

STATE OF ILLINOIS SHARED SERVICES

<http://www.sharedservices.illinois.gov>
Working Together to Create a More Efficient State Government.

PROGRAM VISION

The vision of the Shared Services Program is to redesign and reorganize state fiscal and human resources (HR) functions to achieve maximum efficiency and effectiveness. The primary objectives of the Shared Services Program are to:

- Increase the quality and consistency of fiscal and HR-related information for better decision-making and improved management of state operations.
- Increase the overall efficiency of the delivery of these services.
- Promote cross-training and implement a more effective knowledge transfer among fiscal and HR personnel.

To achieve these goals, Shared Services has been created based on several leading practices:

- **Reorganization based on client needs.** Government reorganizations have historically been marked by the centralization of functions into individual bureaus based on narrowly-defined business processes, such as procurement and sourcing or HR-benefits. Often this results in “siloed” organizations that encounter difficulties addressing issues outside specialized scopes of service and meeting the vastly diverse service needs of all client agencies.

Shared Services reorganization is different in two important ways. First, rather than creating one center to serve all state agencies, the state is creating five unique Shared Services Centers, each of which will be dedicated to meeting the fiscal and HR needs of a group of client agencies who share similar agency missions. This will allow the centers to stay focused on meeting a select type of service need and not become over stretched.



Second, instead of centralizing based on business process, the Shared Services Program is reorganizing operations into vertically-integrated Shared Services centers, which will provide a full array of fiscal and HR services. For example, each center will not only provide procurement-specific services like bid solicitation, but also closely related services such as accounts payable, contract monitoring and general accounting, etc. Thus, the centers will serve agencies in a holistic, client-oriented approach, and agencies will enjoy one-stop-shopping for their fiscal and HR service needs.

- **Commitment to business process improvement.** Consolidating offices to achieve “economies of scale” has been shown to produce a decrease in the overall long-term costs of performing the service, but with limited potential for broader improvements. The Shared Services Program is taking a much more expansive approach to reorganization of services by launching the following initiatives:
 - Implementing a uniform accounting and human resources system, the Illinois Statewide Information System (ISIS), to support streamlined business processes and provide business users with reliable, real-time access to robust and consistent fiscal and human resources information.
 - Updating and standardizing fiscal and human resource related policies to be in line with mainstream business process needs and demands.

Currently, the state is facing many challenges related to its internal fiscal and HR operations:

- Fiscal and HR processes are dependent upon over 700 unique fiscal, HR and payroll systems, many of which are over 20-years-old. As current systems continue to age, their relative functionality decreases, leading to costly band-aid system maintenance and the creation of ad hoc systems to keep up with evolving needs. Traumatic system failures pose a constant looming threat.
- Inconsistent processes and incompatible, technologically-obsolete systems create major operational inefficiencies. Fiscal and HR information, which is extremely data-intensive, must be manually entered and re-entered multiple times into multiple systems, and continually reconciled from one system to another.
- Basic business tools such as timely reports are largely dependent upon manual paper-based processes. As a result, the information needed for optimal management of state operations is too often either incomplete or unavailable in a timely manner, or both.
- The performance of the current fiscal and HR operations relies too heavily on the institutional knowledge of some of the state's longest serving employees, one-third of whom will be eligible for retirement within the next five years, according to the State Employees Retirement System. When those employees leave state employment, the state will be losing both dedicated employees and their institutional knowledge that is necessary to maintain current fiscal and HR operational levels.

MAJOR MILESTONES IN PROGRAM HISTORY

Fiscal Year 2006

- **Evaluation and program launch.** In early fiscal year 2006, the Governor's Office of Management and Budget formed a working group of key state and agency leaders to assess operational issues and identify and evaluate solutions. The working group initially identified four major service areas poised for major improvement.

Further evaluation and deliberation resulted in a

decision to focus on improving fiscal and HR operations, and to do so by launching a Shared Services Program, based on client-oriented Shared Services centers.

- **Shared Services Center creation and program staffing.** In March 2006 Executive Order 2006-06 created the first two Shared Services Centers: the Public Safety Center and the Administrative and Regulatory Center.

Fiscal Year 2007

Fiscal year 2007 included efforts to plan and design the future shared services environment. Major activities included:

- **Business Process Redesign.** The Business Process Redesign (BPR) project was launched to create standardized fiscal and HR processes to be implemented in step with ISIS launch. Standardization of business processes enables greater process transparency and a more flexible workforce.
- **Determining information technology needs.** The program successfully created an application profile database, which identifies all IT applications at each state agency that have "touch-points" with fiscal and HR processes and how these applications integrate with each other. The IT team also collected an extensive list of functional and technical requirements that a new system will need to meet.
- **Managing the change process.** In fiscal year 2007 the program leadership began a number of change management activities, including:
 - Hosting demonstrations of procurable fiscal and HR systems by industry-leading vendors.
 - Launching a publicly-viewable program website outlining program activities.
 - Creating a monthly program newsletter, which is available online and mailed to over 900 project participants.
 - Meeting extensively with agency leaders and other stakeholders to note concerns and provide important information.

- Building intranet team sites to enable project participants and stakeholders to have reliable, real-time access to key project documents and information.

Fiscal Year 2008

By November 2007, the Shared Services Program successfully transitioned the majority of human resources operations to the Public Safety Center and the Administrative and Regulatory Center from their respective client agencies.

The Interim Business Process Mapping (IBPM) project was launched to guard against the risk of operational failures during and after interim transition of operations to the centers. In June 2007 through August 2007, fiscal and HR subject matter experts from the Administrative and Regulatory and Public Safety agencies, leaders from the Shared Services Program, and leading process design consultants reconvened in multiple day-long meetings to document current as-is fiscal and HR processes across agencies to be transitioned, noting critical touch-points such as signatures and document hand-offs. This project laid the foundation for the successful and seamless transition of services to a shared services environment. The project was repeated in December 2007 through February 2008 for the Environmental and Economic Development Center.

Early in fiscal year 2008, a Cost Allocation Working Group (CAWG) was launched, with the specific goal of researching, developing, and recommending methodologies by which the monetary value of services provided by Shared Services centers could be most accurately quantified. In the near future, CAWG will be preparing an initial proposal to be submitted to the federal government, to inform them of the state's plans to measure the costs of services the centers are providing.

In August 2007, the Shared Services Program issued an RFP for statewide timekeeping solutions seeking to address various inefficiencies with current manual, paper-based timekeeping processes. This RFP was created with strategic business and IT input, and included functional and technical requirements that were developed throughout the design process in fiscal year 2007. Kronos Incorporated was selected as the winner of this procurement in May.

- In March 2008 CMS issued an RFP for ISIS software.

Fiscal Year 2009

- **Transition of fiscal operations.** In November 2008, the Shared Services Program successfully transitioned the majority of fiscal operations to the Public Safety Center and the Administrative and Regulatory Center from their respective client agencies.
- **ISIS software procurement.** Central Management Services and the Shared Services Program made tremendous progress in this area.
- **Statewide timekeeping project.** CMS Bureau of Communications and Computer Services (BCCS), the state's enterprise IT organization, was tapped to manage the implementation of the Kronos solution.
- **Cost allocation.** The Shared Services Program has laid the groundwork for a cost allocation approach for the operations of the Shared Services Centers.

ACTIVITIES PROJECTED FOR FISCAL YEAR 2010

The following is a list of major projects for the Shared Services Program for fiscal year 2010:

- ISIS software selection
- Issue RFP for ISIS integration services.
- Continue identifying and implementing interim service improvements at the Administrative and Regulatory and Public Safety Centers.

IMPORTANCE OF NEW SYSTEMS

In a day and age when Illinois residents can view bank balances and view pending and posted bank transactions online in real-time, the state finds itself in a precarious and unenviable situation in which having immediate access to real-time financial and HR data enterprise-wide is nearly impossible.

The state's fiscal and HR operations are currently dependent on more than 700 unique information systems, some which are over two decades old and many that are not integrated with one another.

The result is that critical business information for making sound, everyday decisions is often incomplete or outdated. This severely limits the state's ability to analyze business functions for operational improvement and to take corrective or diligent action.

The Shared Services Program is not solely focused on technology improvements. For example, updated policies and the creation of dynamic, client-focused service centers have the potential to provide appreciable internal service improvements in the near term. But a single, integrated source of fiscal and HR information and related process efficiencies cannot be realized without the support of a new robust system like ISIS. Essentially, processes can only be as efficient as the IT systems that support them, and fiscal and HR employees can only be as productive as their tools, i.e., their fiscal and HR IT systems, empower them to be.

RESOURCES FOR FURTHER INFORMATION

The Shared Services Program is committed to keeping stakeholders and interested parties informed of important developments and events related to the Shared Services Program. Interested parties should visit the program's public web site at: www.sharedservices.illinois.gov