

Board of County Commissioners

Agenda Request

Date of Meeting: January 6, 2009

Date Submitted: December 12, 2008

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Brent X. Thurmond, Clerk of Court

Subject: Request for Board Direction on Financial Software Upgrade

Statement of Issue:

This agenda item requests the Board to provide direction for upgrading our current financial software package.

Background:

The Clerk of Court uses an accounting software package known simply as “Fundware”. It is used to keep the books for the Board of County Commissioners, the Clerk of Court and the Supervisor of Elections. It was purchased in 1992 from a company called *American Fundware*. The old accounting software data was converted some time in 1992. This makes our current software 16 years old. Various versions and minor upgrades were implemented over the years. American Fundware was at one time ranked in the “top ten” by a nationally published accounting magazine in the category of governmental and not-for-profit accounting software. Their software is very strong but the COBOL based platform on which it is built has never been upgraded.

In 2002, because of the strength of the Fundware accounting system and the size of the customer base, it was purchased by Intuit and was called *Intuit Fundware*. It was the intent of Intuit to “box” Fundware as an “off-the shelf” accounting software like *Quickbooks*. Again various version upgrades were made but, despite these improvements, the platform was not changed and, in our estimation, Intuit never completely achieved their goals.

Kintera bought Fundware in 2004. Kintera was strong in the “not-for-profit” industry but not in the governmental accounting industry. Their purchase of Fundware immediately gave them a foothold in this market. Fundware became known as *Kintera Fundware*. Kintera made substantial improvements to Fundware and an extensive data conversion was required in 2006. This was their attempt to start the move away from the COBOL based platform. Fundware was given a facelift and, well, it looked different but it was still COBOL!

Blackbaud purchased Kintera in 2008. Blackbaud specializes in “not-for-profit” software also. They purchased Kintera to tap into the governmental market. Blackbaud will continue to support Fundware but they have chosen not to improve or upgrade any of its features or modules. Instead, they are inviting all Fundware clients to “migrate” to their governmental accounting software *Financial Edge*.

Analysis:

The Clerk's Office, in concert with the current administration, has been working toward several accounting related improvements. As you can see, we have worked with each new vendor who has acquired Fundware to determine their "intent" on improving and upgrading not only the platform on which it is built, but also its capabilities and enhancements. We have remained with the acquiring vendors because we like Fundware and we already knew how to use it but we also know it needs some serious enhancements to keep pace with technology. In the past, we have either upgraded or converted as necessary to maintain our relationship with Fundware. It was our intent to do so again with Blackbaud. Each previous vendor has promised the enhancements we desire and each vendor has not met their goals and promises. The enhancements we have been looking for include electronic purchasing and payroll and paperless or imaging capabilities and enhanced reporting features among other things. Administration has a "wish list" as well related to grant management, budgeting, purchasing and payroll. Blackbaud has not promised any enhancements and we must migrate to their software or purchase new software to achieve our goals and desires.

Our accounting software is complex and a simpler example you are familiar with may be necessary to illustrate our current situation. Assume you have a computer that operates with *Microsoft Windows 98*. Microsoft tells you they will continue to support this system but will never again upgrade or improve it. Your "only option" is to migrate to *Microsoft Vista*. To do so will cost you some money but you are dealing with your current vendor and you wouldn't "bid out" this purchase because only Microsoft has it. Well, you really do have options, for example, you could explore purchasing an *Apple* computer. The cost will be a little more because it would be a huge transition but they may offer something Microsoft doesn't.

When we learned Blackbaud would not be improving Fundware and our "only option" was to "keep the status quo" or migrate to their accounting software, we took this as an opportunity to look at other accounting software packages. We have done some preliminary work and our work to date can be summarized as follows:

- First, we don't think "the status quo" is acceptable for the long-term. We have held the status quo for several years now in anticipation of promised enhancements.
- Second, we have researched the cost of "migrating" to *Financial Edge*. After several demos and webinars, they have recommended a 3 phase migration where the first phase would replace the existing "modules" that we have AT NO COST. But, the conversion of data and the necessary training, on the other hand, would cost about \$42,000. Phase two and three would implement the new modules and enhancements we desire and would cost approximately \$25,000 and \$30,000 respectively. For some perspective, if we started immediately, Phase One would take until June 2009 to complete.
- Although Blackbaud is technically our current vendor and we COULD "piggyback" an existing contract, since the cost of *Financial Edge* is, in total, substantial, we determined

it would be best to explore other options. So, we decided to “kick the tires” on a few other accounting packages.

- We have researched three other accounting software companies: Accufund, Sage, and Serenic. All provide good governmental accounting software and each can provide existing contracts to “piggyback” as well. The question is whether or not their software can meet our needs. Comparative costs that would be equivalent to Blackbaud’s Phase One, from these three vendors would be approximately \$68,980, \$76,278 and \$123,622, respectively. Please note these costs are only phase one costs (see attached chart).
- We continue to work with OMB to determine their future needs and desires to make sure the accounting software we use will meet our combined needs for the next 10 years or more.
- Existing modules are: General Ledger, Project and Grants, Accounts Payable and Purchase Orders, Payroll, Basic Budget Management, and Cash Management.
- New modules we want to implement: Cash Receipts, PaperSave (Imaging), Fixed Assets, Web Purchasing and Advanced Budget Management.
- Very few governmental entities use “out of the box” software. Since the scope of work to be performed at this point is not certain and we need vendor input on the services to be provided and the schedule on which they will be provided, we recommend we meet face to face with each vendor to determine if their software can accomplish our goals. To do so we would need to issue an “invitation to negotiate” per our purchasing policy.

Options:

This history is presented to provide some historical perspective and request Board direction. As we see it, our options, in order of complexity and possibly cost, are:

1. Do nothing. Stay with Fundware, as supported by Blackbaud, with no future enhancements expected.
2. Upgrade to Financial Edge by Blackbaud by piggybacking an existing contract upgrading only those modules we currently have (Phase 1).
3. Combination of Option #2 and adding new modules (Phase 2 and 3) by direct purchase (sole source) from Blackbaud.
4. Issue Invitation to Negotiate (Purchasing Policy Section 5.7) to other companies to determine the capabilities of other software packages and bring back our recommendation to the Board. A workshop could be set, if desired, and a committee would need to be established.

Recommendation:

Staff would be comfortable with Option #3 since we believe the Financial Edge software will meet our combined needs but Option #4 is recommended to make sure we get the best price for equal products.

Attachments:

1. Chart on estimated costs per implementation phase and accounting software.