

## Report on Shared Services

**Department: Department of Transformation and Shared Services**

**Secretary: Amy Fecher**

Questions	Responses
<p>1. After a thorough analysis of shared services within your department, identify all opportunities for more efficient and effective delivery of services and for cost savings.</p> <p>Consider short-term, mid-term, and long-term opportunities.</p>	<p><b>Project 1: Create a TSS Business Operations Office to deliver shared services for all TSS divisions.</b></p> <p><b>1.1 Action Plan:</b> Provide HR and payroll functions, procurement services, centralized asset management, accounts payable/receivable, travel coordination, mobile device management, and budget assistance under a shared services model within the TSS Business Operations Office.</p> <p><b>1.1 Benefits:</b></p> <ul style="list-style-type: none"> <li>• Elimination of duplicative processes.</li> <li>• Fully staffed from reassignment of positions.</li> <li>• Fully cross trained staff to ensure business processes and services continue without delays.</li> </ul> <p><b>1.1 Costs:</b> No anticipated additional cost.</p> <p><b>1.1 Measuring Success:</b> Delivering services successfully and efficiently at no additional cost.</p> <p><b>1.1 Timeline &amp; Implementation Plan:</b></p> <ul style="list-style-type: none"> <li>• Summer 2019 – Staff TSS business operations department using existing state resources and cross train staff.</li> <li>• Fall 2019 – Provide shared services to EBD, DBA, OPM, OSP, and GIS. Discuss service options and cost allocations with DIS.</li> <li>• Winter 2019 – To begin implementing shared services where feasible for DIS.</li> <li>• Summer 2020 – Survey divisions to capture potential processes that can be updated, eliminated, streamlined, and moved to TSS.</li> </ul> <p><b>1.1 Potential Obstacles:</b> Buy-in from divisions.</p> <p><b>Project 2: Streamline Hiring Process</b></p> <p><b>2.1 Action Plan:</b> The OPM hiring process requires manual entry of 31 forms for hiring actions which translates to around 19,000 employee actions per year. Plan - reduce number of hiring forms by 50% and implement digital</p>

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	<p>options for reducing paper and time including auto populate for duplicate fields.</p> <p><b>2.1 Benefit:</b></p> <ul style="list-style-type: none"> <li>• Empowers staff to focus on other duties and agency needs due to reduced time spent processing forms.</li> <li>• Creates standardized forms for all users and simplifies processes thus creating efficiencies.</li> </ul> <p><b>2.1 Costs:</b> No anticipated additional cost at present.</p> <p><b>2.1 Measuring Success:</b> Annual value of employee time saved processing hiring forms for 50% reduction = \$608,988:</p> <ul style="list-style-type: none"> <li>• Current Processing Cost: \$20 (hourly pay) x 3 (processing hours) x \$0.93 (paper cost per packet) x 19,990 employee hire/actions = \$1.2M/year processing cost</li> <li>• 50% Reduction of Forms savings: \$1.2M (annual cost) x 50% = estimated <u>\$608,000 saved statewide on processing hiring forms</u></li> </ul> <p><b>2.1 Timeline &amp; Implementation Plan:</b></p> <ul style="list-style-type: none"> <li>• Summer 2019 – Design new simplified forms.</li> <li>• Fall 2019 – Complete auto populated design.</li> <li>• Winter 2019 –OPM work group will gather future user input from departments then implement new process across TSS. Evaluate the possible digital opportunities to streamline HR onboarding across all Departments.</li> <li>• Spring 2020 – Expand process to all OPM users and gather feedback to determine added improvement opportunities.</li> </ul> <p><b>2.1 Potential Obstacles:</b> None identified.</p> <p><b>Project 3 – Create Best in Class Employee Career Training Program; Career Development Training Tracks; Centralized Training Office for all Departments; Digital Training Solutions; and Streamline Training Payment Process</b></p>

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	<p><b>3.1 Recommendation (long-term):</b> Create a shared service center for training with a central location along with the creation of three distinct career development tracks:</p> <ul style="list-style-type: none"> <li>A. Service Line Staff</li> <li>B. Professional Staff</li> <li>C. Managers</li> </ul> <p>Additionally, create a Leadership Institute program, utilize digital web solutions, and streamline the training payments process.</p> <p><b>3.1 Benefits:</b></p> <ul style="list-style-type: none"> <li>• Cost savings from standardization, reporting and record keeping, and quality control.</li> <li>• Centralized training space for all agencies to use, required OPM training and digital training.</li> <li>• Reduced travel costs across state agencies due to a centralized location, options for offsite webinars, and paperless materials.</li> <li>• Centralized training tracking and reservation hub for all state entities, room set-up, equipment maintenance, security, access and users, services for all agencies.</li> <li>• Improved employee skills development, morale and engagement.</li> </ul> <p><b>3.1 Costs:</b> OPM will seek a cost effective solution when the lease expires at Union Plaza location.</p> <p><b>3.1 Measuring Success:</b> State employee skills and career development leads to more effective and engaged employees. State government attracts and develops best in class talent.</p> <p><b>3.1 Timeline &amp; Implementation Plan:</b></p> <ul style="list-style-type: none"> <li>• Summer 2019 – Develop and deploy training survey to gather current department-wide training offerings, spaces, and needs.</li> <li>• Fall 2019 – Analyze survey responses to determine training gaps. Gather information for the current financial warrant process for training payments.</li> <li>• Winter 2019 –Begin development of training materials for tracks. Develop ACH payments solution as a replacement for manual process (warrants).</li> </ul>

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	<ul style="list-style-type: none"> <li>• Spring 2020 – Make new training tracks available to all state employees. Physical and program migration to another facility following lease expiring at Union.</li> </ul> <p><b>3.1 Potential Obstacles:</b> Buy-in to use the centralized training facility and programs.</p> <p><b>Project 4 – Streamline Procurement Process</b></p> <p><b>4.1 Action Plan:</b> Streamline the small, (&lt;\$20,000 purchases), and three quote procurement processes, which account for more than 80% of annual procurement transactions (72,000 purchase orders, but 20% of spend) by standardizing material master product/service codes, replacing purchase orders with PCard usage, and expanding usage of the current eMarketplace. This will allow employees to focus efforts on the top 150 contracts per year, or 80% of annual state procurement spending, ~ \$1.2 billion.</p> <p><b>4.1 Benefits:</b></p> <ul style="list-style-type: none"> <li>• Lower the overhead cost of small dollar purchases by: <ul style="list-style-type: none"> <li>○ reducing the number of purchase orders issued by 70%;</li> <li>○ reducing the number of invoices submitted by 60%; and,</li> <li>○ elimination of forms required by the vendor prior to making a purchase.</li> </ul> </li> <li>• Cost savings of \$1M per year.</li> <li>• Ability to analyze spend data to identify buying patterns and realize savings through negotiation contract pricing on key items.</li> <li>• Reduce risk through monitoring purchases to ensure compliance.</li> <li>• Increase vendor competition by leveraging a multi-vendor platform.</li> <li>• Increase security of PCard data by moving the database from the vendor to AASIS.</li> </ul> <p><b>4.1 Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Phase 1:</b> Standardizing master codes in AASIS would cost approximately \$200,000 which would be offset by the \$18,500 charged</li> </ul>

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	<p>annually by switching from the NIGP code to the free standard UNSPSC code.</p> <ul style="list-style-type: none"> <li>• <b>Phase 2:</b> OSP will implement a PCard database solution to replace vendor database. OSP should realize an increased rebate percentage by eliminating the vendor cost.</li> <li>• <b>Phase 3:</b> The fee for the eMarketplace is approximately \$14,000 annually and is based on overall usage.</li> <li>• <b>Phase 3:</b> OSP will seek a cost-effective solution for the integration of the eMarketplace with AASIS to validate budget and current contracts.</li> </ul> <p><b>4.1 Measuring Success:</b></p> <ul style="list-style-type: none"> <li>• <b>Phase 1:</b> Monitoring spending and negotiating savings through analysis of buying patterns. OSP will save \$1 million annually beginning FY21 through negotiated contract savings.</li> <li>• <b>Phase 2:</b> Annual value of employee time saved processing small purchases by 70% reduction in purchase orders issued = \$504,000: <ul style="list-style-type: none"> <li>○ Current Processing Cost: \$20 (hourly pay) X .5 (processing hours) X 72,000 (purchase orders issued) = \$720,000/year processing cost</li> <li>○ 70% reduction of purchase order cost avoidance: \$720,000 (annual cost) X 70% = cost avoidance of an estimated <u>\$504,000 on processing small purchases</u></li> </ul> </li> </ul> <p><b>4.1 Timeline &amp; Implementation Plan:</b>  <b>Timeline and phase implementation will overlap.</b></p> <ul style="list-style-type: none"> <li>• <b>Phase 1</b> <ul style="list-style-type: none"> <li>○ Fall 2019 – Develop project case for review. Contract with vendor to perform code update.</li> <li>○ Winter 2019 – Deploy code update in AASIS and update active procurement documents.</li> <li>○ Winter 2019/Fall 2020 – Analyze spend data and develop recommendations for negotiated savings.</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>○ Fall 2020 – Negotiate pricing with vendors and implement price changes.</li> <li>● <b>Phase 2</b> <ul style="list-style-type: none"> <li>○ Fall/Winter 2019 – Develop and implement plan to increase PCard usage across state agencies. Research available PCard reconciliation solutions and develop project case for review.</li> <li>○ Winter 2019/Summer 2020 – Implement PCard reconciliation solution.</li> </ul> </li> <li>● <b>Phase 3</b> <ul style="list-style-type: none"> <li>○ Fall/Winter 2019 - Develop and implement plan to expand use of eMarketplace.</li> <li>○ Winter 2019 – Research available options to interface eMarketplace with AASIS to validate budget.</li> <li>○ Winter 2019 - Develop a project case for review to expand state contracts to the eMarketplace.</li> <li>○ Winter 2019/Spring 2020 -Implement plan to expand state contracts to the eMarketplace.</li> <li>○ Spring/Summer 2020 – Implement budget validation in eMarketplace.</li> </ul> </li> </ul> <p><b>4.1 Potential Obstacles:</b></p> <ul style="list-style-type: none"> <li>● Manual effort by state staff to update around 9,500 active procurement documents.</li> <li>● Buy-in from agencies.</li> </ul> <p><b>Project 5—Four “C’s” State Government office space management Plan (see attachment A)</b></p>
<p>2. Develop a plan to implement the efficiency opportunities identified above. What are the key elements and action steps of your plan?</p>	<p>Refer to each project detailed in question 1.</p>
<p>3. Identify any obstacles to the implementation and success of this plan.</p>	<p>Refer to each project detailed in question 1.</p>
<p>4. Are there any anticipated costs associated with the plan?</p>	<p>Refer to each project detailed in question 1.</p>

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5. What is the detailed implementation timeline for this plan? How will you track your progress?	Refer to each project detailed in question 1.
6. How will you measure the success and results of your plan? Include detailed forecasts of cost savings, efficiencies achieved, etc.	Refer to each project detailed in question 1.
7. How could the Department of Transformation and Shared Services provide support to the Department?	<p><b>Future TSS shared service initiatives in process:</b></p> <p><b>Implement eProcurement Solution for the State of Arkansas. (OSP):</b> Provide effective and efficient means to make purchases, establish consistent statewide procurement standards, and increase transparency of procurement through a statewide solution.</p> <p><b>Create Information Technology Standards:</b> Provide effective and efficient means to establish Technology best practices for the purpose of maintaining the functionality, security and stability of hardware, software and accessibility of systems across executive departments. Implement data sharing and collections standards across agencies.</p> <p><b>Streamline the Payroll Processing System:</b> Implement an intuitive data driven payroll processing solution that works with budget to replace the current AASIS system to reduce time spent on outdated manual processes and legacy technology, which will reduce risk of payroll delay and error and work seamlessly with agency budgets in real time.</p> <p><b>Developing TSS Personnel Manuel, Department Policies:</b> Analyzing the current state of policies across the divisions and standardizing for the Department.</p> <p><b>One TSS Culture:</b> Developing a Department wide mission statement and core values to focus on customer service. Holding a One TSS all staff meeting to roll-out the new initiative and finding ways to promote within each division. Creating recognition for those staff who embrace the customer service focus of TSS.</p>

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## Four “C’s” for Arkansas State Government Office Space Management

We will evolve our work environments to deliver cost effective solutions that enhance collaboration, communication, and cooperation. The Four C’s Vision: Cost-effective space management for a Collaboration, Communication, and Cooperation driven culture. The concept we’re using to deliver the vision is “energizing minimalism”. This means bringing natural light, open space, and excellent acoustics into the space using flexible, multipurpose office furniture. The key principles we will follow to achieve this environment are:

- Alternative Workspace (AWS) will become the new standard. The private, traditional office design will be replaced with an open work environment, flexible workstations, and minimal obstructions by walls, allowing more natural light to infiltrate and energize the workspace;
- Shared Work Areas and Equipment will reduce the need for duplicative equipment and work rooms. Developing “niches” for collaboration and team engagement will create an interactive atmosphere promoting information sharing and creativity. Opening-up the work area will also support network sharing of copiers, printers, and internal work centers;
- Meeting/Conference Rooms will be better utilized through a room reservation process whereby Departments share meeting space without paying for large rooms used infrequently. Additionally, small private conversation rooms called “huddle rooms” can be made available so that employees have access to a place for private conversations where they can duck in/out without reservations;
- Office Furnishings better suited for the new environment can reduce space cost and improve comfort. We’ll assess existing office furnishings and select only pieces that are the most suitable and functional in the improved work environment. The scale for workstations, chairs, and tables can be reduced without sacrificing comfort. When and where possible, reconditioned furnishing or purchases from M&R will be preferred over new purchases;
- File Rooms/Storage will be reduced to active records that require daily or frequent access, while all other records/materials/inventory will be relocated to less costly space at a lower level or off-site if appropriate. Efficiency of record storage should be evaluated for electronic storage and all decommissioned furniture and equipment will be scheduled for pick up by M&R within 30 days or less, eliminating the need to store unused property;
- Common Areas such as elevator lobbies, corridors, and breakrooms can become an integral part of the tenant space when designed for mixed use encouraging employee interaction with white boards, messaging centers/screens, mini conversation areas and coffee bars;

### Miscellaneous:

- 1) Improve office function by paying attention to sound control - white noise systems or noise-cancelling headphones;
- 2) Color - office décor can make a difference in a pleasant work environment and employee motivation;
- 3) Light - maximize natural light and use light and motion-censored LED;
- 4) Ergonomic furniture/equipment - flooring, chairs, desk, and computer accessories should be evaluated to suit the function;
- 5) Employee feedback - employees often have great ideas!

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- Private offices will be fewer, e.g. for Department Secretaries, Division Directors and other key department executives who have an explicit need for privacy and confidentiality.

The goal for TSS – Division of Building Authority/Real Estate Services: communicate and implement the principles to improve the quality of the work environment to maximize employee production and achieve excellent customer service!

**How we do it:**

- 1) Planning and communication is the key to achieving the goals for space transformation – understand the delivery of services by the employee;
- 2) Streamlined & Efficient State Services = improved employee satisfaction.
- 3) Understanding the Transformation Initiative: efficiency of space = cost savings + improved customer service.

**What’s Next? Approvals and Deployment:**

- 1) Approval from the Governor to move forward with this plan
- 2) Implement with moves going forward

**Implementation:**

Unless otherwise justified and approved by TSS Secretary and the Governor, the “4 C’s” and final organizational chart for office placement will be utilized by DBA Real Estate Services & Design Review when planning, designing and negotiating office relocations, space reductions and/or lease terminations.

**Success Story:**

Example: efficiency of space = cost savings + improved customer service:

- Effective November 1, 2018, the DFA-AASIS Support Center was relocated from One Union Plaza (a privately-owned property) to the 501 Building/ Winthrop Rockefeller Building (DBA-owned & operated) into office space designed utilizing the “4 C’s” model;
- This AASIS Support Center was occupying 25,068 square feet in the One Union Plaza (excludes Training Center) and relocated to 5,985 square feet in the Winthrop Rockefeller Building. See calculations below for one example of the positive economic impact that can be achieved through the “4 C’s”:

	<b>Square Feet</b>	<b>Annual Base Rent</b>	<b>Annual Parking Rent</b>	<b>Total Annual Rent</b>	<b>Savings</b>
Union Plaza	25,068	\$414,876	\$34,008	\$448,884	
Winthrop Rockefeller Building	5,985	\$83,192	\$25,704	\$108,896	
<b>Annual Savings</b>	76%	80%		<b>\$339,988</b>	<b>75.74%</b>

This is a “best-case” example of what can be accomplished through the efficiency design and operation in the “4 C’s” model. The economic impact of efficient space planning can be significant in reduction of office rent, parking rent (in some instances), more efficient use of actual square footage, with the net result of a much more efficient footprint. In more typical examples, savings may range between 35-50% depending on the evolution of the new work environment.

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