, released a Request for Proposal (RFP) for Enterprise Resource Planning (ERP) software on March 9, 2007.

After initial evaluations, VITA SCM recommended and the project agreed that expanding the scope to incorporate Fit/Gap and other related evaluation activity would be in the Commonwealth's best interest. Therefore, the RFP was cancelled on May 18, 2007. Currently, VITA SCM is working with the project to determine the best strategy for moving forward.

7. On May 20, 2007 Secretary Wagner had a meeting with the President of CGI, USA to discuss CGI's performance on this program. CGI asked for, and she accepted, a thirty day timeline for CGI to address near and long-term issues associated with their performance. CGI reported back to the Commonwealth on June 21, 2007. The project team is currently working with CGI to further define the working relationship as the program moves forward.

8. As stated in the last correspondence, the ITIB authorized a portion of the $5.5M appropriated in fiscal year 2008 to cover the month of July 2007. At the July 19, 2007 ITIB meeting, I briefed the ITIB on project planning strategies, including project resources and schedule, for the 2008 fiscal year. The remaining fiscal year 2008 appropriated funds to complete the planning phase of the program were approved by the ITIB board.

9. A subcommittee of the Senate Finance Committee, meeting July 19, 2007, requested an update to the program. Unfortunately, due to scheduling issues with the ITIB, I did not arrive before the subcommittee had recessed. Secretary Wagner and I were able to update Senators Howell and Chichester. My presentation will be rescheduled to update the full Senate Finance Committee in September.

I will continue to advise you on the progress made on this project. In addition, I will be glad to update you on the project at anytime. Please let me know if you have any questions or concerns.

Sincerely,

Peggy A. Feldmann
Director, Enterprise Applications

Enclosures

COMMONWEALTH of VIRGINIA

Office of the Governor
P.O. Box 1475
Richmond, Virginia 23218

July 20, 2007

The Honorable John H. Chichester
Chairman, Senate Finance Committee
Virginia General Assembly
P.O. Box 904
Fredericksburg, Virginia 22404-0904

The Honorable Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee
Virginia General Assembly
P.O. Box 1173
McLean, Virginia 22101

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Peggy A. Feldmann
Director, Enterprise Applications

Enclosures

	Phase I Planning Budget	Actual (05/31/07)	Remaining Budget
Personnel	906,894	386,222	520,672
EA Project Management Office	*256,894*	*181,894*	*75,000*
CoVA Project Team	*650,000*	*204,327*	*445,673*
Operational Costs	15,000	6,665	8,335
Other	7,881	2,768	5,113
Contracts	5,830,949	3,112,861	2,718,088
CGI Fixed Fee	*1,150,000*	*1,150,000*	*0*
CGI T&M	*4,360,000*	*1,796,198*	*2,563,802*
Planning Support	*55,949*	*46,561*	*9,388*
Executive Recruiter	*55,102*	*55,102*	*0*
Change Management	*27,419*	*0*	*27,419*
RFP Requirements Development	*65,000*	*65,000*	*0*
Procurement Assessment	*67,479*	*0*	*67,479*
Independent Verification & Validation	*50,000*	*0*	*50,000*
Office Supplies	8,000	7,667	333
Travel/Business Meals	3,000	2,584	416
Total:	6,771,724	3,518,767	3,252,957