

# UPS AND DOWNS of enterprise resource planning projects

## Troubled projects

### COREFLS, VETERANS AFFAIRS DEPARTMENT

The department piloted the Core Financial and Logistics System at the Bay Pines Veterans Affairs Medical Center in St. Petersburg, Fla. The system, developed by BearingPoint Inc. of McLean, Va., was beset by contract management weaknesses and other problems, according to the department’s inspector general. VA decided to phase out the program in late 2004.  
**PLANNED COST:** \$200 million.

### DEFENSE DEPARTMENT BUSINESS SYSTEM MODERNIZATION

The Government Accountability Office first designated DOD’s business system modernization plan as a high-risk project in 1995 and said last November that it still is risky. The 2006 Defense Authorization Act required DOD to build an enterprise architecture for business system modernization, among other steps to prevent failures. GAO reported that the department was working to comply with Congress’ instructions.  
**PLANNED COST:** \$390 million.

### FINANCIAL AND BUSINESS MANAGEMENT SYSTEM, INTERIOR DEPARTMENT

The department hired integrator BearingPoint and vendor SAP America Inc. of Newtown Square, Pa., after its existing ERP system vendor, CGI, decided to phase out the software. Problems that Interior has declined to specify arose with BearingPoint, and the department fired the integrator. Interior now is seeking a new integrator to implement the SAP software.  
**PLANNED COST:** \$80 million.

### EMERGE2, HOMELAND SECURITY DEPARTMENT

The project to consolidate the department’s multiple ERP systems was abandoned after chief financial officer Andy Maner became aware that it was missing deadlines. DHS changed course and will rely on ERP centers of excellence inside and outside the department.  
**PLANNED COST:** \$229 million.

### NASA INTEGRATED FINANCIAL MANAGEMENT SYSTEM PROGRAM

The project ran into problems that caused it to go over its lifecycle cost estimate by \$121.8 million, according to GAO. The audit agency said NASA could not rely on its SAP software to solve the problems, but would have to transform its financial management organization. The agency responded partly by seeking to consolidate financial management in a shared-services center.  
**PLANNED COST:** \$982.7 million.

### NAVY ERP PILOTS

GAO reported last September that the Navy’s four ERP pilots had failed to show marked improvements in day-to-day operations. The audit agency charged that the pilots failed partly because the systems were not interoperable. “In short, the efforts were failures, and \$1 billion was largely wasted,” GAO said. The Navy endorsed GAO recommendations to adopt metrics, independent verification and validation, and semiannual reviews.  
**COST:** \$1 billion.

## Success stories

### CORE ACCOUNTING SYSTEM, COAST GUARD

The Guard built CAS largely with software it had when it was an agency of the Transportation Department. Now a Center of Excellence within the Homeland Security Department, the Guard uses Oracle financial software supported by Global Computer Enterprises of Reston, Va. The Guard is providing financial management IT services to the Transportation Security Administration and the Federal Air Marshals Service.  
**COST:** \$10 million.

### STATE DEPARTMENT GLOBAL FINANCIAL MANAGEMENT SYSTEM

The department centralized a global financial management system that had relied partly on large overseas operations to process financial transactions into a single CGI platform. In a phased rollout, the department first upgraded overseas posts and now plans to modernize its central financial functions.  
**COST:** Not available.

### GENERAL SERVICES ADMINISTRATION'S FINANCIAL MANAGEMENT CENTER OF EXCELLENCE

GSA, a Center of Excellence within the Financial Management Line of Business Consolidation initiative, supports payroll and personnel systems for more than 35 agencies. It uses Oracle human resources apps, among other tools.  
**COST:** Not available.

### COINS, U.S. MINT

The Mint adopted one of the first e-government ERP systems when it installed PeopleSoft (now Oracle) software for its Consolidated Information System. Among the system’s first tasks was tracking manufacturing activities and customer data.  
**COST:** \$40 million.  
—Wilson P. Dizard III

Sources: Government Accountability Office, inspectors general, Input of Reston, Va., interviews with federal officials and vendors.

# TIMELINE: DOT’s path to better financial management

**1997**—The Transportation Department decides to replace its legacy accounting system, which it developed in-house and is used throughout DOT.

**1998**—The department selects Oracle Corp.’s Federal Financials and Consulting system integration services and develops a standard accounting classification structure, and configuration and conversion programs. Officials decide not to customize the COTS software.

**APRIL 2000**—The Federal Railroad Administration is the first agency to use the system, also known as Delphi.

**NOVEMBER 2003**—The Federal Aviation Administration, the last to convert, goes live.

**MAY 2004**—The department upgrades to Oracle e-Business Suite release 11.5.9, the fourth upgrade since beginning development.

**OCTOBER 2004**—The National Endowment for the Arts becomes the first non-DOT customer to use Delphi.

**FEBRUARY 2005**—DOT is named in the president’s budget proposal as one of four Financial Management Centers of Excellence under the Lines of Business Consolidation initiative.

**SUMMER 2005**—DOT’s center of excellence in Oklahoma City, called the Enterprise Services Center, awards a task order under the National Institutes of Health’s governmentwide acquisition contract CIO-SP2i to a private-sector business partner, SRA International of Fairfax, Va. SRA helps market DOT’s Center of Excellence and implement new customers.

**SEPTEMBER 2005**—The Commodity Futures Trading Commission and the Institute of Museum and Library Services sign up to use Delphi and the ESC’s operational accounting services. DOT has 17 sets of books with 3,700 individually named users on the Delphi system.

**NOVEMBER 2005**—DOT earns its fifth clean audit in a row from OMB.