



**2025 Annual Town Meeting
Article 11
Appropriate for Financial Application Software
Frequently Asked Questions**

1. What does this article accomplish?

This article would fund the replacement of the Town's Enterprise Resource Planning (ERP) financial application, which is the software that manages core business processes. These core processes include finance (billing and accounts receivable, accounting, accounts payable, payroll, and budget monitoring), human resources, purchasing, inventory, and asset management. All Town departments, staff, and residents interact with this software in one way or another.

2. Why is a new ERP system needed?

The new system is needed to address significant performance issues with the current software, particularly the tax/utility billing application, and to provide capacity to accomplish key processes today and into the future.

3. What aspects of the current system are problematic and why?

The Town's existing ERP system, Infinite Visions, lacks an appropriate cash book and tax/utility billing module. These two functions are handled by three standalone applications: Zobrio (cash book), Quality Data Systems (QDS) (tax/utility billing), and Flow (meter reads). These three applications together pass data to the financial system/General Ledger.

The disconnected nature of these important business processes has the following negative consequences:

- Multiple platforms and logins are required to operate the systems.
- Time-consuming data imports are required to pass data between the systems.
- Transaction details are not accessible from the General Ledger.
- Mission critical functionality relies on workarounds involving the third-party systems.
- The inefficient and time-intensive reconciliation of meter reads to utility bills, as well as cash receipts to invoices, leads to delays in posting payments to customer accounts and revenue to the General Ledger.

In addition, the Town has experienced significant challenges with its standalone tax/utility and cash book applications. These challenges include:

- QDS does not produce consistently accurate data. These inaccuracies include the misapplication of payment data in the proper hierarchy to taxpayer bills, and the inconsistent presentation of displayed data to calculated totals within the system. This requires additional staff time to reapply the payments by a manual process. These inaccuracies have frustrated both Treasury staff and Town residents, who have questions about their bills or payments.
- The inability of Treasury staff to complete basic tasks in QDS without company assistance, and poor/ unavailable technical support. Treasury staff experience lengthy delays in obtaining assistance and problem resolution, resulting in staff frustration and resident service delays.
- The disconnected nature of the Zobrio, QDS, and Flow applications from each other and from the Town's ERP system lead to interoperability challenges involving work-around processes, data sharing, and reconciliation.
- Some third-party systems are incompatible with certain online payment processors.

Finally, the Infinite Visions system, which was implemented in FY2014, lacks the robust functionality necessary to support the Town's current and future business. Although the Infinite Visions system is used in other Massachusetts towns, it is marketed as a financial application for school districts and smaller communities. Some underperforming characteristics of this system include:

- Limited ability to automate key processes including human resource employee onboarding, budgeting, procurement/receiving/payment processing, employee time entry/payroll, and storing/retrieving relevant documentation. This limited automation results in the need for duplicative key entry and offline processing that is often paper based.
- Centralized processing with limited workflows, which limits the ability of the system to decentralize processing and approvals for faster and more efficient operation.

4. How do Town departments, staff, and residents interact with this system?

The Town relies on this system to collect and account for taxpayer funds, plan and manage its resources, track and monitor Town-owned assets, and manage its human capital. Departments use the system to track their budgets, purchase materials, and pay their staff. Staff use the system to receive employee documents, like pay stubs, tax statements, and other employment notices. Taxpayers may use the system to make payments to the Town and to view their account history.

5. How are staff and residents negatively affected by the existing system?

Strong fiscal stewardship is a priority for the Town of Needham. The existing system's challenges have eroded the Town's ability to seamlessly bill and collect taxes, causing frustration for staff

and residents alike. In addition, the existing system lacks the forward-looking capability to expand and extend electronic commerce.

6. What are the consequences of not replacing the ERP software for the Town?

The consequences of continuing with the existing ERP system include:

- Staff unable to access and use information critical to daily operations.
- Difficulty in providing accurate and transparent financial data to taxpayers.
- Growing fatigue and decreasing faith in the Town's ability to timely issue bills and credit payments.
- Continued delays in billing, collecting, and updating Town revenues.
- Inefficient systems and work arounds shift limited staff time away from other core responsibilities.
- Negative impact on morale and employee retention.
- Unsustainable and inefficient systems that rely on centralized processing, manual and duplicative systems.

7. How would Article 11 address the ERP issues faced by the Town?

Article 11 would replace the Town's existing financial applications with a new ERP system that is appropriate to a community of Needham's size and complexity, and which embeds all the required functionality as an integrated operation within the same system. This embedded functionality includes utility and tax billing, cash receipts and accounts receivable, accounting, budgeting, reporting, human resources, payroll, purchasing, and inventory and asset management. The embedded functionality would replace the existing standalone, third-party cash book and utility/tax billing applications. In addition, the system would provide powerful functionality to support future-oriented capabilities, including workflows and process automation.

8. What are the benefits of a new ERP system?

Benefits to taxpayers and staff include:

- Streamlined processes that lead to better customer service and faster turn-around times.
- Transparent and accurate data about Town finances and customer accounts.
- Improved access to data through customer portals and mobile devices.
- More options for transacting business with the Town.
- Better reporting and planning capabilities, resulting from reliable and accurate data.
- Increased efficiency, through automated tasks and streamlined operations.
- Sustainable operational processes capable of meeting future demands and growth.

9. Didn't the Town recently replace its financial software?

Yes. The October 4, 2020, Special Town Meeting appropriated \$1,075,000 to purchase a new tax/utility billing module for motor vehicle and trailer excise, real estate and personal property taxes, and utility and general billing. This initiative resulted in the acquisition of the QDS, Zobrio, and Flow software packages, which the Town now uses to collect tax and utility revenue. These systems replaced the Town's legacy HTE/Central Square billing application, which had been in place since 1993. Funding did not include a replacement of the financial applications. The appropriation also included funding for the decommissioning of the legacy billing and collections applications as well as the general ledger financial applications and for the archiving of more than 30 years of historical records. This has not yet been done, but is still required so that the records will be available in accordance with the public records law.

10. Why did the Town purchase QDS if it has proven to be a dissatisfactory application?

The Town conducted a competitive procurement process to select the new system, as required by the state's Uniform Procurement Act. The procurement law requires municipalities to undertake a sealed bid process to find the lowest cost system judged to be capable of meeting Needham's identified needs. The QDS system was selected by a working group of staff from multiple departments including Finance and the Public Schools, who evaluated the system against a lengthy list of pre-determined criteria and who conducted rigorous reference checks of other governmental users. Based on the results of this process, a contract was awarded to QDS in June 2022.

After implementation, a process which took approximately 18 months to complete, the Town discovered several concerns with the QDS billing software. As mentioned above, these concerns included the following:

- Inconsistent processing of billing and collection activities and misapplication of payment data in proper hierarchy on taxpayer bills.
- Displayed data does not always match calculated totals (logical errors).
- Company assistance is needed to complete basic tasks (e.g. integrations, reporting) leaving Town staff reliant on third parties for everyday use of the software.
- Unstable processes that do not work with consistency or fidelity.
- Poor/unavailable technical support from the company with long delays in getting questions answered and issues resolved, leading to missed deadlines.
- The need for a separate software platform (Flow) to interpret meter reads to generate utility bills.

In addition, the associated utility (Flow) and cash book (Zobrio) applications do not work seamlessly with QDS:

- The third party software is windows-based and incompatible with other systems (school Apple operating systems and some online payment processors).
- System functionality relies on third-party work arounds.
- Multiple platforms and logins are required to operate systems.
- Time-consuming data imports to QDS and the Town's Financial Systems.
- Limited transaction details in the General Ledger.
- Inefficient and time-intensive reconciliation of meter reads to utility bills, cash receipts to invoices and General Ledger, leading to delays in posting revenue.

11. Has the Town communicated its concerns to QDS?

Town staff have been meeting with the QDS project team on a weekly basis for more than a year to resolve the non-performance issues. The Town has also had multiple discussions with QDS leadership about ongoing concerns. Unfortunately, the Town has concluded that QDS is unable to provide the billing system required to meet the Town's needs.

12. What recourse does the Town have against QDS for its failure to adequately perform its contract?

The contract with the current vendor contains several obligations and guarantees/warranties relative to the services that are being evaluated by the Town and Town Counsel for possible further legal action.

13. Given the billing/revenue collection difficulties, why is the Town proposing a full replacement of the entire financial applications software?

It is important to replace the entire ERP system in order to provide fully integrated functionality among general ledger, billing, human resources/payroll and other modules. In addition, the Town seeks a system that can build capacity for efficient and effective operations into the future. The decision represents both a strategic and prudent solution to the ERP issues.

14. What alternatives to ERP system replacement has the Town considered?

The Town considered and rejected an alternative to return to an earlier billing system (HTE/Central Square) or another stand-alone solution.

Although Needham already owns a license to the legacy HTE/Central Square system – a significant cost savings - such a move would perpetuate split financial systems for billing and all other functions (payroll, GL, purchasing, fixed assets). In addition, the Central Square software is based on old technology (AS400 mainframe) with a continued reliance on centralized processing, limited workflows, few customizations, no drill down access, and limited integration with third party payment processors. Moreover, the HTE/Central Square system has few Massachusetts customers, leaving Needham in a poor position to leverage system improvements and customer

support. Finally, a conversion to HTE/Central Square or other billing system would be just as time and labor intensive as a conversion to a new and fully functional replacement system.

15. Is it possible to phase implementation of a new financial application system over a period of years, starting with billing software replacement, instead of purchasing a new, enterprise-wide solution all at once?

A phased implementation is not advisable. Given the many inefficiencies of the existing system, the need for an integrated solution, and the reality of a lengthy conversion and implementation under any scenario, it is the right time to think strategically about migrating to an enterprise-wide financial software solution. Doing so will address both the immediate inadequacies of the billing software and will provide broad, long-term benefits of moving away from a fragmented system. Moving to a fully integrated financial system should improve Needham's capacity to accomplish key financial processes today and into the future by:

- Integrating all core business processes within a single system, including accounts payable and accounts receivable into one system.
- Automating key processes for more efficient and effective operations: human resource employee onboarding, budgeting, procurement/receiving/payment processing, employee time entry/ payroll, and storing/retrieving relevant documentation.
- Providing robust functionality to adequately support the size and complexity of the organization.
- Improve customer service experience for Needham residents.

A decision to delay the implementation of one or more aspects of a new ERP system would perpetuate the problems associated with disconnected and standalone systems. Additionally, the current system, purchased in 2014, will require an upgrade in the near future to ensure operability within an ever-evolving technology environment, irrespective of how the billing issues are addressed. As such, it only makes sense to consider a full system replacement at this time.

16. How long will the implementation process take?

The process to select and implement a new ERP will take approximately 3 years to complete, starting with a procurement process of 2-3 months. Upon purchase, it will take approximately 18 months to configure and install each module grouping. A potential implementation process could be:

- August 2025: Tax, Utility, and Chart of Accounts Concurrent Conversions (18 Months)
- March 2027: Human Resources/Payroll Concurrent Conversion (18 months)
- August 2029: Remaining ERP Functions

17. What is the fiscal impact of this recommendation?

The total estimated cost of replacing the Town's ERP system is approximately \$2.5 million and consists of annual licensing fees and one-time implementation expenses. The one-time expenses include installation, concurrent licensing during transition, implementation assistance and project contingency. Although the exact cost of the new ERP system will not be known until the conclusion of the procurement process, the Town expects that the funds requested will be sufficient to purchase and install the new system. Moreover, the Town recently received notice of a Massachusetts Community Compact grant in the amount of \$100,000 to support the conversion project. The prior appropriation is reserved for the decommissioning and archiving work that needs to be done.

Article 11 provides for \$1,999,995 toward this purchase, including \$1,423,170 from Free Cash and \$576,825 from the Tax Levy. The FY2026 operating budget already includes \$517,800 in recurring funds that can be applied toward the implementation cost of the new system, bringing the proposed total funding to the required \$2.5 million total. Future operational budgets may need to be adjusted to cover any incremental ongoing licensing expense associated with the purchase.

	Recurring	One-Time	Total
Uses of Funds (Estimated Implementation Expense)			
Recurring License Expense	714,900.00		
One-Time Conversion Expense - Concurrent Licensing During Transition		347,600.00	
One-Time Conversion Expense - New ERP Implementation/ Conversion		1,181,400.00	
One-Time Conversion Expense - Implementation Assistance (3.0 FTE)		180,000.00	
Project Contingency		193,895.00	
Subtotal	714,900.00	1,902,895.00	2,617,795.00
Sources of Funds			
One Time - Community Compact Cabinet (CCC) Information Technology Grant	-	100,000.00	
Recurring Budget Funds - Town IT	347,600.00		
Recurring Budget Funds - School	170,200.00		
Subtotal	517,800.00	100,000.00	617,800.00
Net Additional Funds Needed (Financial Warrant Article)			1,999,995.00

18. What assurance can the Town provide that a new system can be implemented successfully?

The recent integration of the Town and School information technology services have positioned the Town well for a software acquisition of this type. The 2025 merger of these departments has increased the Town's internal capacity to plan and support enterprise-wide systems. Based on its prior experiences, the Town has also learned that it is important to have a dedicated project manager to coordinate an implementation, as well as support staff who can provide assistance. The proposed project includes a budget to provide additional staff to see the project through to successful conclusion.