CFO/CIO/HR Partnering for an Integrated Systems Solution

Background

- DOE/FERC Alternative Payroll Provider Team formed
- Payroll provider options assessed
- Integrated vs non-integrated solutions explored

Decisions Reached

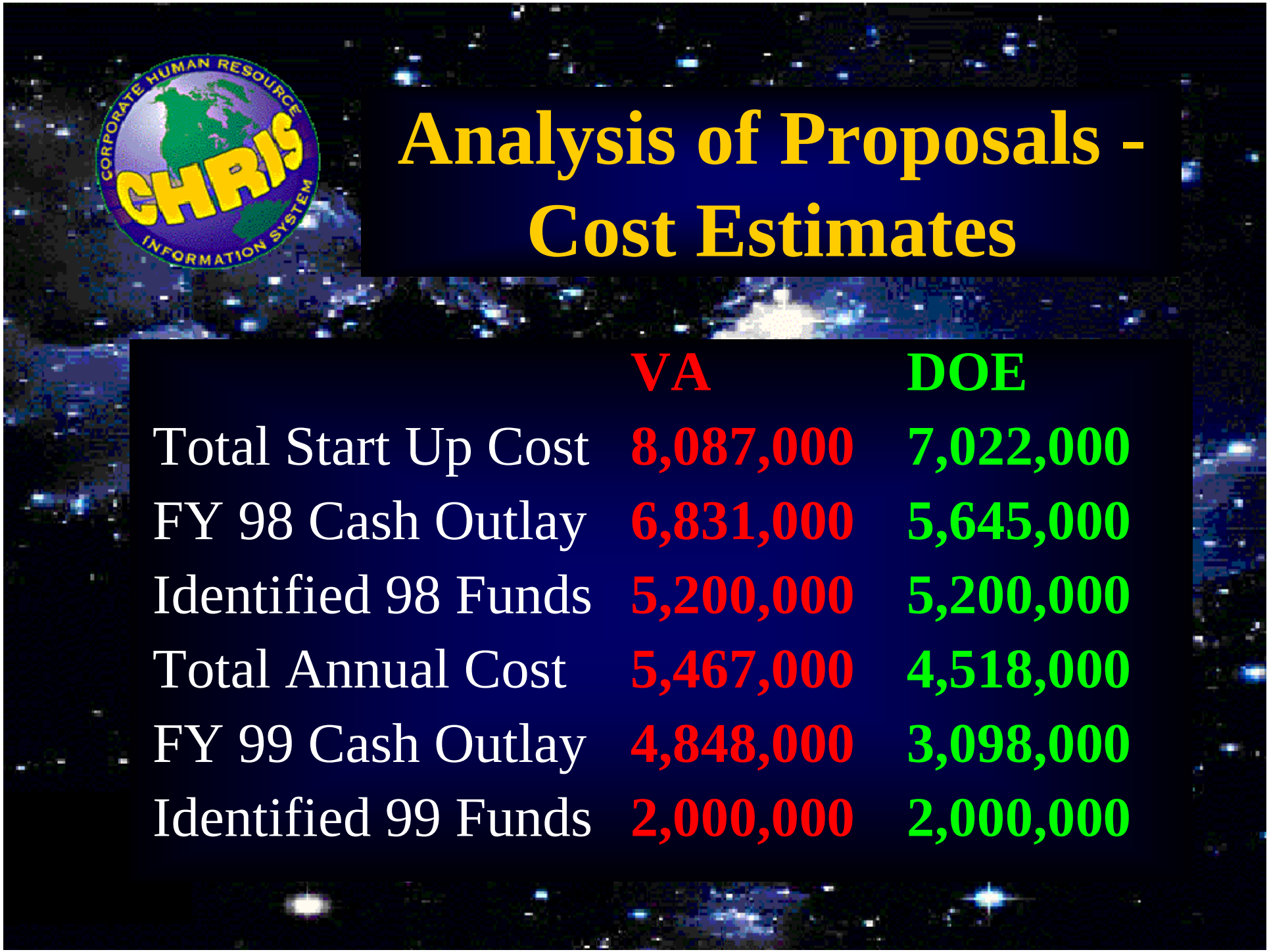
- Terminate DOI Interagency Agreement
- Implement interim solution
  - Make PAY portion of PAY/PERS Y2K compliant
  - Develop interface from CHRIS to PAY
- Implement integrated PeopleSoft solution
- Refine proposals for integrated solution
  - Department of Energy
  - Department of Veterans Affairs

FERC Decisions

- Prior to completion of “best and final” study FERC decided to:
  - Proceed with an independent purchase and implementation of PeopleSoft suite
  - Enter into a franchising agreement with the Department of Veterans Affairs for payroll services and systems support

"Best and Final" Study Approach

- Cost comparison
  - Start-up vs on-going operations
  - Federal FTE vs external funding
- Total cost estimates
  - DOE cost = all systems costs (including integration with CHRIS)
  - VA cost = VA proposal + DOE cost to implement + anticipated fee for service + CHRIS



Analysis of Proposals - Cost Estimates

	VA	DOE
Total Start Up Cost	8,087,000	7,022,000
FY 98 Cash Outlay	6,831,000	5,645,000
Identified 98 Funds	5,200,000	5,200,000
Total Annual Cost	5,467,000	4,518,000
FY 99 Cash Outlay	4,848,000	3,098,000
Identified 99 Funds	2,000,000	2,000,000

Analysis of Proposals - FTE Commitment

	VA	DOE
Total FTE Start Up	26.75	45.75
Federal FTE Start Up	11.25	18
Total FTE On-Going	11.75	41.25
Federal FTE On-Going	7.5	19.5

VA Summary

- Fee-for-service arrangement with many unknown costs
- Bottom line cost likely to increase during implementation
- Substantial in-house resource commitment still required
- Greater Risk
  - VA not yet in operation
  - Franchising new venture

DOE Summary

- Less cash outlay
  - estimated $1.2 m savings start up
  - estimated $ 1.75 m savings annually
- Incremental Federal FTE commitment minimal
  - estimated 7 additional Fed FTE start up
  - estimated 12 additional Fed FTE annually

DOE Summary Con't

- Better control of resources and management of risk
- Conservative/realistic cost estimates
- Allows for immediate integration with the CHRIS project - economies of project management and systems operation
- Optimizes potential for future system integration efforts (Financials)

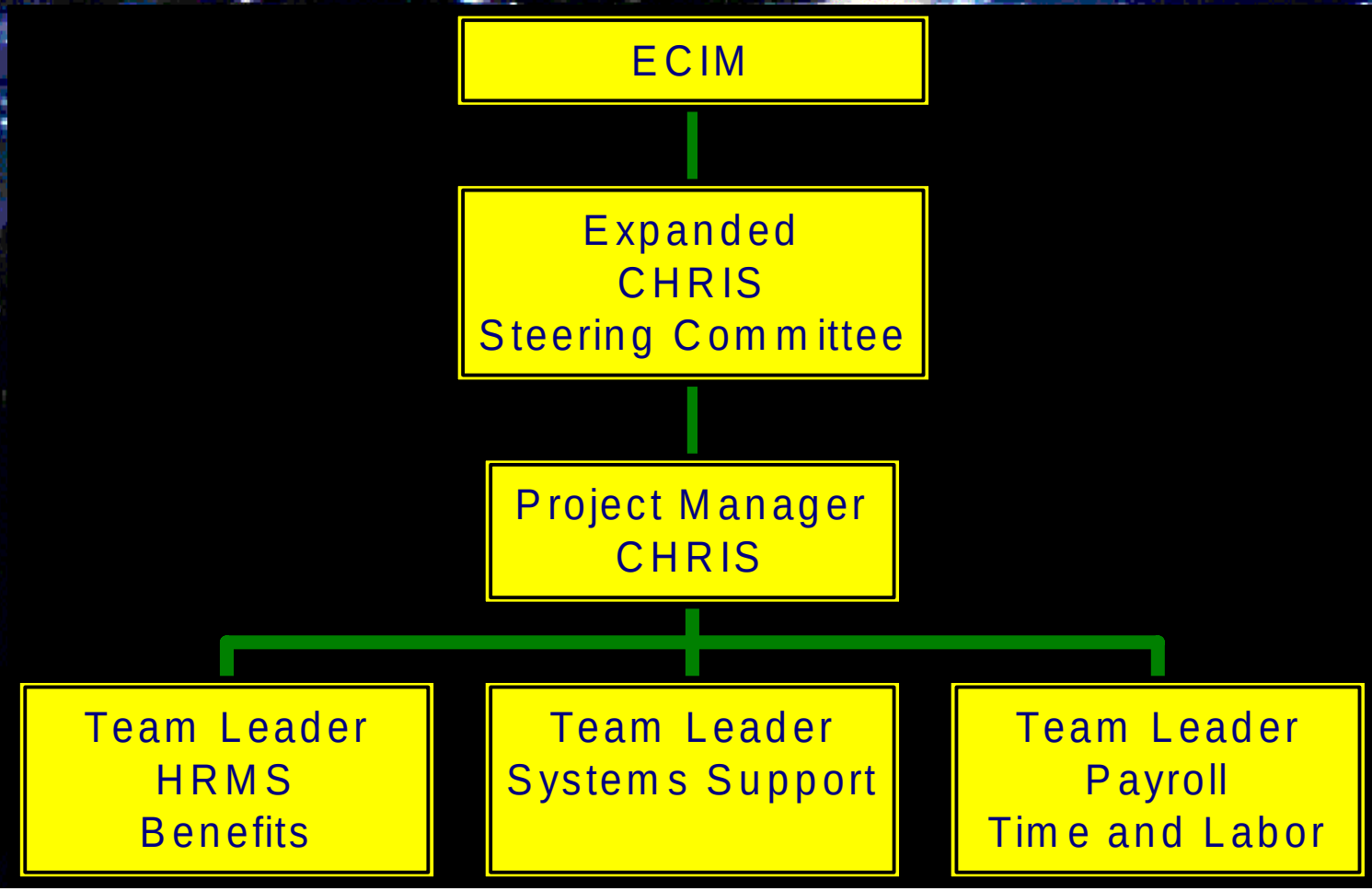
Recommendation 1

- Implement integrated solution in-house
  - Better control of project/resources
  - Quicker response to agency-specific needs
  - Establish base knowledge of product in-house
  - Ensures proper integration of all system needs

Recommendation 2

- Approve integrated project concept
  - Establish CFO and HRA as co-champions (elevate CHRIS project)
  - Expand CHRIS Steering Committee to include CFO stakeholders
  - Name a full-time project team
    - Project Manager
    - 3 Team Leaders (HR, IM, CFO)
    - Support Staff
  - Expand stakeholder part-time participation

Conceptual Project Structure



Recommendation 3

- Reassess operations (future of CHRIS) in YR 1999
  - Greater understanding of costs for maintaining operations
  - More information on cross-service providers
  - DOE as cost effective option for on-going operations
  - DOE as potential franchise organization

Next Steps

- 10/17/97 - Endorse team recommendations
- 11/1/97 - Identify Project Manager (Arch/Betty)
- 11/1/97 - Identify Team Leaders (Tim/Woody/Betty)
- 12/1/97 - New project team leadership will:
  - Recommend system location
  - Request team resources
  - Develop final proposal and restructure funding
  - Consider FERC/BPA joint planning needs

Major Milestones

- ★ 12/97 - All DOE sites connected to CHRIS and processing personnel actions
- ★ 2/98 - HRMS upgrade to PS v. 7
- ★ 5/98 - Benefits implemented
- ★ 7/98 - CHRIS/PAY interface complete
- ★ 2/99 - Pay Y2K compliant
- ★ 7/99 - Payroll/TL v. 7.5 implemented

START UP COST ESTIMATES (000)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	**Start Up Costs**		**VA Implementation**				**VA Total Cost**		**DOE Implementation**				**DOE Total Cost**	
2		**VA Neg**	**DOE Internal**		**DOE External**				**DOE Internal**		**DOE External**			
3			**Requirements**		**Requirements**				**Requirements**		**Requirements**			
4			**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**
5														
6	**Project Management**													
7	**Overhead Staff**		230	2.00	189	3.00	**419**	**5.00**	230	2.00	189	3.00	**419**	**5.00**
8	**Overhead Travel**		60				**60**				60		**60**	
9	**Outreach**				85		**85**				85		**85**	
10														
11	**Hardware**	266			100		**366**				230		**230**	
12	**Software**	1275					**1275**				1250		**1250**	
13	**Licenses**	100			400		**500**				600		**600**	
14	**HR Oracle**				140		**140**							
15														
16	**Data Conversion**	382					**382**							
17	**Pay Conversion**		48	0.75	50	1.00	**98**	**1.75**	228	3.00	75	0.75	**303**	**3.75**
18	**HR Conversion**		16	0.25			**16**	**0.25**	16	0.25			**16**	**0.25**
19														
20	**7.0 Upgrade**	216					**216**		15	0.25	45	0.25	**60**	**0.50**
21														
22	**Establish Business Rules**													
23	**Pay Re-engineering**		200	3.00			**200**	**3.00**	200	3.00			**200**	**3.00**
24	**HR Re-engineering**	30	200	3.00	300	3.00	**530**	**6.00**	200	3.00	300		**500**	**3.00**
25														
26	**Infrastructure**								56	1.00	400	4.00	**456**	**5.00**
27														
28	**Installation**								56	1.00	400	4.00	**456**	**5.00**
29														
30	**Payroll Office Start Up**	1139					**1139**							

START UP COST ESTIMATES (000)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
31														
32	**Start Up Costs**	**VA Implementation**					**VA Total Cost**		**DOE Implementation**				**DOE Total Cost**	
33		**VA Neg**	**DOE Internal**		**DOE External**				**DOE Internal**		**DOE External**			
34			**Requirements**		**Requirements**				**Requirements**		**Requirements**			
35			**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**
36														
37	**Training**													
38	**PeopleSoft PAY**				30		**30**		123	1.00	113	1.00	**236**	**2.00**
39	**PeopleSoft HR**				50		**50**				50		**50**	
40	**User Training Pay**	83	60				**143**		126	2.00			**126**	**2.00**
41	**User Training HR**		65	0.75			**65**	**0.75**			65	0.75	**65**	**0.75**
42	**Training - Data Base**				84		**84**							
43														
44	**Telecommunications**													
45	**PAY DOEBN**		150				**150**				120		**120**	
46	**HR DOEBN**		100				**100**				100		**100**	
47														
48	**Interface**	213			50	0.50	**263**	**0.50**			100	1.00	**100**	**1.00**
49														
50	**Enhancements**				680		**680**		63	1.00	300	3.00	**363**	**4.00**
51														
52	**PS Consulting**				137		**137**				131		**131**	
53														
54	**Interim Solution**		127	1.50	602	6.00	**729**	**7.50**	127	1.50	602	6.00	**729**	**7.50**
55														
56	**Data Repository**				230	2.00	**230**	**2.00**			230	2.00	**230**	**2.00**
57														
58	**Grand Total**	**3704**	**1256**	**11.25**	**3127**	**15.50**	**8087**	**26.75**	**1440**	**19.00**	**5445**	**25.75**	**6885**	**44.75**
59														
60														

ON-GOING COST ESTIMATES (000)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	**Ongoing Costs**		**VA Implementation**				**VA Total Cost**		**DOE Implementation**				**DOE Total Cost**	
2		**VA Neg**	**DOE Internal**		**DOE External**				**DOE Internal**		**DOE External**			
3			**Requirements**		**Requirements**				**Requirements**		**Requirements**			
4			**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**	**$K**	**FTE**
5														
6	**Project Management**													
7	**Overhead Staff**		173	1.50	142	2.25	**315**	**3.75**	173	1.50	142	2.25	**315**	**3.75**
8	**Overhead Travel**		45				**45**		45				**45**	
9	**Outreach**				64		**64**				64		**64**	
10														
11	**Hardware**				30		**30**				30		**30**	
12	**Software Maintenance**	72			464		**536**				536		**536**	
13	**Licenses**				50		**50**				60		**60**	
14														
15	**Re-engineering**		100	1.00			**100**	**1.00**	100	1.00			**100**	**1.00**
16														
17	**Infrastructure Maintenance**	1117					**1117**		429	6.00	802	8.50	**1231**	**14.50**
18														
19	**Payroll Business Office**	1500	295	5.00			**1795**	**5.00**	590	10.00	364	6.00	**954**	**16.00**
20														
21	**Training**													
22	**PeopleSoft Tech**		6		20		**26**		20		75		**95**	
23	**PeopleSoft Users**				100	1.00	**100**	**1.00**			100	1.00	**100**	**1.00**
24														
25	**Telecommunications**				530		**530**				500		**500**	
26														
27	**Enhancements**				680		**680**		63	1.00	300	3.00	**363**	**4.00**
28														
29	**PS Consulting**	50					**50**				25		**25**	
30														
31	**Repository Maintenance**				100	1.00	**100**	**1.00**			100	1.00	**100**	**1.00**
32														
33	**Grand Total**	**2739**	**619**	**7.5**	**2180**	**4.25**	**5538**	**11.75**	**1420**	**19.5**	**3098**	**21.75**	**4518**	**41.25**