

**SIXTH ITEM ON THE AGENDA****Information Technology Systems Fund**

1. In June 2000, the International Labour Conference established an Information Technology Systems Fund from the 1998-99 surplus. The entire amount of US\$25 million was committed to upgrade the ILO's financial and human resources systems in project IRIS.<sup>1</sup>
2. In 2002, a further US\$5 million from the 2000-01 cash surplus was approved for the Information Technology Systems Fund. Proposals for use of these resources are subject to prior review by the Governing Body which has approved a maximum amount of US\$4.1 million for the replacement of the electronic voting system, the implementation of an electronic document management system (EDMS), and improvements to the ILO's global telecommunications infrastructure. A sum of US\$900,000, plus any eventual underspending on the projects already funded, therefore remains available in the Information Technology Systems Fund.
3. This paper provides a progress report on these information technology initiatives and seeks the Committee's approval to use the funds available in the Information Technology Systems Fund for project IRIS.

**(a) Electronic voting system**

4. In November 2002, the Governing Body approved up to US\$600,000 for the replacement of the electronic voting system and further development of information technology at the Conference. Following an international tender, a contract for software development was signed in May 2003. The software design specifications were delivered to the Office in August 2003 and there will be an initial release of a test version of the product in October 2003. During the 288th Session of the Programme, Financial and Administrative Committee in November 2003, the Office plans to run a software test with 30 hand-held mobile voting stations.
5. Final delivery of the new voting software is planned for May 2004 and, with the purchase of the remaining voting stations, the system will be operational for the 92nd Session of the Conference in June 2004. The project is on budget, and expenditure to June 2004 is projected to be US\$495,000. The balance of funds available will be used for the

<sup>1</sup> Integrated Resources Information System.

development of additional technological innovations, including support for interactive meetings dealing with amendments and subamendments, and integration with the ILO's Conference management system.

## **(b) Electronic document management system (EDMS)**

6. At its 286th Session (March 2003), the Governing Body approved up to US\$500,000 to implement an EDMS by the end of 2006. This will entail standardizing the process for preparing and storing internal ILO text documents, working papers and publications, to facilitate their search and retrieval.
7. Expenditure to date has been negligible, since it was anticipated that the initial research for an appropriate software product would be undertaken by regular budget staff. Several vendor products have been reviewed and a simple EDMS prototype based on the software suite used for project IRIS is being tested. The project funding will be used for the procurement of hardware and software starting in the latter part of 2003, followed by user training.

## **(c) Headquarters/field telecommunications infrastructure improvements**

8. At its 286th Session (March 2003), the Governing Body approved up to US\$3 million to improve the ILO's telecommunications infrastructure. The funding sought to replace individual, local Internet service providers in all of the ILO's 50 offices with a secure, global, high-speed wide area network (WAN) from a single source.
9. The technical and financial evaluations of the proposals from three suppliers were completed in September 2003 with the assistance of a telecommunications consultant. This work has revealed that the one-time start-up costs are likely to be in the region of US\$500,000. On the other hand, the annual charges for using a private worldwide network could reach US\$2 million, which seems comparable with other UN organizations that have implemented a similar network. This recurring cost would be only partially offset by savings to be realized from eliminating the connection charges payable to existing local Internet service providers.
10. Expenditure to date has been negligible. However, before committing to one-time investment costs, additional financial analysis will be undertaken during the next three months, including validation of the incremental costs for every ILO location and external benchmarking of the recurring costs, so that the Office can closely examine the case for an improved telecommunications infrastructure for each office individually. The pace and extent to which recurring costs can be reasonably absorbed must also be considered, especially where no provision is made in the Programme and Budget for 2004-05.
11. The most urgent need is to ensure that all ILO offices enjoy uninterrupted access to basic services such as email, the Intranet and the Internet. Another pressing requirement is to support the increasing number of ILO global applications, such as IRIS, that are reliant on secure, dependable, high-speed access to web-based systems.
12. Before the end of 2004, a partial WAN will therefore be implemented in locations, chiefly in Africa, which presently have unreliable Internet connections and where IRIS transaction processing in a test environment identifies a need for the communications infrastructure to

be upgraded. The current connectivity infrastructure involving local Internet service providers will be maintained in the remaining ILO locations, where the connectivity is tolerable versus imminent needs.

13. Eventually, the Office may need to invest in a full global WAN, partly because significant benefits will be obtained only when the entire Office is connected through a single, global, private network. A robust worldwide telecommunications infrastructure is essential to improve coordination and integration of work between ILO offices, transfer data securely, streamline administrative functions, facilitate information management, improve decision-making and provide a solid technical platform for network-based video conferencing and remote problem resolution.
14. In the light of the evaluation of the proposals conducted during the past months, one-time costs for the implementation of a WAN can be restricted to a revised figure of US\$500,000. The Committee may thus wish to release US\$2.5 million back to the Information Technology Systems Fund.
15. *In view of the financial analysis of the overall investment costs, the Committee may wish to recommend to the Governing Body that it revise the figure of up to US\$3 million approved from the Information Technology Systems Fund for improvements to the headquarters/field telecommunications infrastructure at its 286th Session in March 2003, to US\$500,000, thus releasing US\$2.5 million for other purposes.*

#### **(d) Project IRIS**

16. When project IRIS was conceived and the project budget of US\$25 million established, its scope encompassed financial and human resource administration functionality that was covered by the ILO's old legacy systems. These comprised: financial accounting; payments and receipts; procurement; travel; human resources administration; payroll and entitlements processing; budget allocation and control; programme and project management; and reporting. In recent months, emphasis has been given to fully supporting the in-depth implementation of results-based management within IRIS, which has contributed to some changes in the overall architecture of the project modules and the establishment of a strategic management module specifically for the purpose. The planned systems design will provide direct benefits to ILO programme and project managers and extend the economic life of the system.
17. Project IRIS will therefore provide an integrated programme, financial and human resource management system that will support streamlined management processes from planning to evaluation, and provide timely information for effective financial stewardship and decision-making.
18. The project has been fully operational for over a year, and more than 60 staff and consultants are currently engaged. Of the US\$25 million allocation for IRIS, the total amount obligated as of end-August 2003 is US\$20 million (including expenditures of US\$9.5 million, related mainly to consulting costs (chiefly the project implementation partner, Accenture), internal staff costs, computer software (Oracle) and equipment purchases).

## Project IRIS progress since March 2003

19. The bulk of the design phase for all major ILO business processes has recently been completed. From June to August 2003, prototype business processes were prepared and presented to over 100 users in a “conference room pilot” exercise that involved 103 separate workshops. The exercise provided detailed insights on user requirements. For example, over 100 reports have been requested by users, 74 separate data conversions have been defined and 45 interfaces confirmed. The conference room pilot exercise has also identified the need for greater investment in a number of areas. For example, the importance of staff training was emphasized and a range of system enhancements have been identified. To assist the project team to complete these activities a competition was launched and a contract was awarded to Satyam Computer Services Limited in August 2003 for the provision of additional consulting support.
20. Gartner Consulting also conducted a second quality assurance inspection of the project and presented their report in August 2003. It reviewed 29 project areas and identified four areas as presenting high risks. Accordingly, the project plan was revised and action is being taken to address all the high-risk areas. The analysis is considered a helpful and constructive independent assessment of the project status, and a further checkpoint review is scheduled in 2004.
21. Oracle consultants have continued to work closely with the project team and have now delivered key components of customized software. The remaining components are due to be delivered at the end of October 2003.

## Project IRIS budget

22. Following the comments from Gartner Consulting and the comprehensive information gathered during the conference room pilot exercise, the project workplan and budget have been reviewed and updated using established IT project planning tools.
23. Following a review of the alternatives available within existing funding, it is recommended that the most cost-effective approach is to continue with the full implementation of IRIS, which will also enable the Office to maximize and accelerate the benefits gained from this project. A full and simultaneous implementation of all modules is widely considered by experts as the least costly implementation strategy for enterprise resource planning projects of this nature.
24. To ensure successful and timely implementation of IRIS, increased efforts, energy and resources will need to be dedicated over the remaining months. Close scrutiny by the steering committee of planned activities and options, as well as a detailed analysis of costs, and was carried out in August 2003. It is estimated that additional funding from the Information Technology Systems Fund amounting to US\$3.4 million (for programming, testing, training activities, etc.) would be essential to deliver a cost-effective system. This additional funding at this stage would enable the project to maintain its current momentum with the staff and consultants already on board and to implement IRIS in 2004, initially at headquarters and then gradually in the field as from the latter part of the year.
25. If the IRIS budget ceiling were set at US\$25 million, some adjustments to the project scope would need to be done. One of the main priorities aimed at eliminating the reliance on existing legacy systems would inevitably be postponed since parallel systems would need to be maintained. Retaining legacy systems would also prevent the Office from effectively deploying IRIS in the field. This situation would also translate into greater training and transition costs and hinder the change management process.

26. While system-wide comparisons across the UN system are difficult and expected results may not be fully determined, it may be noted that the current project IRIS budget of US\$25 million compares with nearly US\$80 million spent on the UN's IMIS and US\$55 million recently foreseen by the WHO. Other agencies, such as the World Food Programme and the Food and Agriculture Organization, have also incurred or budgeted substantially higher costs of ERP implementation than the current or proposed IRIS budget.
27. It is therefore recommended that the Governing Body authorize the use of the un-earmarked balance of the Information Technology Systems Fund for project IRIS. This amounts to US\$3.4 million, comprising US\$900,000 already available and US\$2.5 million proposed for release in paragraph 15 above.
28. *The Committee may therefore wish to recommend to the Governing Body that it approve the use of the un-earmarked balance of the Information Technology Systems Fund, amounting to US\$3.4 million, towards meeting the budgetary shortfall in project IRIS.*

Geneva, 15 October 2003.

*Points for decision:* Paragraph 15;  
Paragraph 28.