



FIFTH ITEM ON THE AGENDA

Information Technology Systems Fund

1. The Committee will recall that in June 2000 the Conference decided,¹ upon the recommendation of the Governing Body, to approve the establishment of an Information Technology Systems Fund with an initial capital of \$25 million² to be financed from the 1998-99 surplus. It will be further recalled that an amount of \$20 million was allocated from the Fund for the upgrade of the ILO's financial systems.³
2. Since the Governing Body met in November 2000, the preparatory activities of the project to upgrade the ILO's financial systems have moved into a practical phase. Project governance and the structure of the Project Steering Committee have been finalized. The first of a series of detailed consultations to determine the scope and detailed objectives of the project, in the form of workshops with senior management and programme managers in all sectors (both at headquarters and in the field), has been conducted. Provisional project organizational structures have been developed and potential project staff are being identified. Current business processes for technical cooperation are being evaluated and documented. Consultations have taken place with "Enterprise Resource Planning" (ERP) software vendors regarding the holding of workshops to evaluate the functional and technical details of their products. These workshops are intended to provide a forum where the vendors can demonstrate how their software would meet the critical requirements identified by the ILO.
3. The Committee will recall that during the discussion of the Information Technology Systems Fund at the last session of the Governing Body, it was informed of the probable need to include human resource functions within the scope of the project. Following further discussions with consultants and vendors, the desirability of the degree of integration offered by an ERP has been reinforced, particularly with respect to the central roles of payroll and staff entitlements. Three alternative approaches to administering the required level of integration have been considered:
 - (a) interfacing existing human resources systems with upgraded financial systems;

¹ International Labour Conference, 88th Session (June 2000), *Provisional Record*, No. 18.

² 38,250,000 Swiss francs (at the budget exchange rate of 1.53 Swiss francs to the US dollar).

³ GB.277/10/1, para. 46.

- (b) interfacing upgraded human resources systems acquired from one vendor with upgraded financial systems from a different vendor; and
- (c) implementing integrated human resource and financial systems acquired from a single vendor.

4. Considering each alternative in turn:

- (a) The human resource strategy places increased emphasis on career development, succession planning, recruitment management, competency development and job evaluation/classification, and seeks to create a more responsive Human Resources Development Department by improving business processes and streamlining administration. The Office's current suite of human resources information systems, which includes a variety of computer applications of different generations operating on multiple hardware and software platforms, cannot provide adequate support to the human resources strategy. Although some recent functional improvements have been made to these applications, these have been limited in scope due to difficulties encountered in enhancing and upgrading the underlying software. Following further research, it has been concluded that developing and maintaining extensive interfaces between the existing human resources systems and upgraded financial systems would not be cost-effective and would result in a significant increase in risk for the project as a whole.
- (b) Although interfacing between systems of similar generations developed by two different vendors would be possible, the opportunity for using integrated business processes would be lost. The data redundancy inherent in this approach would not optimize global data capture and sharing of information. The development, implementation and ongoing support of the required interfaces would be expensive, due to the need for distinct expertise for two different systems. The hardware and software required to operate two separate systems on different platforms would also entail additional costs. Finally, maintaining and upgrading two systems and the associated interfaces with different upgrade cycles would be highly problematic and increase the risk of breakdowns in effective integration.
- (c) ERPs, as an integrated solution, are designed to avoid fragmentation of information in large organizations with data spread over multiple systems and IT platforms. Legacy systems may provide invaluable support for particular business activities but, in combination, they represent a burden on productivity and on the access of management to the information needed for rapid well-informed decision-making. An ERP provides a single comprehensive worldwide database collecting data from transactions processed in multiple modular applications supporting all aspects of the organization's activities. When information is entered in one place, related information is automatically updated throughout the system. The convergence towards one vendor will inevitably lead to economies of scale during implementation and in post-implementation support. These considerations have led to the conclusion that the project should provide a single integrated solution for the Office's financial, human resources and other administrative systems.

5. The addition of human resources systems to the project should take place at project inception rather than at a later date to ensure successful integration. Analysis has further concluded that the implementation of upgraded human resource systems can be achieved within the existing project timeframe.

6. The project scope previously reported to the Governing Body will therefore be expanded to include the following functionality:

- entitlements administration;
 - applicant tracking and recruitment;
 - competency-based job and employee profiles;
 - career development planning and review;
 - succession planning;
 - training and events management;
 - position management and organigrams;
 - contract management; and
 - human resources information reporting.
7. Of the potential system applications indicated to the Committee,⁴ the upgrading of the human resources information systems is considered to be the most necessary. It is estimated that the expanded project, including the upgrade of human resources information systems, will require the entire balance available in the Information Technology Systems Fund. For the time being, the Director-General will, therefore, be unable to contemplate funding other potential major systems application projects from the Fund.
8. The Director-General is committed to utilizing new technologies to improve technical, management and support services at headquarters and in the field. This will inevitably entail significant changes in Office culture, processes and procedures; for this reason, the Director-General will ensure that there is effective organizational change leadership in the implementation of this project.

Submitted for information.

Geneva, 28 February 2001.

⁴ GB.277/PFA/2/2, para. 20.