

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

DISCUSSION ITEM

For Meeting of January 24, 2018

UCPATH UPDATE

EXECUTIVE SUMMARY

This report provides a brief update on the recently-completed UCPATH deployment at UC Merced, UC Riverside and the Associated Students of UCLA (ASUCLA). It also includes a revised deployment schedule and financial forecast resulting from UCLA's deployment delay. UCPATH deployment is now scheduled for completion in September 2019, nine months later than the previous schedule. With this delay, the cost of implementation increases from \$503.8 million to \$547.2 million.

BACKGROUND

UCPATH is a business transformation initiative designed to meet UC's complex operational and workforce needs through standardization, centralization, and automation. The term UCPATH contains an acronym of its core service components – Payroll, Academic Personnel, Timekeeping, and Human Resources. Initially, UC will implement a single payroll, benefits, human resources, and academic personnel solution for more than 220,000 UC employees. Once complete, planning will begin for a UC-wide timekeeping solution as a next phase of the project. The system implementation will also serve as a catalyst for operational changes to support further UC administrative efficiencies.

The existing legacy system, Payroll Personnel System (PPS), is more than 35 years old and consists of 11 different versions that are disconnected, outdated, and expensive to maintain. Furthermore, the old technology is insufficient for UC's complex employee population and changing business needs, and its frailty represents a serious risk to effective payroll and HR operations. The University can no longer effectively manage employee records or assure payroll accuracy with the legacy system and must move forward to a new solution.

With its core technology upgrade, UCPATH immediately improves the quality of employee, job, and payroll data, and supports the intricacies associated with UC's complex and diverse workforce. UCPATH provides a common administrative platform, shared services model, and consistent business practices, enabling UC to realize greater efficiency, productivity, and scalability across the system.

UCLA Implementation Delay and Nine-Month Plan

In November 2017, Chancellor Block and UCPATH program leadership informed the Finance and Capital Strategies Committee of UCLA's UCPATH implementation delay due to the impact of outstanding data conversion defects with UCLA's size and organizational complexity. As a follow-up to that meeting, UCLA provided the Committee with its proposed UCPATH deployment timeline for September 2018. The key provisions of UCLA's plan include:

- **Project Management Office (PMO) Re-planning** – Develop detailed schedule, revise UCLA governance structure and realign UCLA project management roles
- **Security Strategy Revision** – Simplify UCLA security roles to leverage UCPATH functionality
- **Training Development** – Complete UCLA-specific training materials
- **Training Rollout** – Train the trainers and deliver end-user training
- **Conversion Updates** – Apply latest Riverside/Merced/ASUCLA conversion code for UCLA; define programmatic vs. manual conversion scope
- **Conversion** – Execute iterative programmatic data conversions, including a cutover rehearsal in the final cycle
- **Payroll Parallel Testing (PPT)** – Execute iterative comparisons of legacy payroll (PPS) and UCPATH pay data
- **Data Cleanup** – Perform manual corrections to source PPS data
- **Integration Testing** – Conduct end-to-end business scenario and interface tests not previously completed, including UCLA-specific test cases
- **User Acceptance Testing (UAT)** – Conduct operational testing not previously completed, including UCPATH Center service model scenarios specific to UCLA

STATUS

Pilot Deployment

The remaining UCPATH Pilot locations, UC Merced, UC Riverside and ASUCLA, deployed UCPATH as scheduled in December, a six-week process that began during the Thanksgiving holiday.

Beginning November 22, UCPATH teams implemented new functionality required for Pilot locations, including additional capabilities to support academic and health system employees. In addition to new functionalities, UCPATH teams deployed a new employee and manager portal and a significant Oracle software update. The process went smoothly and according to schedule.

In mid-December, UCPATH teams completed conversion of the Pilot locations' monthly-paid employee data. Conversion of biweekly-paid employee data followed in late December. Deployment concluded January 2 with UCPATH access for all Pilot campus employees. The cutover process was very smooth and completed on schedule with no major issues. By January 10, all Pilot campus employees received their first pay processed by UCPATH.

UCPath PMO team members are now on site at UC Merced, UC Riverside, ASUCLA and the UCPath Center, providing intensive post-implementation support for knowledge transfer and rapid issue resolution. The objective of this period of enhanced support is to closely monitor and support customer service, data integrity and UCPath operations with command centers in operation at the UCPath Center, at each Pilot location, and at the UCPath project office in Oakland. This enhanced level of support will conclude by April.

Revised Deployment Schedule

Following UCLA’s revised timeline proposal, UCPath project leadership conducted a series of meetings with campus leadership teams to understand timing preferences, deployment readiness and risk profiles. Based on those discussions and on earlier feedback about the project’s previously aggressive timelines, the UCPath PMO developed two deployment schedule options for further discussion with remaining UC locations and UCPath governance groups.

	Option 1 (Preferred Option)	Option 2
Deployment Sequence	<ul style="list-style-type: none"> • Sep 2018: UCLA, UCSB • Mar 2019: UCB, UCD, UCI, ANR • Sep 2019: UCSC, UCSD, UCSF, UC Hastings, LBNL 	<ul style="list-style-type: none"> • Jan 2019: UCD, UCI, UCSC, ANR • Sep 2019: UCB, UCSF • Jan 2020: UCSD, UCLA, UC Hastings, LBNL
Employees by deployment	<ul style="list-style-type: none"> • Sep 2018: 60,000 • Mar 2019: 78,000 • Sep 2019: 70,000 	<ul style="list-style-type: none"> • Jan 2019: 63,000 • Sep 2019: 50,000 • Jan 2020: 85,000
Key advantages	<ul style="list-style-type: none"> • Leverages UCLA’s readiness status • UCLA deploys before other health system campuses • Earliest possible completion 	<ul style="list-style-type: none"> • Generally maintains existing Deployment 1 grouping • Easier deployments are up front
Key disadvantages	<ul style="list-style-type: none"> • Another location must join UCLA deployment to mitigate downstream risk 	<ul style="list-style-type: none"> • Backloads the most complex organizations

Post-Pilot location stakeholders and UCPath governance groups preferred Option 1, which moves the end date for the project out an additional nine months. The UCPath Steering Committee recommended approval of Option 1 on December 20, and the Executive Leadership Team and executive sponsors approved Option 1 on December 21.

The revised schedule incorporates a shift in the UCPath deployment approach, designed to mitigate the effect of UCLA’s delayed deployment on the overall UCPath timeline and prevent readiness issues at one campus from delaying deployment at other campuses in the future. Under this approach, all remaining location project teams will work through mid-2018 to ensure they

have reached at least a minimum level of UCPATH deployment preparation; e.g., source data cleanup and interface development have started. In addition, the UCPATH PMO will provide several project tools to facilitate deployment preparations and testing readiness.

Following the UCLA and UC Santa Barbara deployment, the next group of campuses will be ready to enter into several cycles of integration and payroll parallel testing followed by cutover activities in early 2019. In parallel, the final deployment group will be completing preparations for entering testing in early 2019.

Revised Financial Forecast

Based on the revised schedule approved by UCPATH governance in December, UCPATH implementation costs are forecast to increase from \$503.8 million to \$547.2 million. These costs include labor, software, financing, UCPATH Center technology and reimbursed campus costs. The revised schedule fully absorbed the previous \$25.8 million contingency. The revised forecast of \$547.2 million includes an \$18.7 million contingency, which amounts to 15 percent of remaining forecast costs. The revised forecast represents an 8.5 percent increase over the previous forecast.

(In millions)	Previous Forecast	Revised Forecast
Implementation Costs	\$478.0	\$528.5
Contingency	\$25.8	\$18.7
Total	\$503.8	\$547.2

UPCOMING WORK

During the first quarter of 2018, project efforts will focus on four key activities:

Pilot Post-Implementation Support

In addition to knowledge transfer from consultants to UC staff, operational support, and issue resolution, the UCPATH team is participating in daily conference calls from UCPATH command centers, along with participants from UCOP Information Technology Services and the UCPATH Center. The UCPATH Center is producing daily status reports to track open defects, production issues, system performance, and service metrics.

Pilot Deployment Lessons Learned

As with UCOP deployment, UCPATH PMO and location teams are capturing lessons learned to benefit and inform subsequent deployment planning and execution. The UCPATH PMO will compile the lessons learned data and publish a full report in the second quarter of 2018.

UCLA and UC Santa Barbara

The UCPATH PMO and UCLA and UC Santa Barbara teams will focus on:

- Data conversion and source data cleanup

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- Payroll parallel testing
- Interface readiness for integration testing

Deployment 1 and Deployment 2

Through mid-2018, the UCPATH PMO will also complete a number of activities that will enable remaining campuses to prepare for testing in the last half of the year:

- Complete analysis of outstanding design questions and change requests
- Release conversion data collection and cleanup toolkit
- Complete initial data conversion for all remaining deployments
- Roll out UCPATH practice environment to familiarize location teams with UCPATH
- Complete detailed project planning

In parallel, remaining locations will:

- Redesign, develop, and test local systems and interfaces
- Cleanup and collect source data for conversion
- Identify target areas for deployment readiness

Key to Acronyms

ASUCLA	Associated Students of UCLA
HR	Human Resources
LBNL	Lawrence Berkeley National Laboratory
PMO	Project Management Office
PPS	Payroll Personnel System
UCOP	University of California Office of the President