



PAN AMERICAN HEALTH ORGANIZATION
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PROJECT FOR MODERNIZATION OF THE PASB MANAGEMENT INFORMATION SYSTEM (PMIS): PROGRESS REPORT

Introduction

1. Pursuant to the instructions of the 50th Directing Council of the Pan American Health Organization (PAHO) in 2010, the Pan American Sanitary Bureau (PASB) launched a project to modernize the PASB Management Information System (PMIS). Progress subsequently has been reported to several Governing Bodies' meetings.
2. This report presents an update of the work being done on this project.

Background

3. The PMIS plays a critical role in providing effective support for delivering 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 would best serve PAHO. In 2009–2010, PASB developed guiding principles for modernization; reviewed, improved, and documented its business processes; analyzed numerous options for modernization, including the costs of these options; and submitted recommendations to PAHO's 50th Directing Council.
5. In response, the 50th Directing Council adopted Resolution CD50.R10, Modernization of the PASB Management Information System. This resolution included several key provisions: (a) approval of the guiding principles for modernization; (b) authorization to proceed with the adoption of Enterprise Resource Planning (ERP) software, which would be independent of WHO and with limited customization while

still being aligned with WHO's GSM and responding to all its requirements; and (c) approval of funding sources.

6. The major goals of the modernization project are to improve the following: (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 human resources, (g) support for emergency operations, and (h) operational effectiveness and efficiency of PAHO's technical cooperation to Member States.

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

8. The overall budget for the project, as approved by the 50th Directing Council, is \$20.3 million, of which \$10.0 million may be funded from the Holding Account.

9. According to the current summary schedule, the project is divided into two phases: pre-implementation and implementation.

Pre-implementation Phase

10. This phase comprises a variety of activities necessary to prepare for implementation and ensure project success. Some of the major elements include the following: (a) establishing the project's organizational and governance structures, (b) staffing, (c) software acquisition, and procurement of system implementation support services.

11. Since the project was approved, preparations for project pre-implementation have focused on the following major areas.

- (a) *Project foundation:* The overall project structure was established and a project team is being assembled for implementation. In addition, PASB had an independent consultant carry out a readiness assessment that identified the critical success factors for the project. The major recommendations of that assessment have been implemented.
- (b) *Business case:* PASB has refined the project's business case. It articulates the project's benefits and defines baselines and targets for measuring the success of the project in terms of Mission support, efficiency, and savings in operating costs. It also has identified simplifications of business processes that will yield immediate tangible savings. Additional information about the business case effort is included in Paragraph 16.

- (c) *Business processes:* A number of business processes were improved and more improvements were identified, some of which will require a new system before they can be implemented. Business processes continue to be evaluated and opportunities identified. This effort will continue through the end of the project.
- (d) *Acquisition of software and procurement of system implementation support services:* A rigorous competitive process was initiated to identify appropriate vendors of products and services. The final decision will be based on the ability of vendors to meet PASB's needs of and the total cost of ownership (TCO). The latter includes software, implementation, and licensing and support costs for a five-year period. Work continues to minimize costs.

Implementation Phase

12. This phase will comprise two steps: *Step 1* will cover the period from mid-2013 through 2014, and *Step 2*, the period from mid-2014 through 2015, which will mark the end of project implementation. While the scope of activities to be implemented in each step may change based on the advice of the system integrator, the current schedule calls for Step 1 to consist of program management, financial management, and procurement services, and Step 2 to consist of human resource management and payroll services.

Risk Management

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

- (a) *The system must meet PASB's needs:* PASB carefully defined its requirements for the new system and subsequently conducted an extensive evaluation of possible software. In addition, a detailed business case was prepared to clearly articulate the criteria for measuring project success.
- (b) *Costs must be controlled:* An important part of minimizing this risk is the use of a fully competitive acquisition process for software and system implementation support services, which together represent a substantial portion of the project budget. 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 sought advice from its Audit Committee and has also hired staff to provide external, independent oversight that will help ensure the project adheres to best project management practices.

Analysis and Update

14. The competitive process to procure software and system implementation services—as well as the due diligence that accompanies that process—is vitally important to ensuring that this project achieves its Mission Support and financial goals. PASB was advised by the external independent consultant who assisted the acquisition process to take the time necessary to ensure that it receives the best value for its investment and to promote the likelihood of project success. The competitive procurement process, completed earlier in 2012, identified several qualified combinations of software and system implementation services. During this process PASB examined low-cost software solutions and invited smaller, lower-cost system implementers to submit proposals for their services. However, the vendors of the lower-cost alternatives either chose not to submit bids or were eliminated from competition as a result of the procurement process.

15. The total implementation of the solution identified by the competitive acquisition process significantly exceeds the project's budget of \$20.3 million. As a result, PASB decided not to initiate contract negotiations for software or system implementation services. While earlier studies concluded that implementation of an ERP system was the best way to modernize PASB's administrative information systems, those analyses presumed that the budget would yield a positive return on investment. The costs determined by the competitive process, however, called this into question.

16. During 2012 and following the competitive process, PASB investigated whether or not implementation costs could be reduced; sought advice from an independent consultant who advised that entering into contract negotiations would be ill advised; and began efforts to further refine the project's business case (with assistance from an independent consultant) in order to better quantify the value of the ERP project. The business case is now complete and asserts that (a) implementation of an ERP system remains the best way to modernize PASB's administrative information systems; (b) the software and system integrator combination that was provisionally selected does indeed exceed the project budget and will not, at that cost, yield a positive return on investment; and (c) other less expensive ERP solutions exist that may, in fact, meet PASB's requirements.

17. Based on these findings, PASB intends to revisit the procurement process in order to identify a less costly solution more appropriate to PASB's size and budget. This will have a substantial impact on the implementation schedule. Nonetheless, based on the experience of the aforementioned competitive process, PASB remains confident that it will be able to identify a solution that will meet its requirements and that can be implemented within the project budget of \$20.3 million approved by the 50th Directing Council in 2010.

18. On 19 February 2013, the Director of PASB decided to move the PMIS project under the Office of the Director of Administration and identified the Manager of Information Technology Services as internal lead for the project. Consequently, the related governance and management, as well as the Project Charter, will be revised. The project team will also be developing a strong communications plan and a risk assessment plan.

Action by the Subcommittee on Program, Budget, and Administration

19. The Subcommittee is invited to take note of this report and offer any comments that it may have.

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