INTERNATIONAL LABOUR OFFICE

Governing Body

GB.279/PFA/5
279th Session

Geneva, November 2000

Programme, Financial and Administrative Committee

PFA

FIFTH ITEM ON THE AGENDA

Information Technology Systems Fund

1. At its 277th (March 2000) Session, the Governing Body approved, subject to decision by the Conference, the establishment of an Information Technology Systems Fund with an initial capital of US$25 million, to be financed from part of the 1998-99 surplus; it also approved the upgrading of the ILO's financial systems, which would be financed to the extent of US$20 million from such a fund. [1] At its 88th Session (June 2000), the Conference approved the recommendation of the Governing Body. [2]

2. Extensive consultations have been undertaken by the Office with several international organizations that have recently been involved in systems renewal projects. Informal discussions have also taken place with major software suppliers and major international consultancy firms (potential implementing partners) to obtain advice and to validate the Office's proposed approach to the organization and planning of what will be a very large and far-reaching project. These consultations are a part of the preliminary project preparation phase which is critical to the success of such a major undertaking.

3. A considerable amount of information has been obtained during this preliminary phase, which has confirmed and clarified the direction to be followed by the Office. The views expressed by the organizations that have been consulted have been consistent, and the difficulties they have encountered in the implementation of their respective projects were of a similar nature. The following considerations have emerged as being of great importance in defining the project.

■ Almost all the organizations consulted elected to implement, as far as possible, an "Enterprise Resource Planning" (ERP) solution, provided by a single software supplier, in order to achieve the maximum benefits through the full integration of support systems. ERP solutions not only address financial management but also have the ability to provide solutions for other support functions such as procurement, travel and human resources.

■ ERP projects involve a thorough review of all processes and of relationships between the units of the organization as a whole, and are not merely information technology

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[1] GB.277/10/1, para. 46.

[2] International Labour Conference, 88th Session (June 2000), *Provisional Record* No. 18.

projects. Such reviews inevitably lead to changes and provide an opportunity to improve and rationalize working methods. Many of those consulted had underestimated the overall impact of such projects.

■   The requirements of servicing and maintaining the system after its completion were also consistently underestimated by the organizations consulted. Following initial implementation, there is a continuing need to adapt and enhance the system, provide operational and technical support, train users, upgrade hardware, etc. The major software suppliers also require an annual maintenance fee, which also entitles the licensee to improved versions of the software. Such fees will be a part of the evaluation of the competitive bids received from software suppliers. Recurring costs are not part of the project and cannot yet be quantified with any accuracy. The Programme and Budget, however, includes resources for the support of legacy systems, which will be available for redeployment to partially cover these recurring costs.

4. The project is now ready to move into Phase 1, as described in the proposal presented to the Committee at its 277th Session (March 2000).[3] This will include extensive consultations with senior management and programme managers in all sectors (both at headquarters and in the field) to define the final scope, the requirements of the Office and the respective roles of users and the project team. Project governance will be finalized in this first phase, as will the appointment of a project director and the identification of project staff.

5. The preparatory work undertaken to date has been a valuable learning experience. Success factors and possible obstacles have been identified and the Office now has a much clearer view of the steps to be taken in the first phase of the project.

Geneva, 18 October 2000.

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[3] GB.277/PFA/2/2, p. 9.