



South Metro Fire Rescue

Board of Directors

Microsoft Dynamics 365 ERP Update

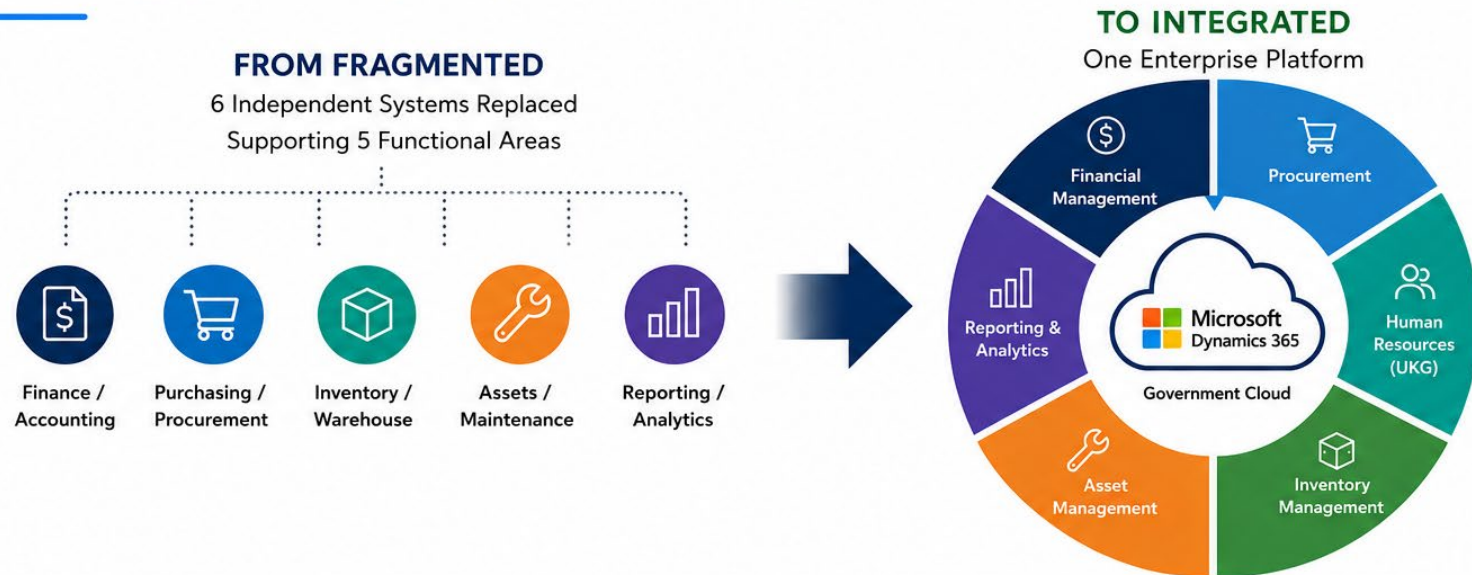
Two Years After Implementation

July 20, 2026

Looking Back

Why the Board Approved D365

Modernizing Systems. Strengthening Controls. Improving Service.



ORIGINAL OBJECTIVES

- Replace multiple legacy systems
- Improve financial controls
- Improve reporting
- Standardize business processes
- Improve long-term efficiency
- Estimated 3–4 year ROI

STATUS TODAY

- ✓ Successfully replaced the legacy systems
- ✓ Operating on D365 for nearly two years



What We Learned

An ERP Changes How the Organization Operates

From Transactions to Enterprise-Wide Integration



NOW A **\$250M** ORGANIZATION

Our systems must scale with our size, complexity, and mission.



BEST PRACTICE

Moving from siloed processes to an integrated, best-in-class solution.



GREATER GOVERNANCE

Stronger controls, accountability, and stewardship of public funds.

TRADITIONAL ACCOUNTING SOFTWARE

Departmental • Manual • Siloed



General Ledger



Accounts Payable



Fixed Assets



Inventory



Payroll



Reporting

- ✗ Manual data entry & re-keying
- ✗ Limited visibility across departments
- ✗ Siloed systems and information
- ✗ Reactive reporting



ENTERPRISE RESOURCE PLANNING

Integrated • Automated • Real-Time



Purchasing



Requisitions



Inventory



Microsoft
Dynamics 365
Government Cloud



Finance



Assets



Reporting &
& Analytics



Requisitions before purchases

Ensure needs are validated and approved before spending occurs.



Electronic workflow approvals

Automated routing and approvals improve accountability and speed.



Purchase Orders

Create and track purchase orders for control and transparency.



Encumbrance accounting

Commit funds at the time of obligation to prevent overspending.



Budget validation

Real-time budget checking ensures spending stays within budget.



Integrated purchasing, finance, inventory and assets

One system. One source of truth. End-to-end visibility.



Continuous Microsoft updates

Regular updates deliver new features, security, and compliance.



Greater governance

Stronger controls, roles, and policies to protect public funds.



ERP improves accountability, stabilizes processes, and provides real-time insight—
but it requires a different operating model and ongoing commitment.



Helps us meet
GASB requirements
and compliance



Supports our mission
with transparent,
responsible stewardship



Lessons Learned

Key Takeaways from Our First Two Years



GOVERNANCE

ERP requires continuous ownership.



STAFFING

Dedicated functional and technical resources are essential.



SUPPORT

Implementation support differs from long-term optimization.



CONTINUOUS IMPROVEMENT

ERP systems require ongoing investment rather than one-time implementation.



We now have a much clearer understanding of what is required to successfully operate an enterprise ERP.



Where We Are Today – The Problem

Stabilization Before Optimization

Our first two years focused on building a stable foundation.



WHY WE ARE STUCK



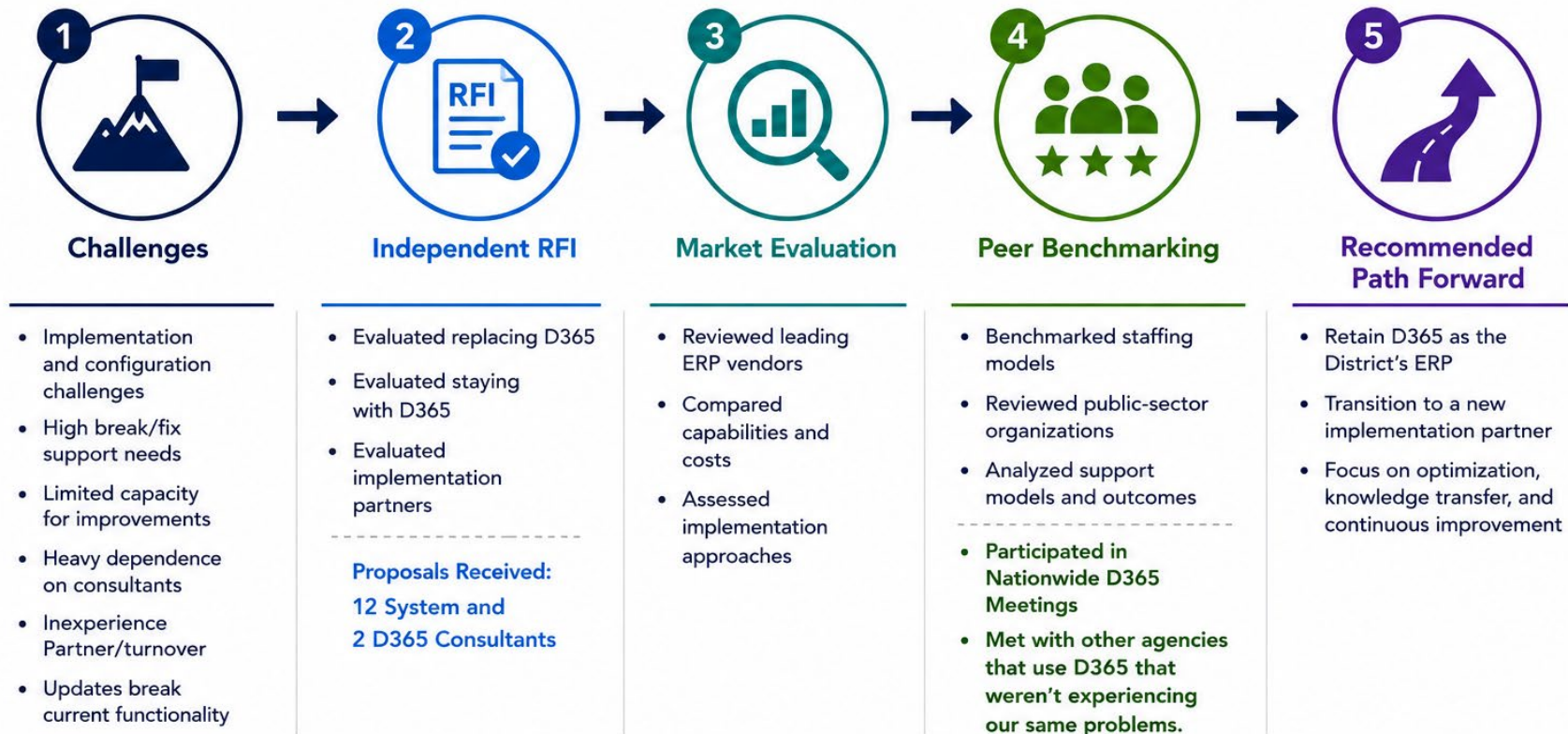
The District remained fully operational throughout this period, but much of our effort was spent **maintaining stability** rather than implementing improvements.



Management's Evaluation

What We Did About It

A deliberate process to determine the best path forward for the District.



Through a thorough and independent evaluation, management concluded that **optimizing our D365 investment provides the best value for the District.**



What We Learned from Market & Peer Research

Evaluated Options through the RFI process to determine Right Software? Right Partner? Right In-House Support?

 REPLACE ERP	 OPTIMIZE D365
 New implementation	 New Partner and Systems Architect & Finance Support (completed)
 New data conversion	 Existing data retained
 18–24 month project	 Immediate improvements
 Breaks, lack of training, lack of views	 Minimal disruption
 \$2M – \$6M investment	 Up to ~\$400K over two years additional for assessment, optimization and where solution. Ongoing annual costs ~\$110K after optimization.



The Market Evaluation and Peer Benchmarking confirmed that no software is perfect and D365 is the right platform with a strong solution that is working well for many other governments. With in-house support resolved, **the opportunity is changing partners.**



The Next Phase

D365 Right Software

From Implementation to Optimization

Evolving from maintaining the system to maximizing its value for the District.

CURRENT PARTNER



Break / Fix



Custom development



Limited improvement capacity



Confirmed what we expected



FUTURE PARTNER



Continuous improvement



Knowledge transfer



Public-sector best practices



Improved reporting



We are moving from a reactive approach to a proactive model that drives long-term value and performance.



Recommendation

Why Management Recommends Crowe

CURRENT SUPPORT MODEL

-  Custom development as needs arise
-  Significant break/fix effort
-  Consultant turnover
-  Limited public-sector accelerators
-  Improvements often created one enhancement at a time



CROWE SUPPORT MODEL

-  13 years building a Public Sector Solution for D365
-  Proven government best practices
-  Prebuilt configurations
-  Approximately a dozen of South Metro's backlog items already available
-  Extended Business Intelligence (EBI)
-  Greater focus on knowledge transfer and long-term sustainability



KEY MESSAGE

We are not changing software—we are changing to a more mature public-sector support model that allows us to move from maintaining the system to **improving it**.



Looking Ahead

2026



**Current ERP support budget
\$70,000 (Fully Spent)**



**Transition to Crowe
\$190,000 in 2026** (includes base level license and break/fix)



Status

We have fully spent our \$70K budget on break/fix and are not able to make any improvements.



2026 Includes

- ✓ Base level license and break/fix support
- ✓ Assessments and transition to a product
- ✓ Provides us with **12 known improvements** from where we are with their already built solution



As a result

We would need an additional **\$150,000 in 2026** to continue operations with minimal improvements (1 or 2 at most).



Ongoing Annual Base Support with Crowe

\$138,000 per year



Remaining Need in 2026

To continue to work on our optimization and break/fixes
\$150,000 additional in 2026



Additional Investment After Initial Assessments

- 2027: Inventory warehouse solution optimization – \$70,000
- 2027 and Beyond: Up to \$162,000 per year for additional optimization (planned after initial assessments are completed)

THREE-YEAR COST COMPARISON

	CURRENT ERP SUPPORT (RSM)	TRANSITION TO CROWE	WHAT WE GET
3-YEAR TOTAL INVESTMENT	\$220,000 per year x 3 years = \$660,000 total	\$675,000 total (3-year investment)	• Inventory warehouse solution (not included in current support) • 12 known improvements with already built solution
SUMMARY	Fully spent budget with no improvements. Additional \$150,000 needed in 2026 just to maintain operations with minimal improvements (1 or 2 at most).	Comprehensive solution with base support, inventory optimization, and 12 known improvements not available in current support.	Stabilize and optimize with a proven solution that delivers more value over 3 years.



Next Steps

- **Validated that Microsoft Dynamics 365 is the right long-term ERP platform** through an independent RFI, market evaluation, and peer benchmarking.
- **Transition to a new implementation partner (Crowe)** to leverage proven public-sector expertise, prebuilt solutions, and a sustainable support model.
- **2026 ERP support budget fully expended** on production support, Microsoft updates, and break/fix activities.
- **2026 Funding Need**
 - **\$150,000** to continue operating with the current partner (primarily break/fix with limited improvements), **or**
 - **\$190,000** to transition to Crowe, including implementation support, assessments, and immediate delivery of approximately **12 known system improvements** through their prebuilt public-sector solution.
- **August 3 Board Meeting:** Management will request approval to transition to Crowe and the associated 2026 budget appropriation and ability to sign contract for 3 years.

The software is not the issue. Our due diligence confirmed D365 is the right platform. The opportunity is to transition to the right long-term partner so we can move from maintaining the system to optimizing it and realizing the value originally envisioned by the Board.



Questions?

