The ERP Task Force strongly recommends that the Town of Norwood purchase municipal software developed by MUNIS, a New England-based company backed by a large national firm, Tyler Technologies.

Massachusetts is unlike any other State in the Union when it comes to its unique accounting requirements. After speaking with and observing software at multiple municipalities, it quickly became clear that MUNIS is the only viable comprehensive Enterprise Resource Planning system that adds value over our current one. While no system offers a 100% solution MUNIS clearly rises above all others operating in Massachusetts.

Norwood’s most challenging aspect of information gathering and operations relate to the Light Department. Each month our system generates over 15,000 invoices and therefore 15,000 related collections of cash. Currently the Treasurer’s Department and the Light Department spend hours on daily reconciliation. ERP resolves this.

The Task Force asks for your support!

What is Enterprise Resource Planning (ERP)? What will it bring to the Town of Norwood?

Enterprise Resource Planning

Helping to deliver services to homeowners and commercial taxpayers most efficiently.

(ERP) is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources. ERP Software typically integrates all facets of an operation — including accounting, treasury, utility billing, permits, licenses and fees — in a single database, application and user interface. ERP applications are business management software solutions, often customized for a specific business industry. Today, most organizations implement ERP systems to replace legacy software or to incorporate ERP applications because no system currently exists.

Some of the most common ERP modules include those for product planning, material purchasing, inventory control, distribution, accounting, marketing, finance and HR. A business will typically use a combination of different modules to manage back-office activities and tasks including the following:

- Improve accuracy of financial data
- Facilitate better project planning
- Automate the employee life-cycle
- Standardize critical business procedures
- Reduce redundant tasks
- Assess business needs
- Accounting and financial applications
- Lower purchasing costs
- Manage human resources and payroll

What is Enterprise Resource Planning (ERP)?

The Future of Norwood begins with your support!

The Future of Norwood begins with your support!

May 14, 2018

Special Town Meeting

SPECIAL POINTS OF INTEREST:

- One Time Influx of Funds—Bond Premium
- Long-Term Sustainability
- Compliant with Uniform Massachusetts Accounting System
- Meets DESE standards for School System
- Improved Integration & Efficiency
- Recommended by Auditors
The Details

I Project Kickoff & Strategic Planning
Led by General Manager John Carroll, the internal Computer Users Group began meeting on a monthly basis on September 12, 2016. The group:

- Assessed the capabilities of the existing system
- Documented procedures within each department
- Requested changes where deficiencies existed

The overall conclusion of the group was:

- The current budgeting and cost-control system is solid
- The largest weakness in the system relates to utility invoicing, cash collection and cash management, particularly as it relates to full integration
- Light department and Broadband should be more fully integrated

An overall plan and timeline was developed which includes the following phases:

- 9/1/16 - 12/31/17 Community visits to see software in use
- 1/1/18 - 3/30/18 Vendor research and interviews
- 4/1/18 - 4/30/18 Management evaluation and recommendation
- 5/14/18 Funding requested at Town Meeting

Providing the Tools for our Departments

II Requirements Gathering
- Suitability for Massachusetts Municipal Requirements
- Flexibility and Scalability of the Product Innovation
- Ease of use and availability of Municipal User Groups
- Future Sustainability of Software and Company
- Annual Operating Costs
- Implementation Strategy
- Deployment Options

III Interviews and observations of software with peer Municipalities
Team members Assistant General Manager, Town Clerk & Accountant, Treasurer/Collector, IT Director, Superintendent of Light Department and Member of the Board of Selectmen interviewed:

Braintree (Softright - Purchased by Accela)
Attleboro (MUNIS)
Franklin (MUNIS)
Canton (MUNIS)
Wellesley (MUNIS) including Light Department

IV Vendor research
Due to the requirements of the Uniform Massachusetts Accounting System (UMAS), software vendors within the market are limited. Large ERP vendors such as SAP, PeopleSoft, Workday, Oracle, etc. do not see a large enough market to infiltrate so they have not been in this space. We found that these appear to be the only viable candidates for selection:

- Accela
- Accufund
- MUNIS
- VADAR

Interviews with Vendors

V Interviews and demonstrations with vendors

Accela (formerly Softright) - This is a large national software company that bought Softright’s Market Share in Massachusetts (2nd largest share behind MUNIS). Accela is supporting Softright with existing clients and will move them to Accela at a later date. They declined to make a presentation to the Town of Norwood because its Massachusetts modules will not be written for another year. The system will be MS-SQL server based.

“The future success of the Town of Norwood depends on our ability to integrate new technologies” Tony Mazzucco, General Manager

Accufund - This is a medium sized firm based in Connecticut with clients in several States. The largest concentration of its clients are Connecticut municipalities. Accufund is trying to break into the Massachusetts Municipal Finance space. If chosen, Norwood would be its first client in Massachusetts. The system is MS-SQL server based.
Norwood’s ERP Solution

VADAR - This is a small company with approximately 15 employees. It has a presence in Massachusetts in several smaller communities and a few large ones. To utilize VADAR Norwood would have to seek an independent payroll system and integrate records. In addition, VADAR software is limited in the number of modules available. This system is written in Access.

Implementation

If Town Meeting provides the funding we will begin negotiations with MUNIS for module pricing, installation costs & long-term maintenance of the system. Since MUNIS is on the State Contract no bidding is required.

We anticipate that we will have an agreement in 60-90 days. During Fiscal 2019 we will work with MUNIS and other specialty developers to design the system that is right for the Town of Norwood.

The first implementations are scheduled for July 1, 2019 and will include General Ledger, budgeting, purchasing & vendor payments along with utility billing and cash management.

Payroll implementation will begin January 1, 2020 to line up expenditures for employees for the calendar year.

In total we anticipate the entire implementation will be phased in over a 2-3 year period.

Some of the other modules include:

♦ Projects & Grants Management
♦ Capital Planning & Asset Management
♦ Human Resources & Recruiting
♦ Employee Self Service
♦ Real Estate & Personal Property Tax
♦ Motor Vehicle Excise Tax
♦ Tyler Reporting Services

Why is this a Priority for Norwood Considering Other Needs?

The Town of Norwood has been well served by its existing sequel server-based system which has been updated and customized on an ongoing basis.

However, we have arrived at the great age of compliance with more and more demands being placed on our system by Federal and State agencies including DESE and the Division of Local Services.

MUNIS has established reporting protocols that connect directly with these agencies. With over 1,000 employees dedicated to developing and maintaining software, we have the best possibility of developing the highest transparency for our taxpayers. Additionally, since this is the number one platform in Massachusetts for ERP for municipalities, we will benefit by hiring individuals in the future who have transferable expertise.

“We recently attended a two-day MUNIS regional meeting and met several power users” Mark Redlich, IT Director

Let’s invest it wisely!

“Implementing Tyler MUNIS will promote best practices for Norwood” Mark Good, Treasurer and Collector

Norwood’s Future Taxpayers
Consider an IT Assessment and System Conversion

The Town currently maintains its accounting records under the outdated “statutory” accounting system which is not a structured fund accounting system in accordance with generally accepted accounting principles. As a result, each year many manual steps are required to convert the year-end records to a fund accounting basis. Also, the Town’s accounting records are maintained on an information technology platform that lacks the capability and efficiency that is available in many modern municipal software systems. Although the Town has been able to manage its records on these systems for many years, it may be time to evaluate alternative solutions. We also understand that the School Department may be mandated by the Massachusetts Department of Elementary and Secondary Education to allow ESE to upload data directly from the School Department’s accounting records sometime in the fiscal 2020-2022 time period. It is not likely the current system would have that capability.

We recommend the Town consider performing a comprehensive Information Technology Assessment. The primary objective of an IT assessment is to identify areas to increase automation to improve efficiency, establish goals to ensure that the Town maintains a stable IT environment, provide timelines and cost estimates for immediate and longer-term planning, as well as to ensure IT and data security policies remain current. Best practice programs established by the Commonwealth, the Government Finance Officers Association (GFOA) as well as Information Systems Audit and Control Association (ISACA) all recommend such an assessment. Implementation of this recommendation will help ensure the Town’s IT functions remain appropriate. If it is determined that a new IT System is needed, we recommend that the Town’s accounting be converted from the “statutory” system to the more modern Uniform Massachusetts Accounting System (UMAS) which conforms to generally accepted accounting principles.

Melanson Heath, Accountants and Auditors
Management Letter dated December 13, 2016

MUNIS—Norwood’s ERP Solution

“The Norwood School System has been seeking access to MUNIS for years”
Dr. David Thomson, Superintendent

Credits and Acknowledgements

I would like to take this opportunity to thank a number of people who have been involved in the process of gathering information, providing documentation of our business practices and looking at the systems of other municipalities.

First, I would like to acknowledge the leadership of John Carroll who chaired the task force from the fall of 2016 until his retirement. Although John may not have understood the nuts and bolts of computer science and financial systems, he had the faith to trust those of us who did. This project would not have gotten off the ground without his dogged determination to push the project on a monthly basis.

Mark Redlich, Director of IT and author of our existing system approached this proposal with professional skepticism and made us demonstrate the need and the justification for a major expenditure. He has now rightly assumed the leadership role on this project. His expertise and knowledge of how Norwood works is invaluable.

Finally I would like to thank the members of the Board of Selectmen, Finance Commission & School Committee for their openness and support.

Thomas J. McQuaid, CPA, Town Clerk & Accountant
Town of Norwood, the “Jewel” of the Commonwealth
<table>
<thead>
<tr>
<th>System</th>
<th>Current Vendor</th>
<th>Current System</th>
<th>AccuFund</th>
<th>Tyler Munis</th>
<th>VADAR</th>
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<td>✅</td>
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ENTERPRISE RESOURCE PLANNING (ERP)
OPERATING AND COST CONSIDERATIONS

The ERP Committee strongly recommends the acquisition of the Tyler-Munis operating system to be installed on local networks. We believe this system will be transformative for the Town of Norwood and will serve us well for several decades. While this is the largest investment of the possible options it is the only fully-integrated ERP system used by Massachusetts Municipalities. Full-integration is the key element leading to efficiencies as records updated are readily available to all users (assuming proper security clearance) immediately. Currently similar records must be entered into multiple systems to satisfy our local, state and federal requirements. Moving to a single-source vendor will create tremendous efficiencies which over the long-term will mean personnel savings through attrition.

A breakdown of costs for the system is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>License and implementation fees</td>
<td>$1,577,943</td>
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<tr>
<td>In-House Implementation Specialist</td>
<td>$225,000</td>
</tr>
<tr>
<td>3 Years @ $75,000 per year</td>
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<tr>
<td>Total cost of system</td>
<td>$1,802,943</td>
</tr>
<tr>
<td>Less Light Department Implementation</td>
<td></td>
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<tr>
<td>Cost funded in FY2019</td>
<td>($149,600)</td>
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<tr>
<td>Net cost of system</td>
<td>$1,653,343</td>
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<tr>
<td>Contingency</td>
<td>$46,657</td>
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<tr>
<td>Total request of Special Town Meeting</td>
<td>$1,700,000</td>
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</table>

We have not completed our final negotiations with Tyler-Munis. We are hoping to gain additional savings that will increase our contingency funding.

Year 1 maintenance cost is discounted to $31,538. Year 2 maintenance cost is $209,093, escalating 3-4% per year. We pay our existing vendors approximately $250,000 per year. This maintenance cost will decrease as modules in the new system are installed. Realistically we may need to utilize one of the existing vendors for approximately $50,000 per year on an ongoing basis.

We have not pushed the other vendors on pricing because it was clear early on that neither system offers significant upgrades over our existing system. If our request for purchase and implementation of the Tyler-Munis system is not approved we will stay with our legacy software rather than invest in a $1,000,000-plus system that does not deliver an equal amount of improvement to our current workflow.
Frequently asked questions about Norwood’s planned ERP system

1. What is an Enterprise Resource Planning (ERP) system?

   ERP system is business management software that is used to process large amounts of data. Consolidating payroll, human resources, accounts-payable, general ledger and revenue collections into one central system provides cost savings and streamlines and improves operations and the transfer of information within Town Hall as well as to other government agencies and the residents and employees of the Town.

2. What’s the difference between an ERP system and multiple software applications?

   We’ve all had to deal with information silos because of multiple kinds of software: having to print invoices and POs, sending them for sign-off, and having to scan them back into the system; processing payroll in one system and manually posting total disbursements to the general ledger. Managing mass amounts of information through multiple software systems can get messy. A great ERP, on the other hand, offers full integration across all departments, so that information entered from one point is immediately available to users with access throughout Town operations. This helps reduce wait times and human error.

3. Does the Town need an ERP system?

   The ERP legacy system currently in use was initially developed over 30 years ago. Processes and software that at one time met the businesses requirements have become less effective when compared to systems on the market today. Some of our systems do not easily communicate with one another and information needs to be transferred from one system to another electronically or manually. Current processes require multiple steps that can be accomplished in one step on newer systems. Retrieval of information is difficult and some reports are not readily available. A new system will integrate all modules and make processes much more efficient. The developers of the current system are supported by limited staff. This puts the Town’s operation at risk. A new software development company will ensure that our operation is supported on a daily basis and going forward.

4. How did we prepare for an ERP selection and implementation?

   An ERP Task Force has been formed consisting of the Town Manager, Assistant Town Manager, Town Accountant, Treasurer, Light Department Superintendent and IT Director. Each member has knowledge of the needs for each module (General Ledger, Payroll, Accounts Payable, Accounts Receivable and Cash Management). Initially a larger internal IT user group helped us to document current procedures and outline requirements for the future. That information has been incorporated in our decision-making.

5. What ERP solution works best for Norwood?

   The ERP Task Force formulated a set of requirements based on current processes and functional area. Needs were determined. Leading software vendors were identified and required to demonstrate the software capabilities on site. The Task Force also visited surrounding municipalities to observe the software in use. Task Force members also had experience using the one or more software products.
Based on vendor demos and Task Force evaluations, a vendor has been selected that meets the current, and future, needs of Norwood. Further, the recommended ERP software vendor has expansive experience with training, implementation and support throughout implementation and once fully functional.

6. Which ERP applications does the Town need?

ERP applications work to support cash disbursements through payroll and accounts payable, accounts receivable, and financial reporting through the general ledger. The ERP solution recommended will streamline all applications through total integration, allowing data to be shared within departments; the ERP solution recommended offers options for online access. Those ERP systems not recommended are not fully integrated and did not offer online solutions.

7. What is the timeframe for an ERP implementation?

Planning for implementation will begin immediately by identifying an implementation team from General Government, Schools and the software vendor. The General Ledger, Purchasing, Receivables and Payables Systems are expected to go live beginning July 1, 2019. The Town should be 80-90% fully functioning on a new system within two years of the start. Subsequent integrated modules will complete the project. Clear timelines and expectation will be implemented by the team to avoid delays.

8. What happens to data from our old system?

During implementation, data from the legacy system will be converted to the new ERP system for historical purposes. It is recommended that the Town convert three years of historical data into the new system. Anything older than three years will be stored in the legacy system. If needed, this historical data can be extracted from the legacy system at a later date. Records required to be retained permanently will be printed for storage and future access.

9. How will success be measured?

Once fully implemented, the return on investment will be immediate as evidence by streamlining daily processes, allowing staff to focus on other areas like revenue collections. Over the long-term, the recommended ERP system will generate significant improvements for the Town. For example, through online functionality, residents may access Real Estate tax accounts to determine balances to pay. They will not need to call Town Hall. This will help to free up Town Hall staff to complete other tasks.

10. How much does it cost?

Purchase of various software modules and implementation will cost approximately $1.7 million. Annual licensing fees will be approximately $200,000 per year.