



The Department of Human Resources
University Hall
51 Goodman Drive; Suite 360
Cincinnati, OH 45221-0087

Human Resource System Replacement Business Case

January 2004

Table of Contents

EXECUTIVE SUMMARY	3
BUSINESS CASE	4
BACKGROUND	4
OBJECTIVES	4
<i>General Criteria</i>	4
<i>Key Functional Criteria</i>	4
<i>Key Technical Criteria</i>	5
SCOPE	5
CONSTRAINTS	6
<i>Resources</i>	6
<i>Costs</i>	6
<i>Time</i>	6
ASSUMPTIONS	6
<i>Personnel</i>	7
<i>Training</i>	8
<i>Professional Outside Services</i>	8
RISKS	8
TIME LINE	10
BUSINESS CASE ANALYSIS.....	11
PROJECT COST	11
<i>Implementation (Initial)</i>	11
<i>Maintenance (On-going costs)</i>	11
JUSTIFICATION	11
<i>Benefits</i>	11
RETURN ON INVESTMENT	11
APPENDICES	12
CHARTS	12

EXECUTIVE SUMMARY

The new Human Resources system solution will replace the current Human Resources Management System (HRMS) and the Benefits Management System (BMS) with an integrated and comprehensive business solution that will allow us to use current technology to significantly expand system functionality and dramatically increase our cost efficiency.

The estimated cost for a twenty-one month implementation is approximately \$12.6 million (See Appendix A). It is projected that the initial investment will be recovered in the fall of calendar year 2009 assuming a 50% improvement in departmental efficiency.

Systems have dramatically improved functionality compared to the 20-year-old plus technology of the current HRMS product. New functionality include:

- Full integration with the University's new financial system
- Supports both centralized and decentralized transaction processing
- Workflow systems that electronically route documents for review and approval
- Web access
- Major improvements in position tracking, management, and control, as well as recruitment and training and development

BUSINESS CASE

BACKGROUND

The Human Resources Management System (HRMS) is a purchased system from Integral Systems, Inc. HRMS is a mainframe legacy CICS/ VSAM system. It was purchased in the late 1970's and has been modified to accommodate University of Cincinnati requirements for Employee and Payroll information. The current HRMS was functionally upgraded to Release 9.3 in February 1997 and made Y2K compliant in the fall of 1998. Data maintenance is a "centralized" function shared in various offices of the HR Department. All University administrative and college offices are key users of the HRMS.

The Benefit Management System (BMS) is a purchased system from Integral Systems, Inc. It is a mainframe legacy CICS/VSAM system. It was purchased in the early 1990's and has been modified to accommodate UC requirements for Benefit information. The last major upgrade was in the winter 2000-2001. All mainframe screens were replaced with web screens using a third-party vendor (Data21) product called IpServer. IpServer is a CICS Based Web Server and CGI Environment. An Employee Self Service (ESS) application was implemented in April 2003 for benefits enrollment. The ESS module is written in Java.

OBJECTIVES

General Criteria

- The primary goal of this project is to replace the technically unstable Integral software that is currently used to provide payroll/personnel functionality to the university.
- In the process of replacing the Integral software the university should position itself to provide enhanced feature / function in the future. The priority and schedule for providing this expanded functionality should be based on the merits of a business case and an associated return on investment analysis.
- The decision on how to proceed with the replacement of the Integral software will have a functional and technical impact on the implementation of the mySAP Business Suite. To reduce uncertainty and possible rework the decision on how to proceed in replacing Integral should move forward as rapidly as feasible.

Key Functional Criteria

- The initial implementation of the mySAP software will specifically target the replacement of existing Integral-provided functionality.
- Business process re-engineering will take place to improve UC practices and procedures, wherever practical, and may result in a business case for expanded functionality.
- The Integral replacement system must be capable of supporting position control budget functions without customization of the base software.
- Shadow systems, such as those for budgeting, employment and headcount, should be eliminated, wherever possible to maximize employee utilization and to increase the dissemination of related data.

Key Technical Criteria

- The Integral software replacement system should integrate with the mySAP Business Suite of products in such a way as to maximize efficiency and effectiveness while requiring a minimum of technical effort.
- All interfaces that exist with the current Integral system must be taken into account in the implementation of the replacement system.
- Systems within the university but outside the current Integral system that have been shown to require linkage to it must be examined and incorporated with replacement system implementation according to a hierarchy of use.

Meeting these objectives will allow the University to:

- Enhance Human Resources Services to all employees
- Streamline the current business processes to improve efficiency and reduce cost.

SCOPE

The scope of this project is defined in terms of what is in scope and what is out of scope. Scope covers business processes, functions, organization, people, and the technical environment in which the solution will be developed.

General

- Real time, online updates with validity checking
- Advanced data security
- Online training and support
- Online inquiry to Payroll and Employment History data for approximately 3 years
- Concurrent year-end processing
- Access to current and prior year benefit information, employee and dependent data
- Maintenance of the University's Personnel Employment and Payroll History Records
- Strategic Internal Reporting Capabilities such as: Paychecks for 41 Payrolls, Annual W-2's for 19,000 employees, Labor distribution for financial records, University departmental deductions (i.e., Parking, Bookstore, Faculty Club, Rowe Loans) etc.
- Strategic External Reporting Capabilities such as direct deposits to financial institutions, Retirement and Tax Deferred Annuity Reporting, Federal, multi-state, and multi-city government income tax reporting, Government and court-mandated reporting, collective Bargaining Group reporting, charitable giving etc.
- A solution to replacing the current integration and interfacing capabilities:
- Ad-hoc reporting
- System access administration and controls
- Electronic signatures
- Web enabled MSS/ESS applications
- Enhanced Work Flow solutions
- Personnel Development & Training for:
 - Employee and management
 - Career and succession planning
 - Identifying requirements for advancement to another position/level
 - Identifying candidates for advancement, promotion, transfers etc.

Business Functions:

- Organization & Position Management that integrates with both the core Financial and Human Resources Systems of the university to enhance the capability of tracking, allocating, and budgeting for positions campus wide.
- Salary & Position Management with automatic updates

- Reporting/Survey/Tracking Capabilities to support Broadband Projects
- Electronic Submissions
- Recruitment
- Personnel Administration
- Time Management
- Compensation & Benefits Administration/Benefit Enrollment
- BMS – Annual Enrollment and Family Status Changes throughout the year for current employees, retirees, and COBRA.
- Payroll Accounting including payroll calculations, creation of paychecks, and W-2 processing

Technical Scope

- The software and hardware architectures need to be founded on open industry standards.
- The standard reports will be Web-enabled.
- Workflow will be managed through the document approval and information copy process.
- Integrated imaging must support the storage and retrieval of both systems generated and manually prepared documents.
- Deploying messaging middle ware technology for Enterprise Application Integration (EAI)

CONSTRAINTS

Resources

- Appropriate business and technical resources will be available during the project's duration. There are currently 4.5 FTE dedicated to the technical support of the HRMS at UC. There are 25 FTE supporting functional data management.
- This project has a sense of urgency and this will need to be clearly communicated to all the project participants.
- There are limited internal technical personnel with the capability to install and support the solution.
- Limited functional departmental resources are available for assignment to the project

Costs

- Limited monetary resources are available for hardware, software and consulting
- Costs must be contained and controlled

Time

- The HR solution necessitates going-live at the beginning of a calendar year.
- This constraint will affect the project schedule.
- It is hoped that the system installation will begin in Spring 2004 with the initial production availability targeted for January 2006 (Release 1).

ASSUMPTIONS

The following assumptions were made to provide a framework for the cost analysis in this document:

- No custom modifications will be made to the purchased solution.
- Human Resource historical data will be converted (Amount to be determined).
- Personnel levels will be assigned and maintained.
- The thirty-two interfacing systems and department systems will require modifications. The costs and development time have not been included in this business case.

- Because of the complexities involved, every effort will be made to implement the new Human Resource System at the beginning of the calendar year.
- There will be a development moratorium on HRMS and the interface legacy systems during the implementation of the new system. Exceptions to this will have to be determined, based on business need.
- Another, more complete, cost estimate and implementation schedule will be prepared during the first phase of the implementation process (project preparation).

Personnel

The project team should consist of the following members:

Functional Title	Major Responsibility
Business Analyst (BA)	Responsible for business components functions, planning and training.
Application Analyst (AA)	Responsible for the application system software, functional conversion, and interfacing to external systems.
Database Administrator (DBA)	Responsible for the management of the system databases, products, schemas, and hardware configuration/requirements.
System Administrator (SA)	Responsible for the client/server infrastructure (software installs, backup, recovery, security, upgrades, monitoring, etc.).
Business Lead (BL)	Responsible for learning the new system, developing system proficiency, and training others in the business units.
Project Manager (PM)	Responsible for project plans, scheduling, controlling, monitoring, and project reporting.
Business/Software Subject Matter Expert (SE)	An Implementation Partner consultant to provide system configuration and business guidance.
Implementation Partner Consultation (IP)	The Implementation Partner Consultant to provide support on technology training, change management, communication, and quality assurance.
Training Specialist (TS)	Provides training and training planning guidance.
Project Administrator (PA)	Provides the ongoing administrative support to the project and project team.
Change Management (CM)	Facilitate project communication regarding status, goals/objectives, strategies, critical success factors, training, proactive project engagement and a smooth transition to the new business culture.

Training

- The Business Subject Matter Experts and Business Analysts will provide guidance to the Training Specialists in developing training materials and delivering the courses for our Departmental Users.
- A HR System Implementation Partner Consultant and a Training Specialist will assist each Business Analyst to define, develop and document their assigned area of responsibility.
- The Business Analyst will be responsible for the training of their staff to support their area of responsibility (TRAIN the TRAINER).

Professional Outside Services

It is estimated that the Human Resource System implementation will require professional outside services for implementing approximately eight separate functions. The cost associated with these outside resources can be found in Appendix A.

These services include Project Manager(s), Subject Matter Experts, Implementation Experts and Training Specialists. The cost associated with these outside resources can be found in Appendix A.

The **Project Manager(s)** will be responsible for overseeing the implementation of the project and ensuring that their employees create deliverables that meet the project goals and adherence to the project plan.

The **Subject Matter Experts** will be responsible for working directly with each functional team to define business and reporting requirements, business processes, application control table setup and initial security requirements.

The **Implementation Experts** will provide support for the application installation as well as support in training, communication, change management and quality assurance.

The **Training Specialists** assist the University in ensuring that the end users will be ready for the new system as soon as it becomes available. This includes developing the end users’ policies and procedures manuals as well as training guides.

RISKS

The following items were identified as potential risks for the implementation project:

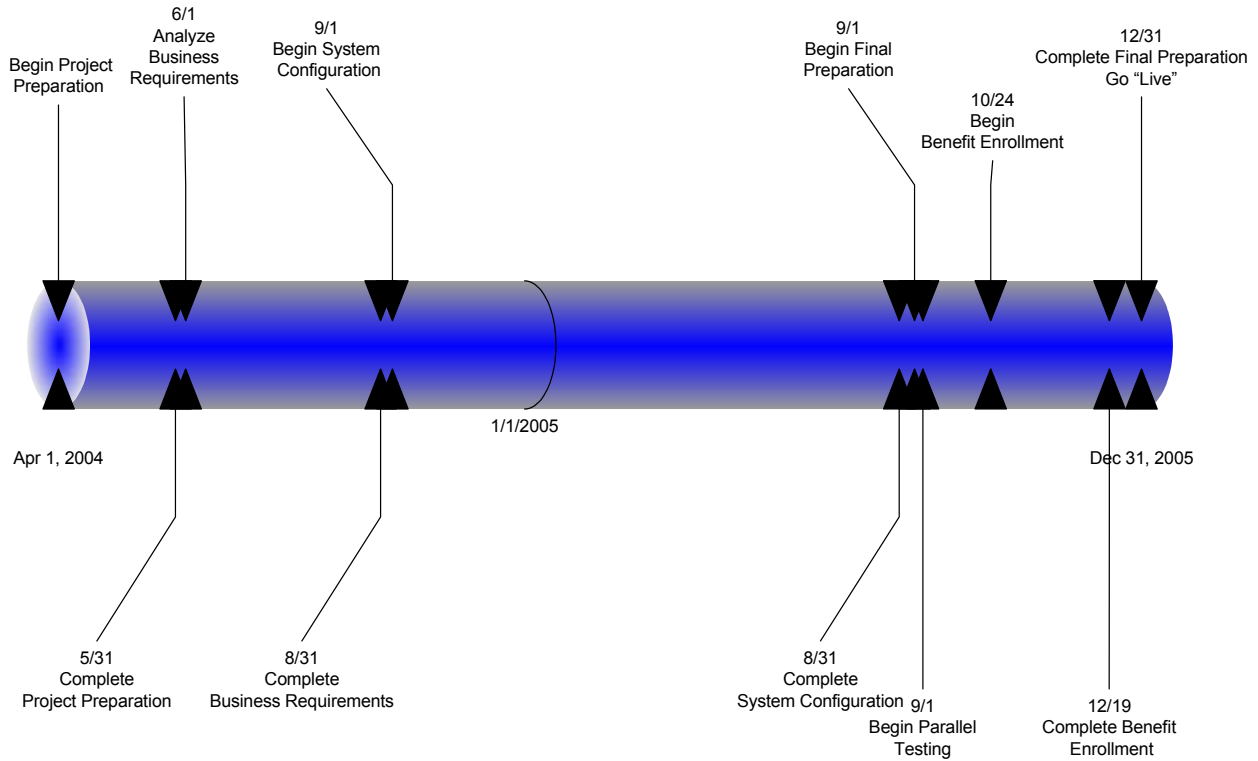
Risk	Impact	Addressed By
Internal resources on the project team have little or no experience with web enabled enterprise applications	There will be a learning curve associated with these new applications – This may take more time than originally planned	This risk will be addressed through training and acquiring outside professional resources on the project
Best of breed approach used for selecting separate applications	Additional integration requirements and additional cost for internal and external resources	Depending on the number of different applications selected, additional funds will need to be allocated for integration and

Risk	Impact	Addressed By
		ongoing resource support
Configure the reengineering business processes during implementation	This will create significant changes to all HR Systems.	We will reassess the impact of the reengineering initiative and develop an estimate of the effort on resources
Data Conversion	The data that will be converted is somewhat complex. Additional time may be required to build conversion programs	This will be reassessed during the project implementation planning phase
Accelerated implementation of the Web Benefit Enrollment	Additional work is expected to be required to implement the Benefit application prior to the end of the calendar year	This should be logged as an issue and addressed by the project steering committee prior to moving forward with the implementation
Executive support	There will be a correlation between executive support and project success.	This should be addressed by the project steering committee prior to moving forward with the package selection project

NOTE: A Risk Assessment should be conducted prior to the start of the implementation project.

TIME LINE

Considering the assumptions detailed in this document, it is estimated that the implementation of the new Human Resource System with all of the subsystems listed in the project scope, will take twenty-one months to complete (See Appendix C).



BUSINESS CASE ANALYSIS

PROJECT COST

Implementation (Initial)

The estimated cost for a twenty-one month implementation is approximately \$12.6 million (\$10.5 Implementation Partner, \$156,000 Software Purchase, \$180,000 Infrastructure, and 1.7 million in U.C. staff support and staff backfill expense). See Appendix A and B (Calendar year 2004, 2005) for a comparison of projected expense of the new and current HR systems. These estimates include hardware costs, software costs and labor costs to implement the new Human Resource System.

Maintenance (On-going costs)

The first calendar year operating expense is projected to be \$2.6 million, which includes infrastructure and staffing expense (See Appendix A). Approximately 1 million of the 2.6 million is the licensing of the ESS/MSS functionality.

JUSTIFICATION

Benefits

To determine the savings that will result from replacing the Integral Human Resource System with a new HR System, we evaluated operating expense such as labor, software and hardware costs associated with the operation of the current HR and compared those costs to the projected operating costs with the new system. The cost avoidance or improved operating efficiencies generated by replacing Integral HR with an intuitive Web based interface with reengineered efficient and cost effective business processes, are projected to attain a 50% improvement level. The expected ease of using the new system combined with the ability for users to set their own personal interface settings along with the work flow features for electronic review and approval by supervisors and managers, dramatically points to major improvements in business processes in both the HR and satellite departments. In additional, with improved state of the art software and hardware for processing the business, cost efficiencies are expected in the technical support area also. Infrastructure savings will come from the elimination of HR associated software such as KRONOS and PeopleAdmin.

RETURN ON INVESTMENT

It is estimated that the initial investment of \$12.6 million will be recovered in the fall of calendar year 2009.

APPENDICES

CHARTS

Appendix A

	Initial Costs	Initial Costs	New		HR	System			
			Calendar	Calendar	On-going Costs	Year			
	2004	2005	2006	2007	2008	2009	2010	2011	
Personnel:									
Current HR System									
UCit									
Applications Analyst(2.5 FTE)	\$150,400	\$156,416							
System Engineers	\$144,560	\$150,342							
Operations Staff	\$48,793	\$50,744							
Network Support	\$10,598	\$11,022							
Help Desk Support	\$1,480	\$1,539							
System Admin.	\$6,968	\$7,247							
Project Manager	\$33,341	\$32,888							
HR									
HR Department Business Experts	\$348,400	\$362,336							
HR Business Experts Backfill	\$100,000	\$104,000							
HR Department Users	\$435,500	\$452,920							
HR Dept. Users Backfill	\$200,000	\$208,000							
Kronos Consulting	\$56,000								
Alchemy Consulting	\$5,500								
Alchemy Consulting/Training	\$6,000								
Total Current HR Staff Support	\$1,547,540	\$1,537,454							
New HR System									
UCit									
Applications Analysts(2 FTE)	\$120,319	\$125,132	\$130,137	\$135,343	\$140,756	\$146,387	\$152,242	\$158,332	
DataBase Admin.(1 FTE)	\$43,550	\$90,584	\$94,207	\$97,976	\$101,895	\$105,970	\$110,209	\$114,618	
System Admin. (2 FTE)	\$33,500	\$108,160	\$56,243	\$58,493	\$60,832	\$63,266	\$65,796	\$68,428	
System Engineers		\$37,586	\$39,089	\$40,653	\$42,279	\$43,970	\$45,729	\$47,558	
Operations Staff		\$12,686	\$13,194	\$13,721	\$14,270	\$14,841	\$15,435	\$16,052	
Network support		\$2,000	\$11,462	\$11,921	\$12,398	\$12,894	\$13,409	\$13,946	
Help Desk		\$500	\$1,601	\$1,665	\$1,731	\$1,801	\$1,873	\$1,947	
Project Manager	\$46,900	\$48,776	\$50,727	\$52,756	\$54,866	\$57,061	\$59,343	\$61,717	
HR									
HR Business Analysts	\$435,500	\$452,920	\$471,037	\$489,878	\$509,473	\$529,852	\$551,046	\$573,088	
HR Project Manager	\$93,800	\$97,552							
Project Administrator	\$40,000	\$41,600							
Change Management	\$67,000	\$69,680							
Training Specialist	\$120,000	\$124,800	\$64,896	\$67,492	\$70,192	\$72,999	\$75,919	\$78,956	
HR Business Leads	\$348,400	\$362,336	\$376,829	\$391,903	\$407,579	\$423,882	\$440,837	\$458,471	
Implementation Partner									
IP Subject Matter Experts	\$ 3,500,000	\$ 3,500,000							
IP Consultants	\$1,500,000	\$1,500,000							
IP Project Manager	\$250,000	\$250,000							
Total New HR Staff Support Personnel	\$6,598,969	\$6,824,312	\$1,309,423	\$1,361,799	\$1,416,271	\$1,472,922	\$1,531,839	\$1,593,113	

Infrastructure Assets:								
Current HR System								
Hardware:								
Z800 Hardware	\$48,157	\$50,565						
Z800 IFL Warehouse	\$5,891	\$6,186						
HR Servers								
Alchemy Hardware	\$20,000							
Kronos Hardware	\$30,777							
ESS Hardware								
UCit Printing Expense	\$56,872	\$59,716						
Software:								
Z800 Software	\$48,822	\$51,263						
Integral Maintenance	\$0	\$0						
ZSeries IFL DB2 Warehouse	\$700	\$740						
Alchemy Maintenance	\$6,255	\$6,568						
ESS Server Software	\$3,000	\$3,150						
People Admin	\$40,000	\$42,000						
Kronos Software	\$31,000	\$32,000						
Total Current Infrastructure Cost	\$291,474	\$252,187						
New HR System								
Hardware:								
Core System		\$100,000					\$121,551	
Warehouse		\$50,000					\$60,775	
HR Servers								
Alchemy(DOC Imaging) Hardware							\$25,000	
WEB/ESS/MSS Hardware			\$20,000					
UCit Printing Expense			\$6,270	\$6,584	\$6,913	\$7,258	\$7,621	
HR Printing Expense		\$20,000					\$24,310	
Data Storage (43 Gb)		\$10,000					\$12,155	
Software:								
Core System Software		\$24,000	\$25,000	\$26,000	\$27,040	\$28,122	\$29,246	\$30,416
Warehouse		\$6,363	\$1,175	\$1,232	\$1,292	\$1,355	\$1,420	\$1,487
Database Acquisition/Maintenance		\$50,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
ESS Server Software			\$3,308	\$3,473	\$17,403	\$3,828	\$4,019	\$4,220
Alchemy Maintenance Fee	\$3,000	\$3,150	\$6,896	\$7,241	\$7,603	\$7,983	\$8,382	\$8,801
People Admin								
Kronos Software								
New HRMS Application Acquisition		\$156,000	\$1,100,000					
NEW HRMS Maintenance Fee			\$120,020	\$213,520	\$213,520	\$213,520	\$213,520	\$213,520
Total New Infrastructure Cost	\$0	\$419,513	\$1,292,669	\$268,049	\$283,771	\$515,857	\$274,209	\$276,447
Total Staff Support Cost	\$8,146,509	\$8,361,766	\$1,309,423	\$1,361,799	\$1,416,271	\$1,472,922	\$1,531,839	\$1,593,113
Total Infrastructure Cost	\$291,474	\$671,700	\$1,292,669	\$268,049	\$283,771	\$515,857	\$274,209	\$276,447
Total Cost	\$8,437,983	\$9,033,466	\$2,602,092	\$1,629,849	\$1,700,042	\$1,988,779	\$1,806,048	\$1,869,560

Appendix B

	2003	2004	Current Calendar	HR Expense	System Year	2007	2008	2009	2010	2011
Personnel:										
Application Analysts(4.5 FTE)	\$260,307	\$270,719	\$281,548	\$292,810	\$304,522	\$316,703	\$329,371	\$342,546	\$356,248	
System Engineer	\$139,000	\$144,560	\$150,342	\$156,356	\$162,610	\$169,115	\$175,879	\$182,915	\$190,231	
Operations Staff	\$46,916	\$48,793	\$50,744	\$52,774	\$54,885	\$57,080	\$59,364	\$61,738	\$64,208	
System Admin.	\$6,700	\$6,968	\$7,247	\$7,537	\$7,838	\$8,152	\$8,478	\$8,817	\$9,169	
Network Support	\$10,190	\$10,598	\$11,022	\$11,462	\$11,921	\$12,398	\$12,894	\$13,409	\$13,946	
Help Desk Support	\$1,423	\$1,480	\$1,539	\$1,601	\$1,665	\$1,731	\$1,801	\$1,873	\$1,947	
Project Manager	\$32,059	\$33,341	\$32,888	\$32,888	\$32,888	\$32,888	\$32,888	\$32,888	\$32,888	
HR Department Business Experts	\$670,000	\$696,800	\$724,672	\$753,659	\$783,805	\$815,157	\$847,764	\$881,674	\$916,941	
HR Department Users	\$837,500	\$871,000	\$905,840	\$942,074	\$979,757	\$1,018,947	\$1,059,705	\$1,102,093	\$1,146,177	
Kronos Consulting		\$56,000								
Alchemy Consulting		\$5,500								
Alchemy Consulting/Training		\$6,000								
Total Personnel	\$2,004,095	\$2,151,759	\$2,165,842	\$2,251,160	\$2,339,891	\$2,432,171	\$2,528,143	\$2,627,953	\$2,731,755	
Infrastructure Assets:										
Hardware:										
Z800 Hardware	\$45,864	\$48,157	\$50,565	\$53,093	\$55,748	\$58,535	\$61,462	\$64,535	\$67,762	
Z800 IFL Warehouse	\$5,610	\$5,891	\$6,185	\$6,494	\$6,819	\$7,160	\$7,518	\$7,894	\$8,289	
HR Servers										
Alchemy Hardware		\$20,000					\$25,000			
Kronos Hardware		\$30,777								
Printing Expense	\$54,164	\$56,872	\$59,716	\$62,702	\$65,837	\$69,129	\$72,585	\$76,214	\$80,025	
Software:										
Z800 Software	\$46,497	\$48,822	\$51,263	\$53,826	\$56,517	\$59,343	\$62,310	\$65,426	\$68,697	
Integral Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
DB2 IFL Warehouse	\$3,800	\$700	\$740	\$780	\$820	\$860	\$900	\$940	\$980	
Alchemy Maintenance		\$6,255	\$6,568	\$6,896	\$7,241	\$7,603	\$7,983	\$8,382	\$8,801	
PeopleAdmin	\$5,000	\$40,000	\$42,000	\$44,100	\$46,305	\$48,620	\$51,051	\$53,604	\$56,284	
Kronos Software		\$31,000	\$32,000	\$33,000	\$34,000	\$35,000	\$36,000	\$37,000	\$38,000	
Total Infrastructure Cost **	\$160,935	\$288,474	\$249,037	\$260,891	\$273,287	\$286,250	\$324,810	\$313,995	\$328,838	
Total Cost	\$2,165,030	\$2,440,233	\$2,414,879	\$2,512,052	\$2,613,178	\$2,718,422	\$2,852,953	\$2,941,948	\$3,060,594	

Appendix C

