Board of Regents
University System of Georgia

Shared Service Initiative Update
August 20, 2014

“Creating A More Educated Georgia”
Purpose

• Brief overview for new Board Members
• Five Years Later:
  – Review Progress and Accomplishments
  – Lessons Learned
• Opportunities and Path Moving Forward:
  – Partnerships
  – Enhancements
  – Future Services
• Reaffirm the commitment to a shared service approach

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Shared Services: 2008

- Shared Service Initiative Approved By Board in 2008
- Initial Offering: Payroll and Benefits Administration
- Project Goals:
  - Reduce costs through economies of scale/shared capabilities
  - Develop an effective and efficient Human Resource Management and Payroll system
  - Streamline and standardize processes
  - Improve functionality and service quality
- Identify Additional Services for Shared Approached
Payroll and Benefits Administration Outsourced to Automatic Data Processing (ADP)
Transition from PeopleSoft to ADP in August 2009
Currently: 28 of 31 Institutions are on ADP
- 52% of full-time employees ADP
- 48% of full-time employees Not on ADP (UGA, GT and GRU)

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Shared Services Center

- Opened April 2010
- Located in Sandersville
- Call and Service Center for Payroll/Benefits
- 27,000 Square Feet
- 44 Employees
- Capacity for Additional Services

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Shared Services Center (SSC) open in Sandersville
- Employee/Retiree call center
- Steadily increasing volume and timely resolution of issues
- SSC Processes GPLS, Archives, ITS and System Office
- SSC Statistics (Calendar 2013):
  - $1.3 billion total taxable payroll earnings
  - 24,000 employees
  - 8,000 retirees
  - 737,000 payroll transactions (varying payroll cycles)
  - 64,000 employee W2s
  - 50,000 responses to employees, retirees and institutions
Accomplishments

• Throughout transition – employees have been paid!
• Payroll and benefit function is now stable
• Payroll now centralized for 28 institutions
• Negotiated improvements to existing vendor contract
• Standardization of voluntary benefits
• **Significant** potential for further improvement and accomplishment of the original Board goals
Lessons Learned

• Resistance to Change and Centralization
• Deployment Issues:
  – Payroll Process Not Standardized Prior to Rollout
  – 28 Institutions with Varying Business Practices
  – Insufficient Testing Prior to Implementation
  – Mass Rollout of Service to All Institutions vs. Phased
• Difficulties With Existing Vendor Contract:
  – Contract Price and Terms
  – Performance/Inexperience with Higher Education
• After 5 Years: Shared Services Primarily Payroll/Benefits
• Other Service Opportunities Missed

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Future Opportunities

• Reaffirm Commitment to Shared Services and Original Project Goals
• Recognize the USG is One Company – Not 31!
• Administrative Efficiencies Exist – Money Can Be Saved
• Institutions Should Focus on Serving Students
• Steps Moving Forward:
  1. Partnership (Involvement of Entire University System)
  2. Business Process Standardization
  3. Vendor Selection
  4. Implementation
  5. Additional Services
Step 1 – Partnership with All USG Institutions

- **Optimal Solution**: Common HCM (Human Capital Management) Platform – **Entire University System**
- More Standardized HR Processes throughout USG
- **Advantages**:
  - Purchasing Power of System: Better Contract Terms/Price
  - Reduced Costs in the Future (Upgrades, Customization)
- **Discussion and Exploration With Non-ADP Institutions**
  - University of Georgia
  - Georgia Tech
  - Georgia Regents University
- **Non-ADP Institutions = 48% of Employees**
Step 2 – Business Process Standardization and Design

- Shared Services Center currently accommodates 28 institutions with up to 28 different business practices
- Additional vendor expense due to non-standardization
- Examples:
  - Policies and procedures vary widely and are specific to institution
  - Last year 129 different voluntary benefit plans (dental, vision, disability, etc.)
  - 10 different investment plans – some with low enrollment
- Employee pay cycles
- Underway: Accenture Study to work with all institutions to design and standardize payroll and HR practices

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Georgia TEAM
(Talent, Employment, And Management)

- USG partnering with Accenture
- Review current HCM practices with following goals:
  - Simplify and standardize processes within Human Capital Management (HCM): HR, Payroll, Benefits, Time and Labor, and Others
  - Translate revised processes into an effective HCM system
- Effort includes participation from all USG institutions
- Examining ~55 key business
- Accenture Report due October 2014

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Step 3 – Vendor Selection

- ADP Contract at 5 years
- Leadership participation in product demos
- Most Likely Vendor: Peoplesoft (If Terms Are Right!)
  - Prior Relationship and Experience
  - University System Owns Existing License
  - Best Product for Unifying the University System
  - Not “Software As Service”….Can Customize As Needed
  - Other Advantages (Pricing, Payroll Float, Financials, etc.)
- Change will likely result in reduced contract cost
- Existing ADP contract has remaining renewals and terms
- May need other partners to enable all features/fill gaps
Step 4 – Implementation

- Partner With All Institutions: Upfront Discussion on Business Process Design and Needs
- Design HCM System to Most Complex Institution
- Thoroughly Test New System Before Implementation
- Select and Pilot System at Institution(s) – Likely in CY 2015
- Phased Orderly Rollout (Rather Than One-Time) Based on Individual Institution Priorities and Capabilities
- Provide Institutions Flexibility and Proper Training in Rollout
Step 5 – Additional Services

- Identify and explore new opportunities
- Develop a plan for each service using lessons learned
- USG Financials and Standard Chart of Accounts
- Other Potential Candidates:
  - Financial Aid Functions (Processing & Call Center)
  - Procurement (Centralized Vendor Repository)
  - Employment Verification
  - Document Imaging
  - Other Functions and Opportunities As Identified
- Free Up Institutions to focus on Teaching Mission

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Questions