

Bryan Klipfel, Director Workforce Safety and Insurance
Testimony before the Information Technology Committee

Wednesday April 4, 2012

Harvest Room, State Capitol

Bismarck, North Dakota

I am here to give you an update on the Workforce Safety and Insurance software replacement system commonly referred to as the Advanced Information Management (AIM) System which is part of our Information Technology Transformation Project (ITTP).

Last time I was here I told you that we expected to go beyond the "go-live" date of January 31st for the claims portion of the project which was only two weeks away at the time. That has happened and consistent with the contract provisions Aon is forfeiting payments that would have been paid to them in the amount of \$115,000 for February and \$115,000 for March. In April the forfeited payment will be \$25,000 and carry forward until this fall when monthly payments stop. Our goal is to be in production with the claims portion by that time.

Our goal is still to remain within the approved budget of \$17.8 million. It is challenging to contain spending with third party vendors cost continuing on even as we are not paying monies to Aon. Again I want to remind you that we have negotiated free maintenance post "go-live" in the amount of \$912,000 which is an amount that doesn't show as a savings on the project but none the less will save dollars later. We were reducing payments (30%) for the August 2011 release and have made no payments for the November release.

We recently received the March release and have installed it and are testing its various provisions. The reports we have so far is that it is testing at 64% which is better than previous releases.

The ESC has been meeting since the last time I talked to you. We have a small negotiating team that has met numerous times with representatives of Aon to mainly talk about time frames which ultimately leads to other important items like money and scope. We have more sessions scheduled in the next two weeks. We are getting closer to a decision on the proper course of action for the future.

The most important part of this is getting a system that will serve our injured workers and policy holders well. We are being responsible with funding of the project. Again I will say that the ESC process has been helpful in sorting through the project and analyzing what we should do to help the project succeed.

I have a chart that I think answers your questions from last time regarding the original project cost, current cost and associated cost over-runs including third party costs.

WSI COMPARISON OF ORIGINAL COST VERSUS CURRENT CONTRACTS.

	Aon	HCL	Intertech - ITD - SurePoint	
Original Contracts	\$6,122,460	\$4,014,000	\$1,440,000	\$11,576,460
Current Contracts	\$8,806,828	\$7,153,439	\$3,262,062	\$19,222,329
Paid to date	\$6,706,855	\$6,321,865	\$2,838,252	\$15,866,972
* Current Aon Contract Amount will be reduced by \$420,627 for forfeited payments.				