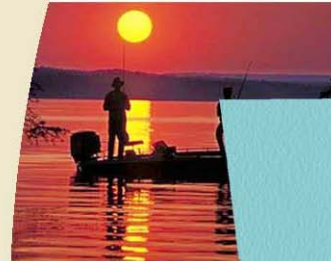




# Commission for a New Georgia

**Administrative Services Task Force**

***April 13, 2004***



# Administrative Services Summary of Findings

## *Supporting Industry Best Practices:*

- *Industry Best Practices defines Operational Excellence as the ability to improve efficiency by 8-10% per year while improving service*
- *Applying Operational Excellence practices could save the State up to \$1B*



# Administrative Services Summary of Findings

## *Supporting Industry Best Practices:*

- *Industry Best Practices defines Operational Excellence as the ability to improve efficiency by 8-10% per year while improving service*
- *Applying Operational Excellence practices could save the State up to \$1B*

## **We spend greater than:**

- \$400M annually for Administrative (government to government) services....that has a fragmented governance structure and a poor reputation for service
- \$4B annually to procure goods and services with limited visibility to maximize purchasing power
- \$15M more annually for HR functions than we did 8 years ago
- \$400M annually on information technology with a limited capability to manage and monitor the effectiveness of the investment

## **We also own \$14B in assets with fragmented stewardship**



# Administrative Services Summary of Findings

## *Supporting Industry Best Practices:*

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**We also own \$14B in assets with fragmented stewardship**

***The Administrative Services Task Force identified potential savings of...***

**\$700 Million of a potential target of \$1B**



# Administrative Services – Current State

## DOAS

- Procurement
- Risk Mgmt
- Lease Mgmt
- Mail/Courier
- U.S. Post Office
- Central Supply
- Fiscal Services (Pass Through)
- Fleet Mgmt
- Small Bus. Development
- Copy Services

## GTA

- Financial Services
- Human Resources
- Operations
- Telecom/ Network
- IT Planning/ Policy/ Oversight/ Standards/ Audit
- GaNet
- IT Procurement
- Security
- PMO/ Portfolio Mgmt

## GBA

- Property Mgmt
- Tenant Services
- Food Services
- Fleet/Transport (also in DOT, DNR, PSC)

## GMS

- Workforce Development (Train/Customer Support)
- Benefits (also in DCH, ERS, TRS, DOAS)
- Recruit/Staff
- Personnel Policy
- Compensation/ Rewards
- Job Matching



# Administrative Services – Current State



- **Procurement**
- Risk Mgmt
- Lease Mgmt
- Mail/Courier
- U.S. Post Office
- Central Supply
- Fiscal Services (Pass Through)
- Fleet Mgmt
- Small Bus. Development
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- Financial Services
- Human Resources Operations
- Telecom/ Network
- IT Planning/ Policy/ Oversight/ Standard Audit
- GaNet
- **IT Procurement**
- Security
- PMO/ Portfolio Mgmt

- Property Mgmt
- Tenant Services
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- Workforce Development (Train/Customer Support)
- Benefits (also in DCH, ERS, TRS, DOAS)
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- Job Matching

**Fragmented function**

**DOAS and GTA split the responsibility for a fragmented procurement function**



# Administrative Services – Current State



- Procurement
  - Risk Mgmt
  - **Lease Mgmt**
  - Mail/Courier
  - U.S. Post Office
  - Central Supply
  - Fiscal Services (Pass Through)
  - **Fleet Mgmt**
  - Small Bus. Development
  - Copy Services
- Financial Services
  - Human Resources
  - Operations
  - Telecom/ Network
  - IT Planning/ Policy/ Oversight/ Standards/ Audit
  - GaNet
  - IT Procurement
  - Security
  - PMO/ Portfolio Mgmt

Fragmented function

Fragmented function

- **Property Mgmt**
  - **Tenant Services**
  - Food Services
  - **Fleet/Transport (also in DOT, DNR, PSC)**
- Workforce Development
  - Recruitment/ Staffing
  - Personnel Policy
  - Compensation/ Rewards
  - Job Matching

Highly fragmented Asset Management function

Fragmented function



# Administrative Services – Current State

## DOAS

- Procurement
- Risk Mgmt
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## GTA

- Financial Services
- Human Resources
- Operations
- Telecom/ Network
- IT Planning/ Policy/ Oversight/ Standards/ Audit
- GaNet
- IT Procurement
- Security
- PMO/ Portfolio Mgmt

Limited authority over employee lifecycle

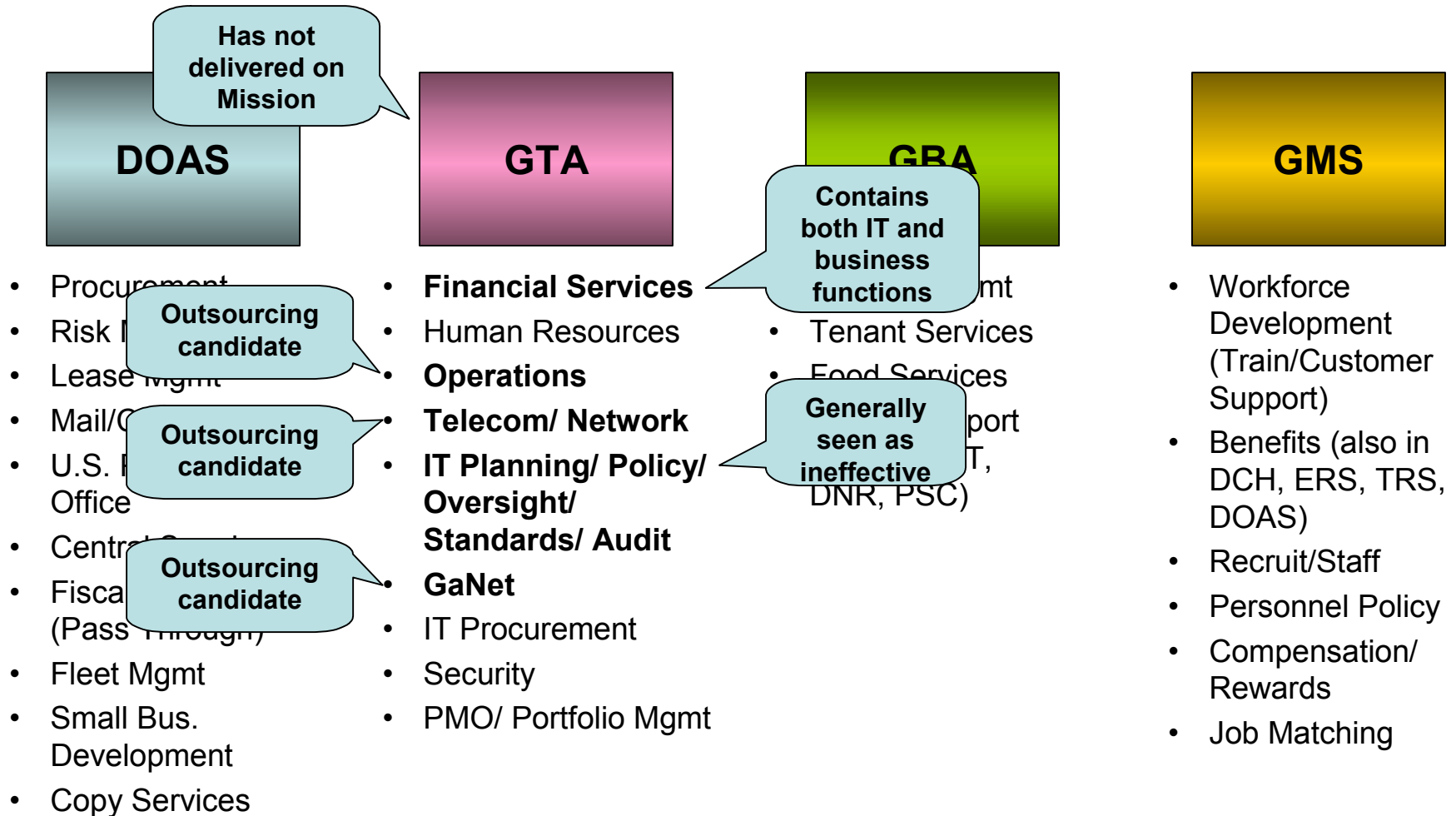
## GMS

- Property Mgmt
- Tenant Services
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- Fleet/Transport (also in DOT, DNR, PSC)
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- **Benefits (also in DCH, ERS, TRS, DOAS)**
- Recruit/Staff
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- Job Matching

Highly fragmented Benefits Administration



# Administrative Services – Current State



# Recommendation – Governance

*Functionally align administrative services to promote clear policy making authority and enforcement, defined accountability, and customer focused operations*

## Administration

### Asset Mgmt

- Lease Mgmt
- Property Mgmt
- Tenant Services
- Fleet Mgmt
- Equipment

### Procurement

- Sourcing
- Contract Mgmt
- Vendor Performance Mgmt

### Common Services

- Mail/Courier
- Central Supply
- Copy Services
- Food Services

## Technology

### IT Value Management

- Enterprise IT Policy
- Enterprise IT Standards
- Enterprise IT Planning
- Portfolio Mgmt
  - Key project reviews
  - IV&V
- Center for Innovation

### Products/Services

- Enterprise Applications
- Computer Operations
- Telecommunications
- Help Desk – Level 1

## Human Resources

### Human Capital Mgmt

- Workforce Strategic Planning
- HR Policy
- Recruiting
- Job Matching
- Leadership Development
- Workforce Development
- Succession Planning
- Central HR (Transactional HR)

### Benefits

- Benefit Administration
- Compensation/ Rewards

## Financial

### Financial Services

- Financial Mgmt
- Risk Mgmt
- Planning & Budget
- Investment Services

### Payroll

- Policy
- Administration

## Agencies

### Agency Level

- Administration
- Technology
- Human Resources
- Finance
- Operations

## Savings Initiatives

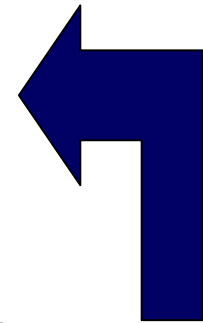
- Organizational Realignment = \$3-5M



# Governance - Organizational Structure Option 1

COO

CFO



## Administration

### Asset Mgmt

- Lease Mgmt
- Property Mgmt
- Tenant Services
- Fleet Mgmt
- Equipment

### Procurement

- Sourcing
- Contract management
- Vendor performance

### Common Services

- Mail/Courier
- Central Supply
- Copy Services
- Food Services

## Human Resources

### Human Capital Mgmt

- Workforce Strategic Planning
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### IT Value Management

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### Products/Services

- Enterprise Applications
- Computer Operations
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- Risk Mgmt
- Planning & Budget
- Investment Services

### Payroll

- Policy
- Administration

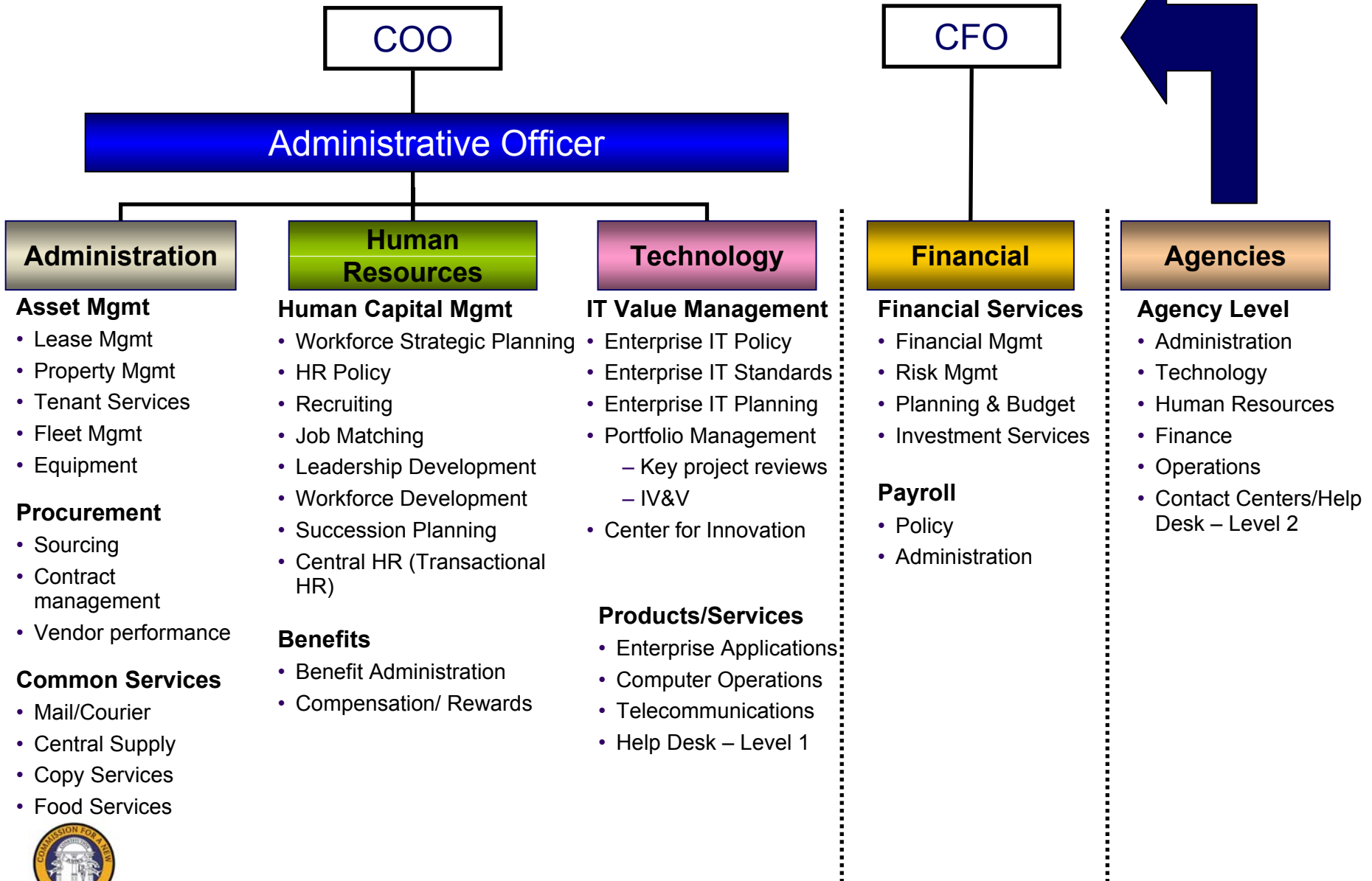
## Agencies

### Agency Level

- Administration
- Technology
- Human Resources
- Finance
- Operations
- Contact Centers/Help Desk – Level 2



# Governance - Organizational Structure Option 2



# Recommendation - Procurement

***Create a more efficient and service-driven state procurement function***

## Problem

- Procurement responsibility is split between DOAS and GTA, adversely impacting consistency and standards, along with limiting the enforcement capabilities to counter “maverick spending”
- PeopleSoft implementation failed to capitalize on system’s procurement processes and eProcurement capabilities

## Solution

- Transform statewide procurement through organizational consolidation, process streamlining, and improved use of technology

**Savings Initiatives**

- Initial Strategic Sourcing Program = \$50-100M
- eProcurement and extended Strategic Sourcing = \$300-400M



# Recommendation – Human Resources

***Consolidate all HR governance and transaction processing activity allowing agencies to focus on agency specific HR needs***

## Problem

- The current decentralized and fragmented structure of the HR function provides no one entity ownership of the entire employee lifecycle
- This structure results in duplication, inconsistent HR policies, procedures, and standards, with little to no focus on strategic HR functions such as Work Force Development and Succession Planning

## Solution

- Create a consolidated HR function with a greater view of and authority over the entire employee lifecycle

**Savings Initiatives**

- Expand/Implement PS self-service capabilities = \$2-5M
- Consolidate HR Policy functions = \$2-5M
- Consolidate/Outsource non-Policy-making HR functions = \$15-20M



# Recommendation – Technology

## ***EXECUTE on the GTA Mission***

### **Problem**

- GTA has focused more on operations than governance, resulting in the State’s inability to promote and adopt best practices, poor large project success, higher costs, as well as the duplication of efforts and inefficient allocation of IT resources across the State

### **Solution**

- Refocus central technology authority on core mission to develop and promote IT planning, architectures, standards, policies and processes, portfolio management, and performance and program management to lower statewide IT costs, drive IT innovation, and increase customer satisfaction

**Savings Initiatives**

- Establish strong IT governance = \$40-60M
- Develop competitive capabilities to deliver IT products and services = \$20-30M



# Recommendation – Asset Management

***Implement a statewide asset management program to better track, maintain, and utilize the State's assets***

## **Problem**

- The State has limited ability to answer basic questions about its assets, including what, who, and where

## **Solution**

- Implement a statewide asset management program that is *integrated* with the State's Financial and Purchasing systems

### **Savings Initiatives**

- Sample Audit = \$2-3M
- Full Asset Management Program = \$40-60M



# Administrative Services Task Force Recommendations

## Less than 2 years

Initiative	Benefits	Risk* (H/M/L)	Est. Cost	Est. Savings
<b>Procurement:</b> Improve spend visibility and implement initial Strategic Sourcing programs.	•Strategic Sourcing savings of 5-15%	M	\$3-5M	\$50-100M
<b>Human Resources:</b> Expand and implement PeopleSoft self-service capabilities.	•Reduce HR administrative costs by 20-25% •Improved HR service delivery to employees and agencies	L	\$.5-1.5M	\$2-5M
<b>Human Resources:</b> Consolidate HR Policy functions.	•Consistency in HR view of organization •Reduced duplication •Improved economies of scale	H	\$.5-1M	\$2-5M
<b>Technology:</b> Establish a strong IT governance capability for statewide IT.	•Improved return on IT investments •Improved leverage of IT procurements •Reduced risk on major IT initiatives	M	\$.75-1M	\$40-60M
<b>Technology:</b> Develop competitive capabilities to deliver consolidated IT products and services statewide.	•Reduced cost of core IT infrastructure •Reduced cost of core IT infrastructure support •Adoption of enterprise-wide and innovative solutions	M	\$1.75-3M	\$20-30M
<b>Asset Management:</b> Conduct a sample audit of each major asset category and compare against inventory to identify improvement & savings (i.e. equipment, real estate, vehicles).	•3-15% savings from auditing vendor invoices for billing inaccuracies •20% reduction in S/W and H/W maintenance by insuring equipment is still in use	L	\$.25-.5M	\$2-3M
<b>Totals</b>			<b>\$6.8M- \$12M</b>	<b>\$116M- 203M</b>

\* Risk = Level of complexity in relation to ramifications of implementation failure



# Administrative Services Task Force Recommendations

## Greater than 2 years

Initiative	Benefits	Risk* (H/M/L)	Est. Cost	Est. Savings
<b>Administrative Services:</b> Realignment of organization with resources and required skills.	<ul style="list-style-type: none"> <li>•Improved accountability</li> <li>•Improved compliance enforcement</li> <li>•Improved customer service</li> <li>•Provides State with flexibility to consider different options such as outsourcing of certain functions (e.g. IT operations, payroll, benefits, etc.)</li> </ul>	M	\$2-3M	\$3-5M
<b>Procurement:</b> Plan and implement eProcurement with extended Strategic Sourcing program.	<ul style="list-style-type: none"> <li>•Faster order processing time</li> <li>•Fewer Protests</li> </ul>	M	\$25-40M	\$300-400M
<b>Human Resources:</b> Consolidate/Outsource non-Policy-making HR functions.	<ul style="list-style-type: none"> <li>•Reduced cost</li> <li>•Improved service delivery</li> </ul>	H	\$3-5M	\$15-20M
<b>Asset Management:</b> Implement full asset management program.	<ul style="list-style-type: none"> <li>•100-300% ROI for implementing programs to automate lease terms tracking.</li> </ul>	M	\$2-4M	\$40-60M
<b>Totals</b>			<b>\$32M- \$52M</b>	<b>\$358M- \$485M</b>

\* Risk = Level of complexity in relation to ramifications of implementation failure



# Barriers to Success

***The Task Force identified the following potential barriers to successfully achieving the identified savings:***

- *Existing legislation*
- *Leadership skills to carry changes through*
- *Agency buy-in*
- *Budget pressures*



# Task Force Members

**Jim Copeland, Chairman**

Deloitte & Touche, CEO (Retired)

**Tony Campbell**

Broadstreet Group, President

**Jennifer Giffen**

Gulfstream, V.P. of H.R. & Services

**Jeff Herrin**

Southwire, V.P. of Operations

**Neil Hightower**

Community Enterprises

**Patrick Jones**

Journey Productions

**Mario Martinez**

Tecnix, LLC

**Dean Della Bernarda**

North Highland

**Bob Cucchi**

North Highland

**Jim Poulakos**

North Highland

**Drew Schrader**

North Highland



# Administrative Services

## Summary of Recommendations

- Functionally align administrative services to promote clear policy making authority and enforcement, defined accountability, and customer focused operations
- Create a more efficient and service-driven state procurement function
- Consolidate all HR governance and transaction processing activity allowing agencies to focus on agency specific HR needs
- Execute on the GTA Mission
- Implement a statewide asset management program to better track, maintain, and utilize the State's assets

**Potential savings of \$700 million when fully implemented**

