



**Report of the Secretary-General on
the Enterprise Resource Planning Project, Umoja (A/72/397)**

FIFTH COMMITTEE

Statement by
Ms. Jan Beagle,
Under-Secretary-General for Management
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Mr. Chairman, Distinguished Members,

I am pleased to be here with you to introduce, for the first time as the Project Owner, the annual progress report on Umoja which is one of the most important transformative initiatives for the Secretariat. In July 2006, the General Assembly endorsed the Secretary-General's proposal to implement an ERP system to enhance the effective and transparent use of the resources of the Organization and enhance the effectiveness of the work of the Organization. We all know that this project had a difficult start. But I have been in other organizations introducing an ERP – organizations less complex than the United Nations – and they have always had challenging starts. We have made significant progress in recent years. It is, therefore, gratifying to see that Umoja has already become a part of the daily routine for a very large part of the Secretariat.

Today, Umoja is already a key enabler of important strategic reform initiatives such as IPSAS and the ICT strategy, and poised to support other initiatives such as enterprise risk management, the global service delivery model, and the internal control framework. Most importantly, it will be a very important enabler of the Secretary-

General's management reform in simplifying processes, in improving responsiveness, in enabling the decentralization of authority with concomitant monitoring and oversight.

Naturally, Umoja is a major priority for my Department with all my Offices – OPPBA, OHRM, OCSS, OICT and the Umoja team – working closely with our partners in other HQ Departments, Offices Away from HQ, Regional Commissions and the Field Missions.

In its sixth annual progress report (A/72/157), the Board of Auditors has acknowledged that implementing Umoja globally across more than 40,000 staff in 400 locations is a significant achievement given the project's complexity and difficult start. The Board observed that Umoja remains central to the successful reform and modernization of the administration of the United Nations and has the potential to generate major benefits for the Organization and for Member States.

Umoja has replaced hundreds of legacy systems, streamlined and integrated numerous processes, automated resource-intensive manual processes, enabled self-service for staff and managers, and provided real-time visibility to global data.

By standardizing processes, Umoja has paved the way for better client service and location-agnostic transaction support. By globalizing operations in a single system, it has also created opportunities for business units to access faster or cheaper intra-Secretariat services, and paved the way for more efficient global service delivery models (GSDM).

Additionally, nearly a third of Umoja's scope will be delivered through Extension 2 (UE2), including many capabilities of significant interest to Member States such as strategic planning, budget formulation and performance management, conference and event management, and reimbursements to troop and police contributing countries. The strategic planning and performance management capability is a key enabler of the Secretary-General's reform proposals for increasing transparency and accountability for

results. The budget formulation module will also strengthen the support for the legislative review of budgets. UE2 will enrich the real-time global information that is becoming increasingly available as the Secretariat learns to leverage the capabilities of Umoja.

This ninth progress report responds to several requests of the General Assembly in its resolution last year (71/272). Section IV highlights the evolution of the business case for Umoja since 2006, stressing the qualitative benefits that underpinned the original business case, and outlines the quantitative benefits, including the challenges in measuring pre- and post-Umoja performance. The Board of Auditors has acknowledged that the 'bottom-up' approach to measuring benefits is an improvement over the earlier approach. But we do recognize that more needs to be done in articulating the benefits plans and in demonstrating the link between the resource proposals and the Umoja efficiencies.

A lot of effort has been invested in developing and presenting a historical analysis of direct costs by activities since 2008, an inventory of indirect costs by deployment since the first pilot in 2013, an estimation of the cost of training for end-users, and an analysis of the total cost of ownership through 2030. These address concerns expressed by the external auditors, the ACABQ and the General Assembly and I trust that Member States will appreciate this information. We stand ready to refine these analyses further if needed.

In the year since the last report, the project has completed seven successful deployments of differing complexity. In November 2016, Umoja extension 1 was deployed to cluster 5, comprising about 12,000 national staff and 8,000 individual uniformed personnel in 38 peacekeeping and special political missions, including employee self-service for national staff. This was a remarkably smooth deployment, in contrast to the challenges encountered in earlier deployments.

The ICSC compensation package changes were rolled out incrementally in November 2016, January 2017 and September 2017; this Committee will recall that this complex change was challenging to deliver within mandated deadlines and its retroactive implementation is the result of a concerted effort by the Secretariat, other UN system organizations and the software vendor.

The Financial Statements module was rolled out successfully in February 2017 for all non-peacekeeping operations, and again in August 2017 for peacekeeping operations, marking another milestone in complying with the General Assembly mandate to use Umoja as the backbone for IPSAS-compliance.

Early in September, I had a first-hand experience of a very significant deployment as phase 1 of supply chain management went live, leading to the decommissioning of Galileo in peacekeeping and special political missions. The migration of equipment, inventory and other asset information from Galileo to Umoja was among the most complicated to date and the excellent cross-Secretariat collaboration, ensured a smooth deployment particularly with DFS.

Mr. Chairman,

The trend of reported problems and support requests clearly indicate that Umoja has stabilized. We have also strengthened the capacity of managers to monitor the training of their staff. For Foundation and Extension 1 therefore, attention has now shifted to 'continuous improvements'. We have created a new analytical capability for detecting, diagnosing and resolving problems to improve processes and establish a good baseline for accurately measuring efficiencies in future.

I do believe, and this is reflected in the ninth progress report, that a strong and dedicated business transformation function is now key to drive the refinement of business models and practices, and to sustain Umoja benefits through a continuous improvement programme.

We do have challenges to be addressed as well, mainly in business intelligence or reporting. Despite extensive training, and the numerous reports that are available, users are not fully leveraging the system's potential. I have, therefore, prioritized not only strengthening capacity for building standard reports and dashboards, but also creating a function to support ad-hoc data extraction and analysis.

Last year, we presented a plan (Figure 3 of A/71/390) for developing UE2 in 9 concurrent work streams, in order to meet the aggressive deadline for completion by 2018. I am happy to report that we have made considerable progress; these projects represent a wide array of new functionalities which will require us to deploy several new software modules. Building on the plan for re-profiling resources that the General Assembly approved last year, we have done significant work in making the project self-sufficient in supporting all functionalities deployed so far, and even in building technical expertise for the new software modules needed for UE2. We have invested a lot in training and reduced contractual resources significantly.

The report describes the progress and status of each of the UE2 work streams. Despite considerable progress in many areas, the projects have not been without surprises and challenges, as even the software vendor acknowledges that the UN's requirements go beyond what their large customer base seems to have used. As we had mentioned last year, we know that the timelines are very aggressive and we are mindful of the General Assembly's direction to mitigate change management risks. We have been making adjustments to the schedules based on dependencies among the projects and feedback from business entities; while all the software will be developed, tested and deployed by the end of 2018, some of them will be deployed in phases in 2018 and 2019 to mitigate change management risks and costly post-deployment support.

This Committee may recall that the project's resource requirements for 2018-2019 had been estimated in the eighth progress report (A/71/390) at \$77.8 million. The current report has revised the estimate slightly downward to \$77,578,200, to be financed 15% from the regular budget, 62% from the support account and 23% from extra-budgetary resources based on the cost-sharing formula approved by the General Assembly.

I am pleased to note that the project has contained costs, reduced dependence on contractors and included more younger staff in the team. The report presents a proposal to continue the re-organization endorsed by the General Assembly, by abolishing 13 more senior posts (1 D1, 7 P5 and 5 P4) and creating 7 junior posts (3 P3, 3 P2 and 1 GS-PL) to create a sustainable team for the future.

In conclusion, Mr. Chairman, the project has progressed well during the last year. We are creating a sustainable platform for delivering on the potential of Umoja to transform the Organization. We need the strong support of the General Assembly to leverage Umoja to modernize the UN's business practices, and to enhance transparency and accountability throughout the organization.

Thank you, Mr. Chairman.