

## **MEMO TO BOARD OF SELECTMEN**

**Nov. 30, 2012**

From: Don Borrer, Finance Director, on behalf of the Finance Software Ad Hoc Committee

RE: Finance Software Ad Hoc Committee, final recommendation

In the spring of 2012, the Finance Software Ad Hoc Committee was formed, with nine members: 3 staff members, 1 selectman member, 1 budget committee member, 1 CIP committee member, and 3 members from the community at large. The goal of the committee has been to explore the options available for the replacement of our financial software, and to reach a final recommendation to the Board based on the year's activities, meetings, and discussions.

During the first phase of the process in the late spring and summer months, the committee met several times to discuss not only the options for replacing the financial software, but to explore the potential consequences of "doing nothing." These discussions took the form of Strengths/Weaknesses/Opportunities/Threats or "SWOT" analysis and some analysis of the potential costs of not replacing the software. The "SWOT" analysis was led by committee member James McKim, who has ample experience in the computer/software industry. It has been clear that "doing nothing" is not a viable option.

The committee also issued a Request For Information in June to explore the solutions available to the town. The information submitted in response to the RFI and the discussions by the committee led to the conclusion that we need to select a vendor who can handle the size and complexity of Goffstown's funds, departments, chart of accounts, payroll, and overall accounting requirements. This ruled out the sole practitioners and the "mom & pop" type vendors.

In the second phase of the process earlier this fall, the Board authorized the committee to send out an RFP for financial software. We received seven submissions from the following potential vendors, listed in alphabetical order:

Blum Shapiro (AccuFund), Rockland MA.

Business Management Systems (BMSI), Franconia NH.

Creative Microsystems Inc. (CMI), Englewood OH.

Edmunds & Associates, Northfield NJ.

Harris ERP (Innoprise), Chesterfield MO.

Springbrook Software, Portland OR.

Tyler Technologies (Munis), Yarmouth ME.

During the next two committee meetings, the committee voted to eliminate BMSI because they simply did not demonstrate the functionality or support required. Harris ERP (Innoprise) was eliminated because their cost was extremely high compared to the other vendors. Creative Microsystems Inc (CMI) was eliminated because their annual maintenance fees were extremely high compared to the other

vendors, as well as their implementation fees. The committee was also very concerned about the functionality of this vendor.

The committee directed staff members to check references on the four remaining vendors. Blum Shapiro (AccuFund) was eliminated because they are not focused on municipal software, but are instead an accounting firm who is a reseller of the software.

For the third and final phase of the process, the committee voted to schedule vendor demonstrations for the remaining three vendors: Edmunds & Associates on November 16, Tyler Technologies (Munis) on November 19, and Springbrook Software on November 27, to be followed by a committee meeting on November 28 to make a final selection. The three vendors demonstrated and answered questions about their software in a three hour demonstration with end users and available members of the committee.

At the November 28 committee meeting, we discussed the three vendors. At this meeting and throughout the process, multiple criteria were considered, including but not limited to, functionality, cost, expandability, ease of use, service/support, ability to customize reports, existence of NH clients, and company reputation.

Concerns surfaced about Edmunds & Associates. This vendor's functionality was on a somewhat lower tier than that of the other two remaining vendors, particularly in the area of the budgeting module. Their client base is approximately 90% in the state of New Jersey, with no other clients in New Hampshire, and the committee felt that this vendor would not be a suitable fit, even though their cost was the lowest of the three finalists.

Springbrook Software's RFP was unclear about their property tax applications. At the last minute, they proposed to bring in a third party vendor for this critical application, which caused a lot of concerns from not only the committee, but from the end users of the software. Springbrook has not used this vendor at all in the past, and may have chosen the vendor because they have a presence in the northeast, but no presence in New Hampshire at all. The consensus of the committee was that this was an obstacle that the vendor could not overcome at this time.

At this point, the choice was clear. Tyler Technologies (Munis) is already in use in several other NH municipalities, including Bedford, Windham, Derry, and Milford, and received very positive reference checks. Their functionality is superior to the other two finalists, and the committee was unanimous that this vendor is the best fit going forward for the town of Goffstown.

The committee discussed the relative costs of the three finalists. Tyler Technologies, at \$330,000 has a cost that at first glance is about \$130,000 higher than Springbrook. However, this price difference does not factor in any increases for Springbrook's travel costs (not included in their price quote), decreases in Tyler Technologies (Munis) costs for reductions in implementation costs (lots of potential based on Bedford's experience), or decreases in cost obtained by removing extraneous modules and options not

requested in the original RFP. It is likely that the final cost could be somewhere in the \$270,000 to \$295,000 range, depending on negotiations with the vendor.

The price gap could potentially be reduced to the point where the incremental costs would be in the range of \$70,000 to \$100,000 over a five year period. This breaks down to about \$14,000-\$20,000 per year, and amounts to about 1/10 of 1 percent of the town's budget. The committee feels that this is a justifiable incremental cost, considering the superior functionality of the Tyler Technologies (Munis) software. In addition, should the Board choose to fund the warrant article from the town's fund balance, there will be no tax rate impact in the first year, and minimal impact in following years.

**In conclusion, it is the recommendation of the Finance Software Ad Hoc Committee that the Board of Selectmen consider Tyler Technologies (Munis) as the best fit for a financial software vendor for the town of Goffstown, should the Board decide to move forward with this critical project.**