CASS COUNTY GOVERNMENT

County Administrator

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M E M O

TO: County Commission

FROM: Robert W. Wilson

DATE: December 3, 2021

SUBJECT: Enterprise ERP System Upgrade

At the December 6th meeting the Commission is asked to authorize the County to enter into an agreement with HSO Enterprise Solutions for the purchase, configuration, and instillation Microsoft Dynamics 365 in the amount of $697,055. Some elements of this cost are based on estimated work hours required to configure the new system with our current program. The actual cost may vary slightly based on scope of effort required.

As part of the 2022 IT Budget the Commission authorized just over $1.1M for the purchase and upgrade of an ERP computer system that supports the General Ledger, Purchasing, Banking Highway Work Order Management and Budgeting Systems.

The current system has been in use for nearly 20 years, lacks many of the time and effort-saving advancements available in modern systems, and is becoming increasingly difficult to service when problems arise.

This upgraded system is interdependent on and closely related to the recent implementation of the UKG human resource and payroll system. When the Finance, IT, and Administration departments first looked at needed system upgrades more than a year ago it was first thought the ERP system should be upgraded followed by an upgrade of the payroll and HR systems. Based on additional review it was determined the transition would be easier if we implemented the HR/payroll system and then ERP. At that time the recommendation was that UKG and Microsoft Dynamics 365 provided the best combination of features to meet Cass County's needs. Dynamics is the second of three phases to upgrade the ERP system. The Highway work order management system is the third phase and is expected to start in late fall of 2022 with an estimated project cost of $200,000.

This purchase is budgeted in the 2022 IT budget. It was also discussed during development of the budget that the cost of this upgrade could be offset with the use of CARES funds. This was the recommendation of the Finance Office and the former Director at the time the budget was developed.

In addition to current staff, the County's incoming IT Director, Mr. Bob Henderson is familiar with the agreement. Ms. Tracy Peters, Assistant State's Attorney has also reviewed the agreement.

<u>SUGGESTED MOTION:</u> Authorize the Chair to sign an agreement with HSO Enterprise Solutions, LLC for implementation of Microsoft Dynamics in the amount of $697,055 (subject to actual implementation requirements).

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Statement of Work

Microsoft Dynamics 365 for Finance and Supply Chain Implementation

October 2021

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This document has been prepared by HSO as a guide for the services to be provided by HSO.

This document and all services performed by HSO hereunder are and shall remain subject to the provisions of the underlying agreements between HSO and Client.

Contributors

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Michael Perez	Sales Executive	HSO
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Revision History

Version	Section	Content Change	Date
1.0	All	Initial Release	10/6/21
2.0	All	Added fixed assets and asset management implementation	10/21/21

Acronyms

Abbreviation	Definition
BCM	Business Control Model
BPA	Business Process Analysis
BR	Business Release
BRD	Business Requirements Document
CRP	Conference Room Pilot
D365	Microsoft Dynamics 365 Finance and Supply Chain
DRA	Document Routing Agent
ERP	Enterprise Resource Planning
FDD	Functional Design Document
IDD	Integration Design Document
LCS	Lifecycle Services
RDD	Report Design Document
RSAT	Regression Suite Automation Tool
SBD	Solution Blueprint Document
SME	Subject Matter Expert
UAT	User Acceptance Testing

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1. EXECUTIVE SUMMARY

Cass County, North Dakota invested in Sungard on AS/400 many years ago. AS/400 served the county well across many operational systems, however end of life has been reached. The county has struggled in recent years to modernize solutions, improve processes and increase efficiencies largely due to the limitations associated with this legacy technology. The County sought an employee self-service portal a few years ago but found there are not suitable options that co-exist with the legacy AS/400 environment. This caused Cass County to embark on a broader, enterprise modernization initiative.

Cass County sought modern ERP solutions as replacement options that can handle the specifics of public sector accounting and provide an integrated environment. The county prioritized solutions with a successful track-record of implementations in state and local government. After deliberate consideration, Cass County selected Microsoft Dynamics 365 (D365) and Ultimate Kronos Group (UKG) as the go-forward ERP platform. UKG is currently being implemented for Human Capital Management and Payroll. UKG will ultimately be integrated with Dynamics 365 General Ledger. Data and processes should flow seamlessly across the platform while providing the county user community a best of breed experience. This Statement of Work is for the implementation of Dynamics 365 for financial management and procurement.

Based on Microsoft's recommendation, Cass County will leverage HSO as implementation partner for Dynamics 365 based on our relevant experience in state and local government. HSO will bring best practice recommendations and a team well-versed in government practices from industry experience. The implementation approach is based on achieving value faster while mitigating risk and additional cost wherever possible.

HSO has proposed project kickoff in January with an initial go-live of Budget Planning in June 2022 so that the County can immediately begin using D365 for FY23 budgeting process. The rest of financial management is slated to go-live January 2023 to coincide with the county's fiscal year cut-over. Cass County can leverage HSO's Managed Services team for ongoing support and enhancements. HSO will also revisit the initiative to implement D365 Field Service to replace the current work order management on AS/400 to ultimately enable Cass County to complete the migration off of the AS/400 ERP.

Cass County will benefit from reduced onus associated with on-premise system maintenance and costly upgrades by completing this transition to Dynamics 365. HSO will partner with Cass County to achieve a successful implementation and rollout.

2. OBJECTIVES

2.1 Project Objectives

Cass County ultimately needs to retire AS/400 by completing this new ERP implementation. Cass County's key objectives by engaging in this transformative project include:

- Enable process improvement, integration and automation across financial management which will increase efficiency across the County's operations
- Surface real-time data to Cass County stakeholders and facilitate easier decision making for County executives
- Increase employee retention and attract new talent to work in state-of-the-art systems day to day with processes that make sense
- Provide better service and transparency to the 180,000 county residents
- Leverage the interoperability of the Microsoft platform to continue modernizing beyond this implementation

2.2 Proposed Solution

The proposed solution is Microsoft Dynamics 365 Finance and Supply Chain (D365), which is Microsoft's leading ERP platform that offers full coverage of all the business processes in key functional areas such as Finance, Budgeting, Purchasing, Asset Management, Fixed Assets, and Human Resources, although this list is not exhaustive.

Microsoft D365 supports international, multi-company, multi-site organizations. Microsoft D365 supports over 40 different languages and localizations. Microsoft D365 offers support for public sector, Distribution, but also integrates with most of the human resources solutions and improves efficiency of employees. UKG (Ultimate Kronos Group) integration will take place as part of the implementation. Microsoft D365 facilitates real time information availability across the organization, supporting the users during their daily activities. The native integration with other Microsoft technologies like Microsoft Office and Azure products improves user productivity and contributes to the company's success.

A collaborative environment with customers, partners, suppliers, and employees is seamlessly supported by Microsoft D365. Today employees want to use a solution with a familiar and intuitive user experience that makes their jobs easier and is simple to use and learn. Microsoft D365 enables people to find, sort, visualize, and use information through an easy-to-use user interface and allow to work easily with everyday tools by sharing data between Microsoft D365 and Microsoft Office products (e.g., Excel).

3. IMPLEMENTATION METHODOLOGY

Excellerate™ is HSO's project methodology. Standardized methods enable projects to run with reliable and repeatable practices and enable good project management that provides transparency. A successful project is underpinned by a methodology in which control of milestones and deliverables is firmly anchored, and as such, Excellerate™ has been developed and refined by HSO over many years to create a result driven set of methods.

The HSO methodology is defined by a top-down approach where Cass County goals are mapped into Business Releases (BR) that enable portions of the desired capabilities to be iteratively released (i.e., phased into operations). Each Business Release has a clearly defined scope with predefined added value for Cass County.

Risk management is an important element of the project methodology. In the broader IT industry, many IT projects are known for exceeding budgets and schedules. HSO project managers are familiar with these pitfalls and apply integrated process and risk management, embedded in our methodology, to minimize the likelihood of unexpected events.

The following characteristics of the project approach are particularly important:
- System Readiness – validating that all aspects of the system work as excepted and to the Cass County specifications as defined
- Data Readiness – validating the migrated data has been confirmed
- People Readiness – validating that the users of Microsoft D365 are prepared and trained prior to the Go-Live
- The concept of Business Releases
- Controlled development of necessary customizations
- Focus on structured testing to ensure all aspects of required processes meet Cass County business requirements

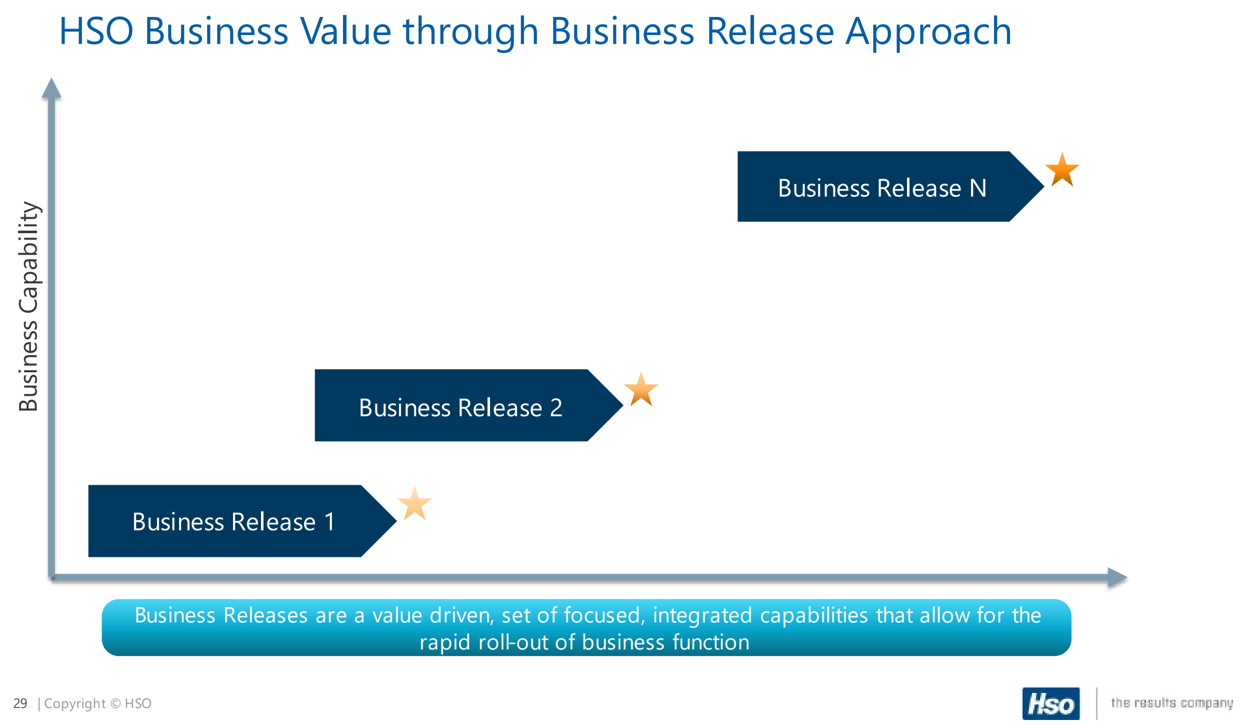
The HSO methodology stipulates the definition of one or more Business Releases, each with a clearly defined scope. Each Business Release will be executed and processes to deliver on-time, consistent results within budget while managing and mitigating risks in parallel. The methodology fosters a predictable and realistic delivery of the project.

3.1 Business Releases

For a D365 implementation to be successful, the scope and phasing must be well defined. To define the priorities and scope in the right way it is necessary that Cass County's project objectives are clearly defined and expressed. Based on these objectives, strategies can be formulated, and decisions made. Business processes that contribute most to realizing Cass County's targets are the highest priority and should get the full focus. Based on Cass County vision and goals, via strategy and choices, the critical processes are determined. Together with some predefined criteria the scope for Business Releases can be defined.

A Business Release can be a set of changes at the system, organization, or process level, where an improvement is realized, value is added, or a specific problem is solved. Criteria for defining the scope of a Business Release are added value, priority, available time, available budget and resources, geography, the organization's level of readiness and processes and people.

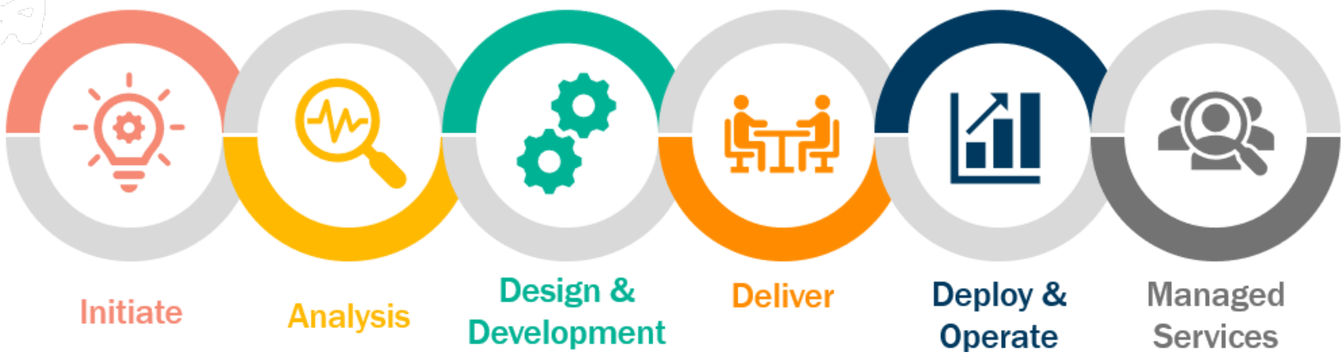
Based on a Business Release strategy, a project can be defined together with the corresponding project organization. A strategy based on the Business Release methodology means that the whole project can be separated into smaller sub-projects, each sub-project focused on realizing clear, measurable, and business based targets. A Business Release is scheduled in such a way that maximum value can be realized against minimum risk. Each Business Release will be carefully monitored to check if only technical issues apply, or if organizational and business changes also need to be considered.



The HSO methodology starts with the Initiate phase. During this phase, Business Releases are defined based on the following criteria:

- Objectives
- Important assumptions
- Risks & control
- Scope / size
- Project organization
- Budget
- Scheduling and deliverables
- Responsibilities

After the Business Releases have been defined, each will be implemented in several predefined phases: Analysis, Design and Development, Deliver, Deployment and Operate and finally Managed Services.



All phases are followed for each individual Business Release, and each phase is divided into activities and deliverables, which are detailed in the following sections. Note that an Analysis phase may not be required for each business release.

3.2 Activities and Deliverables

3.2.1 Initiate

The goals of the Initiate phase are to set the framework for the project as it gets started. During this phase it is important to establish the project vision and initial scope. The initial scope will be fully defined during Analysis, but it is important to set the initial high-level scope as an expectation for all stakeholders as it will help to keep discussions focused and on track.

A critical element of the Initiate phase is to establish and introduce and align the stakeholders, including defining the roles and expectations for each. At this time, the program organization and governance are agreed and established, including project communications and cadence.

Finally, during Initiate, all parties are trained on the implementation methodology to be used, including all tools that will be used to manage the project.

3.2.2 Analysis Phase

Method

The purpose of the Analysis phase is to review the current business processes to determine the exact business requirements for the future state business processes. Before analyzing the processes, it is important to define which processes can or will be fit into each Business Release (BR). The value of multiple business releases depends, among other things, on:

- Fewer business processes combined into a single BR, the less complex that release becomes, which typically allows for a shorter implementation timeline
- Multiple business releases allow D365 functionality to be introduced into the business quicker

- Multiple business releases provide the opportunity to target specific processes to specific end-users

During the Analysis phase the Solution Architects of HSO, supported by consultants for specific areas, will conduct a series of workshops – typically one workshop per business process. During these workshops, all common business activities from different company units will be discussed. As a result of these workshops the list of Fits-Gap compared with standard D365 capabilities will be determined. Once Fit-Gap list is established, several review sessions focusing on the identified gaps and possible solutions are conducted. Gaps will be recorded in DevOps for traceability and used as a baseline for tasks throughout the implementation lifecycle. In the workshops all the requirements are captured as part of a Business Control Model (BCM) and detailed as Business Requirements (BRD) that will be represented in DevOps as well.

At the same time, it is determined which aspects of the business or processes are essential for the actual system design. These Solution Blueprint design choices often deal with data management, reporting structures, contract, product and service management, pricing, etc. Based on these choices, a data model can be setup as a basis for further definition during the iterative Design & Development phase.

At the end of the Analysis phase the Solution Blueprint Document will be delivered to the Steering Committee. The Steering Committee can make major policy decisions regarding process design, changed working methods, which customizations to allow and the final definition of project scope. In the Design & Development phase the functional solution is further developed and setup within this framework.

The Solution Blueprint Document will also contain a list of the Extensions (interfaces with other systems, development to resolve identified gaps, custom reporting) with estimated costs identified necessary for the solution. An updated budget is also provided that reflects the findings of the Analysis phase for approval.

Process control

The Analysis phase is used to create a detailed list of Business Requirements, including fit / gap analysis. Based on the business processes and requirements the project manager, in cooperation with Process owners, key users and consultants, can create a detailed plan for the Design Phase.

For every business process workshop, an agenda will be provided, which will contain an assignment of responsibilities, topics, planning and deliverables. For the Analysis phase and the subsequent Design Phase the process owners, key users and consultants will agree on scope, that is, BCM, BRD and Solution Blueprint.

3.2.3 Design & Development

Method

The purpose of the Design & Development phase is to configure D365 per the Solution Blueprint document. In this phase, any open items from the Analysis phase are further explored based on the defined Business Requirements. For this purpose, one or more test companies may be configured in D365 using customer specific data or demo data but using the standard D365 application; Customer specific software will not be included for this effort. Assumptions, decisions, and design choices will be documented in the Business Requirements Document (BRD) and Solution Blueprint Document (SBD) document.

If during the Analysis phase is determined that some functional changes in the system are needed which are crucial for critical business processes, these changes will be developed in an iteration of the Design & Development phase prior to that business process being configured. This is to avoid the functional change from being inconsistent with the goals of the approved solution. Based on the Business Requirements and the defined functional scope, the different business scenarios, and processes in D365 are discussed, setup and validated in interactive.

Gaps identified in the Analysis phase and included as Customizations in this estimate, will be designed in this phase. Functional Design Documents (FDD) which specifies the functionality added will be drafted and then approved by Cass County. After the Functional Designs have been approved, coding and unit testing will commence followed by customer acceptance.

Integration Design Documents (IDD) will be created for each integration listed in this estimate.

A data migration procedure and data mapping scheme are created to define the approach for converting the required data from legacy systems. The basic tables with metadata are discussed and defined. The starting point is the D365 data model which is assessed against comparable data models in legacy systems. HSO will work with Cass County to create a mapping between the (basic) data from the existing application(s) and Microsoft D365.

The Design & Development phase consists of iterations where selected Business processes are configured.

During each iteration, process owners and SMEs develop their knowledge of D365 through Core team training and executing functional and cross functional (integration) tests scripts they have defined. Each Business process in scope will be covered with a Conference Room Pilot (CRP). The purpose of the CRP is to validate required business scenarios and processes. Once a Business Process has been approved, the configurations will be replicated in the GOLD environment.

Process control

The number of iterations within the Design & Development phase depend on many factors including:

- The number of business processes contained with this Business Release
- The number of functional changes (i.e., Extensions) identified during the Analysis phase
- The available capacity of Process owners and key users to test and accept all operational processes and (exception) situations

Work arounds for deviations due to special processes or exceptional situations not identified in the Business Requirements as established during the Analysis phase, these will need agreed on to prevent change requests and associated cost and schedule impacts. Any such requirements for software changes will be collected in DevOps for consideration for inclusion in future releases. Personalization (i.e., any non-development, user configurable minor adjustments on screens, documents, and reports) is still allowed.

A key role of the project governance in this phase is avoid deviations from the original solution as defined in the SBD. Deviations from business requirements captured in Analysis identified as the core team develops their understanding of the system, will be addressed by a change in process, workaround, or an extension if needed. HSO will review options with Cass County and make the appropriate recommendation. The project managers and the Steering Committee will review and approve any changes to the approved business requirements.

3.2.4 Deliver

Method

During the Deliver phase the Business Release is finalized and completed for deployment to the production environment. Security roles will be tested and signed off, working procedures finalized, a full trial data conversion is executed, and the Production environment is configured.

In this phase acceptance tests are executed to demonstrate that all processes are fully functional, and the application functions as expected. User Acceptance Test (UAT) is used to verify that:

- Migrated data is accurate and complete
- Business process output is complete and correct
- Interfaces and integrations are processing inbound and outbound data properly
- Security setups provide appropriate levels of access
- Reports contain expected data

The testing of processes is based on the test scenarios created by the core team.

Issues that may arise during UAT are logged in Azure DevOps to be addressed according to their priority. The resolution of non-critical operational issues may be postponed to a later phase. However, such issues should be resolved before the formal project acceptance can take place in the Deploy & Operate phase.

At the end of this phase the Steering Committee will determine if the system is ready to Go-Live (Go/No Go). To avoid unexpected issues during Go-Live, non-essential changes to software and setup are prohibited until after the system is in production for an agreed upon period. Only changes approved by the Steering Committee will be allow once UAT has begun.

Process control

UAT test cases are expected to cover the main end-to-end business processes as well as supported business processes. UAT is executed by process owners, SMEs and key users with the appropriate user roles and migrated data in place. The process owners and key users should be able to work in D365 independently from HSO consultants with sufficient confidence. Successful completion of UAT is the main condition for starting the Deploy & Operate phase.

3.2.5 Deploy and Operate

Method

The purpose of the Deploy & Operate phase is to finalize all preparations for operational deployment of the Production system. During this phase, the process owners and key users train the end users based on the pre-prepared work instructions (and optionally complemented by task recordings).

A mock cut-over is executed several weeks prior to the actual cut-over. The purpose this is to train the team in cut-over activities and to verify the cut-over plan. After final reviews, the actual cutover starts, the final data conversion is completed. Once the Go-Live cut-over is completed, the system is available for operational transactions.

For an agreed period HSO consultants will provide operational support. The degree of support is primarily for analyzing and solving issues in D365 that arise during the Go-Live.

During the initial period of operations, the delivery team remain responsible for solving issues and supporting the first month closing procedure. Afterwards, any further support required by Cass County can be handled by the HSO support organization (Managed Services) at an additional cost. Prior to the release of the delivery team, a review of the project is held. The findings and any lessons learned will be discussed with all stakeholders and used as input for subsequent business releases.

Process control

During the Deploy & Operate phase, it is highly recommended not to make configuration or development changes in Production. Unless approved by Cass County, no last-minute changes will be implemented between UAT and Go-Live. Any changes to configuration in subsequent Business Releases will be approved by Cass County and regression tested before release to production.

The month closing procedure is an objective measure for this last element. At financial period closing the integration between general ledger and sub ledgers is checked, erroneous user actions are corrected and the level of control over operational processes is assessed. With the closing of this phase the transfer from the project organization to managed services takes place.

4. ORGANIZATION AND GOVERNANCE

4.1 Project Organization

The suggested project organizational structure including the governance structure is presented in the diagram below:

Key Project Organization Assumptions

- The top management of Cass County will be committed to this project and support it by prioritizing this project as an important company initiative and providing necessary resources and budget.
- Cass County will appoint a project sponsor from their senior management team, to make important decisions and support process owners and key users in implementing these decisions.
- Cass County project manager must have decision-making authority to quickly make critical decisions. For this reason, management will give the project manager appropriate authorities to make decisions concerning this project. It is agreed that project critical decisions will be made within 5 working days.
- The team of Process Owners and key users will consist of employees with a broad knowledge and experience with the branch, people, technology, and processes within the Cass County organization.
- Process owners and key users must be available for the project according to the project plan. The amount of time to spend on the project will vary depending on their position and role in the project.
- Cass County is responsible for all internal communication concerning the project.

4.2 Project Governance

Project Governance is an important aspect of an implementation project. HSO will assign a project manager and an executive director to this project. Two key bodies will be established to ensure proper project tracking, control, and execution of the implementation: A Steering Committee and a Core Team.

4.2.1 Steering Committee

The Steering Committee is the highest escalation level during the project(s). It should have decisive votes in both Cass County and HSO organizations.

The Steering Committee is accountable and responsible for the project within the customer's organization, and it is necessary that Cass County executives participate.

Cass County will identify executives to represent the company as major stakeholders in the joint Steering Committee. HSO executive(s) will participate in Steering Committee meetings. Establishment of a Steering Committee that meets minimally monthly is critical to project success. The Steering Committee should establish a forum which covers the following:

- Project and interim milestone
- Issues that cannot be resolved by the Core Team are escalated for disposition
- Project risks receive adequate visibility and are integrated into project program review

The joint Steering Committee membership will minimally be comprised of:

- Cass County Project Sponsor
- Cass County Project Manager
- HSO Executive Director
- HSO Project Manager

4.2.2 Core Team

The Cass County Core Team should be comprised of the key stakeholders who are empowered to represent a segment of the overall project domain. The Core Team will be Business Process Owners who are familiar with the current organization's processes for their functional area. The Core Team is responsible for making design decisions and the initial training and testing of the system, issue resolution and risk management.

To support the Core Team, HSO advises Cass County to establish a highly skilled team of process owners and key users with employees who have the trust of the organization and who guarantee maximum ownership. Process owners are responsible for the overall business processes and support D365's overall business processes. Process owners will be involved in designing and configuring the system as outlined by the SBD. The process owners and key users will support the local Cass County offices in their daily tasks.

Key users are the project members who will work with D365 daily. They will execute most of the deployment tasks and become functional system experts in their business area.

Cass County will need these process owners and key users to define, design and configure the system, so therefore they must be carefully selected by the organization according to the following requirements:

- Knowledge of (insiders in) the County Vision, Strategy, Operations and Priorities
- Preferably the most respected person for their functional area
- To be continuously available to work for the project from start to finish
- Estimated about 1-2 day/week (process owner) to 2-4 day/week (key users) which will vary based on project activities and phase
- Empowered to design new processes and working procedures in the system
- Empowered to make decisions within 48 hours
- Ability and power to execute organizational changes
- Ability to define business scenarios and functions and features
- Ability to simulate these scenario's in D365
- Ability to set up and execute test scripts
- Define and build end user documentation
- Ability to train and support end users

Putting a team together can be challenging as it requires the best employees of the organization and it is important to have these employees involved for 2-4 days per week (on average). The best team consists out of the best domain experts across the company.

4.2.3 HSO Executive Director

The Executive Director is a part-time but important role on the Project and serves as HSO's Executive oversight of the Project. The executive director's role includes:

- Member of the joint Steering Committee
- Serve as the central point of escalation for project issues and risks beyond the PMO
- Monitor that the PMO protocols and methodologies are being followed
- Act as quality assurance agent for the project
- Provide leadership and guidance to the project team

4.2.4 HSO Project Manager

HSO will assign a Project Manager for an average of 10 hrs. a week throughout the implementation. The project manager's role and responsibilities for the implementation will be the following:

- Manage HSO resources' tasks and schedule

- Manage HSO project activities and documentation
- Participate in Project Planning sessions with Cass County PM and project team
- Create and maintain the HSO Project Plan
- Create and distribute Weekly Status and Budget reports
- Create and distribute Monthly Steering Committee agendas and updates
- Review deliverables and seek Cass County approval
- Participate in project meetings; weekly team meetings and PM meetings with Cass County PM as needed, executive sponsor meetings, ad-hoc functional and technical meetings
- Assist the Client Project Manager to resolve project issues and constraints
- Track milestones and seek approvals
- Create and seek Change Order approvals

Key Project Management Deliverables

- Project Status Report
- Project Budget Report
- Resource plan
- Change Orders as need

4.2.5 Cass County Project Manager

Cass County will assign a Project Manager to this project. The project manager's role and responsibilities for the implementation will be the following:

- Manage County resources' tasks and schedule
- Manage County project activities and documentation
- Conduct and participate in Project Planning sessions with HSO PM and project team
- Review and contribute to the Implementation Project Plan
- Review and contribute to Weekly Status and Budget reports
- Review and contribute to Monthly Steering Committee agendas and updates
- Create and maintain a Communication Plan
- Review deliverables and follow up Cass County approval
- Schedule and conduct project meetings; weekly team meetings and PM meetings with HSO PM as needed, executive sponsor meetings, ad-hoc functional and technical meetings
- Resolve project issues and constraints with assistance from the HSO Project Manager as needed
- Maintain the parking-lot list in DevOps
- Maintain the risk register in DevOps
- Track milestones and follow up on approvals
- Follow up on Change Order approvals

Key Project Governance Assumptions

- Cass County will have their project sponsor and / or project executive participate in steering committee meeting once a month
- Cass County team will use DevOps as a tool for managing the project
- Cass County may be eligible for eligible for participation in Microsoft FastTrack program. The effort to support this program is not estimated as part of this SOW.

5. SCOPE OF SERVICES

5.1 Analysis

The Analysis phase will consist of Business Process Analysis (BPA) workshops with the core project team and subject matter experts (SMEs) to understand business processes and requirements. The goal is to follow the industry best practices and minimize customizations. HSO will use this information to create key 'Future State' business processes. Any business requirements that cannot be addressed by configuring the system will be documented as gaps. These gaps may be addressed by changing business processes, workaround, or customizations. If Cass County decides that the gap needs to be addressed via a customization, it will be handled through the Change Management process.

The Business Control Model is included in Appendix C for high level scoping.

Level 2 and 3 functional descriptions:

Level 1- Business Area	Business Process Code	Level 2- Business Process	Business Activity Code	Level 3- Business Activity
Finance (FIN)	FIN010	Year & Period End Closing	FIN010.01	Ledger vs Subledger Reconciliation
			FIN010.02	Period End Procedure
			FIN010.03	Year End Procedure
	FIN130	Purchase Invoice Control	FIN130.01	Purchase Invoice Approval
			FIN130.02	Purchase Invoice Data
			FIN130.03	Purchase Invoice Matching
			FIN130.04	Purchase Invoice Postings
			FIN130.05	Purchase Invoice Types
	FIN140	Vendor Payments	FIN140.01	Vendor Invoice Settlement
			FIN140.02	Vendor Payment Proposal & Approval
			FIN140.03	Vendor Payment Types
	FIN250	Customer Payments	FIN250.01	Customer Direct Debit Proposal & Approval
			FIN250.02	Customer Direct Debit Types
			FIN250.03	Customer Invoice Settlement
			FIN250.04	Customer Payment Journals
	FIN310	Cash & Bank Management	FIN310.01	Bank Accounts
			FIN310.02	Bank Reconciliation
			FIN310.03	Cash & Bank Postings
			FIN310.04	Petty Cash
	FIN320	Cash Flow Forecast	FIN320.01	Cash Flow Forecast
	FIN410	Fixed Asset Mgmt.	FIN410.01	Fixed Asset Creation & Acquisition
			FIN410.02	Fixed Asset Disposals

			FIN410.03	Fixed Asset Management
			FIN410.04	Fixed Asset Reconciliation & Reporting
	FIN510	Financial Budgeting	FIN510.01	Basic Budgeting
			FIN510.02	Budget Control & Encumbrances
			FIN510.03	Budget Planning
	FIN810	Finance Administration	FIN810.01	Account Structures
			FIN810.02	Approvals
			FIN810.03	Chart of Accounts
			FIN810.05	Financial Dimensions
			FIN810.06	Financial Periods
			FIN810.07	Intercompany Accounting
			FIN810.08	Journals
			FIN810.09	Ledger
			FIN810.10	Legal Entities
			FIN810.11	Misc. Financial
			FIN810.12	Number Sequences
			FIN810.13	Organizational Hierarchies
			FIN810.14	Posting Profiles
			FIN810.15	Reporting
			FIN810.16	Security
	FIN900	Financial Reporting	FIN900.01	Accounts Payable Reporting
			FIN900.02	Accounts Receivable Reporting
			FIN900.03	Banking & Cash Reporting
			FIN900.04	CAFR Reporting
			FIN900.05	Financial Statement Reporting
			FIN900.07	Other Financial Reporting
			FIN900.08	Stock Reporting
Human Resource Management (HRM)	HRM010	Position Mgt		
	HRM020	FTE Budget Mgt		
	HRM080	Compensation and Benefits	HRM080.01	Payroll integration with UKG
Product Management (PDM)	PDM010	Product Mgt (Central) PLM	PDM010.01	Product lifecycle status and workflow
			PDM010.02	Product creation
			PDM010.03	Shared/global product data and centralized products lists
			PDM010.04	Item coding, names, descriptions, languages
			PDM010.05	Support documentation
			PDM010.06	Industry (or customer) specific master data
			PDM010.07	Availability of a product
			PDM010.08	Search product
			PDM010.09	Copy product (templating)
			PDM010.10	Compliance requirements
	PDM020	Product Category Mgt	PDM020.01	Product types, classes, groups
			PDM020.02	Product hierarchies and categories
Asset Management (ASM)	ASM010	Maintenance requests		
	ASM020	Work order Mgt		
	ASM030	Maintenance downtime		
	ASM040	Maintenance schedule		
	ASM050	Asset Mgt		
	ASM060	Location Mgt		
	ASM070	Asset Loan Mgt		
	ASM080	Maintenance Budget		
	ASM090	Preventive Maintenance		
	ASM100	Spare parts		
	ASM900	Asset Mgt Reporting		
Procurement (PUR)	PUR010	Purchase Requisition Mgt	PUR010.01	Purchase requisition creation
			PUR010.02	Purchase requisition approval

			PUR010.03	Purchase requisition release
	PUR020	Purchase Quotation Mgt	PUR020.01	Request for quotation creation
			PUR020.02	Request for quotation sending
			PUR020.03	Vendor collaboration
	PUR030	Purchase Order Mgt	PUR030.01	Purchase of stocked products
			PUR030.02	Purchase of non-stocked products and services
			PUR030.03	Purchase of direct delivery orders
			PUR030.04	Purchase of intercompany orders
			PUR030.05	Purchase order maintenance and data
			PUR030.07	Purchase order approval
			PUR030.08	Matching policies (3-way, 2-way)
			PUR030.09	Consignment
	PUR040	Purchase Returns	PUR040.01	Purchase returns
			PUR040.02	Shipment of returns
			PUR040.03	Intercompany returns
	PUR050	Vendor Mgt	PUR050.01	Vendor creation
			PUR050.02	Vendor maintenance and master data
			PUR050.04	Vendor Periodic Tasks
			PUR050.05	Vendor self-service
	PUR060	Purchase Price & Discount Mgt	PUR060.01	Budget purchase prices
			PUR060.02	Purchase prices
			PUR060.03	Purchase discounts
			PUR060.04	Purchase agreements
	PUR090	Vendor Contracts Mgt	PUR090.01	Vendor Contracts master data and maintenance
	PUR900	Purchase Reporting	PUR900.02	Report 2

At the end of BPA, HSO will create a functional Solution Blueprint Document (SBD) containing key future business processes, key decisions, and gaps.

The integrations, customizations, and data migration components will be further validated in the BPA workshops. These are the current assumptions of the HSO team and are not meant to be final requirements. This list is going to be utilized as a general scope for BPA workshop agendas.

Deliverables

- Solution Blueprint Document (SBD) consisting of the following information:
  - Solution Scope
  - D365 modules to be implemented by Business Release
  - Solution Architecture
  - Organization Structure
  - Data Migration elements
  - Key configuration decisions
  - Reporting needs
  - Workflow setup
  - Key Future-State business process
  - Gaps and recommended solutions
- Business Control Model (BCM) updated based on the Future-State business process defined in the SBD

- Approved Business Requirements (BRD) reflecting the high-level requirements for the Future-State business processes
- Environment Plan update to reflect the Business Releases defined in the SBD

The SBD will include a listing of all Gaps discovered and provide recommended solutions, including options for workarounds or customizations, to fill the Gaps.

Client Responsibility

- Provide background of each system affected by the project
- Provide requirements documentation and current business process flow charts
- Provide access to appropriate representatives from each business area

Key Analysis Assumptions

- Fixed Assets will be only included in the analysis workshops, but will be implemented at a later business release not scoped as part of this SOW.
- Cass County will adhere to the terms and conditions of subscription / license agreements between Cass County and Microsoft.
- Cass County will use out of the box standard functionality of Microsoft D365 to the extent possible by leveraging industry best practices, and HSO experience. If this is not possible for a certain function or process, the project team will explore - a change in process or organization, a work-around or a software customization, in that order.
- All documentation and process descriptions made during the project will be in the English language.
- Organizational changes are not part of this project. If organizational changes appear to be necessary, then management will take the responsibility for these changes and take care that these changes have no detrimental impact on the project.
- Business Process Analysis workshops will be limited to the modules and functionality being implemented as agreed upon by Cass County and HSO as defined in the BCM.
- Functional Design Documents (FDD) describe the details of customizations and integrations in D365. These documents are deliverables of the design & development stage and are not part of BPA. Detailed estimates for customizations and integrations will be provided as the FDD are approved by Cass County

5.2 Setup & Configuration

The setup and configuration of D365 includes the following modules in support of the business processes listed in Section 5.1 Analysis.

Accounts payable	Accounts receivable	General ledger
Budgeting	Cash and bank management	Procurement and sourcing
Human resources (Limited)	Product information management	Fixed Assets
Asset Management		

Entities

- The Financials implementation of D365 will be for 1 legal entity.
- If new legal entities are required, a change order will be required.

Deliverables

- D365 configured to support Cass County's business needs

Client Responsibility

- Conduct workshops to design the Chart of Accounts. HSO will review and provide feedback on the outcome of those workshops and assume an advisory role in the Chart of Accounts.
- Provide a list of users and their current roles. Security will use standard roles using the D365 template. HSO will provide training on how to setup users and assign roles and provide ongoing assistance as needed. This will be used as a baseline for D365 Security configuration.
- Security setup.
- Manage validation of sample check formats through the bank approval process.

Key Setup & Configuration Assumptions

- Common business processes will be used across entities.
- Any statutory requirements outside the specific functional scope of this project as defined within this document will be addressed in a later phase.
- A common Chart of Accounts, and Dimensions used by Cass County will be utilized across all entities in this D365 implementation.
- Assumes a single check layout is required. This layout does not include effort to ensure MICR lines are printed in the proper location. Cass County should use blank check stock.
- Budgeting will consist of a finished budget and/or forecast stored in D365. The full budgeting process, including Revenue modeling, Human Resources and Capital Expenditure details is outside the scope.
- Standard Dynamics 365 functionality will be configured for use unless specifically identified as a customization. If it is determined during design and development that standard functionality will not meet Cass County needs, HSO will provide recommendations. This may impact the project scope and a change order may be required.
- Enterprise asset management is anticipated to be for a single asset (no parent assets or child assets), multi hierarchical asset is not included in this implementation.
- Mobile device usage for Enterprise asset management is not included.
- Tracking meters like mileage for Assets will not be automatically integrated with the assets and will be manually keyed in for the consumption or usage values.

5.3 Data Migration

Data Migration Includes

- Chart of Accounts

- o A single common chart of accounts provided by Cass County in the provided template shall be loaded.
- Bank accounts
- 2 years of Financial Budget
- Positions summary budget data
- Procurement Categories
- Fixed Assets and their accumulated depreciations
- Vendor Master Data as of the Go-Live
- Customer Master Data as of the Go-Live
- US Postal Codes
- Open unreconciled bank transactions.
- Users

Deliverables

- Data Packages to be used for data load
- Data loaded in D365 environment as per the data migration requirements

Client Responsibility

- Provide balanced entries in the templates provided for data migration. In case of financial transactions, Client Company Name will provide the data mapped to the new accounts and financial dimensions.
- Extract the data from the legacy system, transform the data from legacy value to new value as needed, and populate the template provided. HSO will load the data from the populated templates to D365.
- Correct any identified data quality issues. This is an opportunity for the client to clean up the data in its current systems and only bring in the relevant information.
- Updates to the Chart of Accounts or other migrated master data, after the initial load, and update until the Go-Live date and validate to legacy system.
- Validate migrated data between the legacy system and D365. HSO will provide details on tools or controls available in D365 to support reconciliation.
- Manual conversion process of the Enterprise Assets from the Fixed Assets form.
- Close any open AR and AP invoices and the outstanding PO's prior to Go-Live cutoff date. Any remaining open AR, AP and PO transactions will be manually entered to D365.
- Upload General ledger transactions data and summary ending balance via Dynad Journal upload template. HSO will provide up to 4 hrs. of training on how to utilize the template.

Key Data Migration Assumptions

- Data migration estimate assumes:
    - o Small data sampling to test data import template and process
    - o A single sample data for User Acceptance Testing (UAT)
    - o Final full data load as part of production cutover

- Additional data migration runs that are needed due to data quality or incorrect mapping are not included in the estimates and would be addressed through a change order.
- D365 includes standard data entities to assist with data migration. The estimate assumes use of these standard data entities to migrate data into D365. Creating custom date entities to assist with data migration activities would require any additional effort not estimated
- Enterprise Asset Management data migration will not be performed with the data migration process. It will be converted from the Fixed Assets table manually once the Fixed Assets are loaded into the system.
- Standard Import:
    - Excel based general journal import
    - Budget planning will have position budget data imported at a summary level

5.4 Training

Product Overview

The purpose of product overview is to demonstrate D365 out of the box high-level features and functionality to compliment requirements workshops. HSO will schedule 1 to 2 hours of product overview for each functional area before the requirement workshop for that area. The overview for each functional area will be spread out over the course of requirements workshops. HSO will provision a demo or sandbox environment prior to the requirements workshops. Product Overview introduces the BPA attendees to base D365 functionality, and terminology. This will also help provide the right context for requirements gathering during the Business Process Analysis (BPA). This is not intended to be hands-on training session. Typically, the core team and subject matter experts attend the product overview.

Core Team Training

The intent of this training is to provide hands-on experience executing this business process within the product as we configure and setup the system. Each iteration in design and development phase will target setup and configuration of certain parameters and business processes. Towards the end of each iteration, HSO will conduct a core team training session related to the business processed being configured during a given iteration. This will ensure that the core team understands the processes that are being configured during each iteration. The training team will utilize the HSO task guides to assist Cass County users with training. Cass County can then utilize these guides to produce additional training material.

Train the Trainer Training

Train the trainer training is done at the end of development phase after all the setup and configuration is complete. The train-the-trainer training prepares the core project team for user acceptance testing (UAT) and end user training. Training will be delivered via Train the Trainer model at the Cass County's office.

Training will cover the in-scope business processes as defined in Section 5.1 Analysis above

End User Training

- Cass County's key users will be responsible for end user training

System Administration Training

- Introduction to D365 architecture
- D365 Administration
- LCS Overview – Support cases and KB search

Deliverables

- Product Overview
- Core team training
- Train-the-trainer training
- System Administration training

Client Responsibility

- Any testing or validation to ensure that all users have achieved a sufficient level of proficiency in modules they will work.

Key Training Assumptions

The following key assumptions have been made in determining Training estimates:

- Core Team Training is limited to one training session for each key business process.
- Train-the-trainer
  - Training will be conducted using Train-the-Trainer model.
  - Task guides for key business processes will be used as training material.
  - Training assumes one (1) training session per module for D365 Train-the-Trainer trainings. Additional training sessions requested by Cass County will be handled via change order process.
- Core team training and train-the-trainer training will be conducted in classroom setting at a location provided by Cass County. Each class is limited to ten (10) students
- Use of out-of-the-box functionality

5.5 Integrations

There will be no integrations. The out of the box D365 functionality will be utilized. The Payroll and the Position Forecasting budget data will be loaded with the excel templates provided.

5.6 Customizations

Cass County's vision is to use the out-of-the-box functionality offered by D365 as much as possible. 50 hrs. of customization effort have been estimated for small tweaks. Any additional customizations identified during analysis will be presented to the steering committee for review and approval. Separate estimates will be provided for any specific customization effort.

Deliverables

- Functional Design Document (FDD) for customizations
- Customizations developed per the approved specifications

Key Customization Assumptions

- Cass County will change business processes to conform to D365 out of the box solution.
- Estimates for any customization will be finalized upon review and approval of the customizations during the design phase after functional and technical specifications are completed

5.7 Reporting

D365 comes with over 600 out of the box reports. In addition, Financial Reporter (FR) can be used for financial reporting.

Reporting will consist of the following:

- Financial Reporting will use Financial Reporter – the estimate includes 3 Financial Reporter report (not to exceed 12 hrs. each) and will be created by HSO.

Deliverables

- Report Design Document (RDD) for SSRS reporting
- Reports developed per the approved specifications

Client Responsibility

- Provide a report mockup
- Validate and test the data accuracy of reporting outcome

Key Reporting Assumptions

- Cass County will use standard D365 inquires, SSRS reports, and analytical workspaces for its reporting needs
- Out of the box reporting
- Management Reporter for financial statements
- Training on Management Reporter tool to enable self-sufficiency

5.8 Conference Room Pilot

The objective of the CRP is for the business to regularly validate the incrementally emerging solution. CRP promotes significantly better business engagement, business ownership of the solution and channels the project team to focus their work on making the solution usable and efficient for business.

CRP is not needed for Initial iterations focused on base setup, but it is recommended to conclude later iterations with a CRP. Business processes validated as part of CRP are "work in progress" and are finalized as we get closer to end of design and development phase. Cass County core project team will conduct CRP and provide feedback.

Deliverables

Provide CRP environment

Client Responsibility

- Create Conference Room Pilot script based on processes planned in the iteration
- Conduct Conference Room Pilot
- Validate business processes

Key CRP Assumptions

- CRP is performed with minimal data in a single legal entity

5.9 Testing

HSO and Cass County will be conducting various testing during different phases of the projects.

Unit Testing

This testing will be done HSO team as part of each iteration to test the functionality being configured in each iteration.

End-to-End System Testing

After Design and Development Iterations are completed, HSO will do an end-to-end system testing that will include regression and integration testing of the system to make sure that configured system, integrations, customizations and report are all working together to address Cass County's business needs.

User Acceptance Testing (UAT)

Once HSO system testing is completed, HSO will prepare the UAT environment with Cass County's data. Cass County core team and key users will use the test scenarios / scripts created by them to test the system end to end. HSO will assist with any issues reported and will be addressed / resolved as needed in preparation for cut over.

Deliverables

Deliver UAT environment for client testing

Client Responsibility

- Validate migrated data
- Conduct User acceptance testing
- Create test scripts to cover the business scenarios to be tested during the Conference Room and UAT testing

Key Testing Assumptions

- UAT will be performed using a single legal entity
- Parallel testing of D365 with client existing systems is not in the scope.
- Use of Microsoft's RSAT (Regression Suite Automation Tool) is recommended but in not in the scope of this SOW
- Performance testing is recommended but each client has different ambition level when it comes to performance testing. The effort to support performance testing is not included as part of this SOW

5.10 Go Live

Go-Live preparation and cutover to the new system is a very tightly controlled process. A cutover plan is necessary to track the movement of all data between systems and financial accountability and validation. The integrations will be turned on and managed as needed to populate the data in the new system. Go-Live support will be conducted by the full Cass County project team as well as the HSO team to ensure a seamless transition to the new system.

Deliverables

- Go-Live checklist
- D365 ready for production use.

5.11 Transition Services

During the go live transition period, HSO will support Cass County users with use of the system. This time will be used to answer questions from the users, tweak the system configuration as needed, and address any outstanding issues or issues that come up after cutover to production and assist with month end close process. HSO has budgeted a total of 200 hours of transition services for BR1 and BR2. Additional transition services beyond the budgeted time will require additional budget and will be handled by a change order.

6. ENVIRONMENT MANAGEMENT

Environment management involves provisioning the necessary environments needed for the implementation using Life Cycle Services (LCS) and Azure subscriptions.

Environment Management Includes

- Provisioning of following D365 environments
  - LCS environment (come with standard LCS subscription)
    - Staging / Test environment
    - Production environment
  - Developer environments (one per developer)
  - Data migration environment
  - Gold environment
  - Demo environment containing demo data without any customizations
  - Training environment
- Microsoft Lifecycle Services (LCS) setup
- Azure DevOps project setup
- DynAd installation in all environments
- DRA (Document Routing Agent) for printing
  - Client needs one server for each separate location/local area network having network printers they want D365 to print to.

Deliverables

- LCS Project
- D365 environments provisioned, as needed.

Client Responsibility

- Configuring their IT environment for interaction with Azure environment to satisfy D365 pre-requisites
- Working with Microsoft and/or their license reseller (LAR) to procure appropriate LCS and Azure subscription to support these environments and will work with Microsoft to appropriately size and provision them
- Provisioning an instance for each developer who requires their own D365 instance with properly licensed developer tools.
- Data transfer across D365 environments throughout the project

Key Environment Management Assumptions

The following key assumptions have been made for installation:

- Staging / Test and Gold environments are needed at the start of the implementation through go live and beyond.
- At minimum one dev environment and one build environment is needed at the start of the implementation through go live.
- Document Routing Agent (DRA). The ongoing usage cost for any Azure environment needed to support these servers is not included in this SOW.
  - For DRA using Azure please review the requirements link for further details - https://docs.microsoft.com/en-us/dynamics365/unified-operations/dev-itpro/analytics/install-document-routing-agent

- There is minimal Azure subscription cost to run Azure services. These costs are not included in this SOW.
- HSO will install D365 with the most current platform and application version.
- Any effort related to troubleshooting and researching D365 or 3rd party issues / bugs or installation and testing of any hot fixes in the Cass County environment will be handled via a change order.
- HSO team will need proper level of access to perform implementation activities

7. ADDITIONAL COMPONENTS

As part of the functional scope the following other components and/or add-ons have been identified that will be delivered as part of the system setup and that are used for functional coverage and/or to speed up the implementation:

7.1 Dynamics Advantage

Dynamics Advantage, or DynAd, is a proprietary solution built by HSO. Included in our DynAd Solution are the following features and functions:

- Multi-Legal Entity Framework
- Vendor Contracts
- Extensible Data Security (XDS) with single dimension

Dynamics Advantage Assumptions

- It is assumed that Dynamics Advantage (DynAd) GL Journal upload will be utilized to upload GL transactions into the system. Any change to this assumption will require re-estimation of the integration development effort.

8. BUSINESS RELEASES TIMELINE AND COSTS

8.1 Business Release Planning

The proposed Business Releases are:

8.1.1 Business Release 1 (BR1):

Cass County is looking for an ERP solution that can support its operations and streamline business processes for efficiency, accuracy, and high customer satisfaction. Based on the information provided by Cass County, HSO recommends the following scope to be implemented BR1:

- Finance
    - Core Financials
    - Budget Planning

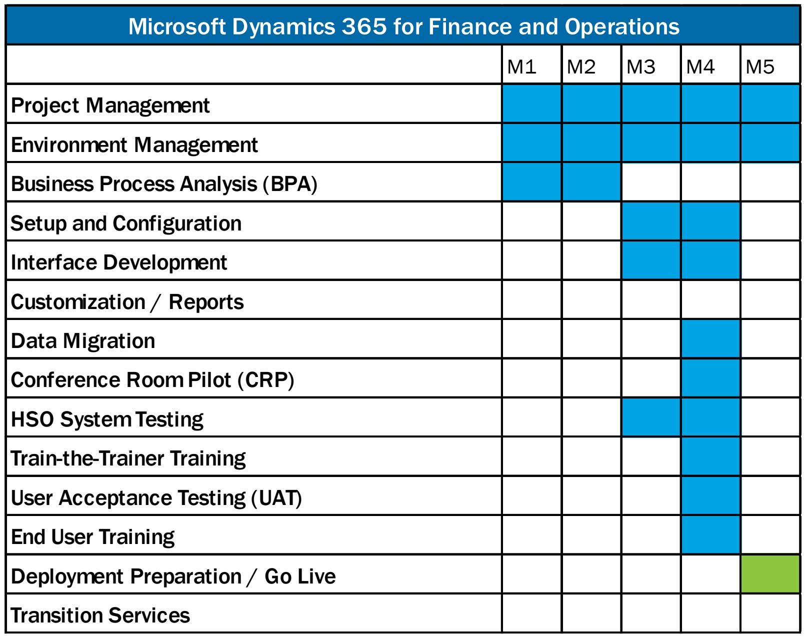
8.1.2 Business Release 2 (BR2):

In BR2, Cash & bank, AR, AP, Budget control and Procurement components will be implemented. In BR2 there will be more than one CRP due to the duration of the business release.

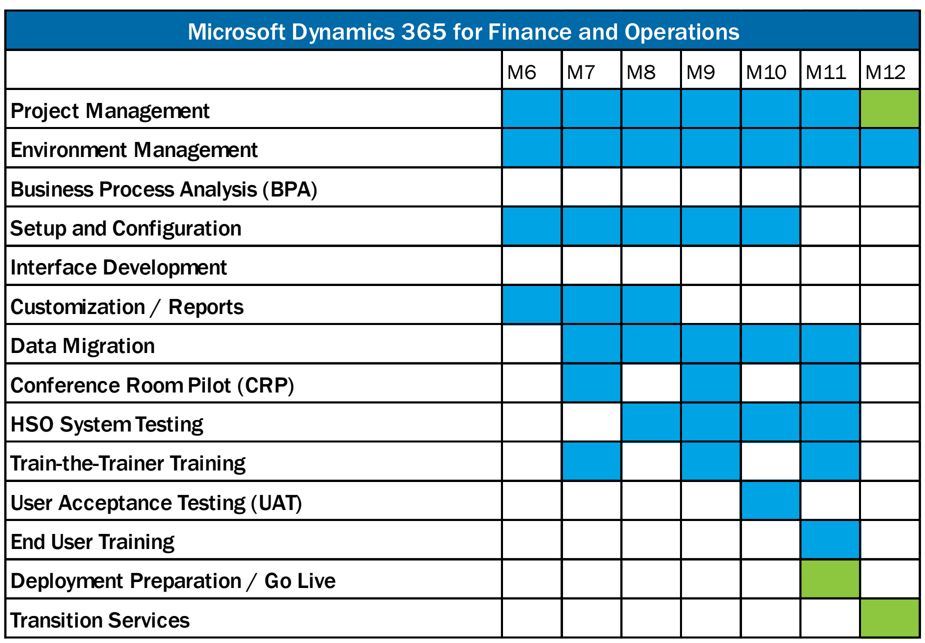
- Finance
  - Cash and Bank Management
  - Accounts Payable
  - Accounts Receivable
  - Encumbrances
  - Budget Control
    - Revenue
    - Expense
    - Personnel
- Procurement
  - Procurement Categories
  - Request for Quotations
  - Purchase Requisitions
  - Purchase Orders
- Dynamics Advantage (HSO's public sector enhancements)
  - Vendor Contracts
  - GL Journal Uploads
  - XDS- Extensible Data Security with single dimension

Based on this Business Release Plan for B1 and BR2 combined, HSO estimates that this project will take 12 months for go live, with budget planning go live in the fifth month.

Business Release 1 Timeline



Business Release 2 Timeline



8.2 Implementation Costs

	Professional Implementation Services	
Est. Hrs.	Microsoft Dynamics 365 for Finance & Supply Chain	Total
620	Project Management	$142,600.00
341	Business Process Analysis	$73,625.00
147	Environment Management	$29,400.00
836	Setup and Configuration	$172,425.00
0	Interface	$0.00
53	Customization	$11,375.00
191	Data Migration	$38,300.00
37	Reports	$7,600.00
0	Reports - PBI	$0.00
307	System Testing	$62,940.00
195	Conference Room Pilot	$39,980.00
122	User Acceptance Testing	$25,020.00
112	Training - Core Team	$22,960.00
151	Training - Train-the-Trainer	$30,980.00
200	Transition Services	$39,850.00
3,312	**Total Professional Services**	**$697,055.00**

As per the Master Services Agreement, an amount of $139,411 deposit will be due upon execution of this Statement of Work.

The implementation cost is based on leveraging appropriate resources as needed as per the following rate card.

Rate Card		
Role	**Title code**	**Rate / Hr.**
Project Manager (PM)	PM	$ 225.00
Functional Solution Architect (FSA)	FSA	$ 225.00
Technical Solution Architect (TSA)	TSA	$ 225.00
Cloud Technical Solution Architect	C-TSA	$ 225.00
BI Solution Architect	BI-SA	$ 225.00
BI Lead Technical Consultant	BI-LTC	$ 225.00

Sr. Technical Consultant	Sr. TC	$ 200.00
Infrastructure Consultant	IC	$ 200.00
Sr. Functional Consultant	Sr. FC	$ 200.00
Cloud Sr. Technical Consultant	C-Sr. TC	$ 225.00
Functional Consultant	FC	$ 195.00
Associate Consultant	AC	$ 175.00
Offshore Consultant	OS	$ 125.00
Solution Advisor	Sol. Advisor	$ 275.00
Engagement Director	ED	$ 275.00
Project Coordinator	PC	$ 75.00

All work proposed and executed will be assumed to be performed on time and materials (T&M) basis. The estimates do not include reasonable travel time and expenses, which will be billed separately. Project cost estimates do not include customer resource costs.

9. ASSUMPTIONS

9.1 General

- Customer will follow the HSO Excellerate™ project methodology as described.
- The detailed project plan will be made by the HSO project manager. The customer project manager will provide feedback and input on the plan created.
- As of the approval of the BRD by customer, the BRD will serve as substitute for the functional scope in this Statement of Work for the subsequent phases. Scope changes after BRD acceptance will be excluded.
- When functional scope changes lead to software adjustments, this will be a risk for timely delivery of the project. Customer and HSO agree not to accept software adjustments after approval of the BRD.
- HSO resources will work remotely while COVID-19 social distancing policies are in effect. After that, HSO resources will be onsite depending upon the tasks performed during the project. HSO team members are typically onsite during analysis workshops with the users, product overview, user training, UAT and during Go-Live. Most design, development and configuration activities do not require resources to be onsite. Remote access will be proved to accommodate resources when offsite, as needed.
- D365 Supply Chain Management automatically includes enough Asset Management capacity for County to manage and maintain up to 100 physical assets throughout their lifecycles. If County needs additional asset capacity, additional licenses could be purchased. Please refer to Microsoft Licensing Guide
- Resource vacation, holiday, and sick leave may impact the project schedule.

- Any requests for approval (e.g., milestones) that are not replied to, in writing, within five (5) business days will be deemed as approved and the project will continue according to plan. E-mail confirmations will be acceptable.
- Project cost estimates do not include customer resource costs.

PLEASE NOTE THAT ANY REQUIREMENTS THAT ARE NOT EXPLICITLY STATED WITHIN THIS STATEMENT OF WORK MAY BE DEEMED OUT OF SCOPE AT THE FULL DISCRETION OF HSO. ANY ITEMS DEEMED OUTSIDE OF SCOPE WILL BE MANAGED THROUGH THE CHANGE CONTROL PROCESS.

10. ACCEPTANCE

This acceptance confirms our mutual agreement to the specifics of the Project as mentioned in this document.

While there may have been many discussions prior to the completion of this document, it is assumed that any item not explicitly contained herein is not a part of the scope of the project. Any changes to the project will be initiated through a change order process.

Name: ***Cass County Officer***
Title:
Company: Cass County

Signature: ______________________ Date: ____________________

Name: ***<HSO Signatory>***
Title:
Company: HSO Enterprise Solutions, LLC

Signature: ______________________ Date: ____________________

APPENDIX A: SCOPE MANAGEMENT

SCOPE CHANGE MANAGEMENT

During the project either party may request in writing additions, deletions, or modifications to the services described in this SOW ("change"). Parties shall have no obligation to commence work in connection with any change until the fee and schedule impact of the change is agreed upon in a written Change Request Form signed by the designated Project Managers from both parties.
In the absence of acceptance or rejection by each of the parties, they will not perform the proposed change. Awaiting this decision parties shall proceed only with the original services.

The Change Management Process that will be employed is defined below. Both parties agree to follow this process and to use the Scope Change Request Work Item in DevOps:

- Identify and document
- Assess impact and prioritize
- Estimate required effort
- Approve / disapprove
- Assign responsibility
- Monitor and report progress
- Communicate change resolution

Within five (5) consecutive business days of receipt of the proposed Change Request Form and thorough investigation, parties shall either indicate acceptance of the proposed change by signing the Change Request Form or advise not to perform the change.

In more detail the procedure employed will contain the following steps:

A. The party who requests the change (the "Originator") will forward to the other party (the "Recipient") a change request ("Change Request") using the standard Change Request Form which will include the project identification, originator's name, date, description, and reason.

B. HSO will assign a number to and log each Change Request.

C. All Change Requests will be categorized by the Originator as Priority 1 (urgent) or Priority 2 (medium) or Priority 3 (post Go-Live).

D. HSO will investigate the Change Request and complete the Change Request Form with the estimated impacts on
   - Required effort and price,
     Timetable and schedules
   - Scope of already agreed services and requirements

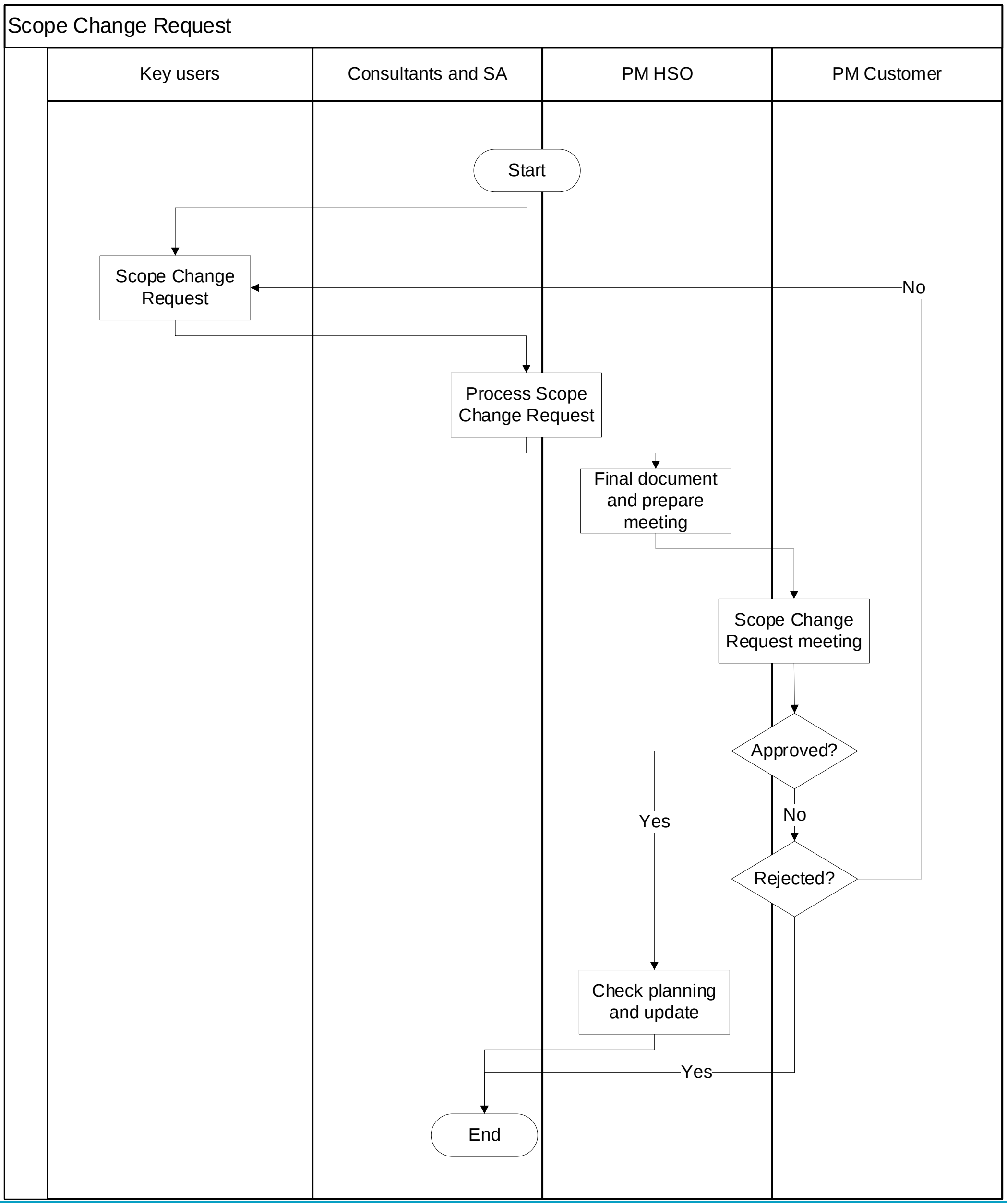
- Relevant obligations under the SOW (the "Impact Study")

E. HSO will investigate the above-mentioned Change Request, either
   - In 1 step if the impact is expected to be relatively limited, or
   - In 2 steps if HSO suspects the impact to become substantial and will require a more in-depth Impact Study with corresponding increased efforts

F. If customer is the Originator, HSO will inform customer if there will be any charges for HSO services in conducting the Impact Study and customer will decide whether HSO should conduct the Impact Study. If customer approves the services charge for the Impact Study, then HSO shall proceed to prepare the Impact Study completion, the Impact Study will be delivered, and shall include any changes to the price, timetable, services scope, and relevant obligations of the parties under this Statement of Work agreement, as applicable.

G. If customer accepts the Impact Study, then the parties shall each sign the Impact Study, which shall be deemed to amend this Statement of Work. HSO shall then proceed to implement the applicable Change Request in accordance with the Impact Study.

Project Management



APPENDIX B: RISK MANAGEMENT

RISK MANAGEMENT AND ESCALATION

Risks are potential threats to the project outcome (i.e.: cost, delivery time, quality, or scope). If they are not managed effectively, they will impact the outcome of the project.

Issues are threats to the project outcome that has already occurred. They are no longer a potential threat – they are real and are causing a real impact to the delivery of the project.

Project Risks and Issues need to be managed to minimize the impact on the project outcome including tracking "completion required by" dates for issues.

Escalation is to be used by project team members to:

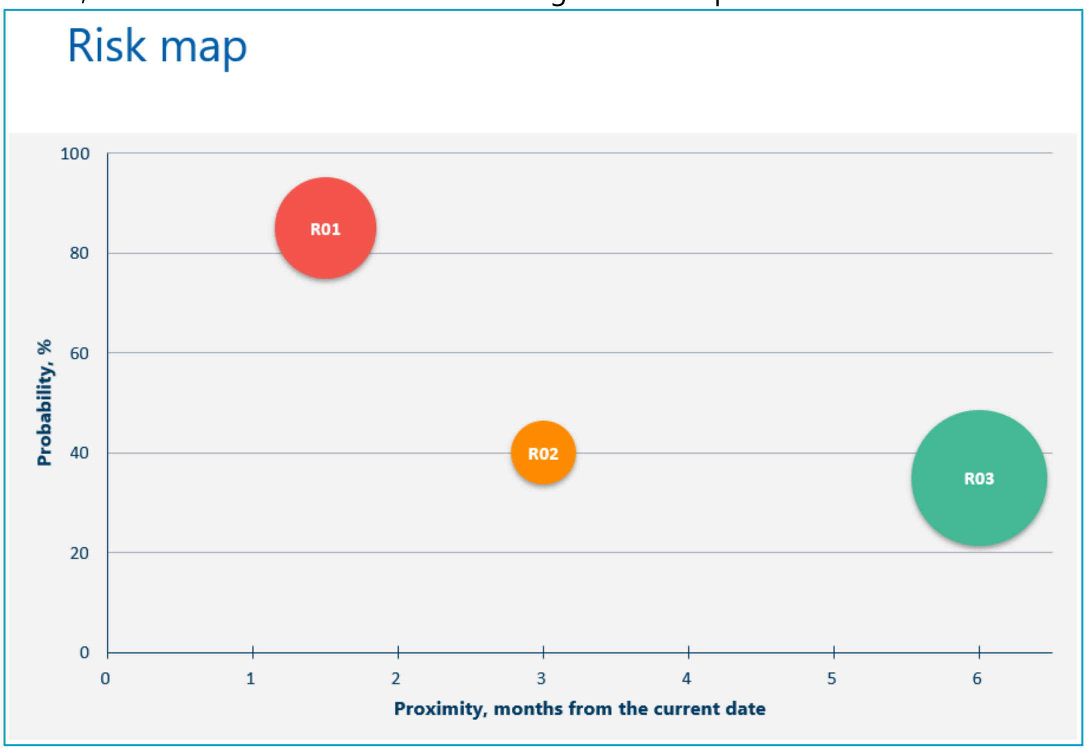
a. help communicate threats to the project outcomes
b. assign accountability for resolution of threats
c. aid in mitigation actions for potential risks
d. resolve issues which the team themselves cannot resolve.

The process for escalation is outlined below, but there are several key principles that need to be noted about escalation as follows:

- **All project team members are empowered to escalate**. Escalation is not seen as failure on the part of the escalator. Escalation is an essential tool in ensuring issues that cannot be resolved by the individual team member, are able to be elevated to the next level of management to ensure that every effort is made to avoid slippages.
- **Escalation needs to be managed.** It is not enough to simply escalate an issue to the Project Manager. Any escalation of issues needs to be accompanied with a suggested action plan to the Project Manager – i.e.: what does the escalator believe needs to happen to mitigate the risk. It is very important that the escalated issue is followed up to ensure that it is resolved. When an issue has been escalated, the escalator must continue to monitor the situation and report on the progress of the resolution. If it is not resolved adequately and / or timely then another escalation may be required. If necessary, this should involve the issue being escalated to the Steering Committee, but if this is the case, the Project Manager should always be copied on the escalation memo.
- **Escalation must be documented.** It is important that all project issues escalated are recorded in the Project Issues Register / Project Risk Log with the escalation action, the name of the escalator and Project Manager, and the date and expected outcome recorded. If critical it should be documented and formally reported to the Steering Committee by the Project Manager. Verbal escalation always needs to be followed up with written or email documentation detailing the issue, the required outcome, the critical timeframe when the resolution is required, and the consequences to the project if the issue is not resolved.

- **Escalation needs to be timely.** It is important that issues are escalated in time to affect a resolution. The escalator should try to resolve the issue before escalation, however enough time should be available to escalate and resolve the issue. For example, if there is an issue which will impact a key project milestone in 8 days it is no good escalating the issue to the Project Manager on day 8 to have it resolved.
- **Escalation is an issue resolution process.** Under normal circumstances and following the desired "No Surprises" approach to project management, Team members should have previously communicated to the Project Manager that there was a risk or issue that was being managed, but which might require an escalation to resolve. Early communication of serious risks and issues is good project management practice.

It is common to show the risks on a visual chart or diagram, so it is easy to identify just “at a glance”, what is more important and what is something to watch over. The diagram is always accompanied with a table, where the risks are described through the DevOps Risk Work Item.



Risk log

ID	Description	Status	Severity	Responsible	Mitigation actions	Minimization timeline(weeks)
R01	Allocation of resources	1. Detected	Medium	<Customer>	Make combined teams for different regions	1
R02	Local teams might introduce new changes undermining Kernel approach	2. Defined	Low	<Customer> / <Team> / HSO	Set up approval process for local changes; Use the same project team; Train KU on global setup	1
R03	Many project activities are about to happen at the same time	3. Active	High	<Customer> / HSO	Schedule alignment and follow-up sessions; Create a communication plan	3

Risk statuses:
1. Detected > a risk becomes known by a project manager;
2. Defined > a project manager makes an assessment of the risk and prepares mitigation actions;
3. Active > mitigation actions have been confirmed by a customer;
4. Closed > a risk is in the past or there is a change in a project that absolutely avoids the it.

Escalation Process:

The following are the proposed steps to be followed in the escalation process -

1. Record the potential risk to the project in the Project Risk Log.
2. Develop and document a “Risk Mitigation Strategy” for each risk in the Project Risk Log.
3. If the risk is potentially serious, the Project Manager should be immediately informed and kept updated of developments (e.g.: via regular reporting or regular meetings – which will be documented and appended to the Project Risk Log).
4. If the mitigation actions are unsuccessful and they impact the project (i.e.: it becomes “an issue”), the resulting “issue” should continue to be tracked and managed – this includes agreeing and recording what new actions are being taken to mitigate the issue
5. If the issue is potentially serious the Project Manager should be immediately informed of the possibility that the issue is serious and that it may need further escalation to reach a resolution.
6. Project risks and issues will be reviewed at all Project Team and Steering Committee meetings. The Project Team is the critical mechanism to manage all risks and resolve project issues.

7. The Escalation Process ends when a resolution to the risk or issue has been obtained and the risk or issue is closed by the Project Manager in the Project Risk Log.
8. The Escalation Personnel are in ascending order of management:
    a. The Process Owners
    b. The Project Managers
    c. Both Executive Sponsors
    d. The Steering Committee

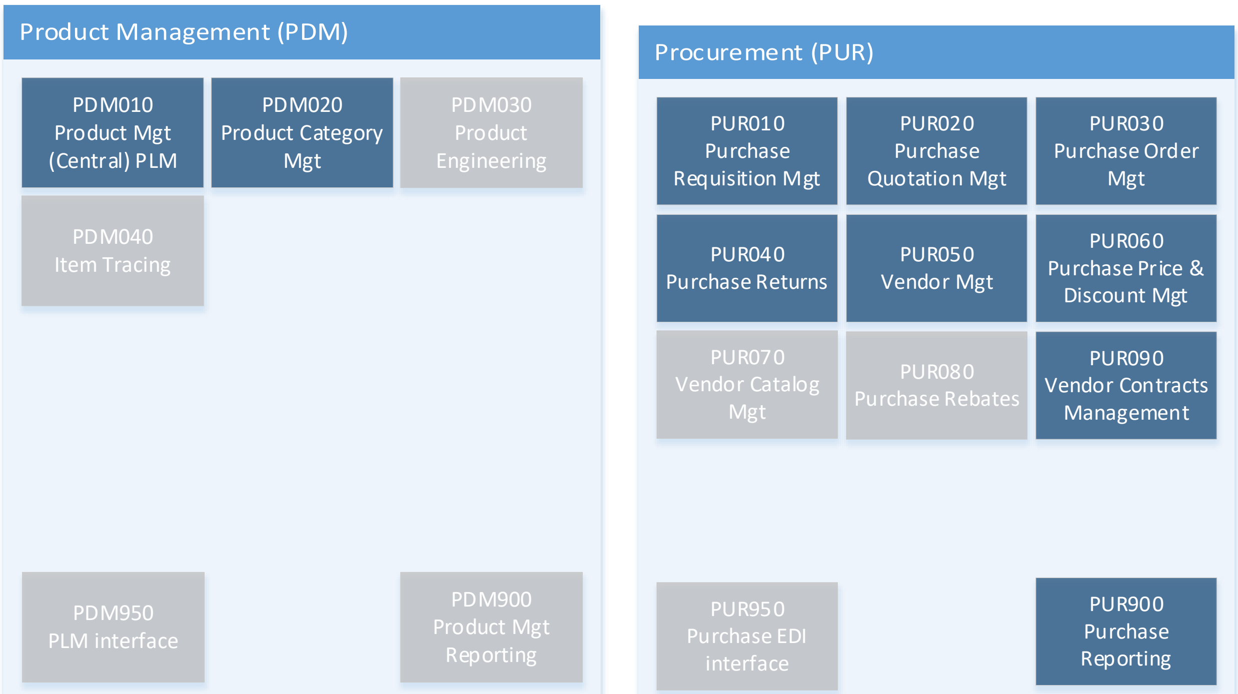
As part of the project management, the risk management is a crucial task to be done, to anticipate as much as possible to any eventual or not issue that could arise and compromise the project objectives and the due date.

HSO and customer project managers must confirm the risks they see and foresee, so they could agree on mitigation tasks and keep the project without important risks.

APPENDIX C: BUSINESS CONTROL MODEL

The following business processes will be in scope for business process analysis workshops:

Level 1 functional description:

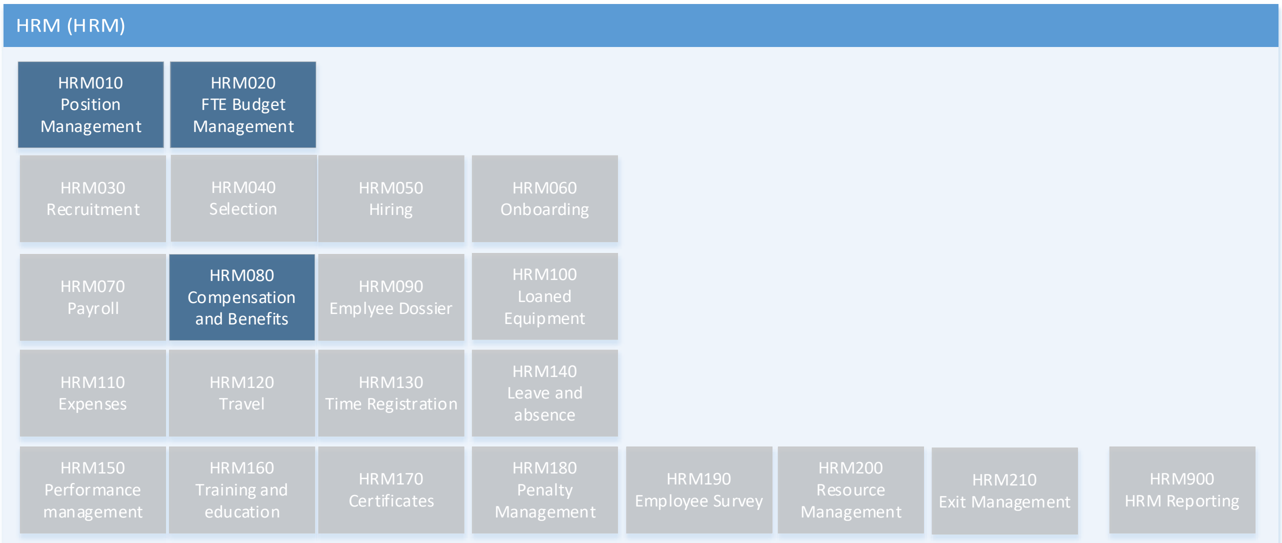


Finance (FIN)

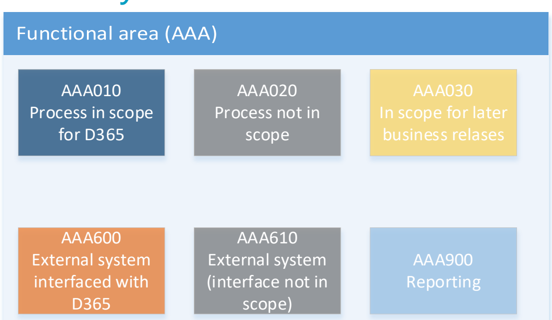
- FIN010 Year & Period End Closing
- FIN020 Currency Revaluation
- FIN030 VAT & ICP Declaration
- FIN040 Intrastrat Declaration
- FIN050 Intercompany Consolidations
- FIN130 Purchase Invoice Control
- FIN140 Vendor Payments
- FIN230 Misc. Sales Invoicing
- FIN250 Customer Payments
- FIN270 Credit&Collection Management
- FIN310 Cash & Bank Management
- FIN320 Cash Flow Forecast
- FIN410 Fixed Asset Management
- FIN510 Financial Budgeting
- FIN610 Expenses
- FIN710 Inventory Valuation
- FIN810 Finance Administration
- FIN900 Financial Reporting

Asset Managementl (ASM)

- ASM010 Maintenance requests
- ASM020 Work Order Mgt
- ASM030 Maintenance downtime
- ASM040 Maintenance schedule
- ASM050 Asset Management
- ASM060 Location Management
- ASM070 Asset Loan Mgmt
- ASM080 Maintenance Budget
- ASM090 Preventive Maintenace
- ASM100 Spare parts
- ASM900 Asset Management Reporting


HRM (HRM)
HRM010 Position Management
HRM020 FTE Budget Management
HRM030 Recruitment
HRM040 Selection
HRM050 Hiring
HRM060 Onboarding
HRM070 Payroll
HRM080 Compensation and Benefits
HRM090 Emplyee Dossier
HRM100 Loaned Equipment
HRM110 Expenses
HRM120 Travel
HRM130 Time Registration
HRM140 Leave and absence
HRM150 Performance management
HRM160 Training and education
HRM170 Certificates
HRM180 Penalty Management
HRM190 Employee Survey
HRM200 Resource Management
HRM210 Exit Management
HRM900 HRM Reporting

BCM Key


Functional area (AAA)
AAA010 Process in scope for D365
AAA020 Process not in scope
AAA030 In scope for later business relases
AAA600 External system interfaced with D365
AAA610 External system (interface not in scope)
AAA900 Reporting