



SIXTH ITEM ON THE AGENDA

Information Technology Systems Fund**(a) Project IRIS¹**

1. In June 2000, an Information Technology Systems Fund was established with an initial capital of US\$25 million to finance the procurement and development of major information technology systems. These funds were allocated for the upgrade of the ILO's financial and human resource systems to support contemporary, streamlined and integrated processes with improved information for decision-making. Progress reports are regularly provided to the Committee and this information paper presents an update since the last report submitted to the 285th Session of the Governing Body in November 2002.²
2. The Committee will recall from previous progress reports that the project team is now well established. Business processes have been analysed and mapped, and appropriate systems solutions software has been selected. The project is now in the implementation phase and has made major progress in two main areas:
 - an implementation partner (Accenture plc) has been selected to work alongside the project team during the implementation phase;
 - customization of Oracle software to meet the specific needs of the ILO has begun.

Implementation partner

3. For implementation to proceed smoothly and efficiently, the project team's detailed knowledge of ILO business processes needs to be supplemented by consultants with a thorough knowledge of Oracle applications. Following a competitive procurement exercise, two companies were invited to present detailed proposals to the Office in November 2002. After evaluating both technical competence and commercial factors, the Contracts Committee recommended the selection of Accenture plc.

¹ Integrated Resource Information System.

² GB.285/PFA/5/1.

4. Joint work with Accenture on the implementation of Oracle applications began in December 2002 and was followed by a series of workshops, over a three-week period, in January and February 2003. Following discussions with the Turin Centre on their requirements, the Centre also participated in these workshops and will continue to be involved in the components of the project that are relevant to their needs.
5. The main priority, which is ongoing at the time of writing this paper, is to establish a detailed project implementation timetable for all aspects of the new systems at headquarters and in the field. The ILO will then be able to review current plans and assess the estimated duration, total cost and final scope of the project more accurately.

Software customization

6. In January 2003, Oracle Corporation consultants began customizing the software to meet the ILO's needs. Each item of customization has been specified in detail and carefully documented in close consultation with Oracle. The need for customization arises primarily from United Nations common system requirements and includes the development of two new modules relating to ILO payroll requirements that will become standard Oracle applications. Oracle is committed to completing this vital customization work by mid-September 2003, in good time for rigorous acceptance testing and integration with the main Oracle software modules.

Project expenditure

7. As reported previously,³ expenditure on the project will not follow an even pattern. To date, disbursements have been a modest US\$3 million but, having recently concluded major contracts with Oracle and Accenture, expenditure in 2003 can be expected to increase significantly. High-value contracts were concluded simultaneously with Oracle and Accenture in December 2002. Two fixed-price contracts with Oracle for the purchase of software and related customization work amounted to US\$4.2 million, and the contract with Accenture for up to 5,700 days of implementation services has a maximum contract value of US\$8.3 million. Consequently, total amounts obligated at the end of February 2003 amounted to US\$18 million.
8. All contract payments are linked to major deliverables or key project milestones. The contracts for customization and implementation services also include substantial penalties to discourage cost overruns and, in the event of serious overruns, the Office has the right to terminate the contracts and recover amounts already paid. These measures provide effective cost-control mechanisms and were formulated by drawing on previous project experience and on the independent advice and guidance of leading consultants in information technology.
9. Over the coming months, the project will be closely engaged in the configuration and implementation of Oracle modules to meet the defined ILO business requirements. This is a critical phase and will be closely monitored and controlled to ensure that the project remains within budget and on schedule for the implementation of major functionality at headquarters and in external offices during 2004.

Geneva, 26 January 2003.

³ GB.285/PFA/5/1.