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# PURPOSE

1.1 The Defence Authority for Financial Management and Approvals (DAF) require a better understanding of the existing Oracle Corporation products, for which they own licenses, in order to exploit the system functionality to ensure the finance processes they support are as efficient and effective as possible. Better use of the functionality will also ensure they maximise their current investment.

1.2 We also need to explore the opportunities available to them to increase their Oracle footprint, both considering how they might use the functionality to better support their management accounting processes and to understand how they might integrate the Defence Financial Management Systems (DFMS) with development in project scheduling and time recording being undertaken in other parts of the MoD.

1.3 To support this they need to understand the direction of travel the Oracle Corporation are looking to progress in the next 5 years to ensure that the MoD’s architectural approach is consistent (as far as is practicable) with this direction of travel.

# BACKGROUND TO THE CONTRACTING aUTHORITy

## 2.1 DAF is responsible for procurement and maintenance of the Financial Systems in the MoD.

# Background to requirement/OVERVIEW of requirement

3.1 The MoD has a significant Oracle footprint e.g. throughout Finance, Military and Civilian Personnel systems. This has been implemented organically over a number of years through a series of incremental, mainly stand alone, projects. This has led to a footprint that is segmented over several sets of hardware, which means that business process flows are inherently dependent upon a large amount of interfaces which impact the smooth flow of data through the system and add unnecessary complexity.

3.2 The approach taken to date meets business requirements, though as the eBusiness Suite (eBS) is spread across disparate servers there has been limited ability to utilise the Commercial off the Shelf (CotS) workflow through the integration of eBS. The net result of the current deployed architecture is that there are inefficiencies in the use of applications and therefore in business process.

3.3 The release 2 of Contracting Purchasing and Finance (CP&F) in October 2016 will span the Finance and Procurement applications estate. This will create opportunities, both to improve Business Process flows through CotS workflow and also System Data flows through CotS integration. Please note that Human Resources and Payroll will remain on their own hardware and continue to provide finance related transactions (e.g. accounting impact of staff costs) to the Defence Financial Management System.

3.4 The Planning, Budget and Forecasting (PB&F) process is mainly supported by Enterprise Planning, COGNOS functionality. The PB&F application is large and complex, and there are many “off-system” processes (e.g. Excel), that support the application. In addition the business process that PB&F supports is complex with many hand-offs between Head Office, and other MoD Departments. This in turn compounds the issues created by an over complex application.

3.5 Director General Finance has established a Finance Transformation Programme to review the existing finance business processes and identify improvements. The Financial Management Strategy aligns to industry best practise which states that the Department should seek to continually improve the finance systems in incremental steps to deliver the improvements in the business process flows.

3.6 The ISS Digital Service Strategy (DSS) states that Design Authorities must be technically, financially and commercially aware and should apply an architectural approach to lead and shape the development and delivery of capabilities to reduce complexity and cost. Another key principle is to not customise software but to utilise ‘out-of-the-box’ functionality as much as possible and to include as much of the finance application estate within the ERP as practicable. The work we are proposing will deliver both of these as well as potentially offer opportunities to make efficiencies across the finance business processes.

# definitions

|  |  |
| --- | --- |
| Expression or Acronym | Definition |
| MoD | Ministry of Defence |
| ISS | Information Systems and Services |
| ERP | Enterprise Resource Planning |

# scope of requirement

## The DAF requires four explorative workshops to examine current business processes to make optimum use of the Oracle R12 e-business suite functionality and identify their future finance system architecture.

5.2 Each of the four workshops will deliver a report, workshop notes, recommendations and a High Level Plan:

5.2.1 Workshop 1 - General Ledger – 1 day

Oracle Subject Matter Experts (SMEs), together with business SMEs will explore how process and functionality could work better together in an integrated Oracle ERP. Each workshop / meeting will include ten attendees. This will be achieved by walking through best practice process flows and how the Department could make optimum use of CotS functionality, specifically in relation to the interplay between a thin General Ledger, the Chart of Accounts and the detail available in the sub-ledgers. This is crucial in order to minimise the days required to close the General Ledger and therefore produce the In Year Management forecasts quicker;

5.2.2 Workshop 2 - Non-current Assets (Fixed Assets) – 1 day

Oracle Subject Matter Experts (SMEs), together with business SMEs will explore how and if functionality currently in PB&F can be moved into Oracle Fixed Assets. This should simplify the PB&F system and make it easier to support. This will be combined with a walk through of the asset lifecycle to inform the “fit” within the end to end process flows operated by the Department;

5.2.3 Workshop 3 - Planning, Budgeting and Forecasting – 2 days

Oracle Subject Matter Experts (SMEs), together with business SMEs will explore what MoD PB&F capability the Oracle ERP application suite can support and to work through opportunities and associated benefits of moving to non-current applications such as Hyperion Planning and Finance Management. The workshop will also explore how the Department could manage its process within Oracle CotS functionality and also relate the MoD eBS/COGNOS model to an “in-use” industry model;

5.2.4 Workshop 4 - Project Accounting/Project Costing – 2 days

Oracle Subject Matter Experts (SMEs), together with business SMEs will explore opportunities to transfer project cost management out of the Chart of Accounts into a standard sub-ledger and how this could integrate with project, budgeting and forecasting capability. This will focus specifically on the Oracle Project Accounting/Costing module and its functionality.

5.2.5 Once the workshops are complete, the reports, recommendations and High Level Plan will provide a clear set of requirements, timescales and estimated costs of options for a solution that the Department could implement.

# The requirement

6.1 The Defence Authority for Financial Management and Approvals requires four explorative workshops with Oracle and other key stakeholders from across the Department to examine current business processes to make optimum use of the Oracle R12 e-business suite functionality and identify their future finance system architecture.

## These workshops need to be facilitated by external SME’s, who have both the knowledge and expertise in Oracle ERP products and how they operate with industry best practice. This will ensure that the Department fully exploits systems for which they hold licenses and have invested in significantly over the last few years.

## 6.3 The Finance Management Strategy sets the direction for our Finance systems over the next five years. In order to provide on-going future alignment these workshops need to cover the direction of where Oracle Corporation’s products are looking to progress within a similar timescale. This will ensure that the Department considers future exploitation opportunities when shaping and developing the current financial architecture.

# key milestones

## The Potential Provider should note the following project milestones that the Authority will measure the quality of delivery against:

|  |  |  |
| --- | --- | --- |
| **Milestone** | **Description** | **Timeframe** |
| 1 | Dates and locations of the workshops to be set up and agreed | Within week 2 of Contract Award |
| 2 | Workshops to be held | Within week 6 of Contract Award |
| 3 | The reports, recommendations and High Level Plan for each workshop will provide a clear set of requirements, timescales and estimated costs of options for a solution. The reports to be submitted to Business Development Dept Hd | Within week 10 of Contract Award |

# 

# authority’s responsibilities

## 8.1 The Defence Authority for Financial Management and Approvals will need to invite MoD Subject Matter Experts. Their availability may affect the timings of workshops.

# continuous improvement

## The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.

## 9.2 The Supplier will be expected to review the way in which each workshop is delivered and apply any lessons learned to remaining workshops.

## Changes to the way in which the Services are to be delivered must be brought to the Authority’s attention and agreed prior to any changes being implemented.

# PRICE

## The contract will be a Capped Cost Contract. The price should be broken down by the number of days and price for each work package in the requirement.

## Prices are to be submitted via the Appendix E excluding VAT.

## The maximum budget for the full requirement is £75,000 (exc. VAT). Bids received over this budget will be deemed non-compliant.

# STAFF AND CUSTOMER SERVICE

## The Authority requires the Potential Provider to provide a sufficient level of resource throughout the duration of the Finance Systems Future Strategy Workshops Contract in order to consistently deliver a quality service to all Parties.

## Potential Provider’s staff assigned to the Finance Systems Future Strategy Workshops Contract shall have the relevant qualifications and experience to deliver the Contract.

## The Potential Provider shall ensure that staff understand the Authority’s vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

# Security requirements

## 12.1 SC clearance is required for all on-site contractors. This must be in place prior to contract commencement.

# payment

## Invoices are to be submitted monthly covering the work completed in the payment period. Invoices will be paid through the MoD Purchase to Payment System (P2P). All invoices should be submitted to the Designated Officer (DO) - DI Res Dep Head Strategy.

## Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.

## Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs. The DO will confirm that all invoiced products and deliverables have been delivered to the required standard, before the invoice will be released for payment on P2P.

# Location

## The location of the Services will be carried out at an establishment in Bristol. Prices should be inclusive of all expenses and exclusive of VAT.