

University of Iowa TIER Self-Implementation Proposal

December 2014

Contents

Executive Summary	P. 2
Information Technology - IT-01, IT-02, IT-03, IT-04.....	P. 7
Finance - FN-01	P. 15
Human Resources - HR-01	P. 22
Change Management, Proposal Summary.....	P. 30

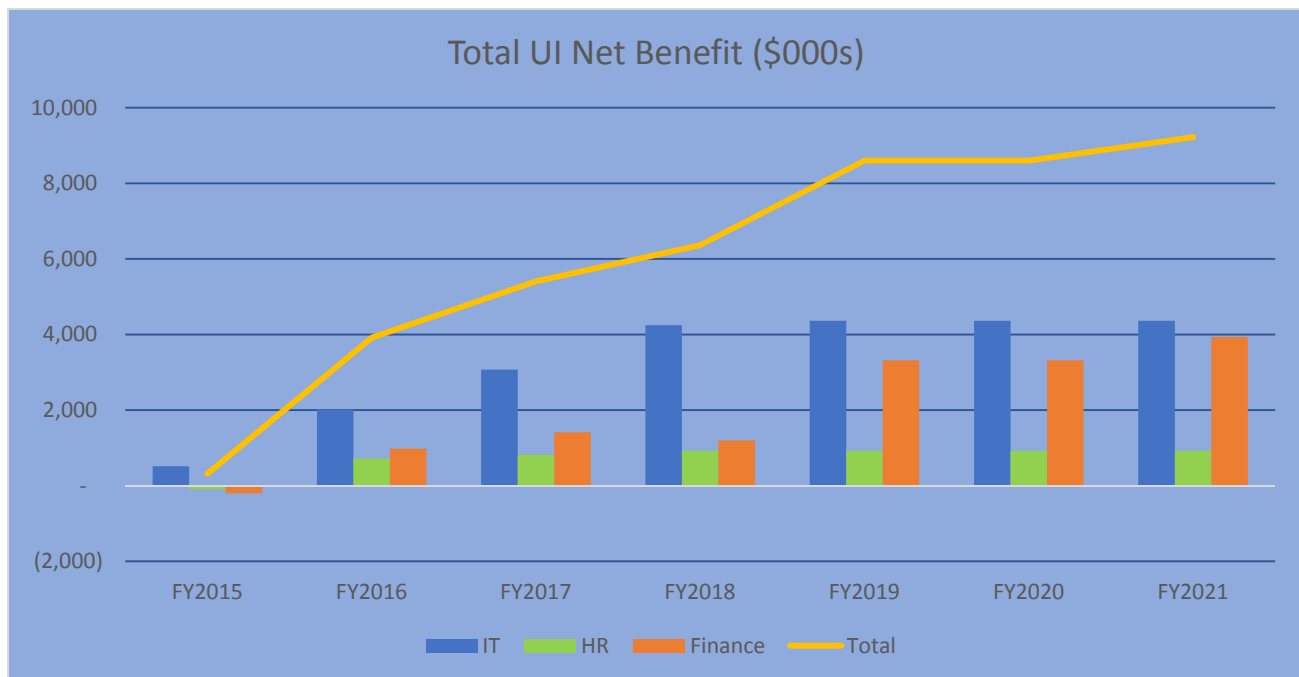
Executive Summary

The University of Iowa is pleased to provide the Board of Regents with an institutional proposal for implementation of the approved business cases for Information Technology, Finance, and Human Resources (IT-01, FN-01, and HR-01). Because of the interdependencies within the IT environment, the IT section also includes responses to business cases IT-02, IT-03, and IT-04.

The UI is committed to strengthening the culture of efficiency across the entire university enterprise, and appreciates the opportunity to outline a proposal for the Board. We believe we can move this important work forward by utilizing the existing experience and expertise of our campus community.

Using internal resources will allow us to limit the cost of the work done by external consultants, and will help us meet the goal of reducing expenses for the benefit of our students, their families, and the state of Iowa. Projected annual steady-state savings will be \$9.2M per year. The UI will provide the Board with status updates of progress made at all significant milestones of this effort.

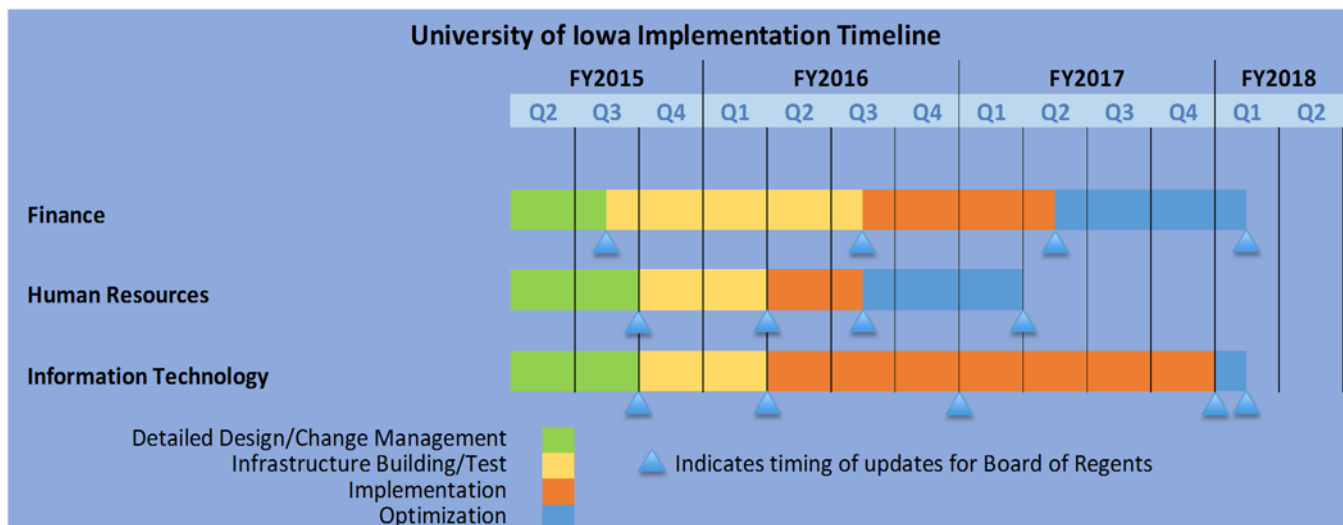
Overall Savings



Savings in \$000s by business case	Annual Steady State Savings
IT-01, IT-02, IT-03, IT-04	\$4,364
FN-01	\$3,937
HR-01 and HR-10	\$921
Total	\$9,222

Overall UI Savings (in \$000s)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
One-time Implementation Costs							
Vendor and Other One-time Implementation Costs	200	300	100	-	-	-	-
Attrition Costs ¹	-	621	753	621	621	621	-
Training Costs ¹	-	191	64	-	-	-	-
Technology Costs	110	538	516	-	-	-	-
Total Implementation Costs	310	1,650	1,433	621	621	621	-
Savings							
HR-01 and HR-10	-	921	921	921	921	921	921
FN-01 ¹	-	2,091	2,330	1,818	3,937	3,937	3,937
IT-01, IT-02, IT-03, IT-04	624	2,553	3,586	4,245	4,364	4,364	4,364
Total Savings	624	5,565	6,837	6,984	9,222	9,222	9,222
Impact							
Annual Benefit	314	3,915	5,404	6,363	8,601	8,601	9,222

¹ Estimates are based on documentation provided in FN-01 Business Case and need to be confirmed



Executive Summary: Information Technology (IT-01, IT-02, IT-03, IT-04)

The UI has developed a plan for an information technology environment that will achieve the maximum savings in the shortest amount of time. This plan encompasses the business cases approved by the Board of Regents (IT-01, IT-02, IT-03, and IT-04), and in some areas goes significantly beyond these recommendations in terms of scope, schedule, and projected savings. We called the plan **OneIT@Iowa**, a reflection of the future state for which we are striving on campus.

OneIT@Iowa increases the efficiency and effectiveness of IT by dramatically reducing the cost of providing the general IT services necessary for day-to-day campus operations. It also identifies areas where specialization and innovation are critical to meet unique needs in research and instruction, and assures that those needs are properly addressed.

OneIT@Iowa will:

- **Centralize** reporting relationships for all IT workers on campus so that everyone is part of one IT organization, reporting to the UI Chief Information Officer
- **Standardize** general IT infrastructure, commodity services, equipment, and support teams to assure efficiencies in the procurement and delivery of IT
- **Prioritize** and allocate IT resources to minimize costs for general services and reallocate to areas where specialization and innovation are essential to research and instruction. This involves enhancing IT governance models as well as increasing tracking and visibility of IT expenses, IT projects and staff efforts, and hiring

All of this is possible because the community of IT professionals at the UI has been motivated by the TIER initiative to reprioritize efforts in efficiency improvement. They applied their intimate knowledge of the university business requirements and IT operations to extract the maximum cost savings while maintaining—or in some cases, improving—services to students, faculty, and staff. The TIER initiative led to a groundswell of activity across the IT community to build this plan, and the community is committed to working together to pursue the aggressive savings targets detailed in this plan.

As described in the in the IT section, the proposed plan includes projects in 16 areas and after three years is projected to result in **ongoing annual savings ranging from \$4.3M to \$7.6M**. The overall cost of implementation, primarily for purchasing servers, is approximately \$1.2M. Savings in FY16 are projected between \$2.0M and \$4.5M. Although a range of savings was calculated for all of the IT projects, unless otherwise specified, the low end of the savings range is used in the rest of this document.

The initiatives proposed align with recommendations approved by the Board as follows:

For All Projects		
<ul style="list-style-type: none"> Centralize IT organization structure so that all IT reports to University Chief Information Officer Develop and implement enhanced IT governance and prioritization Expand campus-wide approval, tracking, and visibility of IT expenses, projects, staff efforts, and hiring Reduce hardware and software costs through improved IT procurement practices (joint IT & UI Purchasing Department) 		
IT-01 & IT-02	IT-03	IT-04
<ul style="list-style-type: none"> Centralize data centers and servers Centralize IT networks Centralize end user support (Help Desk, Desktop) Centralize technology support for all classrooms Centralize web hosting Centralize electronic file storage Centralize high-performance computing admin Centralize identity management 	<ul style="list-style-type: none"> Consolidate application portfolio Review and consolidation of licensed software 	<ul style="list-style-type: none"> Lower the cost of procuring and managing PCs and other end user devices; pursue VDI where applicable Implement VoIP Implement Office 365 for faculty/staff Reduce printing costs

UI IT professionals completed first-level planning for the projects listed above. Each project has staff assigned and a plan that includes: objective, scope, key components, assumptions, estimated savings and benefits, and estimated timelines. Some project teams have developed detailed implementation plans and are making swift progress in moving those plans ahead.

OneIT@Iowa leverages knowledge of the UI campus IT environment and maximizes savings, in part by minimizing implementation costs. The plan has an aggressive schedule made possible through cultural, process, and organizational changes, yet it avoids disruption of activities in academic and business cycles. In addition, it has the critical support required for transformational efforts of this magnitude.

Executive Summary: University-Wide Financial Shared Services Model (FN-01)

The mission of the University-Wide Financial Shared Services Model is to utilize and leverage the current technology and best practices. The model will engage highly trained staff to provide exceptional, streamlined financial services in an efficient and accurate manner in order to reduce overall administrative costs by minimizing redundancies and improving quality across campus.

Implementation of a University-Wide Financial Shared Services unit will occur over a three-year time frame **with a projected annual steady state savings of \$3.9M** and an implementation cost of \$4.1M.

The transition to shared services will occur in four phases:

- **Design/Change Management**
- **Building Infrastructure and Pilot**
- **Implementation**
- **Optimization**

The UI anticipates the use of consulting services for the first two phases:

1. **Design/Change Management Phase** for oversight of the collection and analysis of administrative support staff percentage of time spent on the various tasks, and
2. **Build Infrastructure/Pilot Phase** for the oversight development of a conceptual framework, Key Performance Indicators (KPI), Service Level Agreements (SLA) and benchmarks, as well as change-management, communication, and action plan development

Limiting the scope of the consultant to these two phases will reduce the overall cost of implementation by engaging external resources and expertise at the stages that are critical to the overall success, thereby achieving maximum savings by managing the implementation and optimization phases internally.

Examples of transactions that could be provided by the University-Wide Shared Services Model:

- **Financial Accounting:** General accounting entries
- **Accounts Payable and Travel:** Procurement card reconciliation, non-purchase order (PO) payment requests, travel arrangements, requests for travel and travel expense vouchers
- **Purchasing:** Requests for purchase orders for supplies, services and equipment
- **Human Resources:** Student biweekly appointment, change-of-status, and termination

Executive Summary: Human Resources (HR-01)

UI Human Resources is uniquely positioned to implement the recommendations identified in HR-01:

- The knowledge and experience of working with campus leaders, the distributed Human Resources community, and staff provides an immediate foundation for completing the work identified in HR-01. This familiarity with the university will allow University Human Resources to move more quickly into the work required for implementation of the proposed restructuring.
- University Human Resources has an established track record of successful organizational change, such as recent restructuring of university benefits, design and implementation of a compensation and classification system for non-organized professionals, and the implementation of a common, online performance review tool for this same professional population. This experience of achieving successful organizational outcomes will expedite implementation of the changes proposed in HR-01.
- University Human Resources can best integrate the TIER recommendations with other HR systems and processes to minimize any unintended consequences arising from the implementation. University Human Resources similarly is in the best position to assure that these recommendations are maintained and improved upon on an ongoing basis.
- Implementation of HR-01 will occur over a two-year time frame with an annual steady state savings of \$921K per year and an implementation cost of \$400K.

Information Technology (IT-01, IT-02, IT-03, IT-04)

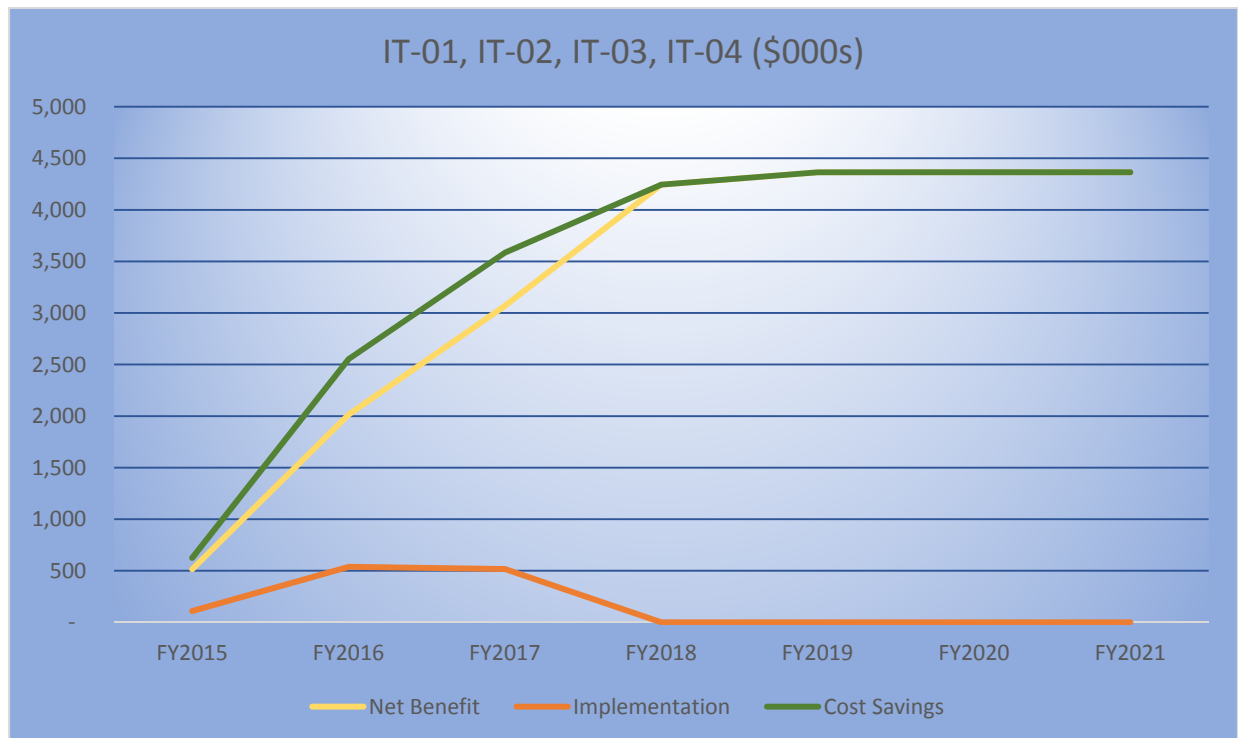
Opportunities were identified through the business cases approved by the Board, from the additional recommendations identified in TIER Phase 1, and from ideas generated by university IT staff. A full list of projects included in this proposal can be found in the IT action items section, but some of the key opportunities identified include:

- Reducing duplication of IT infrastructure and services between service providers
- Embracing new technologies and services with lower operating costs
- Increasing consistency and efficiency of end user support
- Managing the application portfolio cohesively rather than in silos

For each of the opportunities, we conducted an initial assessment to determine scope, projected costs savings, developed a schedule and key project components, and listed assumptions used to arrive at the analysis. In many cases, variability in the assumptions resulted in a range of projected savings. Unless otherwise specified, the savings specified in this proposal are the low end of the savings projections.

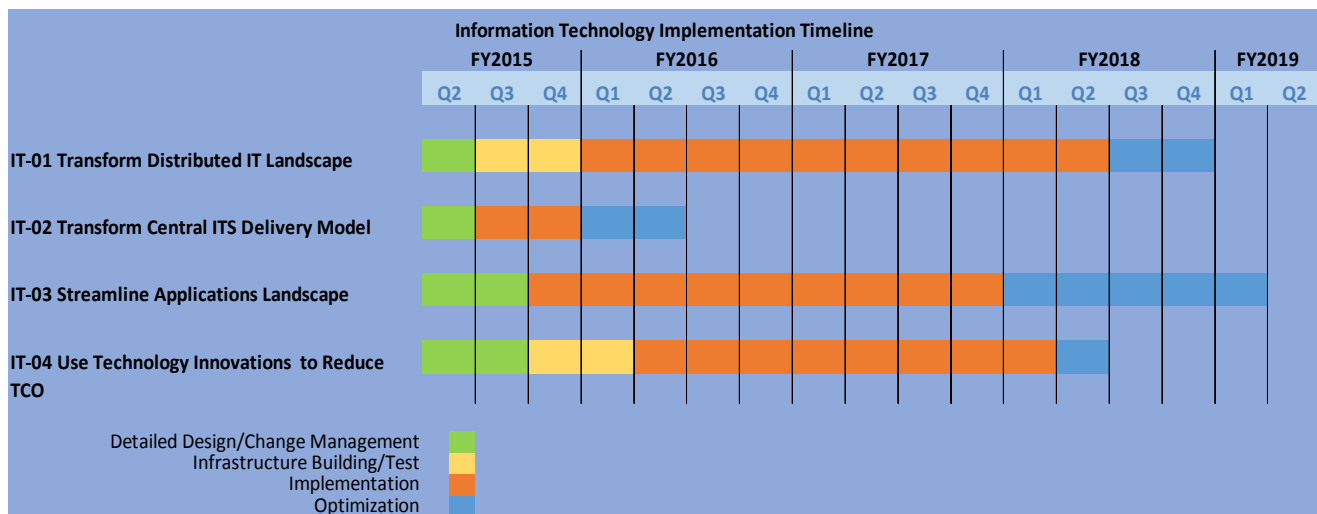
IT Cost Savings

The proposed plan includes projects in 16 areas, and after three years is projected to result in **ongoing annual savings ranging from \$4.3M to \$7.6M**. The overall cost of implementation, primarily for purchasing servers, is approximately \$1.2M. Savings in FY16 are projected between \$2.0M and \$4.5M.



IT Savings (in \$000s)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
One-time Implementation Costs							
Incremental Implementation Costs	110	538	516	-	-	-	-
Total Implementation Costs	110	538	516	-	-	-	-
Savings							
Data Centers and Servers	-	586	1,144	1,510	1,614	1,614	1,614
End User Support	10	267	492	717	717	717	717
Application Portfolio	-	658	670	690	690	690	690
Other	614	1,042	1,280	1,328	1,343	1,343	1,343
Total Savings	624	2,553	3,586	4,245	4,364	4,364	4,364
Impact							
Annual Benefit	514	2,015	3,070	4,245	4,364	4,364	4,364

IT Timeline



Note: UI-proposed timelines begin and end earlier than timelines proposed in the original IT business cases

IT Opportunity Scope

- Within business case
 - Central IT, collegiate, and administrative IT systems
 - IT infrastructure and commodity services
- Outside business case
 - College of Medicine systems already centralized to UI Healthcare IT department (HCIS)
 - Systems constrained by funding source or other regulatory/compliance issues

IT Assumptions

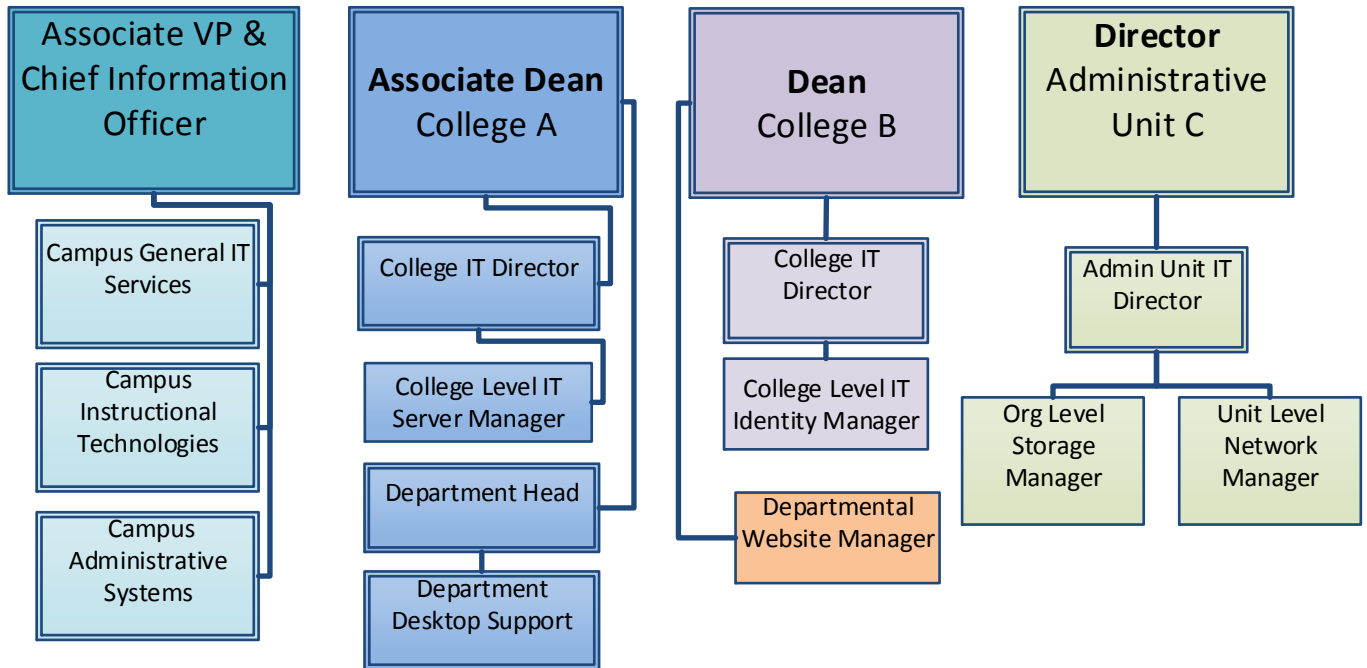
- Voluntary attrition will accommodate any staffing reductions
- Growth in IT services, driven by enrollment or other needs, can be accommodated with existing staff and services

IT Risks and Challenges

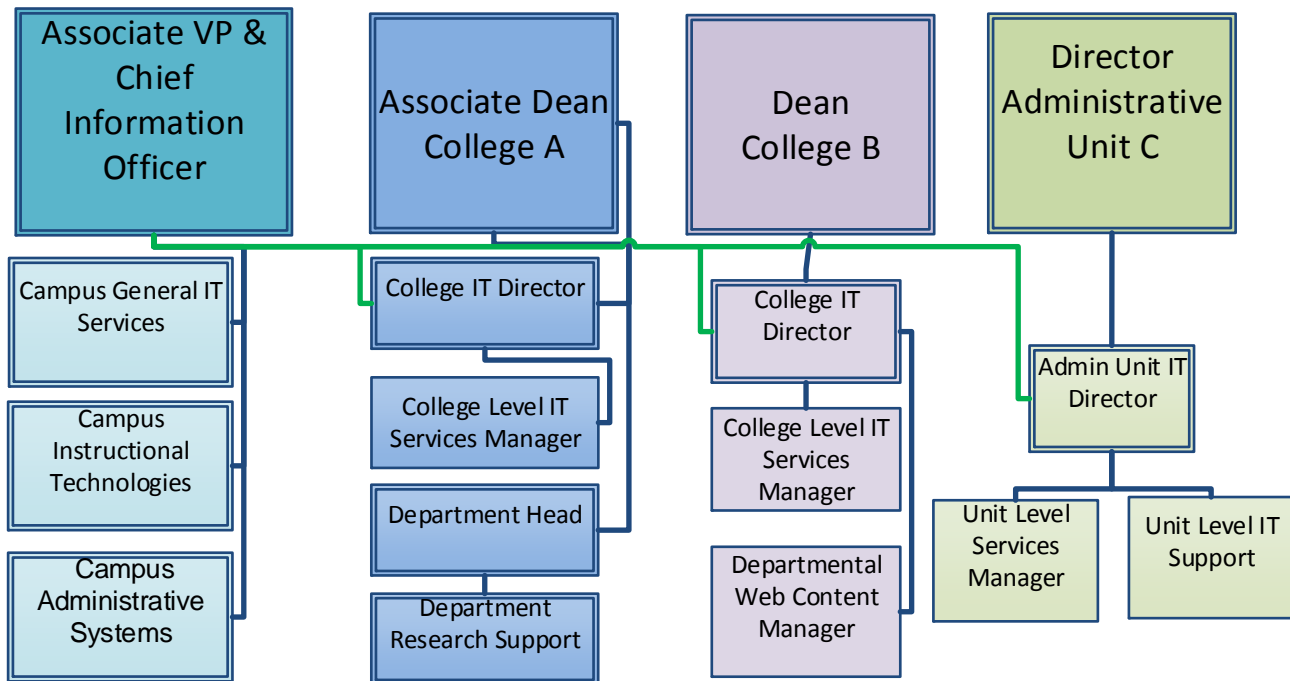
- Technology is critical to the operational and strategic aspects of nearly every UI department; therefore, the challenges of transforming IT on campus must be identified and managed.
 - IT is integrated into most business processes and collegiate activities
 - Must maintain the quality of services while making transformational changes
 - Use of new tools, processes, and systems requires training for campus
 - There are many differences in use cases for the affected systems and services
- Potential risks of the transformation include:
 - Compliance issues with federal grants and contracts
 - Constraints due to academic year/business cycle schedules
 - Significant and rapid operational change for both IT providers and technology users
 - Temporary loss in productivity as faculty, staff, students learn new tools
 - Cloud computing risks (exit strategy, information protection, etc.)
 - Staff attrition leads to wrong skill sets exiting institution
 - Unwanted attrition, loss of productivity, and/or low morale as a result of realignment of responsibilities and/or new reporting relationships

IT Future State Solution

IT Current State



IT Future State



The future state proposed here transforms the existing hybrid model, which uses a balance of centralized and local units for IT service delivery at the UI. This hybrid model has developed organically over decades as IT became more capable, more broadly used, and more important for units on campus. As the IT environment has matured, the university has recognized that changes to this model would improve efficiency and provide other benefits.

Key Components of Transformation

- Implement OneIT@Iowa plan
- Centralize commodity and infrastructure services
- Transform central IT organization
- Formally manage application portfolio
- Implement cost savings and service-enhancing technologies
- Enhance IT governance, project management, and activity reporting

Expected Qualitative Benefits

- Increased visibility of IT expenses and activities
- More alignment with IT decisions and institutional goals
- Improved consistency of IT services

Future State Considerations

- **Organizational Structure**
 - Reporting relationships change immediately to create one IT organizational structure
 - Services and business process development drive future organizational structure change
 - Longer-term organizational changes addressed once initial cost-savings changes are in place
- **OE Process and Communications**
 - Communication and stakeholder engagement plans
 - IT professionals
 - Administration
 - Faculty
 - Staff
 - Students
- **People, Process, and Technology**
 - Flexibility in managing displacement, attrition, and reassignment of IT workers
 - Positions approval council
 - Project office and IT project/portfolio management
 - IT governance structure

- **Financial and Performance Management**

- Tracking of IT expenses, projects, and staff efforts
- Benchmarking between UI departments/colleges to show impact of best practices

IT Performance Metrics

- Meeting objectives of service level agreements
- Number of servers moved to centralized data centers
- Number of desktops and customers moved to new end users support model
- Number of help desk calls to new help desk operation
- Applications portfolio reduction

IT Action Plan

- Created 16 implementation projects to address the four Board-approved IT business cases
- Implementation projects have charters, participants assigned, and some are underway

IT-01 and IT-02 (projects have both distributed and central impact)

- **Centralize Data Center/Servers**

- Complete data center and server inventory and analyze energy usage
- Develop new service models to accommodate existing data centers and servers
- Migrate servers, services, or equipment and retire existing rooms

- **Centralize Networking**

- Develop network services migration plans for State Hygienic Laboratory (SHL) and the College of Engineering (COE)
- Migrate COE and SHL network to central network

- **Centralize End User Support**

- Support standard help desk services, functions, and tools with a central IT service desk
- Define standard desktop support services; centralize services, functions, and tools while retaining local direction from collegiate/administrative IT directors. House desktop consultants near the customers they serve
- Standardize and centralize:
 - Creation and deployment of operating system images
 - Building and deployment of software packages
 - Delivery of patches and security updates
 - Necessary tools for end-user device management

- **Centralize Identity Management and Active Directory**
 - Migrate resource domain infrastructure to Iowa domain and retire standalone AD forests
 - Improve/simplify provisioning/de-provisioning of HawkID services
 - Consolidate and automate door-access systems
- **Centralize Technology Support for Learning and Collaboration Spaces**
 - Evaluate all classrooms, computer laboratories, conference rooms, and seminar rooms
 - Streamline audio/visual design, installation, and support services
 - Revise funding model
- **Centralize Website Hosting**
 - Inventory and asses all departmentally hosted websites on campus
 - Identify and deploy infrastructure components for the new hosted system
 - Migrate existing distributed Drupal instances to the Web-hosting service
- **Centralize File Storage Service**
 - Complete comprehensive inventory of file storage systems
 - Revise existing or develop new storage models
 - Migrate existing storage to new services
- **Centralize Small Cluster HPC Administration**
 - Inventory and assess existing research cluster systems
 - Develop plan for consolidation of cluster management resources
 - Identify alternative savings (hardware/service consolidation)
- **Implement Business Intelligence Shared Service Center**
 - Inventory key BI Initiatives, determine applicability across organizations/units and any potential cost savings associated with scaling across organizations/units
 - Deploy BI infrastructure and additional BI tools to meet campus needs and realize cost savings

IT-03

- **Application Portfolio Management**
 - Identify team and develop processes to maintain a campus-wide application portfolio
 - Develop and utilize application delivery tools/process to reduce need for application development
 - Integrate application portfolio management process into IT governance processes

IT-04

- **Reduce Cost of PCs and End User Devices (in combination with centralizing end user support)**
 - Work with UI purchasing department to standardize PC configuration to lower costs
 - Explore alternate technologies including VDI to determine if there are less expensive options for specific use cases
- **Implement VoIP to Replace Traditional Telephony Services**
 - Install border controllers and migrate to SIP trunks
 - Purchase/develop 911 service
 - Develop migration plan and migrate users
- **Transition to Cloud-based Email and Office Tools Using Office 365**
 - Develop migration plan and migrate users
 - In coordination with Health Care IT, move email routing architecture to Office 365
- **Coordinate with Printing Services to Reduce Printing Costs**
 - Standardize printer models
 - Consider managed print service for all of campus
 - Transition desktop printers to network printers

Projects that Support all IT Recommendations

- **Enhance IT Governance; Increase Visibility of IT Expenses/Efforts**
 - Establish a new IT governance structure to ensure a consistent decision-making process
 - Implement a Project Management Office to coordinate project and portfolio management
 - Develop and implement a methodology for identifying, collecting, and reporting IT expenses

Reduce IT Procurement Costs in Partnership with Purchasing Department

- Develop standards for end user devices and other IT equipment
 - Implement strategic sourcing models including a predefined catalog of equipment
 - Implement centralized approval model for all IT purchases
- **Address HR Changes Related to TIER IT Implementation**
 - Establish membership, guiding principles, and processes for a position review council
 - Engage UI Human Resources to streamline processes to move IT staff into new roles as necessary
 - Conduct a skills/interests inventory to aid in staff placement

University-Wide Financial Shared Services Model (FN-01)

FN Overview

The UI has developed a comprehensive plan to migrate to a University-Wide Shared Services Model. Anticipated savings will be achieved through: more effective use of UI's transaction processing systems, with financial transactions processed by trained staff with significant expertise in each business process, streamlining processes, reductions of unapproved/unnecessary work, and natural attrition. The transition to shared services will occur in four phases:

- **Design/Change Management**
- **Building Infrastructure and Pilot**
- **Implementation**
- **Optimization**

FN Cost Savings

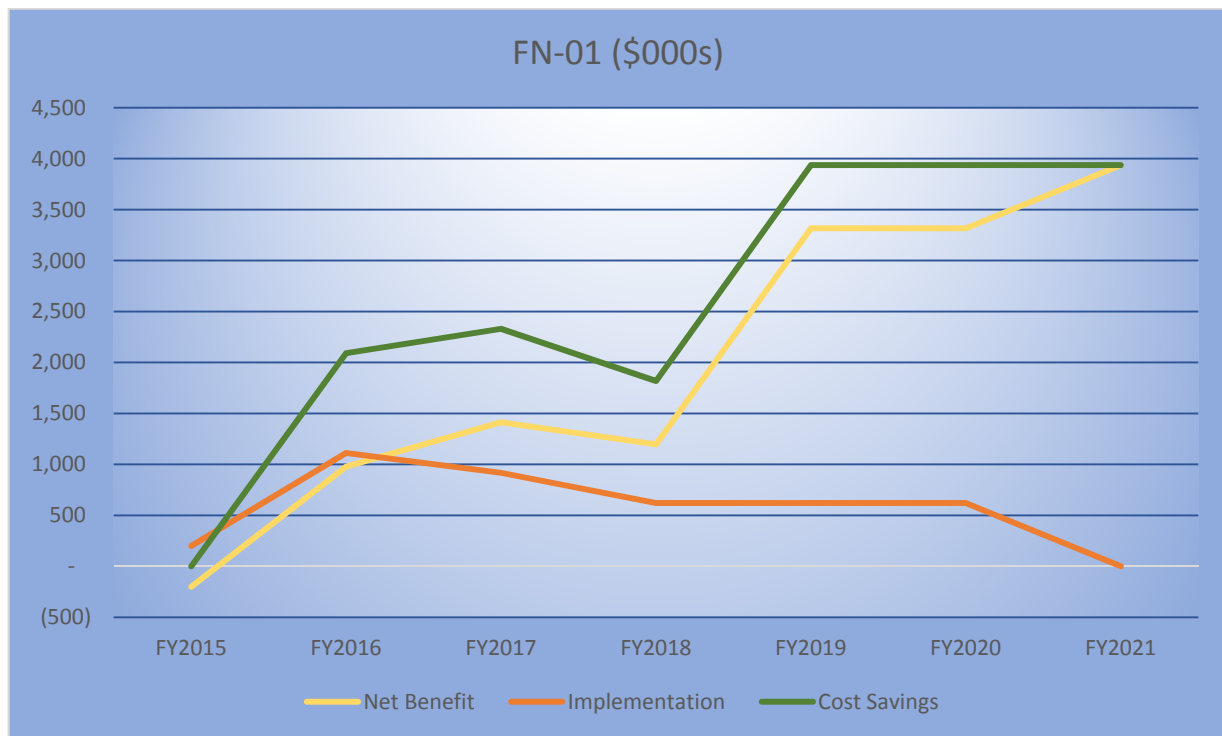
Net Cost Reductions/Savings

- Projected annual steady-state savings of \$3.9M in Year 7
- UI'S calculation of savings is entirely based on the documentation provided in the FN-01 business case. During the first phase, the savings calculation needs to be validated and affirmed. The FN-01 business case estimates include the College of Medicine. If the CCOM is determined to be outside of the scope, the estimated savings will decrease significantly.

One-time Implementation Costs

- Estimated \$100-200K for consulting services in first two phases of implementation:
 - **Design/Change Management:** for oversight of the collection and analysis of administrative support staff percentage of time spent on the various tasks, and
 - **Build Infrastructure/Pilot:** for the oversight development of a conceptual framework, Key Performance Indicators (KPI), Service Level Agreements (SLA) and benchmarks, as well as change-management, communication, and action plan development
- \$200K annual for a two-year period. The one-time investment permits the acquisition of two professional business analysts (two-year terms) for the collection and analysis of administrative support staff percentage of time spent on the various tasks should consultants not be utilized for this work
- Reassignment of current position to direct Shared Services Center
- Training costs, \$255K¹
- Cost of natural attrition and early retirement costs, \$3,237K¹

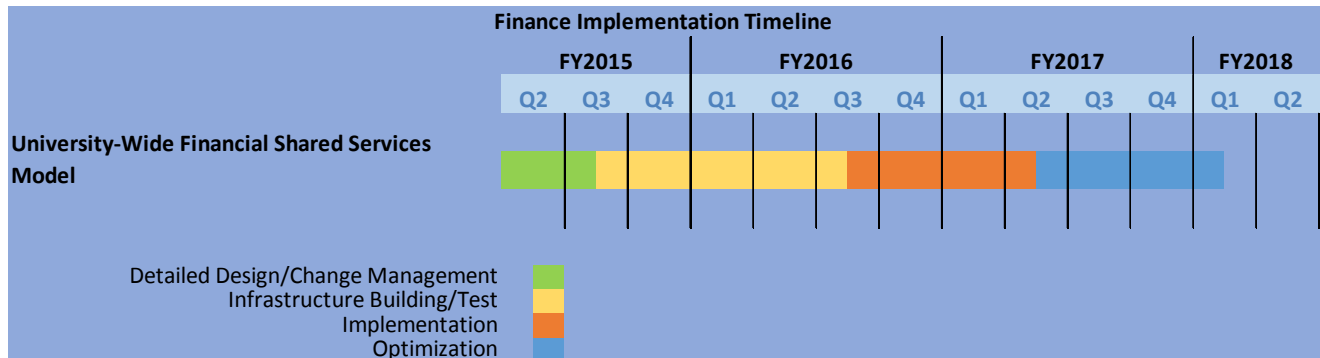
¹ Estimates are based on documentation provided in FN-01 Business Case and need to be confirmed



Finance Savings (in \$000s)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
One-time Implementation Costs							
Incremental Implementation Costs	100	200	100	-	-	-	-
Attrition Costs ¹	-	621	753	621	621	621	-
Estimated Vendor Costs	100	100	-	-	-	-	-
Training Costs ¹	-	191	64	-	-	-	-
Total Implementation Costs	200	1,112	917	621	621	621	-
Savings							
Position reduction savings ¹		2,091	2,330	1,818	3,937	3,937	3,937
Total Savings	-	2,091	2,330	1,818	3,937	3,937	3,937
Impact							
Annual Benefit	(200)	979	1,413	1,197	3,316	3,316	3,937

¹Estimates are based on documentation provided in FN-01 Business Case and need to be confirmed

FN Timeline



FN Opportunity Scope

Within business case:

- Detail analysis of time spent performing Finance and HR functions in departments
- Transactions that could be provided by the University-Wide Shared Services Model:
 - **Financial Accounting:** General accounting entries
 - **Accounts Payable and Travel:** Procurement card reconciliation, non-purchase order (PO) payment requests, travel arrangements, requests for travel and travel expense vouchers
 - **Purchasing:** Requests for purchase orders for supplies, services and equipment
 - **Human Resources:** Student biweekly appointment, change-of-status, and termination

Outside of business case:

- Analysis of work performed by UI Health Care and central Finance and HR

FN Assumptions

- Assumes decreases in staffing would be obtained in the first two years by natural attrition and early retirements. \$3.2M¹
- Consulting costs for the first two phases are estimated at \$100-200K. Amount will change based on negotiations with the vendor hired by the Board of Regents
- Training for shared services staff. \$255K¹

¹ Estimates are based on documentation provided in FN-01 Business Case and need to be confirmed

- Savings after Year 7: \$3.9M per year. The savings is based on a net decrease of 61 FTE's². Savings estimate will be validated by vendor hired by Board of Regents
- Realignment and consolidation of campus Finance and Human Resource staff, and estimated savings that result, are predicated on the “right” employees separating from the university via normal attrition, which may include exiting through an early retirement incentive program
- Implementation success is dependent on management’s ability to strategically reassign employees and realign work. Therefore, to the degree natural attrition (9% annual) can be increased, for example, by adopting an early retirement incentive program, the likelihood of “best fits” occurring will be significantly enhanced

FN Risks and Challenges

- Campus commitment to the University-wide Shared Services Model and concern over loss of control.
 - **Mitigation:** A detailed and effective change-management plan will be developed and implemented with ongoing adjustments to dynamically address emerging issues and concerns that arise on campus.
- Potential for services to be duplicated at the department level over time if the level of customer service is not adequate.
 - **Mitigation:** Monitoring and tracking the Key Performance Indicators (KPI) will enable the UI to make timely adjustments to services. Regular meetings will be held with key departmental stakeholders to ensure that service level agreements are meeting departmental needs and to adjust as needed should further services be needed.
- Supervision and monitoring of shared services employees located at the department.
 - **Mitigation:** Regular face-to-face meetings will be held with members of the combined shared services team as well as departmental stakeholders to ensure central involvement.

FN Dependencies

- Campus acceptance and support - a detailed change-management plan will be developed and executed that will include extensive messaging by Board and university senior leadership as well as ongoing reinforcement through the change management team and departmental leadership. The effectiveness of the messaging will be continually monitored to identify additional change-management needs.
- Coordination with the Human Resources Business Case HR-01 – regular meetings with key leaders for this initiative will be scheduled as a part of the communication plan to ensure strong coordination between the efforts.

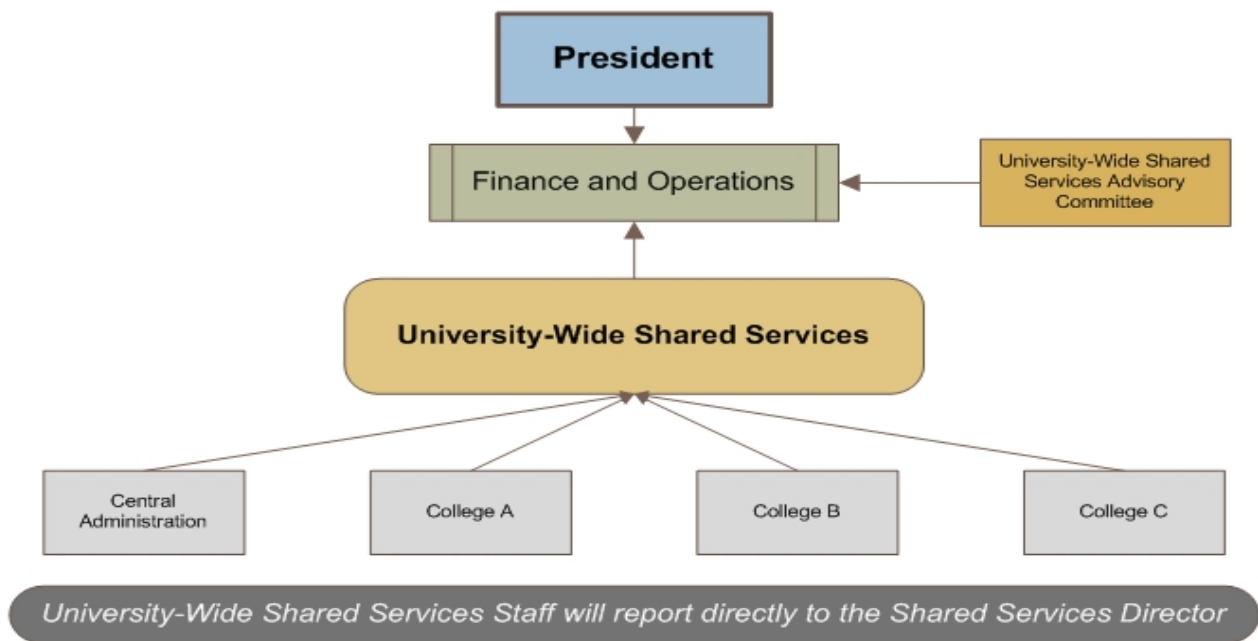
² Estimates are based on documentation provided in FN-01 Business Case and need to be confirmed

- Adequate change-management resources from Human Resources Organizational Effectiveness unit – the project team will outline the resources needed and additional outside resources may be added throughout the project as needed.

FN Future State Solution

The following diagram displays the organization of the University-Wide Shared Services Model.

Future State Solution



Expected Qualitative Benefits:

- Develop transaction experts resulting in higher accuracy, less rework, and less risk
- Process transactions more efficiently due to highly trained and dedicated customer representatives
- Contractually obligated to provide services based on mutually negotiated Service Level Agreements
- Allow departments and faculty to focus on their mission and spend less time handling transactions

FN Performance Metrics

Benchmark	Performance Measure(s)
Optimal number of Shared Services staff per 1K FTE	Baseline to be established
Average time to complete various transactions:	Baseline to be established
Number of errors by transaction	Baseline currently exists for Procurement and Travel transactions by department/person
Time to completion (TTC) Requisition to Purchase Order issuance	Average TTC is 1 day
Time to completion (TTC) TEV to payment	Average TTC is 9 days
Increased satisfaction in Financial and Human Resources service delivery due to new structure and streamlined processes	Service Level Agreement (SLA) Satisfaction Survey of Campus users; KPI metrics-Travel Reimbursement, Purchase Order
Reduction in central audit requirements	Revised procedures for audit of transactions
Preferred Procurement Contract Compliance	Average contract compliance is 65%

FN Action Plan

1) Design/Change Management Phase:

6 Months

- a. Consult with department chairs, faculty and staff on shared services model.
- b. Coordinate with hired consultant on communication engagement.
- c. Confirm project scope, timeline, and governance.
- d. Build project schedule and task assignments.
- e. Conduct the analysis of current resource allocations for the scope of services across campus with the guidance of the consultant.
- f. Establish a Shared Services Advisory Committee to be responsible for reviewing and providing input into the detailed design, communication, and implementation plan.
- g. Create a campus communication plan.
- h. Review and validate data with affected departments and share results with the Shared Services Advisory Committee.
- i. Determine future state staffing requirements.
- j. Develop metrics to track baseline measurements and define target goals for KPI's.
- k. Complete a detailed design and project plan for implementation.
- l. Determine affected employees and work with Organizational and Effectiveness unit to prepare for communication with affected staff.
- m. Communicate progress/status monthly to the consultant.

2) Building Infrastructure and Pilot Phase:

12 Months

- a. Create project implementation plan for the timing of each department/college transition.
- b. Create Service Level Agreements with input from departments.
- c. Determine pilot departments/colleges for initial proof-of-concept.

- d. Conduct campus informational meetings, advisory meetings, interviews with affected staff, and informational meetings with faculty, staff and students.
- e. Create job descriptions for shared services positions.
- f. Develop future-state process flows to improve overall process efficiency.
- g. Update procedures, process scripts, and training materials as needed to reflect and process changes.
- h. Create/distribute materials explaining the process and emphasizing the improved service quality and efficiency of the new shared services.
- i. Initiate transfer of services to the Shared Services Center employees for the pilot departments.
- j. Train shared services staff on responsibilities and set expectations.
- k. Finalize detailed implementation and communication plan.

3) Implementation Phase:

9 Months

- a. Review pilot transition and prepare next departments/colleges for transition.
- b. Conduct meetings with affected departments.
- c. Consult with Organizational and Effectiveness to begin process of notification and communication to employees.
- d. Schedule department transfer of responsibility and implement new shared service processes.
- e. Adjust, monitor, and communicate with departments to ensure the level of service is being met.

4) Optimization Phase:

9 Months

- a. Review KPI measurements for success or opportunities.
- b. Survey departments for feedback on whether the center is meeting expectations.
- c. Continue with departmental meetings to discuss issues, performance improvement
- d. Adjust services according to feedback.

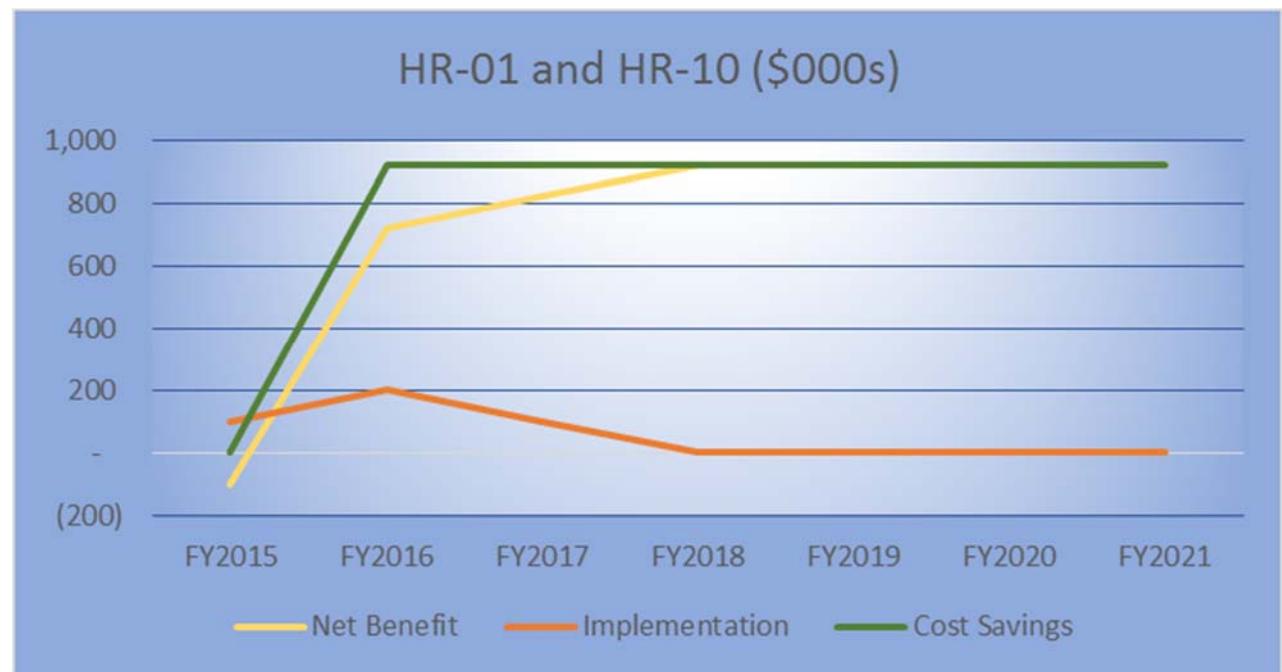
Human Resources (HR-01)

HR Overview

Implementation of HR-01 will occur over a two-year timeframe with a projected annual steady state savings of \$921K per year and an overall cost of implementation of \$400K. The plan consists of three key activities:

- **Key Activity 1:** Realign and consolidate Senior HR Leader and HR Unit Representative roles; strengthen reporting relationships
- **Key Activity 2:** Expand electronic performance review and goal management tool to include organized P&S employees (N=3,073) and then Merit employees (N=4,767)
- **Key Activity 3:** Leverage and expand HR-10 outputs to further clarify, streamline, and automate HR and EOD roles in support of campus recruitment/strategic talent acquisition; reduce any remaining manual data entry and unnecessary handoffs

HR Cost Savings



HR Savings (in \$000s)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
One-time Implementation Costs							
Incremental Implementation Costs	100	200	100	-	-	-	-
Total Implementation Costs	100	200	100	-	-	-	-
Savings							
Position reduction savings	-	921	921	921	921	921	921
Total Savings	-	921	921	921	921	921	921
Impact							
Annual Benefit	(100)	721	821	921	921	921	921

- Business Case HR-01 assumes steady state after Year 2
 - Silent on costs for Key Activity 2 and 3
 - Silent on costs for change management
- UI assumes steady state after Year 2
 - Key Activity 1; given lower UI expense than estimated by consultant, UI can achieve net savings more quickly than model outlined in Business Case HR-01
 - Any new HR costs for Key Activities 2 and 3 will be absorbed by UI with current central HR operating budget

Net Cost Reduction/Savings

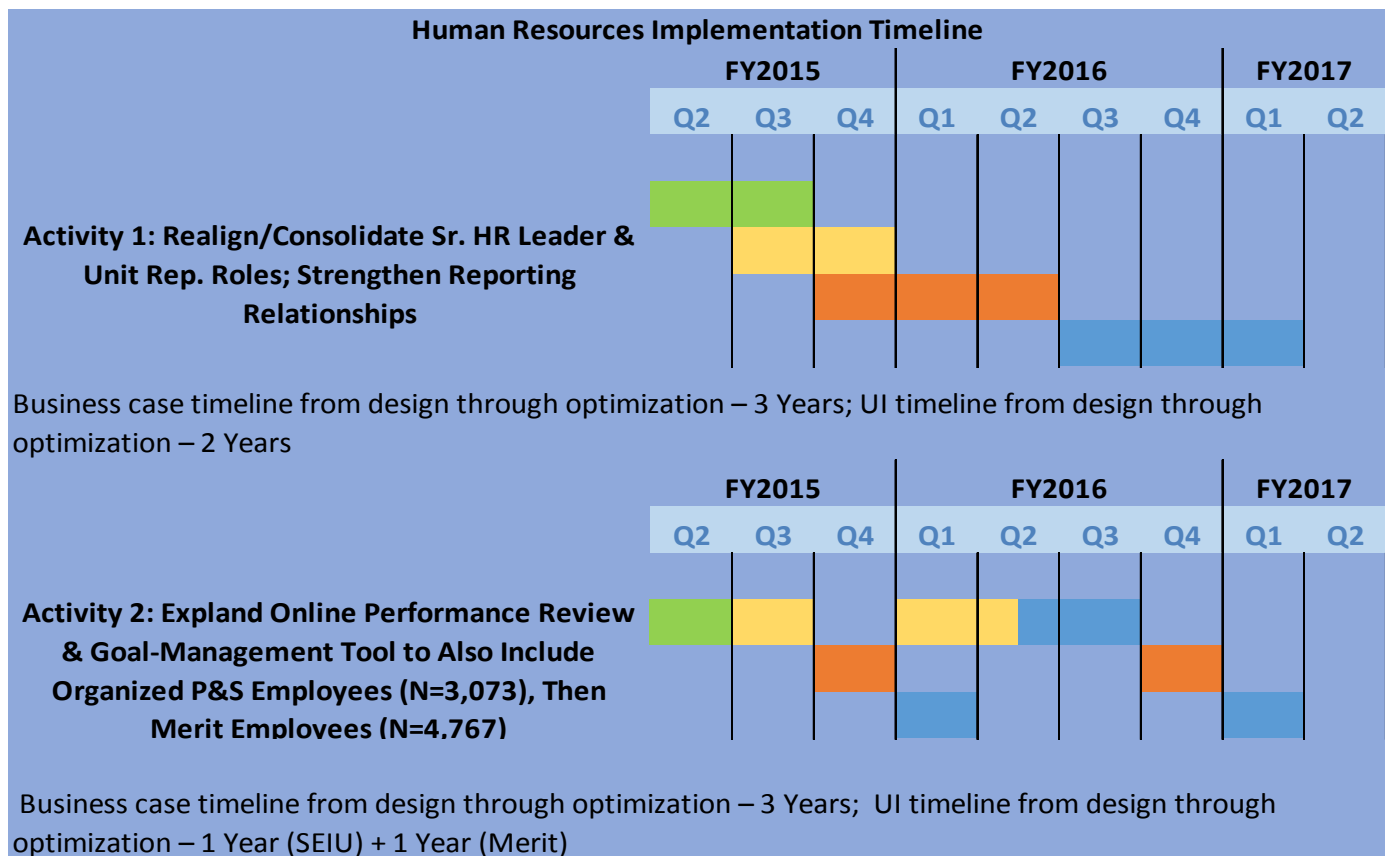
- The UI'S calculation of savings is predicted on the HR-01 business case assumption that HR unit representatives currently spend 65% of their time in HR activities. Other responsibilities may include purchasing, facilities, finance, etc. According to the report, this estimate is preliminary and subject to change after further validation. UI agrees with the need of further validation.
- Business Case HR-01 also states UI should have 2.8 business partners (Senior HR Leaders) per 1,000 employees and 5.2 site reps (HR Unit Representatives) per 1,000 employees. According to the report, optimal staffing levels (ratios) need further validation. UI agrees with this need.
- Additionally, when calculating a target number of site representatives, the HR-01 business case did not include non-UIHC student employees (N=7683).

- Finally, the HR-01 business case savings calculations include the Carver College of Medicine (CCOM). This proposal assumes that CCOM is included; exclusion would significantly reduce net savings.

One-time Implementation Costs

- \$200K annually for a two-year period. The one-time investment permits the acquisition of two professional workforce analysts (two-year terms) to carry out the core activities of Key Activity 1: the review, realignment, and consolidation of campus HR effort. Costs include both salary and benefits.
- All other one-time costs related to Key Activity 1, 2, and 3 will be absorbed in the current central HR operating budget.

HR Timeline



	FY2015			FY2016				FY2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Activity 3: Leverage & Expand HR-10 Outputs to Further Clarify, Streamline, & Automate HR & EOD Roles in Support of Campus Recruitment/Strategic Talent Acquisition; Reduce Any Remaining Manual Data Entry and Unnecessary Handoffs	Green	Green							
		Yellow	Yellow						
			Orange						
				Blue					

HR Opportunity Scope

Within business case:

- Detailed analysis of actual work performed by campus HR personnel (HR-01 business case provided gross estimates only, not tied to specific employees or work performed)
- Analysis of work includes responsibilities related to performance management, employee and labor relations, leave management, recruitment, classification, compensation, orientation/onboarding, training, reward and recognition, payroll, compliance, HR transactions, consulting, and maintenance of employee information

Outside of business case:

- Analysis of work performed by UI Health Care HR and central University HR

HR Assumptions

- Realignment and consolidation of campus HR staff, and estimated savings that result, are predicated on the “right” employees separating from the university via normal attrition, which may include exiting through an early retirement incentive program
- Implementation success is dependent on management’s ability to strategically reassign employees and realign work. Therefore, to the degree natural attrition (9% annual) can be increased, for example, by adopting an early retirement incentive program, the likelihood of “best fits” occurring will be significantly enhanced. The outputs of HR-10 will help support internal mobility and the reassignment of work
- Collective bargaining agreements/labor unions will not be a significant barrier
- Campus supports a re-evaluation of risk tolerance in recruitment: balancing compliance with talent acquisition

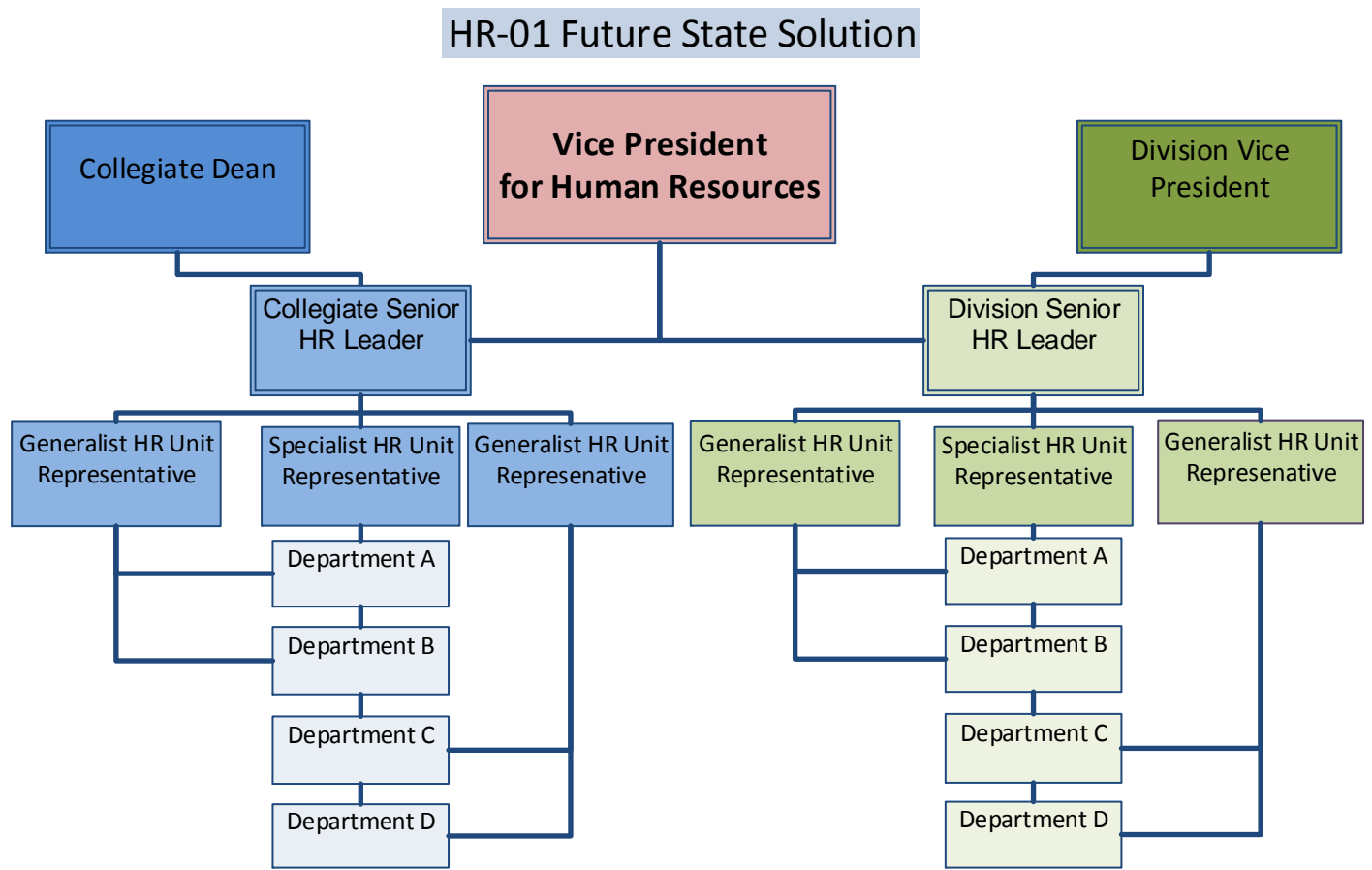
HR Risks and Challenges

- Staff attrition leads to wrong skill sets exiting institution
- Organized labor resistance to performance review changes
- Unwanted attrition, loss of productivity, and/or low morale as a result of realignment of responsibilities and/or new reporting relationships

HR Dependencies

- Adequate and timely IT support
- Outputs from and subsequent coordination with the FN-01 (Shared Services delivery model)
- Adequate change-management resources

HR Future State Solution



HR Performance Metrics

Outcome	Performance Measure(s)
Improved workload distribution based upon new coverage ratios of HR staff	HR FTE/1,000 employees HR Leader and Unit Rep site coverage ratio HR costs per employee
Increased satisfaction in HR service delivery due to new structure and streamlined processes	Survey of HR services-employees and supervisors (new) KPI metrics-time to hire, turnover, etc.
Performance review tools expanded to unionized staff and merit employees	Increased consistency in performance reviews for P&S unionized, P&S, and merit employees
Clear roles, responsibilities between UHR, EOD, and local HR unit reps; enhanced talent acquisition and retention	Workforce planning defines processes for internal talent transfers, waivers, and roles of UI HR, Collegiate/Division HR and EOD in overall recruitment, time to hire, turnover, etc.
Reduced manual data entry	100% direct data entry is achieved for all HR transactions

HR Action Plan

Key Activity 1: Realign and consolidate Senior HR Leader and HR Unit Representative roles; strengthen reporting relationships

- Validate consultant's Global Benchmarking coverage ratios with other leading industry experts and professional organizations (in progress)
- Conduct a detailed, individualized inventory of HR work performed by campus Senior HR Leaders, by HR Unit Representatives, and other relevant administrative support personnel to differentiate strategic business partner activities from high-volume, low decision-making transactional activities
- Review current role of Senior HR and HR Unit Representative and determine what changes are needed to deliver HR services efficiently and effectively; this includes any role changes required as part of workforce planning and recruitment changes due to HR-10
- Review current classifications of HR administration and determine if changes are needed to be consistent with newly defined consolidation of responsibilities
- Develop a model for Senior HR Leaders to assess the needs and staffing of their college/division consistent with defined roles of HR Unit Representative Generalist and Unit HR Specialist in functions such as recruitment, absence management, etc., that are closer to industry standard ratios

- f) Implement new reporting roles. HR unit representatives report directly to Senior HR Leaders; Senior HR Leaders to both Vice President for Human Resources and their respective Dean or Vice President
- g) Develop an implementation plan to include change-management issues, timelines, communication and training needs, etc., to address any required staffing change(s) and prepare staff for new responsibilities (may need to be coordinated with Finance Shared Services model)
- h) Brief university leadership of pending change
- i) Pilot, modify as needed, and implement to all colleges and divisions outside of UI Health Care

Key Activity 2: Expand electronic performance review and goal management tool to include organized P&S employees (N=3,073) and then Merit employees (N=4,767)

- a) Conduct needs assessment/final requirements
 - Identify common and unique key performance/goal management components required (360 Review, same template for all levels, weights)
 - Competency approach (compliance v. P&S comps v. job duties, etc.)
 - Compliance reporting requirements
 - Finalize concept and model prototype of the tool/process approach
- b) Brief university leadership of pending change
- c) Obtain support/approval of Board Office staff of expansion proposal; agree upon process to follow with unions

AFSCME	SEIU
Obtain support/approval of DAS-HRE to negotiate for change with AFSCME	n/a
Meet to negotiate/present proposal for change to AFSCME representatives	Meet to inform SEIU of change planned/schedule for implementation
Meet to receive AFSCME response	n/a
Continue meetings until reaching agreement or declare impasse	n/a
If at impasse; seek approval with BOR and DAS-HRE to implement unilaterally [or defer to next regular bargaining cycle for 2017-2019 contract]	n/a

- d) Contract negotiations with current vendor: Success Factors; finalize population counts and price breaks (if applicable)

- e) Perform system configuration
 - Data load updates, new data fields, profile data, etc.
 - Roles/permissions/group permissions to set up new population
 - Template configuration (goal and performance, etc.)
 - Route configuration (process flow)
 - New features like 360 reviews (activate, test, block or share with P&S, etc.)
 - Library updates/edits/job code mapping
 - Data cleanup (supervisor assignments in HRIS, Dept./Sub Dept.)
 - Compliance reports
 - System upgrades review/impacts (take place quarterly)
- f) Execute testing, training, communication, rollout to campus

Key Activity 3: Leverage and expand HR-10 outputs to further clarify, streamline, and automate HR and EOD roles in support of campus recruitment/strategic talent acquisition; reduce any remaining manual data entry and unnecessary handoffs

- a) Formulate role and responsibilities of HR unit representative recruitment specialists
- b) Provide initial and ongoing training/education of HR unit representative recruitment specialists
- c) Create clear expectations/accountabilities for recruitment role related to compliance and diversity
- d) Further develop tools and resources to facilitate development and mobility of internal talent, including succession planning
- e) Increase direct loading of data for HR transactions from 78% to 100%. New direct feeds would include short-term, faculty, and graduate assistant appointments

Change Management

Effective change management is integral to the success of any transformative effort of this magnitude, and the UI has already begun the change-management process, which focuses on:

- Communicating the vision of the future state and transition periods
- Developing skills for employees with new roles or leadership positions
- Fostering buy-in and a sense of ownership for the staff involved

By continuing to apply best practices in change management, the UI will effectively produce a lasting change that results in significant ongoing savings for our students, their families, and the state of Iowa.

Proposal Summary

This comprehensive proposal will maximize savings, in part by minimizing implementation costs, and will transform HR, IT, and Finance operations across the campus to increase efficiency. The proposal outlines specific steps to implement the business cases approved by the Board. Using the data gathered through the TIER process, the UI projects an annual steady state savings of \$9.2M per year after the implementation of this plan.