

BOARD OF REGENTS  
BRIEFING PAPER

**1. Agenda Item Title: iNtegrate 2**

**Meeting Date: March 6/7, 2014**

**2. BACKGROUND & POLICY CONTEXT OF ISSUE:**

The purpose of this agenda item is to provide the Board of Regents with a status update on the iNtegrate 2 project. Vice Chancellors Zink and Redding, along with consultant Phil Goldstein, will discuss the RFP for iNtegrate 2 as well as project funding scenarios.

**3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

After reviewing the status of iNtegrate 2, including funding scenarios, the Board may consider a 1 time transfer from the Operating Pool Reserve to the iNtegrate Fund in an amount not to exceed \$20 million for partial funding of the project, pending future Board action to expend the funds.

**4. IMPETUS (WHY NOW?):**

This agenda item is a periodic update of the iNtegrate 2 project, which has achieved a significant milestone with the distribution of the Request For Proposals (RFP) to potential vendors in January 2014.

As a selection is anticipated to be made later this year by the Board, Vice Chancellors Zink and Redding, along with consultant Phil Goldstein will discuss the RFP as well project funding scenarios.

**5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- The periodic report will bring the Board up to date on recent activities related to the iNtegrate 2 project including the RFP and selection timeline.
- With the expectation that the Board will be asked to approve a vendor later this year, discussions on various funding scenarios are timely.

**6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

- The Board may wish to use Operating Pool Reserve funds for another purpose.

**7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

- The Board may direct staff to review other financing scenarios and provide additional options at a future meeting.

**8. COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title #\_\_\_\_ Chapter #\_\_\_\_ Section #\_\_\_\_
- Amends Current Board Policy: Title #\_\_\_\_ Chapter #\_\_\_\_ Section #\_\_\_\_

Amends Current Procedures & Guidelines Manual: Chapter #\_\_\_\_ Section #\_\_\_\_  
 Other: \_\_\_\_\_  
X Fiscal Impact: Yes\_\_\_\_ No\_\_X\_\_  
Explain: \_\_Recommendation is to approve an internal transfer from the Operating Pool Reserve to the iNtegrate Fund, earmarking the funds for expenditure subject to future Board action. \_\_\_\_\_

Nevada System of Higher Education

# Business Process Design Prelude to iNtegrate 2

Summary

**I. BACKGROUND AND OBJECTIVES**

In fall 2011, the Nevada System of Higher Education (NSHE) successfully implemented the first phase of Project iNtegrate, the new student information system (Oracle/PeopleSoft Campus Solutions). Even as implementation of the new student information system was being completed, NSHE began moving forward with the next phase of Project iNtegrate (iNtegrate 2). iNtegrate 2 will replace the legacy Finance and Human Resources systems.

iNtegrate 2 is comprised of multiple phases. The project recognizes that replacement of legacy technology systems is foremost about fundamental business process change. The role of information technology serves only to carry out these changes and to permit future business transactions and activities in a way that was heretofore not possible.

Endorsed by the presidents of the System institutions and the Chancellor, the iNtegrate 2 project's vision statement<sup>1</sup> captures the fundamental purpose of this major undertaking as, "to integrate our administrative applications, Finance and Human Resources, together with the new student system, into an overall suite of administrative applications that will help us 'transform' how NSHE performs those functions."

The vision statement continues:

The iNtegrate 2 project has identified a major goal as the implementation of best practices in business and administrative transactions as well as the reduction of unnecessary duplication of back office functions across all NSHE institutions, while ensuring that consistent and effective operating policies are in place. This will, we believe, require significant adjustments to current practices at each institution. Through this implementation approach, NSHE has identified a path to address the business operation efficiencies listed in the Efficiency and Effectiveness Report that has previously been presented to the Board of Regents<sup>2</sup>.

Current Human Resource business processes such as Recruiting, Benefits Administration, Payroll Processing, Personnel Administration, and Position Budget and Control; and Financial business processes such as General Ledger, Accounts Receivable, Accounts Payable, Procurement, Budgeting, Grants and Contracts, Inventory Management will be evaluated for ways to reduce transactional costs, improve the flow of business operations and streamline operations while increasing service levels across NSHE.

Rather than replicating existing business policies and processes in a new system, the iNtegrate project will recommend changes in how NSHE institutions currently conduct business operations. Some of these changes will be cultural -- changing processes for more efficiency, and others may involve implementing alternative methods to provide service enhancements and efficiencies. Technology, specifically, new information systems, will assist in this effort, but first there must be an overall proposal for how to best approach and structure business and administrative transactions across NSHE. Through this process, we believe we will help ensure that Nevada's investment in our colleges and universities is spent wisely and efficiently.

Specifically, the vision statement outlines the following:

- Goals of such a new system based on common processes:
- Streamline business processes by adopting best practices
  - Reduce transactional costs

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<sup>1</sup> Nevada System of Higher Education, Office of the Chancellor. (2012, August 13). *Vision for iNtegrate 2*.

<sup>2</sup> Nevada System of Higher Education, Board of Regents. (2011, June). *Efficiency & Effectiveness Phase 2 Recommendations* [see: NSHE. Board of Regents. (2011, September 9, 2011). Las Vegas, Agenda item 13, specific, approved recommendations].

**NEVADA SYSTEM OF HIGHER EDUCATION**  
**BUSINESS PROCESS REDESIGN: PRELUDE TO iNTEGRATE 2: SUMMARY**

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- Increase reliability, accuracy, and timeliness of transactions
- Improve flow of information and access to business operations across NSHE
- Improve decision-making
- Deliver consistent administrative solutions that best meet the needs of NSHE in the most cost effective manner possible
- Adopt common business practices to ensure standardized and consistent high levels of service across NSHE
- Maximize productivity through shared resources across campuses, where possible
- Improve consistency in data and reporting capabilities at the institutional level, as well as reporting and data collection at the System level

In July 2012, NSHE committees, comprised of representatives from every campus, completed work with Huron Consulting to define a recommended structure for an NSHE Chart of Accounts moving forward. In October 2012, Huron was again engaged for the iNtegrate 2 Business Process Redesign (BPR) phase of the project to assist NSHE institutions in reviewing all major financial and human resource business processes to identify the most efficient and effective options to deliver those services in the future. In July, Huron presented its completed report of its system-wide business processes review.

## **II. BPR METHODOLOGY AND APPROACH**

The iNtegrate 2 business process review consists of three components: Current State Assessment, Business Process Redesign, and Service Delivery Opportunity Analysis.

**Current State Assessment** reviewed and assessed present NSHE and Institutional policies, procedures, and technologies. Using interviews, workshops and review of existing documentation, Huron developed a baseline understanding of each NSHE institution's operating environment, current processes, structure and mission and culture. This perspective was important not only in identifying opportunities for process improvement or consistency, but also for framing the institutional context that would drive the successful implementation of any process changes.

Next, during **Business Process Redesign**, Huron recommended business process changes and developed and documented "future state" business processes. Fundamental to such redesign was Huron's report on policy and implementation requirements (including suggested changes) necessary to support the recommended processes.

Finally, **Service Delivery Opportunity Analysis** reviewed the recommended business processes from the Business Process Redesign to identify specific areas with the greatest potential for more efficient and effective service delivery models, including Shared Services, Centers of Excellence, or Outsourcing.

Representatives from all NSHE institutions were involved in each component of the iNtegrate 2 BPR project. Over 230 functional representatives from the institutions, the System office, and business centers participated in the current state assessment sessions, focus groups, and business process redesign workshops. Further, the Huron team met regularly with the Steering Committee to obtain feedback on approach, institutional perspective, and overall direction. The information and recommendations in the Huron reports underwent several rounds of review by NSHE institution representatives to validate Huron's understanding, and NSHE feedback was used to refine the deliverables and final recommendations.

## **III. BPR PROJECT OUTCOMES**

Huron outlined three fundamental aspects of a functional process that contributes to the overall efficiency and effectiveness of performance: 1) Business Process – the specific steps in which they are performed and tools utilized in order to accomplish a task, 2) Technology – the systems that manage the transaction and enable the business process, and 3) Service Delivery – the operating model and structure that get the services delivered as efficiently and effectively to the consumer.

**NEVADA SYSTEM OF HIGHER EDUCATION**  
**BUSINESS PROCESS REDESIGN: PRELUDE TO INTEGRATE 2: SUMMARY**

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The foundational understanding gained during the Current State Assessment was the establishment of a baseline for performance measurement, current state process comparison and insight into where institutions are confronting challenges to optimized efficiency and performance. This enabled Huron to begin identifying opportunities for new and improved processes including the business case for change.

The Business Process Redesign component began with the Huron Subject Matter Experts conceptualizing “future state” business operations that were consistent with NSHE’s vision of system-wide, common baseline processes. Workshops were conducted across NSHE to validate the efficacy of the recommended processes. These processes were subsequently further refined.

Business Process Redesign reports were prepared for each of the major finance and human resource business processes and included a detailed process flow of the proposed “future state” environment, detailed explanations and benefits for key process changes, a discussion of policy changes necessary to facilitate a recommended process, as well as important information about technology requirements, reporting requirements and significant implementation challenges for NSHE. All NSHE comments and feedback were also captured and included as part of the final report. :

Huron further reviewed these recommended “future state” business processes to identify those functional process areas that could lend themselves to an alternative Shared Service Delivery model to provide service enhancements and efficiencies.

The Institutionally Shared Services model is one where all NSHE institutions would “share” services provided by a single unit under NSHE, as opposed to obtaining these services from an institution-based unit only serving a single institution. In general, Huron noted that a system like NSHE with multiple institutions with similar service needs could benefit from an Institutionally Shared Services delivery model. These Shared Services can better establish, monitor and target Service Level Agreements for customers, adjust to variations in workloads over time and staff, allow for a consolidated training and on-boarding program and better ensure business processes are consistently executed. Huron recognized that not all processes are well positioned to deliver service through this alternative model. Enabling factors such as standardized processes and a single technology instance are necessary to the successful establishment of an Institutionally Shared Service model.

A Service Delivery report was developed for these process areas. This analysis included a high-level assessment of each process area to determine those that had the process characteristics necessary to enable a Shared Service delivery model, including characteristics such as a highly transactional environment, stable and predictable transaction volumes and proximity requirements. Ten (10) process areas were identified as candidates for a Shared Services delivery model, either as an internal service center, a center of expertise, or an outsourcing arrangement.

The technology solution(s) ultimately selected will influence the nature and degree of the implementation of the future state business processes and future Service Delivery models. Efficiencies can only be estimated until implementation is underway. Continued review, validation and business case analysis will help identify and quantify efficiency gains and to determine the best service delivery model for NSHE.

#### **IV. MAJOR THEMES**

Huron’s recommendations, while primarily focusing on the business processes and integrating the concepts of new service delivery models, also identified some key themes observed during their examination.

**Major Theme 1: Challenge the Current State.** Current practices, policies, and organizations have evolved incrementally over several decades of unprecedented growth in higher education in Nevada. To move forward in today’s business environment, the current state way of doing business must be challenged and pushed to change.

**Major Theme 2: Balance Risk and Efficiency.** NSHE leadership must determine NSHE's own desired balance of risk (financial and compliance) with process efficiency – what is appropriate for the NSHE organization. The most risk adverse processes are frequently the most inefficient. For example, requiring centralized submission and review of all receipts for travel expenditures, regardless of amount, can significantly mitigate the risk that NSHE funds are being misused or policy is not being followed. However, centralized submission and review of a subset of receipts (e.g. above a specified dollar threshold) represents a more streamlined and efficient review process. This alternative does introduce a slight risk of non-compliance, which can be further mitigated by clear and concise policy and training. As NSHE prepares for the next phase of work, NSHE-level guidance on this balance and the appropriate risk and efficiency prioritization is necessary to inform the selection of recommendations and drive the subsequent implementation.

**Major Theme 3: Define Roles and Responsibilities.** Policy and procedure must be developed and documented to articulate clearly the Roles and Responsibilities of various offices, units, and individuals across NSHE and each institution. These defined Roles and Responsibilities must be communicated and understood in order to enable fully all business processes so that they can be performed as recommended.

**Major Theme 4: Trust the Process.** The NSHE community consists of approximately 20,000 employees, many of whom will be trained with the implementation of new processes, and responsibilities can and should be appropriately leveraged to all levels of the NSHE organization. Every process must include the appropriate checks and balances, but NSHE should “trust the processes” to work as they were designed and minimize extraneous manual verification and “check” steps frequently used in the current environment..

**Major Theme 5: Manage Change.** The successful implementation of any change is based more on the implementation effort than the change itself. In order to put any new process, technology or policy in place, the elements of Change Management - training, communication, and monitoring – must be deeply ingrained in the implementation effort from the beginning.

**Major Theme 6: Maintain Scalability.** Each NSHE institution has a separate identity and culture, so while Huron focused on recommending a common baseline process, each process was specifically designed to be scalable to the individual institutions in order to account for variations in volume, organization, staffing, and policy.

## **V. TRANSITION AND NEXT STEPS**

Huron's report contains recommendations for business processes and enabling changes across functional process areas. As a next step, NSHE will take ownership for the report and recommendations in order to further consider and evaluate the recommendations when determining how to proceed.

The development of a comprehensive Change Management Plan and roadmap is critical. This should begin now and continue throughout the lifetime of the iNtegrate 2 project. This Change Management plan should specifically focus on communications at the onset to keep the broader NSHE community informed, involved, and supportive of the effort. As the project proceeds towards implementation, a detailed training and on-boarding component should be incorporated focusing on BOTH technology use and business process execution and should utilize established Performance Measures to monitor, manage and report on implementation success. These Change Management activities are equally important to on-going NSHE operations as they undergo the continuous improvement, review, and adjustment necessary to remain effective in an ever-changing environment.

## **VI. CONCLUSION**

Higher education institutions are unique organizations, both in the aggregate and individually. The spectrum of shared governance, the heavy reliance on funding sources with significant restrictions, and the transient nature of institutions' core customers create considerable challenges for NSHE, and higher education in general, that other entities do not face. Also, as with many public institutions, NSHE is faced with state

**NEVADA SYSTEM OF HIGHER EDUCATION**  
**BUSINESS PROCESS REDESIGN: PRELUDE TO INTEGRATE 2: SUMMARY**

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regulation and shrinking appropriations. These compounding challenges create a prime opportunity—and need—for change at NSHE.

The iNtegrate 2 BPR and proposed Chart of Accounts revision were important first steps in NSHE's efforts to ensure that administrative services are provided in a manner that best meets the NSHE institutions' needs while being cost effective, efficient and flexible.

Efficiency and effectiveness gains in administrative operations can support the redirection of available resources to NSHE's primary missions of instruction, research, and public service. The iNtegrate 2 BPR project resulted in a set of opportunities for NSHE to evaluate and implement in order to proactively address on-going industry challenges. Taking action on the recommended business process and service delivery changes, especially during the period of ERP selection and implementation, provides an opportunity to pursue transformational change to bring about service improvement, enhanced user satisfaction and a management environment philosophically focused on continuous improvement across NSHE.





# INTEGRATE 2

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RFP Phase Briefing for Board of Regents

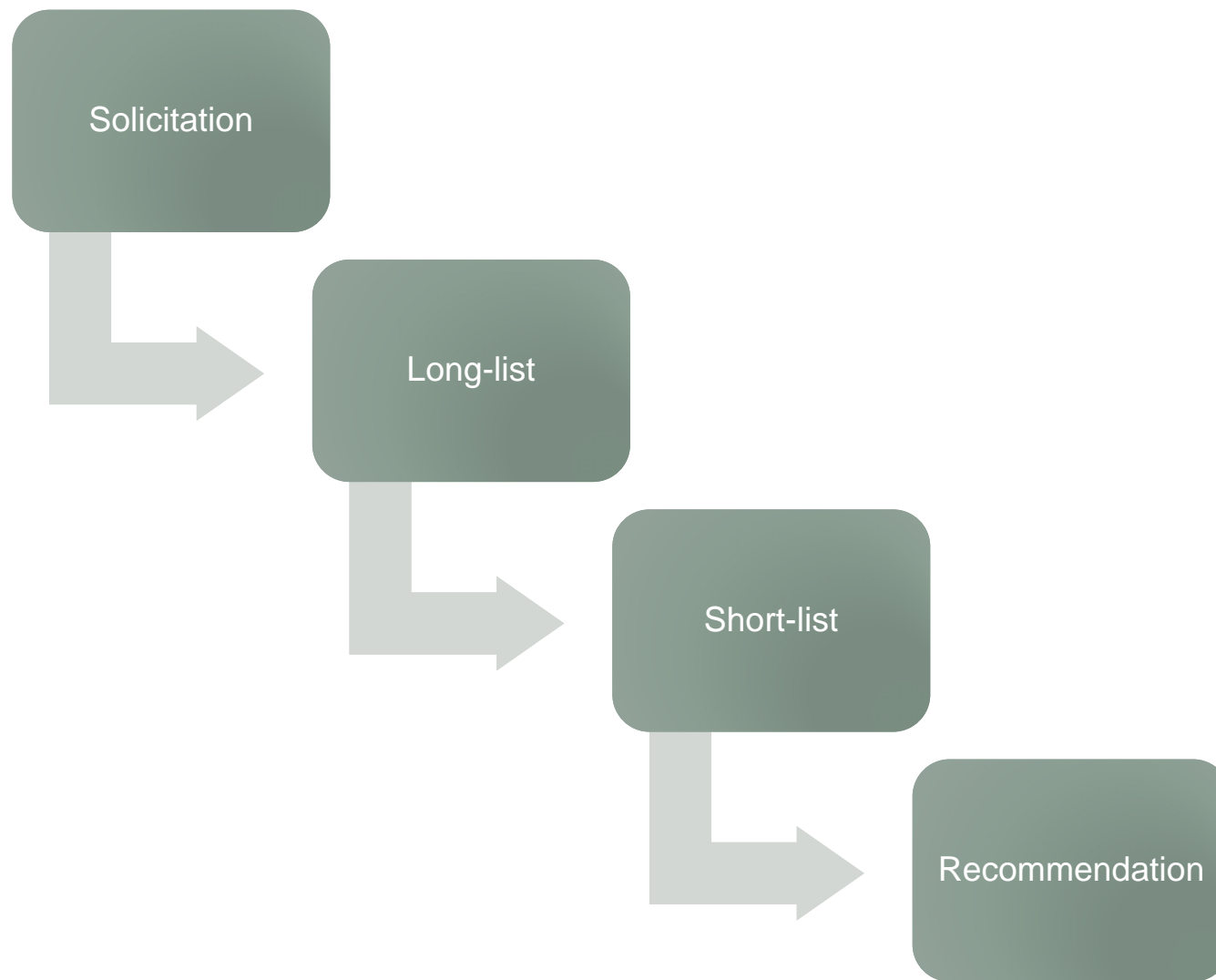
# RFP Objectives

- Identify best solution(s) to meet BPR vision and information needs
- Quantify costs to implement and operate alternative solutions
- Determine best option for managing the solution - on-premises, hosted, cloud

## RFP Strategy

- Focus on differentiating requirements driven by the BPR goals
- Seek combined software and services solutions
- Consider a broad set of technology and solution management options

# Screening Process



# Criteria

- Functional Capabilities
- Technical Capabilities and Direction
- Services Capabilities
- Ability to Execute
- Total Cost of Ownership

# Selection Phase Organization

Group	Role
Vice Chancellor for IT Vice Chancellor for Finance	Provide executive sponsorship
Screening Committee (1 Authorized Representative per Campus)	Guide the solicitation and evaluation methodology Develop a recommendation
Subject Matter Experts	Define NSHE functional and technical requirements Evaluate solution options
Project Support Team (Roth, McKinney and Project Consultant Goldstein)	Provide staff support

# Projected Timeline

Milestone	Start	End
Identify requirements	8/1	12/2
Draft RFP	12/2	1/15
Issue RFP		1/30
Proposals Due		3/20
Analysis	3/20	4/24
Vendor Demonstrations	5/5	5/30
Analysis	5/30	6/20
Recommendation to Presidents and Chancellor	6/20	7/17
Recommendation to Board		September Meeting