



Board of Regents University System of Georgia

USG Shared Services Initiative Update

April 16, 2013

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Discussion Items

- Shared Services:
 - Oversight
 - Background and Brief History
 - Update on Current Operations
- Issues:
 - University System Standardization
 - Vendor Evaluation and Alternatives
 - Additional Shared Service Offerings
- Next Steps



Shared Services Oversight

- Board of Regents
 - Shared Services Oversight Committee (2008 to 2012)
 - Committee on Finance and Business Operations (2013)
- Shared Services Governing Council
 - President Timothy Mescon, Chair
 - Total of 19 members representing Academic and Student Affairs, Fiscal Affairs, Human Resources, Information Technology and System Office
 - Subcommittees (Evaluation, Opportunities, Hosting and Contract)
 - Council Activity Past 15 Months
- Director of Shared Services – Becky Prince



Background

- Shared Service Initiative Approved By Board in 2008
- Goals:
 - Reduce costs through economies of scale/shared capabilities
 - Streamline and standardize processes
 - Improve functionality and service quality
- Initial Shared Service Offering – Payroll/HRMS
 - Transitioned from PeopleSoft to ADP (August 2009)
 - Currently – 28 of 31 Institutions are on ADP
- Continued Commitment to Shared Services
- Commitment to Sandersville Facility
- Must Get Better and Meet Goals!

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Sandersville SSC

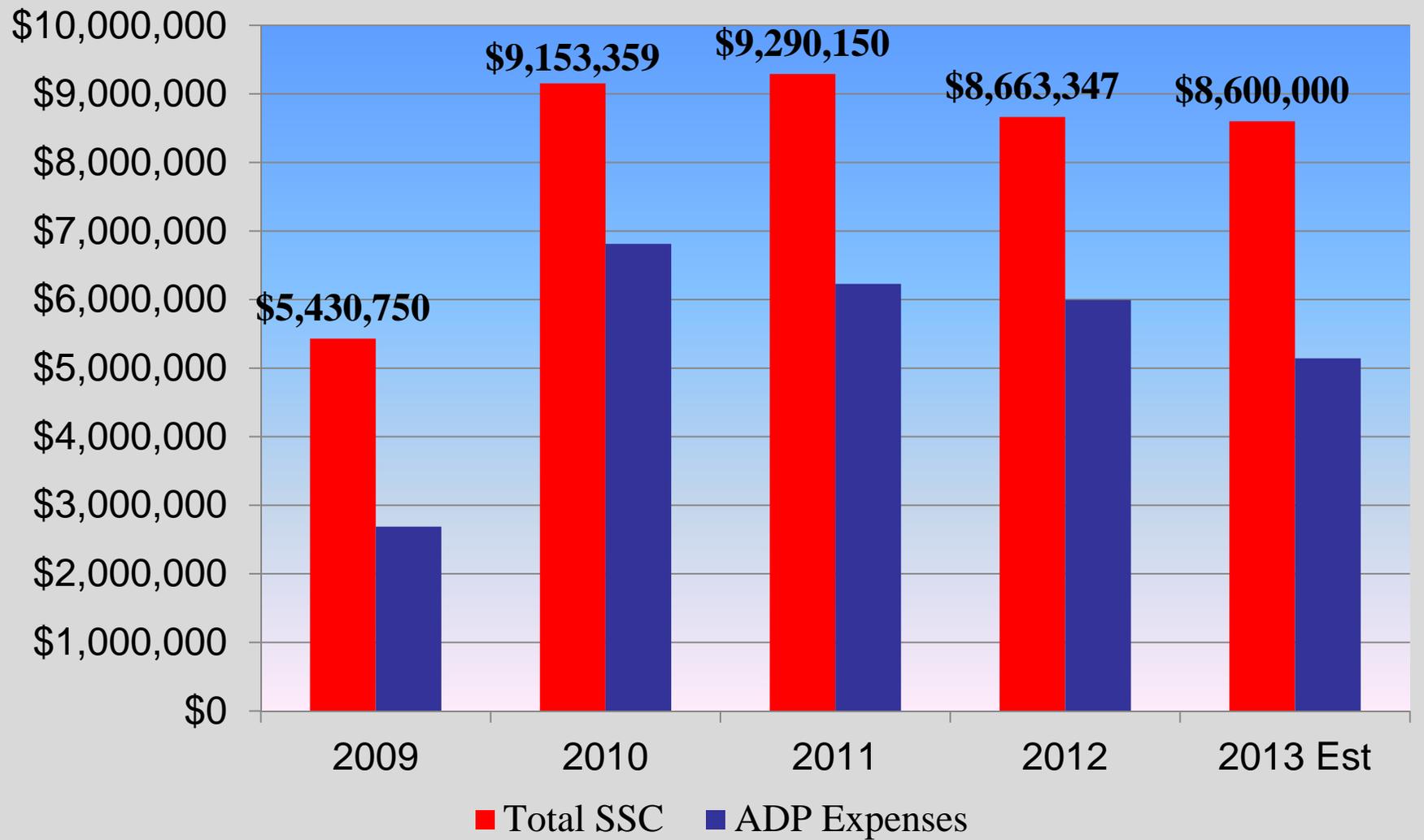


- Opened April 2010
- 27,000 Square Feet
- 44 Employees
- Lease Payments Begin April 1, 2015
- Annual Lease Amount \$388,500 (30 Years)
- Space Available for Additional Services

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Shared Service Investment

(Expenditure By Year)





Accomplishments

- Through transition – employees have been paid!
- Payroll now centralized for 28 institutions
- SSC open in Sandersville and providing economic benefit
- Employee/Retiree call center open with increasing volume and timely resolution of issues
- Retirement processing
- Shared Service staff have overcome initial resistance to change and have gained acceptance
- Payroll function has moved from triage to stability



Challenges

- Rapid Deployment of Shared Services
- Initial Resistance to Change (Some still exists)
- Transition to ADP – Over \$40 Million Expended By End of FY 2013 (Not Including Institutional Costs)
- Little or No Corresponding Savings to System
- Negative Return on Investment
- Payroll Process Not Standardized
- Difficulties With Vendor Contract, Price and Performance
- Few Shared Services Beyond Payroll
- Missed Opportunities



Issue: System Standardization

- Shared Services Center must accommodate 31 institutions with 31 different business practices
- Additional vendor expense due to non-standardization
- Examples:
 - Policies and procedures vary widely and are specific to institution
 - 129 different voluntary benefit plans (dental, vision, disability, etc.)
 - 10 different investment plans – some with low enrollment
 - 5 institutions offer no voluntary benefits due to size
- Employees may be paid bi-weekly or monthly with an additional vendor cost for each extra check
- System must pursue standardization regardless of platform to achieve economies of scale



Action: System Standardization

- Shared Services Governing Council has been working to identify areas for improvement
- Seeking Board support to continue to standardization to improve efficiency and reduce expenses
- Will return to Board for full briefing on specific items and any required policy changes
- Potential Candidates (Or Already in Progress):
 - Benefits
 - Recruitment Platform
 - Hiring/Onboarding/Termination
 - Human Resource Procedures
 - Retirement Processing

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Issue: Vendor Performance

- Concerns with current vendor performance and capabilities
- Chancellor met with ADP leadership in January 2012 and June 2012 to discuss concerns
- Contract is approaching 5 years and should return to market
- Shared Services Governing Council has identified market leading alternatives that may provide better functionality and reduce contract cost significantly
- Existing contract does have remaining renewal options
- Questionable: how much we can improve with status quo



Action: Vendor Performance

- Issue an RFP to Assess Vendor Alternatives
 - Potential Reduction in Annual Cost
 - Improve Terms of the System Contract
 - Address Performance Issues
- Shared Service Governing Council
 - Draft and issue an RFP with requirements (vendor, hosting, etc.)
 - Continue to identify business process improvements
- Contingent Upon Vendor Selection and Cost
 - Design and Thoroughly Test New System
 - Deploy New System in Phases
- Recognize Change Carries Some Sunk Costs!



Issue: Additional Services

- Many Opportunities Exist
- Payroll has been primary focus
- Shared Services Center in Sandersville has considerable vacant space (second floor)
- First Lease Payment Due April 1, 2015
- Annual Lease Amount - \$388,500
- Expansion of Shared Service Concept
- Fulfill Economic Development Mission of Facility
- Savings to the University System



Action: Additional Services

- Continue to identify and explore additional shared services
- Develop a plan for each service to include transition and marketing
- Potential Candidates:
 - **Back Office Financial Aid Functions (Call Center)**
 - Benefits Administration/Call Center
 - Enrollment/Admissions Call Center
 - Document Imaging
 - Procurement
 - Centralized Vendor Repository
 - Other Human Resource Functions

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Next Steps

- Finance and Business Operations Committee – Today
 - Receive Informational Report
 - Authorize Shared Services Governing Council to Begin Development of RFP
 - Endorse in Principle the Concept of Standardization
 - Approve Further Study of Additional Shared Service Offerings
- Return to the Board – By September
 - Updates/Full Report of Activities (Specifically RFP)
 - Approval of Specific Recommendations and/or Required Policy Changes



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