



STUDY OF THE ENTERPRISE RESOURCE PLANNING SYSTEM - SUMMARY MEMORANDUM

Section 11 of Senate Bill No. 2021 (2025) ([appendix](#)) provided for a study during the 2025-26 interim regarding the enterprise resource planning (ERP) system for the state, including state agencies and institutions of higher education. Study requirements included consideration of:

- The current system and potential systems, including functionality, technological structure, expected life cycle, costs and benefits of cloud-based and on-premises hosted solutions, support and maintenance costs, and potential implementation costs.
- Desired functionality for state agency use, including financial management, human capital management, and procurement.
- Desired functionality for institutions of higher education, including financial management, human capital management, grant management, compliance management, procurement, and student data management.
- The costs and benefits of continuing with one ERP system or separate systems for state agencies and institutions of higher education.

The Legislative Management assigned the responsibility for this study to the Information Technology Committee.

BACKGROUND

Current Enterprise Resource Planning System History

The state's current ERP system, ConnectND, was developed by PeopleSoft, Inc., which was acquired by Oracle Corporation in 2005. The Legislative Assembly provided \$7.5 million from the General Fund during the 2001-03 biennium and \$20 million in bonding authority during the 2003-05 biennium for the evaluation, selection, and implementation of the system. The system was procured via a request for proposal in 2001, the contract was awarded to PeopleSoft, Inc., in 2002, and the financial and human resources (HR) components became operational for state agencies in 2004. Various changes and enhancements have been implemented since the system became operational, including the division of the system into two separately managed instances for the North Dakota University System and the state in 2012.

Debt service for the bond issuance was provided from state agency fees and higher education student fees. State agencies paid a monthly charge of \$12.58 for each full-time equivalent position and \$6.68 for each \$1 million of appropriation authority. The University System charged student fees ranging from \$42 to \$81 per semester during the system implementation phase. When the bonds were paid in full in 2013, the State Board of Higher Education reduced the ConnectND fee from \$81 to \$66 per student per semester to provide funding for ongoing system support.

The Information Technology Department (ITD) hosts the financial and HR components of ConnectND for both the state and University System in ITD data centers, while Campus Connection, the University System's student information system, is hosted in the Core Technology Services data center.

2025 Legislative Action

Former Governor Doug Burgum's executive budget recommendation included one-time funding of \$14 million for ERP cloud readiness for the 2025-27 biennium, including \$10 million from the Strategic Investment and Improvements Fund for the University System and \$4 million from the General Fund for the Office of Management and Budget (OMB). Governor Kelly Armstrong did not include funding for either project in his executive budget recommendation. The 2025 Legislative Assembly did not provide funding for ERP cloud readiness, instead directing the legislative interim study.

COMMITTEE ACTIVITY

Current System Functionality and Limitations

The committee received testimony from representatives of OMB, ITD, and the University System regarding the functionality and limitations of the ConnectND system. Testimony indicated:

- The ConnectND system has approximately 7,000 customizations across the financial, HR, and student modules.
- Oracle continues to provide updates to ConnectND, but updates are less frequent than with modern cloud ERP systems.
- The system is heavily dependent on batched and scheduled processing, offers limited opportunities for automation, and relies on inconsistent manual processes implemented across state agencies. Office of Management and Budget staff run approximately 50 queries each month during the payroll process to detect errors. Recruitment and onboarding processes also remain highly manual in the system.
- The ConnectND system lacks grantor functions within its grant management software. Consequently, 14 state entities have requested waivers to procure individual versions of grant management software.
- Oracle has indicated its intention to discontinue support for ConnectND; however, the company has provided rolling 10-year extensions for the software for each of the last 8 years, most recently renewing support for the software through 2037. ConnectND costs the state \$14.8 million per biennium, including \$2.1 million in hosting costs, \$5.6 million in licensing costs, and \$7.1 million in staffing costs.

Enterprise Resource Planning Systems in Other States

The committee received a memorandum regarding ERP systems in other states, detailing modernization efforts, strategies, and issues. Modernization approaches vary significantly, including comprehensive cloud-based replacements, migrations of existing systems to the cloud, incremental upgrades of existing systems, and modernization of specific system components such as financial or HR components. Direct comparisons among states are challenging because every state manages ERP system functions differently. Despite these differences, there is a trend of states migrating existing ERP systems to the cloud or adopting new, cloud-based systems. Transition and migration outcomes varied widely, with several projects encountering significant issues, including cost overruns, time delays, audit findings, and financial reporting errors. Higher education institutions were excluded from the systems of all states reviewed.

The schedule below details information regarding the status of select other states' ERP systems.

State	ERP System Provider (Software)	System Environment	Completion Date
South Dakota	Oracle (Fusion) - Finance	Cloud - Implementation in progress	2027
Wyoming	Consultants to Government and Industry (CGI) (Advantage)	Cloud - Migration completed	2023
Montana	Oracle (PeopleSoft)	On-premises	2000
Minnesota	Oracle (PeopleSoft)	Cloud - Migration in progress	2026
Idaho	Infor (CloudSuite)	Cloud - Implementation completed	2023
Iowa	CGI (Advantage) - Finance	Cloud - Migration completed	2024
	Workday - HR and payroll	Cloud - Implementation completed	2021
Alaska	CGI (Advantage)	Cloud - Migration completed	2024
Kansas	Oracle (PeopleSoft)	On-premises	1994
Maine	Workday - HR	Cloud - Implementation completed	2024

South Dakota

In 2024, the State of South Dakota initiated Project BISON (Business Information Systems Optimization Network), selecting Oracle Fusion Cloud to replace its legacy mainframe ERP system, which was originally implemented in 1988. The South Dakota Legislature appropriated \$70 million for the project, which provides for statewide financial systems. The system is scheduled to "go live" in fiscal year 2027. Higher education institutions are not included in this transition.

Wyoming

In 2023, the State of Wyoming migrated its CGI Advantage ERP system to a cloud-based environment from the private managed cloud environment which had been in use since 2012. The Wyoming State Auditor's Office indicated the existing contract with CGI was amended to include the upgrade at no cost to the state. The current system integrates HR, payroll, and financial management components. The system originated from a 1989 contract with American Management Systems, which was acquired by CGI in 2004. Since 1989, the system has undergone various major modifications to remain current, resulting in a system that is entirely different than the one first implemented. Between 1989 and 2011, the state reported total historical contract costs between the state and CGI of \$41.2 million. Since 2011, the state has paid an average of \$5.5 million per year in contract costs. The University of Wyoming independently operates WyoCloud, an Oracle Fusion system, entirely separate from the state ERP system.

Montana

The State of Montana utilizes the Statewide Accounting, Budgeting, and Human Resource System (SABHRS), an on-premises Oracle PeopleSoft system. Implemented in fiscal year 2000, the system replaced a legacy mainframe system. Montana has not initiated a cloud ERP replacement project. The Montana University System operates independently from the state's ERP system.

Idaho

In 2023, the State of Idaho completed Project Luma to replace the state's legacy mainframe ERP system, which had been in use since the 1980s. Idaho implemented Infor CloudSuite, a cloud-based ERP solution, over a 4-year timeline (2019-23) at a cost of approximately \$120 million. Ongoing system costs are estimated to total approximately \$10 million per year. The project included a full replacement of finance, procurement, and HR functions. Idaho's colleges and universities were excluded from the system. The project faced significant postimplementation issues, resulting in financial reporting misstatements and approximately \$32 million in duplicate Medicaid payments. Independent auditors issued qualified opinions for 8 of the state's 12 major opinion units in the 2024 Annual Comprehensive Financial Report due to issues with the new system. Auditors were unable to obtain sufficient evidence to form an opinion because key account reconciliations could not be performed to verify account balances.

Iowa

In 2019, the State of Iowa selected Workday to transition the state's legacy financial and HR systems to a cloud-based ERP system. Following implementation of the HR and payroll systems in 2021, the state faced functionality gaps and integration challenges with the financial component. Citing these issues, Iowa canceled the Workday financial system implementation in 2023. Following the cancellation, Iowa migrated its existing CGI Advantage software to a cloud-based environment in 2024. Higher education institutions are excluded from the state's ERP system.

Oracle Business Value Assessment

The committee received testimony from representatives of OMB and ITD regarding an Oracle business value assessment of the state's ERP system and processes. The assessment was conducted from October 2025 through January 2026 and involved 19 interview sessions across state agencies. The assessment identified various challenges with the state's current systems and processes, including reliance on aging and heavily customized legacy software, manual and inefficient processes, data silos, a lack of system integration, and audit and grant management risk.

Because the assessment was conducted by Oracle using industry standards, testimony indicated the dollar and percentage figures are estimates, and a neutral third-party evaluation of return on investment should be performed before transitioning to a new system, consistent with the approach used when the state transitioned to ConnectND.

The assessment estimated total possible benefits of approximately \$151.8 million per year across finance, supply chain management, human capital management, and information technology functions. The estimates include possible productivity benefits of \$36.4 million per year, representing items such as the value of staff time freed from manual and redundant processes, and possible financial benefits of \$115.4 million per year, representing items such as reduced employee turnover and overtime costs, increased early payment discounts, and improved budgetary and purchasing controls. The estimated benefits by functional area are as follows:

	Possible Productivity Benefit	Possible Financial Benefit
Finance, enterprise performance management, and projects	\$13.4 million	\$42.1 million
Supply chain	11.6 million	46.3 million
Human capital management and payroll	10.4 million	19.3 million
Enterprise and information technology	1.0 million	7.7 million
Total	\$36.4 million	\$115.4 million

Testimony indicated estimated productivity savings would be realized as a reallocation of staff time rather than a direct reduction in force, and some savings would be realized as cost avoidance. Preliminary results indicated upgrading the ERP system and processes could reduce the time staff spend on manual and redundant work processes within state government by up to 811,000 hours per year.

The assessment also estimated a new cloud-based system would reduce the total annual ongoing cost of ownership by \$6 million, from \$8.2 million to \$2.2 million, as follows:

	Current On-Premises	Cloud-Hosted (Estimated)
Applications support and hosting	\$6,900,000	\$1,900,000
Annual investment in upgrades and patching	363,000	0
Integration support	827,000	327,000
Database administration support	124,000	0
Total	\$8,214,000	\$2,227,000

Request for Information

The committee received testimony from representatives of OMB and ITD regarding the results of a request for information (RFI) issued to gather market data for potential ERP solutions. The RFI was issued in December 2025 and requested vendors provide either an HR and financial solution or an HR, financial, and student information system solution. Eight vendors requested to provide demonstrations in response to the RFI, and online demonstrations were held in February 2026 with four vendors: CGI; Systems, Applications, and Products in Data Processing (SAP); Oracle; and Workday. The demonstrations covered product roadmaps, support structures, communities of practice, licensing models, implementation timelines, and annual subscription costs.

Two of the four vendors, Oracle and Workday, are able to provide all three application areas (financial, HR, and student), while the other two vendors, CGI and SAP, are able to provide the financial and HR modules but lack developed student modules. The estimated implementation timelines and costs by vendor are as follows:

Vendor	Implementation Timeline	Estimated Implementation Cost	Estimated Annual Cost
CGI (no student module) ¹	24 months	\$20 million to \$25 million	\$3.5 million to \$4.3 million
SAP (no student module)	72 to 80 weeks	\$13 million to \$24 million	\$3 million to \$6 million
Oracle ²	24 months	\$65 million to \$97 million	\$3.9 million to \$5.7 million
Workday (state only) ³	24 months, plus 2 months of postimplementation support	\$28 million to \$37 million	\$2 million to \$3 million
Workday (higher education only) ³	24 to 36 months	\$55 million to \$65 million	\$4.5 million to \$5.5 million

¹The CGI annual cost estimate does not include all modules required by the state.

²The Oracle cost estimates do not include additional third-party advisor services needed for implementation.

³The Workday annual cost estimates are based on a 10-year contract term and were provided as separate state government and higher education implementations.

Testimony indicated an RFI is less specific than a request for proposal process, which would address technical details more thoroughly and likely increase cost estimates. Regarding key technology considerations, testimony indicated a cloud-based system would shift responsibility for applying updates from state employees to the vendor, although state employees would remain responsible for testing and verifying production changes and implementing new features. Cloud solutions limit customizations and rely on configuration rather than technical development.

The committee was informed the state would acquire various "bolt-on" systems that would integrate into a new ERP system to perform specific functions, adding cost in some areas, while realizing savings in others through the elimination of manual processes, redundant work, and duplicate shadow systems.

Testimony indicated the greater value of a new cloud system is in expanded capability rather than reduced cost. A new system would offer capabilities the current system does not, including artificial intelligence, automation of key processes, enhanced workflows, recruiting functionality, and improved Annual Comprehensive Financial Report preparation. Because the vendor would assume responsibility for applying updates, the time and effort currently devoted to maintaining the existing technology would be reduced, allowing state employees to focus on the implementation of new features.

Higher Education Enterprise Resource Planning System Needs

The committee received testimony from representatives of the University System regarding its ERP needs. During the 2023-24 interim, the University System conducted a market analysis to identify potential ERP vendors that could replace the ConnectND software. The analysis found only two cloud ERP vendors with financial, HR, and student information system components that meet the University System's needs within a single offering, Oracle and Workday. The market analysis resulted in a recommendation from the University System's Core Technology Services to the State Board of Higher Education for the University System to fully transition to cloud systems by 2035. During the 2025 legislative session, the University System requested approximately \$10 million for cloud readiness work, which the Legislative Assembly did not provide. Testimony indicated the student module is the most critical ERP module for higher education institutions, and the University System is using outdated, inefficient workflows within the ConnectND system.

As of September 2025, the estimated cost of a stand-alone University System ERP modernization separate from the state would be between \$100 million and \$145 million. In March 2026, the committee received testimony indicating that, based on vendor estimates received during the RFI process in February 2026, the actual cost is likely to be lower than the September 2025 estimate.

Testimony indicated the state and University System acquiring a system together would provide leverage for licensing negotiations and facilitate shared technical expertise. The state and University System could pursue separate or combined systems and could phase implementation. The state is not cloud ready and would not be able to begin implementation of a new ERP system until preparation and strategy for the implementation has been completed.

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