### **Office of the President**

### TO MEMBERS OF THE COMMITTEE ON LONG RANGE PLANNING:

### **DISCUSSION ITEM**

#### For Meeting of July 22, 2015

#### **UCPATH PROJECT UPDATE**

#### **EXECUTIVE SUMMARY**

UCPath was launched in 2010 as a systemwide UC strategic initiative to replace the current Payroll Personnel System (PPS). Implementing human resource and payroll functions at the University's ten large research campusees and five medical centers employing faculty, students, and staff is extremely complex. Delivering on the promise of a sustainable and efficient human resource and payroll infrastructure required expanding the project beyond the initial scope of implementing a new software platform. In 2013, the project broadened its vision and approach to reflect that UCPath is a business transformation initiative. Systemwide business process alignment and design, as well as a shared services center to support the new systems and processes were added to the scope of UCPath. Collaboration with campuses and health systems along with project governance and controls were strengthened. To demonstrate a desire to be responsible stewards of University resources, the team is moving forward with a great sense of urgency to go live on the new system at all the campuses and medical centers.

This briefing summarizes progress since the last update in July 2014 and outlines the work that will lead to the first pilot deployment of UCPath at the UC Office of the President (UCOP) this fall and the process to validate the deployment dates for the remaining locations.

#### BACKGROUND

UCPath is a multi-year business transformation initiative that will better meet UC's complex operational and workforce needs. The UCPath project includes three components:

- 1) Adoption of streamlined and standardized payroll, human resources (HR) and academic personnel business processes across all locations;
- 2) Centralized transactional support processes, such as payroll processing, within the newly created UCPath Center to provide consistent and efficient payroll and select human resources/academic personnel support services to all UC employees; and
- 3) Replacement of the 11 different instances of the Payroll Personnel System (PPS) with a single, University-wide payroll and human resources/academic personnel system.

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The existing legacy system, PPS, is almost 35 years old and increasingly difficult to update, maintain, and use. It no longer meets the operational needs of UC, and its frailty represents a serious risk to effective payroll and HR operations. PPS must be replaced as soon as possible.

In summer 2011, UC finished a comprehensive Request for Proposal process and awarded a contract to Oracle Consulting to implement Oracle PeopleSoft Human Capital Management (HCM) as the primary software application, hosted by Oracle Managed Cloud Services in a platform-as-a-service offering.

The project was formally launched in September 2011 with an estimated timeline of 36 months and a projected cost of \$156 million. In March 2013 the timeline was extended 12 additional months and the budget augmented to \$220.5 million. UC took over the software implementation from Oracle in September 2014, and has used outside contractors with decades of expertise in HCM deployments in higher education.

Once implemented, UCPath will be a platform on which UC can transform how other administrative systems and services are delivered UC-wide. UCPath's technology will provide a comprehensive view of UC's diverse and complex workforce (not available through PPS) and better regulatory and policy compliance. The UCPath Center will streamline delivery of transaction-based services, allow for more agile business planning and decision-making, and provide campuses the opportunity to implement efficiencies in the delivery of local services. UCPath will automate manual calculations and processes and improve the quality of employee, job, and pay data. By moving from multiple systems to a common, unified system, UC will streamline the number of necessary systems and interfaces and gain common data definitions across all locations. In the future, the UCPath Center can be leveraged to provide additional support of shared services for other initiatives and administrative functions.

## **CURRENT PROGRAM LEADERSHIP**

Under Program executive sponsors Executive Vice President and Chief Financial Officer Brostrom and Executive Vice President and Chief Operating Officer Nava, the UCPath program is guided by a mix of UC staff and consulting resources with expertise in similar large initiatives within higher education.

As UCPath Program Director, Mark Cianca provides executive oversight of the UCPath program with a specific focus on stakeholder engagement, governance, operations, budget, and human resources. Mark is also UC's Deputy Chief Information Officer. He has more than 28 years of UC service at the Santa Barbara and Santa Cruz campuses, and most recently at the Office of the President. He has significant large-scale project experience and served as a UCPath technical subject matter expert before joining the project in 2011.

Dave Kolodziejski is the UCPath Program Manager and Delivery Lead. In this role, Dave oversees the implementation of UCPath at all locations and is accountable for the ultimate delivery of the new technology systems. Dave has more than two decades of experience managing large complex Enterprise Resource Planning initiatives, with 17 years focused on

higher education. As a senior director at Huron Consulting Group, he has led PeopleSoft HCM, Financials and Student Administration implementations at Princeton, Northwestern, UCSF, Cornell, New York University, and the University of Michigan, among others.

## JUNE 2014 – JULY 2015 PROJECT PROGRESS

Significant progress in the major programmatic components of UCPath occurred during this reporting period.

- Business Process Standardization: Project teams completed the design and approval of nearly 100 standardized future state business processes across HR, payroll, benefits, and academic personnel.
- Centralization of Transactional Processes: The UCPath Center has been initially staffed and readied for operations. UCPath Center teams have begun to deliver an initial catalog of payroll services to UCLA and UC Santa Cruz.
- Deployment of Enabling Technology: Design and development required for UCOP golive functionality are complete and UCOP data has been converted.
  - Test results leading up to the December date demonstrated a need for an extended period of testing and system readiness prior to releasing the software to support this pilot population of UC employees.
  - As of June 22, 2015, the University has have successfully completed its early test cycles and is on track for a fall deployment at UCOP.

# **UCOP PILOT**

Last fall, the program underwent a review and adjustment. In addition to addressing the underlying technical issues, activity included team reorganization, the creation of new key progress metrics to support decision-making and to provide transparency, and the development of a model to increase campus engagement and provide more actionable information for campus pre-deployment planning and tasks.

As a result of this effort, program leadership and governance are targeting November 2015 for UCOP deployment.

With the systemwide business processes finalized and shared services center operational, two of the three pillars of UCPath are in place. A significant portion of the technology, customized for UC and built to accommodate the standardized processes, will be complete when UCOP launches as well. This includes:

- The configuration of 100 percent of system benefits and systemwide vendor interfaces.
- The design, development, testing, and deployment of 70 percent of UC's customizations. The remaining build, scheduled for deployment after UCOP, includes academic pay, talent acquisition, and performance management.
- The integration of 60 percent of corporate systems;

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- The configuration of 50 percent of labor contracts in UCPath;
- The development of the UCPath Portal, including 100 percent of self-service capabilities for employees;
- Solutions in place for verification of employment, unemployment claims processing, and secure case management; and
- The development of comprehensive training solutions and materials.

# **DEPLOYMENT SEQUENCE**

To recover some time caused by the 2014 delay, and based on what the University has learned from the project to date, UC reduced the total number of deployments from six to four. UCOP will be the first location to adopt UCPath, with the objective of subsequently introducing the system to larger and more complex employee populations. Following the initial UCOP deployment, UCPath will be deployed as a pilot to UCLA, UC Santa Cruz, UC Merced, and ASUCLA; at this point the University will have all employee pay types in production in the new system.

There will be two subsequent deployments after the pilot. First, UC Davis, UC Irvine, UC Riverside, UC Santa Barbara and UC Agriculture and Natural Resources will transition to UCPath. UC San Diego, UC San Francisco, UC Berkeley, and Hastings will follow.

# **REMAINING LOCATIONS**

As the UCOP deployment draws nearer, program management has temporarily augmented the staff to ensure that the deployment groupings mentioned above have the necessary central support for their deployment preparation. To this end, UCPath program management is currently working with all non-UCOP locations to assess and secure deployment dates by fall 2015. Detailed plans for each UCPath program workstream, including the timing of tasks during the deployment cycle and roles and responsibilities for the campus and location teams, are being developed and socialized with the locations.

The University is also outlining the local work that must be done to ready each location for the organizational, process, and technical changes that will result from UCPath. UC has worked with outside consultants to provide a summary of peer institutions' best practices for organizational design, and will continue to provide support as campuses determine how UCPath can aid them in transforming their structure, local processes, and technology solutions.

While there remains a clear sense of urgency in completing this program, implementation is gated partially by:

- The speed with which each of the campuses can prepare for the transition to UCPath;
- The speed with which the UCPath Center can ramp up staffing to accommodate the workload of each location's employee population; and
- The absolute requirement to deliver timely and accurate payroll services

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## PROGRAM BUDGET

Based on the revised deployment sequence and current target planning dates, the University is projecting a net central cost for UCPath deployment of approximately \$375 million. If planning results in a slightly longer timeline, the project cost will adjust accordingly. This amount will be capitalized and paid back over 20 years. In addition, UCPath will have ongoing operational costs, primarily to maintain the UCPath Center. The University estimates those costs to be \$71 million annually, or roughly \$28 per employee per month.

The cost is \$154.5 million above the original budget, which was fully financed with commercial paper based on Regents' approval in July 2014. This amount will be funded directly through an assessment of the campuses beginning in July 2015.

## NEXT STEPS

UCPath program leadership will return to the Regents in early 2016 with another briefing that will include:

- An update on the status of the UCOP deployment; and
- Progress on the Pilot and later deployments.

### Key to Acronyms

PPS	Payroll Personnel System
HCM	Human Capital Management
HR	Human Resources
ERP	Enterprise Resource Planning
ASUCLA	Associated Students UCLA