



INNOVATION TECHNOLOGY DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: February 19, 2025

Subject

Tyler New World Enterprise Resource Planning (ERP) replacement

Recommended Action

Adopt Resolution No. 2025-XXX approving Budget Modification No. 2425-380 increasing appropriations in the amount of \$3,744,526 in the General Fund Applications Budget unit (100-32-308 750-237) for the Tyler New World Enterprise Resource Planning (ERP) replacement.

Reasons for Recommendation

The City currently uses Tyler New World as its Financial and Payroll ERP system, which no longer meets the operational needs of staff. Maintaining an aging ERP results in inefficiencies, higher operational costs, and a lack of integration with modern technology. The system requires excessive manual workarounds, frequent repairs, and third-party add-ons, which not only slow down workflows but also increase maintenance expenses. Additionally, limited API support restricts integration with newer applications, preventing automation and seamless data exchange. These inefficiencies hinder productivity and create data silos, inaccuracies, and decision-making delays, impacting the City's ability to manage financial and payroll processes effectively.

Beyond operational inefficiencies, the outdated ERP system lacks scalability and futureproofing, making it difficult to support growth, cloud-based access, and emerging technologies such as AI and automation. Without mobile access, intuitive dashboards, or real-time synchronization, employees struggle with low system adoption and frustration, reducing overall productivity. Furthermore, municipalities that continue using legacy ERP systems risk falling behind industry standards, while modern ERPs provide greater agility, enhanced security, and improved decision-making capabilities. Upgrading to a new ERP system is a strategic investment that will reduce security risks, improve

efficiency, support evolving business needs, and position the City for long-term success.

Cupertino conducted a Request for Proposal (RFP) for consulting services for the needs assessment, RFP development and selection assistance, as well as project management services during the project implementation of an Enterprise Resource Planning software in January 2022. The city had invited proposals from qualified consulting firms that provide ERP System Consulting Services. This RFP covered the following three (3) phases:

- Phase I: ERP Needs Assessment of the City
- Phase II: Request for Proposal (RFP) Development and Selection Assistance
- Phase III: Implementation Project Management Services

The City of Cupertino engaged Plante & Moran LLP in February 2023 to conduct Phase 1 of the needs analysis, which was successfully completed. However, the project was unexpectedly paused due to the City's budget crisis. Despite this, sufficient savings are available to resume Phase II & phase III, provided the Council approves staff's recommendation to move forward with the ERP replacement project.

Plante Moran's initial needs assessment evaluated Cupertino's requirements and determined that the appropriate ERP solution falls within the Tier 1 or Tier 2 range. We are proceeding with the high-end Tier 2 scenario to ensure sufficient funding to cover potential costs.

Sustainability Impact

Enterprise digital systems like New World reduce the volume of paper used for financial transactions by providing digital recorded transcripts, conserving natural resources, and reducing greenhouse gases generated during the production and disposal of paper. Implementation of paperless office strategies like this one are prioritized in Cupertino's Climate Action Plan (M-SW-1).

City Work Program (CWP) Item: No

CWP Item Description: NA

Council Goal: NA

Fiscal Impact

The proposed budget adjustment will provide funding to move forward with the ERP replacement. If Budget Modification Number 2425-380 is approved, increased one-time appropriations of \$3,744,526, plus \$667,058 in ongoing costs allocated in 100-32-308 600-606.

California Environmental Quality Act

Not Applicable

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Tina Kapoor, Deputy City Manager

Chris Jensen, City Attorney

Approved for Submission by: Pamela Wu, City Manager

Attachments:

A – Draft Resolution 2025-xxx

B - Supplemental Report 1

C - Supplemental Report 2

D - Supplemental Report 3