



# Benefits Administration Assessment

February 6, 2018



# Discussion Topics

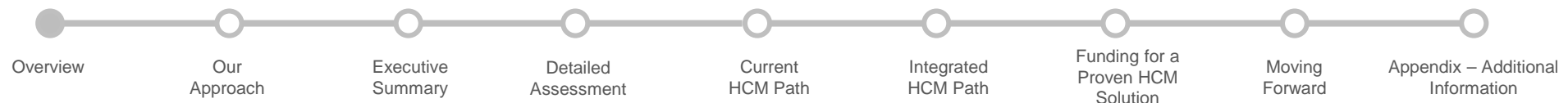
- Overview
- Our Approach
- Executive Summary
- Detailed Assessment
- Current HCM Path
- Integrated HCM Path
- Funding for a Proven HCM Solution
- Moving Forward
- Appendix – Additional Information

# Overview

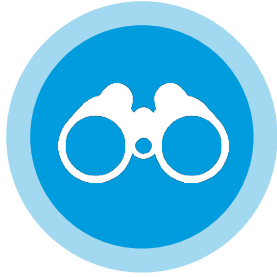
During our risk assessment, we analyzed numerous factors impacting payroll, FTE's and the benefits administration processes. The County's constituents and employee base continues to grow and evolve in complexity in reaction to many factors including; demands from State laws and requirements, County re-structuring and growth, as well as operational and governance changes. It was noted that the processes around benefits administration includes multiple 'siloes' systems, excessive manual processes, and external tracking of significant human resource components as well as significant compliance and financial risks. RSM has conducted several Prince William County audits in recent years which touch or overlap benefits administration processes and note similar conclusions: the current application, specifically the HRIS, lacks the robust features and capabilities to adequately support PWC at this point in time.

Thus RSM has gathered information sufficient to analyze the functional areas of HR to include benefits administration, employee relations, general and technical, learning management, leave management, time and attendance/payroll, compensation management, personnel administration, recruitment and applicant tracking and succession planning and talent management – collectively known as 'Human Capital Management (HCM) Processes. We conducted discovery sessions with each functional area of HR in order to understand the following:

- Current state processes;
- Manual process steps;
- Systems utilization;
- Current challenges with existing processes;
- Risks with current people, process and technology; and
- Potential reduction in effort with an integrated HCM solution.



# Our Approach



## Discover

- Reviewed previous internal audit findings
- Reviewed function-specific process documentation
- Reviewed systems documentation and estimated costs
- Conducted interviews with key functional teams
- Summarized findings with leadership



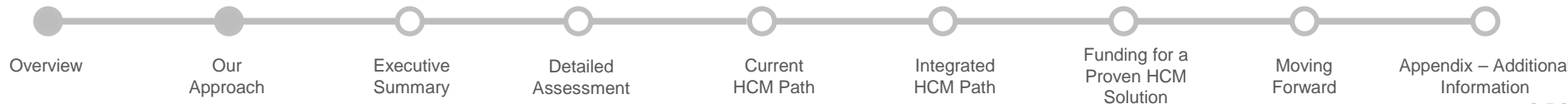
## Analyze

- Analyzed data collected and evaluated against benchmarks and leading practices
- Identified risks of disparate HCM systems
- Identified opportunities of an integrated HCM solution
- Evaluated the cost/benefit analysis of a new HCM system



## Results

- Summarized the results of the analysis based on the current state focusing on People, Process, Technology and Risk
- Summarized the costs/benefits of an integrated HCM system vs disparate systems (current state)
- Summarized a rationalization of applications and potential cost savings associated with an integrated HCM solution
- Summarized process efficiencies and potential cost savings associated with an integrated HCM solution

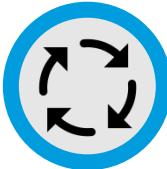


# Executive Summary



## People

- Based on our estimates and research, the County HR department is currently understaffed
- Key personnel hold institutional knowledge of how things operate



## Process

- Highly manual processes result in inefficiencies and redundancies
- A considerable amount of paper is still being used/required



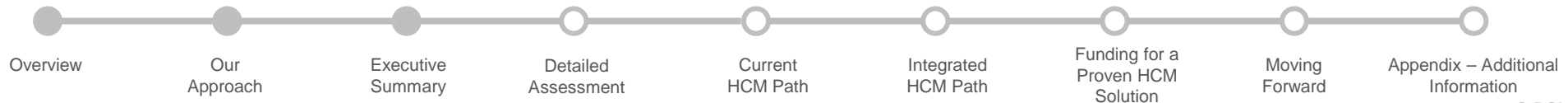
## Technology

- ~11-14 systems are not integrated and require manual interfacing
- Systems are outdated and require specialty knowledge to maintain



## Risk

- Human error is a major risk due to manual calculation, processing, and interfacing of data
- Compliance is a major risk due to system limitation and lack of visibility across the organization



# People

Based on our research and statistics provided by NeoGov, the County's HR Department is currently understaffed.

## Comparable Virginia Government Entities HR Staff to Employee Ratio

The County's HR Department staffing ratio was benchmarked to comparable Virginia government entities as proposed for FY 2014-15 and the results are as follows:

	Fairfax County	City of Alexandria	Loudoun County	Arlington County	Prince William County
FTE Positions	12,335	2,542	3,762	3,872	4,378*
HR FTE	75	25	34	52	23.5*
Ratio	1 to 164	1 to 102	1 to 111	1 to 74	1 to 186*

The County's staffing is lower than all (and significantly lower than most) of the comparable Virginia government entities.

Inadequate staffing can adversely impact completion of timely and/or accurate compliance requirements and County objectives contingent on:

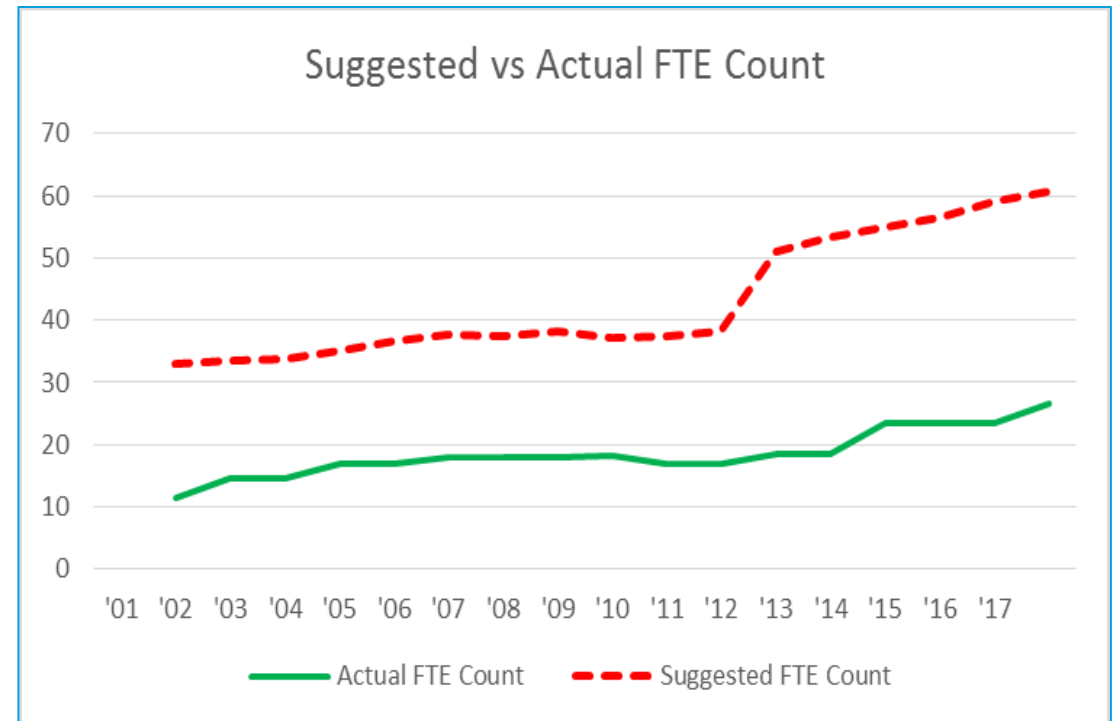
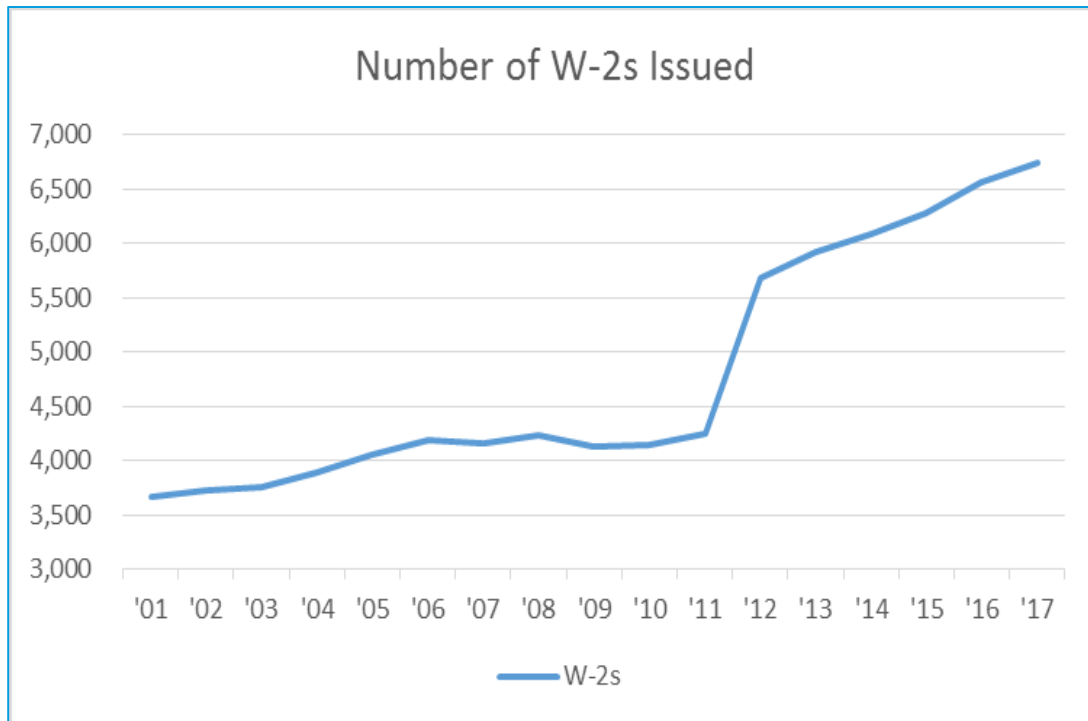
- staffing, employment and recruitment;
- training and development, and
- employee benefits.



\*The figures above reflect only benefits administration

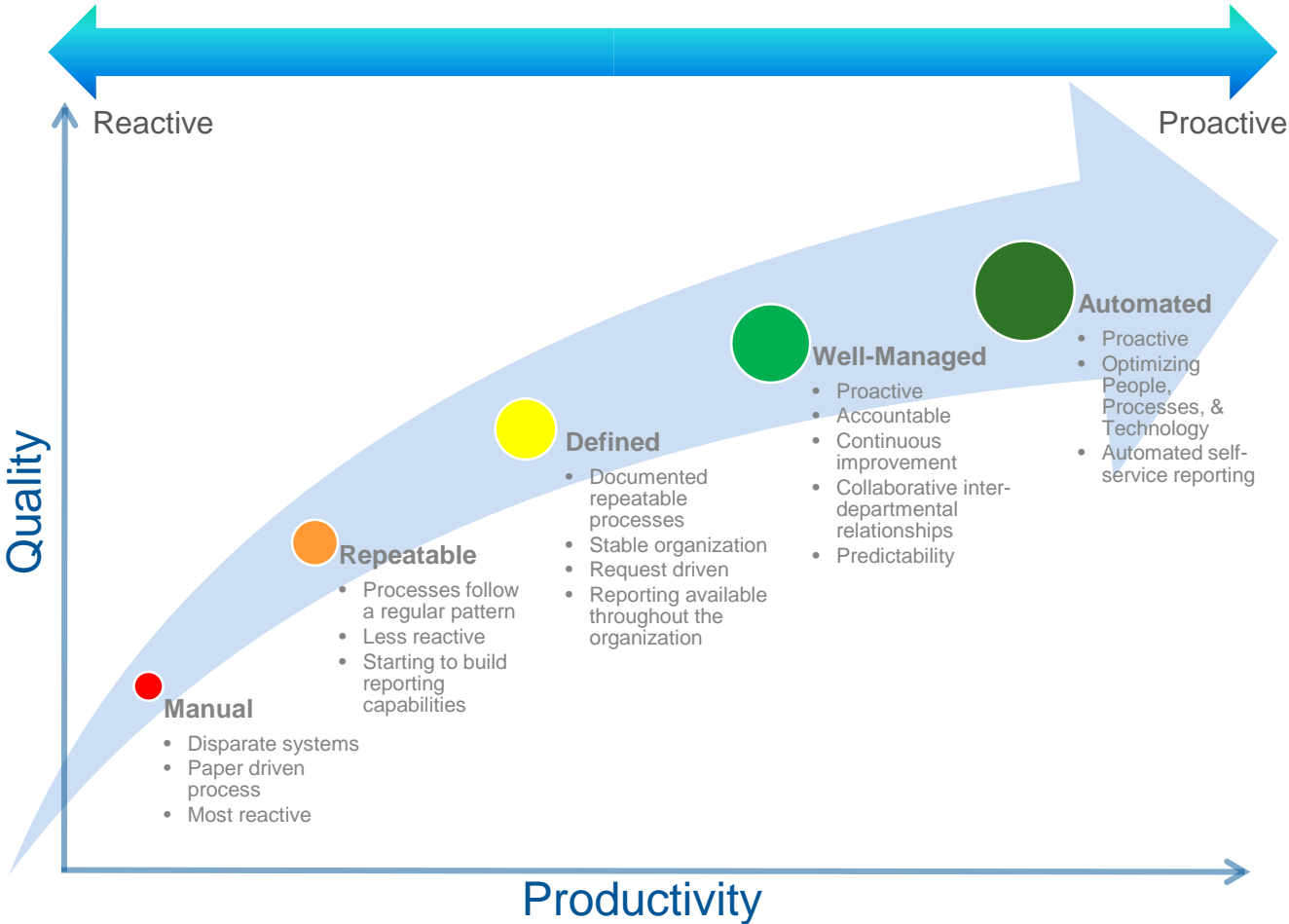
# People

We noted that the number of W-2s issued by the County has risen significantly, while the number of HR FTEs has stayed relatively flat. We can also see that the suggested number of HR FTEs is considerably higher than the actual FTE count.



# Process

The following table summarizes the information gathered during the current state assessment:



Process	Process Maturity	
Benefits Administration	Manual	●
Employee Relations	Manual	●
General and Technical	Repeatable	●
Learning Management	Repeatable	●
Leave Management	Manual	●
Time and Attendance/Payroll	Manual	●
Compensation Management	Manual	●
Personnel Administration	Manual	●
Recruitment and Applicant Tracking*	Well-Managed	●
Succession Planning and Talent Management	Ad-hoc**	✘

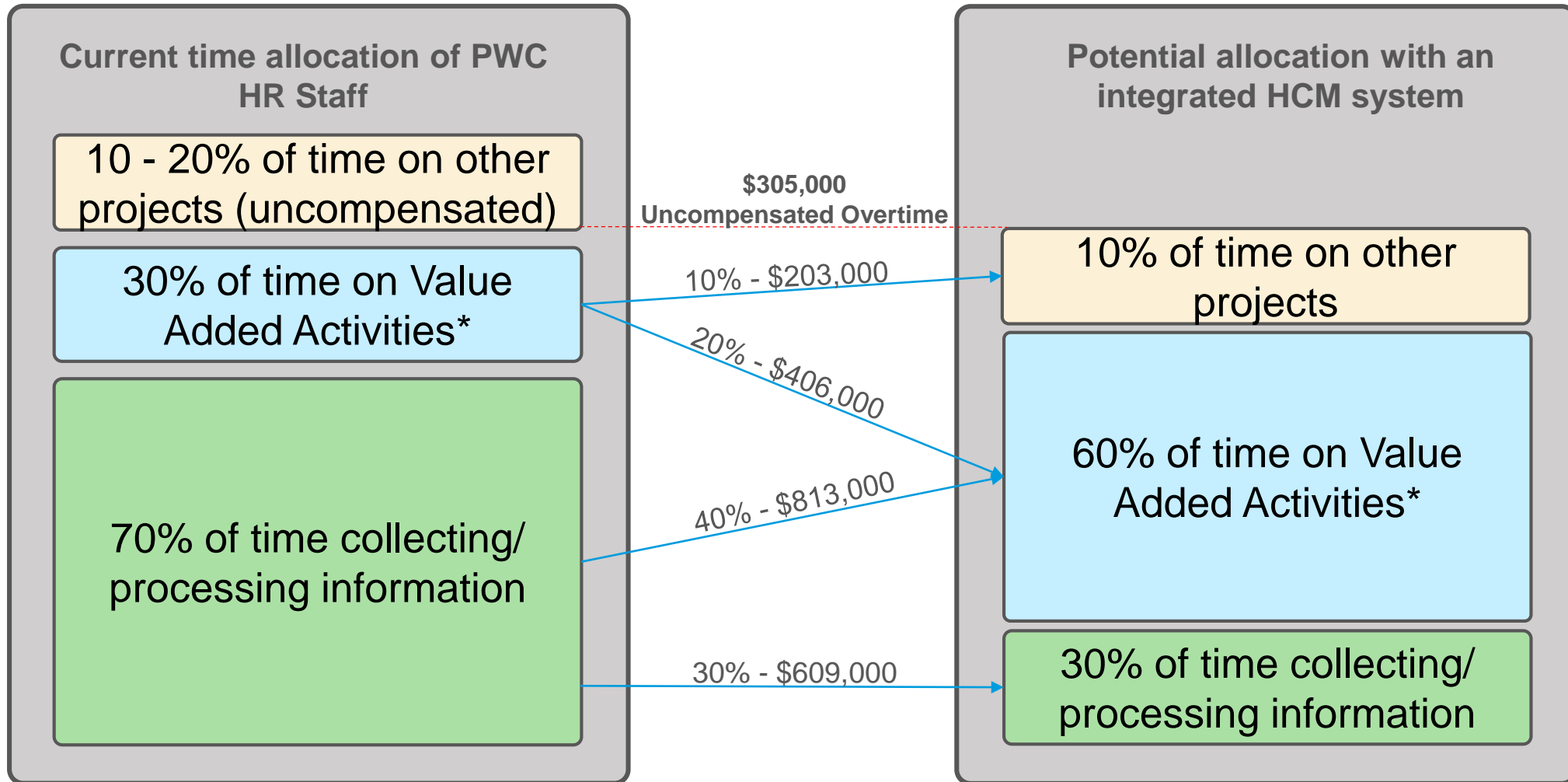
\*While Recruitment and Applicant Tracking has a Well-Managed process within HR, the quality of candidates that are provided to their customers are not adequately selected. This tends to slow the hiring process in excess of 100+ days.



✘ \*\* Ad-hoc processes are those processes that are still in its infancy state or no process is in place at all.



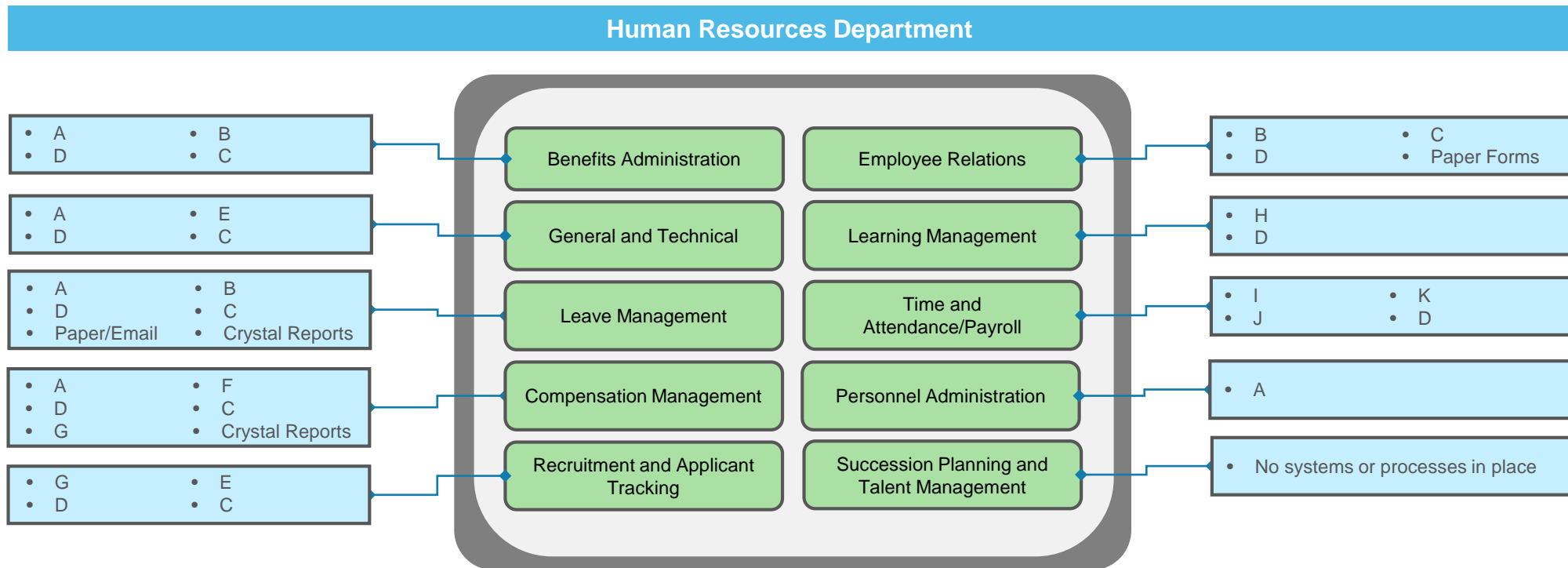
# Process



\*Note: Value Added Activities can include, but not limited to: Analysis of information, analysis of long/short-term market demands, finding most capable individuals to fill vacancies, etc.

# Technology

The County HR department currently uses ~34 different systems of which ~11-14 of these systems are disparate and creates additional complexity and time to complete job tasks.

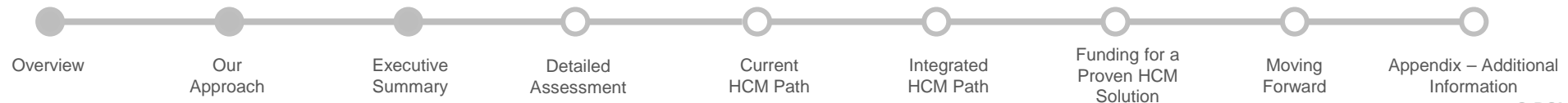


\* systems have been coded for network security

# High-Risks Identified

A summary of the high-risk issues identified have been provided below.

Risks Identified	Risk Rating
Human error when manually entering or visually reconciling information (i.e. manual rollover and reconciliation for based payroll budget process)	●
Paper documents with HIPAA compliant information left unsecure along approval route (i.e. ADA documentation must be approved by several individuals who print documents from email, sign, scan and forward to the next individual who's signature is required)	●
There is a lack of visibility into complete employee records which are maintained across several disparate systems	●
Time sensitive information is not recorded properly and no reminder notifications are automatically sent	●
There is a lack of visibility into disciplinary action which is maintained across several disparate systems	●
Management decisions could be made using reports with inaccurate data being aggregated manually from multiple disparate systems	●
Training compliance is very difficult to maintain due to disparate systems and system limitations	●
Loss of institution knowledge if/when key personnel leave	●
Leave pay out errors due to manual calculations	●
Inaccurate benefits calculations due to manual nature	●
Payroll being issued without making adjustments to projected time that was initially entered	●

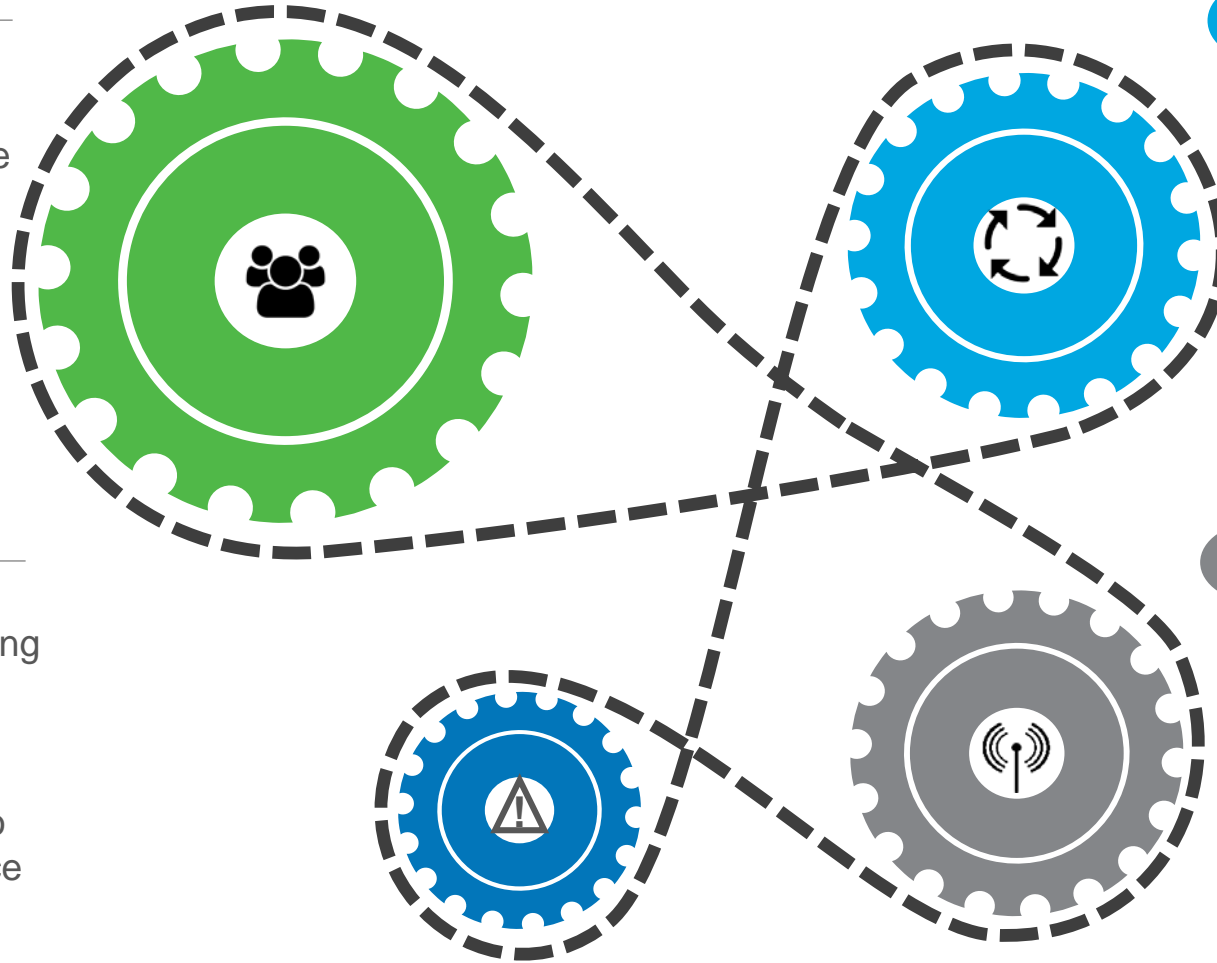


# Summary of Observations

1

## People

The HR department is understaffed by at least 16 FTE's and they do not have the technology or refined processes to support their day to day.



2

## Process

Processes are not standardized and are highly manual due to system limitations. A considerable amount of time is spent performing duplicate data entry, rework, quality review, and interfacing between systems due to the manual nature of these processes.

4

## Risk

Higher levels of risk exist due to HR department being understaffed, following manual processes with disparate applications. Making an investment into these key areas will reduce the organization's overall risk position.

3

## Technology

The current systems in place to support the HR department are inadequate. These systems are not integrated which causes duplicate data entry, manual processes and high levels of risk across the organization.

# Observation and Action - The Crossroads

## StarGarden (Current Path)

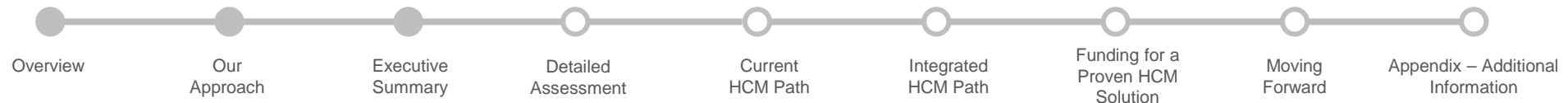
- New solution being developed
  - Missed first two milestones by over one year
  - Untested in the market
  - Gartner does not recognize this solution as a leader or even a contender in the marketplace
- High-Level of customization
  - Customization required for all U.S. specific regulations\*
  - Requires staff time to customize each module
- Small company with limited experience/customers in the U.S. and financial stability risk
  - Even less experience with U.S. government clients
- Limited workforce with StarGarden experience
  - Only two IT staff with institutional knowledge of StarGarden as it currently exists (RISK)



Which path should PWC move down?

## Other HCM Solutions (Integrated HCM Path)

- HCM solution developed, tested and refined over the course of decades in the marketplace
- Less customization required for PWC
- Serving many U.S. government clients with similar requirements
- Solutions have the ability scale as PWC continues to grow
- Large companies with less financial risk
  - Enough staff to support the organizations needs
- Large workforce with experience working specifically with these solutions
  - Easily able to find IT staff with experience
  - Less training required for well know solutions with little customization



# Observation and Action - Moving Forward



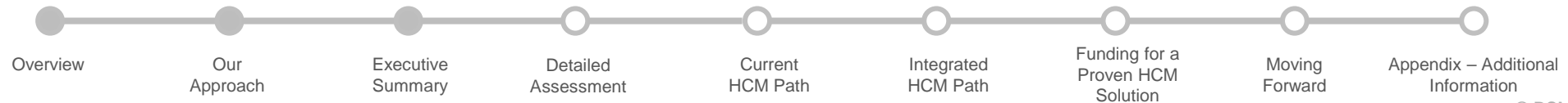
## Prince William County Leadership Action Plan

Review the People, Process, Technology and Risk Assessment and observations, as well as the risks of the current path.

Analyze the current path with key members of management and discuss the risks of the current path with the BOCS.

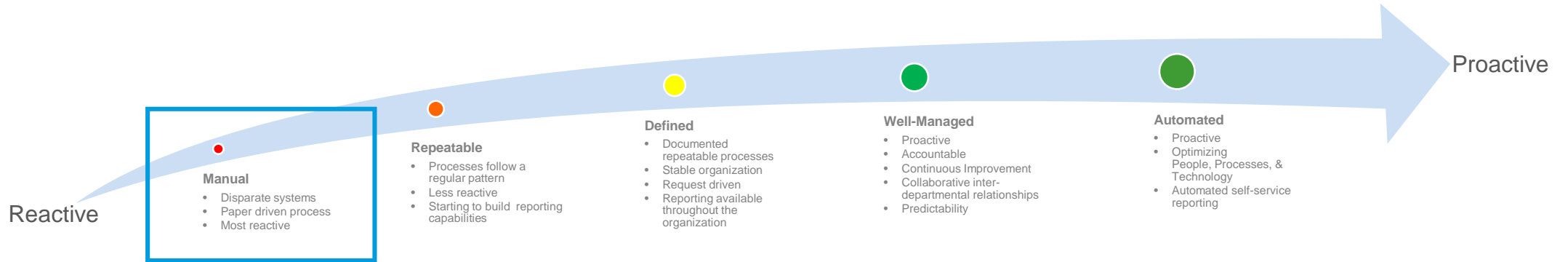
Compare and contrast paths, noting the willingness to accept the level of risk associated with StarGarden / selection of proven HCM providers.

Present different paths with BOCS, accept risk tolerance, and fund the next steps for the path selected.



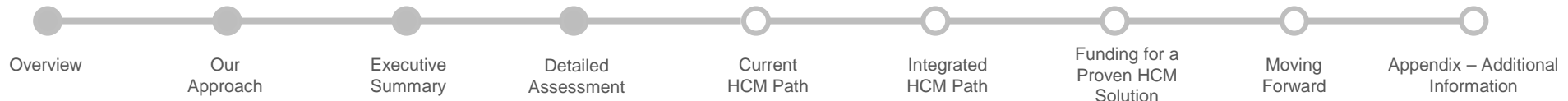
# Detailed Assessment

# Benefits Administration



## Assessment

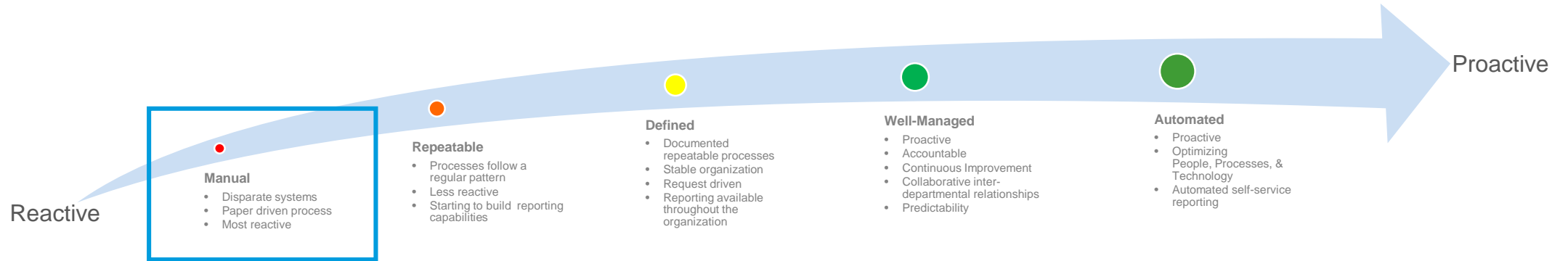
People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>Understaffed due to workload</li> <li>70% of time collecting data from various systems</li> <li>30% of time on retirement counseling</li> <li>20% of time analyzing and value added activities (uncompensated)</li> </ul>	<ul style="list-style-type: none"> <li>Manual process that is repeatable but not well defined</li> <li>Use of paper forms and manual entry are used frequently</li> <li>Manual reconciliation of benefits occur during this process</li> <li>Manual entries require half-time to quality assure (QA) initial entries</li> </ul>	<ul style="list-style-type: none"> <li>Multiple disparate systems</li> <li>Lack of integration results in duplicative manual entries</li> <li>Rely heavily on excel spreadsheets</li> </ul>	<ul style="list-style-type: none"> <li>Human error when manually entering data into multiple systems</li> <li>Human error when manually reconciling thousands of lines of benefits                             <ul style="list-style-type: none"> <li>e.g.; A person was registered with a medical vendor who was drafting the county for coverage, but the payment was not drawing from the payroll for two years</li> </ul> </li> </ul>



Maturity rating assigned based on our assessment and observations



# Employee Relations



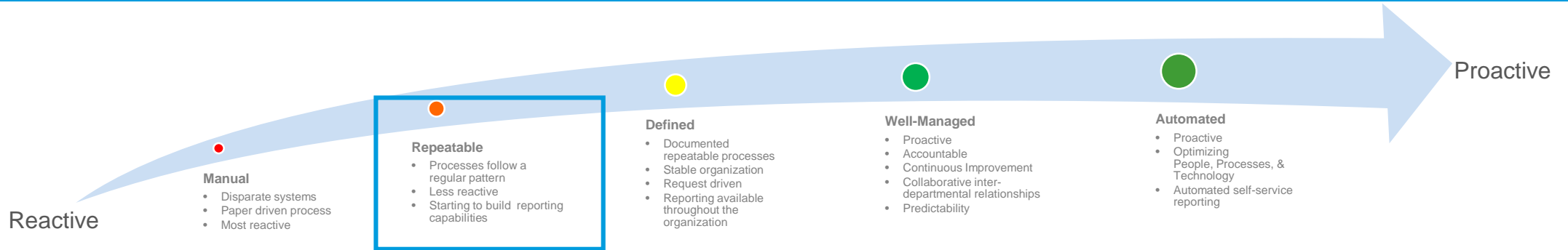
## Assessment

People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>Understaffed due to workload</li> <li>Institutional knowledge of policies, procedures and timelines are held by key personnel</li> </ul>	<ul style="list-style-type: none"> <li>Repeatable process but not well defined</li> <li>Use of paper forms and manual entry are used frequently</li> <li>Workflow approvals are required and done via email</li> <li>Forms with HIPAA compliant information are printed, signed/approved and emailed</li> </ul>	<ul style="list-style-type: none"> <li>Multiple disparate systems</li> <li>Lack of integration results in manual entries</li> <li>Heavy reliance on Excel spreadsheets and paper forms</li> <li>Documents are physically stored due to system limitations                             <ul style="list-style-type: none"> <li>Systems are unable to provide user security roles that would allow documents to be stored and associated with an employee record</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Paper documents with HIPAA compliant information are printed and left unsecured after approvals</li> <li>Lack of visibility into complete employee records</li> <li>Time sensitive information is not recorded properly and no notifications are automatically sent with reminders</li> <li>Disciplinary action is not always maintained in a central location</li> </ul>



Maturity rating assigned based on our assessment and observations

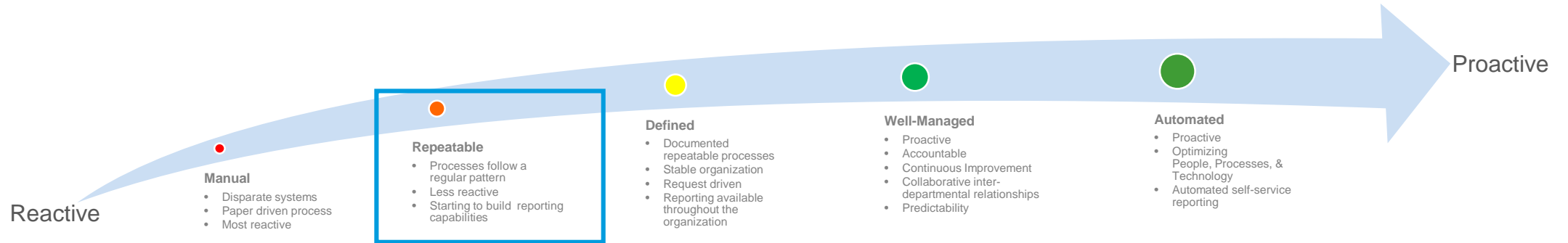
# General and Technical



Assessment			
People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>Understaffed due to workload and maintenance of multiple systems</li> <li>70% of time putting out fires</li> <li>20% of time working on projects assigned by executives</li> <li>20% of time on value added activities or internally identified projects have minimal time allocated (10% uncompensated)</li> </ul>	<ul style="list-style-type: none"> <li>Rarely use ticketing system unless for password resets</li> <li>Majority of requests come verbally                             <ul style="list-style-type: none"> <li>Unable to track how long tickets are open</li> <li>Unable to track similar issues</li> </ul> </li> <li>Complete duplicative tasks due to undefined processes</li> </ul>	<ul style="list-style-type: none"> <li>Support multiple disparate systems                             <ul style="list-style-type: none"> <li>Resolving data issues</li> <li>Patching systems</li> <li>Data refreshes</li> <li>Report generation and distribution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Lag time in removing access when employees separate                             <ul style="list-style-type: none"> <li>Building access remains after separation</li> <li>Revoking P-card access is delayed</li> <li>Email access can remain for up to 30 days</li> </ul> </li> <li>Employees changing between departments                             <ul style="list-style-type: none"> <li>New access is granted without revoking previous access (Segregation of Duties (SOD) Risk)</li> </ul> </li> </ul>
Overview	Our Approach	Executive Summary	Detailed Assessment
		Current HCM Path	Integrated HCM Path
		Funding for a Proven HCM Solution	Moving Forward
			Appendix – Additional Information

Maturity rating assigned based on our assessment and observations

# Learning Management



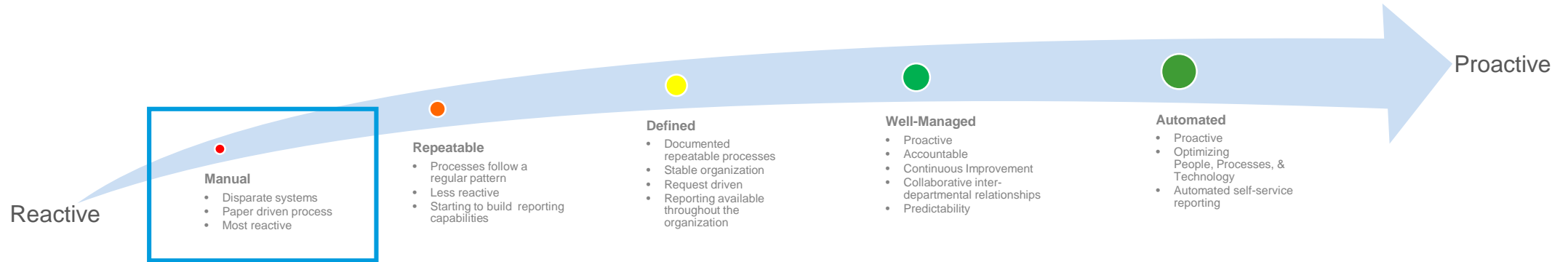
## Assessment

People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>Understaffed due to workload</li> <li>Training provided to the County is not specific for public sector                             <ul style="list-style-type: none"> <li>Majority of training is focused on the private sector (e.g. Lean Six Sigma, PMP, etc.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Repeatable process but still reactive</li> <li>Creating custom training is very time consuming due to manual processes</li> <li>Spend a considerable amount of time obtaining reports that are ultimately inaccurate</li> </ul>	<ul style="list-style-type: none"> <li>Multiple disparate systems                             <ul style="list-style-type: none"> <li>Lack of integration results in manual additions and removal of employee records</li> </ul> </li> <li>Inaccurate data in SkillSoft due to lack of integration</li> </ul>	<ul style="list-style-type: none"> <li>Training compliance is very difficult to maintain due to disparate systems and system limitations</li> <li>Use of inaccurate reports to make training decisions</li> </ul>



Maturity rating assigned based on our assessment and observations

# Leave Management

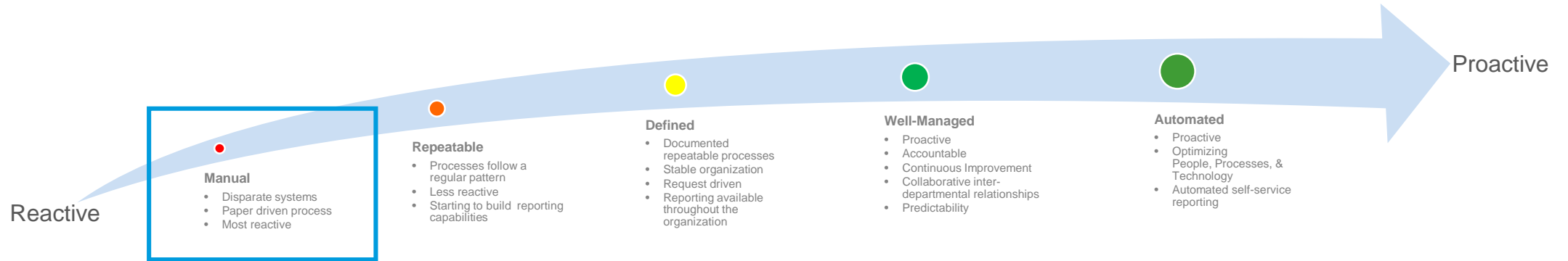


Assessment			
People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>• Understaffed due to workload</li> <li>• 80% of time collecting data from various systems</li> <li>• 20% of time analyzing and value added activities</li> <li>• 10% of time on improvements and projects (uncompensated)</li> </ul>	<ul style="list-style-type: none"> <li>• Manual process to calculate leave payout</li> <li>• Leave policies are not built into the system as rules, therefore must be manually verified</li> <li>• Payroll benefits take up to a full day to calculate and 2 hours to visual QA</li> <li>• Separated employees must be reclassified to TE9998 – MISC to ensure no benefits continue to draw</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple disparate systems                             <ul style="list-style-type: none"> <li>• Lack of integration results in manual entries</li> <li>• Heavy reliance on Excel spreadsheets</li> </ul> </li> <li>• System limitations require a reclassification of separated employees to ensure benefits stop</li> </ul>	<ul style="list-style-type: none"> <li>• Inaccurate benefits calculations due to manual nature</li> <li>• Loss of institution knowledge if key personnel leave</li> <li>• Leave pay out errors due to manual calculations</li> <li>• Inaccurate employee data due to reclassification into temporary position</li> </ul>



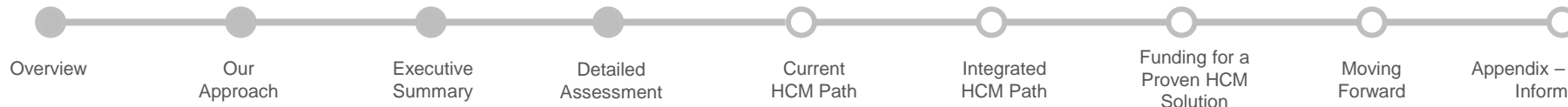
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# Time and Attendance/Payroll



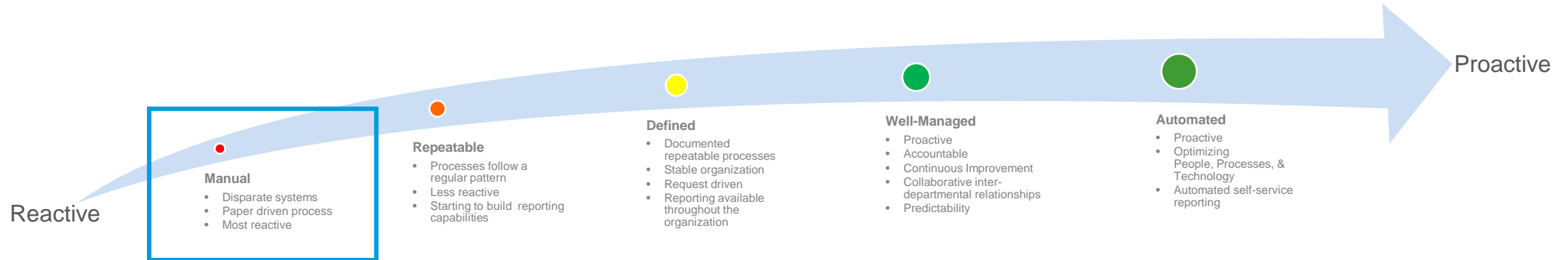
## Observations

People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>50% of time collecting data from various systems</li> <li>30% of time on value added payroll activities</li> <li>20% of time on other HR initiatives</li> <li>Staff rotate responsibility for manually entering time into StarGarden</li> <li>Requires additional visual QA responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Manual interface payroll summary in ASCEND</li> <li>Processes and rules vary by department                             <ul style="list-style-type: none"> <li>Time is projected for many departments that causes additional verification</li> </ul> </li> <li>Perform visual reconciliation of ~7,600 lines of benefits for medical, dental and vision</li> <li>Perform retro calculations</li> <li>Manually track LWOP, Liens/Garnishments, arrears for VRS/FSA, and status of supplemental retirement fund</li> </ul>	<ul style="list-style-type: none"> <li>Multiple disparate systems                             <ul style="list-style-type: none"> <li>Lack of integration results in manual entries</li> <li>Rely heavily on intuitional knowledge of processes</li> </ul> </li> <li>Manual interface from 3-4 different time and attendance systems with different processes for recording time to HRIS system to process payroll</li> </ul>	<ul style="list-style-type: none"> <li>Incorrectly entering time from Time and Attendance system into Payroll system</li> <li>Key individuals have institutional knowledge of processes and rules</li> <li>Time is being projected for the close of payroll which has to be manually adjusted by Payroll if changes occur</li> <li>Potential to make mistakes while visually reconciling thousands of lines of benefits</li> <li>Potential to make mistakes manually calculating retroactive pay</li> </ul>



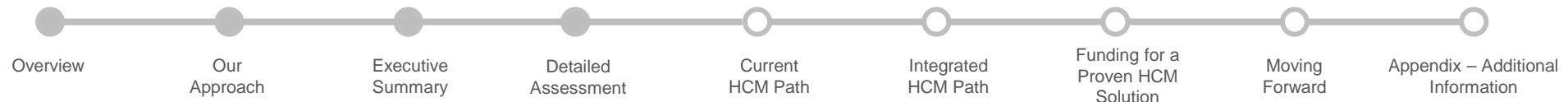
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# Compensation Management



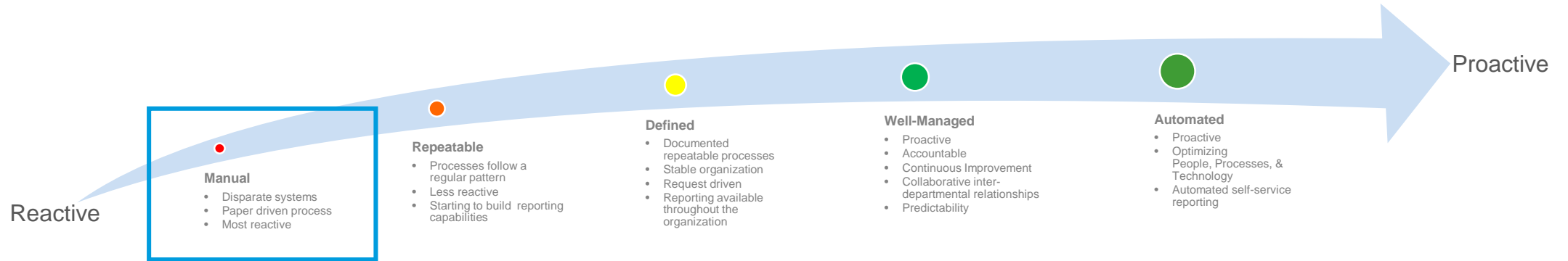
## Assessment

People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>Understaffed due to workload</li> <li>70% of time collecting data from various systems</li> <li>30% of time performing research</li> <li>20% of time analyzing and value added activities (uncompensated)</li> </ul>	<ul style="list-style-type: none"> <li>Very manual process that is not repeatable or well defined</li> <li>Use of paper memos and wet signatures are still in use</li> <li>Institutional knowledge of processes are held by key individuals</li> <li>Manual calculations and entries occur during this process</li> </ul>	<ul style="list-style-type: none"> <li>Multiple disparate systems</li> <li>Lack of integration results in duplicative manual entries</li> <li>Reports must be queried from multiple systems and aggregated into desired end report</li> </ul>	<ul style="list-style-type: none"> <li>If key personnel leave, this process would be compromised and need to be recreated from the ground up</li> <li>Human error when manually entering data into multiple systems</li> </ul>



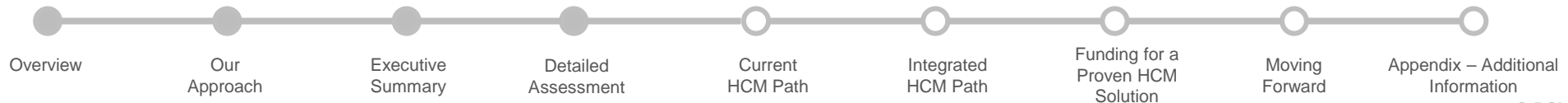
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# Personnel Administration



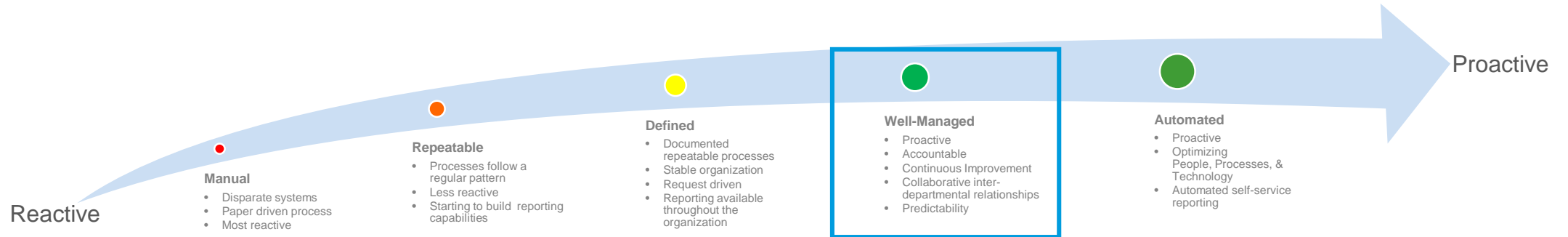
## Assessment

People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>Understaffed</li> <li>Resources are moved around to support large long-term projects and to manage the day to day</li> </ul>	<ul style="list-style-type: none"> <li>Manual process that is still in its infancy stage</li> <li>Performance reviews are captured in Excel and forwarded to HR as a PDF. Comments are lost in conversion</li> <li>Exit interviews are not standard and are rarely completed</li> <li>New legislation requires HR to track all volunteers for the Fire Department</li> </ul>	<ul style="list-style-type: none"> <li>Rely heavily on Excel spreadsheets</li> <li>Current system limitation does not support tracking of volunteers (non-employees)</li> </ul>	<ul style="list-style-type: none"> <li>County liable to provide verification of employment (non-employee volunteers) in the event of death in the life of duty in order for family to receive death benefits</li> </ul>



Maturity rating assigned based on our assessment and observations

# Recruitment and Applicant Tracking



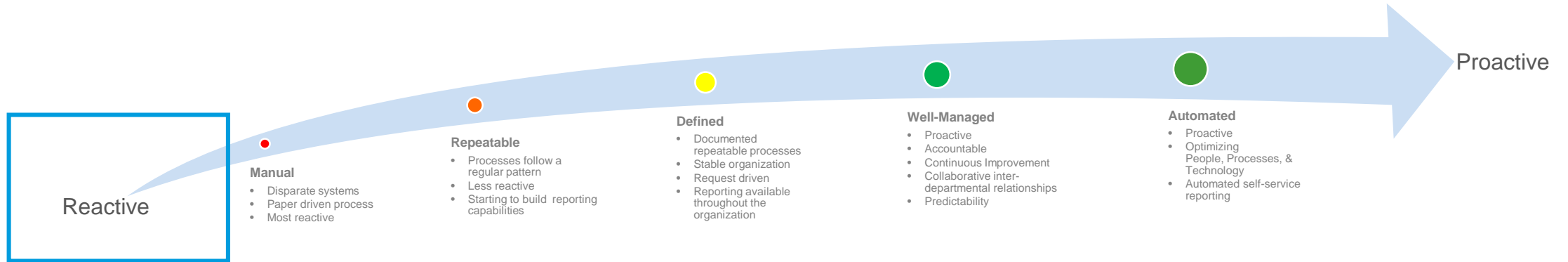
Assessment			
People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>20% of time collecting data from various systems</li> <li>60% of time analyzing and value added activities</li> <li>20% of time on improvements and projects</li> </ul>	<ul style="list-style-type: none"> <li>A well managed and integrated process from requisition of new employee to the point of hire</li> <li>Lack of integration/interface with HRIS does not allow for the transition of data from one system to the next requiring manual interfacing and entry of data</li> <li>Some departments insistent on using paper applications creating a lot of work on the back-end for recruitment</li> </ul>	<ul style="list-style-type: none"> <li>Overall 95% solution fit</li> <li>Lack of integration between NeoGov and StarGarden create manual work</li> </ul>	<ul style="list-style-type: none"> <li>Inaccurate data being entered manually from NeoGov to StarGarden</li> </ul>



Maturity rating assigned based on our assessment and observations



# Succession Planning and Talent Management



## Assessment

People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>No resources support these functions</li> </ul>	<ul style="list-style-type: none"> <li>No processes in place to support these functions</li> </ul>	<ul style="list-style-type: none"> <li>No technology in place to support these functions</li> </ul>	<ul style="list-style-type: none"> <li>These functions allow HR to forecast for those individuals retiring and design a succession plan for the impending vacancies</li> <li>HR does not have the ability to develop, share or store career development plans for individuals to stay and rise through the organization</li> </ul>



Maturity rating assigned based on our assessment and observations

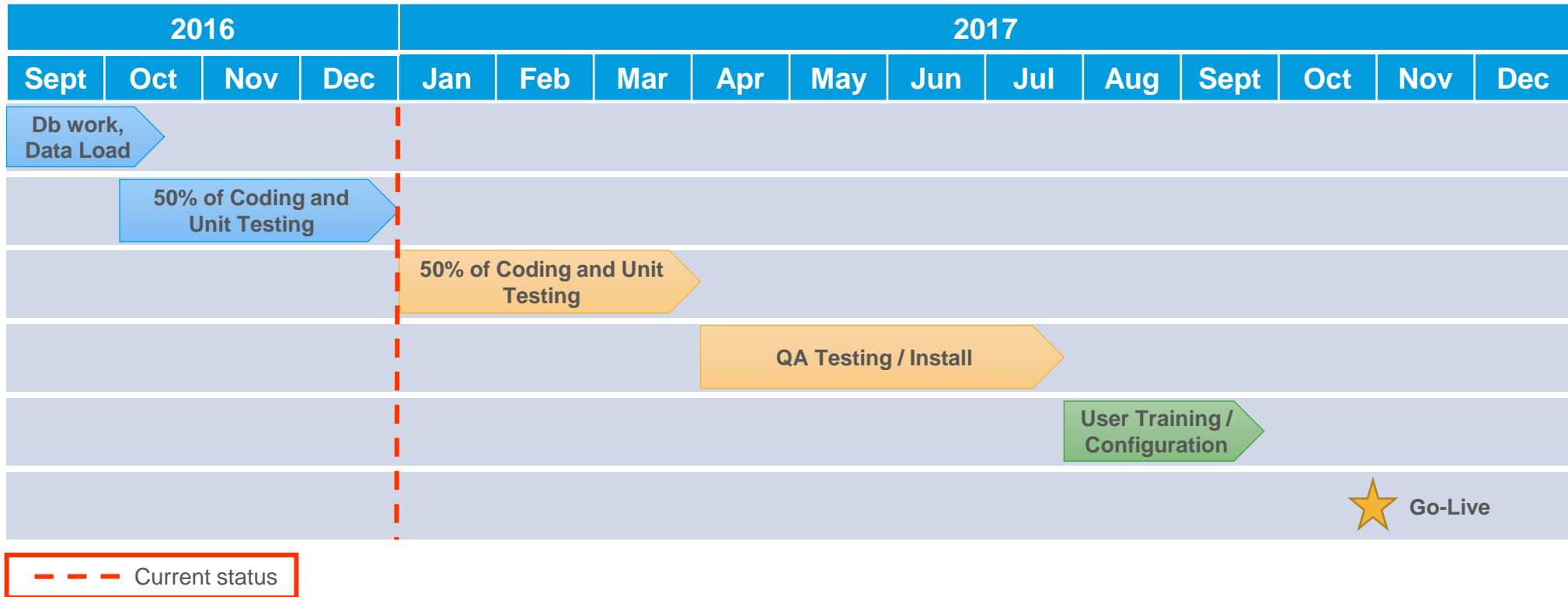
# Current HCM Path

# StarGarden Company Profile

- **StarGarden was founded in 1984 as a custom coding company**
  - One of their first clients was for the Ministry of Labour to build an HR/Payroll system
  - This system was a position centric system that accounted for different unions and employee groups
  - They tend to be a niche player in the unionized labour industry
- **\$1.07M in revenue according to Dunn and Bradstreet**
- **11-50 employees supporting the following industries according to LinkedIn:**
  - Education
  - Health
  - Unionized Industry
  - Cross Border
  - Long term care
  - Government



# StarGarden 5.0 Upgrade Timeline



# Current HCM Path – High-Risks

A summary of the high-risks identified with the vendor StarGarden provided below.

Risks Identified	Risk Rating
They have missed several deadlines for delivering their solution by more than a year	●
They are a smaller company with a higher risk of financial stability	●
High level of customization will be required that have not been included in their initial estimates (with every update, rework will be required at the Counties expense in order to each update customizations)	●
They have a limited number of employees to support several sectors, US local government is a low priority	●
If PWC does not inform StarGarden of policy changes, they will not push out updates (larger organizations in the space do this automatically for hundreds of clients)	●
Have already invested time and money on the new upgrade with little to show	●
Training documents must be created by the County in order to train new employees	●
There are a limited number of employees in the market who know how to support StarGarden and no employees in the market that know how to support the 5.0 upgrade	●

## Definitions:

- **High Risk Items:** Considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- **Moderate Risk Items:** May also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- **Low Risk Items:** Could escalate into operational issues, but can be addressed through the normal course of conducting business.



# Possible Other / Integrated HCM Path

# HCM Overview

Cloud human capital management (HCM) suites deliver functionality that helps organizations attract, develop, engage, retain and manage their workforces. These solutions support a variety of HCM capabilities (albeit to varying degrees based on the offering), including:

- **HR administrative functions (admin HR)** — Include core HR (organizational and employee data, employment life cycle processes, transactional employee and manager self-service), benefits and payroll administration; may also include occupational health and safety, grievance tracking, travel expense management, or other areas.
- **HR service delivery (HRSD)** — Includes direct access to policy and procedure guidance for employees and managers; may also include case management, knowledge base and digital document management.
- **Talent management (TM) applications** — Include recruiting, onboarding, performance management, compensation planning, career and succession planning, learning and development, and workforce planning.
- **Workforce management (WFM)** — Includes absence management, time capture, time and attendance evaluation, task/activities tracking, budgeting and forecasting, and scheduling.



# Organizational Benefits

The information below are the benefits the County can expect by moving to an integrated HCM solution. For a full list of benefits, please see the Appendix – Additional Information.

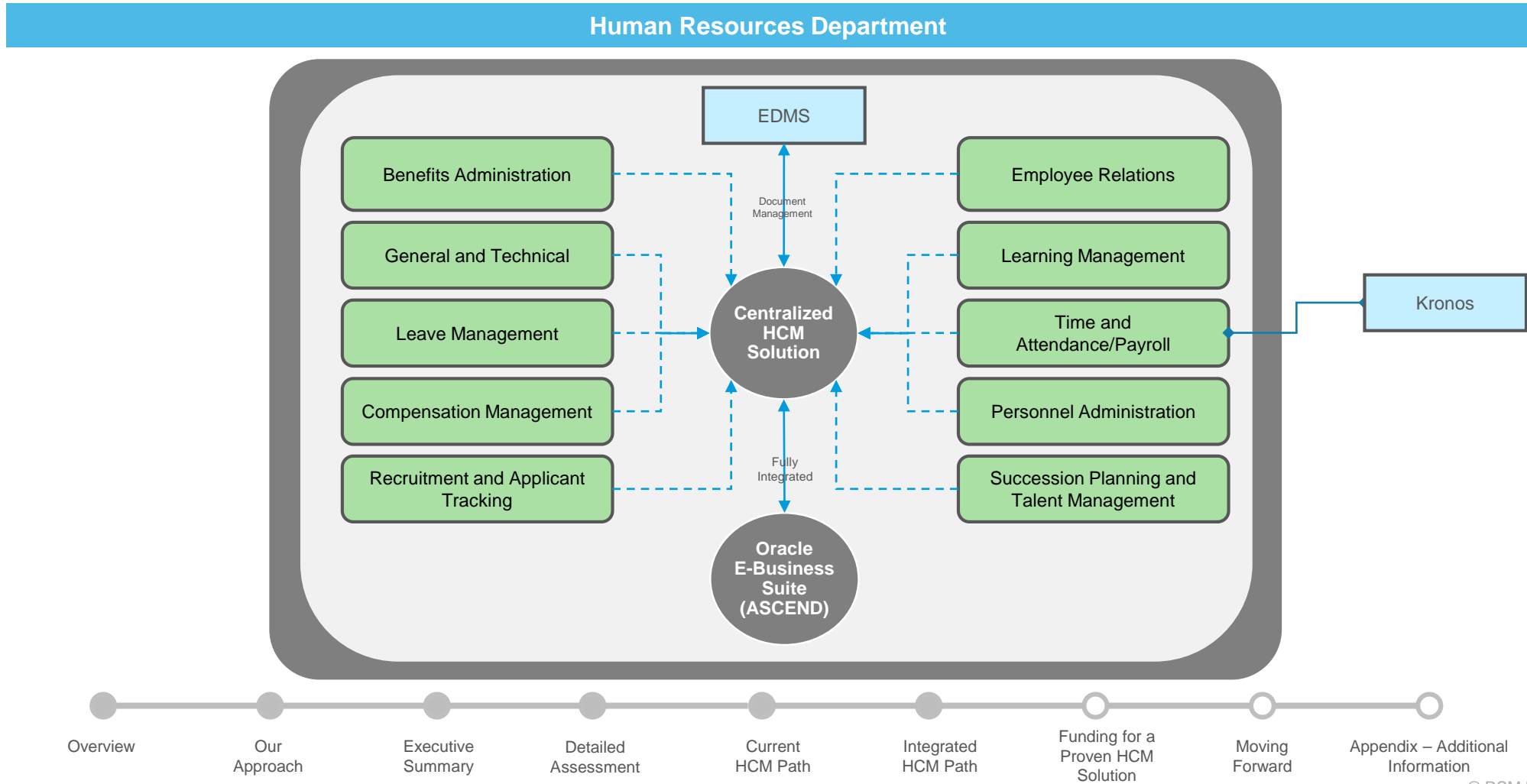
Assessment			
People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>• Reallocation of time from 70% to 30% for collecting and processing information</li> <li>• Reallocation of resources internally to cover areas that need additional support</li> <li>• Elimination of institutional knowledge being held by only key personnel</li> <li>• Ability to plan for the succession of a position when an individual retires, leaves or is promoted</li> </ul>	<ul style="list-style-type: none"> <li>• Shift all manual processes from Manual to Well-Managed or Automated</li> <li>• Eliminate the need for paper forms and physical storage</li> <li>• A full end to end process from hire to retire in one integrated system</li> <li>• Elimination of manual/visual reconciliation of thousands of lines of benefits</li> </ul>	<ul style="list-style-type: none"> <li>• An HCM system that fully integrates with current ERP and Document Management System</li> <li>• Allow support team to focus on value added activities instead of working to produce clean data, generate reports and patching systems</li> <li>• Ability to build in systems access restrictions so that all employee data can be in one centrally located system with proper security</li> <li>• Ability to easily generate accurate reports on-demand</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the risk of human error from manually entering data into multiple systems</li> <li>• Reduce the risk of human error when manually reconciling thousands of lines of benefits</li> <li>• Reduce the risk of exposing HIPAA compliant information</li> <li>• Reduce the risk of making management decisions using a report with inaccurate data</li> </ul>





# Future State Integrated Systems

This guide represents each process that will be supported by a centralized HCM Solution that fully integrates with current ERP Financial System.



# Well-Established Vendors

Figure 1. Magic Quadrant for Cloud HCM Suites for Midmarket and Large Enterprises



Source: Gartner (August 2017)

StarGarden did not make the list of establish providers of Cloud HCM Suite for the Midmarket to Large Enterprises

Vendor	Number of Employees	Country of Origin	Number of Customers	Annual Revenue
StarGarden	11-50	British Columbia	80+	\$1.07M
ADP	10,000+	U.S.	550+	\$12.4B
Ceridian	7,000+	U.S.	3,500+	\$532.18M
Oracle	138,000+	U.S.	1,600+	\$37.73B
Ultimate Software	1,001 – 5,000	U.S.	3,300+	\$781M
WorkDay	5,001 – 10,000	U.S.	1,600+	\$1.57B

\*North America midmarket HCM suite (1,000 to 5,000 workers)

\*\*Number of Customers only reflect HCM customers



# Well-Established Vendors Overview

Vendor	Overview
<b>ADP</b>	<ul style="list-style-type: none"> <li>ADP has a long track record in outsourced payroll services and an unmatched global payroll presence, with 15 service centers providing direct support in 28 countries and 84 more via partners using ADP Streamline. It is a primary payroll partner option for many HCM suite vendors.</li> <li>Customers can supplement Vantage HCM functionality with a broad set of ancillary ADP software and services for engagement measurement, compliance, document management, benefits administration, recruitment outsourcing and analytics / benchmarking. They can also leverage the ADP Marketplace of more than 170 partner applications integrated via standard APIs.</li> </ul>
<b>Ceridian (Dayforce)</b>	<ul style="list-style-type: none"> <li>Dayforce HCM is a natively developed, single unified solution spanning core HR, WFM, payroll, benefits and talent functions.</li> <li>The robust WFM capability of Dayforce HCM (including labor scheduling and optimization) outstrips that of most HCM suite competitors, and rivals that of vertical industry point solutions.</li> <li>Client reference satisfaction with Ceridian's enhancement request processes is well above the mean, and in the top third of vendors evaluated for this Magic Quadrant.</li> </ul>
<b>Oracle</b>	<ul style="list-style-type: none"> <li>Oracle HCM Cloud delivers leading recruiting and robust compensation planning, and customer reference satisfaction scores with these capabilities are well above the mean. Satisfaction with Oracle's newer learning management module as well as its longer-tenured performance management functionality is also well above the mean.</li> <li>Customer reference satisfaction with overall product and overall vendor customer relationship (VCR) criteria is above the mean. Customers are most satisfied with HCM Cloud's social/ collaboration capabilities and integration within the HCM suite on the product side, and with Oracle's after-sales care and account management for VCR criteria.</li> </ul>
<b>Ultimate Software</b>	<ul style="list-style-type: none"> <li>Ultimate has successfully built and maintained a very employee- and customer-focused culture that has helped drive consistent growth, high customer retention and numerous industry awards.</li> <li>Overall VCR satisfaction remains well above the cloud reference sample mean. Ultimate customers are most satisfied with additional deployments and upgrades, experience through the sales process, and initial implementation and deployment.</li> </ul>
<b>WorkDay</b>	<ul style="list-style-type: none"> <li>Workday continues to differentiate itself from its competitors in the large global enterprise HCM suite market by deploying all of its HCM functionality on a natively developed application, with a single security model and user experience.</li> <li>Reference feedback on overarching product criteria indicates that customers are most satisfied with Workday's system admin/configuration/workflow capabilities, product quality and integration within the HCM suite.</li> </ul>



# Funding for an Integrated HCM Solution

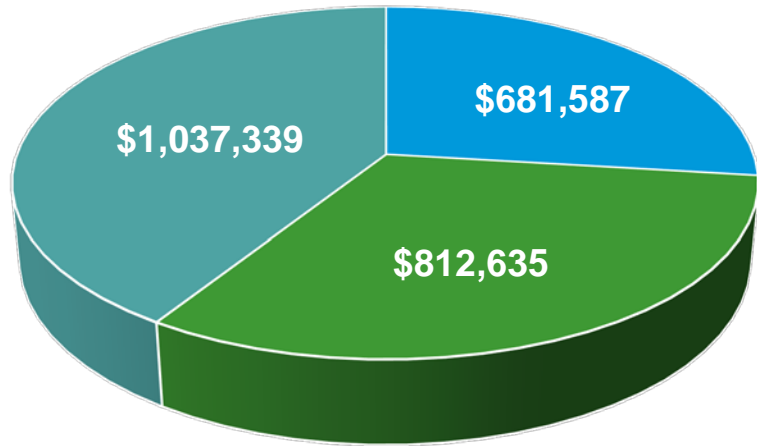
# Introduction to Investment

- Prince William County has received a number of vendors interested in the implementation of a new well-established HCM solution
  - Initial vendor estimates range from \$6M – \$20M with about a 50% confidence level
  - Implementation timeline is estimated to take ~24-25 months
- Prince William County estimates that they will require to hire an additional 4 FTEs in order to support the implementation team
- Benefits have been identified with the selection and implementation of a well-established HCM solution, to include:
  - Future cost avoidance of hiring additional FTEs to be comparable to other County's
  - Process efficiencies gained through automation
  - Technology rationalization eliminating excess and unintegrated systems

# Potential Financial Impact

Over the next several years, the potential investment ranges from \$6-20m for an integrated HCM solution. By making this investment, the County could recognize the potential benefits listed below.

## Summary of Potential Benefits



- Application Rationalization
- Process Efficiency
- Future Cost Avoidance

Benefits	Achieving Benefits	Potential Risks
<b>Applications Rationalization (\$681,587)</b>	<ul style="list-style-type: none"> <li>Reduction of applications to an 1 integrated system</li> <li>Full benefit received post-implementation</li> </ul>	<ul style="list-style-type: none"> <li>Inability to eliminate existing applications and realize full potential cost savings</li> </ul>
<b>Process Efficiency (\$812,635)</b>	<ul style="list-style-type: none"> <li>~40% efficiency gain through automation of tasks</li> </ul>	<ul style="list-style-type: none"> <li>Inability to achieve additional efficiencies from automation of manual tasks</li> </ul>
<b>Future Cost Avoidance (\$1,037,339)</b>	<ul style="list-style-type: none"> <li>Avoidance of increased head count due to productivity gains and reallocation of roles and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to be understaffed for department workload</li> <li>Potential attrition of key individuals</li> </ul>



# Potential People Impact

In order to support a manually intensive process and support future growth and improvements, the County would need to increase their HR FTE count by 16 FTEs to be comparable to peers. Either path selected, 2 - 4 FTEs will be required to support existing teams during implementation efforts.

	Fairfax County	City of Alexandria	Loudoun County	Arlington County	Prince William County
FTE Positions	12,335	2,542	3,762	3,872	4,378
HR FTE	75	25	34	52	23.5
Ratio	1 to 164	1 to 102	1 to 111	1 to 74	1 to 186

	Fairfax County	City of Alexandria	Loudoun County	Arlington County	Prince William County
FTE Positions	12,335	2,542	3,762	3,872	4,378
HR FTE	75	25	34	52	39.5
Ratio	1 to 164	1 to 102	1 to 111	1 to 74	1 to 111

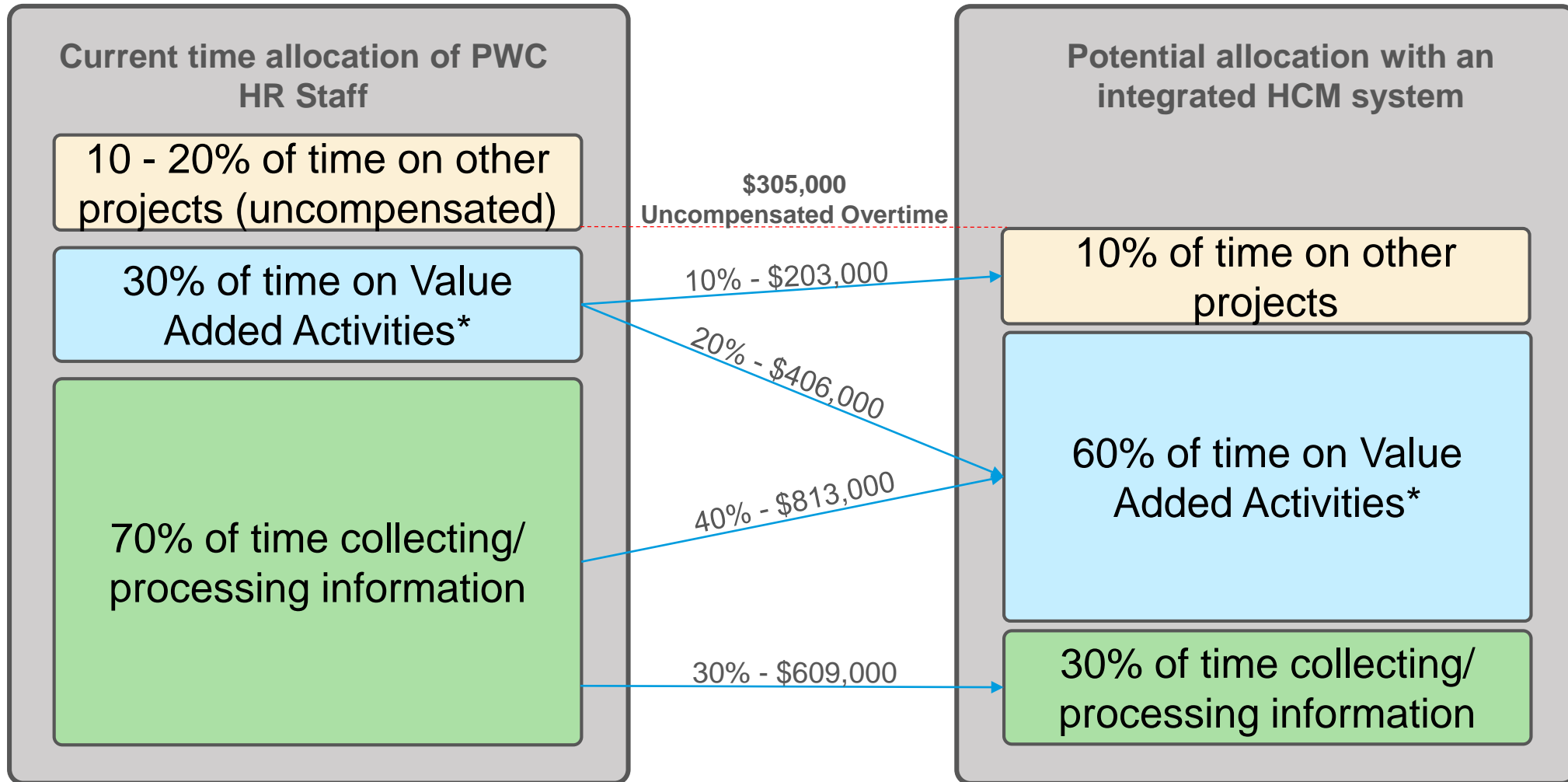
Increase of  
16 FTE's  
\$1,354,392\*

Most comparable peer



\*For calculations, please see the Future Cost Avoidance Calculations slide in Appendix – Additional Information

# Potential Process Efficiency



\*Note: Value Added Activities can include, but not limited to: Analysis of information, analysis of long/short-term market demands, finding most capable individuals to fill vacancies, etc.



# Potential Technology - Applications Rationalization

The following is an analysis of the systems that are to be eliminated along with the associated savings.

Vendor	System	Licensing Fee Savings	Other Fee Savings	Overall Savings
1	8	\$29,710	N/A	\$29,710
2	9	\$16,000	N/A	\$16,000
3	10	\$29,000	N/A	\$29,000
	11	\$29,000	N/A	\$29,000
	12	\$19,425	N/A	\$19,425
	13	\$20,000	N/A	\$20,000
	14	\$38,000	\$6,000	\$44,000
4	15	\$279,586	\$7,500	\$287,086
5	16	\$61,310	N/A	\$61,310
6	17	\$44,000	\$29,000	\$73,000
7	18	\$53,556	\$19,500	\$73,056

**TOTAL ANNUAL SAVINGS**

**\$681,587**

\* vendors / systems have been coded for network security



# Observation and Action - Moving Forward



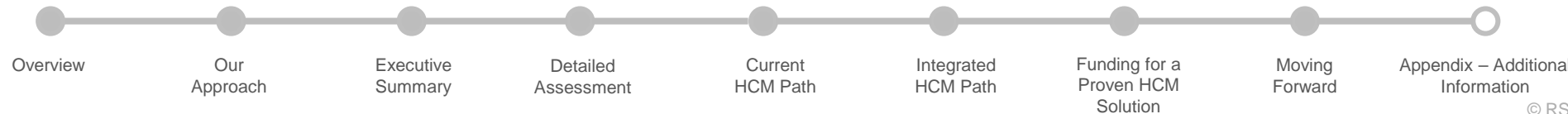
## Prince William County Leadership Action Plan

Review the People, Process, Technology and Risk Assessment and observations, as well as the risks of the current path.

Analyze the current path with key members of management and discuss the risks of the current path with the BOCS.

Compare and contrast paths, noting the willingness to accept the level of risk associated with StarGarden / selection of proven HCM providers.

Present different paths with BOCS, accept risk tolerance, and fund the next steps for the path selected.



# Appendix – Additional Information

# Detailed Organizational Benefits

## Observations

People	Process	Technology	Risks
<ul style="list-style-type: none"> <li>• Reallocation of time from 70% to 30% for collecting and processing information</li> <li>• Reallocation of resources internally to cover areas that need additional support</li> <li>• Elimination of institutional knowledge being held by only key personnel</li> <li>• Updated and industry specific training</li> <li>• Eliminate the need to rotate staff to cover other responsibilities in other divisions</li> <li>• Ability to spend time proactively engaging in value added activities</li> <li>• Ability to plan for the succession of a position when an individual retires, leaves or is promoted</li> <li>• Ability to develop talent internally through use of training, performance reviews, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Shift all manual processes from Manual to Well-Managed or Automated</li> <li>• Eliminate the need for paper forms and physical storage</li> <li>• A full end to end process from hire to retire in one integrated system</li> <li>• Elimination of manual/visual reconciliation of thousands of lines of benefits</li> <li>• Elimination of duplicative tasks being performed</li> <li>• Ability to build benefit specific rules that would eliminate manual tasks</li> </ul>	<ul style="list-style-type: none"> <li>• An HCM system that fully integrates with current ERP and Document Management System</li> <li>• Allow support team to focus on value added activities instead of working to produce clean data, generate reports and patching systems</li> <li>• Ability to build in systems access restrictions so that all employee data can be in one centrally located system with proper security</li> <li>• Ability to easily generate accurate reports on-demand</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the risk of human error from manually entering data into multiple systems</li> <li>• Reduce the risk of human error when manually reconciling thousands of lines of benefits</li> <li>• Reduce the risk of lag time after employee separation</li> <li>• Reduce the risk of exposing HIPAA compliant information</li> <li>• Reduce the risk of making management decisions using a report with inaccurate data</li> </ul>



# Future Cost Avoidance Calculations

Future Cost Avoidance – \$1,037,339

- Assumptions:
  - \$2,031,455.14 Total HR Salaries
  - 1,950 workings hours / year
- Total HR FTE hours: 24 HR FTEs \* 1,950 = 46,800 Total HR FTE hours
- Blended Hourly Rate: Total HR Salaries / Total FTE hours  
$$\$2,031,392 / 46,800 = \$43.41 \text{ Blended Hourly Rate}$$
- Total Savings hours / year: 12 FTEs \* 1,950 = 23,400 Total Savings hours / year  
$$23,400 * 43.41 = \mathbf{\$1,037,339} \text{ Future Cost Avoidance}$$



# Process Efficiency Calculations

Process Efficiency – \$812,635

- Assumptions:
  - 1,950 workings hours / year
  - 24 HR FTEs
  - 43.41 Blended Hourly Rate
- Total HR FTE hours: 24 HR FTEs \* 1,950 = 46,800 Total HR FTE hours
- 43.41 \* 46,800 = \$2,031,588

Percentage of Total	
10%	\$203,159
15%	\$304,738
20%	\$406,318
30%	\$609,476
40%	\$812,635
50%	\$1,015,794
60%	\$1,218,953
43.41 * 46,800	\$2,031,588



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