

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 4d  
**Date of Meeting** April 28, 2015

**DATE:** April 22, 2015  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Peter Garlock, Chief Information Officer  
**SUBJECT:** Maximo Upgrade (CIP #C800746)

<b>Amount of This Request:</b>	\$1,000,000	<b>Source of Funds:</b>	76.5% Airport Development Fund;
<b>Est. Total Project Cost:</b>	\$1,000,000		18.3% Seaport General Fund;
			5.2% Real Estate General Fund

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to (1) authorize Port staff to proceed with the Maximo Upgrade project and (2) authorize the procurement of required hardware, software, and vendor services for a total project cost not to exceed \$1,000,000.

**SYNOPSIS**

The Port of Seattle Aviation Maintenance (AVM), Marine Maintenance (MM), Airport Communications Center (ACC), and Information & Communication Technologies (ICT) organizations rely upon the IBM Maximo system to track and manage assets, parts inventories, work orders, and incidents. Last updated in 2010, IBM's support for our current software version of Maximo ends in April 2015. The required operating system version and database used by the current version of Maximo are also no longer supported. Upgrading Maximo from version 7.1 to 7.5 will enable it to be migrated to the operating system and database infrastructure we utilize for all our other systems. We could continue to operate the current version of Maximo under extended vendor service contracts; however, this would require us to incur premium vendor support costs in excess of \$1,000,000 per year.

This project to upgrade the Maximo system will help ensure high availability and security of a maintenance management information system that is critical to many operations across the Port. ICT, AVM, MM, and ACC resources will be utilized to complete the project. Total project costs are estimated to be \$1,000,000. This project was included in the 2015 – 2019 capital budget and plan of finance. Recurring software license and maintenance costs are budgeted within the ICT Department operating budget, and are not expected to change as a result of this project. Vendor services needed to assist with implementing the upgrade will be procured using a competitive procurement process.

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### **BACKGROUND**

The Port of Seattle Maximo system, version 7.1, includes Enterprise Asset Management and Tivoli Service Request Manager Modules. It is used to manage assets and parts inventories, track work orders and service requests, and plan preventive and corrective maintenance. In 2014, approximately 44,000 assets and 145,000 work orders in support of those assets were managed within Maximo. In addition, both maintenance organizations use Maximo to record type of labor and time for 650 employees, which are then fed into the PeopleSoft payroll system.

### **PROJECT JUSTIFICATION AND DETAILS**

The upgrade of the Maximo system from 7.1 to 7.5 will help ensure the availability, reliability, and security of a system critical to Port operations.

#### ***Project Objectives***

- Complete the upgrade within the planned timeframe to minimize the risk from reduced support
- Ensure the availability and security of a system critical to Port operations.

#### ***Scope of Work***

- Upgrade of the IBM Maximo system from version 7.1 to 7.5
- Migrate the Maximo system to standardized ICT infrastructure.
- Update, as needed, interfaces between Maximo and the Mobile Software, Scheduling Software, PeopleSoft, and the AVM and MM fuel system.

#### ***Schedule***

Commission Approval	April 2015
Procurement Complete	September 2015
Upgrade Complete	July 2016

### **FINANCIAL IMPLICATIONS**

#### ***Budget/Authorization Summary***

	Capital	Expense	Total Project
Original Budget	\$1,000,000	\$0	\$1,000,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$1,000,000	\$0	\$1,000,000
Total Authorizations, including this request	\$1,000,000	\$0	\$1,000,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$1,000,000	\$0	\$1,000,000

#### ***Project Cost Breakdown***

	This Request	Total Project
Port Labor	\$262,000	\$262,000

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Contracted Services	\$580,000	\$580,000
Contingency	\$158,000	\$158,000
State & Local Taxes (estimated)	\$0	\$0
Total	\$1,000,000	\$1,000,000

### ***Budget Status and Source of Funds***

This project was included in the 2015-2019 capital budget and plan of finance as a \$1,000,000 business plan prospective project within CIP #C800746, Maximo Upgrade. The source of funds is 76.5% Airport Development Fund, 18.3% General Fund, and 5.2% General Fund Real Estate.

### ***Financial Analysis and Summary***

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Technology
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$1,000,000
<b>Business Unit (BU)</b>	Corporate
<b>Effect on business performance</b>	N/A
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	N/A

### ***Lifecycle Cost and Savings***

Software license and maintenance fees are currently budgeted in the ICT operating budget. Total costs to maintain the system including estimated license and maintenance fees, as well as Port recurring labor costs are not expected to change with this project.

## **STRATEGIES AND OBJECTIVES**

This project supports the Century Agenda strategy to advance this region as a leading tourism destination and business getaway, by ensuring the availability of systems that support important programs that are critical to Port of Seattle operations.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Continue to delay the upgrade: Critical security patches and technical support will not be available after April 2015. This alternative is not recommended.

### **Pros:**

- Save capital spending.

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### **Cons:**

- Further delay of the upgrade will require procurement of vendor service contracts to extend service on unsupported software at premium costs estimated to exceed \$1,000,000 per year over current costs. Without extended support, the system will be vulnerable to availability and security problems.

**Alternative 2)** – Procure a replacement asset and work order management system.

### **Pros:**

- None

### **Cons:**

- Replacing Maximo with different system will require significant additional time and cost for the analysis, procurement, implementation, and integration with numerous other systems and business processes, including extensive organization retraining. It is estimated that replacing Maximo with another system will cost between \$3,500,000 and \$5,000,000, and will take three to four years to complete and fully integrate with the operational groups affected. Additionally, according to Gartner, Inc., a global technology research firm, Maximo is recognized as a leading product in Enterprise Asset Management systems. In addition, Aviation and Marine Maintenance organizations have invested heavily in optimizing their business processes and training around the Maximo tool.

**Alternative 3)** – Upgrade our existing Maximo system and migrate it to our standardized infrastructure.

### **Pros:**

- This alternative will enable us to ensure high availability and security of the system, and it will provide continued vendor updates and technical support for this critical system at the lowest cost.

### **Cons:**

- None

**This is the recommended alternative.**

## **ATTACHMENTS TO THIS REQUEST**

- None

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- No previous commission actions or briefings on this project.