UTAH SYSTEM OF HIGHER EDUCATION

January 14, 2021

Shared Services RFP

Over the last several months, the Finance and Facilities Committee discussed shared services opportunities in the System and how the Board can respond to the statutory charge to "maximize efficiency through the Utah System of Higher Education by identifying and establishing shared administrative services." Recognizing the challenge in studying nineteen complex USHE entities for shared services, the Board may engage a consultant to assess shared services opportunities in the System. The Commissioner's office convened a small workgroup to review and propose a scope of work for a shared services consulting RFP. The attached document contains the proposed scope of work for additional committee discussion and comment.

Commissioner's Recommendations

This is a discussion item only; no action is needed.

Attachment

Request for Proposal for Consulting Services to Assess Utah System of Higher Education Shared Services Opportunities

PURPOSE
The Utah Board of Higher Education (Board) seeks to engage a consultant to work with the Utah System of Higher Education (System or USHE) to explore, identify, and assess achievable opportunities for common System processes and improved shared services in the context of mission and culture. The Board seeks to quantify the impact, ability, and opportunities for common processes and shared services in the System to enhance academic excellence and improve affordability through efficiency of operations and improved service level in business functions. The deliverables may be used in a future RFP to create a plan of action and implementation strategy to deploy common processes and associated shared services throughout the system. The System is open to all common process and shared services opportunities that make business sense including, but not limited to information technology, finance and accounting, and human resources. The Supplier may propose other areas to review and assess including, but not limited to purchasing, facilities, and student financial aid. The Supplier shall (1) review the current state of business processes and business services in the System, (2) present a realistic future state of common processes and associated shared services for the System, (3) identify gaps between the current state and the future state, and (4) identify the costs and benefits in moving from the current state to the future state. The deliverables for the assessment are detailed below.

BACKGROUND
The Utah System of Higher Education comprises nineteen entities (System Entities):
- Research Universities
    1. University of Utah
    2. Utah State University
- Regional Universities
    1. Weber State University
    2. Southern Utah University
    3. Dixie State University
    4. Utah Valley University
- Community Colleges
    1. Snow College
    2. Salt Lake Community College
- Technical Colleges
    1. Bridgerland Technical College
    2. Davis Technical College
    3. Dixie Technical College
    4. Mountainland Technical College
    5. Ogden-Weber Technical College

      6.   Southwest Technical College
      7.   Tooele Technical College
      8.   Uintah Basin Technical College
- Supporting Organizations
     1. Utah Higher Education Assistance Authority (servicer of federal student loans)
     2. My529 (educational savings plan administrator)
     3. Office of the Commissioner

A detailed description of the nineteen System Entities is provided in Appendix A, including student population, financial information, mission, and roles. Appendix B provides additional information on the level and size of System Entities' business functions that may be considered for common processes and shared services.

SCOPE OF WORK
The Supplier shall explore, identify, and assess achievable opportunities for improved common System processes and shared services in the Utah System of Higher Education. As part of that work, the Supplier shall review, assess, and evaluate the current state of business operations for each System Entity including business processes and workflows, organizational structure, technical skillsets, challenges, opportunities, and total annual spend. This will be followed by future state recommendations based on higher education system best practices for the potential organization and development of common process and System shared service operations. The future state may include changes to institutional processes, workflows, and ERP or other systems, but must leverage a foundation of common process. A gap analysis will then be performed documenting gaps between the current System state and the recommended future System state and making suggestions for next steps, including a gap analysis of institutional and System culture, autonomy, and capacity for change to maximize the probability of success. The Supplier will further identify the costs and benefits of moving from the current state to the future state including a detailed analysis of fiscal impact. The business operations and processes that shall be included in the business case are: finance and accounting, human resources, and information technology. Other business operations and processes may also be included at the discretion of the Supplier including but not limited to procurement, facilities, and student financial aid.

The Supplier shall include for review specific examples of similar scale and scope where such change proved successful, highlighting conditions that facilitated success. Additionally, the Supplier shall also provide examples of similar scale and scope where objectives were not adequately achieved, highlighting conditions that contributed to failures in achieving efficiencies and service improvement.

The Supplier shall document current processes and workflows of System Entities and identify specific areas where shared services will result in operational and financial efficiencies to the System. The categories of focus will include, but are not limited to:

1. **Staff, Organization, and Culture**
     a. Employee functions and general skillsets
     b. Gaps in organization skillsets
     c. Organizational structure
     d. Facilities and workspace
     e. Organizational culture and the capacity for change

2. **Processes and Workflow**
   a. Business process review
   b. Automated and manual processes and workflow
   c. Budgeting, financial management, and rate structure comparisons
   d. Governance structure and processes
   e. Business intelligence and analytics
   f. Accountability and performance management
   g. Change and innovation management
   h. Customer service management and operations
   i. Business operational model
   j. Internal and external communications
   k. Strategic planning and management

3. **Technology**
   a. Enterprise Resource Planning (ERP) systems
   b. Automated systems

4. **Budget and Expenditures**
   a. Annual spend by central business units
   b. Annual spend by business and academic units outside of central business units
   c. Duplicative spending
   d. Duplicative services

Exclusions from Bidder Response
The bidder proposals shall not include University of Utah Hospital and Clinics, but may include some support functions that serve both the University of Utah and the University Hospital and Clinics.

DELIVERABLES
The following comprise the deliverables for this Statement of Work. All data and work products collected, analyzed, or otherwise used shall be delivered to the Board in a mutually agreeable format and shall be owned by the Board.

Deliverable A, Communications and Presentations: The Supplier shall provide the following deliverables and communications as part of the overall scope of the project:
   1. Project Plan: a plan and timeline that includes tasks and activities by phases, milestones, roles, resources and dependencies.
   2. Project Charter, Vision and Goals: work with Board and System leadership to create a shared vision and guiding principles for the project. Define the scope of the project including what business processes and operations to review for the project. The project scope, vision, charge, and guiding principles shall be documented and mutually agreed upon as a formal charter for the project. Within the Charter the Supplier may provide additional suggestions for study that will improve the probability of successful shared services implementation and align with the particular needs of the Utah System of Higher Education. The Supplier may also review the key questions within each required deliverable and suggest appropriate modifications.
   3. Communications Plan: identify key stakeholders and develop a communications plan to meet communications needs for the project.
   4. Weekly Status: the consultant will communicate progress in meeting deliverables and identify issues needing management attention in a weekly update.

5. Executive Presentation: a final presentation and presentation package will be developed by the Supplier, jointly refined and jointly delivered to Board leadership.

Deliverable B, Current State Assessment: A comprehensive assessment of the current state of business operations and processes in the nineteen System Entities including an assessment of the business operations and processes that could become shared services. At a minimum, as part of this deliverable, the Supplier shall:
1. Review and assess specific System Entity business objectives, processes, and operations, as determined by the project charter, but at a minimum to include:
   a. Finance and accounting including, but not limited to: accounting, accounts receivable, expense processing, accounts payable, financial reporting and analytics, and budget development.
   b. Human resource including, but not limited to: employee data management, benefits administration, timekeeping administration, payroll operations, and HR reporting and analytics.
   c. Information technology including, but not limited to: security, analytics, network administration, desktop support, hosting services, application maintenance, and application development.
2. Meet with each System Entity and document personnel and budgets related to specific business functions.
3. Document and understand the business processes at each System Entity and provide comparisons of business processes across the System.
4. An internal SWOT Analysis of Strengths, Weaknesses, Opportunities, and Threats in the Utah System of Higher Education.
5. At a minimum or as modified through the project charter, answer the following key questions:
   a. What is the cost baseline of in-scope business operations services?
   b. How similar are the business processes across System Entities?
   c. What are the priorities for the System over the short term? Long-term?
   d. What is working well and what are key areas of opportunity?
   e. What are unique qualities and needs of business services in each System Entity?
   f. What are key observations in the operating model and landscape to support positive change in business operations services?
   g. How ready is each System Entity for this type of change?
   h. What cultural and organizational concerns may impede change?
   i. What examples outside of USHE, both successful and unsuccessful, might prove helpful to understand and review (see #4 and #5 above)?

Acceptance criteria: The System will accept a free-standing fully-documented narrative report containing findings.

Deliverable C, Future State Recommendations: Specific recommendations for how the Utah System of Higher Education can develop and deploy a range of shared services operations and processes across the System based on other higher education system best-practices and Utah-specific processes and statutory requirements. At a minimum, as part of this deliverable, the Supplier shall:
1. Provide an external environmental scan of American higher education that shall include for review specific examples of similar scale and scope to USHE where such change proved successful, highlighting conditions that facilitated success.

2. As part of the external environmental scan in #1, include examples of similar scale and scope to USHE where objectives were not adequately achieved, highlighting conditions that contributed to failures in achieving efficiencies and service improvement.
3. Using best practices in existing higher education systems and the current state assessment from Deliverable B, provide recommendations for creating shared services in the Utah System of Higher Education:
    a. Describe which business operations and processes should be considered and why.
    b. Describe the level at which the operations and/or processes should be consolidated across the System, within regions, and/or within larger System entities.
    c. Provide realistic and achievable options.
4. At a minimum or as modified through the project charter, answer the following key questions:
    a. What are the best shared services delivery models for USHE?
    b. What specific business processes can benefit from moving to a common process or shared services model?
    c. What process standardization, automation, or IT systems can be used to reduce costs or increase effectiveness?
    d. What types of services should be conducted by System Entities, in a region, or by the System and why?
    e. What infrastructure, organization, leadership, processes, etc. need to be in place so the System can move forward to deploy shared services?
    f. What are the next steps for the System to implement shared services?

Acceptance criteria: The System will accept a free-standing fully-documented narrative report containing recommendations.

Deliverable D, Cost-Benefit and Gap Analysis: A quantitative and qualitative assessment and gap analysis between the current state of USHE business operations practices and the future state recommendations. The analysis shall include a discussion of specific costs of implementation and projected short-term and long-term savings and/or service enhancements associated with the transition to the future state. At a minimum, as part of this deliverable, the Supplier shall:
1. Detail the costs and benefits of the various options proposed in Deliverable C.
2. Provide a range of options for Board consideration
3. Order the options in #2 from high-value/low-cost to high-cost/lower-value.
4. Use net-present value and other financial analysis to attach fiscal costs and benefits to each proposal.
5. Include enhanced service benefits and other non-financial benefits.
6. Realistically estimate the costs of shared service implementation including financial resources needed, organizational impact, available personnel, opportunity costs, and organizational rigidity or openness to change.
7. At a minimum or as modified through the project charter, answer the following key questions:
    a. What are the net benefits from creating shared services in each particular business operation?
    b. What are the specific opportunities to:
        i. save money?
        ii. improve efficiency?
        iii. improve services?
    c. What investment is needed for USHE shared services?
    d. What is the return on investment and what is most feasible?

e. What business services have the highest benefit and lowest cost to implement?
f. What are quick wins for the System?

Acceptance criteria: The System will accept a free-standing fully-documented narrative report containing analysis and assessment.