Shared Services Consortium
Overview & Status

Prepared for Richard Bland College

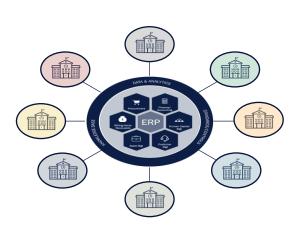## May 10. 2023

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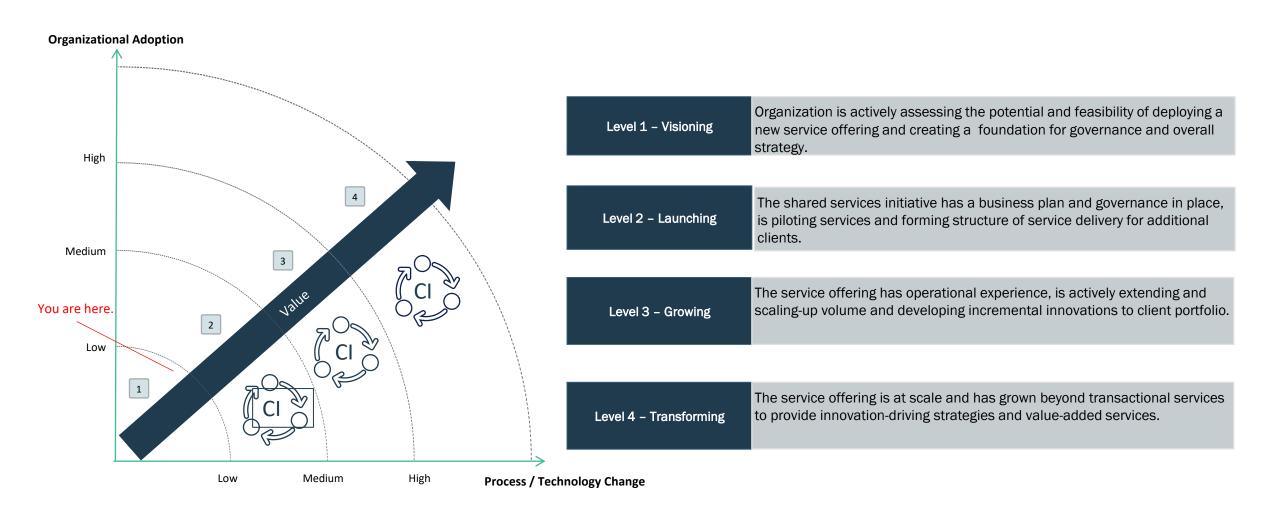
- Status Report

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ROSS CONSULTING

Shared Services Consortium

- Shared services framework brings together **common back-office processes into a single "center of excellence"** to improve service delivery and reduce costs of common back-office services.

- The main objectives of shared services organizations are to 1) **standardize and streamline business processes, 2) leverage technologies to reduce costs, 3) create a culture of continuous improvement, and 4) drive higher quality service**.

- Managed service delivery vs. cost center approach.

- Governance, Service Level Agreements, & Key Performance Indicators (KPIs)

- The implementation of a consortium model is set up in three phases.

  - Phase I – Collections Service Configuration & Process Design (Complete / Onboarding Details)

  - Phase II – ERP Service Implementation & Collections Expansion (90% Complete)

  - Phase III – Process Optimization, Modernization, & Expansion (Not Started)

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SSC Maturity Path

Harvard University - Kennedy School of Government / Ross Consulting developed level of progression from initiation to full adoption. Each SSC service offering follows a similar progression through the levels of maturity and value generation
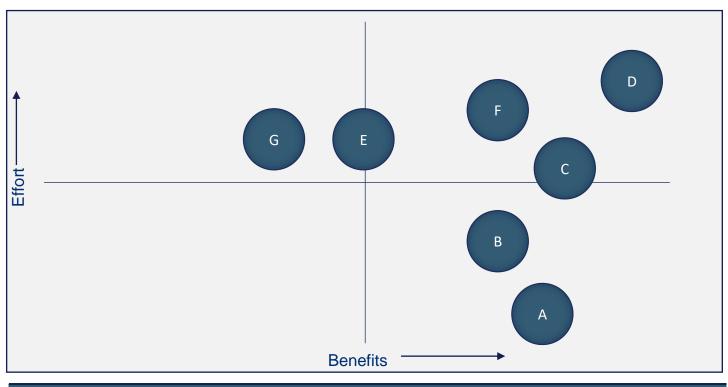

Organizational Adoption

High

Medium

Low

You are here.

Value

CI

CI

CI

Low   Medium   High

Process / Technology Change

Level 1 – Visioning	Organization is actively assessing the potential and feasibility of deploying a new service offering and creating a foundation for governance and overall strategy.
Level 2 – Launching	The shared services initiative has a business plan and governance in place, is piloting services and forming structure of service delivery for additional clients.
Level 3 – Growing	The service offering has operational experience, is actively extending and scaling-up volume and developing incremental innovations to client portfolio.
Level 4 – Transforming	The service offering is at scale and has grown beyond transactional services to provide innovation-driving strategies and value-added services.

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Recommendation:

Prioritize implementation of a Collections Consortium and efficiency improvements in Travel & Expense to expedite return on investment

Definitions

- **Effort** accounts for organization scope, business process changes required, number of impacted stakeholders, and complexity of system improvements

- **Benefits** include improved reporting, streamlined processes, data quality and availability, accuracy, cost savings, revenue enhancement, and reduced cycle-time

- **Prioritization** includes ease of integration to expedite implementation and value

Improvement & Efficiency Opportunities

PRIORITY

A	Collections	E	Technology Alignment & Roadmap
B	Travel & Expense	F	Accounts Payable Prompt Pay
C	Accounts Payable / Receivable	G	Other Revenue / Shared Services Opportunities
D	Procurement		

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Phased Approach

Phase I – Collections & Process Design <mark>(In production)</mark>

- The collections service offering leads the consortium implementation **as the service requires limited or no investment, can scale quickly with new clients, and is not dependent on internal technology platforms or systems, and can be expanded with varying political subdivisions.**

- Collections clients will **reimburse the consortium implementation costs (i.e., 2.5% / 5% total).**

Phase II – ERP Service Implementation & Collections Expansion <mark>(In progress)</mark>

- Phase II expands the collection platform to additional clients and finalizes structure of ERP platform to begin onboarding fiscal services as designated by the clients. Each client will be guided through an onboarding process to standardize business processes and align with best practices and standards as developed with consortium members.

- To keep ERP / technology costs low, **members will only pay a transaction rate vs. monthly license & support fees**. The goals of Phase II are to **create efficiencies in business processes and dramatically reduce technology spend**.

- Procurement savings will be reviewed as part of Phase II/III to further reduce costs for RBC and consortium members.

Phase III – Optimization / Expansion <mark>(Pending)</mark>

- Phase III is designed to **optimize the ERP supported processes** and implement (as appropriate) **supporting technology platforms** to further reduce costs for consortium members. Expansion will continue for all services as approved by the consortium leadership.

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Revenue Subsidy & Consortium Contribution

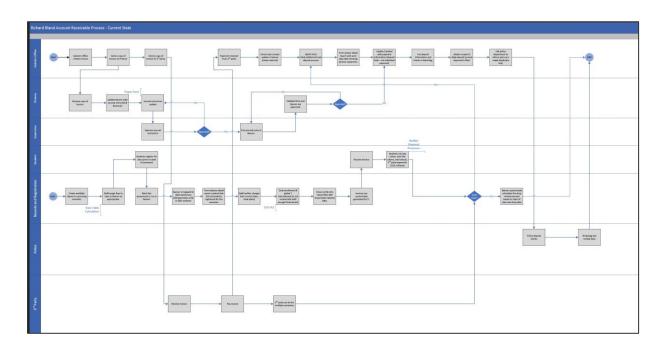**Leveraging Model to Fund the Model**

Implementing revenue initiatives in parallel or in advance of service offering integration provides revenue streams to help fund future initiatives.

Ross Consulting will work with the business leads to determine total revenue opportunity and percentages by topic.

Decisions needed:

- Collections Recovery Rate 5% (consortium allocation)

- Prompt-Pay Rebates (2/10 net 30) or (5/10 net 30)

- P-Card Rebates (consortium allocation)

- Print Services (determine opportunity)

- Consortium Member Pricing (initial offset first 12 mos.)

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Governance & Service Level Agreement Framework

Governance Framework

OBJECTIVES

Define Strategy
- Define vision and align initiatives
- Establish and fund priorities

Monitor Performance
- Ensure policy compliance
- Identify and address performance issues

Create Culture of Continuous Improvement
- Standardize processes
- Optimize quality, compliance, and efficiency

Foster Partnership and Collaboration
- Work towards consensus and enterprise solutions
- Uphold defined roles/responsibilities

STRUCTURE

Executive Level Committee

The Executive Level Committee sets the strategic direction for SSC.
- Responsible for strategy development and related decisions, including review/approval of operating budgets and investments
- Approves HR SSC investment and policy decisions

Management Level Committee

The Management Level Committee ensures the SSC is performing to expectations
- Ensures effective implementation of strategies
- Evaluates performance and approves process improvement recommendations
- Makes recommendations for policy and investment decisions

Cross Functional Working Groups

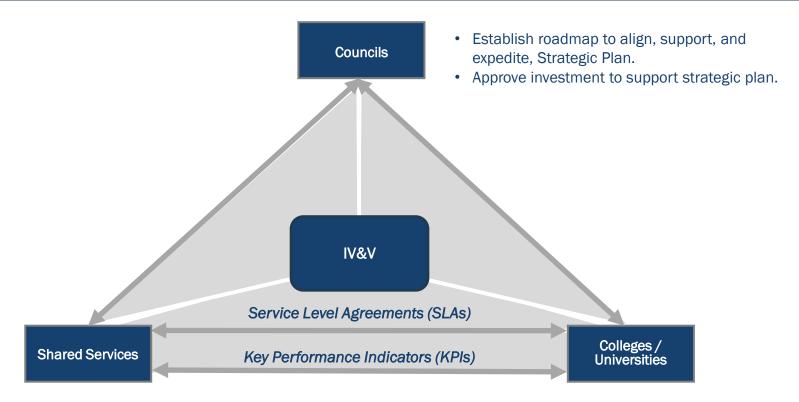The Cross Functional Working Groups or 'Process Councils' recommend and prioritize performance improvement opportunities
- Provide review and analysis of project and enhancement proposals, including functional impact assessments
- Work with business functions to identify challenges and improvement opportunities
- Review and recommend project prioritization and/or enhancements to existing processes

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- Governance and Service Level Agreements (SLAs) are key foundational items of successful shared services organizations.
- The governance structure is designed to align intent of the councils with SSC service delivery and needs of the colleges/ universities.
- Independent Verification & Validation (IV&V), Key Performance Indicators (KPIs), and Service Level Agreements (SLAs) provide the mechanisms to measure and validate compliance of all parties to plans approved by the councils.

Councils

- Establish roadmap to align, support, and expedite, Strategic Plan.
- Approve investment to support strategic plan.

IV&V

Service Level Agreements (SLAs)

Shared Services — **Colleges / Universities**

Key Performance Indicators (KPIs)

- Provide expertise and best practice models to support processes on behalf of university partners.
- Balance efficiency, compliance, and customer service to add value through lower cost and improved effectiveness.

- Focus on accomplishing local mission.
- Provide subject matter expertise for Process / Management / Executive Councils.
- Identify service delivery requirements.

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The Service Level Agreement (SLA) is designed to;

1) Introduce customers to Shared Services Consortium topics.

2) Define the purpose of the Service Level Agreement.

3) Define the scope of services the Service Level Agreement will monitor.

4) Key data points or "Key Performance Indicators" the SLA will measure to ensure compliance with customer & SSC expectations.

5) Provide key contact information to reach the SSC.

The Management Council has authority to approve final versions of the SLA. SSC will be responsible for monitoring compliance of agreed KPIs and mitigation strategies when / if any issues are identified with service delivery.

Service Level Agreement

Overview

The Shared Services Consortium was established to bring together service-delivery expertise from across the system to build out a best-practice model for service delivery. SSC will enable integrating universities to focus more resources on student-facing activities by:

- Demonstrating a commitment to improved customer service.
- Recognizing and supporting the voice of the customer.
- Building a culture of continuous process improvement.

Purpose of this document:

This Service Level Agreement (SLA) outlines services HRConnect will provide, responsibilities of HRConnect and the universities, Key Performance Indicators (KPIs), hours of operation, and escalation processes. Each of the entities contained on the signatory line agrees to operate within the specifications of the SLA.

Any change requests to the SLA made during the year will be mutually agreed upon by both parties.

Effective Period:

This Agreement shall commence on *XX* through *June 30, 2023*. Thereafter, this agreement shall automatically renew for additional one-year terms unless modified by the parties.

Service Description:

The HRConnect services include Workers' Compensation, Leave of Absence, Benefits Administration, Payroll, and Organizational Management. Overviews of each service offering are shown below.

- **Workers Compensation** – provides guidance and advice to HRConnect customers on work related injuries. Engages with third party workers' compensation administrator to manage and submit required workers' compensation reporting and filings from onset of a work-related injury to closure.
- **Leave of Absence** – provides guidance and advice to HRConnect customers for all leaves of absences. Inputs and maintains FMLA workbench and SAP transactions, monitors and tracks weekly audits for leave of absence eligibility, benefit entitlement, and provides notifications and required letters.

			Frequency of Measure
			Monthly
			Monthly
			Quarterly
		(% of	Monthly
		(servco)	Monthly
		es (2	Monthly
Compensation		Business Days)	
Leave of Absence	SSLOA01	Response Time: FMLA 5-Day Response	Monthly
Leave of Absence	SSLOA02	Employee Notice: Employee Designation Notice (5 Business Days)	Monthly

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Governance & Service Level Agreement Framework (cont'd)

Governance Decision Matrix

Decision/Approval	Process Council	Management Council	Executive Council
Service Identification	Consulted	Consulted	Accountable
Operating Budget / Transaction rates/ Consortium Spend (5%)	Informed	Consulted	Accountable
Investments over 10k	Consulted	Consulted	Accountable
Investments over 10K	Consulted	Consulted	Accountable
Service Level Agreement Approval	Consulted	Accountable	Informed
Service Rollout Schedule*	Consulted	Accountable	Informed
Project Changes: cost impact does not exceed 10k	Consulted	Accountable	Informed
Project Changes: Cost impact exceeds 10k	Consulted	Consulted	Accountable
Policy updates to align with CoVA Governing Authority updates	Consulted	Consulted	Accountable
Policy updates: add/remove restrictions	Consulted	Accountable	Informed
Customer-facing procedures/work instructions	Accountable	Informed	Informed

- *Not required for initial implementation of governance structure. Incorporated as model matures.

- Independent Verification & Validation (IV&V) can be incorporated as an advising role to the Executive Council as appropriate.

Responsible	Owner of decision implementation. In most cases, the Responsible party for SSC Governance decision implementation will be the SSC.
Accountable	Individual or group with decision authority.
Support	Assist with decision implementation. All parties are expected to support decision implementation activities.
Consulted	Provide input and/or recommendations to decision-makers.
Informed	Kept up-to-date on decision-making process and outcomes.

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Forecasted Estimates / Savings;

- Original estimates of costs for the first year of production (post conversion) $376,682 (Collections, AP, AR, T&E).
- Estimated Savings: $186,890 YR 1.

Current Actuals;

- $350,000 (Collections, AP, AR, T&E).
- $26,682 lower than estimated.
- Increased Savings to $213,572 YR 1.

Transaction Rate;

- Current range; $40 - $1,244 service dependent
- Future Rate; $36.00 -$37.00
- Rate will continue to drop as more clients are brought into the consortium model.

Financial Summary: Cost / Saving Compare

Service Offering	Annual Cost	Transaction Rate	Annual Cost Y1	Transaction Rate	Annual Cost Y2	Transaction Rate	Annual Cost Y3	Transaction Rate	Annual Cost Y4	Transaction Rate
Collections	$22,311.00	$82.03	$2,692.00	$10.89	$2,692.00	$10.89	$2,692.00	$10.89	$2,692.00	$10.89
Travel & Expense	$34,176.00	$192.01	$15,705.84	$88.24	$2,603.99	$14.63	$2,603.99	$14.63	$2,603.99	$14.63
Accounts Payable	$182,324.00	$40.36	$131,580.21	$29.13	$100,909.78	$22.34	$84,693.75	$18.75	$44,673.13	$9.89
Accounts Receivable	$192,899.00	$1,244.50	$111,930.15	$722.13	$81,530.00	$526.00	$71,145.00	$459.00	$30,122.70	$194.34
PCARD	$34,176.84	$ -	$17,088.42	$ -	$17,088.42	$ -	$17,088.42	$ -	$17,088.42	$ -
Procurement	$97,685.88	$ -	$97,685.88	$ -	$97,685.88	$ -	$97,685.88	$ -	$97,685.88	$ -
Total Service Costs	$563,572.72	$1,558.90	$376,682.50	$850.39	$302,510.07	$573.86	$275,909.04	$503.27	$194,866.12	$225.75
Annual Savings			$186,890.22		$261,062.65		$287,663.68		$368,706.60	

Four Year Total Savings $1,104,323

Reduced Transaction Rate

Integration will focus on immediate opportunities to reduce transaction rate for each service offering.

Preparing the Field

Process reviews will be conducted in advance of migrating RBC services to the external service provider. **Note:** Accounting, Budgeting, and Procurement services are likely to remain near existing model due to expertise needed. Will review with business leads.

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CY2023-24 Implementation Roadmap

TODAY

	CY Q1-2023			CY Q2-2023			CY Q3-2023			CY Q4-2023			CY Q1-2024		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar

ERP Integration

Travel & Expense Integration
- Process Configure
- Phase 1: Process Review & Reengineer
- Phases 2: Process Configuration
- Phase 3: Process Onboarding & Optimization
- Client A: Process Review & Reengineer
- Client A: Process Integration
- Client A: Process Support & Optimization
- Client B: Process Review & Reengineer
- Client B: Process Integration
- Client B: Process Support & Opt

Accounts Payable Integration
- Process Configure
- Phase 1: Process Review & Reengineer
- Phases 2: Process Configuration
- Phase 3: Process onboarding & Optimization
- Client A: Process Review & Reengineer
- Client A: Process Configuration
- Client A: Process Support & Optimization
- Client B: Process Review & Reengineer
- Client B: Process Integration
- Client B: Process Support & Opt

Account Receivable Integration
- Process Configure
- Phase 1: Process Review & Reengineer
- Phases 2: Process Configuration
- Procurement

Structure

Governance & Service Level Development
- Service Level Collections
- Governance Charter & Structure
- Service Level AP / T&E / AR

Data & Analytics Implementation

Revenue

Collections

RBC Integration (cont'd)
- Cycle 1
- Cycle 2
- Remittance Test
- Client A Integration
- Client B Integration
- Client C Integration
- Client D Integration
- Client E Integration
- Client ...

Prompt Pay Implementation
- Payment Monitoring
- Account Prioritization

KEY
- ■ Initiative in progress/on track
- ■ Initiative in progress/at risk
- ■ Initiative in progress/not on track
- ■ Initiative Not Started
- ■ Initiative On Hold
- ■ External Initiative
- ◇ Planned Milestone
- ◆ Completed Milestone

RBC Collections & Shared Services Consortium Status Report

Reporting Period: May 10, 2023

Richard Bland College *of WILLIAM & MARY*

Objective: Complete onboarding activities for collections program and analysis for shared services consortium design.

Summary: Finalizing collections cycle 2, completed governance model and service level agreement (collections), completed E&Y configuration, finalizing legal structure and branding.

Overall Status

Green	→

Status Summary

Scope	G
Resources	G
Schedule	G
Financials	G
Technology	G
Prod. Readiness	A

Contact(s)

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Project Phase

Phase I Collections & Phase II ERP Configuration

Phase Close-Out Date

TBD

Key Milestones/Tasks

Task	Status	Due Date
• Collections SLA Built / Approved	C	04.10.2023
• Governance Approval	B	04.10.2023
• AP Process Configuration	C	04.15.2023
• AR Process Configuration	C	04.20.2023
• T&E Process Configuration	C	04.28.2023
• Collections Cycle #1	C	05.05.2023
• Report Review / Build Collections	O	05.30.2023
• Collections Cycle #2	O	06.05.2023
• Collections #1 Client Onboarding Start	O	06.06.2023

Task Status Key: **C**: Complete **O**: On Schedule **B**: Behind Schedule **N**: Not Started

Risks/Issues/Concerns

- (Risk / Issues)
- (Issue) Collections data gathering delayed due to change in federal requirements (Reg F Requirements) and data required to capture at time of placement. Only impacted initial placement file. Should not be a risk moving forward.
- (RISK) Governance Structure is behind schedule but not significant impact to overall readiness.

Accomplishments

- Collections cycle #1 complete – remittance provided on 5.05.2023.
- Onboarding requirements reviewed with E&Y for AP, T&E, AR.
- E&Y configuration complete.
- Accounts Payable & Travel Expense process design(s) complete.
- Account Receivable process design complete.

Plans for Next Reporting Period(s)

- Complete collections cycle #2.
- Finalize collections reporting and remittance structure.
- Define points of contact by topic.
- Governance Approval
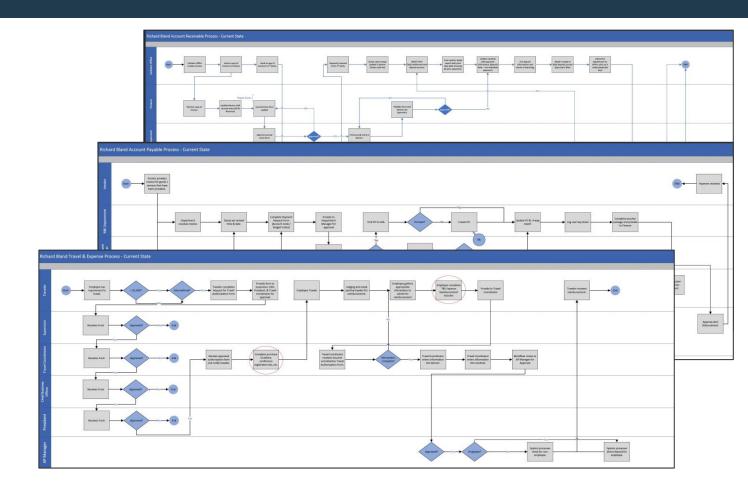- SLA approval for AP, AR, T&E

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Next Steps

May

- Finalize collections cycle, remittance, ACH split, & reporting

- Finalize / approve governance model

- Define RBC contacts by topic

- Finalize / approve 5013C approach

- Initiate onboarding sessions for AP, AR, T&E

June

- Finalize collections cycle #2.

- Finalize / approve branding & marketing approach

- Finalize / approve service level agreements & key performance indicators by service type

- Initiate collections client onboarding

- Continue onboarding sessions by service type

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Closing

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