

# **Board of County Commissioners**

## **Agenda Request**

Date of Meeting: April 21, 2009

Date Submitted: April 3, 2009

To: Honorable Chairman and Members of the Board

From: Brent X. Thurmond, Clerk of Court

Subject: Request Board Approval to Purchase Financial Software

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### **Statement of Issue:**

This agenda item requests the Board to approve the recommended purchase of a financial software package known as *Sage MIP*.

### **Introduction:**

If approved, our relationship will extend to three companies that are related in some fashion as outlined below. These three companies are Sage, Microix and Non-Profit Technologies. Attachment #1 is “screenshots” of their websites which are listed below.

Sage is a company located in Newcastle Upon Tyne, England. The company originated in 1981. They have over 5.4 million customers world-wide. They sell over 100 different software applications. They acquired *MIP* in 2001. Please visit [www.sagenonprofit.com](http://www.sagenonprofit.com) for more information about this company.

Microix, Inc. is based in Dacula, Georgia. They are an “authorized software integrator partner” with Sage *MIP*. Basically when Sage determines *MIP* needs to “expand” its services they call in a partner who specializes in that field. Microix has developed all of the electronic aspects of *MIP*. Microix provides “extended solutions to *MIP* Fund Accounting Software”. Please visit [www.microix.net](http://www.microix.net) for more information about this company. Three of the software enhancements that we will discuss later were created by Microix and are “bolted on” to the Sage *MIP* fund accounting software creating a seamless integration of the two.

Non Profit Technologies, Inc. was created about 15 years by Kevin Massey, CPA. His background is in auditing governmental and non-profit entities. The company is based in West Palm Beach, Florida. Their company specializes in the installation, conversion, training of software such as Sage *MIP*. They are also an authorized partner of Microix, Inc. Interestingly, Kevin is a certified consultant for both Sage and Serenic, two of the companies that made our final review. Please visit [www.cpaz.com](http://www.cpaz.com) for more information about this company.

We will be doing business with Non Profit Technologies, Inc. Non-Profit Technologies, an authorized reseller of *MIP* and Microix products, will be the consultant who installs, converts existing data, and trains County staff in the use of our new software.

**Background:**

The Clerk of Court currently utilizes an accounting software package known as “*Fundware*”. It is used to maintain the accounting records for the Board of County Commissioners, the Clerk of Court and the Supervisor of Elections. *Fundware* can not provide the enhanced tools our Finance Department and Administration team need or are looking for. A company called “Blackbaud” purchased *Fundware* in August 2008. 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 called *Financial Edge*. We used this opportunity to look at upgrading or acquiring new accounting software in order to determine the best course of action for the County. See Attachment #2 for a detailed history provided at the January 6, 2009 Board meeting.

**Analysis:**

As seen in Attachment #3, the approval of January 6<sup>th</sup> minutes at the January 20<sup>th</sup> Board meeting, the Board directed the Clerk of Court to research other software packages. A team of eight people were involved in this process: representing the Clerk’s Office was Brent Thurmond, Greg James, Tina Ruffin, Suzanne Hawkins and Gordy Robinson and representing the Board was Tim Barden and Debbie DuBose. Mary Dean Barwick with the Sheriff’s Office became involved later on in the process.

We invited six companies to demonstrate their software to us. We provided each with the requirements and enhancements the software would have to meet in order to be considered. The six companies were Accufund, Agresso, Blackbaud, Lucidity, Sage and Serenic. These will be discussed in more detail later in this analysis under “Selection Process”.

**Software Criteria:**

Our team established the criteria for software to be considered into three categories: basic existing accounting services, expansion of accounting services and future technological and efficiency enhancements. The basic accounting services are those services needed to provide the most basic accounting services in order to do the “bare minimum” and still meet our statutory requirements.

The **existing basic accounting services** include:

- General Ledger
- Accounts Payable
- Payroll

The expanded accounting services are those that provide the fullest of accounting services and incorporate the functionality, information and reporting requirements desired by the Board and expected by our Citizens.

The **expanded accounting services** include:

- Basic Budget Management (1) (2)
- Project Tracking & Grant Administration (1) (2)
- Purchase Orders (1) (2)
- Cash Management (1) (2)
- Allocation Management (2)
- Cash Receipts (2)
- Fixed Assets (2)
- Advanced Security

It is important to note that those services marked with note (1) are actually already a part of the Fundware accounting software but the processes are so antiquated or difficult that they are either not currently used or only used minimally. In the past, a considerable amount of time, effort and dollars have been spent to try to make our existing software function in these areas to deliver the fullest functionality but these attempts have not been successful.

Those services marked with note (2) are currently provided to the Board but not through Fundware. These are provided by the use of other software such as *Microsoft Excel* which requires considerable time and effort to integrate these services with our current software making them inefficient and cumbersome. We believe it is important for our new software to provide all of these services in integrated, holistic software.

Of final importance is the fact that Board policies and procedures for various financial and accounting functions and activities will not need to be changed during this process. Often, with a transition to new software, the client has to adjust to the software. In our case, the software can be adjusted to fit our current processes.

### **Wakulla is “Going Green”**

The future **technological and efficiency enhancements** include:

- Document Imaging
- Electronic Budget Management
- Electronic Requisitions & Purchase Orders
- Electronic Timesheets

Before reviewing each of these enhancements, let’s review a few general improvements that will be achieved. First, moving from mostly manual processes to electronic processes will save County staff time and effort. County staff will still be doing the same work but more efficiently. With any new system, these efficiencies will not be gained immediately until after a period known as the “learning curve”. Second, moving to this new system will provide information to County staff much quicker. Detailed accounting information will be entered earlier in the process. Reporting and analysis will

be easier and therefore, the public records request process and County “transparency” will be improved.

Document Imaging will provide us the ability to store images of contracts, invoices and the like, attach them to transactions in the software so they can be seen or retrieved by authorized users of the software such as department heads and commissioners. Although accountants never want to go completely “paperless” and our auditors will always want “backup documentation” as evidence of the County’s transactions, this enhancement will eventually save on paper costs and the costs related to storing paper documentation while providing almost immediate access to supporting documents.

Electronic Budget Management will allow your department heads or their designee to input their proposed budgets directly into the accounting software where the Budget Director can view, manipulate, return and ultimately approve them electronically. This will be an invaluable tool in analyzing different budget scenarios throughout the budget process. Approved budgets may then be directly posted to the General Ledger.

Electronic Requisitions & Purchase Orders brings security and strength to your budget and invoice payment processes. Department heads or their designee will be able to “request” their purchases electronically and, once approved electronically, it will encumber their budget immediately. Having this data already entered into the software will speed up the process of putting invoices before the Board for approval and ultimately paying vendors.

Electronic Timesheets brings like benefits to the payroll process. Department heads or their designee, or even the employees themselves will be able to enter employee time worked electronically and have those timesheets approved electronically. Combined with the Human Resource module, the employees along with your HR Department and your department heads will be able to manage everything related to an employee and their employee “file” electronically. Time off can be requested electronically, travel and per diem expenses can be requested via the electronic payroll process. A department head can electronically track “date sensitive” activities such as required training, certifications or evaluations.

**Selection Process:**

As we mentioned in our January 6<sup>th</sup> agenda item, the Clerk’s Office has been monitoring various software companies and staying abreast of the accounting software industry for several years due to the “ownership shuffling” of *Fundware*. Over time, we have gathered information on several other companies; companies on the high end such as *Sungard* (\$250,000+), *New World Systems*, *Government E-Management Solutions* or *GEMS* (\$150,000+) and, as we later found out, *Serenic* (\$190,000+) and others on the low end such as *Tyler Technologies*, *Springbrook*, *Edmunds & Associates* and *Accufund*. We were looking for, software that will meet our needs, add value to our processes and is still affordable.

After sending the criteria for the software, the companies *Agresso* and *Lucidity* did not respond. *Accufund* was eliminated as an option early on in the process after calling Mary Dean Barwick, the Finance Director for the Sheriff's Office. We knew the Sheriff's Office used *Accufund* and called her to ask about the software. She did not recommend it for a County our size. She said it had too many features that had to be customized. The reporting was not user friendly nor could *Accufund* always be relied upon for timely service and response and she was not pursuing additional modules that she needed due to these reasons. As a side note, when Mary Dean found out we were getting quotes for new software, she showed considerable interest in "piggy-backing" the County's new software. Since two of the County's constitutional officers already use the County's software, the Clerk and the Supervisor of Elections, it certainly makes sense to combine these services with one vendor. We have asked each of the final two vendors to price out a separate estimate for adding the Sheriff's Office to this software conversion.

We have also contacted the Property Appraiser and Tax Collector and advised them of this new software. Their level of interest in joining us is not known at this time but this software is expandable, scalable and will accommodate them in the future. There may be some level of expense to add them related to conversion, training and implementation.

The software team reduced the possible vendors to three: Blackbaud, Sage and Serenic. We met representatives, viewed demonstrations and obtained proposals from each of these companies. Representatives from each company have traveled to our office, at no cost to the County, to provide a hands-on demonstration of their software. Everyone from our software team has been a part of this process. We have asked numerous questions, spent untold number of hours via phone and email contrasting and comparing these vendors.

A summary of our meetings is as follows:

- Serenic offsite web cast demonstration – August 19, 2008
- Blackbaud onsite demonstration – October 8, 2008
- Blackbaud offsite web cast demonstration – February 23, 2009
- Serenic onsite demonstration – February 24, 2009
- Sage onsite demonstration – February 26, 2009
- Sage conference call – March 11, 2009
- Blackbaud conference call with web cast – March 17, 2009
- Sage conference call with web cast – March 27, 2009

Serenic was eliminated as an option since their price was almost twice as much as the other two and did not, in our opinion, provide twice the value in its abilities or services provided. Thus, two software products were left: Blackbaud's *FE (Financial Edge)* and Sage's *MIP (Micro Information Products)*. Each product has areas that the team preferred. For example, Blackbaud's document imaging module is much stronger than Sage's. In many respects, both of the software products are similar. The evaluation team agrees that the County would be benefit if we went with either of these

two but we feel that three main items separated Sage's *MIP* from Blackbaud's *FE*: user-friendliness, the electronic payroll process and governmental entities. In the end, your software team has selected Sage's *MIP* unanimously.

User Friendliness:

With our goal to implement electronic imaging, electronic budgeting, electronic purchase orders and electronic timesheets, it is important that the software be very easy to use. Training non-accounting employees to use accounting software can be a challenge. *MIP* is more intuitive and the modules that your departments will be using have been built around the concept of the "front office" – that is, they were built to be used by people who do not have an accounting background and accounting experience and knowledge is not needed to accomplish these tasks.

Electronic Payroll Process:

Both Sage and Blackbaud use "third-party" vendors to accomplish the electronic timesheet and time clock aspect of payroll. The difference between the two is that Sage has a relationship with one vendor called "*Microix*". *Microix* has written software that "bolts onto" *MIP* and the integration is seamless. *Microix* only works for Sage. On the other hand, Blackbaud can make recommendations of other companies and *FE* can integrate with other timesheet companies but the relationship between them is far different and is a cause for concern in our opinion.

Governmental Entities:

In our research of the respective references, it became very apparent that Blackbaud is a strong player in the non-profit sector of accounting software. But, they are short on governmental entities. We don't know how non-profit entities have to do their accounting but we do know governmental accounting and Blackbaud could not provide a strong example of a County or Municipality as a reference. Sage, on the other hand, was able to provide several. We want a software vendor that knows the needs of governmental entities and can adapt to the ever changing needs we might have based on legislative changes or mandates. Below is the list of entities provided to us as references by both vendors:

Sage's *MIP* (first four) & *Microix* (last three):

- 1) Glades County, Florida
- 2) Menard County, Illinois,
- 3) Debaca County, New Mexico
- 4) Fulton County, Pennsylvania
- 5) Northern Palm Beach County Improvement District, Palm Beach Gardens, Florida
- 6) Workforce Central Florida, Lake Mary, Florida
- 7) Florida's Great Northwest, Destin, Florida

Blackbaud's *FE*:

- 1) Daviess County Fiscal Court, Owensboro, Kentucky
- 2) Community Services of Venango County, Oil City, Pennsylvania
- 3) Early Learning Coalition of Marion County, Ocala, Florida
- 4) National Center for Policy Analysis, Dallas, Texas
- 5) Council On Foreign Relations, New York, New York

**Cost, Financing & Implementation:**

**Software & Implementation Cost:**

Blackbaud and Sage were very competitive and both gave us discounts off their "standard pricing". See Attachments #4, #5, and #6 for a detailed cost comparison and their respective proposals. Blackbaud's total cost, excluding annual maintenance and support, is \$96,810.50. Sage's total cost, excluding annual maintenance and support, is \$104,552.50. At first glance, it appears the software team is recommending the higher priced vendor. For the Board, it will cost \$3,698 dollars, or 4.7%, more and, if the Sheriff is included, the total difference is \$7,712 dollars, or 7.9%, more. But, by looking at the bottom of the comparison page (Attachment #3) it becomes clear where this additional cost is incurred – Sage/Microix's *MIP* cost includes \$9,706.25 related to electronic timesheets, punch clocks and Human Resources modules. Under Blackbaud *FE*, these are blank because, as already outlined above; they do not offer them and do not have a specific partner. We have contacted just one vendor to get an estimate for these additional modules and the estimate was in excess of \$20,000. Considering this, Sage is the low bidder.

**Annual Support Cost:**

Sage has discounted the Maintenance and Support costs by providing 15 months of support for the price of 12 months effectively saving the County \$3,539.24. Each year thereafter, assuming no changes to the products provided, the annual cost will remain \$12,399.75. To put this in perspective, we paid \$8,557.71 in 2007-08 and \$11,841.46 in 2006-07 for *Fundware* annual maintenance and support costs. These currently fluctuate depending on the number of calls and support issues we have. The Sheriff's Office paid \$4,491 in 2007-08 and \$4,491 in 2006-07 for *Accufund* annual maintenance and support costs. We have calculated we will save, on average, \$2,300 per year and gain efficiencies in the process.

**Financing:**

Sage does offer low interest financing terms but we would have to apply for this and we have not investigated this option. We have discussed other payment and budget options with Tim Barden. We would prefer to handle our "financing" internally in two ways.

First, we would pay for this purchase out of the General Fund Reserve and have the Reserve reimbursed by allocating part of the software cost to all allowable funds. We have discussed using the Cost Allocation Plan to do so and plan to discuss this with your Cost Allocation Plan expert later this summer.

Second, we plan on “phasing in” these new accounting services and enhancements over several phases. We do not have to pay for any new modules or services until we start using them. We can effectively postpone, for example, \$13,602.50 for the electronic budgeting and electronic timesheets into the next fiscal year and \$3,896.25 for the electronic purchase orders into late next fiscal year or the year thereafter. Please note that if we do phase in these costs, the annual maintenance and support costs will be lower initially also. With this example of phasing in the modules, your immediate cost this fiscal year will be \$87,053.75.

Implementation:

Our team has discussed going live with the new software on October 1, 2009 which is just 5 months away. Sage has advised us the conversion process is a four or five month process depending on the number of problems or issues encountered along the way. Due to the way the conversion process will work we must start operating on the new software on the first day of a payroll quarter. Using a “phased in” approach, below is a draft implementation schedule:

- Phase 1
  - October 1, 2009 – Go live with all modules except for the three electronic modules: budgeting, purchase orders and timesheets.
- Phase 2
  - March 1, 2010 – Go live with the electronic budgeting module
  - July 1, 2010 – Go live with electronic timesheets
- Phase 3
  - October 1, 2010 – Go live with electronic purchase orders

Obviously, this schedule depends on the implementation date of the first phase and the later phases can be changed. The later phases will be worked out in discussions with staff and Non Profit Technologies. The next window for the first phase is January 1, 2010 which falls right in the middle of our annual external audit – not a good time for our Finance Department to transition to new software. The next opportunity is April 1, 2010 and to delay this conversion for 6 months would effectively eliminate another budget cycle from gaining the efficiencies of the electronic budget process. Non-Profit Technologies has impressed upon us the importance of phasing in these new enhancements so that the implementation is done right and staff is properly trained

In order to accomplish this implementation schedule, we need to have our vendor on board by early May 2009. Therefore, we seek Board direction to proceed with this implementation. There are two documents that must be signed. Attachment #6 includes, on the final page, a form for the County to sign as acceptance of the proposal. Attachment #7 is the Engagement Letter for Non-Profit Technologies, the vendor who provided the software demonstrations for Sage *MIP & Microix* products and the company who will be converting, implementing and training on this project. The Engagement Letter has been discussed by staff and Non Profit Technologies and was sent to the County Attorney for review.

**Summary:**

After an exhaustive search beginning officially in August 2008, staff recommends that the Sage/Microix product be selected by the Board. Staff believes this software will bring the functionality and enhancements needed by this County for the next decade or more in the areas of finance, accounting, budgeting, and human resources. Once approved, we will begin working with Non Profit Technology staff immediately to design an implementation schedule that is appropriate and attainable for County staff.

**Options:**

1. Approve purchase of Sage *MIP & Microix* accounting software and authorize Clerk and Chairman to execute the proposal and the engagement letter.
2. Do not approve purchase of Sage *MIP & Microix* accounting software and do not authorize the Clerk or Chairman to execute the proposal and the engagement letter.
3. Board Direction.

**Recommendation:**

Option #1

**Attachments:**

1. Info on Sage, Microix and Non-Profit Technologies
2. January 6, 2009 Agenda Item
3. Board Minutes from January 6, 2009 Meeting
4. Detailed Cost Comparison
5. Proposal from Blackbaud
6. Proposal from Sage/Microix
7. Non-Profit Technologies Engagement Letter