

THE UNIVERSITY OF MELBOURNE

**UNIVERSITY SYSTEMS PROJECT-RESEARCH MANAGEMENT SYSTEM
COUNCIL DUE DILIGENCE GROUP**

REPORT TO COUNCIL (8 March 2004)

1. Introduction

The University Systems Project - Research Management System Council Due Diligence Group was established in February 2004 (approved by the Vice-Chancellor on behalf of Council on the recommendation of Finance Committee). Its members comprise Ian Renard (Chair), Professor Kwong Lee Dow, Meredith Doig, Rohan D'Souza, Hon. Bill Forwood, Ben Lochtenberg and Maureen O'Keefe (Executive Officer to the Committee). This Group was established to ensure that proper regard is given to external due diligence and the exercise of governance responsibilities in relation to the proposal to introduce a research management system, having due regard to other developments within the University Systems Project.

The Research Management System Council Due Diligence Group met on 26 February 2004. Dr Lochtenberg and Ms Doig were unable to attend and forwarded their apologies. The meeting was attended by Professor Frank Larkins, Ian Marshman and John Julian. It was decided by the Due Diligence Group to bring advice to Council on 8 March. A separate paper will be prepared for Finance Committee on 22 March advising of the impact of this advice on the Administrative Systems Funding Package that had been previously approved by Finance Committee. The funding is proposed to be sourced in a manner similar to the other systems recently implemented as part of the University Systems Project, that is from the Infrastructure Levy component of the University budget.

The review process followed by the Due Diligence Group-Research Management System was similar to reviews carried out by previous Council Due Diligence Groups in relation to adoption of the Oracle Human Resources System, the proposed entry into a cooperative arrangement with Oracle Corporation Australia Pty Ltd for the development of an "Australianised" version of the Oracle Student System and adoption of the Oracle Financial System. As with previous reviews, Mr David Abraham was commissioned as an external consultant to provide expert advice as to the thoroughness of the decision-making processes leading to the recommendations made to Council.

2. Update Reports on University Systems Projects

As the proposal for a Research Management System is part of the wider University Systems Project, the Due Diligence Group reviewed the advice provided by Mr Abraham in his Due Diligence Report (Attachment A) and asked the Senior Vice-Principal and Director, University Systems Project to provide the following brief reports.

2.1 Finance System - Themis

The implementation of Themis, an Oracle Finance System, has been successful. Its progress is continually being monitored and a number of updates and further improvements have been identified. These include an upgrade over the 2004 Easter holidays to enable implementation of the payroll component of the Human Resources System.

2.2 Human Resources/Payroll System

The implementation of the Oracle component for HR/Payroll will commence with stage 1 in April 2004, which will require significant attention to ensure that staff embrace the employee self-service component. The major payroll transition will occur in October 2004 and the Group noted that the implementation strategy for this second stage involved running the new payroll system in parallel with Genesys until all problems are resolved. A report will be provided to Finance Committee in May and subsequently to Council regarding progress with implementation of the HR/Payroll system.

2.3 Student Administration System

The actions of the Oracle Corporation in the USA in failing to support the execution of a Memorandum of Understanding between Oracle Australia and the University to develop an 'Australianised' version of the Oracle Student System is most disappointing. The immediate priority for the University Systems Project team is to ensure Merlin is compliant with proposed changes to the higher education system as a result of the "Nelson" reforms, and resources are being allocated for this purpose.

Recent upgrades of the Callista system, which include transforming it to a web-based system, have made it a more attractive longer-term alternative than it had previously been considered to be. Discussions with Oracle are continuing, and other alternatives are now being actively reassessed.

3. Research Management System

A detailed case for IT Systems Development and Business Reform for a Research Management System was prepared by the Deputy Vice-Chancellor (Research) (refer Attachment B). A Summary Issues Paper from the Senior Vice-Principal and the Director, University Systems Project was also considered by the Group (Attachment C).

Professor Larkins outlined the advantages which would flow to the University from adopting the proposed Research Management System and the inadequacies of the current systems in place. He acknowledged the risk inevitably involved in developing a new Research Management System "in-house" but outlined why in his view that was preferable to adopting any other system currently available.

The Due Diligence Group considered whether there were any alternative products that had not been adequately considered, whether the University had demonstrated adequately that it has sufficient Oracle knowledge internally to develop the required components and whether the proposal will give the University a competitive advantage. Professor Larkins, Mr Marshman and Mr Julian addressed each of these issues and responded to questions from Committee members.

Conclusions reached by the Group

It is the view of the Council Due Diligence Group that methods used in evaluating alternatives available were reasonable and robust.

Mr Abraham, external consultant, reported to the Group that he was satisfied that the business case developed for the Research Management System satisfied the due diligence

requirements. In his view this needs to be a developmental project as there is no satisfactory “off the shelf” solution for research currently available.

The Group endorsed the views of Mr Abraham that, due to the segmented nature of the project, milestones need to be developed for each individual component of the project to ensure that success at each stage over the three-year period can be measured adequately.

The advice provided to the Due Diligence Group from Miri Goldenfarb, Director, Systems Development and Integration, prepared in December 2003 (Attachment D), was noted. The Group requested up-to-date independent advice regarding the University’s internal capability to develop an inhouse system, addressing the risks of familiarity with business specifications, familiarity with Oracle Self-Service Development tools, resources for development and testing and hardware/software resources.

The Group noted that if Council commits to the project, \$2.18M will be required for 2004 and a total budget of \$6.5M for the IT System Development of a Research Management System and enhancement of Themis Financials will be required over a period of three years (2004-2007). Additional recurrent expenditure will also be incurred of \$200,000 for 2005 and \$280,000 in each succeeding year. These additional costs will be found within the annual University budget.

Recommendations

1. That Council note that the due diligence processes adopted in evaluating proposals for a Research Management System have been, in the opinion of the Council Due Diligence Group, thorough and appropriate.
2. That Council note the conclusion reached by the Council Due Diligence Group that nothing came to the Group’s attention which would lead it to recommend deferral or rejection of the recommendation made to Council by the Deputy Vice-Chancellor (Research) (refer Business Case, December 2003, p.11), and by the Senior Vice-Principal and the Director, University Systems Project (refer Issues Paper, February 2004) to develop inhouse a research management system and enhance Themis Financials over the period 2004-2007 on the terms set out in their respective papers.
3. That Council approve the recommendation from the Acting Chair of Finance Committee, made on behalf of Finance Committee (Attachment E), to extend the previously established facility to fund the University Systems Project from the Infrastructure Levy Component of the University budget, by providing additional funding of \$6.5M over the period 2004-2007, of which \$2.18M will be required for 2004.

Ian Renard (Chair)
University Systems Project
Research Management System
Council Due Diligence Group
3 March 2004