



THIRD ITEM ON THE AGENDA

Information Systems Technology Fund

1. The Committee will recall that in June 2000 the Conference decided, upon the recommendation of the Governing Body, to approve the establishment of an Information Technology Systems Fund with an initial capital of \$25 million to be financed from the 1998-99 surplus. It will be further recalled that this amount was allocated for the upgrade of the ILO's financial, procurement and human resources computer systems.
2. Since the last session of the Governing Body, in November 2001, the project has made steady progress. Accomplishments include:
 - strengthening the project team with the recruitment of IT specialists, the short-term appointment of an IT procurement expert, and the assignment of a number of staff members to work full time on the project;
 - completion of a scope workshop with key users drawn from across the Office;
 - development and documentation of high-level user requirements. This exercise culminated in the preparation of four key documents which address the Office's core business requirements. The four documents set out the scope of ILO's requirements; the underlying concepts; and include a set of comprehensive test cases and scripted scenarios designed to confirm that the software fully meets the Office's needs;
 - commissioning an independent review of the ILO software selection process. The consultants considered that the Office had developed strong project organization and governance structures, adopted a realistic timetable and were employing appropriate tools and methodologies. The consultants also identified a small number of areas requiring attention and offered advice on how to proceed.

Software selection

3. The procurement phase of the project has also advanced considerably in line with the procedures approved by the Contracts Committee. It will be recalled that 19 vendors submitted formal requests for information and their responses were evaluated in accordance with the agreed software selection methodology. In particular, the following key aspects of the vendors' enterprise resource planning (ERP) platforms were considered "pre-qualification criteria" because they relate to the characteristics of the ERP platform on which the Office could not compromise:
 - support for the core ILO business requirements set out in the scope;
 - vendor financial strength and customer base;

- support for open operating systems;
 - support for the ILO standard database management systems and for database independence;
 - addressing the requirements of the public sector and, in particular, United Nations agencies;
 - availability of vendor-independent support.
4. Following a rigorous evaluation process, three vendors scored significantly higher than the others and were short-listed as candidates for the next phase of the procurement process. The three vendors were Oracle, Peoplesoft and SAP.
 5. To obtain a more detailed understanding of the vendors' products and to assess the extent to which they met the Office's critical business needs, each of the three candidates was invited to conduct an initial round of workshops. These workshops were conducted between November 2001 and January 2002 and the results have been carefully documented and are now being assessed.
 6. Following successful completion of the workshops, a formal request for proposals (RFP) has been issued to the three vendors with a deadline for responses of 3 April 2002. The Office aims to complete the evaluation and selection process in May 2002 to ensure that the project remains on target for implementation in January 2004.

Project expenditure

7. Expenditure on the project will not follow an even pattern: there will be some periods of heavy investment, for example when the Office purchases major items of hardware or software and when more intensive services of external consultants are required. There will also be periods of relatively light expenditure. The spending plans for the financial year 2002 envisage total expenditure of approximately \$7.5 million; at this stage funds committed amount to approximately \$3.5 million and relate primarily to staff, consultants and equipment.
8. The relatively low level of expenditure on the project at this time reflects the small number of full-time staff employed in the early stages of the project and is in line with expectations. Much of the work, and the associated costs, of developing and documenting the high-level user requirements were absorbed by ILO departments in the course of their regular work. It should also be borne in mind that significant costs, estimated to be in the region of \$250,000, have been incurred by vendors who are investing considerable amounts of staff time and resources in supporting ILO requirements for workshops and related assistance.
9. Over the next few months, vendor selection will be completed and the project will move into the development and implementation phase. This will involve further recruitment and training of project personnel and identification of a suitable consulting firm to act as implementation partner to assist with development and implementation of the selected software. A further progress report will be submitted to the Committee at its 285th (November 2002) Session.

Geneva, 6 February 2002.