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B. Finance and Asset Management Committee

HR/Payroll Modernization Update

INFORMATION ITEM

This item is for information only

BACKGROUND

The Human Resources/Payroll (HR/P) Modernization project is a major, multi-year initiative to replace the University’s 33-year-old legacy payroll system with a modern, integrated HR/P system; this is essential to support the UW’s large and diverse workforce. The project was approved by the Board of Regents in February 2014, and the University selected the Workday solution as its new HR/P system. The new system will transform the University’s HR and payroll operations, significantly improve compliance, reduce risk, provide better data for decision making, and increase efficiencies across the institution. This project is the first step in a larger strategy to modernize the University’s administrative infrastructure.

In March 2015, the project Executive Sponsors reached a major decision not to move forward with initial plans to implement a biweekly pay cycle as part of the system implementation. This move was necessary because of the many complexities of the UW’s pay practices, along with difficulties in reporting employee compensation on a monthly basis to the state of Washington. The change resulted in a six-month delay in the launch of the new Workday system, which is now scheduled to go-live in June 2016.

RECENT DEVELOPMENTS

Over the past few months, there have been significant changes on the Human Resources/Payroll (HR/P) Modernization project. With the retirement of Senior Vice President V’Ella Warren at the end of July, Kelli Trosvig, Vice President for UW Information Technology (UW-IT) and CIO, became the project’s new Lead Executive Sponsor. The project also welcomed two new Executive Sponsors: Paul Jenny, Senior Vice President for UW Planning & Management and Lead Executive Sponsor on the Finance Business Transformation project; and Dave Anderson, Executive Director for the Health Sciences Administration, who also has a reporting relationship with Finance & Facilities. These two join the other Executive Sponsors: Cheryl Cameron, Vice Provost for Academic Personnel; Mindy Kornberg, Vice President, Human Resources; and Lori Mitchell, Chief Financial Officer, UW Medicine.
In addition, the project has new leadership with Aaron Powell, Vice President for Information Management in UW-IT, stepping in as Interim Executive Program Director. At the same time, a targeted search for a permanent Executive Program Director was initiated. The search is now complete and Aubrey Fulmer will be joining the team starting November 23. Aubrey has an extensive background directing the implementation and ongoing operational support of Human Resources, Benefits and Payroll systems, including leading a successful on-time, on-budget implementation of Workday’s Human Capital Management (HCM)/Payroll suite at the University of Chicago. Ryan McHugh, Senior Director for the Huron Consulting Group, joined the team as Interim Deputy Program Director. Through his position at Huron, Ryan oversaw the completion of a multi-campus PeopleSoft HCM implementation for the University of Wisconsin System. Sherry Steinaway, Director for UW Organizational Excellence, completes the leadership team as Program Change Director. Sherry has extensive experience throughout the University in designing strategic change, as well as leading educational and institutional people readiness efforts.

As part of the transition, a full evaluation of the project was conducted by an external consultant. The findings revealed several significant challenges, including lack of visibility across the seven interrelated projects crucial for go-live (Human Resources Information Systems, HR/P Modernization, HR/P Intersections, Academic Personnel, Medical Centers, School of Medicine and the Operating Model), inadequate coordination between those projects, and insufficient resourcing across the overall effort. As a result, it was determined that the projects were not making sufficient progress toward a June 2016 go-live, and the project status was moved to red.

In response, key mitigation steps were implemented, including: unifying the seven interrelated projects into a program, investing in a robust people-first change management approach, and redeploying resources to the program. An overview of these steps is provided in the sections below.

UNIFYING PROJECTS INTO A PROGRAM

To provide better coordination across all related Human Resources/Payroll projects, HR/Payroll Modernization is now operating as a program. This alignment delivers better support to the UW community in preparing for the transition to the new Workday system, and enables the University to fully realize the benefits of this change.

The program provides a unified approach to the HR/Payroll Modernization effort, bringing together all of the related projects, including Human Resources Information Systems, HR/P Modernization, HR/P Intersections, Academic Personnel, UW Medicine, School of Medicine, the Operating Model, as well as important stakeholder groups. The Operating Model project will implement a sustainable support model for the new
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Workday system once it goes live, and encompasses all of the organizations that will be supporting HR/P systems and processes.

An essential part of this new structure is the establishment of a centralized Program Management Office (PMO) that enables both technology and people-readiness through coordinated leadership. The PMO manages all of the HR/P projects, as well as the Test and Deploy and Integrated Change Management functions. The new program is headed by a Deputy Program Director and a Program Change Director, who report to the Executive Program Director. For a visual representation, see Attachment A, HR/Payroll Modernization Program Organizational Structure.

With the projects united under the PMO leadership, the new structure allows for better oversight across all aspects of the program, ensuring a unified approach to risk identification, management and mitigation, and better transparency and accountability. The program uses a single set of performance metrics across all projects to continually monitor status, risks and issues. These unified processes

INVESTING IN CHANGE MANAGEMENT

To support the transition to the new Workday system, the program’s change management effort is focused on a people-first approach that is designed to help units work effectively with the new system and business processes. The Integrated Change Management team has assigned Change Managers to guide academic and administrative units through a seven-step, people-centric process to ensure readiness across the University.

The Change Manager, working with an Instructional Designer and an Operations Support Manager, serves as the liaison between the units and the HR/P Modernization program. These teams focus on supporting academic and administrative units as they engage in the seven-step process. Their role is to optimize the capacity for change across the University, and to support units in maximizing the potential of the new Workday system.

The seven-step process was designed using best practices in the Change Management field, and includes gathering information, analyzing the current state, testing new processes from end-to-end, implementing new processes, and assessing the effectiveness of this approach. For a visual representation, see Attachment B, Seven Steps for People Readiness.

Each unit will complete the seven-steps in sequential order before the June 2016 go-live. Entrance and exit metrics will be used to determine when units are ready to move onto the next step; units may go through the steps at slightly different paces.
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Step One sessions are underway; they are designed to provide visibility into Workday processes, and to gather information on which individuals will be responsible for specific tasks in the Workday role structure. As soon as they have completed Step One, units can move onto Step Two. The goal is to have all units complete Step Two by December 29, in time for User Acceptance Testing in Winter Quarter.

RESOURCING FOR SUCCESS

To ensure appropriate support for the program, significant resources have been deployed from other University units, including UW Information Technology and UW Organizational Excellence. These resources were strategically selected to support key areas of the program essential for its success. They include: Project Management, Change Management, Instructional Design, and Operations Support.

This resource deployment is necessary, but will result in delays to existing UW-IT projects and diminished capacity to undertake other requests. UW-IT projects that will be impacted include: Undergraduate Admissions Modernization (transition UW Seattle undergraduate admissions to a streamlined, electronic and paperless process); Exchange Online General Availability (offer Exchange Online email and calendaring service to the entire UW community); Data Analytics and Reporting (expand the data available in the UW Enterprise Data Warehouse); Telecommunications Refresh project (upgrade the University’s legacy telecommunication infrastructure to enable modern functionality); Geographic Redundancy (replicate the University’s core applications in a different location to ensure business resumption after a disaster), as well as other service improvements and resiliency projects.

CURRENT STATUS - TEST PHASE

The program has now entered the Test phase, which will provide the comprehensive visibility needed to determine whether the program is back on track. Until this phase is completed, the program status will remain red.

During this phase, every process and function within the Workday system will be tested from end-to-end, including Time Reporting, and Benefits and Payroll. This phase also provides the first opportunity for the UW community to explore Workday’s look, feel and functionality. The Test phase began in September and will run until the Deploy phase in late spring. Throughout this phase, specific exit criteria and stage gates will determine the ability of the program to move forward.

CURRENT STATUS - BUDGET
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In February 2014, the Board of Regents approved a budget of $67.5M, which included a contingency of $10M. As of September 2015, the total projected expenditures through the December 2016 program end date is $60M, for an ending balance of $7.5M. This includes the use of $2.5M of the contingency funds.

<table>
<thead>
<tr>
<th>HR/P Modernization</th>
<th>Approved Budget</th>
<th>Spent to Date Sept 2015</th>
<th>Projected Spend</th>
<th>Projected Balance</th>
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<tr>
<td>Workday Consulting/Travel</td>
<td>$27,879</td>
<td>$16,176</td>
<td>$33,001</td>
<td>$(5,122)</td>
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<td>UW Project Implementation</td>
<td>$30,197</td>
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<tr>
<td>Total Implementation Costs</td>
<td>$58,076</td>
<td>$28,560</td>
<td>$59,958</td>
<td>$(1,882)</td>
</tr>
<tr>
<td>Contingency</td>
<td>$10,000</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Total</td>
<td>$68,076</td>
<td>$28,560</td>
<td>$59,958</td>
<td>$8,118</td>
</tr>
</tbody>
</table>

A further draw against the contingency is anticipated over the next 15 months to address additional costs.

A NEW APPROACH TO ADMINISTRATIVE TECHNOLOGIES

Workday represents the first large-scale Software as a Service (SaaS) program that the University has undertaken for its core administrative business systems. Under the SaaS model, software is licensed and hosted by a third-party, and capabilities are typically added with each release. This model is more cost effective, but the delivery of functionality occurs over time and customization is limited. In addition, this model requires standardization of business processes across the University, and the continual need to improve these processes with each software release.

When Workday goes live at the University, the system will start with core functionality, and then every six months the vendor will release major enhancements, continually delivering new capabilities. After each major enhancement the UW will optimize the system to best meet the University’s business needs. The benefit of this model is that functionality is continually updated by the third-party vendor throughout the life-cycle of the system.

This first implementation of a SaaS program creates a framework for continuous improvement that will enable the University to successfully integrate new technology in
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the future. By creating a framework for change and technology implementation now, the University is laying the foundation for future administrative modernization efforts.

TRANSFORMING HOW THE UW DOES BUSINESS

The HR/P Modernization program is one of the largest administrative initiatives ever undertaken at the University and is a key administrative priority. It will increase efficiencies across the institution, improve reporting and compliance, provide better data for decision making, and transform the way the University does business.

The new Workday system will enable people across the University to work better and smarter by having consistent, streamlined and modern HR and payroll practices, as well as user-friendly and intuitive online resources. The new system offers modern capabilities that will enable the UW to attract and retain the best people. It marks a major step in a larger effort to transform the UW’s administrative infrastructure to better support the University into the future.

With significant mitigating measures in place, the HR/P Modernization program now has the right structure, resources, and change management approach. The Executive Sponsors are committed to providing careful oversight and accountability, as well as continually evaluating the program and taking any necessary steps to ensure a successful launch of the new Workday system.

Attachments
HR/Payroll Modernization Program - Organizational Structure
Seven Steps for People Readiness
# HR/Payroll Modernization Program – Organizational Structure

**Executive Sponsorship Team for the Program**

- **Executive Sponsor** (UW-IT): Kelli Tronvig
- **Executive Sponsor** (Academic Personnel): Cheryl Cameron
- **Executive Sponsor** (UW HR): Mindy Kornberg
- **Executive Sponsor** (UW Medicine): Lori Mitchell
- **Executive Sponsor** (Planning & Management): Paul Jenny
- **Executive Sponsor** (Health Sciences): Dave Anderson

**Executive Program Director**

- **Aaron Powell**

**Deputy Program Director**

- **Ryan McHugh**

**Program Change Director**

- **Sherry Steinaway**

**Program Management Office**

- **Kelli Tronvig**, Lead Sponsor (UW-IT)
- **Cheryl Cameron**, Lead Sponsor (Academic Personnel)
- **Mindy Kornberg**, Lead Sponsor (UW HR)
- **Lori Mitchell**, Lead Sponsor (UW Medicine)
- **Paul Jenny**, Planning & Management
- **Dave Anderson**, Health Sciences

**Program Leadership**

- Program Leadership
- Program Teams
- Project Leadership
- Project Teams

**Integrated Change Management**

- **Integrated Change Management Leads**
  - Sara Pendergast
  - David Wooster (Team Workday)

**Change Management PM**

- **Marcus Hirsch**

**Training Specialist**

- **Jan Roylance**

**Enablement Specialist**

- **VACANT-TBD**

**Advisors to the Program**

- **Executive Advisory Group (EAG)**

**End-to-End Test Lead**

- Leah Williams (Team Workday)

**UAT Lead**

- **VACANT-TBD**

**Parallel Payroll Test Lead**

- Leah Williams (Team Workday)

**Release and Cutover Lead**

- **VACANT-TBD**

**Program Enablement Office**

- **Neil Mann**, Enablement Lead

**HR/P Modernization Project**

- **Program Manager**: Matt Huston
- **Technical Lead**: Jacob Morris
- **Functional Lead**: Jerry Heinz

**HR/P Intersections Project**

- **Program Manager**: Bill Shively
- **Technical Lead**: Richard Wylie (Team Workday)
- **Functional Lead**: Kevin Smith

**HR Info Systems Project**

- **Program Manager**: Joe Kittelson
- **Technical Lead**: Jim Smec
- **Functional Lead**: John Holtermann

**UW Med Centers Project**

- **Program Manager**: Curt Cohn
- **Technical Lead**: Greg Koster
- **Functional Lead**: Jan Sullivan

**School of Medicine Project**

- **Program Manager**: Anne Joazitis-Hole
- **Technical Lead**: Gary Lamb
- **Functional Lead**: John Mobley

**Operating Model Development**

- **Program Manager**: Tammy Munson
- **Technical Lead**: Susan Brown
- **Functional Lead**: Jan Sullivan

**Academic Personnel**

- **Program Manager**: Rhonda Forman
- **Technical Lead**: Annette Hunter
- **Functional Lead**: Walter Woods

**Training and Deployment**

- **Trainers (UW)**
  - T1: Doug Bushong
  - T2: Matt Huston
  - T3: Peter Walls
  - T4: VACANT-TBD

**Trainers (Team Workday)**

- T1: Jamie McElroy
- T2: Markia Woods
- T3: VACANT-TBD
- T4: VACANT-TBD

**HR/P Payroll**

- **Program Manager**: Cynthia Gale
- **Technical Lead**: Alin Hunter
- **Functional Lead**: Kevin Smith

**U. Services**

- **Program Manager**: Jan Sullivan
- **Technical Lead**: Alin Hunter
- **Functional Lead**: Walter Woods

**Training and Deployment Leads**

- **Kris Olson**, Test and Deploy Leads
- **Steve Fulmer**, Release and Cutover Leads

**Program Enablement**

- **Neil Mann**, Enablement Lead
- **Cynthia Gale**, Program Metrics & Reporting
- **Michelle Dumas**, Program Enablement

**Team Workday Executive Leads**

- **Steve O’Donnell**, IBM: VACANT-TBD
- **Steve O’Donnell**, Workday: VACANT-TBD
SEVEN STEPS FOR PEOPLE READINESS

Change teams will help academic and administrative units to prepare by engaging them in a seven-step process.

OPTIMIZING OUR PROCESSES AND WORK
- What could we do to optimize our new End-to-End Business Processes?
- What have we learned about this first cycle? How can that inform and improve future efforts?

EVALUATING OUR NEW WAY OF WORKING
- How well are our new End-to-End Business Processes working for us?
- How well are leaders prepared for leading and managing continuous change?

KNOWING WORKDAY
- Time for training and knowledge transfer

SEEING WORKDAY
- Time to test Workday and other impacted systems, and to share demos

WORKING IN WORKDAY
- What work happens in Workday and who does it?

WORKING WITH WORKDAY
- How does Workday fit into our End-to-End Business Processes?

PREPARING FOR NEW PROCESSES
- What actions can we take to mitigate the change impacts?
- Learning and using BPI