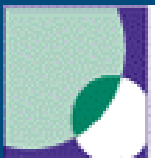


Shared Services – A University Model?
University Finance and e-Procurement Conference
5 and 6 July 2005

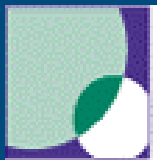


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The Higher Education Environment



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Reforms in Higher Education



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> Australian higher education is subject to reform:

- Acceptance of smaller workforce
- Drive for more educated workforce

> *Higher education at the crossroads. April 2002*

> Reviews have uncovered significant problems:

- Cost of providing courses has increased
- Sector requires increased resources
- Significant duplication in university activities
- Disadvantaged students under-represented
- 30% of students do not complete courses
- Institutions are over-enrolling
- Governance and management need improvement

> *Our universities: Backing Australia's future. May 2003*

> passion > innovation
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Reform Recommendations



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- > Increase support for institutions
 - New Commonwealth Grant Scheme (CGS)
 - Additional \$404m
- > Improve support for students
 - New loans through Higher Education Loan Program (HELP)
 - More scholarships
- > Strengthen research capacity
- > Assure quality
- > Flexible and responsive workplaces
- > Collaboration and structural reform
 - Enhance efficiency and maximise spend on operations and administration
 - \$36m of structural reform funding available

> *Our universities: Backing Australia's future. May 2003*

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Specific Issues for Higher Education



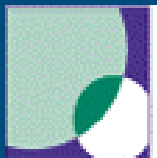
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- > Reform takes “more money” and “changes to administration (and) regulation”
- > The commonwealth government controls university funding – 39 out of 44
- > Their focus is on research and teaching
- > Governance and management are under scrutiny
 - The VC is now an accountable CEO
 - More corporate, less collegial
 - “Are there administrative burdens that could be removed?”
- > Competition is increasing
 - For funding
 - For academic staff and students
 - From overseas
- > Universities (like business) will focus on core and streamline non-core activities
- > State governments have shared services – why not higher education?

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Case Study



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A Case Study – WA Universities - 1999



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- > In mid 1999, Talent2 were asked to conduct a feasibility study into the creation of a WA University Shared Services Centre operating within the following guidelines
 - The Centre would be owned and operated by the Four Universities
 - The Centre would be either based at one of the Four Universities or in a mutually agreed neutral environment
 - Each University would retain their existing database environment
 - The technology infrastructure would be retained by the Four Universities
 - The scope of the Shared Services Centre would be limited to operational human resource, payroll, reporting and configuration activities
 - Each University would retain their University specific custom work

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A Case Study – WA Universities - 1999



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FEASIBILITY STUDY SCOPE

- > Establishment / Position Management
- > Appointments
- > Staff Movements – Transfers, Secondments, Extensions, HDA, Promotions etc
- > Leave Management
- > Payroll Management
- > Superannuation Administration
- > Salary Packaging (Processing Only)
- > Management Reporting
- > HRIS System Administration (Non Technical Only)

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A Case Study – WA Universities - 1999



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FEASIBILITY STUDY METHODOLOGY

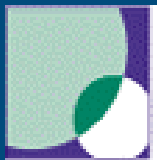
- > Series of Interviews to establish: -
 - Understanding of current processes
 - Development of high level flow charts
 - Potential process flow improvements and economies of scale
 - Future shared services model structure

- > Statistical Data Capture to establish: -
 - Operational human resource and payroll transaction volumes
 - Ratio of operational human resource and payroll staff to University FTE
 - Ratio of operational human resource and payroll staff to University Headcount
 - Ratio of operational human resource and payroll staff by Transaction type and volume
 - Future shared services model resource levels

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The Outcomes



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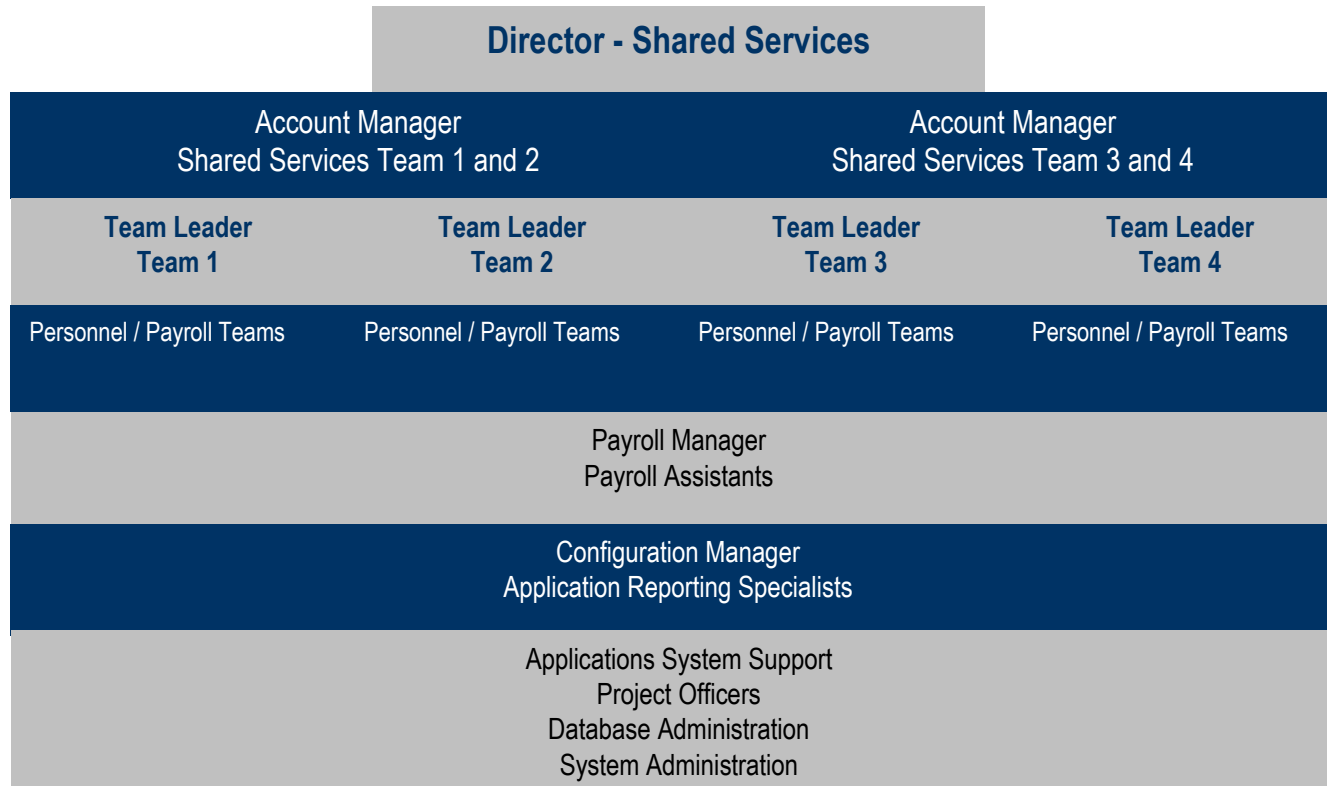
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FEASIBILITY STUDY OPERATING MODEL



The Model Represents

- ✓ An optimal organisation structure
- ✓ Vertical segregation of the data entry functions
- ✓ Horizontal segregation of duties for support and processing functions.
- ✓ They key element of ownership and accountability through the various levels
- ✓ Obviate duplication of effort

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A Case Study – WA Universities - 1999

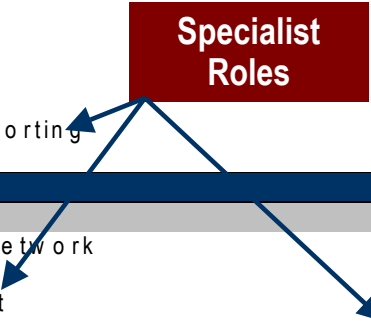


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FEASIBILITY STUDY RESOURCE MODEL

Function	Position	Level*	FTE
Operational Human Resource/Payroll Supervision	Account Mgr - Teams 1 & 2	7	1.0
	Team Leader 1	6	1.0
	Team Leader 2	6	1.0
	Account Mgr - Teams 3 & 4	7	1.0
Operational HR / Payroll / Establishment	Team Leader 3	6	1.0
	Team Leader 4	6	1.0
	Team Member 1	3	6.0
	Team Member 2	3	4.0
Timesheet & Data Entry Support	Team Member 3	3	3.0
	Team Member 4	3	7.0
	Team Member 1	1	2.0
	Team Member 2	1	1.5
Payroll Processing and Reconciliation	Team Member 3	1	1.0
	Team Member 4	1	2.0
	Payroll Manager	5	1.0
	Assistant	3	2.0
Superannuation	Team 1 & 2	5	1.0
	Team 1 & 2 - Assistant	2	1.0
	Team 3 & 4	5	1.0
	Team 3 & 4 - Assistant	2	1.0
Configuration / Reporting	Configuration Manager	5	1.0
	Reporting Officers	5	2.0
Sub Total - 1			42.5
IT Support			
Systems Admin / Network	Systems Admin	5	1.0
DBA	DBA	5	1.0
Application Support	Application Support	5	1.0
	Project Officers	4	2.0
Sub Total - 2			5.0
Overall Total			47.5

Specialist Roles



Recommended Shared Services FTE of 47.5 compared favourably with the 82 FTE assigned to in scope tasks across the four Universities at the time. In essence > 40% saving EXCLUDED SELF SERVICE

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A Case Study – WA Universities - 1999



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FEASIBILITY STUDY OPERATING MODEL DEPENDENCIES

- > The Shared Service entity to be established as an independent entity with no specific loyalty to any individual University
- > Clear cost justified service levels to be determined and agreed across all parties
- > Each University would retain a stand alone instance of Alesco – ie no attempt to consolidate
- > Clear lines of delineation would be established with each host University to achieve effective customer service
- > A *one stop shop* facility to be provided to customers of the Shared Services entity. Under this model, a defined point of contact within the Shared Services entity to be made available to distinct customers groups.

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A Case Study – WA Universities - 1999



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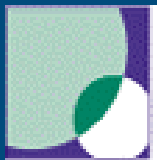
FEASIBILITY STUDY OPERATING MODEL DEPENDENCIES

- > All payroll processing processes activities to be consolidated to provide a best practice approach. Manual intervention in the processes to be minimised
- > Business Process Review to be implemented to align the Shared Services entity with best practice
- > Data Cleansing Project be undertaken in the areas of Position Management, Appointments and Leave Management
- > Commercial Account Management strategies would be implemented to ensure delivery and perception were aligned

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Moving Forward to 2005



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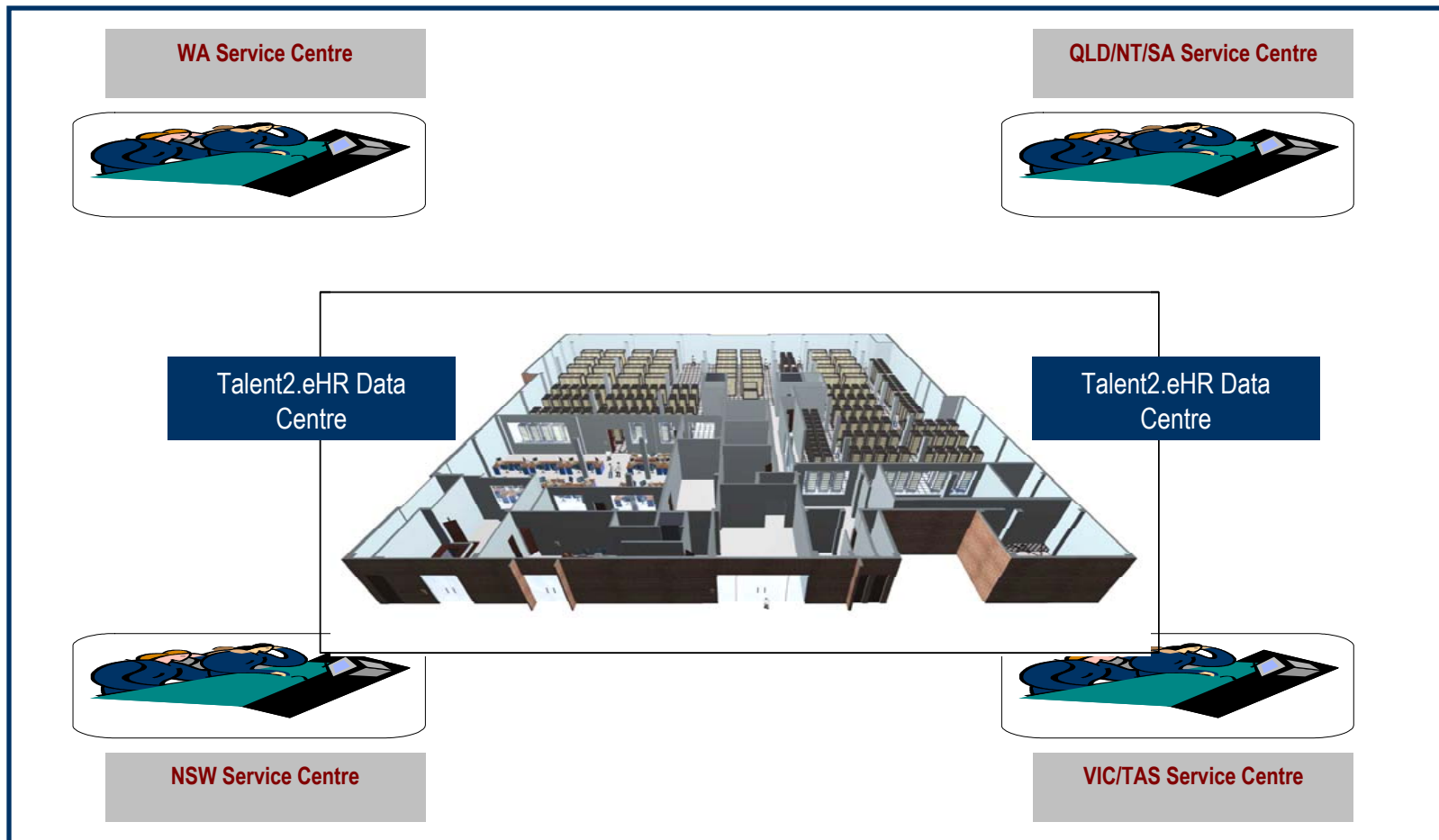
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A University Shared Services Model - 2005



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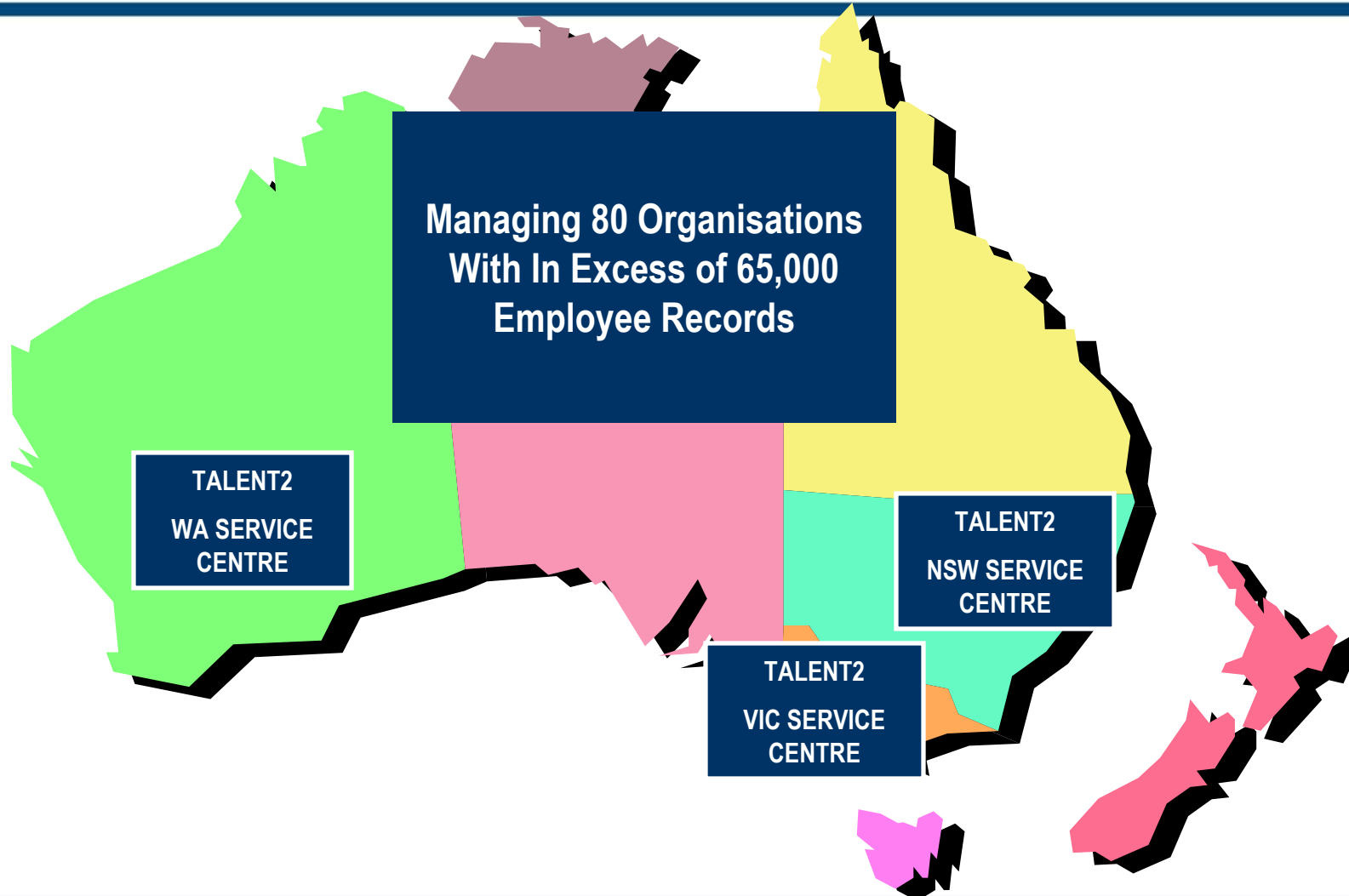
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Talent2 Shared Services Coverage - 2005



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