



COMMONWEALTH of VIRGINIA

Office of the Governor

P.O. Box 1475
Richmond, Virginia 23218

September 28, 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 July 20, 2007.

Major Activities of the Virginia Enterprise Applications Program

1. As I outlined in my last update, the primary focus of the activities in Phase I of the EAPPO 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. The program is currently breaking down the 60 business processes to determine the management/policy/training changes required to implement more effective and efficient ways of doing state business. The program will be working on these business improvements over the next six months.
3. The project recently concluded an agency-wide questionnaire to gather additional information pertaining to agency-based systems and business processes. The program is currently evaluating the numerous responses. The questionnaire was wide ranging between financial capabilities within the agencies, the financial systems currently running within the agencies, and a consensus on the change readiness of the agencies. A quick analysis of the change readiness of the agencies could be summarized as, "Pessimistic about the past, but optimistic about the future." This means the Commonwealth has not forgotten the missteps of the past, but is very willing to move forward – a risk adverse, but progressive approach.
4. The Virginia Information Technologies Agency (VITA) Supply Chain Management (SCM), in collaboration with the EA project, has been working very hard to release a new Request For Proposals (RFP) that requests software and system integration services for the Commonwealth's core financial management. This RFP will be released in October 2007 with an expectation of contract award in July 2008.
5. The program is cognizant of the current financial issues of the Commonwealth. The program is conducting an Analysis of Alternatives to ensure the best course of action is recommended for the modernization of the financials within the Commonwealth.
6. At the upcoming ITIB in October, I will be updating the board on the priorities, funding stream, and acquisition strategy of the recommended Enterprise Applications projects. Performance Budgeting and Business Intelligence will be separated from the financials project into their own separate projects. Speed to market and different vendor offerings lead the team to determine that these business areas merit their own projects.
7. I am pleased to report that the relationship between CGI, Inc and the program has improved considerably since my last update. While the workload requirements to CGI have sharply decreased due to resource constraints, the quality of the CGI personnel working on the

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program has greatly improved. We are continuing to work with CGI to determine how they can best support the program.

8. As I mentioned in my last update, the subcommittee of the Senate Finance Committee, meeting July 19, 2007, requested an update to the program and unfortunately, I did not arrive before the subcommittee had recessed. Secretary Wagner and I were able to update Senators Howell and Chichester that day. Subsequently, Secretary Wagner and I updated Senators Norment and Stosch at their respective offices in early August.

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



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Office of the Governor

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Richmond, Virginia 23218

September 28, 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
Chairman, House Appropriations Committee
Virginia General Assembly
P.O. Box 1173
McLean, Virginia 22101

Dear Gentlemen:

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Sincerely,

A handwritten signature in cursive script that reads "Peggy A. Feldmann".

Peggy A. Feldmann
Director, Enterprise Applications

Enclosures

| | Phase I Planning Budget | Actual (08/31/07) | Remaining Budget |
|--|------------------------------------|------------------------------|-----------------------------|
| Personnel | 2,284,259 | 907,493 | 1,376,766 |
| <i>EA Project Management Office</i> | 593,707 | 276,745 | 316,962 |
| <i>CoVA Project Team</i> | 1,690,552 | 630,749 | 1,059,804 |
| Office Space | 0 | 0 | 0 |
| Operational Costs | 26,375 | 11,375 | 15,000 |
| Other | 38,827 | 12,923 | 25,904 |
| Contracts | 8,633,676 | 5,862,828 | 2,770,848 |
| <i>CGI Fixed Fee</i> | 1,200,000 | 1,150,000 | 50,000 |
| <i>CGI and Strategic Consultants T&M</i> | 5,168,506 | 4,168,506 | 1,000,000 |
| <i>Planning Support</i> | 46,561 | 46,561 | 0 |
| <i>Executive Recruiter</i> | 55,102 | 55,102 | 0 |
| <i>Change Management</i> | 140,648 | 30,648 | 110,000 |
| <i>RFP Requirements Development</i> | 65,000 | 65,000 | 0 |
| <i>Procurement Assessment</i> | 67,479 | 67,479 | 0 |
| <i>Supplemental Project SMEs</i> | 1,444,348 | 218,900 | 1,225,448 |
| <i>Business Case Development</i> | 200,000 | 0 | 200,000 |
| <i>Performance Budgeting Due Diligence</i> | 135,400 | 0 | 135,400 |
| <i>Independent Verification & Validation</i> | 110,632 | 60,632 | 50,000 |
| Office Supplies | 12,667 | 7,667 | 5,000 |
| Travel/Business Meals | 4,195 | 3,195 | 1,000 |
| Total: | 11,000,000 | 6,805,482 | 4,194,518 |