150th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 18-22 June 2012

PROJECT FOR MODERNIZATION OF THE
PASB MANAGEMENT INFORMATION SYSTEM: PROGRESS REPORT

Introduction

1.   Pursuant to the instructions of the 50th Directing Council in 2010, the Pan American Sanitary Bureau (PASB) launched a project to modernize the PASB Management Information System (PMIS). Progress subsequently was reported to the 51st Directing Council in 2011.

2.   This report presents an update of the work being done on this project.

Background

3.   PMIS plays a critical role in providing effective support for the delivery of technical cooperation to Member States.

4.   The advent of the Global Management System (GSM) of the World Health Organization (WHO) prompted PASB to reexamine its own systems to determine the extent of modernization that is best for the Organization. In 2009-2010, PASB developed the Guiding Principles for Modernizing PASB; reviewed, improved and documented its business processes; analyzed numerous options for modernization, including the costs of these options; and submitted recommendations to the 50th Directing Council.

5.   In response, the 50th Directing Council adopted Resolution CD50.R10 (2010) that included several key provisions: approval of the guiding principles for modernization; authorization to PASB to proceed with the adoption of Enterprise Resource Planning (ERP) software, which would be independent of WHO, with limited customization but still aligned with WHO's GSM and responding to all its requirements; and approval of funding sources.

6.   The major goals of the modernization project are to improve: *(a)* accountability for results, *(b)* inter- and intra-agency collaboration, *(c)* availability of information and transparency, *(d)* adaptability, *(e)* coordination with WHO, *(f)* management of financial and human resources, *(g)* procurement operations, *(h)* support for planning and budget processes, *(i)* support for emergency operations, and *(j)* operational effectiveness and efficiency.

7.   The scope of the modernization project includes systems that support program management, human resources management, payroll, financial management; and procurement services.

8.   The current summary schedule for the project is divided into two phases:

(a)   A pre-implementation phase (2011 through 2012), during which PASB has begun the process to: *(i)* prepare detailed project plans; *(ii)* document the business case aligned with a new Management Framework Model (MFM); *(iii)* procure appropriate software; procure the services of a contractor, known as a System Integrator, to assist with system implementation; *(iv)* further simplify business processes and align them to the new MFM and the selected software; and *(v)* begin preparing data for later conversion to the new system.

(b)   An implementation phase, which will comprise two steps. Step 1 will cover 2013 and Step 2 will cover 2014, which will mark the end of the project implementation. Based on input from candidate System Integrators, PASB has adjusted the scope of each implementation step. Step 1 will consist of program management, financial management, and procurement services. Step 2 will consist of human resources management and payroll.

9.   The 50th Directing Council (2010) approved this project with an overall budget of US$ 20.3 million and approved using up to $10.0 million from the Holding Account to pay for this modernization. PASB will fund the remaining $10.3 million from other sources.

Analysis/Update

10.   The first phase of the project—the pre-implementation phase—has focused on preparation in four major areas. These areas and our progress to date are as follows:

(a)   *Put in place the foundation of the project*. The overall project structure is in place and steps were taken to assign a detailed project team for implementation. However, the project team needs to be expanded substantially as the project moves forward. In addition, a readiness assessment was performed by an

independent consultant and that assessment identified critical success factors for the project. PASB is implementing the recommendations of that assessment.

(b)   *Refine business processes*. Business processes continue to be evaluated and opportunities identified. This will be a continuing effort through the end of the project.

(c)   *Acquire software and system implementation services*. A rigorous competitive process was undertaken. The final decision will be based on the ability of the vendors to meet the needs of PASB and the Total Cost of Ownership. Total Cost of Ownership includes software, implementation, and licensing and support costs for a five-year period. PASB is in the final stages of the acquisition process and will reassess software and other project costs prior to making any contractual commitments. Because contract negotiations can result in a significant price adjustment, a final decision will not be made until the end of contract negotiations.

(d)   *Begin preparing legacy data for the new system*. A staff resource has been assigned and work has begun. This will be a continuing effort through the end of the project.

11.   During an assessment of the risks to this project at this stage, PASB identified the following three major concerns and has taken the steps indicated to manage risks in these areas:

(a)   The system must meet the needs of the Organization. PASB carefully defined its requirements for the new system and subsequently conducted an extensive evaluation of possible software.

(b)   Costs must be controlled. PASB has undertaken a fully competitive acquisition process for both the software and system implementation support services, which together constitute more than half of the project budget. This process is advised by an outside expert in such acquisitions to ensure we obtain the best possible value. In addition, PASB examined low-cost software solutions and invited smaller, lower cost system implementers to submit proposals for their services. PASB also believes that strong project management will aid in controlling costs throughout the project.

(c)   Project management must be of the highest quality. PASB has reviewed this project with the Audit Committee and hired external, independent oversight to ensure that the project adheres to best project management practices. And, as mentioned above, PASB also engaged an independent consultant to conduct a

readiness assessment that identified the critical success factors for this project. PASB is implementing the recommendations of that assessment.

12. Recently, senior managers within PASB conducted a two-day workshop to review the PMIS project. As a result of recommendations made during this workshop by an external consultant and PASB managers, the project team will: *(a)* expand current efforts to focus on measuring the business value of the project and associated processes, and better articulate the business case for the project; *(b)* increase the engagement of internal business partners; *(c)* give priority to capabilities and processes that add the most value to PAHO's technical cooperation; and *(d)* enhance the change management associated with this project. This will impact the project schedule.

13. With respect to the project schedule, the acquisition of software and system implementation services is taking longer than initially expected. This is due to the complexity of the acquisition process and the need for due diligence to reduce risks associated with ensuring that PASB obtains the correct functionality at a fair cost. PASB has made a commitment to take the time necessary to ensure that it receives the best value for its investment and to promote the likelihood of project success. As a result, PASB has modified the project schedule, as is reflected in Paragraph 8(b), above.

14. With respect to the project budget, PASB still is collecting cost information through the competitive acquisition process and other efforts. An external consultant has advised that the funds earmarked for System Integration services, change management, project backfill, and other factors may be insufficient for the scope of this project. These issues will be considered as PASB reassesses the project budget in the near future.

Action by the Executive Committee

15. The Committee is invited to take note of this report and offer any comments it may have.

- - -