Workday ERP Financial Analysis

Direct contract cost, avoided legacy-system expense, and budget exposure

City Commission consideration | Ten-year contract term

CITY OF KEY WEST

LEGACY SYSTEMS SCHEDULED FOR REPLACEMENT

The eight identified systems currently cost $291,636 per year; the no-move baseline rises to $329,636.

Annual System Cost Reference

System	Annual Cost	Function Replaced
Central Square	$156,000	Core financials
Naviline	$42,836	Utility billing
Bonfire	$5,200	Contract management
Frevvo	$9,200	Forms and workflow
Telestaff	$11,000	Scheduling
Oracle HCM	$42,000	Human capital management
DebtBook	$23,000	Debt management
Euna Solutions Grants Management	$2,400	Grant management
Current annual total	$291,636	Eight systems
No-move annual total	$329,636	Oracle rises to $80,000

Historic Cost Assumptions

1. **Current annual run rate**
   $291,636 across all eight systems.
2. **Oracle no-move increase**
   $42,000 grows to $80,000 annually.
3. **Ten-year current run rate**
   $2,916,360 if current pricing remained flat.
4. **Ten-year no-move baseline**
   $3,296,360 using the higher Oracle cost.
5. **Conservative comparison**
   No inflation or staff efficiencies are included.

System costs supplied by the City; totals are used solely for the direct software-cost comparison.

The Contract Value Is $4,674,962.62

The ten-year commitment consists of subscription and training plus a fixed-fee implementation.

$3.611M

Ten-year Workday subscription payment schedule

$98,710

Training credits and learning resources

$965,207

Fixed-fee implementation services

$4.675M

Total contract value before reimbursable expenses

Included in the Base Contract

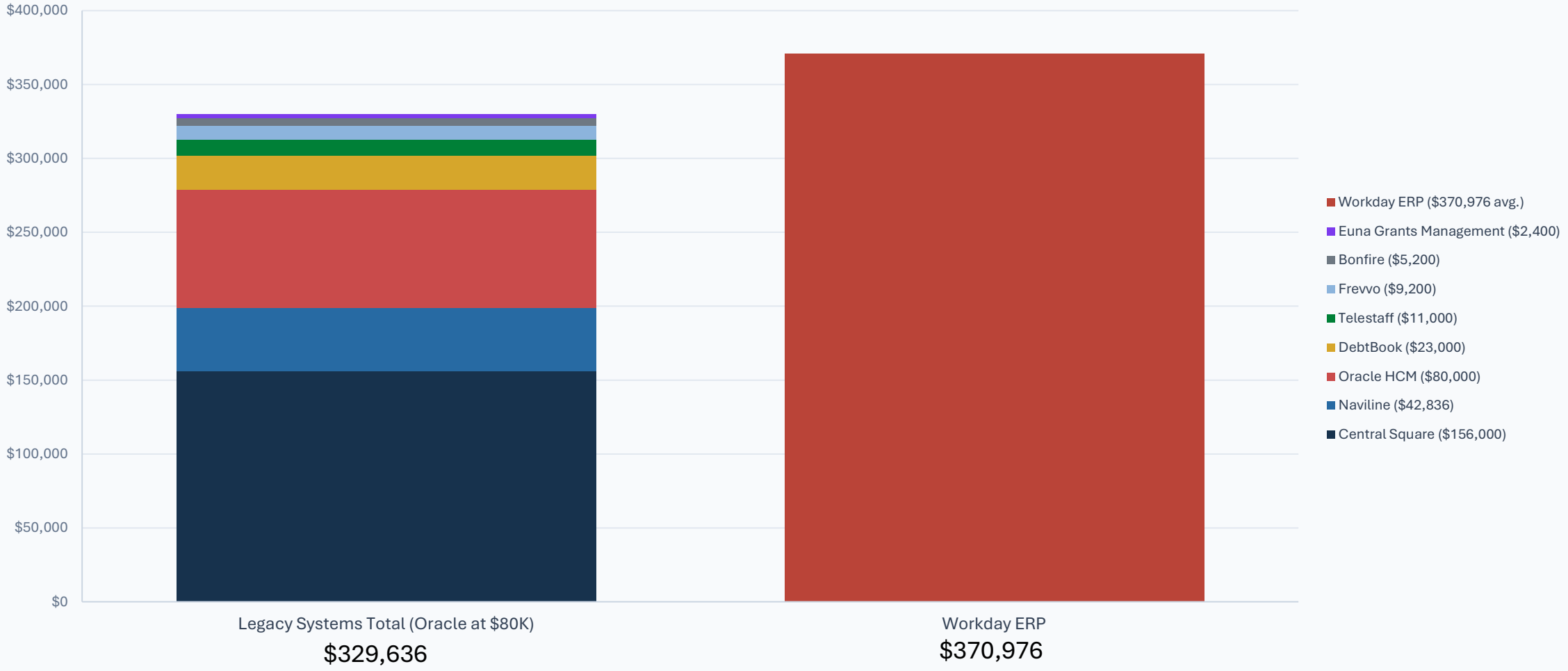
Subscription: $3,611,045.82
Training: $98,710.00
Implementation: $965,206.80

Financial Exposure Outside the Base

Pre-approved travel is reimbursable at cost
Scope changes are billed at $243 per hour
Growth or excess-use fees may apply

No-Move Legacy Subscription Cost vs. Workday ERP Average Subscription

The no-move legacy total includes Oracle HCM at $80,000; Workday reflects the average annual subscription and training cost over ten years, excluding implementation.



Sources: City costs and Iron Brick/Workday contract. Legacy no-move: $329,636 annually. Workday subscription + training: $3,709,755.82 ÷ 10 = $370,975.58 annually; implementation excluded.

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FINANCIAL CONTROLS + COST-AVOIDANCE PLAN

Retire legacy contracts promptly and control expenses that sit outside the base contract

Post-Go-Live Financial Measures

Measure	Target	Owner
Personnel action processing time	25%–40% reduction	HR
Payroll correction volume / processing time	20%–30% reduction	Payroll
Requisition-to-purchase-order cycle time	25%–40% reduction	Procurement / Finance
Invoice exceptions and manual matching	20%–30% reduction	Accounts Payable
Month-end financial close	1–3 business days faster	Finance
Manual journals and reconciliations	20%–30% reduction	Finance
Paper payroll documents produced	80%–100% reduction	Payroll
Legacy systems retired	All 8 after validation	IT
Employee self-service utilization	85% or greater	HR

Required Financial Oversight

1. **Baseline and ownership**
   Assign an owner and retirement date to each legacy contract.
2. **Avoid duplicate payments**
   Time cancellations to go-live, stabilization, and data-retention needs.
3. **Control variable costs**
   Pre-approve travel; track $243/hour change orders and excess-use fees.
4. **Reconcile every invoice**
   Tie invoices to the contract schedule, deliverables, and appropriations.
5. **Report realized avoidance**
   Compare actual retired-system costs with the $329,636 annual baseline.

Purpose: convert projected cost avoidance into documented savings and prevent overlapping legacy and Workday costs.

Financial Recommendation

Approve the Workday contract with explicit controls for legacy retirement, travel, change orders, and annual appropriations.

Financial Rationale

Replaces a stated $329,636 annual no-move software baseline
Establishes a ten-year contract value of $4,674,962.62
Concentrates implementation spending in 2026–2028
Provides known subscription payments through 2035

Commission Action

Authorize the Workday ERP purchase and implementation through Iron Brick Associates, LLC under OMNIA Partners Contract No. 159124, in an amount not to exceed $4,674,962.62, exclusive of authorized reimbursable expenses.

Require annual budget alignment, invoice reconciliation, and a documented eight-system retirement plan to capture the projected avoided costs.