



STATE OF ARIZONA

HRIS FEASIBILITY STUDY DRAFT

WORKING DRAFT

February 23, 2018



ADOA

ARIZONA DEPARTMENT OF ADMINISTRATION

1 Executive Summary

Reference: Task Order element 3.1.2(a)

The Arizona Department of Administration (ADOA) has engaged Accenture to complete a feasibility study of the current HRIS system(s) to identify improvement opportunities, options, and a recommended roadmap on how to proceed with HRIS investments that are aligned with the State's business imperatives and industry leading practices. In developing this report, Accenture carefully considered the State's strategic direction to operate efficiently as guided, in part, by the Arizona Management System and Cloud First initiatives. As such, Accenture conducted numerous business process workshops with ADOA and State agencies, including the Department of Public Safety (ADPS), to identify improvements, innovation and HRIS options that the State should consider in both the short and long term.

To develop this study Accenture undertook a robust data gathering effort and gained many insights into the State's opportunities, challenges and current state. Based on reviews of State strategic plans, interviews, As-Is/To-Be workshops, current state analysis, future state possibilities, market research and Accenture's industry and domain experience, we have identified a recommended roadmap for HRIS investment options that would enable the State of Arizona to:

- Deliver more efficient and cost-effective employee services and better attract talent and workforces of the future
- Achieve improved business outcomes and HR performance
- Standardize business process and realize more efficient methods for conducting HR work.
- Improve current, prospective and retired employee experiences
- Optimize scheduling and deploying 24x7 workforces, such as public safety and health and human services employees
- Modernize technology system investments pragmatically and address the State's most pressing HR business needs in a phased approach based on value and alignment with State imperatives.
- Capitalize on advanced technologies to modernize and optimize how work is done using Robotic Process Automation
- Establish Human Resource workforce decision support analytical capabilities for more effective HR and workforce decisions
- Unify the agencies statewide so that individual agencies, like DPS, have the functionality they need to not operate in silos. Reduce on-going system maintenance effort and cost

1.1 Our Findings

The findings in this Final Report document information from Accenture's interim Initial report and add details of the "as-is" vs. "to-be" system, detailed evaluation of business processes and the remaining elements identified in the Task Order.

There were three key themes we identified as we gathered information for this study; manual processes that could be standardized and/or automated, shared services that are applicable for all agencies and that can be modernized, and siloed governance that can be broadened.

Manual Processes

Accenture has conducted twenty-one executive interviews and sixteen business process workshops with the individual ADOA HR functional areas, including, MAP, Benefits, HRIS, Recruiting, Classification & Compensation, as well as sub-agencies including ADPS, ADES, ADVS, ADC and other State of Arizona agencies. We identified that many HR procedures are manual, for example the use of multiple types of Personnel Action Forms that are physically and not electronically executed or tracked with case management. ADPS, in particular, has many manual processes that are happening outside of their HR system and are creating an urgent need for action.

Additional issues and challenges in processes are largely the same across agencies and include, for example, incomplete applications, excessive handoffs, internal review loops, and a lack of overall tracking. Many of the manual processes could lead to slower responses to citizens and businesses, processing errors and difficulty in detecting fraud, waste and abuse.

Shared Services

Establishing and operating effective and efficient HRIS shared services positions the State to be more economical with its spend on administrative systems. Optimizing State technology investments is accomplished by achieving the maximum number of users or agencies that can use those services. To date, the State has made great stride in establishing shared services through its functions within DOA. In this study Accenture identifies additional opportunities for HR innovation and automation that could further the State's goal of establishing Shared Services for all agencies.

Governance

There are many HRIS decisions on the horizon that will require strong governance from ADOA and the agencies. As HRIS Shared Services evolves, some areas that will require broad support include how to establish data for one "source of truth", make HRIS system investments in innovation that benefit the whole State, how to modernize and optimize technology architecture, where to improve HR shared services and processes, and how to address HRIS issues.

1.2 Key Factors to HRIS standardization and modernization

Based on our findings and Accenture's experience with other organizations' HRIS modernization projects, we have identified the following 10 key factors for Arizona as the State undertakes standardization and modernization efforts.

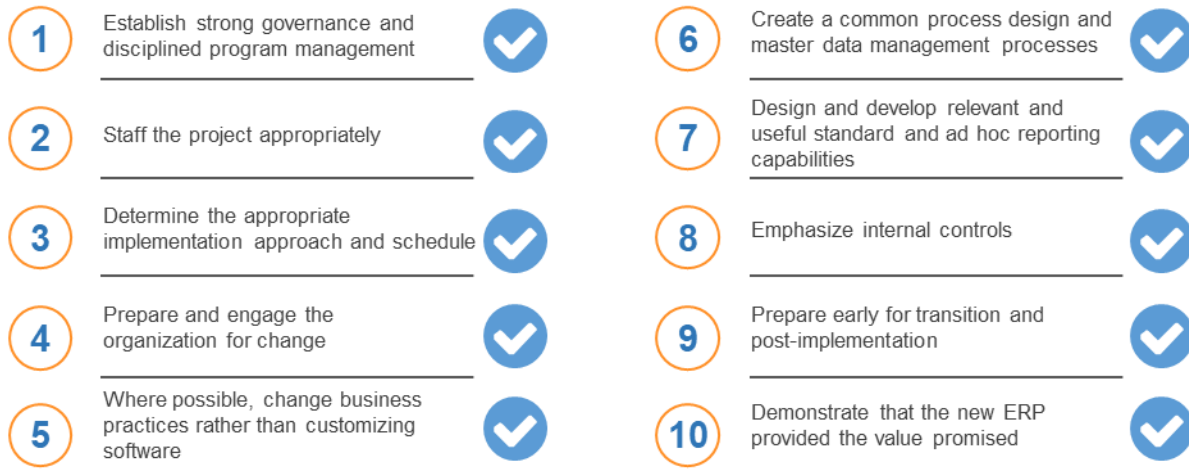


Figure 1: Key Challenges with the Arizona HRIS Modernization effort

1.3 HRIS System Options Recommendation

Based on the business needs and current state of the HRIS, our recommendation is that Arizona pragmatically undertake a series of initiatives to improve HR business processes and implement or modernize HRIS technologies. Accenture has identified and evaluated six HRIS options to address the HR needs of the State; these range from continuing with the current HRIS vendor system to modernization using state-of-the-art Cloud based solutions. Based on our analysis, our recommendation(s) is to pursue option number six as illustrated in the Options analysis (figure 2) below. However, we are also recommending that the State invest in an upgrade of Lawson to version 10 to maintain current support of the Lawson vendor software in the near term:

1. Establishing a statewide governance model for HRIS that is inclusive of agencies in HRIS innovation, standardization and modernization decisions and actions.
2. Implement business process improvements and standardization for the state agencies across ten Human Capital Management domains.
3. Using a phased approach, procure and implement modernized core HRIS functionality from a single Cloud vendor and acquire and implement best-of-breed Cloud vendors capabilities for the extended functionalities. The core HRIS functionalities are Human Resources, Position Control, Benefits Administration, Payroll, and Time and Attendance. The extended functionality includes Learning, Recruiting, Scheduling and Time Capturing, and Performance Management.

The following are suggested phased executable paths to achieve Option 6:

1. Short-term - Upgrade to Lawson version 10 to keep existing statewide HRIS current and to provide time to procure a solution that aligns with the State's longer view of technology in the future.
2. Medium-term - Automate priority HCM business processes by implementing Cloud solutions to initiate early realization of benefits for Learning, Performance Management, and Scheduling and Time Capturing. This includes any early or incremental changes needed to support the ADPS business.

3. Longer-term - Procure and implement a Cloud solution for core HRIS functionality

	Tech Align	Process Align	Org Align	User Exp	Cost	Time	Imple Risk	Total	Value Rating
Option 1 – No Business Process Improvements & Maintain Current System Version(s)	0	0	1	1	1	4	4	11	1.6
Option 2 – Business Process Improvements and Maintain Current System Version(s)	1	2	2	2	2	3	4	16	2.3
Option 3 – Business Process Improvements and Upgrade to v10 of Lawson	2	2	2	2	3	3	3	17	2.4
Option 4 – Business Process Improvements and Implement v11 of Lawson	3	3	3	3	4	2	1	19	2.7
Option 5 – Business Process Improvements and Implement New HRIS with no CloudFirst	3	4	3	3	2	1	1	17	2.4
Option 6 – Business Process Improvements, Step Solutions and CloudFirst	4	4	4	4	3	1	1	21	3

Figure 2: Options Analysis

1.4 Costs

1.4.1 Implementation Costs

Most cloud HRIS solutions require specialized consulting skills to implement. These skills include project management, functional and technical specialists, and integrations specialists. Additionally, the state will need to provide key staff to support the implementation and several of these positions will need to be “back filled” to allow the resources to focus on the implementation.

These costs are estimated, based on Accenture’s experience scoping and implementing cloud solutions for state governments, as follows:

- Full suite HRIS roadmap implementation consulting fees: \$20MM - \$30MM
- Internal labor costs plus backfill(s): \$10MM-\$15MM

1.4.2 Roadmap and Timeline

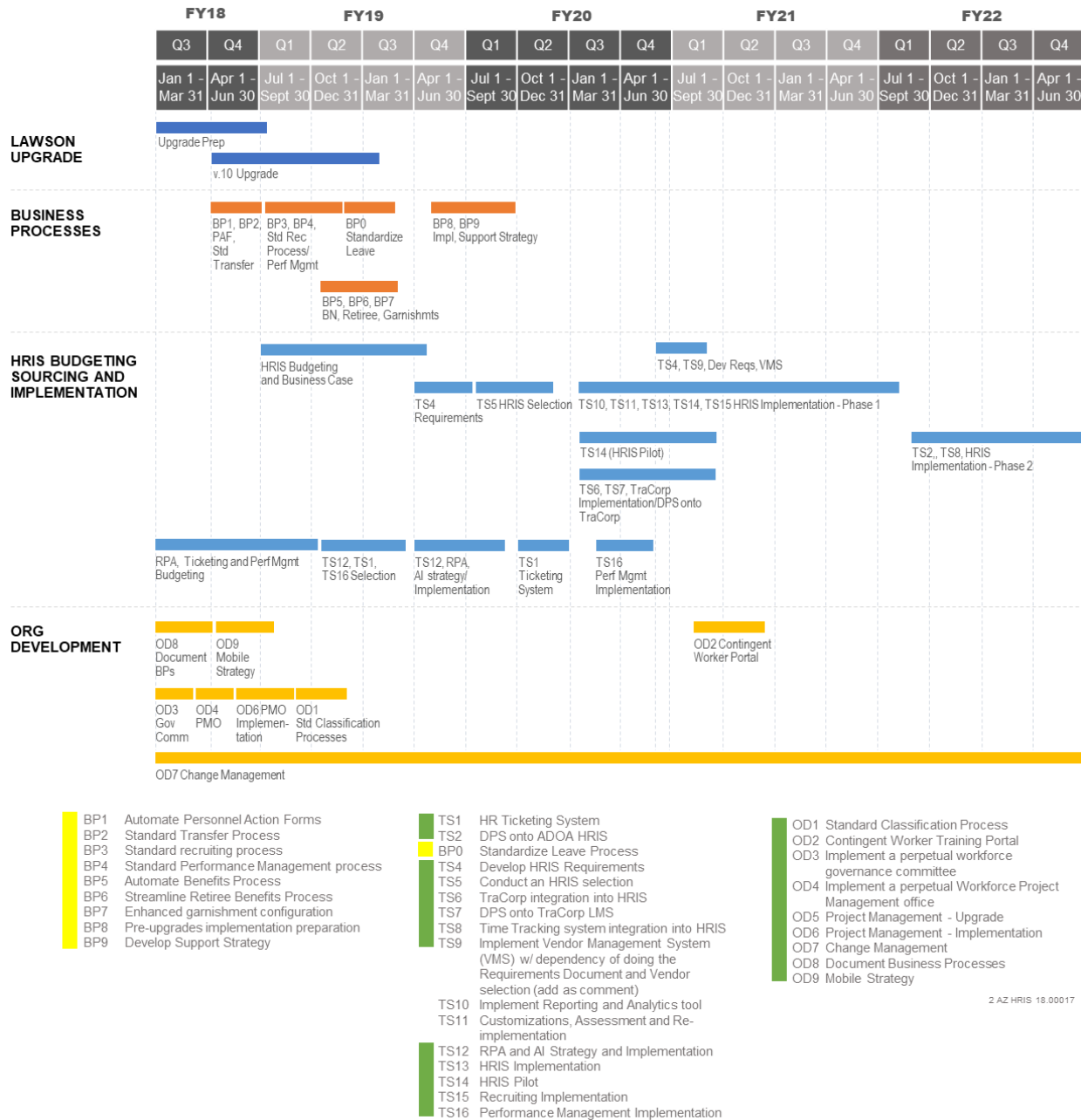


Figure 3: Implementation Roadmap