HCM Project Phase 3

Future HCM Service Delivery Model
Information Session #2

December 7, 2016
## Agenda

<table>
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<tr>
<th>Time</th>
<th>Topic</th>
<th>Facilitator(s)</th>
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<tr>
<td>10:00 AM</td>
<td>Welcome and Session Objectives</td>
<td>Trevor</td>
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<td>10:05 AM</td>
<td>Why Are We Doing This Project?</td>
<td>Trevor</td>
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<td>10:10 AM</td>
<td>Phase 3 Project Status</td>
<td>Marianne</td>
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<tr>
<td>10:15 AM</td>
<td>Future HCM SDM Project Approach</td>
<td>Marianne</td>
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<tr>
<td>10:20 AM</td>
<td>Future HCM Service Delivery Model</td>
<td>Julie S.</td>
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<td>10:30 AM</td>
<td>Future Responsibilities of Organizations Performing the HCM Processes</td>
<td>Julie S.</td>
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<td>10:45 AM</td>
<td>Future HCM SDM Key Benefits, End to End Process Overview</td>
<td>Chris</td>
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<td>11:00 AM</td>
<td>Tiered Service Delivery Support – Concept</td>
<td>Chris</td>
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<td>11:15 AM</td>
<td>Technology Update</td>
<td>Julie M.</td>
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<td>11:30 AM</td>
<td>Your Role in the Future HCM SDM Review Process</td>
<td>Chris</td>
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<tr>
<td>11:45 AM</td>
<td>Next Steps &amp; Wrap-up</td>
<td>Chris, Julie S.</td>
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<td>11:55 AM</td>
<td>Questions and Answers</td>
<td>All</td>
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Why Are We Doing This Project?

Our goal is to work collaboratively with schools and centers to understand Penn’s current HR/Payroll processes, identify commonalities across the University, and develop improvements that can make us more efficient while also enhancing compliance and improving information quality and access.

Rather than letting technology drive the process, we asked schools and centers to document their processes before we proceed to explore any technological options for new systems.

Our current HR/Payroll/Benefits processes are disjointed because the HR systems supporting the processes have no interface or are poorly integrated. (e.g. PeopleAdmin to PennWorks). We inventoried 98 systems/providers to support HCM and our legacy Payroll system is > 40 years old.

The last Penn employee engagement survey found that staff enjoy their work, but dislike University work processes. This project is aimed to address this issue.
Why Are We Doing This Project?
Maturity Model Exercise

The Steering Committee all felt that there is room for improvement to move to Strategic Partner or even Next Generation in all shared services dimensions.

<table>
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<tr>
<th>Element</th>
<th>Elementary</th>
<th>Emerging</th>
<th>Strategic Partner</th>
<th>Next Generation</th>
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<tbody>
<tr>
<td>Strategy</td>
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<td>Service Delivery</td>
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<td>Organization &amp; People</td>
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<td>Technology &amp; Infrastructure</td>
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*Expected Improvement*
## Why Are We Doing This Project?

### Governing Principles

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<th>Guiding Principle</th>
<th>Example</th>
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<tbody>
<tr>
<td>Think “One Penn”</td>
<td>• Do what is best for the University, not just for one school or center.</td>
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<td>• Be transparent, collaborative and inclusive.</td>
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<td>Adopt, Don't Adapt</td>
<td>• Change the HCM process, not the software – (Any HCM software customization should deliver 10x value to cost).</td>
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<td>Keep It Simple</td>
<td>• Minimize the HCM data entry and modifications of the same information and shared data fields in multiple systems.</td>
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<td>• Utilize one HCM technology to enable efficient and uniform processes University-wide.</td>
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<td>Be Accountable</td>
<td>• Every HCM data source, process, procedure, and policy requires an owner.</td>
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<td>Strive for Clarity</td>
<td>• Agree on consistent HCM terms such as headcount or employee transfers.</td>
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<td>Innovate and Improve</td>
<td>• Consider new approaches and ideas.</td>
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<td>• Monitor and measure HCM services for quality and efficiency, and take corrective action, if needed.</td>
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Why are we doing this project?
SDM: Transforming HR from Transactional to Strategic

- More strategic focus - HR as a business partner
- Added value through a more consultative and analytical role
- Minimize transactions (Employee and Manager Self-Service)
HCM Project Phases

**Phases 1 & 2**
*(Completed)*

- Analyze 4 Current Processes
  - Detailed Process Documentation
    - Recruiting
    - Hiring
    - Onboarding
    - Labor Distribution
  - Recommendations
    - Improvement Opportunities
  - Path Forward

- Baseline As-Is HR / Payroll Operations
  - High-Level Process Flows
    - Rest of HR and Payroll Processes
  - HR / Payroll Operations Analysis
    - Activity, Staffing and Cost Analysis
    - Current HR Technology Assessment
    - Peer Comparison
  - Path Forwards

**Phase 3**
*(Current)*

- Future State HR / Payroll Design and Planning
  - Penn Future State HCM Service Delivery Model
  - HR / Payroll Requirements Definition
  - Vendor Evaluation / Selection
  - Implementation Roadmap
    - People
    - Process
    - Technology
  - Business Case

**Multi Year Phases**
*(Future)*

- Approve & Implement HCM SDM Roadmap
  - HCM Project Approval
  - Technology enabled HCM Process Reengineering (People, Process, Technology)
    - Design
    - Build/Test
    - Roll-Out
    - Operate

**HR / Payroll Process & Tech Improvements**

- Opportunities Prioritization
- Process & Technology Implementation
- Further Investigation of Select Opportunities

**Communications Plan**

**HR / Payroll Process & Technology Improvements**

- Onboarding Redesign
- Transactional HCM Policies & Procedures Improvements
- Late Pay & Additional Pay Improvements
- Recruit & Hire Improvements

**Change Management & Communications**
Overall Phase 3 Project Status

Where are we?

2016

Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul

Phase 3

Future State HCM SDM
11/14

HR/PR Requirements Definition
11/18

Vendor Evaluation & Selection
2/10

Implementation Roadmap
2/24

Business Case
2/24

Process & Technology Improvements
2/24

Change Management
2/24

Phase 3 A

Business Case Revision/Executive Alignment
5/24

Negotiations/Executive Alignment/Approval
5/24

Phase 4 Planning: Sequencing/Resourcing/Outline Work Plan
5/24

Process & Technology Improvements
5/24

Change Management: Plan for Change
5/24

Kickoff – Phase 4 Wave 1

P&T Imp.

Change Mgt.

Overall Status

On-track

Critical

we are here
Future HCM SDM Approach

Create Foundation for Decision Making
- Develop Foundations Work Session materials using baseline data and external peer reviews
- Conduct Foundations Work Session(s)
  - Validate alignment of University-wide strategy with School/Center, Provost, DHR, DOF & ISC Objectives
  - Discuss Trends in HCM SDM
  - Develop HCM Guiding Principles
  - Agree on HCM Governance Model to manage process, technology and organizational change
  - Determine strategy for obtaining executive level commitment

Analyze HCM SDM Options
- Identify future HCM service level objectives (Performance Measurements)
- Conduct HCM SDM Options Work Session(s)
  - Automate vs. eliminate
  - In-source vs. outsource
  - Shared service vs. decentralize
  - Determine future responsibilities of organizations (Schools/Centers, Provost, DHR, DOF & ISC) involved in performing the HCM processes

Develop Future HCM SDM
- Develop “to-be” end-to-end HCM process vision
- Assess potential change impact to current organization structure
- Document where technology can improve baseline processes
- Identify high-level “to-be” HCM performance measures
- Conduct Future HCM SDM Work Session to agree on recommendations

We are here in our approach
The Future HCM Service Delivery Model supports the following:

- Facilitate alignment of schools’ and centers’ HR strategic goals with the University’s mission (Penn Compact 2020)
- Enable schools and centers to focus on consultative and strategic HR activities and less on transactional processing
- Improve ability to manage talent university-wide
- Extend HR’s ability to predict outcomes, diagnose problems and prescribe actions for staff and faculty
- Increase efficiency and effectiveness by leveraging new cloud-based HCM technology
Future HCM Service Delivery Model

- Ultimate client
  - Uses Self-Service to process HR Transactions
  - Leverages School/Center staff, Provost, DOF and DHR for assistance with HR related inquiries

- Provides Strategic and Consultative HR Services to Faculty, Staff, Schools/Centers and Other Affiliates

- Facilitates faculty appointment through post-retirement
- Oversees HCM administration of post-docs and graduate students

Two roles -
- Client of Central Services (Provost, DHR and DOF)
- Provides services to Faculty, Staff, and Other affiliates for their Schools/Centers

- Executive reporting / internal controls / tax

- HCM Tiered Service Delivery Support
- Executes and Coordinates End-to-End HCM Transactional Services (includes Payroll & Post doc benefits administration)
Future HCM Service Delivery Model – Key Organizational Responsibilities (1 of 3 pages)

- Tenure & faculty appointments
- Compensation strategy
- Activity reporting
- Faculty mentoring / Career Development
- Work-life balance
- Diversity search advisors
- Post doc, graduate and other student policies
- Faculty retirement
- ISSS Services

*Talent Management is defined as Workforce Planning, Career Development & Organizational Development and Learning.*
Self-Service, for example
- Time & attendance / scheduling
- Employee profile maintenance
- Benefits enrollment / life event changes
- Performance management

Strategic/Consultative:
- Diversity planning
- Budgeting & reporting
- Staff & labor relations
- Coaching & counseling
- School specific HR planning
- Recruiting
- Labor planning & forecasting
- Talent management*

Transactional:
- Salary allocation updates
- Core HR Data Management
- School/Center specific onboarding
- Activity reports
- Time management
- Performance management
- Compensation

*Talent Management is defined as Workforce Planning, Career Development & Organizational Development and Learning.
• Composed of representatives from Schools, Centers, Provost and EVP
• Guides the University in achieving its HCM Service Delivery vision
• Provides sponsorship of initiatives that continuously improve HCM Service Delivery
• Enable the schools and centers to focus on Inclusion, Innovation and Impact by aligning the HCM activities with university-wide strategic goals and monitoring HCM Service Delivery performance

- 1st level HCM support
- Execution & coordination of HCM transactions:
  - Position management
  - Foreign National / Non-Resident Alien
  - University-wide Onboarding
  - HCM records management
  - Benefits administration including Post Docs
  - Performance management
  - Time management

- Payroll processing
- HCM systems support / releases
- HCM vendor integration / management
- Compliance & reporting
- Policies & procedures repository
- ISC coordination
- HCM Performance Measurements & Monitoring
- Student employment services
Future HCM Service Delivery Model – Key Benefits

- One stop shop – one place to go to answer HCM questions in a timely manner
- Quicker turnaround with consolidated system
- One source of information increasing data integrity
- Integrated Recruitment with Core HCM System
  - One point of data entry (e.g. Personal data entered by candidate)
- Integrated Benefits Administration with Payroll
  - Decreased lag time for enrolling/changing benefits
Future HCM Service Delivery Model – End-to-End HCM Process Overview

1. School/Center Strategic Planning
   2. Staff
      2.1 Source & Select
      2.2 Onboard (University-wide)
      2.3 Onboard (School Specific)
      2.4 Coach, Develop & Promote
      2.5 Rewards & Recognition (Staff)
   3. Faculty*
      3.1 Search & Appoint
      3.2 Onboard (School Specific)
      3.3 Mentor, Reappoint & Promote
      3.4 Rewards & Recognition (Faculty)
   4. Other Affiliates**
      4.1 Source & Select
      4.2 Onboard (University-wide)
      4.3 Onboard (School Specific)
      4.4 Coach, Develop & Promote
      4.5 Rewards & Recognition (Staff)
      4.6 Rewards & Recognition
      4.7 Rewards & Recognition (Faculty)

2. Reporting & Workforce Analytics
3. Manage Information, Maintain Records & Self-Service
4. Access & Authorizations
5. Salary Allocation Planning & Updates

* Faculty ‘swim lane’ includes Post Docs and Graduate Students
**Other Affiliate sub-categories include – Student Workers, Temporary Staff and Visiting Scholars. Additional affiliate population in consideration to be included in HCM Scope – Contractors, UPHS L&D integration, Applicants/Job seekers and non-working students.
HCM Tiered Delivery Support Concept

**Tier 0**
Employee and Manager Self-Service
- Interactive Voice Response (IVR)
- Portal

% of Contacts 80%

**Tier 1**
Customer Service Reps
- Provides employee support, processes simple transactions
- Handles FAQs
- Conducts basic research

**Tier 2**
Subject-Matter Experts
- Provides complex solutions and transactions
- Administers policy
- Conducts in-depth research
- Resolves issues

**Tier 3**
Strategists
- Develops policy and strategy
- Provides policy interpretation, operational oversight
- Conducts employee sat surveys

All Employee Access

80%

18%

Analysis
Functional HCM Requirements and Software Vendor Selection:

- Functional requirements were reviewed and completed.
  - Functional requirements were sent vendors in advance of RFP distribution date which was Friday, December 2 to allow vendors more review time.

- Developing RFP documents to Software Vendor, Systems Integrator, Project Management are underway with Procurement.

- Planning for software selection and scripted vendor demonstrations is also underway.
High Level HCM System Architecture – As-Is

Payroll/HR – High-Level Flow (HCM System)
- Systems: High Priority (Expected Early Movers), ISC/HR/Compmaker/Ctr. HR/Payroll Systems
- Systems: Other HR/Payroll Systems currently being used (not meant to be all-inclusive)
- Unmarked systems: External Vendor Systems or University Wide Applications

External Vendors
- Benefit Providers (e.g., Aetna)
- Cigna
- Wells Fargo
- Other Vendors Used for Recruiting/Onboarding (e.g., EcomJobs, MeshJobs, HERC)
- Vanguard
- JAT
- IRS
- Income & Benefit Solution
- Equifax (TALX, ACA, Unenroll, Ee-Verify)
- KnowledgeLink (SuccessFactors)

Other HR Systems
- PeopleAdmin
- PeopleAdmin Faculty
- HR Manager
- HR Application Portal
- Other HR External Vendor Interfaces (e.g., Care.com, Direct Employers)

HR Systems
- Central Payroll/HR
  - Penn Way
  - PennWorks
  - Salary Mgmt. (Mainframe)
  - OTR Time Reporting (Mainframe)
  - PTO
  - ETimesheet
  - Position Inventory (Mainframe)
  - Payroll/Personnel (Mainframe)
  - Penn Mgmt.

Other Penn Systems
- BEN Financials
- Penners/Maximus
- Penn People
- Student Employment
- Sch/Ctr Recruiting/Onboarding Systems
- Student Loan Office
- Penn Emeritus
- UPHS
- Pennitron
- Lawton UPHS
- KnowledgeLink (SuccessFactors)
- System Sources:
  - Data Other than HR/Payroll
    - Multiple Systems Included – some of which contain Data Other than HR/Payroll (e.g., Student Data, Research, UPHS)

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High Level HCM System Architecture – To-Be

HCM System
Initial To-Be includes following functionality:
- Recruiting (both Staff and Faculty)
- Onboarding
- Time and Attendance (timesheets and Leave)
- Core HR Administration including Salary Increases
  - Payroll
- Salary Allocations (labor distribution)
- Position Inventory
- Employee and Manager Self-service
- Faculty Appointments
- Benefits Administration (Employees & Post-Docs)
- Reporting and Workforce Analysis

Future To-Be functionality:
- Possibly some worker H&S Systems
  - Student Employment
  - Talent Mgmt
- Learning/Development (UPHS/students - TBD)
- Penn People (Students - TBD)
- PennWay (UPHS – TBD)
- Compensation Module (e.g market analysis)

*Note: High-Level Multi-Phase To-Be Flow (HCM System)
--- (Dashed) – Depends on HCM vendor if needed (some provide functionality in system)

External Vendors – some of these may be Partners (not requiring rewrite integrations)
- Benefit Providers for Remittance (e.g H&W, LTD, LTC, Retirement (e.g. Aetna, BG, Vanguard, T/C, etc.)
- Additional Benefit Vendors if outsourced (e.g. FSA, Cobra, Help line, Computer Benefits)
- Tax Locator (similar to BSI)
- Tax Reporting (e.g. IRS, State PA, Non-Res Alien, etc.)
- Financial Institution Integrations (e.g. Wells Fargo, Credit union)
- Payroll Calculations – possibly global payroll needs
- Payroll Disbursement vendors – check printing, paycard administration
- Other HR Vendors (e.g. I-9, E Verily, Clean Address, Care.com, Direct employers)

KnowledgeLink (SuccessFactors)

System Sources Data Other than HR/Payroll
(e.g. Student Data, Research, UPHS)

Multiple System included
- Some of which contain Data Other than HR/Payroll (e.g. Student Data, Research, UPHS)
- May be Replace with Payroll Verifications

Possible Future Implementation Phases

NOTE: All Future To-Be Integrations Dependent on Delivered Functionality of HCM Vendor. Functionality in one vendor may differ from others, and finalized product will need to be determined after Vendor Selection
Your Role In the Future HCM SDM Review Process

- Today’s session information will be emailed to you this afternoon.

- Please review the information and prepare a list of any questions you may have with presenting the material by end of day on Monday, 12/12/16. Submit your questions to the HCM Project Team at hcm-announcement@upenn.edu.

- A Questions & Answers conference call(s)? with the HCM Project Team will be held on Tuesday, 12/13/16. Details on the call will be provided to you soon.

- Review the document your with Subject Matter Experts in your School or Center. This is your first opportunity to show your support for the project and act as a “Change Champion” for your organization.

- Provide the HCM SDM Project Team with feedback on how the future HCM SDM works (or doesn’t work) for your organizations by Friday, January 6th. Submit your feedback in writing the HCM Project Team at hcm-announcement@upenn.edu.
Next Steps and Wrap-up

Sep 12 – Oct 21
Analyze HCM SDM Options

Sep 29th
Oct 12th

Oct 24 – Nov 18
Develop Future HCM SDM

HCM SDM Review Team Info Session #1 Oct 26th

Nov 10th

HCM SDM Review Team Info Session #2 Dec 7th

Dec 5
Dec 12
Dec 19
Dec 26
Jan 2
Jan 9
Jan 16
Jan 23

Q&A Prep Session With HCM Project Team Dec 13th

HCM SDM Review Team to Provide HCM Project Team Feedback Jan 6th

Q&A HCM Project Team Reviews Q&A Feedback with HCM Sponsors Dec 21st

Q&A HCM Project Team Reviews Feedback with HCM Sponsors Jan 26th