

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**

Workforce Management System – Kronos Workforce Central (Timekeeping, Absence Management and Scheduling) – Delegate Authority to Award Contract and Establish the Project Budget

RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President or the President's authorized representative be delegated authority to enter into appropriate contracts and to increase the contract with Kronos by \$2,756,000 plus sales tax, and establish the project investment costs at \$5,125,000, for acquisition and implementation of a timekeeping, absence management and scheduling system for two entities of UW Medicine Health System, UW Medical Center and Harborview Medical Center.

BACKGROUND:

UW Medicine Health System, specifically the two medical center entities, UW Medical Center (UWMC) and the Harborview Medical Center (HMC), had been using multiple departmental systems and manual processes to compensate for the lack of a centralized human resource management system and a single, consistent time and attendance system for the 10,000-plus employees of the two medical centers. In 2001, a comprehensive information systems project, Payroll Enhancement and Personnel Project (PEPP), was developed to address these needs. In the original PEPP plans, contracts for software acquisition were executed in 2002 with Kronos Inc. (time and attendance system) and Lawson Software (human resources system). The Regents were not required to approve the original project since contracting authority for the system acquisitions was within the delegated authority of the Standing Orders.

Subsequently, factors including labor policy, system integration issues, and delays due to new organizational priorities (e.g., Civil Service Reform) postponed implementation. In March 2005, the PEPP project was put on hold. A decision was made in 2006 to implement the Lawson system separately.

The Lawson project was successfully implemented in October 2008, and provides an enterprise human resources system for the medical centers, replacing numerous manual data repositories. It increases organization effectiveness especially with regard to regulatory and reporting requirements. The system continues to be expanded with new subject areas.

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Following Lawson, a lab planning environment was created for Kronos. Based on original lessons learned, it was determined that there needed to be a period of business process and policy resolution. From that lab planning process, the new Kronos project has been re-scoped and the implementation budget has been developed.

Implementation of the Kronos Workforce Central is now recommended, to provide the following outcomes to fulfill critical business needs, healthcare standards and state and federal regulations including:

- Time collection
- Integrated staff scheduling
- Leave benefits administration
- Attendance management
- Integration with the University payroll system

The original Kronos project alone was \$2,643,000 with maintenance costs of \$816,000 for a total just under \$3,500,000.

The Kronos project is slated for implementation within FY2011-FY2013 for UW Medicine Health System, specifically Harborview Medical Center and UW Medical Center. The system will be deployed in cycles to all departments. The new Kronos purchase contracts for software, specialized hardware (badge readers) and implementation services will be in the amount not to exceed \$2,756,000 plus sales tax, resulting in an overall project investment cost of \$5,125,000. This investment better aligns UW Medical Center and Harborview Medical Center to healthcare best practices through increased Kronos functionality including advanced scheduling, leave management and attendance management (all components of Kronos which were not available in 2002).

Ongoing production costs (5 years maintenance and 2 years of support after implementation) are projected at \$3,811,000 through 2015. Projecting the production costs for the initial five years of operating new systems is a requirement of the state's Information Services Board.

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#### REVIEW AND APPROVAL:

Funding for the project is available from patient revenues and has been approved by the Harborview Medical Center Board and the UWMC Committee of the UW Medicine Board. The Washington State Department of Information Services and Information Services Board, which has oversight for information technology acquisitions by state agencies and institutions, will consider this proposed budget increase once it is approved by the Regents.

This request has been approved by the Chief Health System Officer, UW Medicine & Vice President of Medical Affairs, UW; the Interim Vice President and Vice Provost, UW Information Technology; and the Senior Vice President.

*Attachment*  
Project Budget

**WORKFORCE MANAGEMENT SYSTEM - KRONOS TIME & ATTENDANCE SYSTEM**  
**PROPOSED BUDGET**  
**(July 2010 through June 2015)**  
**Investment and Lifecycle Costs**

Investment costs include capital and operating dollars (rounded). Maintenance costs are ongoing. Once the system is live, production support costs are incurred.

<b>TOTAL PROJECT</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>Total Investment Cost</b>	<b>FY14</b>	<b>FY15</b>	<b>2-yr Support Cost</b>	<b>Total 5-year</b>
<b>Capital Expenditures</b>								
<b>Kronos Vendor Consulting</b>	\$120,000	\$460,000	\$140,000	<b>\$720,000</b>	\$0	\$0	<b>\$0</b>	<b>\$720,000</b>
<b>Kronos Hardware &amp; Software</b>	\$740,000	\$950,000	\$180,000	<b>\$1,870,000</b>	\$0	\$0	<b>\$0</b>	<b>\$1,870,000</b>
<b>Other Hardware &amp; Software</b>	\$40,000	\$40,000	\$30,000	<b>\$110,000</b>	\$30,000	\$30,000	<b>\$60,000</b>	<b>\$170,000</b>
<b>Total Capital</b>	<b>\$900,000</b>	<b>\$1,450,000</b>	<b>\$350,000</b>	<b>\$2,700,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$60,000</b>	<b>\$2,760,000</b>
<b>Operating Expenditures</b>								
<b>Internal Staff Labor</b>	\$467,000	\$1,114,000	\$557,000	<b>\$2,138,000</b>	\$425,000	\$425,000	<b>\$850,000</b>	<b>\$2,988,000</b>
<b>Kronos Operating (Training)</b>	\$40,000	\$100,000	\$26,000	<b>\$166,000</b>	\$20,000	\$20,000	<b>\$40,000</b>	<b>\$206,000</b>
<b>Other (QA, Non-Kronos Training, Travel, etc. )</b>	\$57,000	\$24,000	\$40,000	<b>\$121,000</b>	\$20,000	\$20,000	<b>\$40,000</b>	<b>\$161,000</b>
<b>Total Operating</b>	<b>\$564,000</b>	<b>\$1,238,000</b>	<b>\$623,000</b>	<b>\$2,425,000</b>	<b>\$465,000</b>	<b>\$465,000</b>	<b>\$930,000</b>	<b>\$3,355,000</b>
<b>Capital &amp; Operating</b>	<b>\$1,464,000</b>	<b>\$2,688,000</b>	<b>\$973,000</b>	<b>\$5,125,000</b>	<b>\$495,000</b>	<b>\$495,000</b>	<b>\$990,000</b>	<b>\$6,115,000</b>
<b>Maintenance</b>	\$278,000	\$551,000	\$651,000		\$664,000	\$677,000	<b>\$2,821,000</b>	<b>\$8,936,000</b>

ATTACHMENT