HR / IT Shared Services Transformation

Employee Town Hall
May 2017
<table>
<thead>
<tr>
<th>Topic</th>
<th>Speaker</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview</td>
<td>Sharon Minnich</td>
<td>Secretary, Office of Administration</td>
</tr>
<tr>
<td>Why implement a shared services model for HR?</td>
<td>Kory Auch</td>
<td>Deputy Secretary, Human Resources</td>
</tr>
<tr>
<td>New Organizational Model for HR &amp; Next Steps</td>
<td>Chris O’Neal</td>
<td>Special Assistant, HR</td>
</tr>
<tr>
<td>How will this model make a difference for HR?</td>
<td>Jason Swarthout</td>
<td>DCNR/DEP HR Director</td>
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<td>Why implement a shared services model for IT?</td>
<td>John MacMillan</td>
<td>Commonwealth CIO</td>
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<td>New Organizational Model for IT &amp; Next Steps</td>
<td>Rosa Lara</td>
<td>Deputy CIO</td>
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<tr>
<td>How will this model make a difference for IT?</td>
<td>Sean Crager</td>
<td>DEP CIO</td>
</tr>
<tr>
<td>Myth / Fact Campaign</td>
<td>Sharon Minnich</td>
<td>Secretary, Office of Administration</td>
</tr>
</tbody>
</table>
Welcome & Introductions
Welcome to OA

VISION
Leading transformation to provide best-in-class services to the commonwealth.

MISSION
Provides administrative, talent, and technology services and oversight to support and improve operations of agencies under the Governor’s jurisdiction through collaboration and innovation.

OUR VALUES
- Being enthusiastic and staying positive
- Working as a team, taking care of and valuing each other
- Embracing challenge and change
- Solving problems creatively
- Listening actively with respect
- Focusing on results
- Modeling and delivering what we say
- Learning every day
- Being enthusiastic and staying positive
Our services support agencies missions

Program Areas
- Human Resources
- Information Technology
- Continuity of Government
- Records Information Management
- Open Data and Digital Government
- GO-TIME

HR & IT Shared Services Transformation is affecting:

Human Resources

Information Technology
<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Information Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>• HR Service Center</td>
<td>• Cybersecurity</td>
</tr>
<tr>
<td>• Employee Benefits</td>
<td>• Enterprise Technology Services</td>
</tr>
<tr>
<td>• Labor Relations</td>
<td>• Integrated Enterprise System</td>
</tr>
<tr>
<td>• Classification and Compensation</td>
<td>• Application Development and Support</td>
</tr>
<tr>
<td>• State Employment</td>
<td>• IT Procurement</td>
</tr>
<tr>
<td>• Workforce Planning, Development and EEO</td>
<td>• Strategy and Management</td>
</tr>
<tr>
<td>• Absence and Safety</td>
<td>• PA Justice Network</td>
</tr>
<tr>
<td>• Centralized Office of Human Resources</td>
<td></td>
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</tbody>
</table>
It’s all about balance

Needs of the Enterprise

Needs of the Agencies
We Are Transforming
We have been transforming for years...

**1990s**
- IT – Data Center, Email, Telecomm/Network

**2000 - 2010**
- IT – Data Center, Agency IT Consolidation, Shared Services

**2010 – Present**
- IT – Data Center, Agency IT Consolidations, Centers of Excellence

**Future**
- HR – Shared Services Transformation

 PENNSYLVANIA OFFICE OF ADMINISTRATION
We have been changing our services

Over the same period, services grew and changed based on federal and technical landscapes (mobile, internet, online services, cybersecurity and GIS, healthcare, EEO).

**Human Resources**
- Absence & safety
- Collective bargaining
- Employee benefits
- Workforce planning, development & EEO
- Classification & pay

**Information Technology**
- Data center support (server/mainframe)
- Telecommunications & network support
- Desktop technology & support
- Cyber-security
- Application development & support
But we still have opportunities

**HR and IT Shared Services – Current State**

<table>
<thead>
<tr>
<th>Staffing</th>
<th>IT</th>
<th>HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared Service Organizations</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Individual Offices</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total Staff</strong> <em>(Full Time and Part Time employees)</em></td>
<td>1,989</td>
<td>1,020</td>
</tr>
<tr>
<td>Smallest Office Serving One Agency <em>(Full Time employees)</em></td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Largest Office Serving One Agency <em>(Full Time employees)</em></td>
<td>289</td>
<td>216</td>
</tr>
</tbody>
</table>

Whether an agency has 4 or 200 people to support HR and IT, the expectations of the employees, businesses and citizens are the same.
A strategic approach improves the process

- Completed “As Is” and “To Be” documents
- Completed organizational framework
- Formed workgroups to discuss governance, metrics, service management and delivery

January – June 2017

FY17-18 & beyond
Agencies provided insight into our future

- Close to **200 employees** have participated in the design process
- **Every in-scope agency** was represented in the design process
- Roughly **100 HR and IT Functions** have been identified
- **Modifications to processes** and designs have been implemented based on **agency feedback**
- Almost **20 Gigabytes** of data has been received regarding current HR and IT operations
We found current services align to agencies

- Different processes and tools in use across agencies
- Different services and outcomes

Large Agency

Medium Agency

Small Agency
But our citizens see One Government

Enterprise

General Government
Public Safety
Employment, Banking & Revenue
Health & Human Services
Conservation & Environment
Infrastructure & Economic Development

Citizens
Shared services aligns to OneHR/OneIT

**DECENTRALIZED**
- Different standards
- Higher costs
- Duplication of effort

**CENTRALIZED**
- Removed from business
- Slower to innovate
- Inflexible to business unit needs

**SHARED**
- Metrics oriented
- Matrix organizations
- Varied Work Locations / Virtual Teams
- Flexibility

Pro
- Common systems and support
- Consistent standards and controls
- Maximize efficiency

Con
- Business units maintain control of decisions
- Responsive to client needs

**Responsive to client needs**
- Business units maintain control of decisions
- Responsive to client needs

**Flexible**
- Varied Work Locations / Virtual Teams
- Metrics oriented

**Common systems and support**
- Consistent standards and controls
- Maximize efficiency

**Maximize efficiency**
- Varied Work Locations / Virtual Teams
- Metrics oriented

**Consistent standards and controls**
- Common systems and support
- Consistent standards and controls

**Common systems and support**
- Consistent standards and controls
- Maximize efficiency

**Metrics oriented**
- Varied Work Locations / Virtual Teams
- Flexibility

**Flexibility**
- Varied Work Locations / Virtual Teams
- Metrics oriented
### Six core areas drove the design

<table>
<thead>
<tr>
<th>Organizational Structure</th>
<th>Processes</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who people report to</td>
<td>How work is accomplished</td>
<td>What tools are used to complete work</td>
</tr>
<tr>
<td>Metrics</td>
<td>Financials</td>
<td>Governance</td>
</tr>
<tr>
<td>How we measure how well we perform our work</td>
<td>How HR and IT items are funded</td>
<td>How decisions are made and who made them</td>
</tr>
</tbody>
</table>
Design balances agency and enterprise

Functions that are standard across all or most agencies will be delivered centrally at the enterprise level.

Remaining functions will be delivered by staff within a delivery center supporting multiple agencies to allow for pooling of resources.

- Governance
- Enterprise
- Processes
  - General Government
  - Public Safety
  - Employment, Banking and Revenue
  - Health and Human Services
  - Conservation and Environment
  - Infrastructure and Economic Development
- Technology
- Finances
# Finalized Delivery Centers

## General Government
Office of Administration*, Office of the Budget, Office of General Counsel, Governor’s Office, Lieutenant Governor’s Office, Education, General Services, Office of Inspector General

*Independent boards and commissions currently served by OA OIT and HR will continue.*

## Public Safety
Corrections, Probation & Parole, State Police, Emergency Management

## Employment, Banking & Revenue
Labor & Industry, Revenue, State, Banking & Securities, Insurance

## Health & Human Services
Human Services, Health, Drug & Alcohol Programs, Aging, Military & Veterans Affairs

## Conservation & Environment
Conservation & Natural Resources, Environmental Protection, Agriculture, Milk Marketing Board, Environmental Hearing Board

## Infrastructure & Economic Development
Community & Economic Development, Transportation
We’re already doing it...

Your Supervisor Directs
Your Day to Day Activities

WHAT you work on &
WHO you support

Follow Enterprise Policy
to Carry Out Work

HOW you complete
your work
We function with a matrix already

A **matrix organization** is an industry term for a type of organizational structure where employees have a dual reporting structure.
Employees will also see improvements

**Employee Benefits**

- **Specializing** and exploring **new skills**
- Working with a **dedicated team** and forging **stronger relationships**
- Working in an **innovative environment** and delivering high-quality solutions
- Working **more closely** with internal customers
- **Measuring success** based on customer satisfaction and improvement, not cost
- Sharing and **acquiring skills** more readily
- Having **opportunities for advancement**
Changes will be staged over time

Stage 1 - Consolidation
- Consolidate org structures
- Evaluate processes & procedures
- Evaluate technology
- Identify opportunities for standardization

Stage 2 - Standardization
- Standardize processes & procedures
- Standardize technology
- Standardize roles & responsibilities

Stage 3 - Optimization
- Optimized Design
- Fully automated processes
- Documented metrics show year over year improvements
Change will occur with transition plans

- **Phased Over Time**
  - July 1 is the start, not the end, of the transition
  - Pilots will be conducted to gather lessons learned
  - The reorganization will occur in stages as processes mature

- **Agencies Involved**
  - Agencies will be involved with the transition planning process

- **Minimized Business Disruption**
  - The transition schedule will be aligned to major business initiatives
  - The goal is to minimize business disruption

- **Metrics Will be Established**
  - We will develop metrics to baseline current operations against the new support model
Why Implement a Shared Services Model for HR?

Kory Auch, Deputy Secretary for HR
The Mission Deserves It

Are we...
Doing things right?

Are we...
Doing the right things...

Are we...
Accomplishing the mission?

“We may be lost, but we’re making good time.”

-U.S. ARMY Soldier
It’s Already Happening

Pennsylvania
Office of Administration
One Team, One Fight, One Family

Amazing Mission Partners
How Are We Going to Get There?

Chris O’Neal, Special Assistant for HR
New HR Org Design - Stage 1 - July 1

Delivery Center HR Manager (Vacant)

Agency HR Organization
Agency HR Organization
Agency HR Organization
Impact of Stage 1

What Will Change?

• You will now be a member of a new HR team!
• Ongoing process improvement
• Expanded collaboration
• Emphasis upon data and transparency
• Proactive and outcome-oriented

What Will Stay the Same?

• Commitment to the organizations we serve
• Your CS/NCS status
• Where you sit
• Where you park
• Your work schedule
• Your telephone number
• Your email address
New HR Org Design - Stage 1 (Enterprise)

Deputy Secy for Human Resource Management

Data Management, Analysis and Reporting

HR Service Center

Talent Management

Organization Management

Talent Acquisition

Talent Planning

Talent Development

Employee Relations & Workplace Support

Benefits

Employee Relations

Workforce Support

EEO/ADA

Delivery Centers

GeneralGov Operations

Public Safety

Infrastructure & Economic Development

Health & Human Services

Employment, Banking & Rev

Conservation & Environment
New HR Org Design - Stage 3

Delivery Center HR Manager

- Assistant HR Manager/ Business Partner
- Talent Planning and Acquisition
- EEO/ADA
- Talent Development
- Employee Relations and Workforce Support

Talent Planning
- Matrixed Jan 2018
- Matrixed July 2018

Talent Acquisition
- Matrixed Jan 2018

Talent Planning
- Matrixed July 2018

EEO
- Matrixed July 2018

Talent Development
- Matrixed Jan 2019

Classification and Compensation
- Matrixed Jan 2019
Impact of Stage 2

What Will Change?

• Consolidating duplicative service structures
• Work processes
• Increased opportunities to collaborate with colleagues on solutions
• Opportunities to try new roles
• Initial matrix reporting relationships
• Learning about and helping support the missions of other agencies

What Will Stay the Same?

• Commitment to the organizations we serve
• Your CS/NCS status – unless you apply for a NCS-covered job
• Emphasis upon process improvement
• Emphasis upon data and transparency
• Proactive and outcome-oriented
Jason Swarthout
HR Director

Dept. of Environmental Protection, Dept. of Conservation and Natural Resources, & Environmental Hearing Board
It is normal to ask yourself...

• How is this going to impact my position?
• How do I fit into the new organization?
• How does this impact my future?

People, Processes & Patience
People

• Everyone reacts differently to change
• Most employees kept an open mind
• There were different cultures in each HR office

Employees who:

• Maintained a positive attitude
• Communicated their concerns in a constructive manner
• Kept an open mind

Transitioned the easiest!
Processes

- Consolidating some processes can be challenging
- People can become attached to certain processes
- Identify: business need vs. personal preference
- DEP had more structured processes in place, that aided DCNR

We had more in common than not and we used the best ideas from each agency to improve our operations and customer service!
Agency Spotlight - HR

Patience

- Some days will be better than others
- It will take several months to feel comfortable
- Customers will have an adjustment period too

Therefore, it is important to communicate with our customers as we transition!
What are the benefits to our customers?

- All our customers will have the same experience
- Service levels can be measured more accurately across the enterprise
- Employment.pa.gov is a great example of this!

What are the benefits to our HR Staff?

- We all work together in the most efficient manner possible
- Continuously evaluating our processes and resources
- Streamline processes and develop metrics
- Leverage information technology
- Best practices, time & cost savings
In Closing

• We have all felt the impact of a decreasing workforce

• Adjust our operations and organizational structures

• Shared services provides us with this model
Why Implement a Shared Services Model for IT?

John MacMillan, Commonwealth CIO
<table>
<thead>
<tr>
<th>Key Statistics</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Number of commonwealth applications</td>
<td>2,141</td>
</tr>
<tr>
<td>Percentage that is custom built</td>
<td>78%</td>
</tr>
<tr>
<td>Percentage that is at risk running on end-of-life technology</td>
<td>30%</td>
</tr>
<tr>
<td>Most prevalent platform within application portfolio</td>
<td>Unique</td>
</tr>
<tr>
<td>Number of IT MOU’s / LOUs / Interagency Agreements</td>
<td>Over 370</td>
</tr>
<tr>
<td>Number of COPA IT Professionals that can retire in the next 5 years</td>
<td>1 in 5 (20%)</td>
</tr>
</tbody>
</table>
What does this all mean?

We are going to change how IT operations are affected by IT projects

<table>
<thead>
<tr>
<th>Governance</th>
<th>The process by which IT decisions are made and who makes them.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Management</td>
<td>The processes by which IT services are managed.</td>
</tr>
<tr>
<td>Technology</td>
<td>What IT solutions and products are leveraged to deliver business services.</td>
</tr>
<tr>
<td>Finances</td>
<td>How IT projects and operations are funded.</td>
</tr>
</tbody>
</table>
What are the expected benefits?

- Customer focus
- Efficient and effective
- Consistent processes
- Data driven and metrics oriented
- Opportunities for career development
How Are We Going To Get There?

Rosa Lara, Deputy CIO
**Impact of Stage 1**

**What Will Change?**
- You will now be a member of a new IT team!
- Ongoing process improvement
- Expanded collaboration
- New governance process
- Emphasis upon data and metrics

**What Will Stay the Same?**
- Commitment to the agency you serve
- Your day-to-day responsibilities
- Your CS/NCS status
- Where you sit / park
- Your work schedule
- Your telephone number
New IT Org design - Stage 3

State CIO

Chief Innovation Architect

Strategy & Management
Enterprise Solutions
Service Desk
Security
Technology & Operations

Delivery Center CIOs
- General Government Operations
- Public Safety
- Infrastructure & Economic Development
- Health & Human Services
- Employment, Banking & Revenue
- Conservation & Environment
New IT Org design - Stage 3

State CIO

Chief Innovation Architect

Strategy & Management

Enterprise Solutions

Service Desk

Security

Technology & Operations

Delivery Center CIO

Business and Service Management
Solution Management
Data Management & Analytics
End User Support
Service Desk

Delivery Center Security

Delivery Center Technology & Operations
Impact of Stage 3

What Will Change?

- Expansion in the customers served
- Consistent Roles & Responsibilities
- Optimized processes and procedures
- Focus on IT Service Management
- Year-over-year service improvements
- Technology Standardization

What Will Stay the Same?

- Commitment to the organizations we support
  - Their mission is our mission
- Emphasis upon Process Improvement
- Emphasis upon data and transparency
- Proactive and outcome-oriented
Each Delivery Center CIO will submit a plan by December 2017 outlining steps to reach Stage 3.
Impact of Stage 2

What Will Change?

- Matrix reporting relationships
- Consolidation of duplicative services & processes
- Increased opportunities to collaborate with colleagues on solutions
- Opportunities to try new roles
- Learning about and helping support the missions of other agencies

What Will Stay the Same?

- Commitment to the organizations we serve
- Your CS/NCS status – unless you apply for a NCS-covered job
- Emphasis upon process improvement
- Emphasis upon data and metrics
- Proactive and outcome-oriented
Agency Spotlight - IT

Sean Crager
CIO
Department of Environmental Protection
Initial Feelings on Consolidation

• A bit skeptical!

• I knew it would take a concerted effort

• Consolidation could work if the right approach was taken

• Services provided by IT would continue to serve customer needs directly

• It’s about how we can best utilize our resources as one large organization
Large vs. Small Agency IT

- The haves and have-nots

- Small agency = a great many hats and a great number of tasks: staff pulled in several directions at once

- Large agency = a more structured organization: staff focus on their area of expertise

- Staff can develop themselves more thoroughly in a specific area
Reuse of Existing Systems

- Many agencies today have solutions that could be utilized by agencies with a similar need
- Reduced cost, decreased time to deliver & higher customer satisfaction
- DEP automated their grant process by partnering with DCED and using their existing eGrants application system
- An immediate proven solution that saved DEP from having to build their own application
Agency Spotlight - IT

**Standardization**

- Matrixed Chief Technology Officer & Chief Information Security Officer in each Delivery Center

- Allow us to operate & negotiate with vendors as one commonwealth

- Create opportunities to negotiate lower prices and, greater operability between systems

- Reduces overall need for varied and specialized skill sets
In Closing

• Look for the positive aspects of change

• We can’t operate in the ways of the past and continue to adequately serve our customers

• Let’s focus our energies towards making this consolidation a success

• We will grow and mature as an organization and, as individuals!
Myths / Facts
MYTH: There will be a huge disruption come July 1 because of the shared services transformation initiative.

FACT: There will be minimal changes on July 1. You will continue to serve in your current position and work on the same things.
Agency Involvement

MYTH: This is an OA-mandated project with little agency involvement.

FACT: This initiative is part of the Governor’s budget and is a Governor’s Office priority. Agency CIOs and HRDs have been involved in transformation planning. In fact, several design elements have changed based on agency feedback. Agency leadership will continue to be valued and engaged throughout the process.
MYTH: Transformation means that agencies will no longer have a physical presence in their buildings for HR or IT.

FACT: We recognize that many agencies will still require onsite HR and/or IT presence to meet their needs.
What does this mean to employees?

MYTH: Savings for this initiative will be achieved through furloughs.

FACT: We are realizing savings in the short term through staff reductions from the hiring freeze on HR and IT positions.

Long term savings and efficiencies will be realized through process improvement and technology standardization.
Funding for HR and IT positions

MYTH: OA will fund all HR and IT employee salaries and associated expenses, starting July 1, 2017.

FACT: Funding for HR and IT positions and initiatives will remain unchanged in FY 17/18.

We are working with agencies on a new financial design to be implemented in FY 18/19. The new design could change how agencies fund HR and IT.
MYTH: Once HR and IT employees transition to OA, agencies will no longer have a say in the work they do.

FACT: The goal of the initiative is to better serve the agencies and meet their business needs. Their input will be crucial to identifying and prioritizing the work of HR and IT.
MYTH: Agencies will need to go through a bureaucratic process to get any HR or IT work done. It will slow things down.

FACT: The governance model will ensure appropriate levels of review and approval for various streams of work.

Agencies will continue to prioritize their HR and IT work and the delivery centers will focus on “how” the work is completed, as well as overseeing multi-agency initiatives.
MYTH: All HR and IT employees will need to work in Harrisburg.

FACT: There will continue to be field HR and IT employees in the new organizational design. However, there may be changes to how work is assigned and the types of work field employees perform.
MYTH: All telework will go away as a result of transformation.

FACT: Telework arrangements will not change on July 1. We will evaluate telework arrangements and make any necessary changes in the later stages of the transformation.
Work Hours and AWS

MYTH: My current work hours, including any alternate work schedules (AWS) will change once the transformation take place.

FACT: Employee work schedules will not change on July 1. We will evaluate work schedules and make any necessary changes in the later stages of the transformation to ensure there is sufficient coverage to meet customer needs.
MYTH: I will not be able to retain my compensatory leave balance when the transformation takes place and I become an OA employee on July 1.

FACT: Agency HR and IT employees will retain their compensatory leave balances when they become OA employees. Comp time can be utilized as operations allow and will continue to be paid out to union-covered employees in a manner consistent with applicable contractual provisions.
Connection With My Agency

MYTH: I am very proud of where I work. Transformation means that I will lose the connection I have to my agency and its mission.

FACT: HR and IT employees need to understand the missions of agencies in order to serve them. The transformation will allow employees to support the mission of your current agencies, as well as other agencies in the delivery center.
MYTH: Consolidation means there will be fewer opportunities for me to grow my HR or IT skills and work on new or innovative services.

FACT: By maximizing efficiencies, employees will have more time to focus on new or innovative solutions and services that align to ever-changing business needs.
What’s Next?
What’s Next?

- Onsite Agency Briefings with HR / IT Employees to answer questions
- Agency Transition Planning Meetings
- Program Deputy / Bureau Director Briefing
- Town halls By Delivery Center – in June
- Ongoing communications throughout the project

For more information:
- [http://www.oa.pa.gov/sharedservices](http://www.oa.pa.gov/sharedservices)
- Email - RA-OASHRDSVCSTRANS@pa.gov
In Closing
We’re Starting the Journey

We need your help to improve customer service, transform the delivery model and improve citizen interaction.

Thank you for your patience throughout the journey.