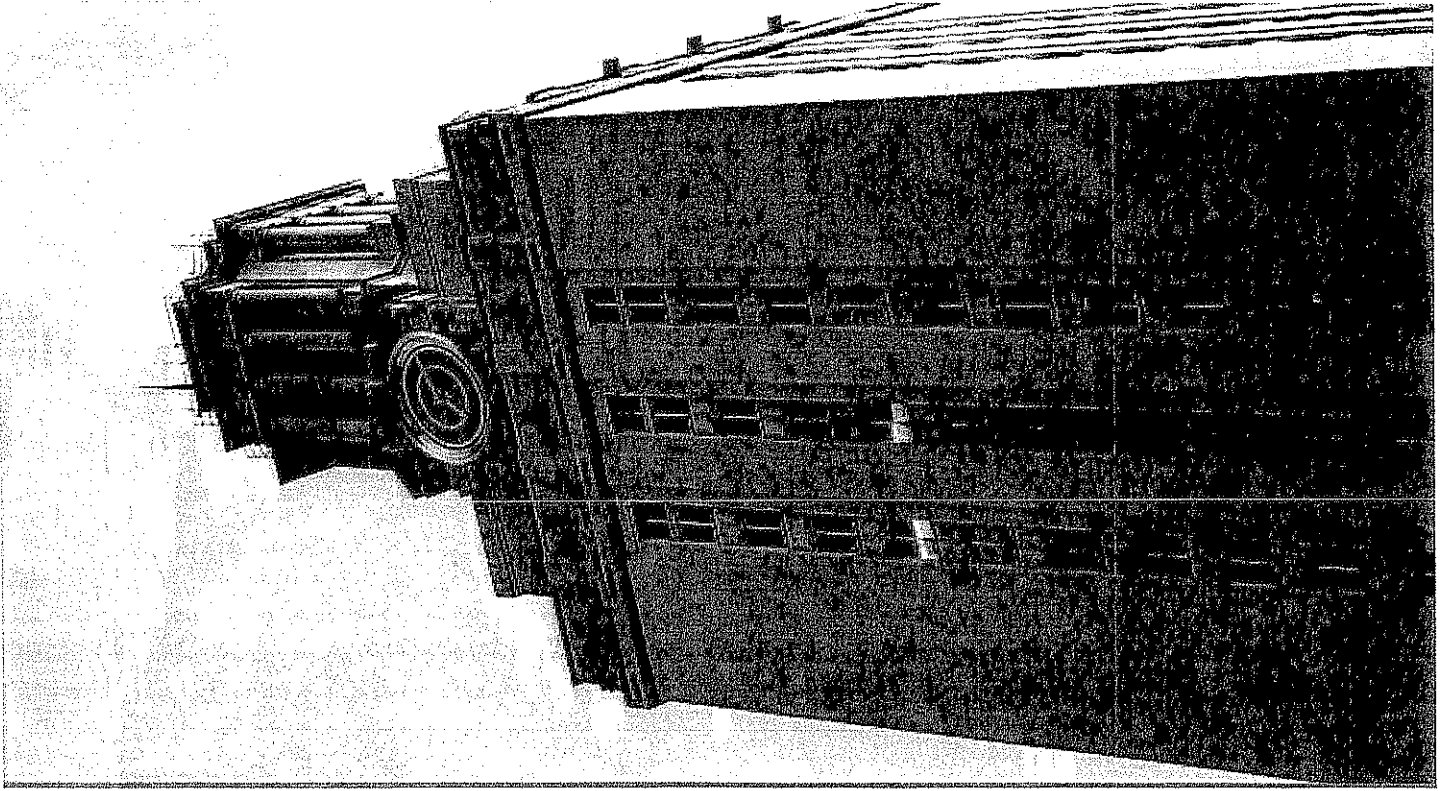


UT Shared Services Plan

October 2013

DRAFT
for Campus Discussion



Executive Summary

Implementing shared services and an ERP (Enterprise Resource Planning) at UT Austin for Human Resources (HR), Finance, Procurement, and Information Technology (IT) will increase efficiency, create new opportunities for staff and students, ensure compliance, and yield \$30-40M in annual savings.

- **New budget reality**
 - President Powers' call for UT to operate more efficiently
 - Opportunity to return focus, resources, and dollars to the core mission
- **Current state:**
 - Total administrative headcount: ≈ 12,000 employees (≈ 8,500 full-time equivalents (FTEs))
 - Total administrative headcount doing HR, Finance, Procurement, and IT: ≈ 4,500 employees (≈ 2,500 FTEs)
 - Highly decentralized operations with manual processes and administrative systems at end-of-life
- **Savings of \$30M - \$40M annually (\$280M -- \$320M over 10 years) can be realized from a shared services implementation for HR, Finance, Procurement, and IT:**
 - Improves operational efficiency with improved quality and consistent service delivery
 - Improves career paths for administrative staff and increases growth opportunities for students
 - Ensures compliance with state and federal regulations (e.g., I-9 processing and other onboarding procedures)
- **Realizing the benefits requires investment of \$160M -- \$180M over 10 years:**
 - Build new service and reporting capabilities
 - Redesign processes, jobs, and the administrative organization
 - Technology enablement (e.g., ERP, document management, case management, configuration management)
 - Workforce transition (e.g., training)
- **The shared services and ERP implementation is expected to pay back in Year 6 and accrue \$120M -- \$140M in net benefits by Year 10.**
 - Capture savings and share benefits with CSUs early in the deployment

*to be paid by = 5000 FTEs
 Need 20% (10000 FTEs)
 → around 2000 FTEs*

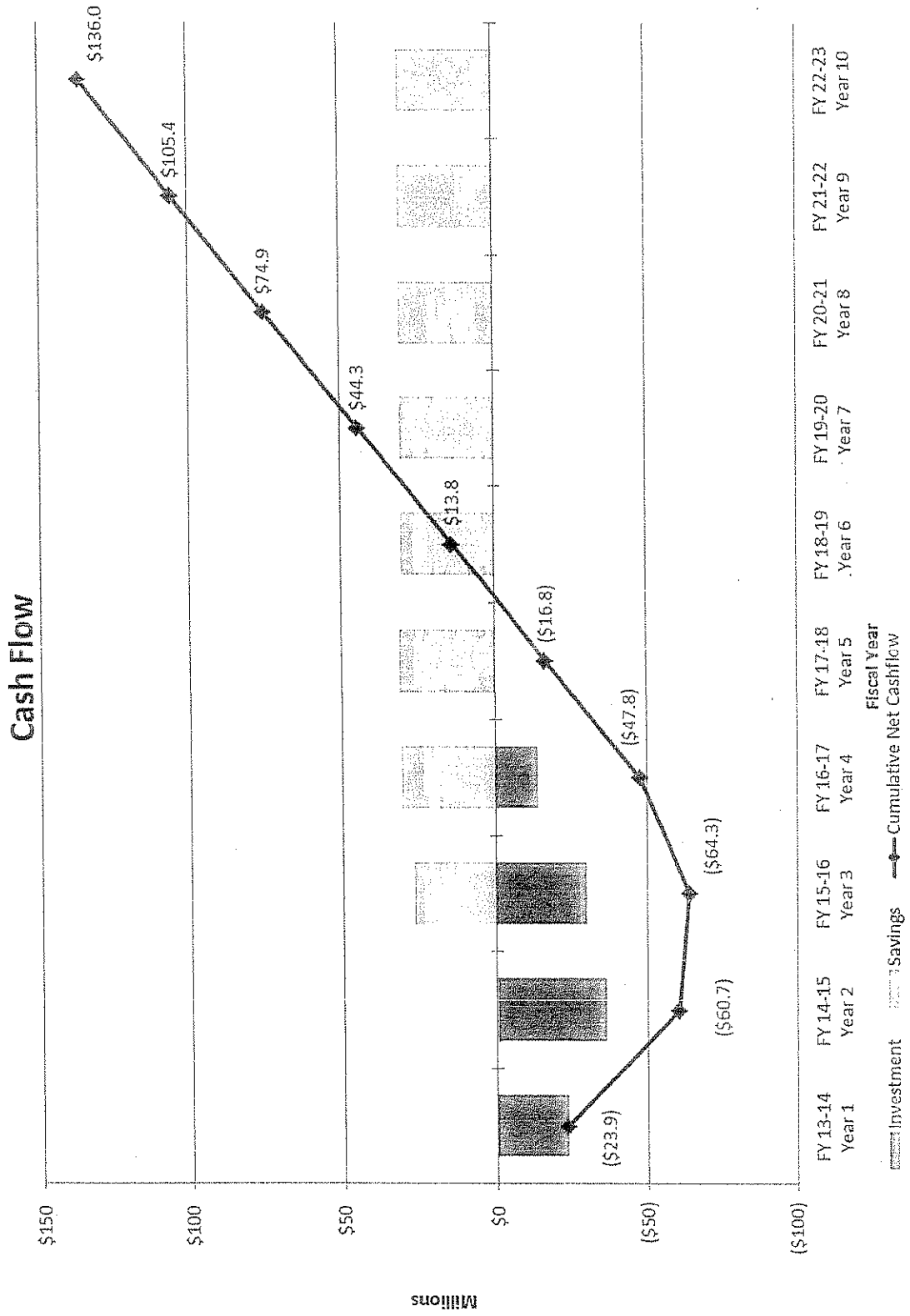
Implementation Recommendations

Recommendation: Implement shared services over a four year period, beginning in spring 2014.

- **Implementation Approach:**
 - Launch shared services infrastructure and some services for IT, HR, Finance to prove the concept for the future Shared Services Organization (SSO)
 - Expand Finance, Procurement, and HR/Payroll services concurrent with the new ERP
- **Organization and Culture Change:**
 - Build a single administrative organization focused on service and performance
 - Nurture and grow a culture of service excellence for administrative activities focused on performance, problem solving and continuous improvement
- **Enabling Technology:**
 - Replace *DEFINE with a cloud-based ERP solution (Workday)
 - Implement other enabling technologies (e.g., document management, case management, configuration management)
- **Governance and Leadership:**
 - Instill community driven decision-making with clear escalation paths
 - Hold shared services accountable for performance to the campus
- **Workforce Impact:**
 - Total number of reduced positions \approx 500 (\approx 4% of the total administrative workforce of \approx 12,000 or \approx 11% of the total administrative workforce of the HR, Finance, Procurement and IT workforce of \approx 4,500) over 4 years
 - Attrition is expected to account for a significant percentage of the reductions
 - Consider hiring controls for in-scope classifications to preserve opportunities when ready
 - Create new career path options
- **Funding/Participation:**
 - After successful proof of concept, requires full campus participation to achieve maximum benefit
 - Capture savings and share benefits with CSUs early in the deployment
 - Use a 'public good' funding/chargeback model that requires all to pay (e.g., public school funding model)
 - In defining the funding/chargeback model, fringe benefits will be carefully considered so as to fairly allocate costs and eliminate any double-counting

Business Case: Cash Flow

The shared services and ERP implementation is expected to payback in Year 6 and accrue net benefits of \$120M – \$140M by Year 10.



Business Case: Qualitative Benefits

In addition to financial benefits, a shared services organization will also bring benefits to UT Austin through reduced risk, ensured compliance, measurable service outcomes, and improved staff and student benefits.

1

Campus Community Benefits

- Improved quality
- Faster transaction execution time
- Continuity and consistency of service
- Responsiveness

2

Staff/Student Benefits

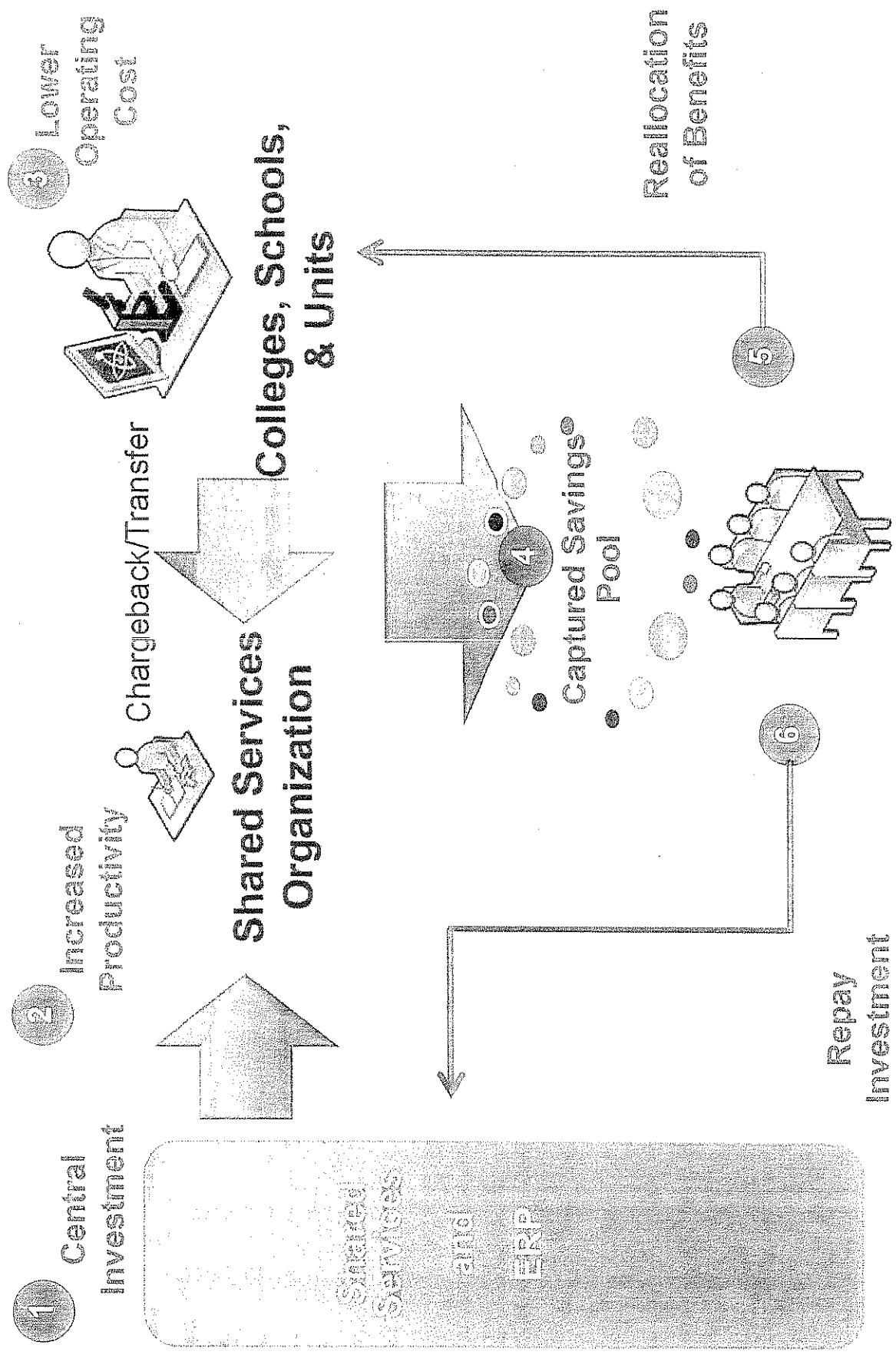
- Improved career and student internship opportunities
- More autonomy
- High-performance, metrics-driven culture
- Balance workload to cover peaks

3

Risk Reduction and Compliance Benefits

- Greater transparency
- Clear accountability
- Simplified audits
- Increased policy enforcement and visibility

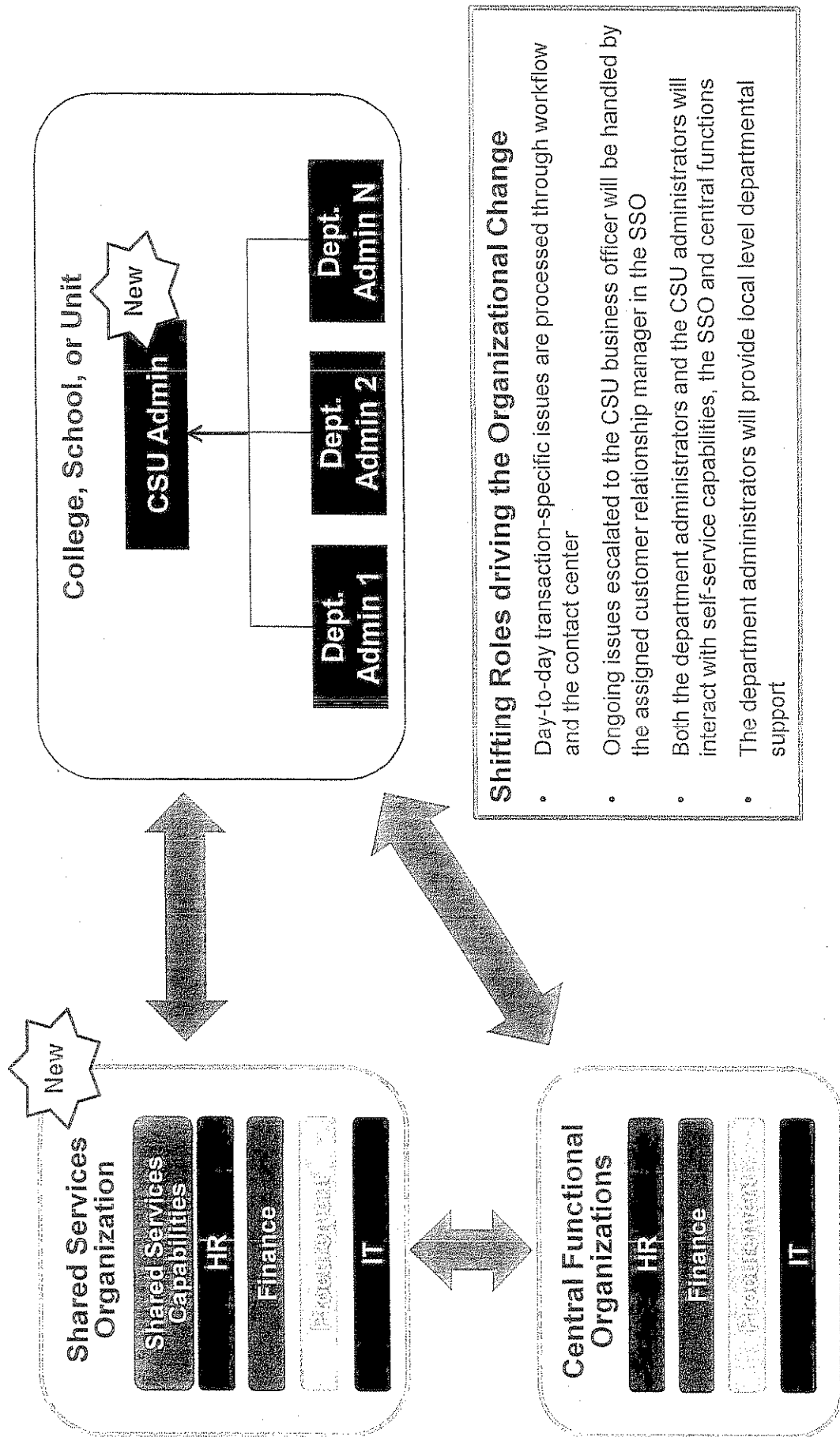
Savings Capture and Reallocation Model



President/Provost

Proposed CSU Organization Changes

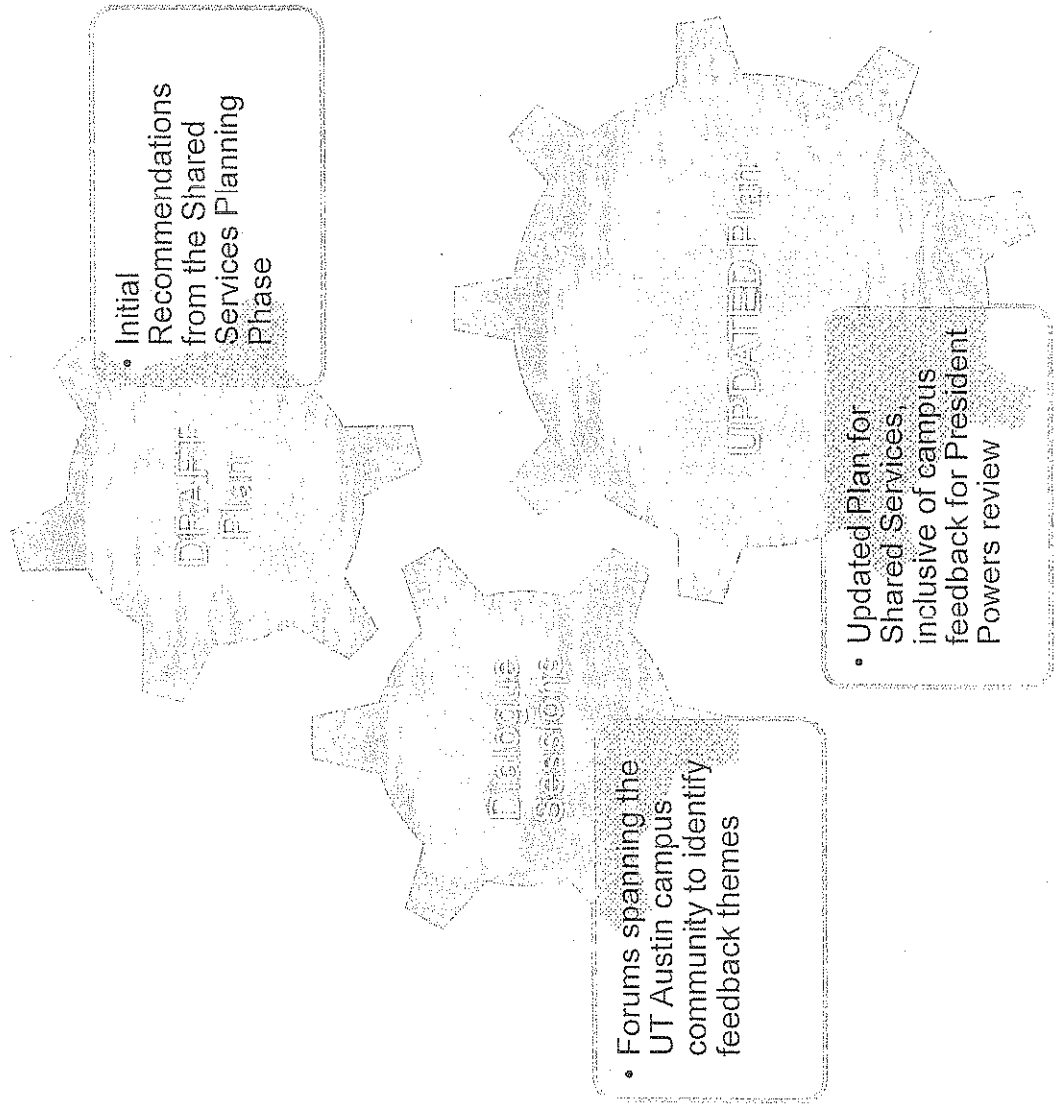
We recommend that the administrative effort retained in the CSUs be consolidated under a CSU administration group to promote consistent, high quality service and achieve greater efficiency.



Shifting Roles driving the Organizational Change

- Day-to-day transaction-specific issues are processed through workflow and the contact center
- Ongoing issues escalated to the CSU business officer will be handled by the assigned customer relationship manager in the SSO
- Both the department administrators and the CSU administrators will interact with self-service capabilities, the SSO and central functions
- The department administrators will provide local level departmental support

The Campus Dialogue is designed to solicit UT Austin feedback and perspectives in response to recommendations resulting from the Shared Services Planning phase.



- The Shared Services Project Team will conduct a series of forums or “dialogue sessions” across the UT Austin campus community.
- The themes that emerge during the campus dialogue phase will be reflected in the recommendations and become part of the final Shared Services report.
- The final recommendations will be shared with President Powers for his review and consideration.

Next Steps

We recommend the following next steps:

1. Conduct Campus Dialogue in October and November
2. Campus Dialogue update with Executive Steering Committee in November
3. Release final report in January 2014 after spring semester begins