

State of Alaska

April 2020

ALVAREZ & MARSAL

Alaska Administrative Productivity and Excellence

Phase 2: Back-Office Shared Services Improvement Plan



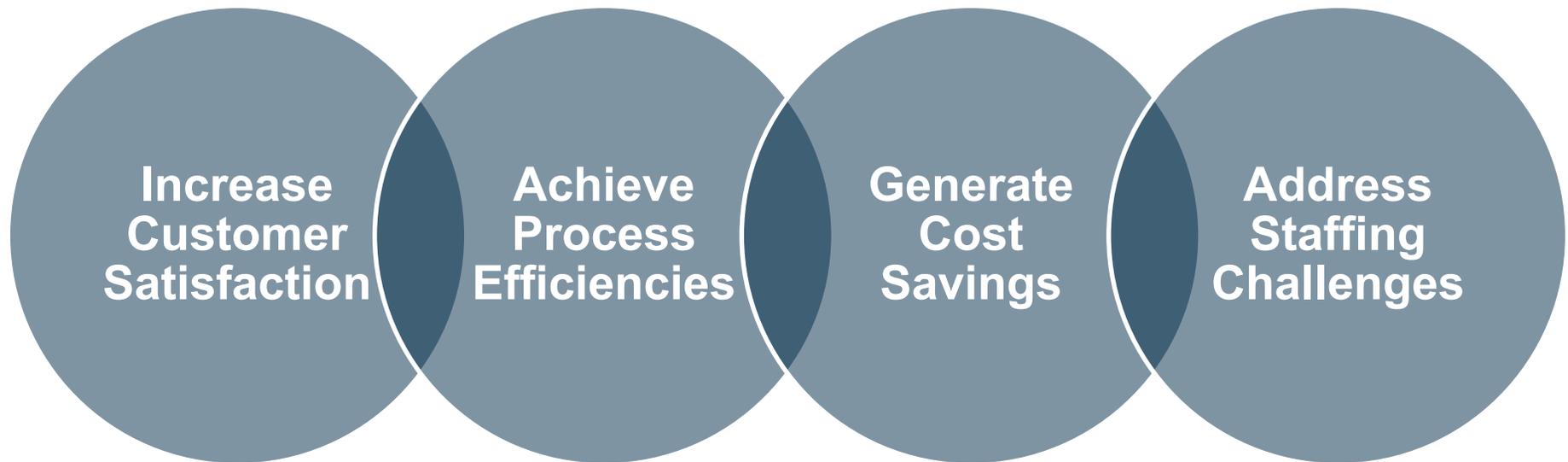
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Benefits of Alaska Administrative Productivity and Excellence

The AAPEX project is focused on consolidating and improving Back-Office Shared Service functions to increase customer satisfaction and drive Statewide efficiencies



AAPEX
Alaska Administrative Productivity and Excellence

Purpose: AAPEX Plan Development

Plan Development Scope

A&M developed service delivery plans and business use case to improve and consolidate six State of Alaska Back-Office Shared Services functions:

- Debt Collection Recovery
- Travel & Expense Reimbursement
- Accounts Payable
- Print Services
- Lease Management
- Procurement¹

¹Service delivery plan for Procurement can be found in the Procurement Plan Development and Spend Assessment deliverable

Objectives

- Understand as-is state of Back-Office Shared Service functions
- Identify root causes for service delivery and customer service challenges
- Define target state for each Back-Office Shared Service functions
- Create business case that provides detailed recommendations, tasks and actions to improve service delivery
- Determine the set of actions and implementation strategy to address the challenges
- Document required change management strategy and accountability roadmap

Report Components

- The accompanying Phase 2 AAPEX Back-Office Shared Services Report includes recommended improvements to the State of Alaska Shared Services operational, organizational and financial model
- Key components of the Phase 2 Report include (1) **Governance Model**, (2) **Finance Model** and (3) **Service Delivery Plan**.

Governance Model

Key components of the Phase 2 AAPEX Governance Model include:

- Overview of leading practices in state and local government ‘governance’ structures
- High level assessment of current operating model
- Recommended new governance structures for shared services organizations that has defined roles and responsibilities of new governance structures
- Defined roles and responsibilities and decision authority of recommended policy oversight functions

Finance Model

Key components of the Phase 2 AAPEX Finance Model include:

- High level assessment of current operating model
- Overview of leading practices in state and local government cost recovery models
- Recommendations for a future state financial funding model and financial framework for back-end funding models, billing structure and cost allocation model
- Revised approach for cost allocation and billing structure
- Policy changes needed to support the recommended financial funding model

Service Delivery Model

The three key components of the Phase 2 AAPEX Service Delivery Model include:

Organizational Structure and Resource Assessment

- Assessment of current organizational and operational structures, delivery models and reporting structures
- Identify key stakeholders, funding and sourcing issues, services and technologies to deliver services
- Review span of control and internal reporting hierarchies
- Defined future state functions, services, delivery systems and roles and responsibilities of new organizational units
- Recommended policy changes to organizational and resource staffing plans
- Human capital needs to support consolidated model including assessment of skills, duties, and talent needs to support the defined model service levels
- Service catalog of major program functions, tasks and activities for the five shared service functions

Service Delivery Model - Continued

The three key components of the Phase 2 AAPEX Service Delivery Model include:

Business Case and Consolidation Improvement Plan Recommendations

- Future state conceptual design based on information obtained from Stakeholder interviews and data workflow analysis
- Leading Practices on operational and organizational service delivery models and key performance indicators
- Implementation roadmap timeline with consolidation phases, key critical path actions/activities, milestones, and dependencies with other major initiatives
- Defined key roles and Shared Services business owners to carry out activities/tasks
- Identify constraints, issues and risks and incorporate resolutions into the plan
- Financial Impact and cost saving assumptions

Organizational Change Management

- Change management communications and training plan for internal (shared services department) and external (state agency and any third parties) stakeholders
- Stakeholder and change impact assessments

EXECUTIVE SUMMARY

Service Delivery Plan Implementation Roadmap

A&M's Phase 2 Shared Service Plan includes 25 primary key recommendations, 84 tasks and subtasks, and 446 implementation actions/steps over the next nine months

# Task / Implementation Action Description		Implementation Months								
		1	2	3	4	5	6	7	8	9
Governance Model										
1	Establish Shared Services Executive Oversight Board and Advisory Council	█	█							
2	Establish Working Group for each Service Area		█	█						
3	Integrate Voice of Customer and Performance Management	█	█							
Finance Model										
1	Improve annual rate development and approval process	█	█							
2	Create a transparent cost of service revenue recovery model	█	█	█	█					
3	Streamline rates billing processes	█	█	█						
Debt Collection Recovery										
1	Enact statutory authority and create policies for enhanced revenue recovery	█	█	█	█	█				
2	Create interactive database for centralized revenue recovery efforts	█	█	█	█	█				█
3	Implement enhanced intercept programs and other recovery activities	█	█	█	█	█	█	█		
Print Services										
1	Establish central mail shared services operation in Anchorage	█	█	█	█	█	█			
2	Establish mailing standards and negotiate bulk mail pricing rates	█	█	█						
3	Create consolidated Statewide Print Services operations	█	█	█	█	█				

Service Delivery Plan Implementation Roadmap

A&M's Phase 2 Shared Service Plan includes 25 primary key recommendations, 84 tasks and subtasks, and 446 implementation actions/steps over the next nine months

# Task / Implementation Action Description		Implementation Months								
		1	2	3	4	5	6	7	8	9
Lease Management										
1	Complete lease rate assessment to maximize value pricing									
2	Consolidate DOT Facilities Management and SSOA Lease Management operations									
3	Develop process for space optimization and surplus real property disposal									
Travel & Expense										
1	Complete centralization of Statewide Travel & Expense processing to SSOA									
2	Define requirements and deploy solution for an end to end T&E integrated workflow									
3	Establish help desk self service portal and hotline									
4	Develop and deliver expanded training opportunities									
Accounts Payable										
1	Complete centralization of Statewide Accounts Payable processing to SSOA organization									
2	Standardize and streamline Accounts Payable workflow process									
3	Establish help desk self service portal and hotline									
4	Develop and deliver expanded training opportunities									

Summary Recommendations: Governance Model

Three organizational and operational improvement recommendations are recommended to optimize the Shared Service Governance processes

Recommendation	Benefits
1. Establish Shared Services Executive Oversight Board and Advisory Council	<ul style="list-style-type: none">▪ Align Shared Services with Statewide priorities and customer expectations▪ Work to actively improve service delivery and increase operational and financial efficiencies
2. Establish Working Groups for each Shared Service area	<ul style="list-style-type: none">▪ Promote knowledge sharing across Shared Service and Departments▪ Build participant competencies in process improvement and root-cause problem analysis skillsets
3. Integrate Voice of Customer and Performance Management into Governance	<ul style="list-style-type: none">▪ Develop balanced scorecard system to enable governance oversight of Shared Services performance▪ Ensure Shared Services meets Department needs and supports continuous improvements



Summary Recommendations: Finance Model

Alaska can improve customer service and increase transparency in the optimization of an improved Shared Service revenue recovery model

Recommendation	Benefits
1. Improve annual rate development and approval process	<ul style="list-style-type: none">▪ Improve Department planning and budgeting for Shared Service costs▪ Statewide alignment on Shared Service rates and allocation methodology
2. Create a transparent cost of service revenue recovery model	<ul style="list-style-type: none">▪ Increase visibility into Department spend on shared services▪ Equitable distribution of Shared Service costs across Departments consistent with service consumption
3. Streamline rates billing process	<ul style="list-style-type: none">▪ SSOA and Departments no longer need to approve RSAs for OMB-approved rates (inter/intra-agency billing)

Summary: Debt Collection Recovery Recommendations

Enhanced Intercept and Collection activities will improve the State's annual recovery of aged receivables and improve customer services

Recommendation	Benefits
1. Implement enhanced intercept programs and other recovery activities	<ul style="list-style-type: none">▪ Enhance Statewide debt recovery
2. Enact statutory authority and create SSOA policies for enhanced revenue recovery	<ul style="list-style-type: none">▪ Improve oversight and enforcement of Statewide debt collections activities▪ Increase customer satisfaction with well-defined and streamlined processes
3. Create interactive database for consolidated revenue recovery efforts	<ul style="list-style-type: none">▪ Improve quality of Statewide debt collection data and reporting▪ Enhance performance monitoring of Collection Agencies and ability to rebalance portfolio to maximize collections

Summary Recommendations: Print Services

Expansion of consolidation of Print Services will increase operational and financial efficiency while expanding customer services

Recommendation	Benefits
1. Establish Central Mail Shared Services operation in Anchorage	<ul style="list-style-type: none">▪ Reduce Statewide spend on postage and mail services▪ Improve customer service through optimized mail routes
2. Establish mailing standards and negotiate bulk mail pricing rates	<ul style="list-style-type: none">▪ Centralize mail and print spend within DOA Procurement▪ Utilize consolidated mail and print services spend power to drive bulk mail discounts
3. Create consolidated Statewide Print Service Centers	<ul style="list-style-type: none">▪ Price competitive and customer focused efficient Print Service Centers▪ Reduce print service spend through consolidated contracts and purchasing across the State

Summary Recommendations: Lease Management

Three operational and organizational improvement recommendations will enhance Lease Management services and optimize Statewide lease spend

Recommendation	Benefits
1. Complete lease rate assessment to maximize market value pricing	<ul style="list-style-type: none">▪ Conduct data-driven market rate analysis and identify potential lease cost savings▪ Enhance reporting capabilities through automation and decrease administrative burden on Contracting Officers
2. Consolidate DOT Facilities Management and SSOA Lease Management operations	<ul style="list-style-type: none">▪ Improve coordination with facilities management to enable strategic space optimization▪ Develop a central repository for all Statewide leases to improve visibility and increase negotiating power
3. Develop processes for space optimization and surplus real property disposal	<ul style="list-style-type: none">▪ Align Department space needs with existing State-owned buildings▪ Maximize value of State-owned property through formalized disposal assessment process

Summary Recommendations: Travel & Expense Reimbursement

Alaska has the opportunity to create a refined service delivery model with technology enhancements to optimize the State’s Travel & Expense process

Recommendation	Benefits
1. Complete consolidation of Statewide Travel & Expense processing to SSOA	<ul style="list-style-type: none"> ▪ Align job skills to work tasks to increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization ▪ Effectively balance Statewide travel task demand with travel workforce supply ▪ Increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization
2. Define requirements and deploy solution for an end to end integrated workflow from initial travel approval to expense processing validation	<ul style="list-style-type: none"> ▪ Reduce duplication of effort and manual processing errors ▪ Streamline end to end process by utilizing one system and leverage core Travel & Expense system capabilities
3. Establish help desk self service portal and hotline	<ul style="list-style-type: none"> ▪ Increase customer support for Departments and Vendors ▪ Reduce SSOA staff time spent on fielding customer inquiries ▪ Reduce errors in upfront process resulting in less time on task
4. Develop and deliver expanded training opportunities	<ul style="list-style-type: none"> ▪ Reduce duplication of effort, manual processing errors and cycle time delays ▪ Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff

Summary Recommendations: Accounts Payable

Four organizational and operational improvement recommendations are recommended to optimize the State's Accounts Payable process

Recommendation	Benefits
1. Complete consolidation of Statewide Accounts Payable processing to SSOA	<ul style="list-style-type: none">▪ Align job skills to work tasks to increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization▪ Effectively balance Statewide AP task demand with AP workforce supply
2. Standardize and streamline Accounts Payable workflow process	<ul style="list-style-type: none">▪ Reduce duplication of effort and manual processing errors▪ Streamline end to end process to increase workforce efficiency (i.e., reduced time on task) and enforce process standardization
3. Establish help desk self service portal and hotline	<ul style="list-style-type: none">▪ Reduce SSOA staff time spent on fielding customer inquiries▪ Reduce errors in upfront process resulting in less time on task▪ Increase customer satisfaction and user adoption
4. Develop and deliver expanded training opportunities	<ul style="list-style-type: none">▪ Reduce duplication of effort, manual processing errors and cycle time delays▪ Reduce adoption time of future state enhancements▪ Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff

Summary Fiscal Impact of AAPEX Recommendations

A&M identified a potential return of approximately \$59 million over five years if all initiatives are implemented (*excluding Spend Plan Analysis and Procurement initiatives*)

AAPEX Shared Services Financial Impact Summary – FY2020 to FY2025

Category	Governance	Debt Recovery	Lease Management	Print Services	Travel & Expense	Accounts Payable	Total
One Time Costs							
SSOA Costs	\$ 13,917	\$ 122,087	\$ 165,860	\$ 68,942	\$ 167,449	\$ 270,581	\$ 808,836
IT Internal / External	\$ -	\$ 10,170	\$ -	\$ -	\$ 309,260	\$ 314,174	\$ 633,604
External Consultants	\$ 233,415	\$ 513,513	\$ 393,471	\$ 326,781	\$ 1,033,695	\$ 1,080,378	\$ 3,581,253
Recurring Costs							
SSOA Costs	\$ -	\$ 735,000	\$ 475,000	\$ -	\$ -	\$ -	\$ 1,210,000
IT Internal / External	\$ -	\$ -	\$ -	\$ -	\$ 100,008	\$ -	\$ 100,008
Recurring Savings							
Annual Savings		\$ (31,013,000)	TBD	\$ (1,981,437)	\$ (25,959,600)	\$ (5,015,600)	\$ (63,969,637)
Five Year Return	\$ 247,332	\$ (29,632,230)	TBD	\$ (1,585,715)	\$ (24,349,188)	\$ (3,350,467)	\$ (58,670,267)

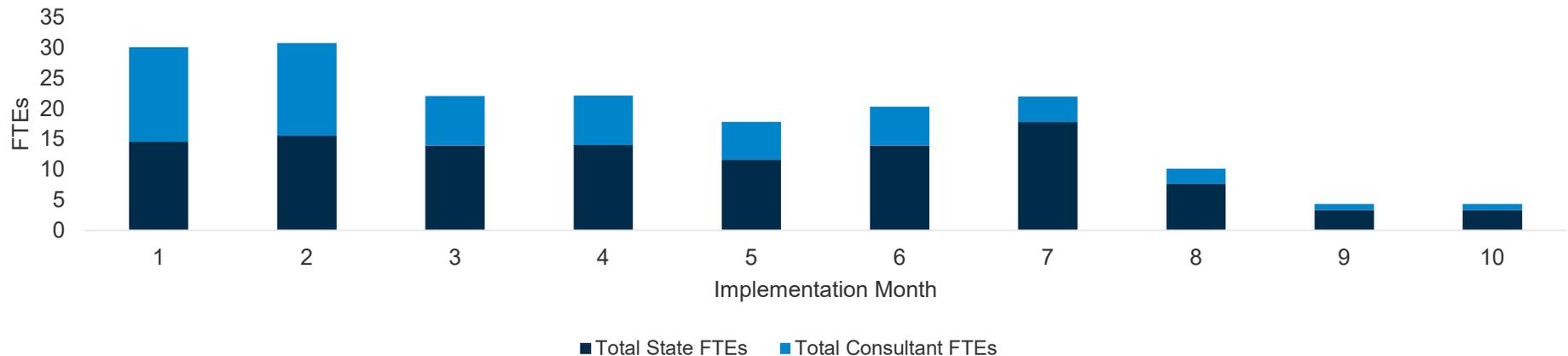
Summary Fiscal Impact of AAPEX Recommendations

The Shared Service AAPEX transformation plan requires dedicated State personnel along with external consulting support to implement key recommendations

Note: Table reflects resource needs for Debt Recovery, Print Services, Lease Mgt., Governance, Travel & Expense, and Accounts Payable

Project Resource Type	Implementation Month									
	1	2	3	4	5	6	7	8	9	10
State SSoA	12.3	13.4	10.7	7.6	5.6	7.8	14.1	6.1	2.5	2.5
State OIT	0.2	0.2	1.7	5.2	5.2	5.0	1.0	1.0	0.5	0.5
State Change Management	2.1	2.0	1.6	1.2	0.9	1.2	2.7	0.6	0.3	0.3
Consultant	15.6	15.2	6.2	4.1	2.2	2.4	2.2	0.5	0.0	0.0
IT Implementation Consultant	0.0	0.0	2.0	4.0	4.0	4.0	2.0	2.0	1.0	1.0
Total State FTEs	14.6	15.6	13.9	14.0	11.6	13.9	17.8	7.7	3.3	3.3
Total Consultant FTEs	15.6	15.2	8.2	8.1	6.2	6.4	4.2	2.5	1.0	1.0
Total FTEs	30.1	30.8	22.1	22.2	17.9	20.3	22.0	10.2	4.3	4.3

Implementation Resourcing



Approach to Change Management

AAPEX’s Change Management approach consists of four areas that align with the State’s Change Strategy

COMPONENTS	KEY QUESTIONS	AAPEX APPROACH
Stakeholder Engagement	<ul style="list-style-type: none"> Who is impacted by this change and what do they need to be successful? 	<ul style="list-style-type: none"> Incorporate AAPEX changes into the organization’s strategic goals so that stakeholders are aligned top-down Use Change Readiness checklists and toolkits for Sponsors, Managers, and the Change Network
Communications	<ul style="list-style-type: none"> How do we provide the right information to the right people at the right time? 	<ul style="list-style-type: none"> Develop Communication Plans that provide transparent information through multiple touchpoints and communications channels
Measurement	<ul style="list-style-type: none"> Are key stakeholders supportive or resistive of the changes? 	<ul style="list-style-type: none"> Establish two-way communication between employees and AAPEX Develop pulse surveys that measure change commitment Define KPIs that measure adoption
Training	<ul style="list-style-type: none"> What training, job aids, or tools are needed to be successful? 	<ul style="list-style-type: none"> Develop training framework and toolkit to help ensure employees have what they need to be successful



Change Management Recommendations

To ensure adoption and sustain the implementation, AAPEX will need to focus on change and communications

Recommendation	Observation
1. Align employees around a clear vision	<ul style="list-style-type: none"> Employee interviews demonstrated a lack of common understanding regarding AAPEX objectives or why the State is changing
2. Purposefully engage in direct communications	<ul style="list-style-type: none"> Project change and organizational readiness assessments revealed significant gaps in communications
3. Fortify program leadership capabilities	<ul style="list-style-type: none"> The State lacks experience in running large, enterprise-wide changes similar to AAPEX
4. Apply a structured change approach	<ul style="list-style-type: none"> There is no formal large program methodology and the State is in the early stages of adopting a Statewide change strategy
5. Allocate full time State resources to each AAPEX initiative area to manage the changes	<ul style="list-style-type: none"> AAPEX is recommending complex Statewide changes that impact employees and stakeholders in different ways

Change Management Impact Assessment

AAPEX recommends complex, enterprise-wide changes that will require significant change management resources to implement successfully

This Change Management Assessment evaluates how, at a high-level, the job roles, reporting structure, location, processes, systems (including technology), and tools will be impacted by the changes listed in the horizontal headers

Change Component	Shared Services Impact Assessment				
	Debt Recovery	Print Services	Lease Management	Travel & Expense	Accounts Payable
Job Role	5	3	3	3	3
Reporting Structure	4	2	5	2	2
Location	1	3	3	2	3
Processes	5	4	4	4	5
Systems	5	2	2	4	3
Tools	5	2	2	4	3

No Impact 1	Minimal Impact 2	Some Impact 3	Moderate Impact 4	Significant Impact 5
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GOVERNANCE MODEL

Current State Assessment

Current State: Governance

Lack of formal governance structure for shared services results in misaligned expectations and poor customer satisfaction



Governance Structure

- Formal governance structure does not exist
- Administrative Services Directors, Finance Officers, and Alaska Procurement Officer Group provide informal oversight and approval for Chargeback rates
- Shared Services Director manages communications and information flow between operations and Departments



Roles and Responsibilities

- Lack of clarity regarding Departmental roles and responsibilities
- Shared Services has limited decision-making authority for changes that impact Departments
- Service level expectations for Shared Services and for Departments are not aligned



Policies and Procedures

- Formal governance policies and procedures do not exist
- Some Shared Services processes and procedures are not standardized across Departments



Service Management

- Some SLAs exist
- Poorly defined issue escalation pathways
- Customer feedback channels include surveys and word of mouth
- Performance regularly reported to Departments
- Lack of trust in performance metrics and reporting

Leading Shared Services Practices

Leading Practices: Governance

Mature governance models enable improved quality of service, increased operational and financial efficiencies, and enhanced internal controls

What “Good” Governance Looks Like

- Provides **direction and focus** to ensure Shared Services continuously strives to meet Service Level Agreements and Expectations
- Includes the “**voice of the customer**” to ensure that the services delivered are those required and to provide their support for the improvement of processes
- Helps to **resolve conflict** by providing a defined structure and process for issue resolution
- Has clearly defined and communicated roles and responsibilities
- Consists of the following components:
 - Governance Bodies
 - Shared Services Leadership



Governance Outcomes

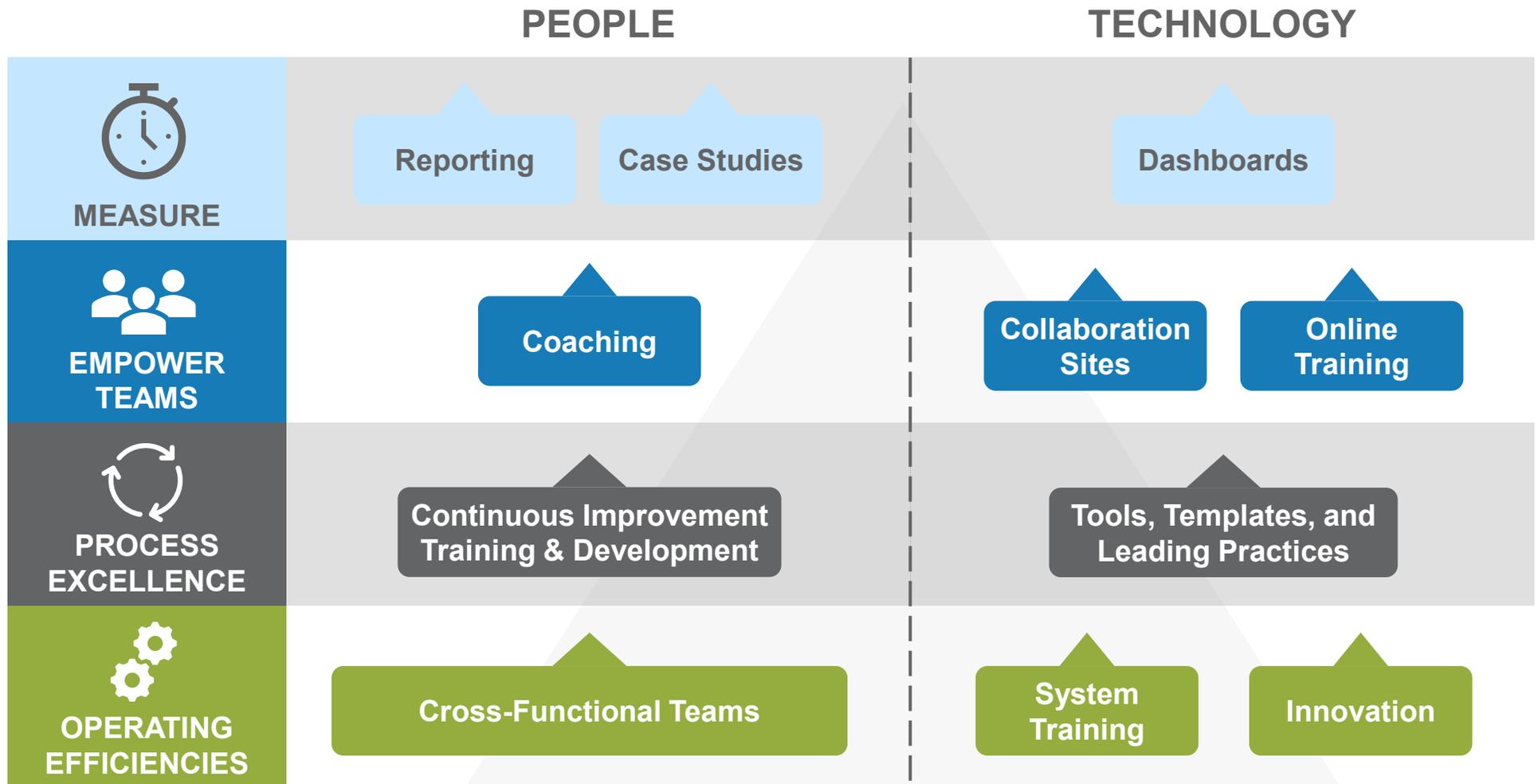
Improved
Quality of
Service

Increased
Operational
and Financial
Efficiencies

Enhanced
Internal
Controls

Leading Practices: Working Groups and Communities of Practice

Leading Shared Services organizations employ Working Groups and Communities of Practice to continuously improve service delivery



Leading Practices: Examples from other Governments

Leading practice shared services include multiple governance bodies that promote cross-functional collaboration to enhance service delivery

Area	General Services Administration	State of Missouri
Government Size	<ul style="list-style-type: none"> 11,137 Federal GSA employees 	<ul style="list-style-type: none"> 48,266 State employees
Governance Structure	<ul style="list-style-type: none"> Four tiers of Governance <ul style="list-style-type: none"> <u>President's Management Council</u>: Defines overall strategy and priorities <u>Shared Solutions Governance Board</u>: Aligns policy with strategy <u>Business Standards Council</u>: Provides subject matter expertise and standards <u>Quality Service Management Office</u>: Provides shared services and responds to user concerns 	<ul style="list-style-type: none"> Two tiers of Governance <ul style="list-style-type: none"> <u>State Financial Management Advisory Committee (FMAC)</u>: Recommends effective Statewide financial management systems and coordinates leading practices <u>Executive Committee</u>: Identifies common issues and serves in working groups and subcommittees
Membership	<ul style="list-style-type: none"> Political administration leadership Shared Services agencies Customer agencies Private sector experts 	<ul style="list-style-type: none"> All Chief Financial Administrators, Director of Division of Accounting Executive Committee made of appointed Chair and Co-Chair of FMAC and other Volunteers
Information Flow	<ul style="list-style-type: none"> 2-way communication between governance bodies, Shared Service agencies, and customers Voice of Customer represented at all levels 	<ul style="list-style-type: none"> 2-way communication between governance bodies and stakeholders Working groups established as needed and directed by Executive Committee

Recommendations & Business Case

Recommendation Summary

Establish three-tiered Shared Services Governance structure for enhanced service delivery across the State:

1. Establish Shared Services Executive Oversight Board and Advisory Council to provide accountability and transparency in service delivery

- Define procedures and responsibilities for the Shared Services Executive Oversight Board and Advisory Council
- Identify, onboard, and train members of newly-created governance bodies
- Create prioritization and sequencing matrix to align governance bodies on what is most important
- Create strategic plan for Shared Services with input from governance bodies

2. Establish Working Groups for each Shared Service functional area

- Define procedures and roles/responsibilities for Working Groups
- Implement communications plan to increase awareness and participation
- Recruit interested stakeholders and subject matter experts in SSOA and Departments
- Develop frameworks for change management and training that Working Groups can use to share leading practices and process improvements
- Cultivate culture of continuous improvement among Working Group participants

3. Integrate Voice of Customer and Performance Management into Governance

- Define customer feedback loops and issue escalation pathways through governance structure
- Develop balanced scorecard system to enable governance oversight of Shared Services performance

Recommendation 1: Overview

Establish Shared Services Executive Oversight Board and Advisory Council

#	Implementation Tasks	Timeline	Owner	Complexity
1.	Define mission, roles and responsibilities, and procedures for governance bodies	1 month	DOA Deputy Commissioner	Medium
2.	Publish and share governance documentation with Department stakeholders	1 month	SSOA Director	Medium
3.	Recruit and train members to serve on the governance bodies	1 month	DOA Deputy Commissioner	Medium
4.	Develop a strategic plan for Shared Services	1 to 2 months	SSOA Director	Medium

Summary and Benefits

This recommendation focuses on the requirements for the establishment of a responsive Shared Services Governance structure including:

- Defined mission, roles and responsibilities, and procedures for governance bodies
- Developed strategic plan for Shared Services of Alaska
- improving service delivery and increase operational and financial efficiencies.

Dependencies

- Dedicated State or consultant resource is assigned to build foundations of governance structure
- Full backing and support of both the Governor and Cabinet Agencies
- Service Level Agreements (SLAs) and/or Service Catalogs for all Departments

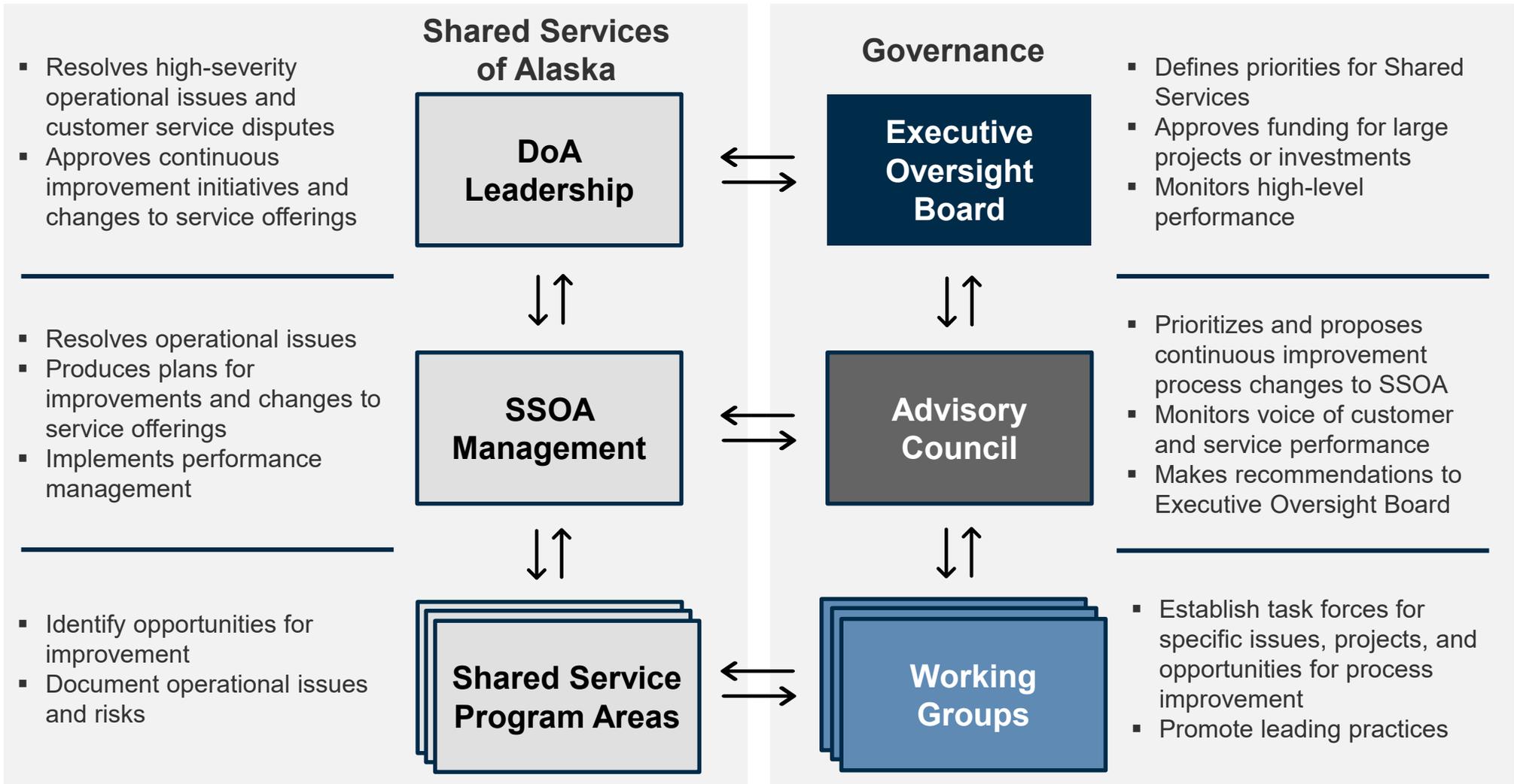
Future State: Governance Structure

Create three tiers of governance with discrete membership and purposes to align expectations and improve service delivery

Governance Tier	Purpose	Membership
Executive Oversight Board	<ul style="list-style-type: none"> Ensure Shared Services is aligned with State priorities and provide high-quality services to all customers Approve funding for large projects or investments Monitor high-level performance 	<p><i>Chair</i> DOA Commissioner</p> <p><i>Membership</i> Five Commissioners that represent needs of both large and small Departments</p>
		<p><i>Frequency</i> Semiannually</p>
Advisory Council	<ul style="list-style-type: none"> Ensure Shared Services is providing the right services in the right way to its customers Prioritize and propose continuous improvement process changes Monitor voice of customer and service performance Review rate assumptions and annual cost of service rate approach 	<p><i>Chair</i> DOA Deputy Commissioner</p> <p><i>Membership</i> Voting: SSOA Director, four Department Representatives (rotating terms)</p> <p>Advisory: State Finance Director, Chief Procurement Officer, Chief Information Officer, and OMB Representative for rate recovery discussions</p>
		<p><i>Frequency</i> Monthly</p>
Working Groups <div style="display: flex; flex-wrap: wrap; margin-top: 10px;"> <div style="border: 1px solid black; padding: 2px; margin: 2px;">AP</div> <div style="border: 1px solid black; padding: 2px; margin: 2px;">Lease Mgt.</div> <div style="border: 1px solid black; padding: 2px; margin: 2px;">Travel</div> <div style="border: 1px solid black; padding: 2px; margin: 2px;">Debt Recovery</div> <div style="border: 1px solid black; padding: 2px; margin: 2px;">Print Services</div> </div>	<ul style="list-style-type: none"> Promote efficiency, effectiveness, and continuous improvement for all Shared Service functional areas Establish task forces for specific issues, projects, and opportunities for process improvement 	<p><i>Facilitator</i> SSOA Deputy Director</p>
		<p><i>Membership</i> SSOA, Department employees involved in day-to-day of Shared Service area, Finance Officers, Procurement Officers</p>
		<p><i>Frequency</i> Every Two Weeks</p>

Future State: Governance Model

Define responsibilities and information flow between Governance bodies and Shared Services to maximize service delivery benefits



Future State: Governance - *Executive Oversight Board*

Membership	Responsibilities
<ul style="list-style-type: none"> ▪ <u>Chair</u>: DOA Commissioner ▪ Five Cabinet Commissioners that represent needs of both large and small Departments as appointed by the Governor 	<ul style="list-style-type: none"> ▪ Ensures Shared Services is aligned with State priorities and provide high-quality services to all customers ▪ Aligns SSOA with State of Alaska strategic priorities ▪ Defines long-term vision and plan for Shared Services ▪ Settles disputes between Departments and tiers of Governance Bodies ▪ Approves major process improvement initiatives and allocates resources ▪ Reviews key performance metrics of SSOA ▪ Implements policy and procedural changes recommended by Advisory Council

Frequency of Meetings	Decision Authorities			
Semiannually (Frequency may vary for the first 12 to 24 months)	<u>Operating Decision</u> <ul style="list-style-type: none"> ▪ Annual budget ▪ Review of KPIs and SLAs ▪ Financial results (Year to Date Budget to Actuals) ▪ Service pricing methodology 	<u>Authority</u> <ul style="list-style-type: none"> Responsible Informed Informed Consulted 	<u>Operating Decision</u> <ul style="list-style-type: none"> ▪ Fundamental changes in scope ▪ Process changes across Shared Services ▪ Dispute resolution with SSOA ▪ Expenditures within budget 	<u>Authority</u> <ul style="list-style-type: none"> Responsible Informed Consulted Consulted

Future State: Governance - Shared Services Advisory Council

Membership	Responsibilities
<ul style="list-style-type: none"> ▪ <u>Chair</u>: DOA Deputy Commissioner ▪ Voting Members: <ul style="list-style-type: none"> – SSOA Director – Four Department Representatives <i>Representatives will be nominated by their Department Commissioner, selected through a random drawing, and appointed to an 18 month term</i> ▪ Non-Voting Advisors: <ul style="list-style-type: none"> – State Finance Director – Chief Procurement Officer – Chief Information Officer – OMB Representative <i>(for input on rate methodologies)</i> 	<ul style="list-style-type: none"> ▪ Ensures Shared Services is providing the right services in the right way to its customers ▪ Monitors key performance metrics and reports to the Executive Oversight Board ▪ Receives and reviews voice of the customer feedback, prioritizes, and escalates issues to the Executive Oversight Board ▪ Prioritizes process improvement and project activities ▪ Serves as an escalation for challenges or conflicts raised by functional groups ▪ Assesses Shared Services scope and performance periodically ▪ Recommends policy and procedural changes to the Executive Oversight Board for consideration ▪ Communicates changes and priorities to key stakeholders and Executive Oversight Board ▪ Provides direction for Working Groups <p style="text-align: center;">[Note: Procurement to be governed by separate Advisory Council]</p>

Frequency of Meetings	Decision Authorities			
Monthly (Frequency may vary for the first 12 to 24 months)	<u>Operating Decision</u> <ul style="list-style-type: none"> ▪ Annual budget ▪ Review of KPIs and SLAs ▪ Financial results (Year to Date Budget to Actuals) ▪ Service pricing (rates) methodology 	<u>Authority</u> <ul style="list-style-type: none"> Consulted Consulted Informed Responsible 	<u>Operating Decision</u> <ul style="list-style-type: none"> ▪ Fundamental changes in scope ▪ Process changes across Shared Services ▪ Dispute resolution with SSOA ▪ Expenditures within budget 	<u>Authority</u> <ul style="list-style-type: none"> Consulted Responsible Responsible Informed

Future State: Governance - Working Groups

Membership	Responsibilities
<ul style="list-style-type: none"> ▪ <u>Facilitator</u>: SSOA Deputy Director ▪ Participation varies depending on Shared Service and includes representation from both SSOA and executive branch Departments ▪ Finance Officers ▪ Subject Matter Experts 	<ul style="list-style-type: none"> ▪ Establishes Working Groups for each Shared Service area: <ul style="list-style-type: none"> ✓ Accounts Payable ✓ Travel & Expense Reimbursement ✓ Lease Management ✓ Debt Recovery ✓ Print Services ✓ Rates ▪ Develops a “Lean” culture across SSOA and Department users ▪ Promotes efficient, effective, and continuously improving shared services ▪ Manages operational issues as assigned by Advisory Council ▪ Conducts root cause problem analysis and analyzes process issues ▪ Proposes changes to processes and policies to Advisory Council ▪ Drives Communication and Change Management of key process changes to Stakeholders and Customers

Frequency of Meetings	Decision Authorities			
Every two weeks	<u>Operating Decision</u> <ul style="list-style-type: none"> ▪ Annual budget ▪ Review of KPIs and SLAs ▪ Financial results (Year to Date Budget to Actuals) ▪ Service pricing methodology 	<u>Authority</u> <ul style="list-style-type: none"> Informed Informed Informed Informed 	<u>Operating Decision</u> <ul style="list-style-type: none"> ▪ Fundamental changes in scope ▪ Process changes across Shared Services ▪ Dispute resolution with SSOA ▪ Expenditures within budget 	<u>Authority</u> <ul style="list-style-type: none"> Consulted Consulted Informed Informed

Recommendation 1: Implementation Tasks & Actions

Establish Shared Services Executive Oversight Board and Advisory Council

Implementation Actions		Implementation Months								
#	Task & Action Description	1	2	3	4	5	6	7	8	9
1.	Define mission, roles and responsibilities, and procedures for governance bodies									
2.	Publish and share governance documentation with Department stakeholders									
3.	Recruit and train members to serve on the governance bodies									
4.	Develop a strategic plan for Shared Services									

Recommendation 2: Overview

Establish Working Groups for each Shared Service functional area

#	Key Tasks	Timeline	Owner	Complexity
1.	Define mission, roles and responsibilities, and structure for each Working Group	1 Month	SSOA Director	Medium
2.	Train Shared Services staff on how to facilitate/run a Working Group	1 Month	SSOA Director	Medium
3.	Configure tools to support online engagement	1 Month	SSOA Deputy Director	Medium
4.	Train Working Group members in process improvement frameworks	1 to 2 Months	SSOA Deputy Director	Medium

Summary and Benefits

- Define mission, roles and responsibilities, and structure for each Working Group
- Build participant competencies in process improvement and root-cause problem analysis skillset
- Develop change management and training toolkits for Working Groups to use to disseminate leading practices
- Promote knowledge sharing that will drive improved operational and financial efficiencies

Dependencies

- Development of Executive Oversight Board and Advisory Committees as part of SSOA governance structure
- Full backing and support from Cabinet Commissioners and SSOA Leadership
- State Employees are allowed to participate in Working Group meetings during work hours

Recommendation 2: Implementation Tasks & Actions

Establish Working Groups for each Shared Service functional area

Implementation Actions		Implementation Months								
#	Task & Action Description	1	2	3	4	5	6	7	8	9
1.	Define mission, roles and responsibilities, and structure for each Working Group									
2.	Train Shared Services staff on how to facilitate/run a Working Group									
3.	Configure tools (e.g., Microsoft Teams) to support online engagement									
4.	Train Working Group members in process improvement frameworks									

Recommendation 3: Overview

Integrate Voice of Customer and Performance Management into Governance

#	Key Tasks	Timeline	Owner	Complexity
1.	Define feedback loops and socialize with Department Customers for input	1 Month	SSOA Director	Medium
2.	Establish procedures in Advisory Council to review and respond to feedback regularly	1 Month	SSOA Director	Medium
3.	Survey Departments to identify meaningful performance metrics and define measurement methodologies	1 Month	SSOA Deputy Director	Medium
4.	Develop balanced scorecard system for reporting throughout Governance Model	1 Month	SSOA Director	Medium

Summary and Benefits

- Define customer feedback loops and issue escalation pathways through the Shared Services Advisory Council and Shared Services Leadership
- Develop balanced scorecard system to enable governance oversight of Shared Services performance
- Define reporting cadence for Shared Services Leadership, Executive Oversight Board, Advisory Council, and Department Customers
- Ensure Shared Services meets Department requirements and supports process improvement

Dependencies

- Agreed upon performance measures and methodology
- Accurate data and data transparency to enhance to Department trust in formal reporting
- Active participation by key Department stakeholders in voice of the customer feedback

Recommendation 2: Implementation Tasks & Actions

Integrate Voice of Customer and Performance Management into Governance

Implementation Actions

#	Task & Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Define feedback loops and socialize with Department Customers for input									
2.	Establish procedures in Advisory Council to review and respond to feedback regularly									
3.	Survey Departments to identify meaningful performance metrics and define measurement methodologies									
4.	Develop balanced scorecard system for reporting throughout Governance Model									

Financial Impact Summary: Governance

The three-tiered Governance structure is designed improve communication, accountability and transparency in how shared services are provided

**Total Investment:
\$0.25M**

**Total Five-Year Return:
(\$0.25M)**

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1	Establish Shared Services Executive Oversight Board and Advisory Council	\$ 111	\$ 0	\$ 0	\$ 0	\$ 111
2	Establish Working Groups for each Shared Service area	\$ 65	\$ 0	\$ 0	\$ 0	\$ 65
3	Integrate Voice of Customer and Performance Management into Governance	\$ 72	\$ 0	\$ 0	\$ 0	\$ 72

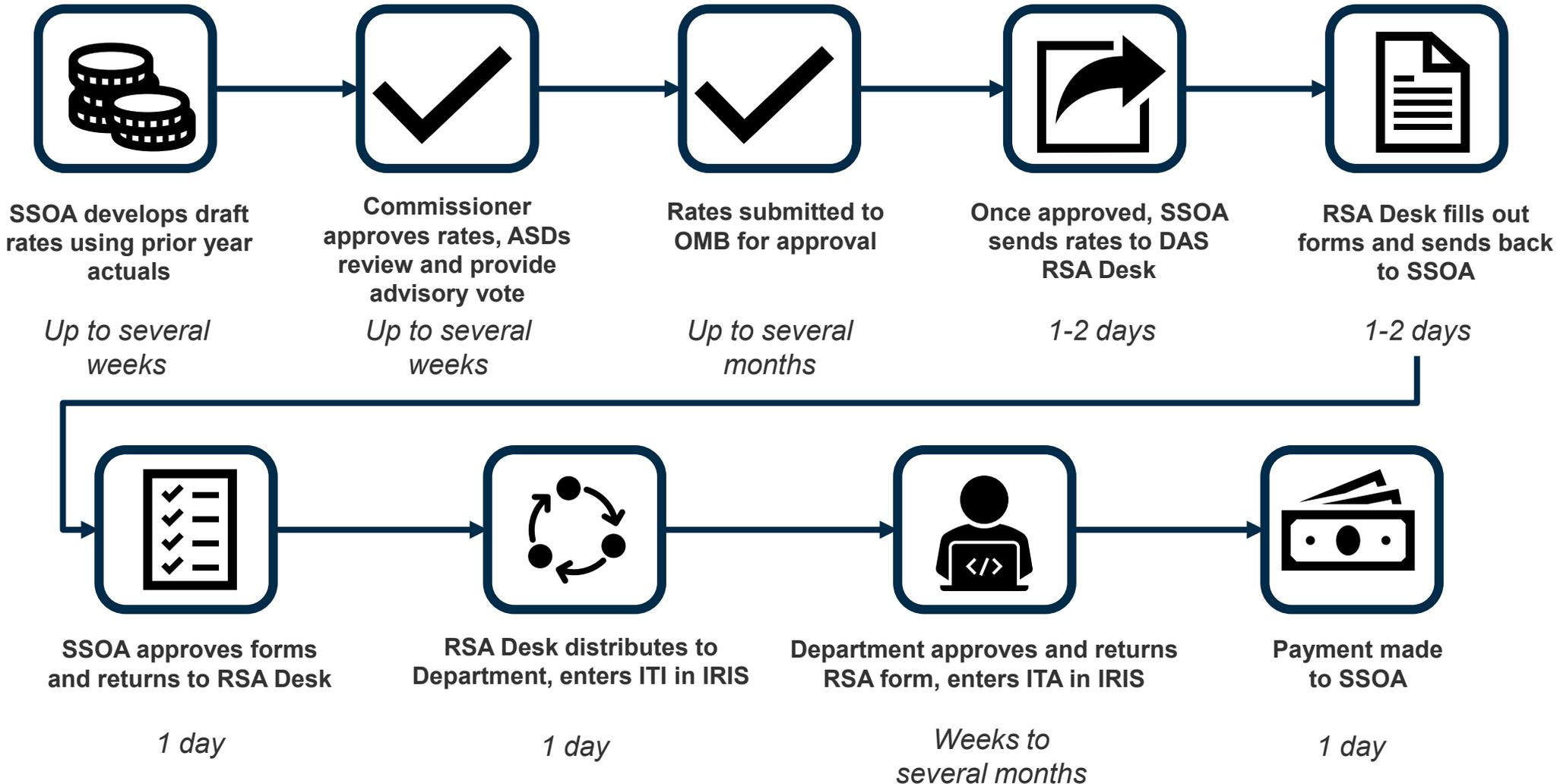
Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

FINANCE MODEL

Current State Assessment

Current State: Cost Recovery Process

Rate and RSA approvals can take several months, which impacts the Statewide budgeting process and delays cost recovery for SSOA



Leading Shared Services Practices

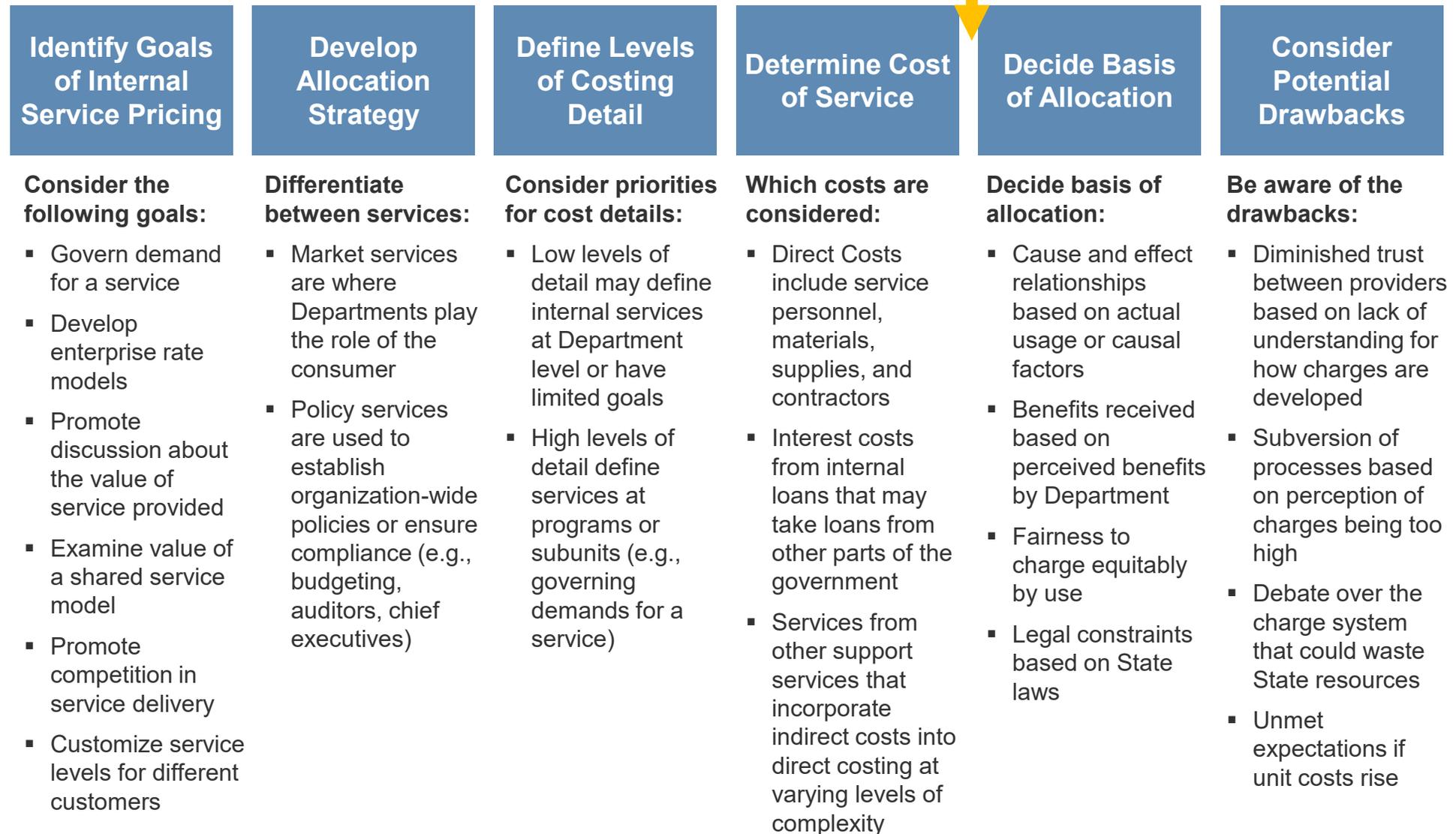
Leading Practices: Rate Methodology Approaches

Cost related price allocations will allow Departments to control costs and provide the highest visibility and understanding of costs of service

	No Charge	Allocation	Cost Related Price (Direct)
Overview	<ul style="list-style-type: none"> Cost of providing service is included as a component of overhead No allocations are made to business units 	<ul style="list-style-type: none"> Cost of service is allocated to customers based on a driver that approximates usage (e.g., headcount, number of transactions) Allocations are made from flat rates to budgeted with penalties 	<ul style="list-style-type: none"> Customers are charged based on transaction or actual consumptions Allocations are made from activity based costing to market based
Pros	<ul style="list-style-type: none"> Easy to communicate with customers Easily administered and processed 	<ul style="list-style-type: none"> Greater visibility into costs of service Some ability for customers to drive and influence their own costs 	<ul style="list-style-type: none"> Highest visibility and understanding of costs of service Greatest ability to control chargeback costs based on Department budget restrictions
Cons	<ul style="list-style-type: none"> Difficult to associate value with cost of service Customers may not agree with charges Budgets may not be flexible to change Inability for customers to drive behavior and minimize costs Legislature will need to appropriate General Fund budget authority 	<ul style="list-style-type: none"> Difficult to predict total chargeback amounts throughout the year Methods of allocation can result in perceived unfairness 	<ul style="list-style-type: none"> More time and resources may be required to administer (depending on system configuration) Requires high quality, up to date data

Leading Practices: Allocation Strategy

Determine goals of allocation prior to developing and approving cost allocation methodology to drive Statewide allocation alignment *Alaska is Here*



Recommendations & Business Case

Summary Recommendations: Finance Model

Alaska can improve customer service and increase transparency in the optimization of an improved Shared Service revenue recovery model

Recommendation	Benefits
1. Improve annual rate development and approval process	<ul style="list-style-type: none">▪ Improve Department planning and budgeting for Shared Service costs▪ Statewide alignment on Shared Service rates and allocation methodology
2. Create a transparent cost of service revenue recovery model	<ul style="list-style-type: none">▪ Increase visibility into Department spend on shared services▪ Equitable distribution of Shared Service costs across Departments consistent with service consumption
3. Streamline rates billing process	<ul style="list-style-type: none">▪ SSOA and Departments no longer need to approve RSAs for OMB-approved rates (inter/intra-agency billing)

See the Procurement Phase 2 Report for Procurement Finance Model Recommendations

Recommendation 1: Overview

Improve Annual Rate Development and Approval Process

#	Key Tasks	Timeline	Owner	Complexity
1.	Finalize Governance model roles, responsibilities and membership	1 Month	SSOA Director	Low
2.	Define chargeback rate budget development calendar and key approval process	1 Month	SSOA Director & SSOA Deputy Director	Medium
3.	Map chargeback rate development milestones against OMB budget calendar	1 Week	SSOA Deputy Director	Low
4.	Set recurring meetings with the Shared Services Advisory Council	Ongoing	SSOA Deputy Director	Low

Summary and Benefits

- Deliver Shared Service rates to Department based on estimated projections and defined units of measures
- Improve Department planning and budgeting for Shared Service costs
- Increase alignment Statewide on Shared Service rates and allocation methodology

Dependencies

- Participation in governance committee by key Department stakeholders
- Ability to procure accurate and up to date workload volume data for appropriate rate development

Future State: Annual Shared Services Rate Recovery Process

Shared Service Rates will be based on Budget Estimates and approved for inclusion in the summer development of State Agency Budgets

Revenue Recovery Process Tasks and Steps	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Annual Budget Development												
Develop and approve Shared Service Cost of Service Rate Recovery Guidelines	█											
Review Rate Recovery Guidelines with Governance Committees		█										
Develop Shared Services budget estimates for future year budget				█	█							
Develop "snapshot" census counts for future year Cost Allocation Plan		█										
Document proposed assumptions and units of measure for future year budget			█									
Review proposed budget and Cost Allocation Plan with OMB						█						
Review finalized budget assumptions with Shared Services Advisory Council												
Finalize proposed budget estimates with OMB and Departments								█				
Shared Services budget included in Governor's Proposed Budget												█
Annual True Up Process												
Develop and approve Shared Services Rate Recovery True-up Guidelines											█	
Update units of measure based on most recent fiscal year utilization	█											
Validate actual expenditures for Shared Services cost recovery rate pools	█	█										
Review annual true-up model results with OMB			█									
Review annual true-up model results with Shared Services Advisory Council				█								
Departments include true-up estimates into the proposed budget year forecasts					█							

Future State: Shared Services Cost Recovery Governance Model

The Shared Service Advisory Council will review rate proposals with Departments and provide detailed assumptions and units of measure based on consumption and utilization

Goals of Governance

Review rate development and units of measure allocation methodologies prior to Department annual operating budget development. Ensure transparent and performance based rates are utilized.

Governance Body Roles & Responsibilities

Shared Services Executive Oversight Board

- Approve chargeback guiding principles
- Drive issue resolution and make key decisions

Shared Services Advisory Council

- Review Shared Service cost recovery pool units of measure, rate development assumptions and billing methods
- Approve annual Shared Service cost recovery rates
- Monitor and enforce compliance with guiding principles and deadlines
- Ensure final rates are incorporated into Department annual operating budget
- Review and approve guidelines and procedures for annual True-Up Process
- Review year to date budget to actuals for major cost pools
- Approve service levels and service offerings

Working Group: Revenue Recovery

- Provide Department-specific expertise
- Informed of units of measure and rate methodology for respective Departments and areas of expertise

Recommendation 1: Implementation Tasks & Actions

Establish Shared Services Executive Oversight Board and Advisory Council to provide accountability and transparency in service delivery

Implementation Task Actions

#	Task & Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Finalize Governance model roles, responsibilities and membership									
2.	Define chargeback rate budget development calendar and key approval process									
3.	Map chargeback rate development milestones against OMB budget calendar									
4.	Set recurring meetings with the Shared Services Advisory Council									

Recommendation 2: Overview

Create a Transparent Cost of Service Revenue Recovery Model

#	Key Tasks	Timeline	Owner	Complexity
1.	Adopt new units of measure	1 Month	SSOA Director	Low
2.	Design reporting to accurately track allocation metrics and spending	1 to 2 Months	SSOA Deputy Director	Medium
3.	Create customer friendly reports to demonstrate budget-to-actuals and utilization/consumption	1 to 2 Months	SSOA Deputy Director	Medium
4.	Design annual true-up process and plot against budget development process	1 Month	SSOA Deputy Director	Medium
5.	Approve annual true-up process with governance body	1 Month	SSOA Director	Low
6.	Develop and conduct training on standardized use of Chart of Accounts and IRIS	1 to 2 Months	SSOA Deputy Director	Low
7.	Create budget book, annual cost allocation plan, service catalog and units of measure trend reports	1 Month	SSOA Deputy Director	Low

Summary and Benefits

- Develop a cost of service allocation model process to increase transparency of costs
- Increase visibility into Department spend on shared services
- Create an equitable distribution of shared service costs across Departments consistent with service consumption

Dependencies

- Accurate and up to date workload volume data for annual rate reporting
- Adoption of standardized Chart of Accounts and IRIS functionality by all Departments

Rate Recovery Methodology: Debt Collections Recovery

Debt Recovery is responsible for the recovery of Agency aged receivables and overpayment of revenues on a Statewide basis

	FY 2020 Current		FY 2022 Recommended	
Cost Category	Unit of Measure	Recovery Method	Unit of Measure	Recovery Method
Collection Agency Commission <u>Services:</u> <ul style="list-style-type: none"> ▪ <i>Collect Aged Receivables</i> ▪ <i>Skip Tracing</i> ▪ <i>Send debt notices to debtors</i> 	Rate Schedule in Collection Agency Contract	Direct Bill to Department	Collection Agency % Costs recovered through Direct Charge to Debtor	Direct Bill to Debtor at time of Collection Payment
Debt Recovery Program <u>Services:</u> <ul style="list-style-type: none"> ▪ <i>Train new Departments</i> ▪ <i>Manage Collection Agencies</i> ▪ <i>(New) Manage intercept programs</i> ▪ <i>(New) Manage US TOP</i> ▪ <i>(New) Provide reporting to Departments and SSOA Advisory Council</i> 	None - Costs recovered by Vendor Fee and PFD garnishments	Costs recovered by Vendor Fee and PFD garnishments	<u>Budget Rate:</u> Size of aged receivables portfolio <u>Annual True-up:</u> Actual amount collected	Allocation

Rate Recovery Methodology: Print Services

Print Services supports Statewide printing needs and US and inter-office mail collection

Cost Category	FY 2020 Current		FY 2022 Recommended	
	Unit of Measure	Recovery Method	Unit of Measure	Recovery Method
General Central Mail Operations (e.g., vehicle, maintenance, supplies) <u>Services:</u> <ul style="list-style-type: none"> Receive, sort, and deliver inbound mail Pick up and deliver inter-office mail 	Flat rate allocation, estimated inserter usage, dollars of postage	Allocation	Dollars of postage	Allocation
Department Postage <u>Services:</u> <ul style="list-style-type: none"> Schedule and process mass mailings to State residents 	Direct Bill to Departments	Direct Bill	Direct Bill to Departments	Direct Bill
Print Services <u>Services:</u> <ul style="list-style-type: none"> (New) Centralized print services 	N/A (proposed new service)	N/A (proposed new service)	Direct Bill to Departments	Direct Bill

Rate Recovery Methodology: Lease Management

Lease Management executes facility leases and renewals, with future program functions including a centralized Statewide space optimization program

	FY 2020 Current		FY 2022 Recommended	
Cost Category	Unit of Measure	Recovery Method	Unit of Measure	Recovery Method
Lease Payments <u>Services:</u> <ul style="list-style-type: none"> Distribute monthly lease payments 	Direct Bill to Departments	Direct Bill	Direct Bill to Departments	Direct Bill
Lease Management & Space Optimization <u>Services:</u> <ul style="list-style-type: none"> Procure and manage leases in State and privately owned buildings Contract with third parties for space planning services (New) Monitor State-owned facilities utilization (New) Develop plans for enhanced space utilization 	50% actual lease cost / 50% active lease terms	Allocation	Actual Lease Costs (Goal: Three Year Average of Actual Leasing Costs)	Allocation

Rate Recovery Methodology: Travel & Expense Reimbursement

Travel & Expense Reimbursement represents the payment of employee travel for official State business

	FY 2020 Current		FY 2022 Recommended	
Cost Category	Unit of Measure	Recovery Method	Unit of Measure	Recovery Method
Travel & Expense Payments <u>Services:</u> <ul style="list-style-type: none"> ▪ <i>Process travel requests in IRIS</i> ▪ <i>Calculate, process, and certify travel advances</i> ▪ <i>Process and certify travel expense reports for lodging, meals, and other incidental expenses based on AAM, bargaining unit, and length of travel</i> ▪ <i>Develop and deliver training</i> 	Number of PCNs transferred in Year 1 and 2 to Shared Services ¹	Allocation	Three Year Average of Department Travel & Employee Reimbursement Actual Expenses	Allocation

¹Direct Bill 90% of budgeted personnel costs to Departments who transferred PCNs in Year 1 with Shared Services

Direct Bill 80% of budgeted personnel costs to Departments who transferred PCNs in Year 2 with Shared Services

Rate Recovery Methodology: Accounts Payable

Accounts Payable processes invoices for both supplies and services Statewide

	FY 2020 Current		FY 2022 Recommended	
Cost Category	Unit of Measure	Recovery Method	Unit of Measure	Recovery Method
Accounts Payable	Number of PCNs transferred in Year 1 and 2 to Shared Services ¹	Allocation	Three Year Average of Department Non-Labor Actual Expenses*	Allocation
<u>Services:</u>				
<ul style="list-style-type: none"> ▪ <i>Receive and process vendor invoices</i> ▪ <i>Validate proper AP coding and supporting documentation</i> ▪ <i>Apply prompt pay discount rules</i> ▪ <i>Reconcile and clear prepaid expenses</i> ▪ <i>Reconcile purchase card transactions</i> ▪ <i>Provide AP Training</i> 			<p>*EXCLUDES Travel & Employee Reimbursement, Transfers, Local Government Payments, Debt Service and Grants)</p>	

¹Direct Bill 90% of budgeted personnel costs to Departments who transferred PCNs in Year 1 with Shared Services

Direct Bill 80% of budgeted personnel costs to Departments who transferred PCNs in Year 2 with Shared Services

Rate Development Reporting

Create annual cost allocation plan and rate change reporting to help Departments understand how rates are calculated

Cost Allocation Plan

Purpose

- Demonstrate how service costs are allocated Statewide

Benefits

- Increase Department understanding prior to year end
- Provide units of measure transparency

Units of Measure Summary Report

Purpose

- Visualize units of measure for all service areas and annual consumption trends by Department

Benefits

- Provide transparency to Departments about consumption trends
- Allow Departments to minimize their own consumption and reduce costs to promote Statewide savings

Rate Change Report

Purpose

- Define how costs are allocated by Department currently and shows how changes will impact each Department

Benefits

- Facilitate discussion between impacted Departments
- Ensure equitable cost allocation and minimizes large impacts on single Departments

Increase Budget Transparency

Develop a Rate Assumptions Manual that document the cost of service budget assumptions and decisions used in the development of allocations

Cost recovery rates should include both all direct expenses and any indirect or overhead costs, but an explanation of assumptions should be available to Departments in the form of a SSOA Rate Assumptions Manual

Component	Description
Personnel & Staffing Assumptions	<ul style="list-style-type: none"> ▪ Listing of major staffing changes and related salary impacts (e.g., new positions for defined services) ▪ Vacancy factor ▪ Inflation factors for medical/health insurance and other pooled benefits
Principal & Interest	<ul style="list-style-type: none"> ▪ Rate recovery within projects for existing and future year debt service payments
Training, Services & Supplies	<ul style="list-style-type: none"> ▪ Rate recovery for services costs, including: supplies, materials, professional services, training, professional development, mail and postage, and technology
Administrative Overhead	<ul style="list-style-type: none"> ▪ Rate recovery for administrative overhead costs (e.g., DOA Administration, Shared Services Administration, IT, Department of Law, Human Resources, Finance, Rent, and Facilities Maintenance, etc.)
Capital Equipment	<ul style="list-style-type: none"> ▪ Assumptions for recovery of costs associated with capital expenditures ▪ Assumptions for the recovery of capital investment depreciation
Other Operating Costs	<ul style="list-style-type: none"> ▪ Assumptions for the recovery of all other operating costs

Execute Annual True-Up Adjustments

Create customer-facing reports on detailed budget to actuals and spending trends to increase transparency with Departments

Annual True-Up Report

- Create report showing the variance between operating budget and operating actual expense associated with shared services projects
- Identify variances in budget to actual expenses based on updated or current unit of measure counts

Benefits

- Provide visibility for Departments to track consumption versus budgeted to reduce costs
- Monitor misaligned rates and assess need to modify rate methodology

Example: Annual True Up Report

Department FY 2022 Annual Allocation True Up

Total Fund Revenues Available for Shared Services (Operating budget and revenue adjustments)	\$A
Total Use of Funds (Actual expenditures and encumbrances based on cost allocation plan units of measure)	\$B
Future Year Commitments and Reserves	\$C
Total Over / Under Spend	$\$(A-B-C) = \\D

\$D will be added to / subtracted from FY 2022 Shared Services Allocation

Recommendation 2. Implementation Tasks & Actions

Create a Transparent Cost of Service Revenue Recovery Model

Implementation Task Actions

# Task & Action Description		Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Adopt new units of measure and gain approval from governance body									
2.	Design internal reporting to accurately track annual usage of units of measure									
3.	Create Department-facing reporting to demonstrate budget-to-actuals and consumption									
4.	Design annual true-up process and plot against budget development process									
5.	Approve annual true-up process with governance body									
6.	Develop and conduct training on standardized use of Chart of Accounts and IRIS									
7.	Create budget book, annual cost allocation plan, service catalog and units of measure trend reports									

Recommendation 3: Overview

Streamline rates billing process

#	Key Tasks	Timeline	Owner	Complexity
1.	Publish Shared Services annual cost allocation plan, service catalog and units of measure trend reports	1 Month	SSOA Deputy Director	Low
2.	Update OMB’s revised program manual for reimbursable service agreements to exempt Shared Services from paper form requirements	1 Month	SSOA Deputy Director	Low
3.	Coordinate with Division of Finance and CGI to identify and implement new billing option in IRIS	1 to 2 Months	SSOA Deputy Director	Medium

Summary and Benefits

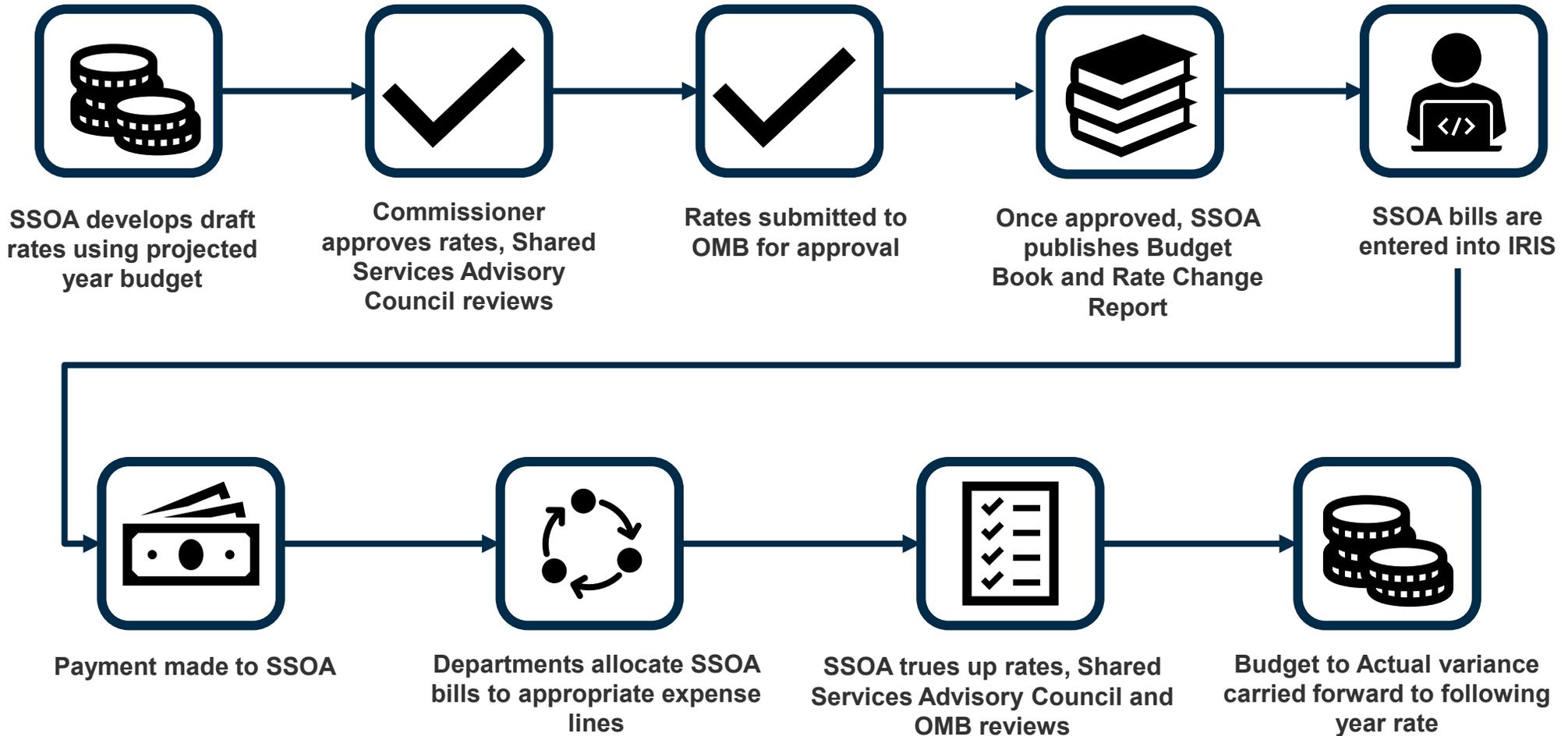
- Streamline its Shared Services inter/intra-agency billing process to reduce workload and increase automation:
- Work with CGI to identify and implement the least cumbersome billing option in IRIS

Dependencies

- Division of Finance develops new process for Shared Services inter/intra-agency billing transactions
- Departments configure cost allocation rules in IRIS to distribute costs to their appropriate accounting lines

Future State: Rates Billing Process

Eliminate RSA forms and after-the-fact Department approvals to streamline the Rates Billing Process



Future State: Recommended Process Changes

Shared Services billing can be streamlined by implementing key process changes

Current Process Issues	Recommended Changes	Impact
<ul style="list-style-type: none"> Department Staff who receive and approve Shared Services bills do not understand charges, which leads to back-and-forth explanations 	<ul style="list-style-type: none"> Publish SSOA Rate Manual when rates are finalized, to include SSOA's annual cost allocation plan, service catalog and units of measure trend reports 	<ul style="list-style-type: none"> Increased transparency into rates Improved alignment of customer expectations
<ul style="list-style-type: none"> SSOA and Departments approve Shared Services bills that have already been approved by OMB (duplication of effort) 	<ul style="list-style-type: none"> Stop using Reimbursable Service Agreement (RSA) forms and internal approvals for Shared Services bills 	<ul style="list-style-type: none"> Reduced workload to approve Shared Services bills
<ul style="list-style-type: none"> Shared Services billing transactions (ITI/ITA) must be entered into IRIS by both SSOA and Departments 	<ul style="list-style-type: none"> Work with CGI to identify and implement the least cumbersome billing option in IRIS 	<ul style="list-style-type: none"> Reduced duplication of work for IRIS data entry Increased automation

Recommendation 3. Implementation Tasks & Actions

Streamline rates billing process

Implementation Task Actions

#	Task & Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Publish Shared Services annual cost allocation plan, units of measure summary, and Department rate change report									
2.	Update OMB's revised program manual for reimbursable service agreements to exempt Shared Services from paper form requirements									
3.	Coordinate with Division of Finance and CGI to identify and implement new billing option in IRIS									

Risks of Not Addressing AAPEX Recommendations:

Without implementation of these recommendations, Shared Services will experience the following:

- Extensive time spent on reimbursement service agreements with little direct benefit
- Inability to understand Statewide costs based on consumption
- Misalignment of Statewide budget development and Shared Services budget alignment
- Disagreement on equity of rates with no formal governance mechanism to resolve
- Fluctuations in rates based on prior year actuals versus projected budget expenses

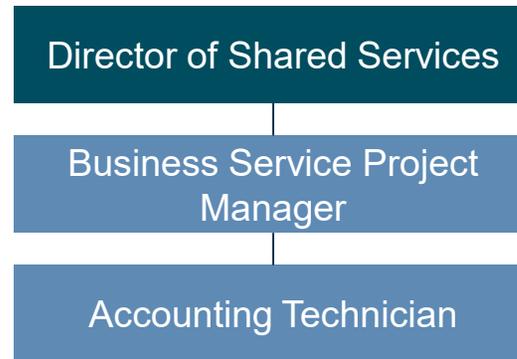
DEBT COLLECTION RECOVERY SERVICE DELIVERY PLAN

Current State Assessment

Current State: Organizational Structure

Current organizational structure cannot scale to meet needs of the State as Central Debt Recovery grows

Central Debt Recovery Organization



Current State Organizational Structure	Observations
<p>Total of two positions, including:</p> <ul style="list-style-type: none"> - One Accounting Technician who reports to Business Service Project Manager - Business Services Project Manager who reports to Director of Shared Services ▪ Single Collection Agency conducts all debt recovery activities (Account Control Technology) ▪ Experienced Shared Services Collections Consultant defines debt recovery tasks for Collection Agencies 	<ul style="list-style-type: none"> ▪ Shared Services staffing requirements will increase as Departments transition into the enhanced service delivery model ▪ Existing Debt Recovery Staff may not have resource capacity (skills and change management) to drive transformational change during centralization ▪ Collections Consultant (Master Vendor) works with consolidated Procurement to identify requirements for expanded Collection Agency services ▪ Dependence on single Third Party Collection Agency limits effectiveness of recovery efforts

Current State: Service Delivery

Current consolidated debt recovery program has limited use across the State with limited recovery outcomes and monitoring efforts

	Services	Description	Observations
Shared Services	Vendor Management	<ul style="list-style-type: none"> Ensure vendor meets recovery goals and provides adequate “customer service” Train vendor on Department-specific data entry and financial reporting requirements 	<ul style="list-style-type: none"> Limited oversight and compliance of debt recovery targets Limited visibility into steps taken by Collection Agency to recover debt
	Department Onboarding	<ul style="list-style-type: none"> Develop understanding of program needs Facilitate onboarding of new Department portfolios/debt types to Collections Agency Provide Department training 	<ul style="list-style-type: none"> Departments were not given input into Collection Agency selection and contract provisions Debt Recovery is in process of creating new policies and procedures for onboarding new Agencies
	Debt Recovery Management	<ul style="list-style-type: none"> Assist Departments' with in-house processes (e.g., research, skip tracing) Work with Departments to establish debt recovery goals Manage Collection Agency monthly invoicing Conduct analysis of debt portfolio 	<ul style="list-style-type: none"> Shared Services does not perform any collections activities before transferring debt to collections agency Departments have limited visibility into actions taken by Collection Agency to recovery aged accounts receivables
Departments	Debt Transfer and Monitoring	<ul style="list-style-type: none"> Perform collections activities prior to transfer of aged receivables to Shared Services Attend meetings and monitor Collection Agency database to track recoveries 	<ul style="list-style-type: none"> Cadence of Shared Services touchpoints are inconsistent across Departments

Leading Shared Services Practices

Leading Practices: Organizational Structure

The States of Louisiana and Ohio leverage best practices such as the use of Intercept Programs and Aged AR reporting that have not been implemented by Alaska

Model Attributes	State of Louisiana	State of Ohio
Debt Portfolio	<ul style="list-style-type: none"> ▪ Approximately \$900 million 	<ul style="list-style-type: none"> ▪ Approximately \$40 billion
Debt Collected	<ul style="list-style-type: none"> ▪ \$24 million (2017 – 2018) 	<ul style="list-style-type: none"> ▪ \$417 million (2016 – 2017)
Staffing	<ul style="list-style-type: none"> ▪ 12 FTE in Debt Recovery Unit 	<ul style="list-style-type: none"> ▪ 4 FTE in Debt Recovery
Organizational Structure	<ul style="list-style-type: none"> ▪ One - Director ▪ One - Assistant Director ▪ Ten - Recovery Analysts 	<ul style="list-style-type: none"> ▪ Director and Assistant Director ▪ One to two Vendor Managers ▪ One Data Analyst
Reporting Structure	<ul style="list-style-type: none"> ▪ Reports to Department of Revenue 	<ul style="list-style-type: none"> ▪ Reports to Office of Budget Management
Services Provided	<ul style="list-style-type: none"> ▪ Operates two regional tax Offices for in-person services ▪ Responsible for collections, intercepts, vendor management, Aged Receivables Collections reporting ▪ Skip tracing and intercepts 	<ul style="list-style-type: none"> ▪ Responsible for collections, intercepts, vendor management, and Aged Receivables Collections reporting ▪ Coordinates Offer in Compromise program to negotiate settlements ▪ Skip tracing
Governance Structure	<ul style="list-style-type: none"> ▪ Cash Management Board provides regular check-ins 	<ul style="list-style-type: none"> ▪ Executive Committee, Management Council and Process Council

Leading Practices: Organizational Structure

Louisiana and Ohio have defined a Statewide debt recovery process and use multiple Collection Agencies to effectively recover debt

Model Attributes	State of Louisiana	State of Ohio
Definition of Aged Receivables	<ul style="list-style-type: none"> ▪ Debts over 60 days old 	<ul style="list-style-type: none"> ▪ Debts over 45 days old
State Agency Responsibilities	<ul style="list-style-type: none"> ▪ Authenticate debt prior to referral ▪ Send referral notice to debtor 	<ul style="list-style-type: none"> ▪ Validate and document debt ▪ Send referral notice to debtor
Number of Agencies Serviced	<ul style="list-style-type: none"> ▪ Five (23 percent) State Agencies were served in 2017 ▪ Department of Revenue has a goal to service 17 Agencies by the end of 2022 	<ul style="list-style-type: none"> ▪ 150 entities including: Agencies, State Universities, and others ▪ 38 State Agencies (100 percent)
Departments	<ul style="list-style-type: none"> ▪ State Agencies ▪ Public Colleges ▪ Boards and Commissions 	<ul style="list-style-type: none"> ▪ State Agencies ▪ Universities ▪ Municipalities ▪ Other entities (e.g., Boards)
Collection Agencies Used	<ul style="list-style-type: none"> ▪ Five Collections Agencies 	<ul style="list-style-type: none"> ▪ 83 Collections Agencies

Leading Practices: Service Management (Louisiana)

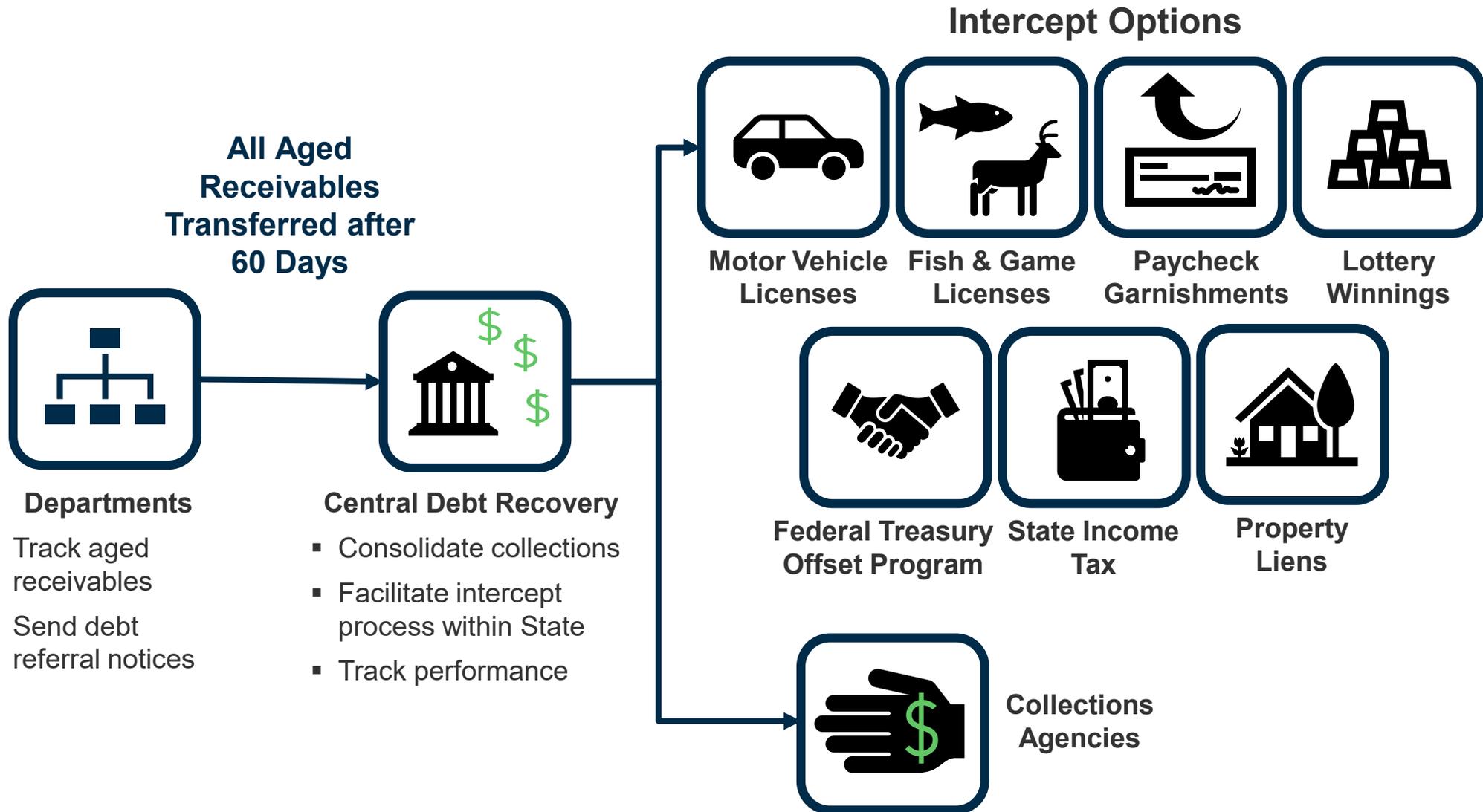
Louisiana works with Departments, other States, and the US Treasury to collect debt with frequent real-time reporting to demonstrate value

Service Provided	Description
Debt Collections	<ul style="list-style-type: none"> ▪ Establish recovery goals and ensure vendor performance ▪ Provide customer service for State Agencies and citizens ▪ Collaborate with other States to establish agreements for State tax offsets
Reporting	<ul style="list-style-type: none"> ▪ Manage data sharing program for skip tracing purposes across boards and commissions ▪ Facilitate frequent real-time reporting between Agencies
Intercepts / Debt Recovery	<ul style="list-style-type: none"> ▪ Work with other Agencies to facilitate stops for: <ul style="list-style-type: none"> – Licenses (e.g., hunting, motor vehicle registration, boating, and drivers licenses) – State Payments (e.g., State Income Tax Refunds) – Bank Levy and Wage Garnishments – Lottery and Casino Game Winnings – Property Liens

KPI	KPI Target	KPI Performance
Amount Collected per Collector	\$ 600,000	\$ 2,155,086
Total Collections	\$ 5,000,000	\$ 24,481,776
Total Student Loan Collections	\$ 400,000	\$ 14,617,040

Leading Practices: Louisiana Intercepts Programs

Louisiana utilizes robust intercept processes (e.g., tax offsets, license stops, employee garnishments, intercepted lottery winnings) to recover monies owed to the State



Implementation timeline is subject to adjustment, recognizing external impacts from COVID-19 and other priorities

Recommendations & Business Case

Summary: Debt Collection Recovery Recommendations

Enhanced Intercept and Collection activities will improve the State's annual recovery of aged receivables and improve customer services

Recommendation	Benefits
1. Implement enhanced intercept programs and other recovery activities	<ul style="list-style-type: none">▪ Enhance Statewide debt recovery
2. Enact statutory authority and create SSOA policies for enhanced revenue recovery	<ul style="list-style-type: none">▪ Improve oversight and enforcement of Statewide debt collections activities▪ Increase customer satisfaction with well-defined and streamlined processes
3. Create interactive database for consolidated revenue recovery efforts	<ul style="list-style-type: none">▪ Improve quality of Statewide debt collection data and reporting▪ Enhance performance monitoring of Collection Agencies and ability to rebalance portfolio to maximize collections

Future State: Process Summary

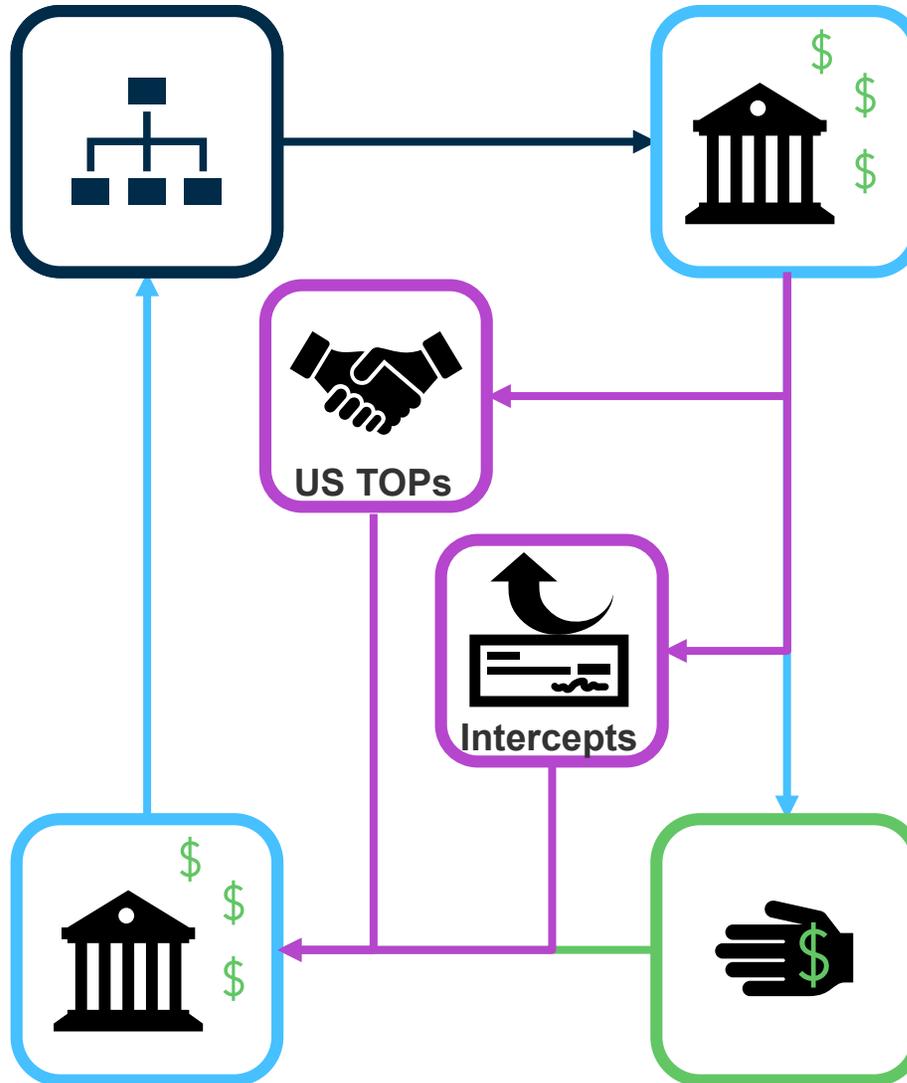
Improve revenue recovery with use of State and Federal Government Intercept Programs and enhanced Collection Agencies efforts

Departments

- Track aged receivables
- After 60 days, transfer all aged receivables to Central Debt Recovery
- Participate in collections enforcement activities (e.g., Public Funds Dividends - PFD Garnishments)

Central Debt Recovery

- Consolidate collections
- Provide real-time reporting on collections activities
- Monitor and enforce Key Performance Indicators
- Return collections to Departments



Central Debt Recovery

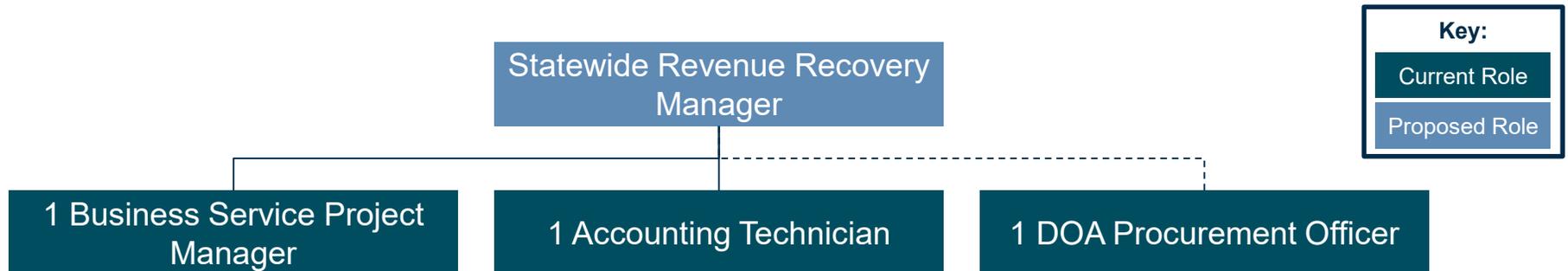
- Facilitate Intercept Program
- Work with Procurement to conduct RFP for Collection Agency service(s)
- Monitor Collection Agency performance
- Respond to Department questions

Collections Agencies

- Conduct collections activities
- Perform skip tracing and update Statewide database
- Collection reporting to State

Future State: Organizational Structure

Hire experienced leader to oversee transformation of Debt Recovery Office to improve collection opportunities while addressing vendor accountability and service delivery



- Statewide Revenue Recovery Manager provides strategy, guidance, and interface with Departments to implement debt recovery program initiatives
- Relationship Manager (current Business Service Project Manager) serves as main contact for Department and Collection Agencies, facilitating onboarding and training
- Data Analyst (current Accounting Technician) works with Departments to understand data needs and generate reports
- Procurement Officer (in DOA Procurement) determines solicitation requirements, evaluates pricing and terms/conditions of Collection Agencies and any other Consultant contracts

Future State: Service Delivery Plan

Shared Services should facilitate inter-Department debt recovery activities with key performance indicators (KPIs) to monitor collections effectiveness

	Service	Description
Shared Services	Vendor Management	<ul style="list-style-type: none"> Ensure Collection Agency(s) meets recovery goals and provides adequate customer service Train Collection Agencies on Department-specific data entry and financial reporting requirements Serve as a liaison between Collection Agencies and Departments
	Department Onboarding	<ul style="list-style-type: none"> Facilitate onboarding of new Department portfolios/debt types to collections agency Provide introductory Department training
	Department Management	<ul style="list-style-type: none"> Assist Departments with in-house processes (e.g., research and skip tracing) Work with Departments' to establish debt recovery goals
	Intercepts / Debt Recovery	<ul style="list-style-type: none"> Facilitate data sharing and intercept programs across Departments (e.g., garnishments and licensing) Collaborate with other States to establish reciprocal agreements for State tax refund intercepts and Collection Agency offsets Manage Alaska's participation in the US Treasury Offset Program (US TOP) Conduct reconciliations between recoveries reported and incoming payments
	Reporting	<ul style="list-style-type: none"> Provide regular reporting to Departments and Governance body Manage data sharing for skip tracing purposes across all State Agencies, Boards, and Commissions Analyze debt portfolio and review future initiatives for process improvements
	Vendor Assessment	<ul style="list-style-type: none"> Evaluate Collection Agency capabilities to assess fit with Statewide debt recovery needs Work with Procurement to manage subcontracting of Collection Agency services
Depts	Debt Transfer and Collections	<ul style="list-style-type: none"> Track aged receivables and perform collections activities prior to transfer to Shared Services Send notice of debt transfer prior to transfer of debt and assist in Statewide debt recovery efforts

Future State: Debt Recovery Roles

Deploy a strong change management plan that focuses on sound vendor and customer service delivery and deploys best practices in revenue recovery

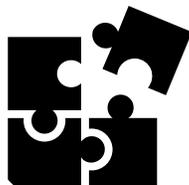


Vendor Managers

- Work with Procurement to issue RFPs for new selection of added Collection Agencies
- Manage Collection Agencies and ensure they meet pre-set key performance indicators (KPIs)
- Train Collection Agencies on Department-specific requirements
- Address operating model legal questions with Department of Law
- Provide regular reporting to Departments and Governance agency
- Facilitate revenue recovery activities across State (e.g., PFD garnishments)
- Serve as a liaison between Collection Agencies and Departments
- Assist Departments with Statewide processes (e.g., skip tracing)



Change Agents



Department Liaisons

Recommendation 1: Overview

Implement Enhanced Intercept Programs and Other Recovery Activities

#	Key Tasks	Timeline	Owner	Complexity
1.	Implement revenue intercepts for defined aged Accounts Receivable	5 to 7 Months	Revenue Recovery Manager	High
2.	Hire experienced Revenue Recovery Manager to support management of debt recovery program	2 to 3 Months	Revenue Recovery Manager	Medium
3.	Establish key performance indicators to monitor performance of collection agencies	2 to 3 Months	Revenue Recovery Manager	Low

Summary and Benefits

- Deploy intercepts of aged Accounts Receivable from State routine invoices payments and PFD payments
- Deploy other revenue offset State Agency Offset Programs and US Treasury Offset Program
- Create Inter-Local contracts with Alaskan political subdivisions to establish intercepts from local licenses / taxes
- Conduct an RFP and onboard additional Collection Agencies

Dependencies

- Creation of central database of aged receivables to consolidate and track Statewide debt
- Established key performance indicators for each Collection Agency and Statewide Debt Recovery
- Hire new Debt Recovery Manager to facilitate Statewide efforts

Recommendation 1: Implementation Tasks & Actions

Implement Enhanced Intercept Programs and Other Recovery Activities

Task 1.1

Shared Services FTE: 3 (870 Hours)

Implement revenue intercepts for defined aged Accounts Receivable

Implementation Actions

#	Action Descriptions	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Issue RFP for addition of added Collection Agencies	█	█							
2.	Define Inter-Agency Intercept Program/Revenue Offsets		█							
3.	Define key State Agencies that will participate in intercept activities between Departments		█							
4.	Create inter-Agency recovery procedures with approval by the Advisory Council and Working Group			█						
5.	Formalize procedures and socialize/train with Departments			█	█					
6.	Create and provide training to all relevant Departments				█					
7.	Assign FTE to develop and manage US Treasury TOP and define data exchange and reporting requirements					█				
8.	Maintain TOP program data submissions					█				
9.	Assign responsibility for inter-local agreements with the State and develop cost-benefit marketing materials						█			
10.	Deploy Political Subdivision Inter-Local Agreements and Recovery Program						█	█		

Recommendation 1: Continued

Implement Enhanced Intercept Programs and Other Recovery Activities

Task 1.2

Shared Services FTE: 1 (50 Hours)

Hire experienced Revenue Recovery Manager to support management of debt recovery program

Implementation Actions

#	Action Descriptions	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Define job responsibilities for new Revenue Recovery Manager position	█								
2.	Create job description and begin recruiting process	█								
3.	Interview candidates		█							
4.	Select candidate for new position		█							
5.	Conduct onboarding and new-hire training			█						

Recommendation 1: Continued

Implement Enhanced Intercept Programs and Other Recovery Activities

Task 1.3

Shared Services FTE: 2 (260 Hours)

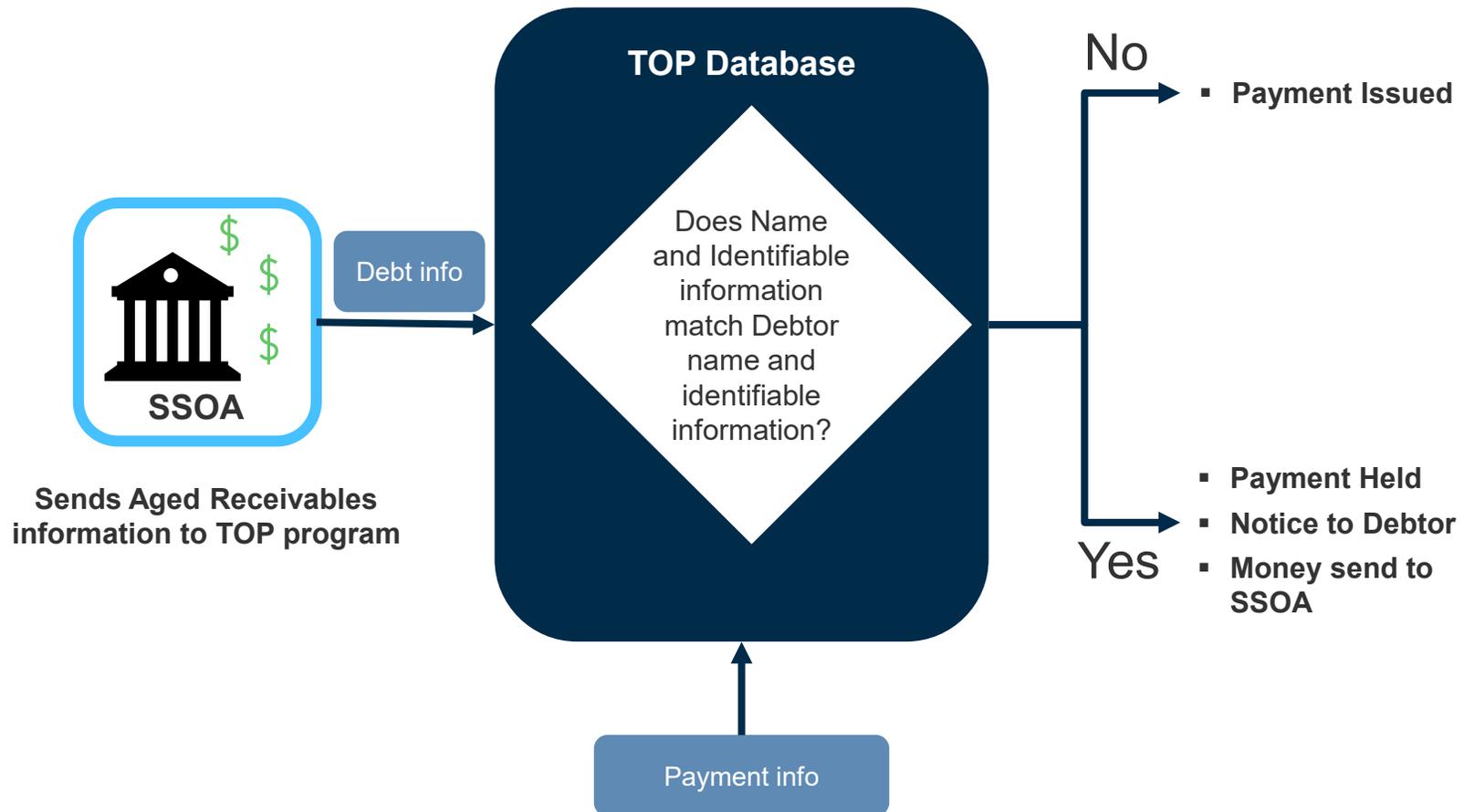
Establish key performance indicators to monitor performance of Collection Agencies

Implementation Actions

#	Action Descriptions	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify key metrics that will be used to track Debt Recovery effectiveness of collection agencies									
2.	Determine cadence of KPI reporting									
3.	Socialize and approve KPIs with Advisory Council									
4.	Identify data sources for KPI metrics (e.g., collection agency self reporting)									
5.	Develop method to track multiple collection agencies									
6.	Define SSOA resource who will track and maintain KPIs regularly									
7.	Distribute debt to Collection Agencies based on KPI performance									
8.	Create process to analyze and redistribute debt based on KPI performance on a regular basis (define cadence)									
9.	Define method of redistribution and socialize with Collection Agencies									

Key features of the US Treasury Offset Program

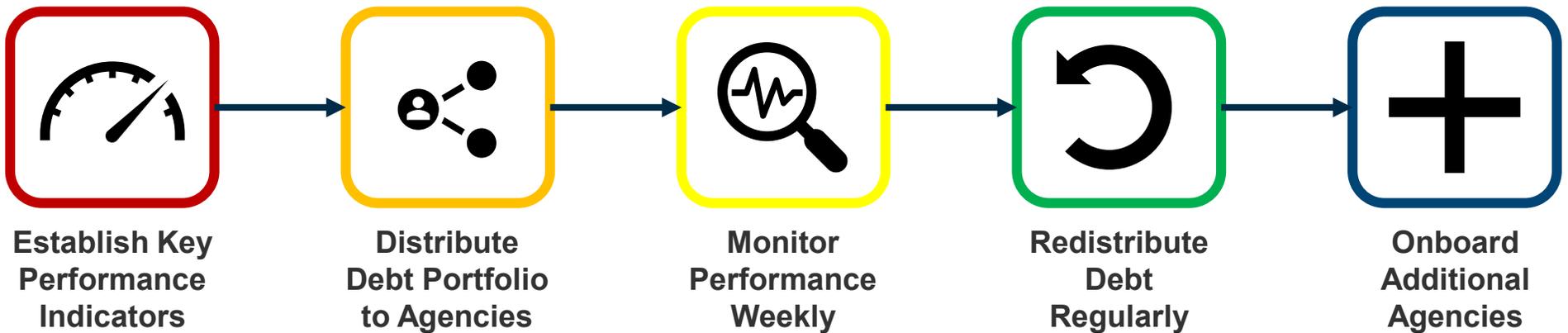
The State should participate in the US Treasury Offset Program to enhance collections through US Federal Income Tax return holdback set-offs



Collection Agencies Performance and Return on Investment

Establish performance metrics with Collection Agencies for increased accountability and monitoring of recovery results

Collection Agency Performance and Management Process



Recommended KPIs	Definition
Days Payment Outstanding	Number of days outstanding debt has been past due
Collector Effective Index	Amount collected against total receivables due in a period
Right Party Contact Rate	Number of calls placed to debtors
Percentage of Outbound Calls Resulting in Promise to Pay	Percentage of calls resulting in payment
Return per Account	Return generated per account sent to collections
Active Customer Accounts per Credit and Collection Employee	Number of accounts collection employees handle in a given period of time

Key Implementation Tasks for Intercept Programs

SSOA should define key policies, roles, and responsibilities, and provide comprehensive training

Policies / Procedures:

- Define Statewide prioritized debt recovery schedule
- Outline types of debts qualifying for Statewide collections program
- Create an information transfer process (e.g., between SSOA and Departments, localities, and collection agencies)
- Write a process for notification of intercepts process; associated timelines should be defined

Roles:

- Departmental liaison should be assigned to manage intercept activities
- Establish governance board for resolving disputes or conflicts based on collections or intercepts across Agencies

Technology:

- Define appropriate security requirements to transfer confidential data (e.g., social security numbers, and personally identifiable information) aligned with Statewide IT guidelines

Statewide Confidentiality Concerns:

- All parties involved (staff from Departments, political subdivisions, Collection Agencies, etc.) should have confidentiality and intercept program process training

Recommendation 2: Overview

Enact Statutory Authority and Policies for enhanced revenue recovery

#	Key Tasks	Timeline	Owner	Complexity
1.	Establish statutory authority and related DOA administrative regulation for centralized Debt Recovery	2 to 3 Months	DOA Commissioner	Medium
2.	Develop definition of Aged Receivables and consolidated statewide revenue recovery process	2 to 3 Months	Revenue Recovery Manager	Medium
3.	Build roadmap to onboard Executive branch Departments to debt recovery program	4 to 5 Months	Revenue Recovery Manager	Low
4.	Monitor financial and operational performance through key performance indicators	2 to 3 Months	Revenue Recovery Manager	Low

Summary and Benefits

This recommendation focuses on the requirements for designation of legislative authority and the development of standardized Statewide revenue recovery policies to:

- Improve oversight and enforcement of Statewide debt collections activities
- Increase customer satisfaction with well-defined and streamlined processes

Dependencies

- Standardized method of tracking aged receivables across the State
- Required Legislature Authority for Statewide centralization and expansion of debt recovery efforts
- Service Level Agreements for all Departments until legislation is passed

Recommendation 2: Implementation Timelines & Tasks

Enact Statutory Authority and Policies for enhanced revenue recovery

Task 2.1

Shared Services FTE: 2 (160 Hours)

Establish Statutory Authority and related DOA administrative regulation for centralized Debt Recovery

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify legislative provisions that should be addressed in statutory authority	█	█							
2.	Define policy, roles and responsibilities, debt referral timeline, debt recovery authority and permissions	█								
3.	Define effective date for centralized debt recovery		█							
4.	Identify relevant stakeholders to Debt Recovery programs		█							
5.	Create collateral defining new Debt Recovery program and authorities		█							
6.	Socialize legislative authority with relevant stakeholders (Departments, SSOA staff and Consultants)			█						

Recommendation 2: Continued

Enact Statutory Authority and Policies for enhanced revenue recovery

Task 2.2

Shared Services FTE: 1 (30 Hours)

Develop definition of Aged Receivables and consolidated statewide revenue recovery process

Implementation Actions

#	Action Descriptions	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Survey Departments to determine current definition of aged receivables and debt recovery practices	█								
2.	Develop future state Statewide definition of aged receivables		█							
3.	Design future state debt recovery practices (e.g., number of notices sent, how agencies track aged receivables, etc.)		█	█						
4.	Socialize future state vision with Departments			█						
5.	Identify implementation challenges and constraints and modify plan accordingly				█					

Recommendation 2: Continued

Enact Statutory Authority and Policies for enhanced revenue recovery

Task 2.3

Shared Services FTE: 2 (420 Hours)

Build roadmap to onboard Executive branch Departments to debt recovery program

Implementation Actions

# Action Description		Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Create inventory of Department debt portfolio aged receivables	█								
2.	Develop calendar and processes for all Departments to use IRIS billing/accounts receivable application	█								
3.	Redesign business processes to work with new technology implementation	█	█							
4.	Working Group performs gap assessment of current state processes and future state process and develop action remediation plans		█							
5.	Review timeline and process for readiness for consolidation process with SSOA Advisory Council and Debt Recovery Working Group			█						
6.	Identify debt portfolios of all Departments		█							
7.	Establish a Department readiness matrix with the SSOA Advisory Council and Debt Recovery Working Group			█						
8.	Build onboarding training, communications, and process materials				█					
9.	Hold training sessions with Department AR collections stakeholders and update materials as needed				█					
10.	Create and distribute onboarding success communications Statewide					█				

Recommendation 2: Continued

Enact Statutory Authority and Policies for enhanced revenue recovery

Task 2.4

Shared Services FTE: 1 (100 Hours)

Monitor financial and operational performance through key performance indicators

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify key metrics that will be used to track Debt Recovery effectiveness and cadence of monitoring	█								
2.	Socialize KPIs with SSOA Advisory Council and inform Working Group and Executive Oversight Board	█								
3.	Adjust KPI metrics as necessary per feedback from Advisory Council and Working Group	█								
4.	Identify data source for KPI metrics	█								
5.	Create calculations for defined KPIs	█								
6.	Develop KPI dashboard	█	█							
7.	Assign staffing resource to track and maintain KPIs		█							
8.	Validate baselines for new KPI targets		█							
9.	Create process to analyze root cause of KPI changes		█							
10.	Create SSOA internal working team to address KPI changes and perform corrective actions		█							
11.	Define annual KPI cycle to review targets Advisory Council			█						
12.	Report KPI's to Governance Committee/Advisors			█						

Enact Statutory Authority

Key legislative provisions should include:

Key Feature	Legislative Provision
Defined Public Policy	<ul style="list-style-type: none"> ▪ Policy to pursue collections payable to the State
Roles and Responsibility	<ul style="list-style-type: none"> ▪ Office of Debt Recovery will serve as a debt-collecting entity for all Executive Branch aged receivables ▪ All uncollected revenues over a defined period will be referred to the Shared Services Office of Debt Recovery ▪ Process for disputes and prioritization of recovery offsets
Defined Timeline Debt Referral	<ul style="list-style-type: none"> ▪ All agencies must refer debt that has been finalized for 60 days
Statutory Authority	<ul style="list-style-type: none"> ▪ Authority to recover aged revenue collections from State Intercept Programs and program restriction offsets ▪ Authority to execute vendor and employee garnishments ▪ Ability to enter reciprocal agreements with other States and Federal Government for revenue recovery
Fee Structure	<ul style="list-style-type: none"> ▪ Ability to pass through Collection Agency processing fees to the debtor ▪ Ability to charge a Debt Recovery Administrative Fee against debtor remittances to recover SSOA internal processing costs

Create SSOA Policies for Enhanced Debt Recovery

Define administrative policies and procedures for enhanced debt recovery activity

Key Step	Actions to Implement
Develop Current State Data Base	<ul style="list-style-type: none"> ▪ For all Departments not currently participating in Shared Services Debt Recovery Collections, determine: <ul style="list-style-type: none"> – Definition of “aged receivables and current outstanding aged receivables by revenue billing source/type – Current debt recovery practices (e.g., number of notices sent, how Agencies track aged receivables, referrals to PFD garnishments or Collection Agency’s, internal procedures, etc.)
Define Future State Process	<ul style="list-style-type: none"> ▪ Create future-state process defining roles of SSOA Debt Recovery and State Agencies: <ul style="list-style-type: none"> – Standardized definition of Aged Receivables and process for validation of current balances – Debt notices to be sent and referral notices to be sent to debtor – Standard use of IRIS for by ALL State Agencies to accounting of revenue billings and accounts receivables (Official source of financial AR information) – Statewide collections activities and assignment of received collections back to Departments – Process to prioritize revenue allocation of debtor collections – Monthly key performance indicators reporting – Review Future Process with key stakeholder departments to ensure compliance with GASB and GAAP accounting guidelines and the State’s budget/financial reporting process
Socialize Future State Process	<ul style="list-style-type: none"> ▪ Socialize future state process with Departments to define gaps between current operating procedures and future state ▪ Modify plan based on Department input and constraints
Mobilize and Define a Roadmap	<ul style="list-style-type: none"> ▪ Task Working Group to remedy gaps to future state requirements and establish timelines and milestones for progress ▪ Create a process for prioritizing Departments with high volumes of collection activity

Recommendation 3: Overview

Create Interactive Database for consolidated Revenue Recovery efforts

#	Key Tasks	Timeline	Owner	Complexity
1.	Identify and implement required technology reporting tools for enhanced recovery efforts	4 to 5 Months	Revenue Recovery Manager and CIO	High
2.	Standardize process for Department external billing and accounts receivable recording into IRIS	3 To 4 Months	Revenue Recovery Manager	High

Summary and Benefits

- Improve quality of Statewide debt collection data and reporting
- Enhance performance monitoring of Collection Agencies and ability to rebalance portfolio to maximize collections

Dependencies

- Authorized legislative authority to centralize Debt Recovery and perform cross-Agency intercepts
- Standardize Cross-Agency Debt Recovery processes facilitated by SSOA and create Statewide definition of aged receivables

Key Attributes of Advanced Collections Platform

A Collections Platform should be considered after the Debt Recovery program is implemented to automate Collection Agency management, reporting, and intercepts

Key Considerations for Collections Platform Implementation

Collection Agencies

- Manages multiple collection agencies
- Capable of adding / removing new Collection Agencies
- Tracks and reports on multiple Collection Agency key performance indicators

Account Information

- Provides detailed listing of accounts assigned to each agency
- Provides details to the account level (e.g., account owners is parent, children are folded into account)

Timeliness

- Able to accept uploads in real time (no overnight processing)

Data Transfers

- Able to accept external data files
- Provides secure data transfers
- Integrates with IRIS and other State Agency platforms
- Ability to interface with US Treasury

Reporting

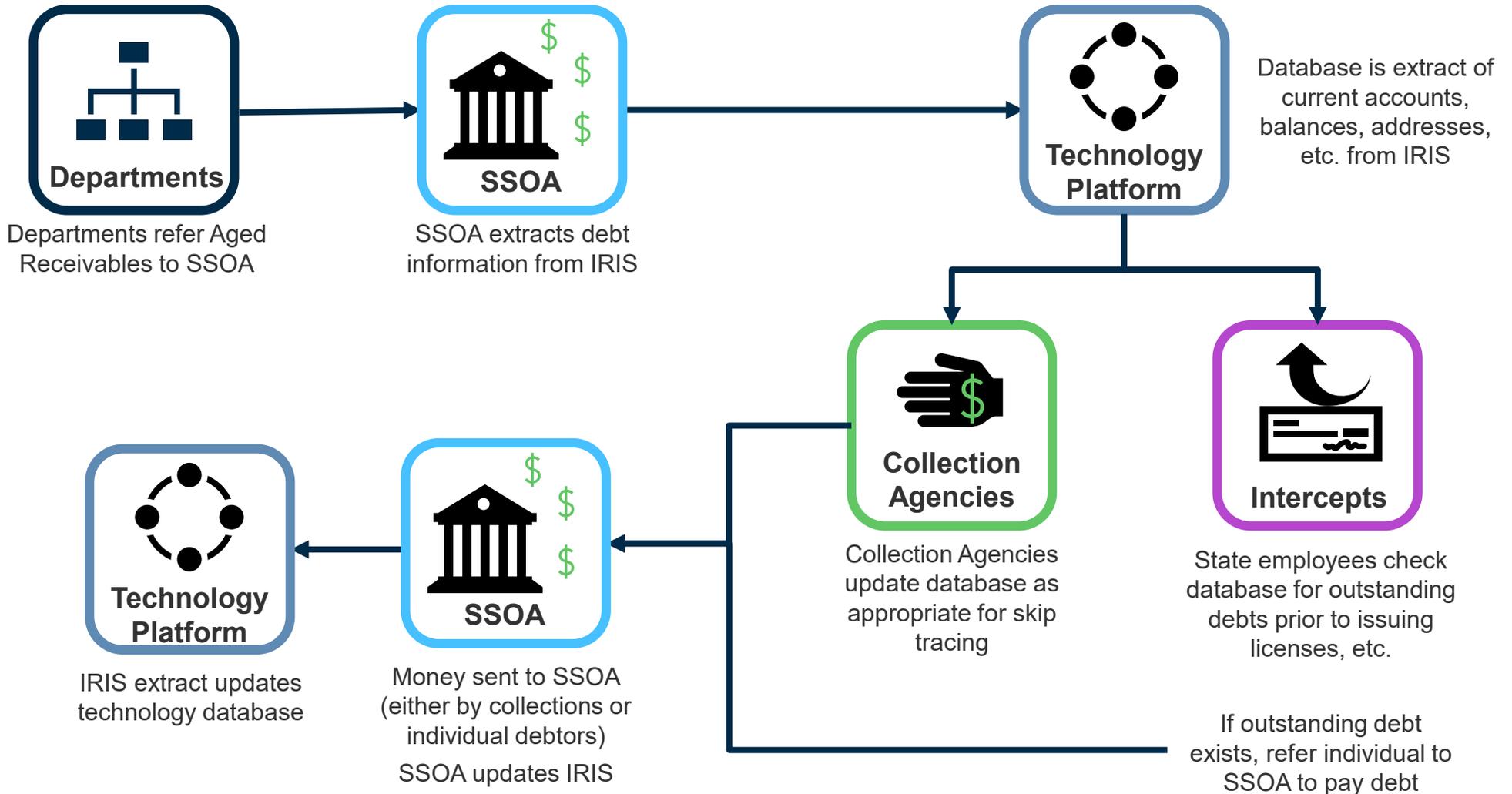
- Provides clear reporting both at the account and Collection Agency level

Information Tracking

- Tracks collection activities across agencies
- Demonstrates historical tracking of account placement across Collection Agencies
- Able to update information for skip tracing purposes across all entities (e.g., address updates, deceased status, etc.)

Debt Recovery Process with New Technology Platform

Utilize the new technology platform to enable real time tracking of aged receivables and debtor information Statewide



Recommendation 3: Implementation Tasks & Actions

Create Interactive Database for Centralized Revenue Recovery Efforts

Task 3.1

Shared Services FTE: 1 (40 Hours)

Identify and implement required technology reporting tools for enhanced recovery efforts

Implementation Actions

#	Action Descriptions	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify technology requirements for use of IRIS or other technology platform for integration of aged receivables									
2.	Assess current State databases for collections activities against pre-determined technology requirements and functionality (e.g. DMV, Courts)									
3.	Identify integrations with IRIS and prepare for implementation									
4.	Identify business processes that are impacted by technology implementation									
5.	Redesign business processes for consolidation of revenue billings and collections into IRIS									
6.	Identify reporting needs for platform (e.g., collections activities, skip tracing, account numbers, etc.)									
7.	Deploy key reports to stakeholders (e.g., Departments, collection agencies)									
8.	Develop policies and procedures for the interface of department revenue collections into IRIS system for consolidated revenue reporting									

Recommendation 3: Continued

Create Interactive Database for Centralized Revenue Recovery Efforts

Task 3.2

Shared Services FTE: 1 (170 Hours)

Standardize process for Department external billing and accounts receivable recording into IRIS

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Survey Departments to determine current processes for recording revenue collections/billings and recording accounts receivable into IRIS	█								
2.	Design future state external billing and accounts receivable recording processes (e.g., definition of aged receivables, how agencies record)		█							
3.	Socialize future state vision with Departments, Advisory Council and Working Group			█						
4.	Identify implementation challenges and constraints and modify plan accordingly			█	█					

Financial Impact: Debt Collection Recovery

The State has opportunity to increase the annual flow of cash from enhanced aged revenue recovery efforts with minimal implementation costs

**Total Investment:
\$1.4M**

**Total Five-Year Return:
\$29.6M**

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1.	Implement enhanced intercept programs and other recovery activities	\$ 196	\$ 735	\$ 0	\$ (31,013)	\$ (30,082)
2.	Enact Statutory Authority and Policies for enhanced revenue recovery	\$ 263	\$ 0	\$ 0	\$ 0	\$ 263
3.	Create interactive Data Base for consolidated Debt Recovery Efforts	\$ 187	\$ 0	\$ 0	\$ 0	\$ 187

Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

Risks of Not Addressing AAPEX Recommendations:

Without addressing key Debt Recovery organizational and operational challenges, the State will continue to under-collect on bad debt

- Debt recovery unit will not be able to effectively address the Collection Agency and Department needs as more accounts are onboarded to Shared Services
- Debt recovery workflow and processes will continue to be inefficient and not follow industry leading practices, which lowers overall collections across the State
- Collections will continue to be siloed and ineffective, recovering fewer aged receivables than governmental peers
- Collection Agencies will continue to underperform without competitive process with enforcement as administered by the State, limiting overall State collections
- Lack of change management planning will continue to cause poor communication, ineffective process implementation, and lack of streamlined processes

Change Management Plan

Stakeholder Change Impact Assessment:

Who is impacted by these **Debt Recovery** operational, organizational and process improvement changes?

State of Alaska Department	<ul style="list-style-type: none"> ▪ Change in business process to support intercept programs (e.g., check outstanding debt prior to issuing license, refunds, etc.) ▪ New standardized process and business rules for recording AR revenues in IRIS ▪ Department collection efforts ends after debt is transferred to Shared Services ▪ New standardized business process for entering of all invoiced revenues into IRIS
Shared Services Collections Team	<ul style="list-style-type: none"> ▪ Expanded roles and responsibilities ▪ New standardized process for review of aged receivables in IRIS ▪ Management of integrated database
Collections Agencies	<ul style="list-style-type: none"> ▪ Will need to interface with new technology database (e.g., IRIS) ▪ Increased business requirements and reporting ▪ Standardization of collection notice formats
Division of Finance	<ul style="list-style-type: none"> ▪ New reporting process for all AR revenues in IRIS
Debtors	<ul style="list-style-type: none"> ▪ Responsible for paying collection agency fees (as opposed to currently where the State pays fees) ▪ Expanded intercepts

Impact of Change



High Impact



Medium Impact



Low Impact

Impact of Change includes assessment of changes to processes, systems, tools, job roles, critical behaviors, mindsets, reporting structure, performance, and location

Change Management Roadmap

Recommendation	Communications Plan	Training Plan
Recommendation 1: Implement enhanced collection and intercept programs for enhanced recovery efforts		
1. Implement revenue intercepts for defined aged Accounts Receivable	<ul style="list-style-type: none"> ▪ Regularly communicate project status and upcoming changes to Shared Services Advisory Council ▪ Conduct requirements review sessions with Working Group to develop RFP documents ▪ Conduct working session with Working Group to receive feedback on expanded intercept activities and new inter-agency recovery procedures ▪ Finalize and publish procedures for new debt recovery intercepts on Shared Services website ▪ Create and distribute marketing collateral to political subdivisions to highlight benefits of joining State debt recovery program 	<ul style="list-style-type: none"> ▪ Create process documentation and job aids for expanded debt recovery intercept procedures ▪ Create training materials and facilitate training sessions quarterly
2. Hire experienced Revenue Recovery Manager to support management of debt recovery program	<ul style="list-style-type: none"> ▪ Communicate roles and responsibilities of new Revenue Recovery Manager to stakeholders and publish on Shared Services website ▪ Announce selection of new Revenue Recovery Manager to Shared Services Advisory Council, Debt Recovery Working Group, other stakeholders ▪ Revenue Recovery Manager meets one on one with each Department Accounting/AR Collection Manager 	<ul style="list-style-type: none"> ▪ Create training materials for new Collections Chief and for SSOA Debt Recovery Staff

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 1: Implement enhanced collection and intercept programs for enhanced recovery efforts - Continued		
3. Establish key performance indicators to monitor performance of collection agencies	<ul style="list-style-type: none"> ▪ Facilitate working session with Working Group to identify potential KPIs ▪ Socialize and approve KPIs with Shared Services Advisory Council ▪ Establish monthly KPI report out cadence 	<ul style="list-style-type: none"> ▪ None required
Recommendation 2: Enact statutory legislative authority and SSOA policies for enhanced revenue recovery		
1. Establish statutory authority and related DOA administrative regulation for centralized Debt Recovery	<ul style="list-style-type: none"> ▪ Communicate changes under new legislation with relevant stakeholders (Department Finance Officers, Department Debt Managers, SSOA staff and Collections Agency) 	<ul style="list-style-type: none"> ▪ Publish training materials and job aids that define new Debt Recovery program and authorities ▪ Facilitate training sessions with Departments and SSOA to review policy, roles and responsibilities, debt referral timeline, debt recovery authority and permissions
2. Develop definition of Aged Receivables and revenue recovery process that will be referred to the Debt Recovery Unit	<ul style="list-style-type: none"> ▪ Share draft AR definitions with Shared Services Advisory Council and Departments to solicit feedback ▪ Facilitate process re-engineering with Working Group ▪ Publish new AR definitions and revenue recovery process to website 	<ul style="list-style-type: none"> ▪ Facilitate trainings sessions to provide Department users with information about new AR definitions and processes

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: Enact statutory legislative authority and SSOA policies for enhanced revenue recovery - Continued		
3. Build Roadmap to onboard Executive Branch Departments to Debt Recovery Program	<ul style="list-style-type: none"> ▪ Establish ongoing feedback channels to continuously improve debt recovery process as Departments are onboarded 	<ul style="list-style-type: none"> ▪ Develop training materials, process maps, and desk aides for Department end users and SSOA staff ▪ Hold training sessions with all relevant stakeholders (Department and SSOA) on new processes and definitions
4. Monitor financial and operational performance through Key Performance Indicators	<ul style="list-style-type: none"> ▪ Communicate to Department Finance Officers and Debt managers how to find performance information 	<ul style="list-style-type: none"> ▪ Train Debt Recovery staff to measure KPIs regularly ▪ Train Staff on processes to address or identify root causes of KPI outliers

Change Management Roadmap - Continued

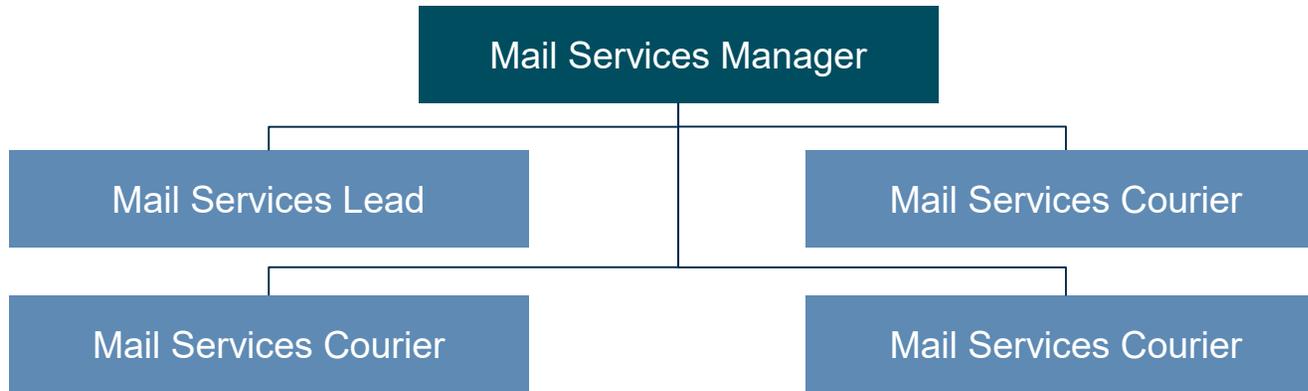
Recommendation	Communications Plan	Training Plan
Recommendation 3: Create interactive database for centralized revenue recovery efforts		
1. Identify and implement required technology reporting tools for enhanced recovery efforts	<ul style="list-style-type: none"> ▪ Conduct requirements review sessions with Working Group and DOF to build buy-in and gather input on the needed functionality ▪ Identify Department owners of existing systems that will be impacted by the changes ▪ Provide monthly project updates with Department system owners and Shared Services Advisory Council 	<ul style="list-style-type: none"> ▪ Develop training materials and job aids on how to use the new technology platform
2. Standardize process for Department external billing and accounts receivable recording into IRIS	<ul style="list-style-type: none"> ▪ Facilitate future state process review sessions with stakeholders to build buy-in and gather input ▪ Socialize future state processes for external billing and accounts receivable recording with Department Debt Managers, Shared Services Advisory Council, and Working Group ▪ Publish documentation for new standard processes and procedures on Shared Services website 	<ul style="list-style-type: none"> ▪ Develop job aids and step-by-step desk manuals for new IRIS processes ▪ Facilitate drop-in training workshops to support Departments with initial upload of accounts receivable

PRINT SERVICES SERVICE DELIVERY PLAN

Current State: Organizational Structure

The current Print Services organization consists of five Juneau Central Mail positions

Print Services Organization



Current State Organizational Structure	Observations
<p>Total of five positions, including:</p> <ul style="list-style-type: none"> – Mail Services Manager – One Mail Services Lead – Three Mail Services Couriers <ul style="list-style-type: none"> ▪ Print Services only operates in Juneau with 67 mail stops over 127 State-owned and leased facilities¹ ▪ 1.72 million pieces of US mail (excludes interoffice mail) processed annually in Juneau ▪ Warrant and mass mailing print jobs currently performed by OIT (e.g., Invoice and PFD checks) 	<ul style="list-style-type: none"> ▪ Juneau Central mail operations was implemented in 2002 with eight staff positions ▪ Entire staff is cross-trained to handle multiple responsibilities ▪ Workload varies throughout the day with staff typically busiest in the morning ▪ No centralized mail service in Anchorage with each building having its own process for receiving and sorting mail

[1] Source: List of State-owned and leased facilities in Juneau

Current State: Service Management

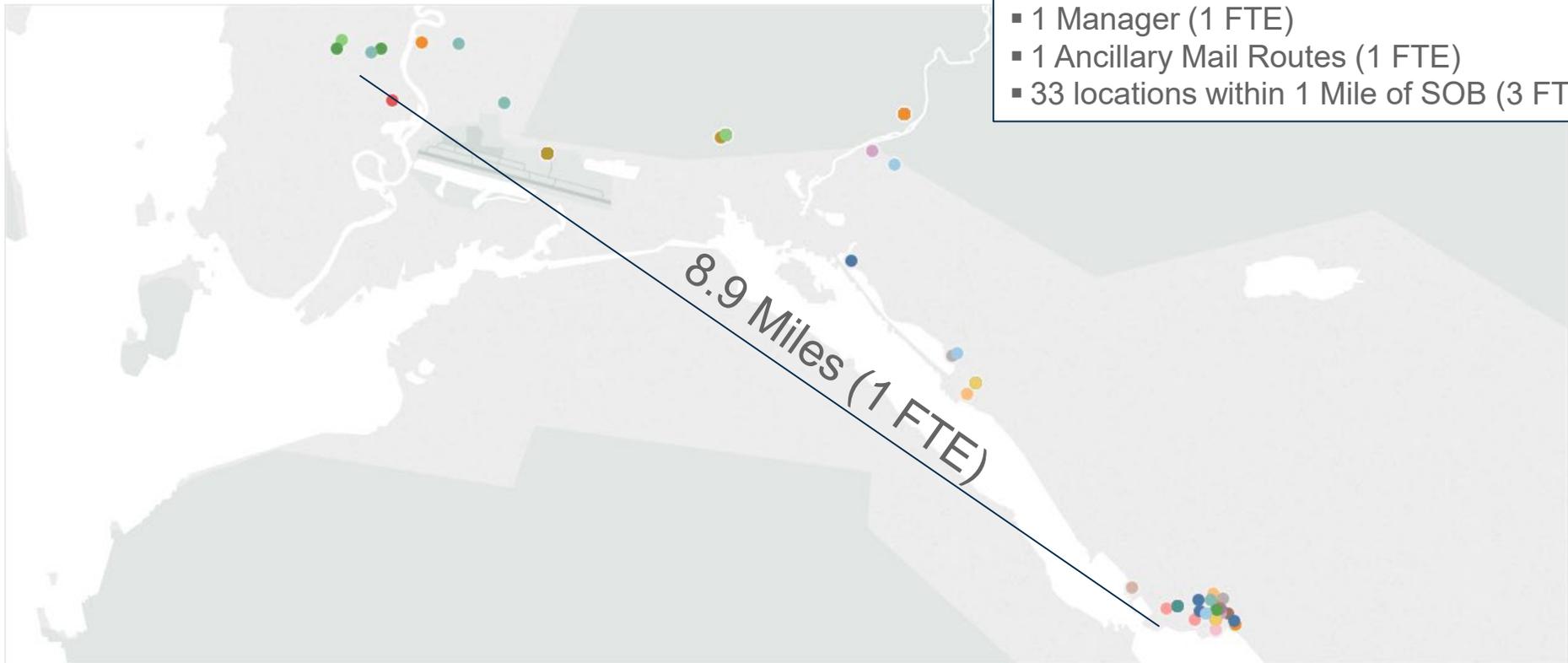
Current centralized print offerings require use of OIT’s mainframe printer, which requires specialized, time consuming formatting

	Service	Description	Observations
Shared Services	Inbound Mail	<ul style="list-style-type: none"> ▪ Pick up mail every morning from U.S. Post Office in Juneau ▪ Sort mail by Department mail stop ▪ Deliver mail to central Department drop offs 	<ul style="list-style-type: none"> ▪ All inbound USPS mail must be sent to dedicated State of Alaska zip code and not to individual Agency addresses
	Interagency Mail	<ul style="list-style-type: none"> ▪ Receive and sort mail between State Agencies ▪ Deliver mail to State Agencies 	<ul style="list-style-type: none"> ▪ Sorting is done manually
	Outbound Mail	<ul style="list-style-type: none"> ▪ Apply postage and meter all outgoing U.S. mail for all State Agencies ▪ Complete high volume scheduled inserting and posting services for outgoing payments and mailings ▪ Deliver mail daily to the U.S. Juneau Post Office 	<ul style="list-style-type: none"> ▪ All outgoing mail received from Agencies is posted the same day ▪ Lack of Statewide standards for envelopes and paper creates inefficiencies in use of inserter
	Reporting	<ul style="list-style-type: none"> ▪ Provide monthly reporting on Department postage use and costs 	<ul style="list-style-type: none"> ▪ Annual workload measures are tracked and reported regularly
Departments	Outbound Mail / Printing	<ul style="list-style-type: none"> ▪ Send scheduled payments and mass mailings to OIT for printing ▪ Print documents for mailing ▪ Ensure outgoing mail is ready for pickup 	<ul style="list-style-type: none"> ▪ OIT mainframe printing requires specific document formatting prior to submitting print jobs

Current State: Juneau Central Mail (Current Route)

Juneau Central Mail operations covers 67 mail stops in and around Juneau

Juneau Central Mail Routes



Map based on average of Longitude and average of Latitude. Color shows details about Building Name/Description1. The view is filtered on Building Name/Description1, which keeps 70 of 105 members.

Current State: Juneau Central Mail

Juneau Central Mail operations saves the State approximately \$300,000 annually

Estimated Mail Price Current (FY19)	
Characteristic	Volume / Cost
Number of PO Boxes	67 ¹
USPS Service Fee (Monthly, per PO Box)	\$1,656 ²
Annual Service Fees ²	\$1,331,424
FY19 Actual Postage	\$1,175,000 ³
Total Est Annual Mail Cost	\$2,506,424

Consolidated Mail Costs (FY19)	
Characteristic	Volume / Cost
Personnel Services (5 FTE)	\$570,200 ⁴
Contractual	\$1,592,000 ⁵
Commodities	\$39,600 ⁶
Approx. Mail Annual Cost	\$2,201,800

Central Mail in Juneau saves the State
~\$300,000 annually

Savings due to bulk postage purchases, employee time, or centralized equipment contracts are not considered in this analysis (savings may be greater than \$300,000)

¹ Source: Master Property Services and Consolidated Lease Spreadsheets). Assumes covered shooting areas, restrooms, parks, storage facilities, and employee housing do not need PO boxes

² Source: FY 2019 Juneau Actual caller service fee

³ Source: FY 2019 actual postage direct billed to Departments

⁴ Source: FY 2019 actual Personnel Services Costs

⁵ Source: FY 2019 Print Services Detailed Budget. Includes 5 memberships, equipment, machinery repairs, furniture maintenance, office supply or equipment rentals, fuel, operating, and services costs.

⁶ Source: FY 2019 Print Services Detailed Budget Includes warrant costs, office supplies, mail supply equipment, inserter supplies, office supplies

Leading Shared Services Practices

Leading Practices: Organizational Structure

Washington has internally centralized Print Services while Kansas utilizes an external service provider to provide the same services

Area	State of Washington	State of Kansas
Service Offering	<ul style="list-style-type: none"> ▪ Mail and Print Services 	<ul style="list-style-type: none"> ▪ Mail and Print Services
Customers	<ul style="list-style-type: none"> ▪ All state agencies, boards, commissions, universities 	<ul style="list-style-type: none"> ▪ All state agencies, boards, commissions, excluding Regencies
Reporting Structure	<ul style="list-style-type: none"> ▪ Reports to Department of Enterprise Services 	<ul style="list-style-type: none"> ▪ Reports to Department of Administration
Services Provided	<ul style="list-style-type: none"> ▪ Inserting and mail preparation ▪ Inter Office mail delivery ▪ Mail supply orders ▪ Quick copies ▪ Large volume / specialized printing ▪ Print estimates ▪ Print order and fulfillment ▪ Online ordering 	<ul style="list-style-type: none"> ▪ Third party contracting for print services ▪ Centralized letterhead standards ▪ Inter office mail delivery ▪ Mail pick up ▪ Copies ▪ Large volume / specialized printing ▪ Print estimates
Governance Structure	<ul style="list-style-type: none"> ▪ Biannual performance metrics audited by the Office of Financial Management 	<ul style="list-style-type: none"> ▪ Subject to contract approval from Central Procurement

Leading Practices: Service Management (Washington)

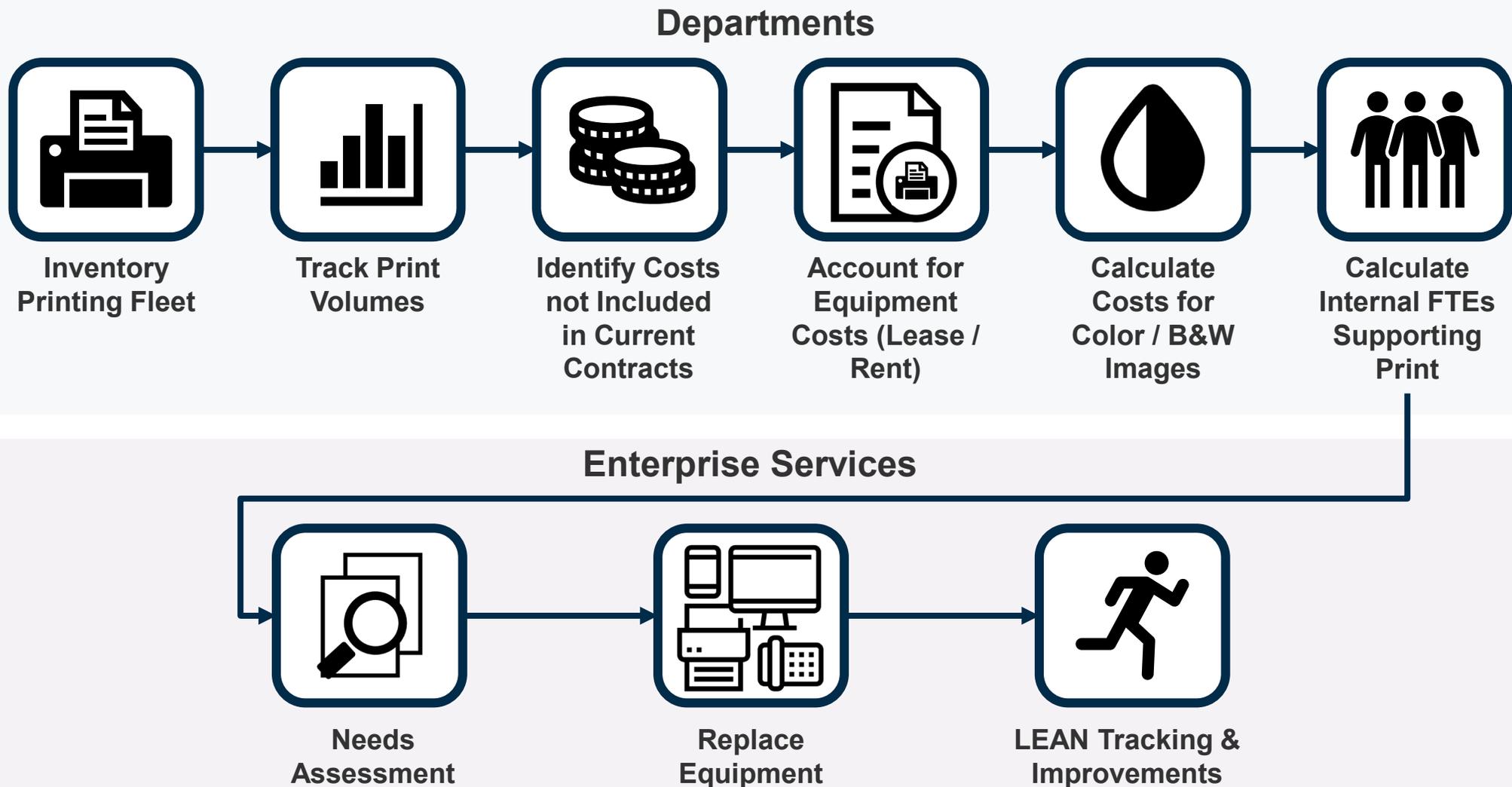
Washington Mail and Print Services Division focuses on customer service and cost savings activities

Service Provided	Description
Print Services	<ul style="list-style-type: none"> ▪ Copies completed within 24 to 48 hours based on volume and current capacity ▪ Large volume / specialized printing completed within five business days, dependent on complexity ▪ Print estimates to understand cost of printing specialized jobs ▪ Print order, folding, envelope insertions, and mailing
Mail Services	<ul style="list-style-type: none"> ▪ Inter office mail without postage cost to Departments ▪ Mail supply ordering and delivery via Procurement Office for consolidated spend ▪ Inserting and mail preparation to enable large mail jobs
Assessments	<ul style="list-style-type: none"> ▪ Environmental assessments to determine root causes of high print volumes and possible alternatives to decrease environmental impact and costs to Departments ▪ Cost of printing and mail delivery assessments are provided to minimize spend

Key Performance Indicators (Print Services)	Performance (2017)
Agencies Reporting Print Spend	69
Total Print Cost	\$38,066,075
Total Internal Use Cost	\$21,120,439
Total External Use Cost	\$16,945,636

Leading Practices: Print Onboarding (Washington)

Departments must create a baseline cost of service (e.g., cost of printing including volumes, equipment leases, ink, and personnel costs) prior to joining Enterprise Services



Recommendations & Business Case

Summary Recommendations: Print Services

Expansion of consolidation of Print Services will increase operational and financial efficiency while expanding customer services

Recommendation	Benefits
1. Establish Central Mail Shared Services operation in Anchorage	<ul style="list-style-type: none">▪ Reduce Statewide spend on postage and mail services▪ Improve customer service through optimized mail routes
2. Establish mailing standards and negotiate bulk mail pricing rates	<ul style="list-style-type: none">▪ Centralize mail and print spend within DOA Procurement▪ Utilize consolidated mail and print services spend power to drive bulk mail discounts
3. Create consolidated Statewide Print Service Centers	<ul style="list-style-type: none">▪ Price competitive and customer focused efficient Print Service Centers▪ Reduce print service spend through consolidated contracts and purchasing across the State

Recommendation 1: Overview

Establish Central Mail Shared Services Operation in Anchorage

#	Key Tasks	Timeline	Owner	Complexity
1.	Develop survey to gather current state data for Departments operating in Anchorage	1 Month	SSOA Deputy Director	Low
2.	Identify and select central mail services location in Anchorage	1 to 3 Months	SSOA Deputy Director	Low
3.	Stand up Anchorage Central Mail	2 to 3 Months	SSOA Deputy Director	Medium

Summary and Benefits

- Establish central mail operations in Anchorage
- Reduce Statewide spend on postage and mail services
- Improve customer service through optimized mail routes

Dependencies

- Established authority (by legislative authority, administrative order, or SLAs) to implement central mail
- Active participation in mail survey process by all Departments
- Availability of central location to conduct central mail services
- Continued use of courier services for specialized mail needs (e.g., laboratory sample transports)

Future State: Service Delivery Plan

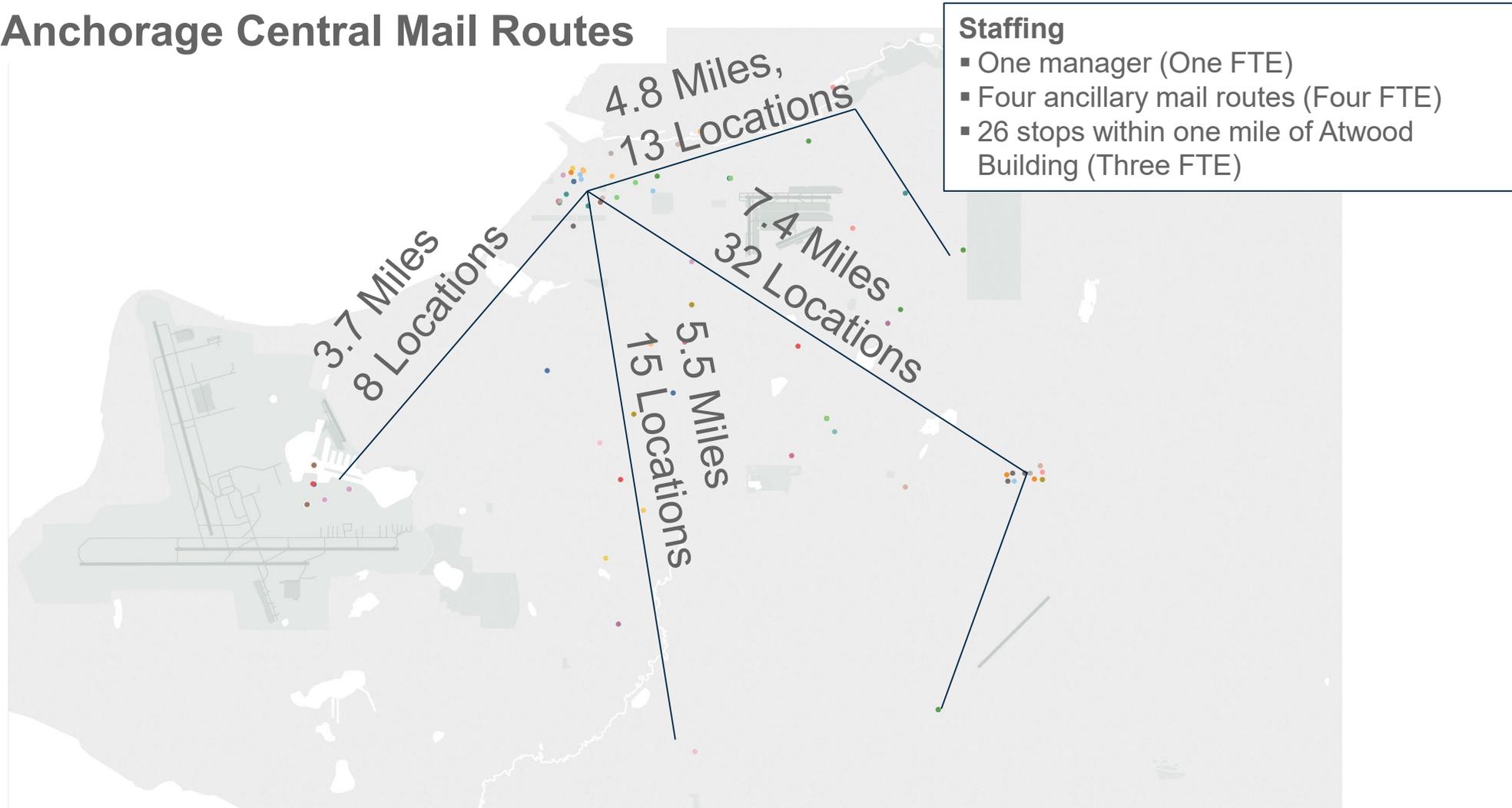
Alaska should establish consolidated purchasing and print services vendor management

	Service	Description
Shared Services	Inbound Mail	<ul style="list-style-type: none"> ▪ Pick up mail every morning from post office in Juneau ▪ Sort mail and delivery mail by Department stop
	Interagency Mail	<ul style="list-style-type: none"> ▪ Receive and sort mail between Departments ▪ Deliver mail to Departments
	Outbound Mail	<ul style="list-style-type: none"> ▪ Apply postage and meter all outgoing U.S. mail for all State Agencies ▪ Complete high volume scheduled inserting and posting services for outgoing payments and mailings ▪ Deliver mail to the post office daily
	Reporting	<ul style="list-style-type: none"> ▪ Provide monthly reporting on Agency postage and print usage
	Print Services Vendor Manager	<ul style="list-style-type: none"> ▪ Large volume / specialized printing completed within 5 business days, depending on complexity ▪ Print estimates to understand cost of printing ▪ Print order and delivery ▪ Manage in-house check printing
	Consolidate Purchasing	<ul style="list-style-type: none"> ▪ Utilize Procurement office to define standards and support consolidated mail supply ordering and delivery ▪ Procurement to support RFP for consolidated print services vendor and selection
Depts	Mail / Print	<ul style="list-style-type: none"> ▪ Print documents for mailing ▪ Ensure outgoing mail is ready for pickup ▪ Provide print requirements in a timely manner

Future State: Anchorage Central Mail (Proposed Routes and Staffing)

Based on current productivity in Juneau, Anchorage Central Mail will need approximately eight FTEs to cover approximately 94 buildings and 87 PO boxes

Anchorage Central Mail Routes



Map based on average of Longitude and average of Latitude. Color shows details about Building Name/Description. The view is filtered on Building Name/Description, which excludes 11 members.

Future State: Analysis of Anchorage Central Mail

Based on current Central Mail cost structure, the State could achieve annual operating savings more than \$245K with consolidated Central Mail in Anchorage

Estimated Mail Price (Excluding Postage)		Projected Consolidated Mail Costs	
Characteristic	Volume / Cost	Characteristic	Volume / Cost
Number of Mail Stops	87 ¹	FTE ³	8
USPS Service Fee (Monthly, per Mail Stop)	\$1,656 ²	Personnel Services (8 FTE)	\$746,400
		Contractual	\$729,268 ⁴
		Commodities	\$8,513 ⁵
Approx. Mail Annual Cost (excl. Postage)	\$1,728,864	Approx. Mail Annual Cost (excl. Postage)	\$1,484,181

Establishing Central Mail in Anchorage will save approximately \$245,000 annually

Savings due to bulk postage purchases, employee time, or centralized equipment contracts are not considered in this analysis (savings may be greater than \$245,000)

¹ Source: Master Property Services and Consolidated Lease Spreadsheets. Assumes covered shooting areas, restrooms, parks, storage facilities, and employee housing would not need mail stops

² Source: FY 2019 Juneau Actual caller service fee, assumes all buildings are paying caller service fees

³ FTE based on increase in mail stops in Anchorage and analysis of distance between buildings, potential mail routes (see Anchorage Central Mail slide)

⁴ Source: FY 2019 Print Services Detailed Budget: Does not include postage, includes 8 memberships, equipment, machinery repairs, furniture maintenance, office supply and equipment rentals, fuel, operating, and services costs based on 8 FTEs required in Anchorage

⁵ Source: FY 2019 Print Services Detailed Budget: Does not include warrants costs (assumes all warrants operations are done in Juneau), includes office supplies, mail supply equipment, inserter supplies, office supplies

Recommendation 1: Implementation Tasks & Actions

Establish Central Mail Shared Services Operation in Anchorage

Task 1.1

Shared Services FTE:1 (40 Hours)

Develop survey to gather current state data for Departments operating in Anchorage

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Determine number of mail stops									
2.	Analyze historical postage and mailing costs and volume (last three years and YTD)									
3.	Inventory active contracts for mailing / postage equipment and machinery									
4.	Identify FTEs currently receiving and delivering mail									

Recommendation 1: Continued

Establish Central Mail Shared Services Operation in Anchorage

Task 1.2

Shared Services FTE: 1 (210 Hours)

Identify and Select central mail location in Anchorage

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify mail equipment needs based on current state volume	█	█							
2.	Develop minimum space requirements based on future state equipment needs		█							
3.	Identify vacant space in State-owned or occupied buildings that meets requirements			█						
4.	Develop potential mail routes for each proposed location		█	█						
5.	Identify staffing needs at each proposed location			█						
6.	Determine USPS delivery fee for each proposed location			█						
7.	Determine occupancy costs for each proposed location			█	█					
8.	Perform cost-benefit analysis and select location based on State priorities			█	█					

Recommendation 1: Continued

Establish Central Mail Shared Services Operation in Anchorage

Task 1.3

Shared Services FTE: 2 (500 Hours)

Stand-up Anchorage Central Mail

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Obtain budget authority to support Anchorage Central Mail	█	█							
2.	Purchase equipment, supplies, and vehicles to operate new Shared Service operation				█	█				
3.	Create onboarding material and document policies and procedures for new staff					█				
4.	Recruit and hire new Anchorage central mail staff					█	█			
5.	Develop Anchorage Department information sessions on new process						█			

Recommendation 2: Overview

Establish mailing standards and competitive bulk mail pricing rates

#	Key Task Implementation Actions	Timeline	Owner	Complexity
1.	Develop survey to gather current state Department data	1 Month	SSOA Deputy Director	Low
2.	Develop Statewide standards for envelopes, paper, and electronic mailing	1 to 2 Months	SSOA Deputy Director and CPO	Low
3.	Conduct mail and print spend analysis	1 to 2 Months	SSOA Deputy Director and CPO	Low

Summary and Benefits

- Develop Statewide standards for US postal mailings (envelopes and paper)
- Guidelines for inter-office mail versus US postal mailings
- mail versus electronic Centralize mail and print spend within DOA Procurement
- Utilize consolidated mail and print services spend power to drive bulk mail discounts

Dependencies

- Department participation in needs solicitation process
- Access to current purchase information for envelopes and paper by specific type, volume, and Department
- Ability to terminate decentralized contracts for non-standard envelopes and paper

Recommendation 2: Implementation Tasks & Actions

Establish mailing standards and competitive bulk mail pricing rates

Task 2.1 **Shared Services FTE: 1 (40 Hours)**

Develop survey to gather current state Department data

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify historical spend envelope and paper purchases									
2.	Analyze volume of envelope and paper purchases									
3.	Define specifications (e.g., size, type) of envelopes and paper purchased									

Task 2.2 **Shared Services FTE: 1 (50 Hours)**

Develop Statewide standards for envelopes, paper, and electronic mailing

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop draft Statewide paper and mail standards based on current Department usage and requirements									
2.	Develop standards for increased use of electronic mail to reduce external postage costs									
3.	Socialize standards with Departments and Incorporate Department feedback									
4.	Finalize envelope, paper, and electronic mailing standards to be implemented Statewide									



Recommendation 2: Continued

Establish mailing standards and competitive bulk mail pricing rates

Task 2.3

Shared Services FTE: 1 (80 Hours)

Conduct mail and print spend analysis

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Collect Statewide spend data									
2.	Cleanse and refine data, and gather outstanding information									
3.	Classify spend data and determine categories / subcategories									
4.	Validate spend classifications with relevant Department stakeholders									
5.	Assess potential savings on mail and print supplies from bulk purchasing									
6.	Quantify savings projections									
7.	Validate decisions with stakeholders									
8.	Consolidate mail and print spend to DOA Procurement									

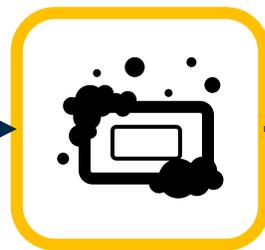
Mail Spend Plan Analysis

Analyze Statewide expenditures for mail and print supplies to determine standards and consolidate spend



Collect Statewide Spend

- Determine data sources
- Request and receive mail spend data
- Collaborate with Stakeholders to determine current mail and print requirements



Cleanse and Refine Data

- Verify data accuracy
- Cleanse data
- Gather missing information



Categorize and Analyze Data

- Classify spend data
- Determine subcategories
- Validate spend classifications with Stakeholders



Identify and Implement Savings

- Identify potential standards for mail and print supply spend
- Quantify savings projections
- Validate decisions with Stakeholders
- Consolidate mail and print spend to DOA Procurement

Recommendation 3: Overview

Create consolidated Statewide Print Service Centers

#	Key Tasks	Timeline	Owner	Complexity
1.	Develop survey to gather current state Department data	1 Month	SSOA Deputy Director	Low
2.	Develop future state print services requirements	2 to 3 Months	SSOA Deputy Director	Low
3.	Select Print Services vendor(s)	1 to 2 Months	CPO	Low
4.	Implement consolidated Print Service Centers	1 to 2 Months	SSOA Deputy Director	Low

Summary and Benefits

- Create consolidated Print Service centers for large volume printing needs of Departments
- Reduce print service spend through consolidated contracts and purchasing across the State
- Improve service delivery of large volume printing and document distribution needs

Dependencies

- Consolidated Procurement functionality with expertise in print services
- Statewide print services consolidation for all Departments
- Active participation in needs solicitation process by all Departments
- Availability of vendors to service Juneau and Anchorage markets

Recommendation 3: Implementation Tasks & Actions

Create consolidated Statewide Print Service Centers

Task 3.1

Shared Services FTE: 1 (40 Hours)

Develop survey to gather current state Department data

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify Active printer/print services contracts									
2.	Estimate FTEs currently supporting printing operations									
3.	Quantify printing costs and volume									
4.	Understand current printing needs (e.g., types of printed materials)									
5.	Consider Legal or regulatory considerations around specialized printing									
6.	Understand future printing requirements									

Recommendation 3: Continued

Create consolidated Statewide Print Service Centers

Task 3.2

Shared Services FTE: 1 (50 Hours)

Develop future state print services requirements

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop draft Statewide requirements based on data provided									
2.	Socialize requirements with Departments									
3.	Incorporate Department feedback									
4.	Finalize Statewide print services requirements									

Recommendation 3: Continued

Create consolidated Statewide Print Service Centers

Task 3.3

Shared Services FTE: 1 (80 Hours)

Select Print Services vendor(s)

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop vendor requirements									
2.	Issue RFP (through DOA Procurement) for Statewide print services contract									
3.	Review and assess RFP responses									
4.	Select vendor(s)									
5.	Finalize contract(s)									

Recommendation 3: Continued

Create consolidated Statewide Print Service Centers

Task 3.4

Shared Services FTE: 2 (160 Hours)

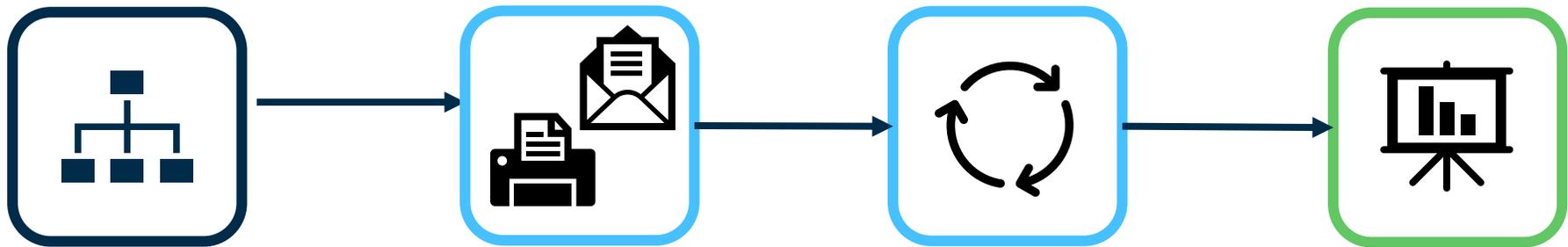
Implement centralized Print Services operation(s)

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Work with vendor to set up and install equipment throughout State-owned and occupied buildings									
2.	Develop staffing relocation plan for any Department printing operations that may be displaced									
3.	Develop equipment liquidation plan for sale of any Department printing equipment									
4.	Develop online pricing and service catalog for vendor-managed print services									
5.	Host information sessions on new service provider									
6.	Conduct regular review of print service vendor costs and service level based on changing State needs									

Key Steps to create Statewide Print Service Centers

Implement a RFP and/or bid process review every three years to ensure print services costs remain low and ever-changing Departmental needs are met



Departments

- Report federal and state laws, rules, and regulations for print and mail
- Detail current print operations / FTE support
- Report standard sizing, central contracts, specialized printing operations, volume, additional needs, and current costs

Central Print Services

- Consolidate Agency feedback
- Identify gaps in services provided versus additional needs identified by Departments
- Calculate Statewide print costs by location

Central Procurement

- Identify print / mail requirements as summarized in survey
- Issue RFP to optimize consolidated purchasing options
- Inform Departments of new Statewide Print Service contract providers

Reporting

- Report current versus RFP pricing results
- Determine if savings (if applicable) warrants moving to another third party mail / print service
- Publish report findings and share with Departments after award and contract completion

Financial Impact Summary: Print Services

The State has opportunity for cost savings from centralized mail operations in Anchorage and strategic sourcing of mail supplies and print services

Total Investment:
\$0.4M

Total Five-Year Return:
\$2.0M

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1.	Establish Central Mail Shared Services operation in Anchorage	\$ 185	\$ 7,418	\$ (8,645)	\$ 0	\$ (1,042)
2.	Establish mailing standards and competitive bulk mail pricing rates	\$ 111	\$ 0	\$ (400)	\$ 0	\$ (289)
3.	Create consolidated Statewide Print Service Centers	\$ 100	\$ 0	\$ (750)	\$ 0	\$ (650)

Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

Risks of Not Addressing AAPEX Recommendations:

Failure to enhance Print Services will result in the following:

- Lack of Statewide standards for paper and envelopes drives inefficiencies in mail inserting and posting process
- Maintaining decentralized contracts reduces bulk purchasing power and results in unnecessary costs to the State
- State will no longer offer mass printing services once OIT migrates off the mainframe
- Inability to track Statewide spend on mail services without consolidation or Statewide survey
- The State will continue to spend unnecessarily on USPS service fees without centralizing mail in Anchorage

Change Management Plan

Stakeholder Change Impact Assessment

Who is impacted by these **Print Services** operational, organizational and process improvement changes?

Procurement Specialists	<ul style="list-style-type: none"> ▪ Paper and envelope purchases must follow new standards ▪ Small postage machines, etc. will no longer be used or purchased by Departments
Admin Assistants in Anchorage	<ul style="list-style-type: none"> ▪ Central Mail in Anchorage will deliver mail and packages instead of USPS ▪ Mail pick up / drop off schedules and locations may change ▪ No longer need to sort building mail ▪ No longer affix postage to mail and packages
Department Staff	<ul style="list-style-type: none"> ▪ Little change; paper and envelope purchasing requirement needs sent to Procurement Specialist ▪ Exceptions to paper and envelope standards must be approved before ordering ▪ Print services (e.g., mailers, advertising) must go through pre-approved vendors
Vendors	<ul style="list-style-type: none"> ▪ Little change; updated order process for printing services

Impact of Change

High Impact
 Medium Impact
 Low Impact

Impact of Change includes assessment of changes to processes, systems, tools, job roles, critical behaviors, mindsets, reporting structure, performance, and location

Change Management Roadmap

Recommendation	Communications Plan	Training Plan
Recommendation 1: Establish Central Mail Shared Services Operation in Anchorage		
1. Develop survey to gather information about Departments operating in Anchorage	<ul style="list-style-type: none"> ▪ Communicate with Department ASDs, Finance Officers, and Procurement Officers to inform of them of the survey purpose and how the information will be used 	<ul style="list-style-type: none"> ▪ None required
2. Identify possible locations to operate central mail services in Anchorage	<ul style="list-style-type: none"> ▪ Facilitate working sessions with the Lease Management, DOT & PF, Print Services Working Group to gather stakeholder feedback on possible locations ▪ Ask ASDs, Finance Officers, and Procurement officers via email about their ideas for potential locations 	<ul style="list-style-type: none"> ▪ None required
3. Select central mail location in Anchorage	<ul style="list-style-type: none"> ▪ Inform Shared Services Advisory Council of new Anchorage central mail location and provide business reason why it was selected (cost-benefit analysis) 	<ul style="list-style-type: none"> ▪ None required

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 1: Establish Central Mail Shared Services Operation in Anchorage - Continued		
4. Stand up Anchorage Central Mail	<ul style="list-style-type: none"> ▪ Publish information about Anchorage Central Mail services on Shared Services website ▪ Send Sponsor message from Commissioner to all Anchorage-based office staff that describes the reason for the change and where to find more information ▪ Make formal request for Administrative Service Directors to discuss Anchorage mail changes with their Administrative Staff ▪ Develop Manager’s Toolkit and send communication to Managers/Supervisors of Mail Couriers about the changes and whether any job duties are changing ▪ Have Managers/Supervisors discuss the changes with their impacted staff 	<ul style="list-style-type: none"> ▪ Create onboarding material and document policies and procedures for new mail staff ▪ Facilitate Department information sessions to train Anchorage-based administrative staff in new central mail organization

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: Establish mailing standards and negotiate bulk mail pricing rates		
1. Develop survey to gather Department-level data	<ul style="list-style-type: none"> ▪ Facilitate working sessions with the Print Services Working Group to gather stakeholder feedback on standardized mailing specifications ▪ Identify and share baseline Department spending and potential savings opportunities with ASDs, Finance Officers, and Procurement Officers 	<ul style="list-style-type: none"> ▪ None required
2. Develop Statewide standards for envelopes, paper, and electronic mailing	<ul style="list-style-type: none"> ▪ Socialize new standardized mailing specifications with Shared Services Advisory Council and Print Services Working Group ▪ Publish new Statewide standards for envelopes, paper, and electronic mailing on Shared Services website 	<ul style="list-style-type: none"> ▪ Hold quarterly WebEx sessions to promote awareness of new Statewide standards for envelopes, paper, and electronic mailing
3. Conduct mail and print spend analysis	<ul style="list-style-type: none"> ▪ Share spend analysis assessment and projected savings with Shared Services Advisory Council and Department stakeholders to support the business case for consolidating mail and print spend ▪ Communicate new order processes and any changes to mail and print services processes 	<ul style="list-style-type: none"> ▪ Deliver trainings that inform Department staff on the types of printings and mailings that will be purchased in bulk and new order processes

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 3: Create consolidated Statewide Print Services Operation		
1. Conduct a print survey to determine current scope of Department printing	<ul style="list-style-type: none"> ▪ Communicate with Department ASDs, Finance Officers, and Procurement Officers to tell them about the purpose of the survey and how the information will be used 	<ul style="list-style-type: none"> ▪ None required
2. Develop future state print services requirements	<ul style="list-style-type: none"> ▪ Conduct requirements review sessions with Print Services Working Group to build buy-in and gather input on printing requirements ▪ Distribute draft requirements to Department stakeholders for feedback 	<ul style="list-style-type: none"> ▪ None required
3. Select print services vendor(s)	<ul style="list-style-type: none"> ▪ Identify evaluation team that can represent Statewide needs ▪ Provide monthly project updates to Department stakeholders and Shared Services Advisory Council ▪ Invite Department stakeholders to vendor demos to build buy-in and get feedback before selecting the final vendor(s) 	<ul style="list-style-type: none"> ▪ Hold evaluation team training session (in conjunction with Procurement Specialist) to review roles and responsibilities, scoring guidelines, and requirements

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 3: Create consolidated Statewide Print Services Operation - Continued		
4. Implement centralized print services	<ul style="list-style-type: none"> ▪ Provide Department Managers and Supervisors of printing operations teams with information regarding the change and how it will affect their staff ▪ Communicate new roles and responsibilities to impacted staff ▪ Have Department Commissioners actively and visibly support the change and tell their Department why the change is happening 	<ul style="list-style-type: none"> ▪ Host information sessions that raise awareness of how Departments can work with the new print service provider

LEASE MANAGEMENT SERVICE DELIVERY PLAN

Current State Assessment

Current State: Organizational Structure

Current Lease Management Organization focuses on contract development functions

Lease Management Organization



Current State Organizational Structure	Observations
<p>Staffing headcount of 11 positions including:</p> <ul style="list-style-type: none"> - Anchorage Positions <ul style="list-style-type: none"> o Four Contracting Officers all reporting into a Senior Contracting Officer o Two Shared Services Accounting staff conducts monthly billing o One Facilities Manager II - Juneau Positions <ul style="list-style-type: none"> o One Administrative Assistant and One Facilities Manager position 	<ul style="list-style-type: none"> ▪ Concentration of Contracting Officers in Anchorage limits ability to conduct Statewide site visits ▪ Leases under \$50,000 handled by Departments with no Statewide central data base of all facility leases ▪ Contracting Officers are regional 'generalists' and not specialized in a specific property type ▪ Lack of coordination with centralized Procurement when entering private leases

Current State: Service Delivery Plan

SSOA Lease Management does not have visibility into all Statewide leases

	Services	Description	Observations
Shared Services	Lease Management	<ul style="list-style-type: none"> Identify State-owned facilities with space availability Issue RFPs for privately owned space Conduct lease rate market research Negotiate new leases and lease extensions Communicate with landlord to resolve issue Manage contracts and oversee maintenance Conduct site visits Submit monthly lease payments 	<ul style="list-style-type: none"> No Statewide space optimization or property disposal processes Market rate analyses limited to quotes from brokers Leases under \$50K and housing are not managed by Shared Services; volume unknown Limited site visits outside of Juneau and Anchorage
	Space Planning	<ul style="list-style-type: none"> Contract with Third Party Consultant to address Department space planning needs Manage construction and furniture selection 	<ul style="list-style-type: none"> No coordination with centralized Procurement in vendor selection
	Data and Reporting	<ul style="list-style-type: none"> Monitor costs savings and percentage of leases renewed at or below market rate 	<ul style="list-style-type: none"> No reporting provided to Departments Data management is manual
Departments	New Leases	<ul style="list-style-type: none"> Provide space requirements Obtain formal funding commitment Procure non-office space leases under \$50,000 	<ul style="list-style-type: none"> Lack of visibility into all Statewide leases limits negotiating power of centralized lease management
	Lessor Management	<ul style="list-style-type: none"> Establish Department point-of-contact for communications with lessor Work directly with lessor to resolve issues Escalate issues to Shared Services when necessary 	<ul style="list-style-type: none"> Department contacts have varying experience in dealing with lessors No clear guidelines to outlining roles and responsibilities of Department vs. Shared Services

Leading Shared Services Practices

Leading Practices: Organizational Structure

Space planning and surplus property management are critical service offerings for Oklahoma and California's central leasing offices

Area	State of Oklahoma	State of California
Leases Managed	<ul style="list-style-type: none"> ▪ All leases, regardless of value ▪ ~95 million square feet ▪ 16,893 owned, 1,241 leased properties 	<ul style="list-style-type: none"> ▪ All transactions above \$150,000 in value ▪ ~760 million square feet ▪ 3,019 owned, 2,294 leased properties
Reporting Structure	<ul style="list-style-type: none"> ▪ Reports into Office of Management and Enterprise Services 	<ul style="list-style-type: none"> ▪ Reports into Real Estate Services Division
Services Provided	<ul style="list-style-type: none"> ▪ Assign space in all State and non-State owned facilities ▪ Provide guidance and preparation of leasing forms ▪ Perform space planning ▪ Award contracts and negotiate lease renewals ▪ Manage surplus property program ▪ Produce annual reports / inventory lists ▪ Ongoing cost reduction opportunities 	<ul style="list-style-type: none"> ▪ Maintain State real property information ▪ Declare State-Owned property as excess ▪ Conduct commercial leasing ▪ Manage facilities (e.g., architecture, engineering services) ▪ Conduct property appraisals ▪ Perform space planning ▪ Manage lease renewals
Department Responsibilities	<ul style="list-style-type: none"> ▪ Provide space requirements ▪ Authorize and commit funds 	<ul style="list-style-type: none"> ▪ Complete space requirement ▪ Authorize and commit funds

Leading Practices: Organizational Structure

Oklahoma and California’s central leasing offices provide annual and monthly reports to Departments

Area	State of Oklahoma	State of California
Departments	<ul style="list-style-type: none"> ▪ All State Agencies ▪ Universities ▪ Boards & Commissions ▪ Legislature 	<ul style="list-style-type: none"> ▪ State Agencies (except Board of State Harbor Commissioners, Department of Boating and Waterways, Department of Transportation, Community Colleges, Department of Water Resources, CalFire) ▪ Universities ▪ Boards and Commissions ▪ Agricultural Associations
Reporting Provided	<ul style="list-style-type: none"> ▪ Annual inventory list – including property assessment, number of State employees located at each site ▪ 5% Most Underutilized Properties ▪ Oklahoma Real Property Asset Report 	<ul style="list-style-type: none"> ▪ Statewide Property Inventory, monthly inventory list including acreage and square footage
Governance Structure	<ul style="list-style-type: none"> ▪ Authorization provided by State Legislature, requests disregarded by Agencies will be referred to the Legislature and published on the data.ok.gov website 	<ul style="list-style-type: none"> ▪ Subject to Department of Finance oversight

Leading Practices: Service Management (Oklahoma)

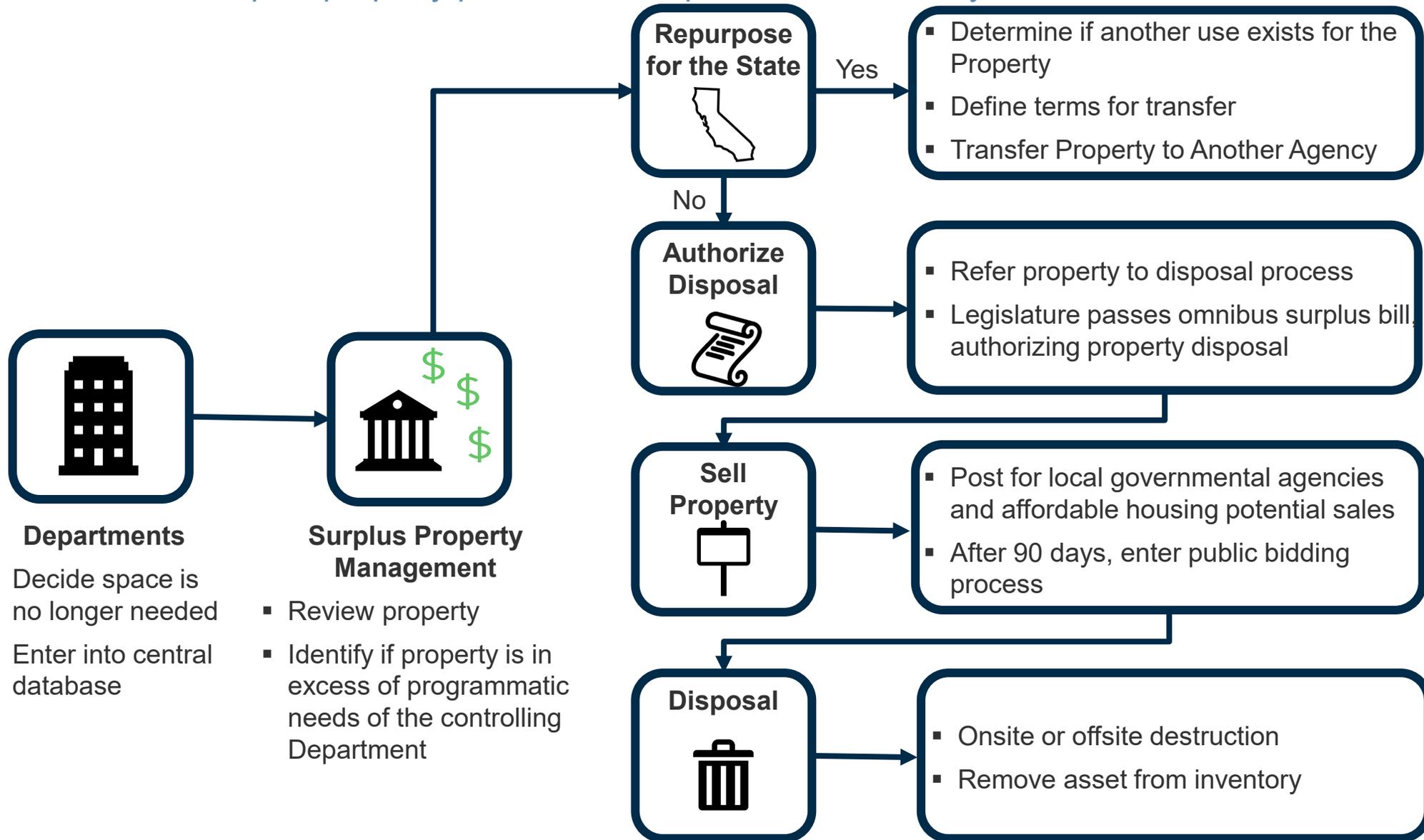
Oklahoma central leasing office focuses on cost savings and space optimization as core services

Service Provided	Description
Lease & Space Management	<ul style="list-style-type: none"> ▪ Guidance and preparation of leasing forms ▪ Manage space allocation in all State and non-State owned facilities ▪ Negotiations with property owners to new leases and lease renewals ▪ Space planning to design spaces that accommodate Agency needs
Surplus Property Program	<ul style="list-style-type: none"> ▪ Manage property that no longer fits the State's needs ▪ Mitigate risk throughout the repurpose, sale, and / or disposal
Reporting	<ul style="list-style-type: none"> ▪ Annual inventory list – including property assessment, number of State employees located at each site, cost, square footage, etc. ▪ Five Percent Most Underutilized Properties ▪ Oklahoma Real Property Asset Report, Annual Inventory Lists
Cost Reduction Opportunities	<ul style="list-style-type: none"> ▪ Space optimization and consolidation (includes facilities management) ▪ Space reallocation based on utilization, duplication, and use ▪ Cut lowest five percent utilized properties

Metric	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Properties Owned (sq. ft.)	81,119,010	81,393,105	82,510,014	83,511,090	97,587,176	85,757,655
Properties Leased (sq. ft.)	6,895,165	6,642,758	6,437,106	6,505,696	6,587,962	9,147,927
Total (sq. ft.)	88,014,175	88,035,863	88,947,120	90,106,786	104,175,138	94,905,582

Leading Practices: Surplus Property (California)

California's surplus property process is completed within 90 days



Recommendations & Business Case

Summary Recommendations: Lease Management

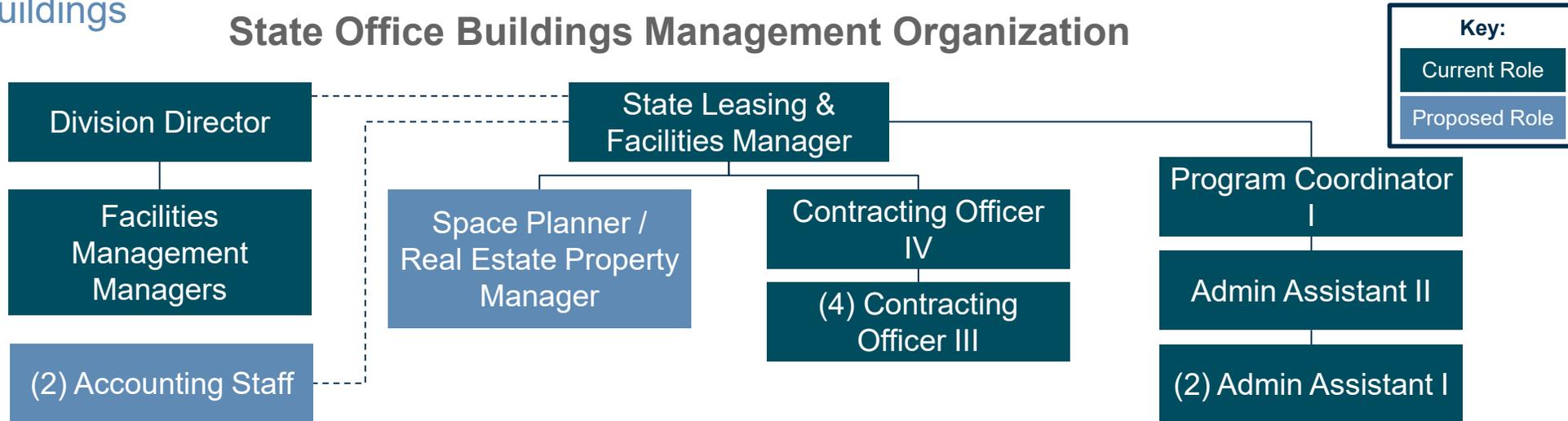
Consolidation of leasing and facility management operations will operational efficiency and optimization of needs for master facility and space planning

Recommendation	Benefits
1. Complete lease rate assessment to maximize market value pricing	<ul style="list-style-type: none">▪ Conduct data-driven market rate analysis and identify potential lease cost savings▪ Enhance reporting capabilities through automation and decrease administrative burden on Contracting Officers
2. Consolidate DOT Facilities Management and SSOA Lease Management operations	<ul style="list-style-type: none">▪ Improve coordination with facilities management to enable strategic space optimization▪ Develop a central repository for all Statewide leases to improve visibility and increase negotiating power
3. Develop processes for space optimization and surplus real property disposal	<ul style="list-style-type: none">▪ Align Department space needs with existing State-owned buildings▪ Maximize value of State-owned property through formalized disposal assessment process

Future State: Organizational Structure

Create consolidated organization for maintenance and operations of State Office Buildings

State Office Buildings Management Organization



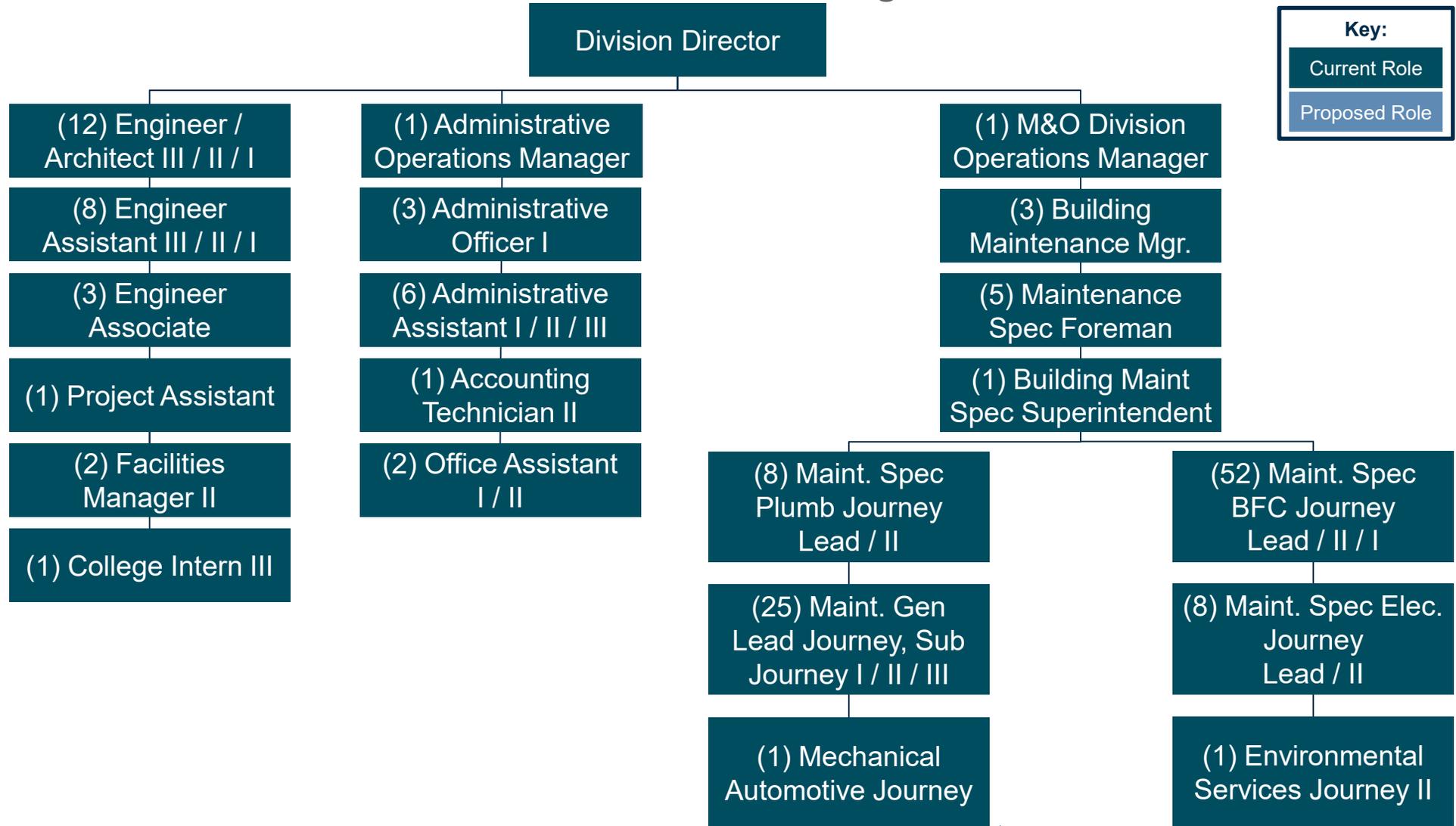
- Facilities management will conduct maintenance of all State owned facilities (see next page for full organizational chart for Facilities Management) centrally
- Centralize duties of office and storage facilities management to either Department of Transportation or Department of Administration Shared Services Operations
- Enhance operations to include space planning / real estate property management who understand needs and design optimized spaces for State use and manage the surplus real estate property program

Recommended KPIs
Properties Owned (Sq. Ft.)
Properties Leased (Sq. Ft.)
Avg Property Utilization (FTE / Sq. Ft.)
Cycle Time (Request to Lease Signing)

Future State: Organizational Structure (cont.)

Create a consolidated State Office Building Organization with DOT&PF and SSOA Leasing Management

Current DOT Public Facilities Organization



Key:

- Current Role
- Proposed Role

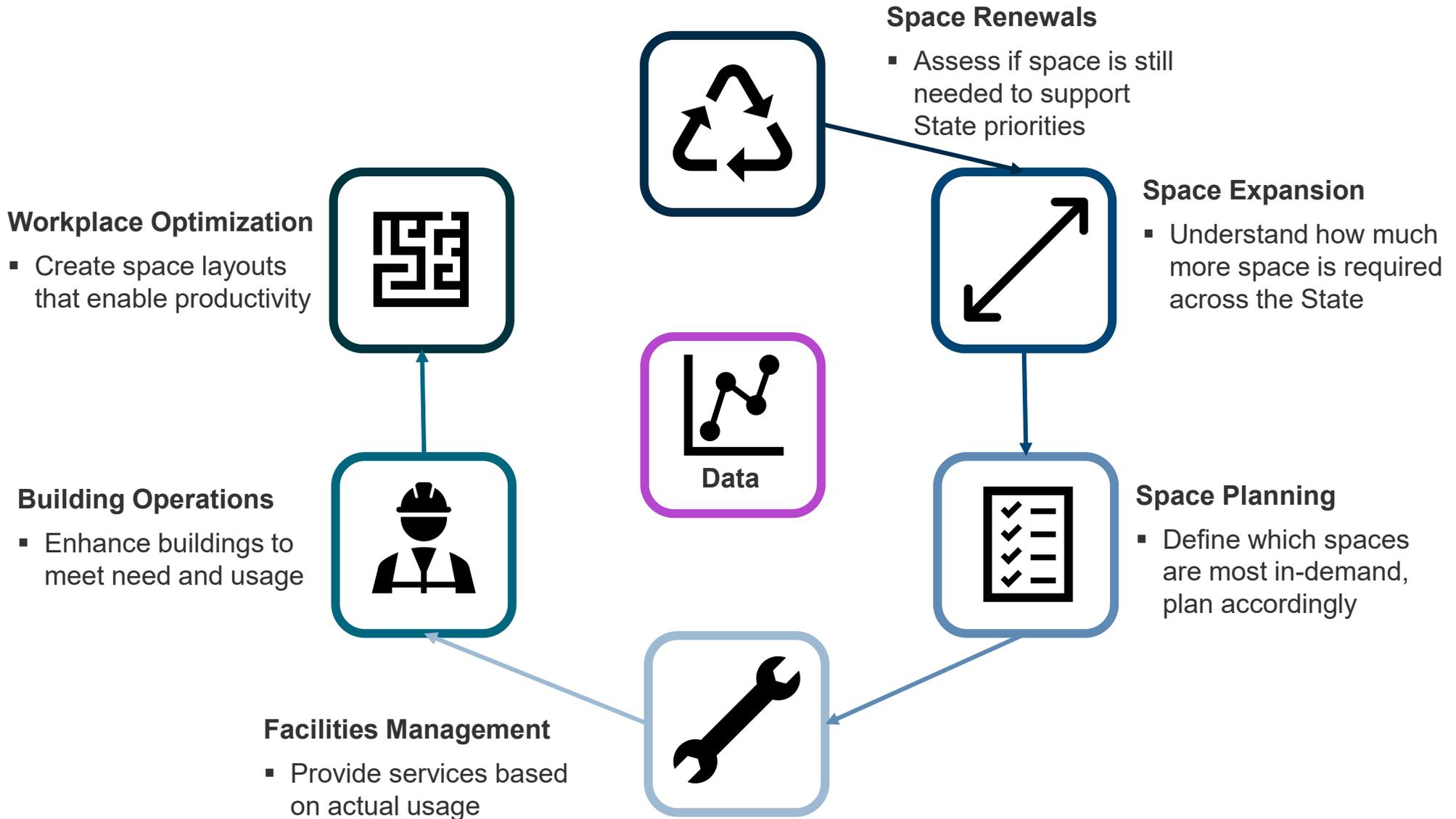
Future State: Service Management

State Office Buildings Management should include disposal of surplus real property, space planning and facility optimization

	Services	Description
Shared Services	Lease Management & Space Planning	<ul style="list-style-type: none"> Conduct RFPs for cases where internal space cannot be found Negotiate with property owners for new leases and renewals Manage space planning to design spaces that accommodate an agencies needs
	Facilities Management (either SSOA or DOT)	<ul style="list-style-type: none"> Maintain facilities throughout the lease cycle Conduct regular preventative maintenance
	Surplus Property Program	<ul style="list-style-type: none"> Assess and manage all properties that no longer align with State needs Ensure properties are offered to other government entities, made available to the public, or disposed of within 90 days
	Reporting	<ul style="list-style-type: none"> Annual inventory list – including property assessment and number of State employees located at each site Most Underutilized Properties reports
	Space Optimization	<ul style="list-style-type: none"> Optimize use of State facilities based on utilization and similar needs Reallocate space based on State priorities
Depts	Lease Requests	<ul style="list-style-type: none"> Provide space needs and headcounts to SSOA Leasing Identify and turn over all inventory with condition of asset, number of FTE working, location, and lease terms

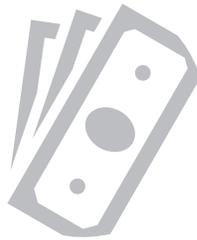
Future State: Space Optimization Process Summary

A continuous process of space assessments and planning will enhance building layouts and result in facilities that better meet State needs



Future State: Service Management

State Office Buildings Management should focus on cost savings over contract services to enhance Department satisfaction



Cost Savings

- Centralize the mission of cost savings and track savings monthly
- Ensure that the State utilizes its assets optimally



Property Management

- Work with key Department stakeholders to meet facilities needs
- Provide services in a timely manner with desired results



Data Analysis

- Collect and analyze data to enable cost savings and customer service missions
- Provide regular reporting to illustrate success

Recommendation 1: Overview

Complete lease rate assessment to maximize market value pricing

#	Key Tasks	Timeline	Owner	Complexity
1.	Conduct lease rate analysis on all current and future real estate property leases	1 to 2 Months	State Leasing & Facilities Manager	Low
2.	Establish reporting and operational metrics (e.g., percent of occupied space; underutilized buildings)	3 to 4 Months	State Leasing & Facilities Manager and SSOA Deputy Director	Low

Summary and Benefits

- Develop enhanced analytical and reporting tools to improve leasing rates
- Conduct data-driven market rate analysis and identify potential lease cost savings
- Enhance reporting capabilities through automation and decrease administrative burden on Contracting Officers
- Improve service delivery and long term facilities management and office space master planning needs

Dependencies

- Statewide data consolidation for all leases
- Established software requirements for contract management and assessment of Department of Transportation CMMS application for State Office Buildings Management usage
- Implementation of technology platform for contract management

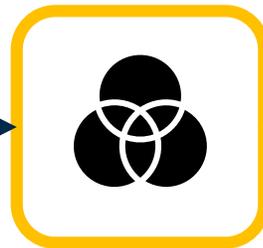
Enhance Lease Rate Assessment – Leased Property

Regularly conduct lease rate analyses to negotiate better lease terms and achieve long term cost savings



Assess Current Lease Portfolio

- Analyze number of current leases
- Categorize locations into high, medium, and low market value
- Document current lease terms for all locations



Benchmark Market Rates

- Document average lease cost for all cities and market types where current leases exist
- Compare current lease portfolio to market rates



Analyze Leases

- Understand areas where current leases are more expensive than market rates
- Identify potential alternatives to current leases

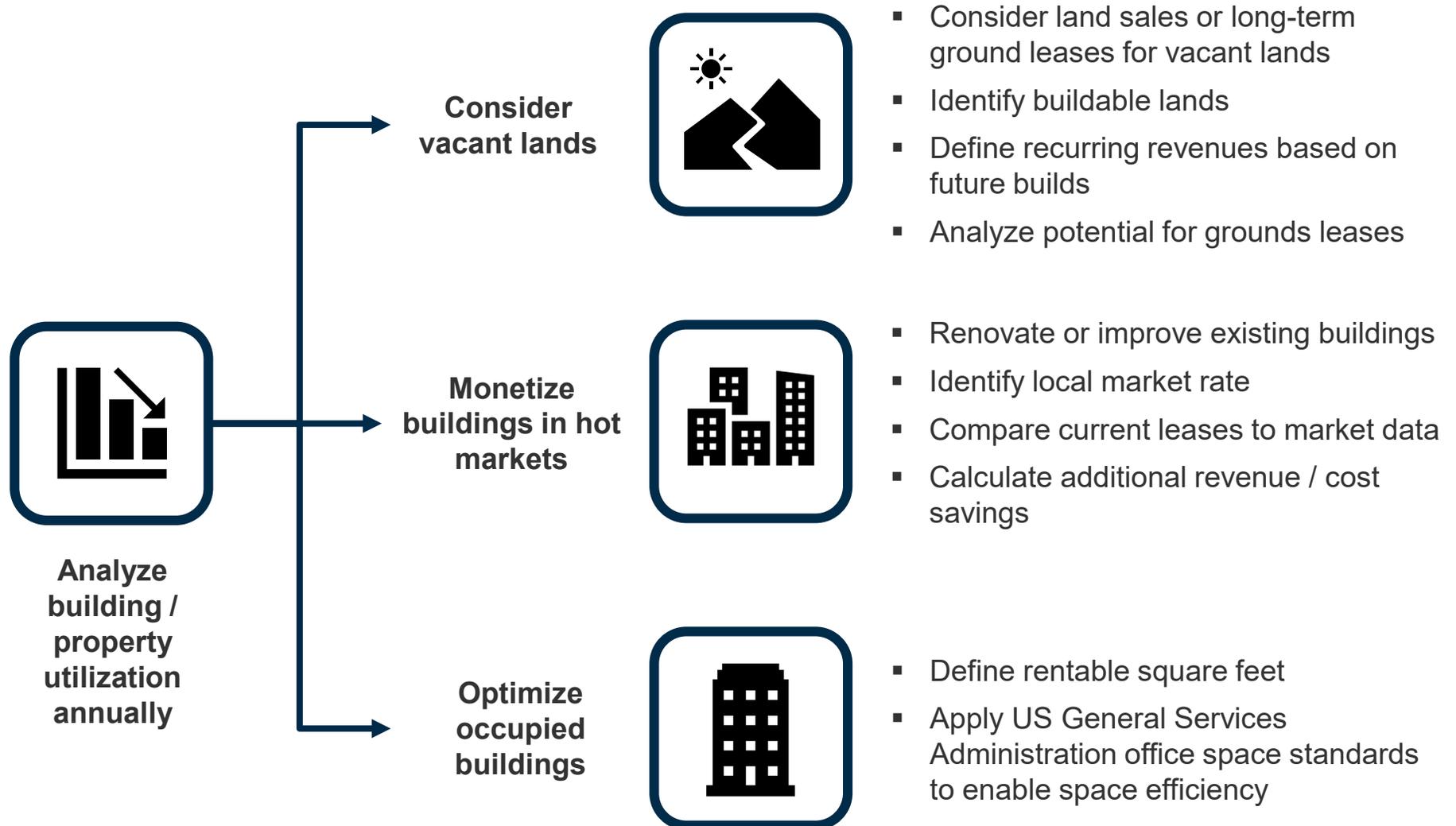


Implement Cost Savings

- Based on areas where Alaska is over paying evaluate the terms of lease and:
 - Renegotiate terms
 - Break leases
 - Consider space optimization

Enhance Lease Rate Assessment – Owned Property

Shared Services should track building utilization and consider land sales, monetizing existing buildings, or optimizing occupied buildings to achieve additional cost savings



Example of Real Asset Management and Reporting Attributes

Track the following characteristics to maximize space optimization opportunities for all leased and owned properties across the State

Characteristic
Agency Name
Property Classification (Owned / Lease)
Property Description (Campus, Office, etc.)
Name of Building
Physical Address
City
Borough
Year Property Acquired
Section
Range
Legal Description
Structure Square feet
Acres Associated with Structure
List Value
Percent of Property Being Utilized
Year Built

Characteristic
Occupancy Rate of Building
State Employees at Location
Percent Occupied by the State
Percent of Building Being Leased
Usage by State (Daily, Weekly, Monthly, etc.)
Acres Used by State
Purpose – Land
Percent of Land being Lease or Subleased
Vacant Square Footage
Listed on the National Register of Historic Places
Listed with National Trust for Historic Preservation
Property is of Historic Significance
Estimated Value
Taxes
Latitude
Longitude

Recommendation 1: Implementation Task & Actions

Complete lease rate assessment to maximize market value pricing

Task 1.1

Shared Services FTE: 2 (260 Hours)

Conduct lease rate analysis on all current and future real estate property leases

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Analyze number of current leases	█								
2.	Categorize locations into high, medium, and low market value	█								
3.	Document current lease terms for all locations	█	█							
4.	Document lease cost for all cities and market types where current leases exist	█	█							
5.	Compare current lease portfolio to market rates		█							
6.	Understand areas where current leases are more important than market rates		█							
7.	Identify potential alternatives to current leases		█							
8.	Based on areas where the State is over-paying, evaluate the terms of the lease		█							
9.	Take action to: renegotiate terms, break leases, consider space optimization		█							
10.	Create a process owner for lease rate assessment for future leases	█	█							
11.	Continue process and on a three-year basis, conduct lease rate assessments			█						

Recommendation 1: Continued

Complete lease rate assessment to maximize market value pricing

Task 1.2

Shared Services FTE: 2 (260 Hours)

Establish reporting and operational metrics (e.g., percent of occupied space; underutilized buildings)

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	6	6	7	8	9
1.	Assign SSOA resource to consolidate and create report annually									
2.	Establish characteristics to track for all leased and owned properties									
3.	Identify Agency stakeholder responsible for annual collection of lease data (e.g., ASD or Lease Administrator)									
4.	Create survey to collect annual lease and owned property report									
5.	Publish report on a regular basis									
6.	Identify operational metrics relevant to State's purpose (e.g., percent of occupied space, percent underutilization)									
7.	Socialize metrics with SSOA Advisory Council and incorporate suggested changes as necessary									
8.	Create methodology for calculating operational metrics and reporting to the State									
9.	Report Statewide metrics on an annual basis									
10.	Identify team to proactively manage cost savings opportunities as a result of operational metrics									

Recommendation 2: Overview

Consolidate DOT Facilities Management and SSOA Lease Management operations

#	Key Tasks	Timeline	Owner	Complexity
1.	Create consolidated organization and service delivery model for facilities management and lease administration	5 to 6 Months	DOT&PF and DOA Commissioners	High
2.	Centralize all office building and storage facility / building leases to State Office Buildings Management, including leases under \$50,000	3 to 4 Months	State Leasing & Facilities Manager	Low
3.	Implement new reporting model to address GASB 87 lease accounting requirements	1 to 2 Months	SSOA Director and DOA Finance Director	Medium

Summary and Benefits

- Create facilities management focused operation for manage State Office Building management needs
- Improve coordination with facilities management to enable strategic space optimization
- Develop a central repository for all Statewide leases to improve visibility and increase negotiating power

Dependencies

- Statewide inventory of all facilities, including property assessment, square footage, address
- Participation from all Departments to establish and document minimum lease information

Recommendation 2: Implementation Tasks & Actions

Consolidate DOT Facilities Management and SSOA Lease Management operations

Task 2.1

Shared Services FTE: 2 (1,160 Hours)

Create consolidated organization and service delivery model for facilities management and lease management operations

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	DOA and DOT&PF Commissioners meet to discuss organizational consolidation opportunities	█								
2.	Define new organizational structure within either DOA or DOT&PF		█							
3.	Approve new organization structure		█							
4.	Establish authority (legislative or administrative) for consolidating lease administration and public facilities maintenance functions		█	█						
5.	Identify budgeted positions to be realigned to new organization				█					
6.	Obtain budget approval to support new centralized organization				█					
7.	Develop resource and process assessment					█				
8.	Identify gaps to future state requirements					█				
9.	Create change performance metrics					█				
10.	Agree on timeline and develop step plan for consolidation					█				
11.	Create job aides and execute training for future consolidated roles and responsibilities					█	█			

Recommendation 2: Continued

Consolidate DOT Facilities Management and SSOA Lease Management operations

Task 2.1 - Continued

Shared Services FTE: 2 (1,160 Hours)

Create consolidated organization and service delivery model for facilities management and lease management operations

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
12.	Continue to track performance indicators and solicit feedback									
13.	Identify root causes of performance challenges									
14.	Solicit Department feedback regularly									

Recommendation 2: Continued

Consolidate DOT Facilities Management and SSOA Lease Management operations

Task 2.2

Shared Services FTE: 2 (340 Hours)

Centralize all office building and storage facility / building leases to State Office Buildings Management, including leases under \$50,000

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Establish authority (legislative or administrative) for consolidating leases under \$50,000	█	█							
2.	Define data needed for each property prior to transfer of authority		█							
3.	Create lease acceptance process for all Departments to follow		█							
4.	Deploy lease consolidation			█	█					

Recommendation 2: Continued

Consolidate DOT Facilities Management and SSOA Lease Management operations

Task 2.3

Shared Services FTE: 3 (390 Hours)

Implement new reporting model to address GASB 87 lease accounting requirements

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify SSOA stakeholder to work with Department of Finance and SSoA									
2.	Work with DOF to identify gaps between current and GASB 87 accounting requirements for lease classifications									
3.	Collect gaps in data from Departments or Lease Administration data									
4.	Create new accounting practice documentation with DOF									
5.	Socialize new process documentation with relevant stakeholders									
6.	Deploy finalized accounting practices									
7.	Solicit feedback from Staff and adjust processes as necessary									

Align with GASB 87 Accounting Requirements

Shared Services must ensure the State of Alaska adheres to government accounting standards

Updated Lease Classifications

- Operating leases should be reflected within the Statement of Financial Position
- Includes all non-financial assets as operating leases (e.g., land, buildings, equipment, vehicles)
- Does not include intangible assets, inventory, supply contracts, and leases under 12 months

Standardize Lease Accounting Practices Across the State

Calculate Initial Lease Liability

- Use present value of future lease payments during the lease term
- Exclude payments made at lease inception
- Calculate discount rate as interest rate implicit within the lease
- If interest rate not available, utilize the incremental borrowing rate as discount rate

Calculate Initial List Asset Value

- Value beginning amount calculated as lease liability
- Include prepaid lease payments, less any lease incentives received

Record Opening Journal Entry

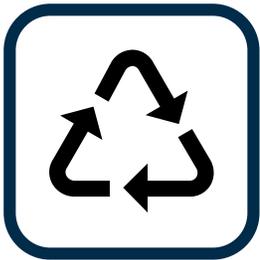
- Amortize leased assets over the lesser of the lease terms or useful life of the asset
- Refer to finance lease asset amortization expense as a depreciation expense
- Utilize daily interest rate to determine interest expense based on the ending liability balance of the prior period and number of days in the current period

Future State: Consolidated Facilities Management

Executing Space Optimization requires end-to-end ownership by a central organization – to gain operating efficiencies

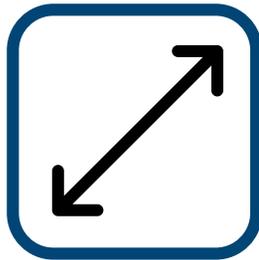
Enhanced Office Building Services

- Leads workplace management (e.g., facilities maintenance centralized in SSOA or DOT)
- Carries out plans designed by space planner for optimized Statewide use
- Coordinates with space planner to ensure safe, realistic goals are set
- Maintains and proactively communicates future needs of the State based on real time experience



Space Renewals

- Assess if space is still needed to support State priorities



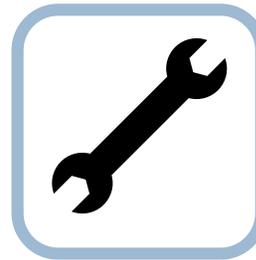
Space Expansion

- Understand how much more space is required across the State



Space Planning

- Define which spaces are most in-demand, plan accordingly



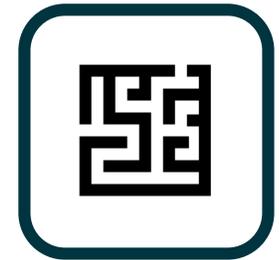
Facilities Management

- Provide services based on actual usage



Building Operations

- Enhance buildings to meet need and usage



Workplace Optimization

- Create space layouts that enable productivity

Consolidate DOT Facilities Management and SSOA Lease Management operations to create Statewide Office Building Mgt.

Optimize office and warehouse storage needs with consolidated facility management

Key Step	Actions to Implement
Survey Current State of Departments	<ul style="list-style-type: none"> ▪ Determine current office and storage facility needs: <ul style="list-style-type: none"> – Current leases and owned properties not managed by SSOA – Reporting and data requirements – Employees involved in property management
Define Future State Process	<ul style="list-style-type: none"> ▪ Discuss operating model improvements with DOT&PF and DOA leaders ▪ Create future-state process to determine Department and SSOA roles to define: <ul style="list-style-type: none"> – Minimum information to be provided to SSOA before transfer (e.g., property status, age, location, lease terms, property owner, number of FTEs utilizing, and purpose of property) – Request for space process, stakeholders (e.g., fiduciary authority, needs definitions, etc.) – Space optimization plan process (e.g., how to define under-utilized resources, cycle of assessments and consolidation plans) – Facilities data to be tracked and reported to Departments monthly to maintain transparency
Socialize Future State Process	<ul style="list-style-type: none"> ▪ Socialize future state with Departments ▪ Define gaps between current operating procedures and future state ▪ Modify plan based on Departmental input, constraints ▪ Document procedures, stakeholder involvement, and create Department and SSOA trainings
Mobilize and Define Roadmap	<ul style="list-style-type: none"> ▪ Create inter-agency taskforce to remedy gaps to future state requirements (e.g., facilities assessments) and establish timelines and milestones for progress ▪ Based on gaps assessment for agencies, define roadmap for onboarding to State Office Buildings Management, prioritizing Departments with low volumes of facilities and well defined records

Recommendation 3: Overview

Develop processes for space optimization and surplus real property disposal

#	Key Tasks	Timeline	Owner	Complexity
1.	Create process for master facility space optimization	4 to 5 Months	State Leasing & Facilities Manager	Medium
2.	Create improved inter-agency collaborative process for real estate (buildings) surplus property disposal	3 to 4 Months	State Leasing & Facilities Manager	Medium

Summary and Benefits

- Standardization of procedures for increased space planning
- Long term facility use planning and alignment of Department space needs with existing State-owned buildings
- Maximize value of State-owned real estate property through formalized disposal assessment process

Dependencies

- Expertise on space optimization and space planning via staff or external contractors
- Legislative authority to centralize all facility and property disposals
- Online portal to post all surplus properties for sale or disposal (e.g., website)



Recommendation 3: Implementation Task and Actions

Develop processes for space optimization and surplus real property disposal

Task 3.1

Shared Services FTE: 2 (420 Hours)

Create process for master facility space optimization

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Define roles and responsibilities across for Space Optimization process									
2.	Define goals for space optimization process									
3.	Map future state process									
4.	Establish way of tracking upcoming space renewals and potential Statewide need									
5.	Create data analysis methodology to understand how much more space is required by the State and track what types of spaces are most in-demand									
6.	Create planning mechanism to predict new spaces or reorient current spaces based on Statewide need									
7.	Define responsibilities for facilities management function to provide services based on actual usage									
8.	Hire a space planner to plan and re-orient spaces									
9.	Socialize process with relevant stakeholders (e.g., DOT, governing bodies, DOF, LAW)									
10.	Change processes as necessary									

Recommendation 3: Continued

Develop processes for space optimization and surplus real property disposal

Task 3.1 - Continued **Shared Services FTE: 2 (420 Hours)**

Create process for master facility space optimization – Continued

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
11.	Document and finalize space optimization process									
12.	Provide training to department stakeholders (e.g., ASDs)									
13.	Implement new process									
14.	Create space optimization goals annually and share successes with governance team									

Recommendation 3: Continued

Develop processes for space optimization and surplus real property disposal

Task 3.2

Shared Services FTE: 2 (340 Hours)

Create improved inter-agency collaborative process for real estate (buildings) surplus property disposal

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Document current state surplus property disposal process									
2.	Define bottlenecks, areas for improvement, and duplication of effort across process									
3.	Map future state process									
4.	Socialize process with relevant stakeholders (e.g., DOA and DOT, SSOA Advisory Council and Working Groups, DOF, etc.)									
5.	Change processes as necessary									
6.	Document and finalize surplus property process									
7.	Assign SSOA resource to hold surplus property responsibility									
8.	Provide training to department stakeholders (e.g., ASDs)									
9.	Implement new process									

Develop Statewide processes for space optimization and surplus real property disposal

Design future state space optimization and surplus real property disposal processes by addressing the following key considerations

Space Optimization

- How much space is needed per General Services Administration guidelines?
- Are there Department-specific needs?
- How well do the missions of people sharing space align?
- Are there any distance restrictions for Departments or Divisions?
- What types of facilities are needed (e.g., meeting areas, whiteboard, kitchens)?
- What are the costs associated with combining facilities?

Real Estate Surplus Property

- What types of property will be in scope (e.g. buildings)?
- What assessment will SSOA staff conduct?
- What are the terms for transfer between Agencies?
- What are the terms for offering properties outside of State (e.g., municipalities)?
- What platform will be used to offer sales (e.g., online boards, auctions)?
- What information should be provided about properties for transfer / sale?

Financial Impact Summary: Lease Management

Shared Services should create a consolidated facilities management operation that focuses on space planning and optimization and surplus real property disposal

Total Investment:
\$1.0M

Total Five-Year Return:
TBD

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1	Complete lease rate assessment to maximize market value pricing	\$ 161	\$ 0	To Be Analyzed	\$ 0	\$ 161
2	Consolidate DOT Facilities Management and SSOA Lease Management operations	\$ 257	\$ 0	\$ 0	\$ 0	\$ 257
3	Develop Statewide processes for space optimization and surplus real property disposal	\$ 141	\$ 475	To Be Analyzed	\$0	\$ 616

Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

Risks of Not Addressing AAPEX Recommendations

Without implementation of these recommendations, a consolidated delivery model for the planning and maintenance of State Office Buildings will experience the following:

- The newly consolidated unit will not be able to effectively serve all customer needs due to lack of visibility into total Statewide lease portfolio
- Lack of coordinated space optimization process will continue to create inefficiencies in use of State-owned real estate
- Inability to integrate SSOA Lease Management and DOT Facilities Management will hinder cost savings from space optimization due to lack of alignment between individual Department and Statewide goals
- The State will continue to forgo additional revenue opportunities due to lack of surplus real property assessments and disposals
- Increased lease costs are likely without a formalized rates assessment process

Change Management Plan

Stakeholder Change Impact Assessment

Who is impacted by these **Lease Management** operational, organizational and process improvement changes?

DOT/PF Facilities Management	<ul style="list-style-type: none"> Change in reporting, potential physical relocations Responsibility for finding office space in State-owned buildings transferred to Space Planning and Optimization program / unit
DOA Lease Admin	<ul style="list-style-type: none"> Change in reporting, potential physical relocations Scope expanded to include leases under \$50,000 Updated business process for intake requests and tracking space utilization New responsibility for space planning and facilities planning master plan
Procurement Specialists	<ul style="list-style-type: none"> Coordination with Lease Admin formal RFP and bids for procuring office space (Over \$0)
Department Space Managers	<ul style="list-style-type: none"> New process to request and optimize office space
Tenants	<ul style="list-style-type: none"> Coordination of all facility leases by single office – Lease Administration

Impact of Change



High Impact



Medium Impact



Low Impact

Impact of Change includes assessment of changes to processes, systems, tools, job roles, critical behaviors, mindsets, reporting structure, performance, and location

Change Management Roadmap

Recommendation	Communications Plan	Training Plan
Recommendation 1: Complete lease rate assessment to maximize market value pricing		
1. Conduct a lease rate analysis on all current and future real estate property leases	<ul style="list-style-type: none"> ▪ Communicate benefits and potential cost savings of lease assessment program ▪ Facilitate lease review sessions with the Shared Services Advisory Council to prioritize leases needing renegotiated terms, terminations for convenience, and/or opportunities for space optimization 	<ul style="list-style-type: none"> ▪ Train staff to conduct lease rate assessments for annual programs
2. Establish reporting and operational metrics (e.g., percent of occupied space; underutilized buildings)	<ul style="list-style-type: none"> ▪ Identify Department stakeholder responsible for annual collection of lease data (e.g., ASD or Lease Administrator) ▪ Communicate new lease reporting and operational metrics to all Stakeholders ▪ Publish reports on a regular basis to Shared Services Advisory Council and Department stakeholders 	<ul style="list-style-type: none"> ▪ Train staff on new lease data collection requirements ▪ Train staff to report on operational metrics

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: Consolidate DOT Facilities Management and SSOA Lease Management operations		
1. Create a new consolidated organization and service delivery model for facilities management and lease management	<ul style="list-style-type: none"> ▪ Email from Department Commissioners describing lease management centralization and why the State is changing ▪ Develop Manager’s Toolkit and publish on the AAPEX website to assist impacted teams through their changes ▪ Managers and Supervisors discuss the specific changes with their employees in one on one meetings, using Manager Toolkit ▪ Org Charts are emailed to affected employees as they become finalized ▪ Facilitate stakeholder listening sessions to receive feedback on performance of new centralized organization 	<ul style="list-style-type: none"> ▪ Managers and Supervisors receive coaching on how to support their staff through the change ▪ Sponsors receive coaching on how to actively and visibly support the changes ▪ Employees are trained on their new roles and responsibilities (if needed) and receive job aids
2. Centralize all office building and storage facility / building leases to State Office Building Management, including leases under \$50,000	<ul style="list-style-type: none"> ▪ Stakeholder listening sessions to receive feedback on lease transfer process ▪ Communicate types of information needed for lease centralization and benefits of providing this type of information (e.g., FTE per site) 	<ul style="list-style-type: none"> ▪ Department Administrative Service Directors and other space coordinators are trained on new processes to acquire office space

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: - Continued		
3. Implement new reporting model to address GASB 87 lease accounting requirements	<ul style="list-style-type: none"> ▪ Communicate new GASB standards to Departments ▪ Define new reporting structure and communicate process changes to Departments 	<ul style="list-style-type: none"> ▪ Create job aids and process documentation for Lease Administration and DOA Finance/SSOA Accounting staff



Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 3: Develop Statewide processes for space optimization and surplus real property disposal		
1. Create process for master facility space optimization	<ul style="list-style-type: none"> ▪ Communicate new space optimization processes and roles and responsibilities to relevant stakeholders ▪ Facilitate Working Group review session for future state processes ▪ Socialize master facility space optimization processes with Shared Services Advisory Council and solicit feedback ▪ Publish information about master facility space optimization on Shared Services website and promote awareness among Department stakeholders 	<ul style="list-style-type: none"> ▪ Create optimization manuals for staff and Departments ▪ Provide training to Department stakeholders (e.g., ASDs) on new master facility space optimization process
2. Create improved inter-agency collaborative process for disposing of surplus real estate (buildings)	<ul style="list-style-type: none"> ▪ Communicate processes for disposition of surplus real estate and roles/responsibilities to relevant stakeholders ▪ Facilitate Working Group review session for future state processes ▪ Socialize process with relevant stakeholders (e.g., DOA and DOT, SSOA Advisory Council and Working Group, DOF, etc.) ▪ Publish final surplus real estate property processes on Shared Services website and promote awareness among Department stakeholders 	<ul style="list-style-type: none"> ▪ Create surplus real estate property manuals for staff and Departments ▪ Define guidelines for types of real estate disposal and process of referring real estate property to the program

TRAVEL & EXPENSE REIMBURSEMENT SERVICE DELIVERY PLAN

Current State Assessment

Current State: Factors that impact Service Delivery

People, process and technology factors contribute to substandard Travel & Expense performance

Organizational Realities

- Across the State, 92 Full Time Equivalents (FTEs) or approx. \$8.8 million in personnel costs involved in Travel reimbursement processing¹
 - 39 (42%) SSOA FTEs (8 vacancies)
 - 53 (58%) Other Department FTEs
- 510 employees process Travel¹ with 88 distinct job titles
- SSOA handles less than 80% of Travel Payments²
 - FY19: 74% (16,569 of 22,462) of trips processed by SSOA
 - FY20 (YTD Jan.): 78% (11,235 of 14,354) of trips processed by SSOA

Technical Complexities

- Manual Travel authorizations are not systematically integrated with a single system end to end workflow
- IRIS nightly batch processes requires review / update of the same transaction over a multi-day period
- Confidential & Witness Travel payments require added internal processes and authorizations
- Grant funded Travel Payments require either a rate or accurate fund source/types coding and supplemental reimbursement information

Resource and Skill Gaps

- Misalignment of skills with tasks
- Perceived lack of SSOA knowledge of Department programs and revenue sources/types
- Limited reoccurring training for Department Travel Coordinators and SSOA travel payment unit

Governance and Controls

- No State-wide standard processes, policies or procedure documents
- Lack of mandate to use the SSOA organization to process Travel
- Limited key metrics
- Inconsistent SLA reporting and management

Process Deficiencies

- Manual process to calculate, reconcile and approve expenses
- Multiple processes used both within SSOA and Departments
- Lack of payment confirmation
- Travel staff processes AP invoices due to lack of work

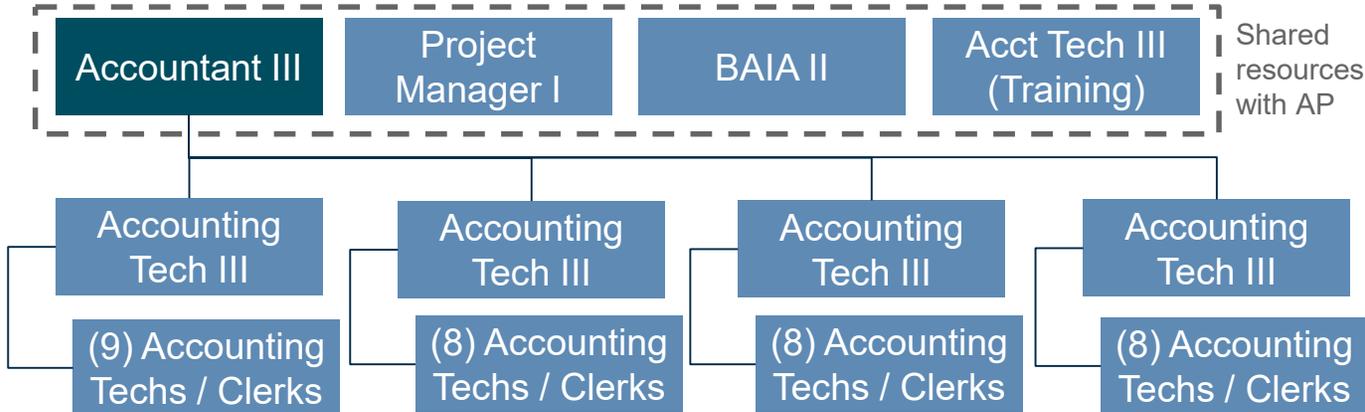
[1] Departmentwide survey conducted in 2016 to identify active employees who touch Travel and reviewed by OMB in Feb. 2020 to determine if positions remain in the 2020 budget. Two Department surveys (Health & Social Services & Law) were not available and their respective headcount is absent from this analysis.

[2] Historical transactions provided by State of Alaska Division of Finance and Shared Services of Alaska

Current State: Organizational Structure

Over 500 distinct State employees currently touch the Travel reimbursement process

SSOA Travel & Expense Organization



Example Department Travel & Expense Organization¹



Current State Organizational Structure

Shared Services has 39 budgeted positions include:

- 2 FTEs (Travel Leadership, Mgt. & Training shared with AP at a 50% / 50% split)
 - T&E + AP Manager (50%) – Accountant III
 - Project / Process Mgr. (50%) – Project Mgr. I
 - Reporting & Analytics (50%) – BAIA II
 - Training (50%) – Accounting Tech III
- 37 FTEs (29 Filled, 8 Vacant)
 - Four Accounting Tech IIIs, each supervising a team of eight to nine employees

Statewide Travel & Expense processing includes:²

- 88 distinct job titles³
- 510 distinct employees (PCNs)
- 92 estimated FTEs

[1] Department of Fish and Game

[2] Departmentwide survey conducted in 2016 to identify specific employees who touch Travel & Expense with a quantification of time allocation

[3] 16 titles aligned to “Accounting” classification; 34 titles aligned to “Admin”, “Exec. Secretary” and “Office Assistant”

Current State: Service Delivery

Statewide Travel processing is not fully centralized within Shared Services

	Duty	Description	Observations
Shared Services	Process Travel Request	<ul style="list-style-type: none"> Create Travel Authorization Purchase Order (TAPO) in IRIS based on travel authorization 	<ul style="list-style-type: none"> Excel-based travel authorization form requires data to be manually entered into IRIS by Shared Services
	Process Travel Advances	<ul style="list-style-type: none"> Calculate and process travel advances 	<ul style="list-style-type: none"> Time consuming process due to differences in per diem rules across bargaining units Highly manual process
	Process and Approve Travel expense report	<ul style="list-style-type: none"> Collect and log all travel receipts Calculate and confirm trip cost and associated traveler reimbursement Certify expense report and authorize payment 	<ul style="list-style-type: none"> Two separate standardized processes in place to submit and approve trips Inconsistent certification standards across Shared Services certifiers Cycle time to approve expense reimbursements has improved from 33 to four days over the past 8 months
Departments	Authorize Travel	<ul style="list-style-type: none"> Authorize travel based on need 	<ul style="list-style-type: none"> Different approvals required for in- and out-of-state Travel
	Process and Approve Travel expense report	<ul style="list-style-type: none"> Collect and log all travel receipts Calculate and confirm trip cost and associated traveler reimbursement Certify expense report and authorize payment 	<ul style="list-style-type: none"> Most Departments still process some of their own Travel Confidential travel processed by Departments (including witness travel)
	Book Travel	<ul style="list-style-type: none"> Book travel based on authorized travel request 	<ul style="list-style-type: none"> Shared Services still does booking for 1 Division in Department of Education

Leading Shared Services Practices

Leading Practices: Organizational Structure

All Travel & Expense Reimbursements are processed through the State of Ohio and the University of Michigan's Shared Service Centers

Area	State of Ohio	University of Michigan
Transaction Volume	<ul style="list-style-type: none"> 55,930 Travel and Expense Reports (2019) 	<ul style="list-style-type: none"> Information not available
Departments	<ul style="list-style-type: none"> Ohio Shared Services processed Travel and Expense for all State Agencies There are no exceptions to using Shared Services Travel organizations 	<ul style="list-style-type: none"> All University of Michigan Staff are required to book and reimburse expenses through central Travel and Expense
Reporting Structure	<ul style="list-style-type: none"> Reports to Office of Budget and Management Two FTEs dedicated to processing expense reports 	<ul style="list-style-type: none"> Reports to Executive Vice President and Chief Financial Officer
Services Provided	<ul style="list-style-type: none"> Review travel expense reports Review coding of travel reimbursements prior to reimbursement Provides travel training and maintains and updates Statewide policies 	<ul style="list-style-type: none"> Review travel expense reports Assemble and approve expense reports for Travelers Provides travel training and maintains and updates travel policies
Department Responsibilities	<ul style="list-style-type: none"> Traveler creates a Travel Authorization Supervisors approves, sends back, or denies authorization in System Traveler completes travel and creates expense report 	<ul style="list-style-type: none"> Traveler requests Travel Authorization (via email) Traveler emails receipts to central Travel Division Travelers can submit expense reports via Concur

Leading Practices: Organizational Structure

Ohio and the University of Michigan both rely on system functionality to limit manual and duplication of data entry and enforce internal controls

Area	State of Ohio	University of Michigan
System Functionality	<ul style="list-style-type: none"> ▪ System contains all travel and expense requests ▪ Travel and expense approvals are system-bound ▪ System auto-creates encumbrances after travel is approved 	<ul style="list-style-type: none"> ▪ System auto-audits for compliance ▪ Approvers can system-approve expense reports ▪ Pcard transactions are auto-imported to expense reports
Governance Structure	<ul style="list-style-type: none"> ▪ Office of Budget and Management creates travel and expense policies ▪ Controlling Board oversees changes to State Budgets throughout the year 	<ul style="list-style-type: none"> ▪ Shared Services creates Travel & Expense policies
Exceptions	<ul style="list-style-type: none"> ▪ The director of the office of budget and management may grant exceptions to this rule for: <ul style="list-style-type: none"> – Law enforcement officials – Insurance examiners – Travel arrangements due to a disability, – Staff whose workday is other than eight a.m. to five p.m. 	<ul style="list-style-type: none"> ▪ The University may process non-Staff travel (e.g., spouses, prospective faculty) with the written permission from the Department head

Leading Practices: Service Management (Ohio)

Ohio has a streamlined service delivery model with two employees processing 55,930 annual expense reports

Service Provided	Description
Review travel expense reports ¹	<ul style="list-style-type: none"> Calculate and confirm trip costs and associated traveler reimbursements Confirm adherence to State Travel and Expense policies Certify expense reports and authorize payments Ensure approvals are recorded in system
Review coding of travel reimbursements	<ul style="list-style-type: none"> Reviews trip purpose and assigned coding Confirms object coding for budget and ensures
Provides training	<ul style="list-style-type: none"> Creates FAQ sites, video programming, and in-class trainings about Statewide travel and expense policies Provides 1:1 coaching for repeat offenders of travel and expense policies
Federal Reimbursement Program	<ul style="list-style-type: none"> Process travel transactions Clearly identify and report on travel expenditures requiring federal reimbursements

KPI	KPI Performance (2019)
Reports Processed	55,930
Number of Agencies Served	72
Days per Transaction	1.8 days

[1] An expense report is defined as one trip for a traveler inclusive of individual expenses such as airfare and hotel.

Recommendations & Business Case

Summary Recommendations: Travel & Expense Reimbursement

Alaska has the opportunity to create a refined service delivery model with technology enhancements to optimize the State’s Travel & Expense process

Recommendation	Benefits
1. Complete consolidation of Statewide Travel & Expense processing to SSOA	<ul style="list-style-type: none"> ▪ Align job skills to work tasks to increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization ▪ Effectively balance Statewide travel task demand with travel workforce supply ▪ Increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization
2. Define requirements and deploy solution for an end to end integrated workflow from initial travel approval to expense processing validation	<ul style="list-style-type: none"> ▪ Reduce duplication of effort and manual processing errors ▪ Streamline end to end process by utilizing one system and leverage core Travel & Expense system capabilities
3. Establish help desk self service portal and hotline	<ul style="list-style-type: none"> ▪ Increase customer support for Departments and Vendors ▪ Reduce SSOA staff time spent on fielding customer inquiries ▪ Reduce errors in upfront process resulting in less time on task
4. Develop and deliver expanded training opportunities	<ul style="list-style-type: none"> ▪ Reduce duplication of effort, manual processing errors and cycle time delays ▪ Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff

Summary Recommendations:

Alaska has the opportunity to create a refined service delivery model with technology enhancements to optimize the State's Travel & Expense process

1. Complete consolidation of Statewide Travel & Expense processing to SSOA

- Establish administrative mandate for travel processing through SSOA
- Right size SSOA Travel & Expense Reimbursement Unit to accommodate current and future volume with eight FTE and shift the remaining 31 positions to Accounts Payable
- Define key metrics and the capability to report service level accomplishments (metrics)
- Develop reconciliation and certification checklist for SSOA when approving travel expenses
- SSOA Travel & Expense Reimbursement processes all confidential employee travel

2. Define requirements and deploy solution for an end to end integrated workflow

- Evaluate capability within IRIS and/or 3rd Party provider to include automated travel request approval and streamline travel expense processing

3. Establish help desk self service portal and hotline

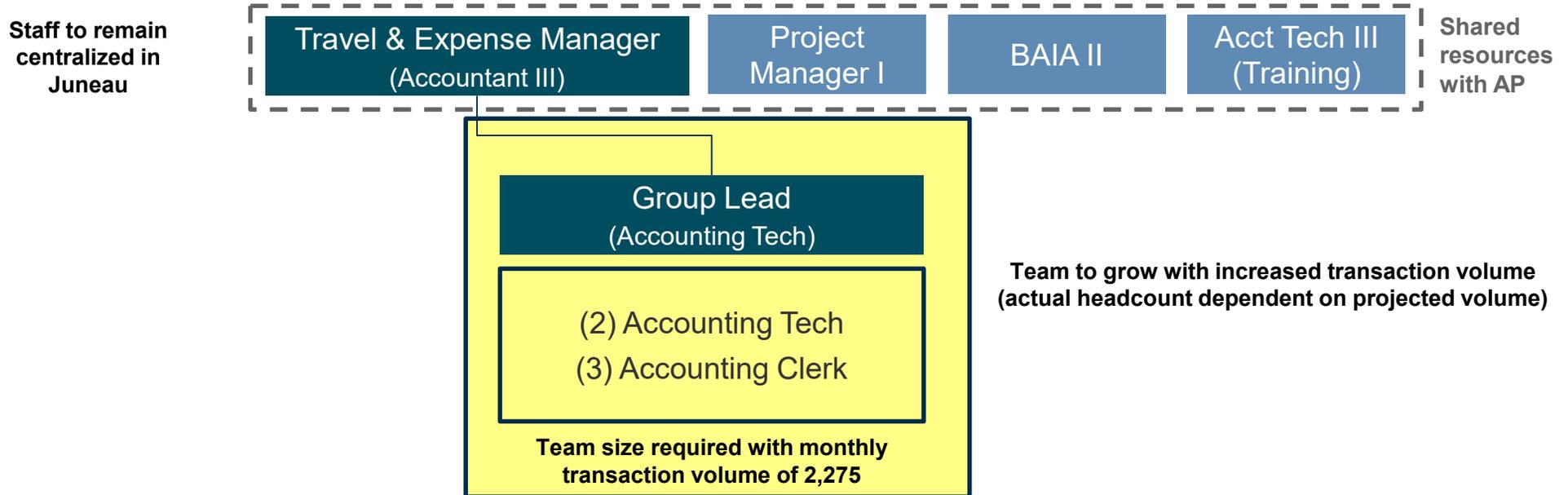
- Enhance self service portal to improve service delivery
- Create Help Desk phone and email hotline to address customer questions

4. Develop and deliver expanded training opportunities

- Deploy training for improved Department and SSOA accountability in Travel & Expense processing

Future State: Organizational Structure

Align SSOA Travel unit to accommodate transaction volume with a reduced workforce *based on the deployment of new travel and expense reimbursement tool*



- Currently filled SSOA Travel positions in excess of the future state travel processing need should be evaluated for placement within SSOA AP
- Travel training should be provided to select AP team individuals to provide bridge support in case of abnormally high spikes in demand

KPI	KPI Target
Cycle time to approve an expense report and schedule payment	3 to 6 Days ¹
# of Travel & Expense disbursements processed per FTE / Year	5813 ²
Maximum monthly travel transaction throughput	2,275 ³

[1] SSON Analytics - North America Shared Services 2020 Benchmarking Report

[2] APQC Benchmarking

[3] 95% of Statewide peak Travel transaction volume from highest transaction volume month within FY 2019 (Historical transactions provided by State of Alaska Division of Finance)

Recommendation 1: Overview

Complete consolidation of Statewide Travel & Expense processing to SSOA

#	Key Tasks	Timeline	Owner	Complexity
1.	Issue administrative order to establish Travel processing authority Statewide	1 Month	DOA Commissioner	Medium
2.	Define “Transaction” and service level measures source data	1 to 2 Months	AP Manager (Acct. III)	Medium
3.	Establish and operationalize a performance dashboard to report service level accomplishments and key metrics	1 to 2 Months	AP Manager (Acct. III)	Low
4.	Validate historical Statewide travel transaction volume and finalize future organization structure based on projected volume and processing standards	1 Month	AP Manager (Acct. III)	Medium
5.	Create space facility plan for future state organization	1 to 2 Months	AP Manager (Acct. III)	Low
6.	Onboard remaining Department demand	3 Months	AP Manager (Acct. III)	Medium
7.	Develop SS0A reconciliation and certification checklist	3 Months	AP Manager (Acct. III)	Low

Summary and Benefits

- Align job skills to work tasks to increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization
- Increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization
- Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff

Dependencies

- Department staff that currently process (1) confidential travel (2) travel requiring federal reimbursements and (3) travel for individuals who are not State of Alaska employees will continue to process these transactions until SSOA capabilities exist
- Checklist dependent on future state capabilities introduced in the T&E end to end system enhancement recommendation

Future State: Service Delivery

SSOA should process ALL Statewide travel expense reports with Departments authorizing and book travel for their employees

	Duty	Description
Shared Services	Process Travel Request	<ul style="list-style-type: none"> Create Travel Authorization Purchase Order (TAPO) in IRIS based on travel authorization Calculate and process travel advance, if applicable
	Process and Approve Travel expense report	<ul style="list-style-type: none"> Collect and log all travel receipts Calculate and confirm trip cost and associated traveler reimbursement Certify expense report and authorize payment
	Process expense reports within SLA	<ul style="list-style-type: none"> Target expense report SLA is 3 to 6 days Track and report on key metrics: Cycle time (avg.), transaction volume, transactions processed per person (per day or week)
	Federal Reimbursement	<ul style="list-style-type: none"> Process in place to process travel transactions to clearly identify and report on travel expenditures requiring federal reimbursements
	Confidential Travel	<ul style="list-style-type: none"> Process in place to process travel transactions to maintain confidentiality of travelers At least two resources to process confidential travel (along with regular travel)
	Standardized Training	<ul style="list-style-type: none"> Create and deliver training to both Department and SSOA staff related to policies and procedures Specialized training provided to individuals processing confidential travel
Departments	Authorize Travel	<ul style="list-style-type: none"> Travel authorized based on need Integrated Travel Authorization form identifies identify employee expense reimbursement rules Delegation of authority in place and managed
	Book Travel	<ul style="list-style-type: none"> Travel booked based on authorized travel request

Future State: Organizational Goals

The Travel and Expense Unit should focus on processing Statewide transaction volume within stated SLAs while working with Departments to reinforce process and policy



Execution Excellence

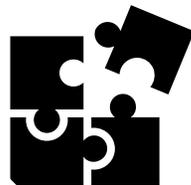
- Process Travel & Expense transactions within stated SLAs
- Proactively track and manage transaction processing to highlight and rectify performance issues

Travel & Expense



Change Agents

- Identify and drive continuous process improvement to recognize efficiency savings
- Provide regular reporting to Departments

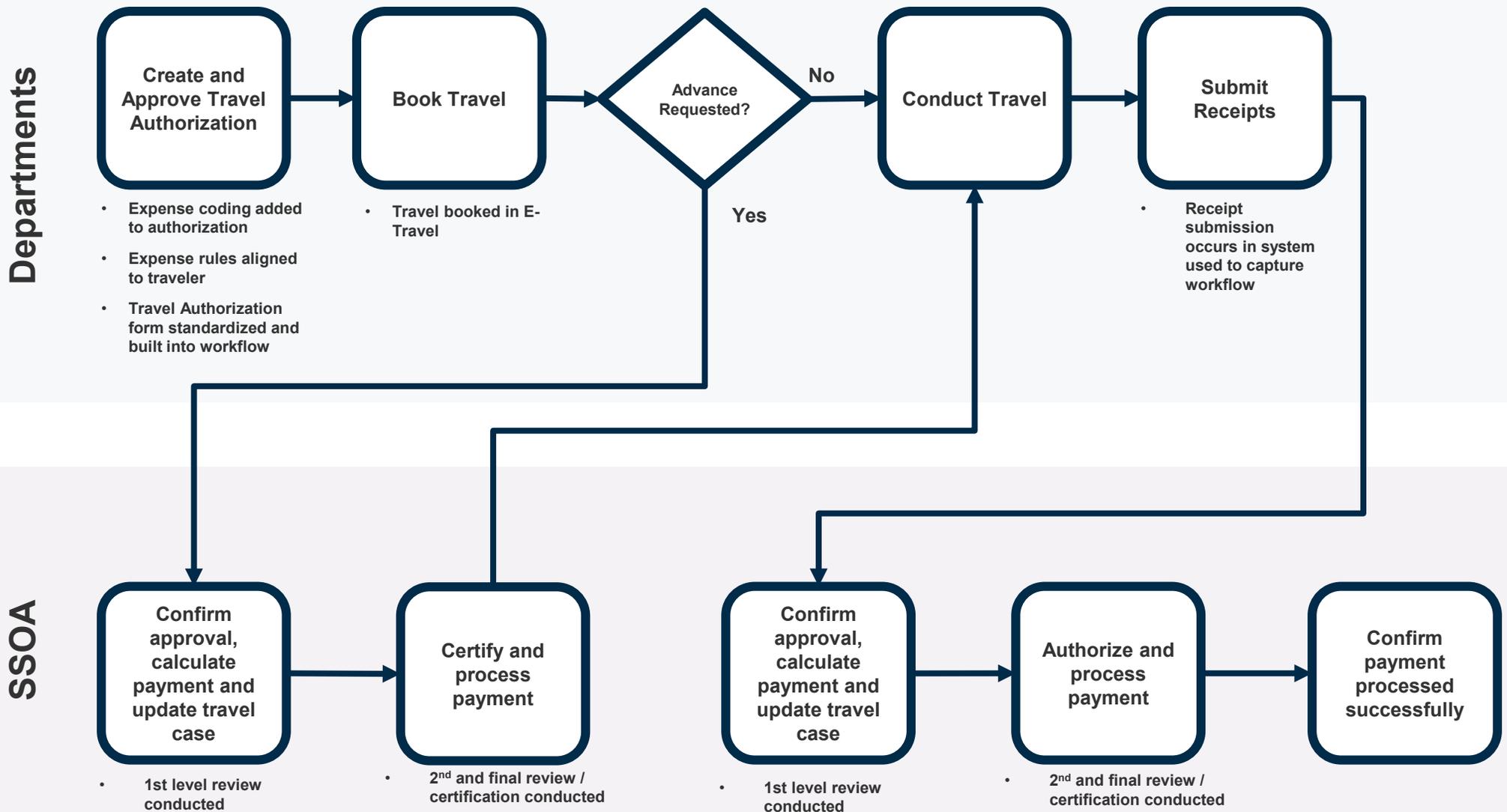


Department Liaisons

- Educate and reinforce travel expense policy and process with Departments
- Receive and act on Department requirements

Future State: Process Summary

An end to end process integrated into a single solution from initial approval to payment confirmation will improve cycle time, reduce errors and eliminate duplication of effort



Recommendation 1: Implementation Tasks & Actions

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.1

Shared Services FTE: 1 (40 Hours)

Issue administrative order/directive to establish Statewide consolidated State Travel processing authority

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify process to distribute administrative order									
2.	Identify resource(s) to author administrative order									
3.	Identify reviewers and approvers									
4.	Create draft administrative order for review									
5.	Review and approve administrative order									
6.	Distribute administrative order to Departments									

Recommendation 1: Continued

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.2

Shared Services FTE: 2 (160 Hours)

Define "Transaction" and service level measures source data

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify and document the key metrics to be tracked and managed									
2.	Identify and document the underlying data used to capture metrics									
3.	Identify and document the calculation method used for each metric									

Recommendation 1: Continued

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.3

Shared Services FTE: 1 (80 Hours)

Establish a performance dashboard to report service level accomplishments and key metrics

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify owner and approver of the performance dashboard									
2.	Develop draft performance dashboard for review									
3.	Finalize and performance dashboard									
4.	Establish recurring cadence to produce and review performance dashboard									
5.	Establish process (including roles and responsibilities) to produce and review performance dashboard									

Recommendation 1: Continued

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.4

Shared Services FTE: 2 (160 Hours)

Validate historical Statewide travel transaction volume and validate future state organization based on projected volume and processing standards

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Compile historical Statewide travel transactions for the last three Fiscal Years by month and identify processing by SSOA vs. Departments									
2.	Identify stakeholders to validate Statewide travel transactions									
3.	Validate Statewide travel transactions with key stakeholders									
4.	Calculate SSOA staff size need by comparing historical monthly peak transaction volume with median industry best practice transaction processing by FTE									

Recommendation 1: Continued

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.5

Shared Services FTE: 3 (240 Hours)

Create new space facility plan for future SSOA Travel Unit

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Evaluate current office space footprint against future state organizational need									
2.	Identify optimal space need in conjunction with AP office space needs (Travel will require less space, AP will require more)									
3.	Identify cost of future state office space need									
4.	Define skill requirements for Travel staff									
5.	Revise budget appropriation for positions and respective office space									
6.	Secure "right sized" office space need in conjunction with AP									
7.	Identify individuals to remain dedicated to Travel team and remaining staff intended to align to the SSOA AP team									
8.	Finalize Travel staffing organization									

Recommendation 1: Continued

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.6

Shared Services FTE: 3 (380 Hours)

Onboard remaining department demand

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify FTE to remain dedicated to Travel team and remaining staff intended to align to the SSOA AP team									
2.	Develop Statewide onboarding roadmap and determine onboard approach (onboard all Departments at the same time vs. phased approach)									
3.	Communicate Statewide onboarding roadmap									
4.	Develop material to conduct Department onboarding workshops									
5.	Conduct onboarding workshops									
6.	Migrate remaining transaction processing to SSOA									
7.	Conduct recurring reviews with stakeholders from key Department staff to monitor onboarding effectiveness									

Note: Dependent on solution enhancements

Recommendation 1: Continued

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.7

Shared Services FTE: 2 (160 Hours)

Develop SSOA Travel Expense reconciliation and certification checklist

Implementation Actions

A. Identify and document the checklist of items requiring data input, calculations and verifications informed by common processing issues

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for documentation and approval									
2.	Create draft checklist									
3.	Review and finalize checklist									

Implementation Actions

B. Identify and document the checklist of items requiring certification and the criteria for certification informed by common issues

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for documentation and approval									
2.	Create draft checklist									
3.	Review and finalize checklist									

Recommendation 1: Continued

Complete consolidation of Statewide Travel & Expense processing to SSOA

Task 1.7

Shared Services FTE: 2 (160 Hours)

Develop SSOA Travel Expense reconciliation and certification checklist - Continued

Implementation Actions

C. Establish an ongoing process to update the checklist and mechanism to make it available to all impacted stakeholders

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for checklist update and communication									
2.	Review and finalize process to update checklist and provide communications to key stakeholders									
3.	Review and finalize checklist									
4.	Operationalize the process to update checklist and provide communications to key stakeholders									

Note: Dependent on solution enhancements

Recommendation 2: Overview

Define requirements and deploy solution for an end to end integrated workflow

#	Key Tasks	Timeline	Owner	Complexity
1.	Define key business requirements for integration of travel authorization and the use of common IRIS standardized chart fields for travel expense reimbursements	1 to 2 Months	SSOA Project Mgr.	Medium
2	Evaluate IRIS and Travel & Expense solutions based on key requirements and recommend solution	1 Month	SSOA Project Mgr.	Medium
3.	Configure solution and enhance business process based on business requirements	2 to 3 Months	SSOA Project Mgr.	High
4.	Rollout enhanced Travel & Expense capabilities	2 Months	SSOA Project Mgr.	Medium

Summary and Benefits

- :
- Reduce duplication of effort and manual processing errors
 - Streamline end to end process by utilizing one system and leverage core Travel & Expense system capabilities

Dependencies

- Departments that currently processes confidential travel, travel requiring federal reimbursements and travel for non-State of Alaska employees continue to process these scenarios until SSOA capability exists
- Solution design and configuration will drive training material development and training execution

Recommendation 2: Implementation Tasks & Actions

Define requirements and deploy solution for an end to end integrated workflow

Task 2.1

Shared Services FTE: 2 (160 Hours)

Define key business requirements for integration of travel authorization and the use of common IRIS standardized chart fields for travel expense reimbursements

Implementation Actions

A. Develop requirements for use of common IRIS standard chart fields

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Compile representative data set of chart fields currently in use									
2.	Work with Division of Finance and Departments to identify required chart fields and for what purpose									
3.	Rationalize chart fields and develop draft chart fields with Division of Finance									
4.	Conduct Department and Shared Service Working Group review & comment cycle of draft requirements									
5.	Finalize chart field requirements for Shared Services Advisory Council review									
6.	Achieve standard chart field signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Define requirements and deploy solution for an end to end integrated workflow

Task 2.1 - Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for integration of travel authorization and the use of common IRIS standardized chart fields for travel expense reimbursements - Continued

Implementation Actions

B. Develop requirements to process “confidential” and witness travel

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Conduct Department surveys to identify Department requirements and hold Department meetings, as needed									
2.	Rationalize Department requirements and develop draft Statewide requirements									
3.	Conduct Department and Shared Services Working Group review & comment cycle of draft requirements									
4.	Finalize requirements for Shared Services Advisory Council review									
5.	Achieve signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Define requirements and deploy solution for an end to end integrated workflow

Task 2.1.- Continued

Define key business requirements for integration of travel authorization and the use of common IRIS standardized chart fields for travel expense reimbursements

Implementation Actions

C. Develop requirements to submit travel expenses for Federal Funds/Grants reimbursements

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Conduct Department surveys to identify federal grant reimbursement requirements and hold Department meetings, as needed	█								
2.	Rationalize Department requirements and develop draft Statewide requirements	█								
3.	Conduct Department and Shared Services Working Group review and comment cycle of draft requirements	█	█							
4.	Finalize requirements for Shared Services Advisory Council review		█							
5.	Achieve signoff from Shared Services Advisory Council		█							

Recommendation 2: Continued

Define requirements and deploy solution for an end to end integrated workflow

Task 2.1.- Continued

Define key business requirements for integration of travel authorization and the use of common IRIS standardized chart fields for travel expense reimbursements

Implementation Actions

D. Develop requirements to process travel for non-State of Alaska employees

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Conduct Department surveys to identify Department requirements and hold Department meetings, as needed									
2.	Rationalize Department requirements with Division of Finance and develop draft Statewide requirements									
3.	Conduct Department and Shared Services Working Group review and comment cycle of draft requirements									
4.	Finalize requirements for Shared Services Advisory Council review									
5.	Achieve signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Define requirements and deploy solution for an end to end integrated workflow

Task 2.1.- Continued

Define key business requirements for integration of travel authorization and the use of common IRIS standardized chart fields for travel expense reimbursements

Implementation Actions

E. Develop requirements to validate payment disbursement

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1	Identify mechanism to identify and report on payments approved for payment, but failed payment generation	█								
2	Identify business rules and process to rectify issue and reprocess payment, if appropriate	█								
3.	Finalize payment validation requirements	█	█							
4.	Achieve signoff from Shared Services Advisory Council		█							

Recommendation 2: Continued

Define requirements and deploy solution for an end to end integrated workflow

Task 2.2

Shared Services FTE: 1 (40 Hours)

Evaluate IRIS and Travel & Expense solutions based on key requirements and recommend solution

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Conduct evaluation of CGI Travel & Expense module against business requirements									
2.	Conduct evaluation of other 3rd party Travel & Expense solution providers against business requirements									
3.	Deliver recommendation of solution provider									
4.	Shared Services Advisory Council provides decision on solution provider									

Recommendation 2: Continued

Define requirements and deploy solution for an end to end integrated workflow

Task 2.3

Shared Services FTE: 1 (130 Hours)

Configure solution and enhance business process based on business requirements

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Contract with solution provider (CGI for T&E Module or 3rd Party Provider)									
2.	Identify / confirm configuration team owners and SMEs									
3.	Conduct design reviews and define new workflow processes with use of new automated workflow tool									
4.	Finalize design / configuration									
5.	Conduct configuration and process development									
6.	Conduct solution testing									
7.	Conduct User Acceptance Testing									

Recommendation 2: Continued

Define requirements and deploy solution for an end to end integrated workflow

Task 2.4 **Shared Services FTE: 3 (510 Hours)**

Rollout enhanced Travel & Expense capabilities

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop new and refined travel policies and procedures as a result of the new T&E solution to include standardization of reimbursement provisions for all employees									
2.	Conduct stakeholder training									
3.	Conduct stakeholder communication									
4.	Launch enhanced capabilities (Go Live!)									

Recommendation 3: Overview

Establish help desk self service portal and hotline

#	Key Tasks	Timeline	Owner	Complexity
1.	Develop requirements for a self service portal focused on publication materials	1 Month	SSOA Project Manager	Medium
2.	Develop and/or identify materials to be made available in the help desk portal	1 Month	Accounting Technician III	Low
3.	Develop a process / protocols to triage Department inquiries (telephone and email) and provide responses	1 Month	SSOA Project Manager	Low
4.	Develop help desk portal maintenance process	1 Month	Data Analyst	Low
5.	Launch help desk portal (leverage current State of Alaska solutions as applicable)	1 Month	Data Analyst	Medium

Summary and Benefits

Create self service tools for stakeholders who travel or arrange travel and a mechanism to address questions to:

- Reduce SSOA staff time spent on fielding customer inquiries
- Reduce errors in upfront process resulting in less time on task
- Increase customer satisfaction and user adoption
- Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff

Dependencies

- Travel procedures provided in the self service portal will be dependent on capability enhancements made to the end to end travel process

Recommendation 3: Implementation Tasks & Actions

Establish help desk self service portal and hotline

Task 3.1

Shared Services FTE: 1 (40 Hours)

Develop requirements for a self service portal focused on publication materials

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Document requirements for publishing travel procedures									
2.	Develop requirements for FAQs									
3.	Document requirements for publishing travel rules									
4.	Document rééquipements for communication content									

Task 3.2

Shared Services FTE: 1 (40 Hours)

Develop materials to be made available in the help desk portal

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Compile material that currently exists based on requirements									
2.	Develop material based on requirements									
3.	Review and approve self service portal material									

Recommendation 3: Continued

Establish help desk self service portal and hotline

Task 3.3

Shared Services FTE: 1 (40 Hours)

Develop a process / protocols to triage Department inquiries (telephone and email) and provide responses

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Update process to field and respond to customer inquiries, as necessary									
2.	Communicate change to customer inquiry process, if necessary									

Task 3.4

Shared Services FTE: 1 (40 Hours)

Develop help desk portal maintenance process

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for help desk portal update and communication									
2.	Develop draft process for recurring portal updates									
3.	Review and finalize process to update portal and provide communications to key stakeholders									
4.	Operationalize the process to update portal and provide communications to key stakeholders									

Recommendation 3: Continued

Establish help desk self service portal and hotline

Task 3.5

Shared Services FTE: 1 (80 Hours)

Launch help desk portal (leverage current State of Alaska solutions as applicable)

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Publish future state materials on self service portal									
2.	Communicate self service portal updates with key stakeholders									

Recommendation 4: Overview

Develop and deliver expanded training opportunities

#	Key Tasks	Timeline	Owner	Complexity
1.	Develop training materials tailored to travel roles and teams	1 to 2 Months	Accounting Technician III	Medium
2.	Establish and operationalize a process to update training to align updated revised travel reimbursement process and communicate updates to stakeholders	1 Month	Accounting Technician III	Low

Summary and Benefits

Deploy training materials to ensure travel processing staff and all Department travel coordinators understand how to effectively utilize the travel process. Key benefits to be recognized are as follows:

- Reduce duplication of effort, manual processing errors and cycle time delays
- Streamline end to end process by utilizing one system and leverage core Travel & Expense system capabilities

Dependencies

- Requirements for recommended Travel enhancements will drive training material development
- Training on recommended Travel process enhancements dependent on capability development timeline

Recommendation 4: Implementation Tasks & Actions

Develop and deliver expanded training opportunities

Task 4.1

Shared Services FTE: 2 (240 Hours)

Develop training materials tailored to travel roles and teams¹

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop job aides, workflow process documentation and solution demonstrations for internal SSOA staff									
2.	Develop end user training materials based on defined training needs to provide step by step instructions to navigate the Travel & Expense process									
3.	Develop mechanism to distribute training material based on the training strategy (options to consider include web conference, in person classroom setting, self paced training using published material, etc.)									
4.	Develop process to perform ongoing training to include train the trainer as new capabilities are made available									
5.	Operationalize the process to perform ongoing training to include building and executing a training plan									

[1] Training material development dependent on solution design

Recommendation 4: Continued

Develop and deliver expanded training opportunities

Task 4.2

Shared Services FTE: 2 (80 Hours)

Establish and operationalize a process to update training to align with updated revised travel reimbursement process and communicate updates to stakeholders

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop process to update training materials across key process roles and teams to align with latest travel process									
2.	Define roles and responsibilities for recurring updates to training materials within the SSOA organization									
3.	Communicate to stakeholders where to find training material and operationalize process to provide recurring stakeholder updates									

[1] Training material development dependent on solution design

Financial Impact Summary: Travel & Expense Reimbursements

Deployment of an integrated workflow solution with enhanced training and customer support will result in significant annual cost savings

Total Investment:
\$1.6M

Total Five-Year Return:
\$24.3M

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1.	Complete consolidation of Statewide Travel & Expense processing to SSOA	\$ 288	\$ 0	\$ (25,960)	\$ 0	\$ (25,672)
2.	Define requirements and deploy solution for an end to end integrated workflow	\$ 1,072	\$ 100	\$ 0	\$ 0	\$ 1,172
3.	Establish help desk self service portal and hotline	\$ 91	\$ 0	\$ 0	\$ 0	\$ 91
4.	Develop and deliver expanded training opportunities	\$ 60	\$ 0	\$ 0	\$ 0	\$ 60

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Risks of Not Addressing AAPEX Recommendations

Without addressing key organizational and operational challenges, the State will not be able to capture benefits from standardization

- Job skills not aligned to work tasks reduce workforce efficiency (i.e., increased time on task and increased processing errors) and enforce process standardization
- Inability to effectively enforce process standardization and compliance
- Inability to effectively balance Statewide travel task demand with travel workforce supply
- Increased learning curve ramp time for new employees and increased on the job training time by experienced staff
- Inability to streamline end to end process by not utilizing one system from travel authorization to completion of expense report processing
- Increased SSOA staff time spent on fielding customer inquiries
- Decrease in customer satisfaction and adoption

Change Management Plan

Stakeholder Change Impact Assessment

Who is impacted by these **Travel & Expense Reimbursement** operational, organizational and process improvement changes?

Shared Services Travel Team	<ul style="list-style-type: none"> ▪ New standardized end-to-end Travel processes ▪ Use of new end-to-end Travel & Expense technology solution ▪ New responsibilities include processing confidential travel ▪ Reduction in team size
Department Travel Staff	<ul style="list-style-type: none"> ▪ Departments will only be responsible for travel authorization and booking ▪ No longer responsible for processing confidential travel ▪ New travel authorization form that is built into workflow
Division of Finance	<ul style="list-style-type: none"> ▪ New standardized process for submitting expenses for reimbursement

Impact of Change

High Impact
 Medium Impact
 Low Impact

Impact of Change includes assessment of changes to processes, systems, tools, job roles, critical behaviors, mindsets, reporting structure, performance, and location

Change Management Roadmap

Recommendation	Communications Plan	Training Plan
Recommendation 1: Complete consolidation of Statewide Travel & Expense processing		
1. Issue administrative order to establish Travel processing authority Statewide	<ul style="list-style-type: none"> ▪ Discuss with the Shared Services Advisory Council and Executive Oversight Board the requirements of the Administrative Order and the expected benefits ▪ Post administrative order on website and email ASDs and other Department stakeholders about the order and what it means for them 	<ul style="list-style-type: none"> ▪ None required
2. Define “Transaction” and service level measures source data	<ul style="list-style-type: none"> ▪ Facilitate working session with Working Group to identify potential key metrics and generate buy-in for new definition of 'transaction' ▪ Socialize the key metrics and new definition of "transaction" with the Shared Services Advisory Council and incorporate any feedback ▪ Post on website the revised "transaction" definition and updated key performance metrics, and email key stakeholders (ASDs, Finance Officers) about the change and where they can find this information 	<ul style="list-style-type: none"> ▪ Training to Department Finance Officers on new processes and consistent expense coding needs
3. Establish and operationalize a performance dashboard to report service level accomplishments and key metrics	<ul style="list-style-type: none"> ▪ Review draft dashboard with Shared Services Advisory Council to solicit and incorporate feedback ▪ Email key Department Stakeholders (ASDs, Finance Officers, and Shared Services Advisory Council) to promote new performance dashboard process and where they can access the dashboards 	<ul style="list-style-type: none"> ▪ Measure adoption of performance dashboard via website views or download counts

Change Management Roadmap: Continued

Recommendation	Communications Plan	Training Plan
Recommendation 1: Continued		
4. Validate historical Statewide travel transaction volume and identify team size based on projected volume and processing standards	<ul style="list-style-type: none"> ▪ Inform Shared Services Advisory Council of historical Statewide travel transactions after it's been vetted by key department customers ▪ Inform Shared Services Advisory Council and all Department Stakeholders (ASDs and Finance Officers) about needed SSOA travel staff size and expected impact to department rates (if any) ▪ Meet with SSOA Travel Supervisors to discuss change to team size and coach them on how to talk to their staff about the changes ▪ Regularly communicate status of travel centralization and upcoming changes to Shared Services Advisory Council 	<ul style="list-style-type: none"> ▪ None required
5. Create new space facility plan for future state organization	<p>5. Inform Executive Oversight Board of final Travel team staffing plans and updated operating model</p>	<p>5. Conduct skills assessment for Travel staff and identify needed trainings</p>
6. Onboard remaining department demand	<ul style="list-style-type: none"> ▪ Announce Statewide onboarding plan at various department stakeholder meetings (ASDs, Finance Officers, other Department meetings) ▪ Have each Change Champion/Department Sponsor send message to their Department staff to actively and visibly support the travel changes ▪ Post onboarding plan on SSOA website with frequently asked questions and resources for travel coordinators ▪ Facilitate working sessions with Working Group to improve onboarding effectiveness 	<ul style="list-style-type: none"> ▪ Detailed Travel Expense training on roles of the Department versus SSOA Travel Unit

Change Management Roadmap: Continued

Recommendation	Communications Plan	Training Plan
Recommendation 1: Continued		
<p>7. Develop reconciliation and certification checklist for SSOA when processing travel expenses</p>	<ul style="list-style-type: none"> ▪ Post documentation and job aids to the SSOA website and email SSOA staff where they can find them 	<ul style="list-style-type: none"> ▪ Create process documentation and job aids for reconciliation and certification ▪ Update onboarding materials to include training on reconciliation and certification process ▪ Train SSOA Travel staff on updated reconciliation and certification processes via job shadowing ▪ Facilitate WebEx sessions with Department Travel Coordinators to learn about how SSOA reconciles and certifies reimbursements

Change Management Roadmap: Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: Define requirements and deploy solution for an end to end T&E integrated workflow		
1. Define key business requirements for integration of travel authorization and the use of common IRIS standardized chart fields for travel expense reimbursements	<ul style="list-style-type: none"> ▪ Communicate business need for chart of accounts standardization with ASDs, Finance Officers, and other Department Stakeholders ▪ Meet with ASDs and Finance Officers to review the requirements for processing confidential transactions and raise awareness how SSOA will satisfactorily meet those requirements ▪ Have the Sponsor present at an ASD meeting and send an email to Travel Coordinators to describe why the State is implementing a Travel & Expense module 	<ul style="list-style-type: none"> ▪ None required
2. Evaluate IRIS and Travel & Expense solutions based on key requirements and recommend solution	<ul style="list-style-type: none"> ▪ Provide project updates to key stakeholders during evaluation and announce the selected solution provider 	<ul style="list-style-type: none"> ▪ None required
3. Configure solution and enhance business process based on business requirements	<ul style="list-style-type: none"> ▪ Facilitate review sessions with Working Group on new workflow processes 	<ul style="list-style-type: none"> ▪ None required

Change Management Roadmap: Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: Recommendation 2: Define requirements and deploy solution for an end to end T&E integrated workflow - Continued		
4. Rollout enhanced Travel & Expense capabilities	<ul style="list-style-type: none"> ▪ Publish new policies and procedures on website and send email to Department Stakeholders where they can find this information ▪ SSOA Director celebrates successes with SSOA Travel & Expense staff and with Department Stakeholders 	<ul style="list-style-type: none"> ▪ Create job aids for SSOA Travel & Expense staff for new system functionality and train via job shadowing ▪ Create job aids for Department Travel Coordinators for new system functionality and provide classroom training ▪ Facilitate drop-in training labs for Department Travel Coordinators during Go Live

Recommendation 3: Establish help desk self service portal and hotline		
1. Develop requirements for a self service portal focused on publication materials	<ul style="list-style-type: none"> ▪ Communicate business need for self service portal and how it will benefit Department Stakeholders 	<ul style="list-style-type: none"> ▪ None required
2. Develop and/or identify materials to be made available in the help desk portal	<ul style="list-style-type: none"> ▪ Review help desk portal materials with Working Group and seek input 	<ul style="list-style-type: none"> ▪ None required

Change Management Roadmap: Continued

Recommendation	Communications Plan	Training Plan
Recommendation 3: Establish help desk self service portal and hotline - Continued		
3. Develop a process / protocols to triage Department inquiries (telephone and email) and provide responses	<ul style="list-style-type: none"> ▪ Update process to field and respond to Department inquiries, as necessary ▪ Communicate change to customer inquiry process, if necessary ▪ Document Department inquiry process, post on website, and send email to Department stakeholders about where they can find these materials 	<ul style="list-style-type: none"> ▪ None required
4. Develop help desk portal maintenance process	<ul style="list-style-type: none"> ▪ Interview several stakeholders to get feedback on help desk portal maintenance process and communications 	<ul style="list-style-type: none"> ▪ None required
5. Launch help desk portal	<ul style="list-style-type: none"> ▪ Communicate self service portal updates with key stakeholders 	<ul style="list-style-type: none"> ▪ Publish help desk job aids on self service portal ▪ Measure help desk adoption via days to resolve inquiries

Recommendation 4: Develop and deliver enhanced training opportunities		
1. Develop training materials tailored to travel roles and teams	<ul style="list-style-type: none"> ▪ Distribute posters that include training opportunities and where to find additional information and job aids 	<ul style="list-style-type: none"> ▪ Conduct training assessment to determine skills gap ▪ Develop job aids and process documentation for SSOA Travel & Expense staff ▪ Develop end user training materials and step by step job aids to navigate travel process ▪ Hold WebEx sessions with Department Travel Coordinators to review the travel process

Change Management Roadmap: Continued

Recommendation	Communications Plan	Training Plan
Recommendation 4: Develop and deliver enhanced training opportunities - Continued		
<p>2. Develop a mechanism to distribute training materials on a recurring basis based on the defined training strategy</p>	<ul style="list-style-type: none"> ▪ None required 	<ul style="list-style-type: none"> ▪ Collaborate with Division of Personnel's Training team to develop and regularly update self-guided online training modules ▪ Develop and facilitate a Train the Trainer program with SSOA Travel staff so that they can train Department Travel Coordinators on an ongoing basis ▪ Create a training feedback mechanism to continuously improve training content and delivery
<p>3. Establish and operationalize a process to update training to align with latest Travel process and communicate updates to stakeholders</p>	<ul style="list-style-type: none"> ▪ Communicate to ASDs, Finance Officers, and Department Travel Coordinators where to find training material and how frequently the material will be updated 	<ul style="list-style-type: none"> ▪ None required

ACCOUNTS PAYABLE SERVICE DELIVERY PLAN

Current State Assessment

Current State: Factors that Impact Service Delivery

People, process and technology factors contribute to substandard Accounts Payable performance

Organizational Realities

- Across the State, 110 Full Time Equivalents (FTEs) or approx. \$10.5 million in personnel costs involved in AP processing¹
 - 16 (15%) SSOA FTEs (5 vacancies)
 - 94 (85%) Other Department FTEs
- 393 employees process AP¹ with 79 distinct job titles
- Less than 10 percent of the AP transactions are processed by SSOA AP Unit²
 - FY19: 3% (14,893 of 533,343) processed by SSOA
 - FY20 (YTD Jan.): 6% (16,521 of 272,087) processed by SSOA

Technical Complexities

- IRIS Nightly batch processes requires review / update of the same transaction over a multi-day period
- Grant funded AP requires accurate fund source/type coding and supplemental supporting back-up information
- Multiple IRIS invoice payment processes (“GAX” for lease and utilities, “IN” for 3-way match invoices, etc.), but not consistently used

Resource and Skill Gaps

- Misalignment of skills with tasks
- Limited reoccurring training for Departments and SSOA personnel
- Inconsistency in coding of invoices to correct expense object codes
- Perceived lack of SSOA knowledge of Department revenue sources/types

Governance and Controls

- No State-wide standard processes, policies or procedure documents
- No mandate to use a single organization to process AP
- Limited key metrics
- Inconsistent SLA reporting and management

Process Deficiencies

- Processes differing by Department causes processing errors and duplication of work effort
- Invoices typically not received directly by AP drives duplication of effort and payment delays
- Lack of payment confirmation
- Inconsistent use of commodity and object codes

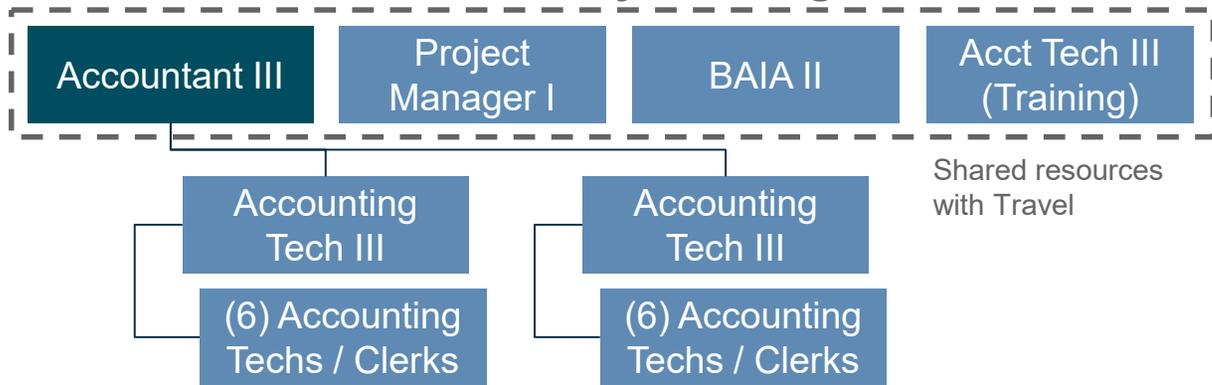
[1] Departmentwide survey conducted in 2016 to identify active employees who touch AP and reviewed by OMB in Feb. 2020 to determine if positions remain in the 2020 budget. PCNs identified as “Not Onboarded” in the survey continue to be reflected as Department resources. Two Department surveys (Health & Social Services & Law) were not available and their respective headcount is absent from this analysis.

[2] Historical transactions provided by State of Alaska Division of Finance and Shared Services of Alaska

Current State: Organizational Structure

Nearly 400 distinct State employees currently touch the Accounts Payable process

SSOA Accounts Payable Organization



Example Department Accounts Payable Organization¹



Current State Organizational Structure	Observations
<p>Shared Services 16 budgeted positions include:</p> <ul style="list-style-type: none"> – 2 FTEs (Travel Leadership, Mgt. & Training shared with AP at a 50% / 50% split) <ul style="list-style-type: none"> – T&E + AP Manager (50%) – Accountant III – Project / Process Mgr. (50%) – Project Mgr. I – Reporting & Analytics (50%) – BAIA II – Training (50%) – Accounting Tech III – 14 FTEs (9 Filled, 5 Vacant) <ul style="list-style-type: none"> – Two Accounting Tech IIIs, each supervising a team of six employees 	<p>Statewide Accounts Payable processing includes:²</p> <ul style="list-style-type: none"> – 79 distinct job titles³ – 393 distinct employees (PCNs) – 110 estimated FTEs

[1] Department of Health and Social Services

[2] Departmentwide survey conducted in 2016 to identify specific employees who touch Accounts Payable with a quantification of time allocation

[3] 16 titles aligned to “Accounting” classification; 34 titles aligned to “Admin”, “Exec. Secretary” and “Office Assistant”

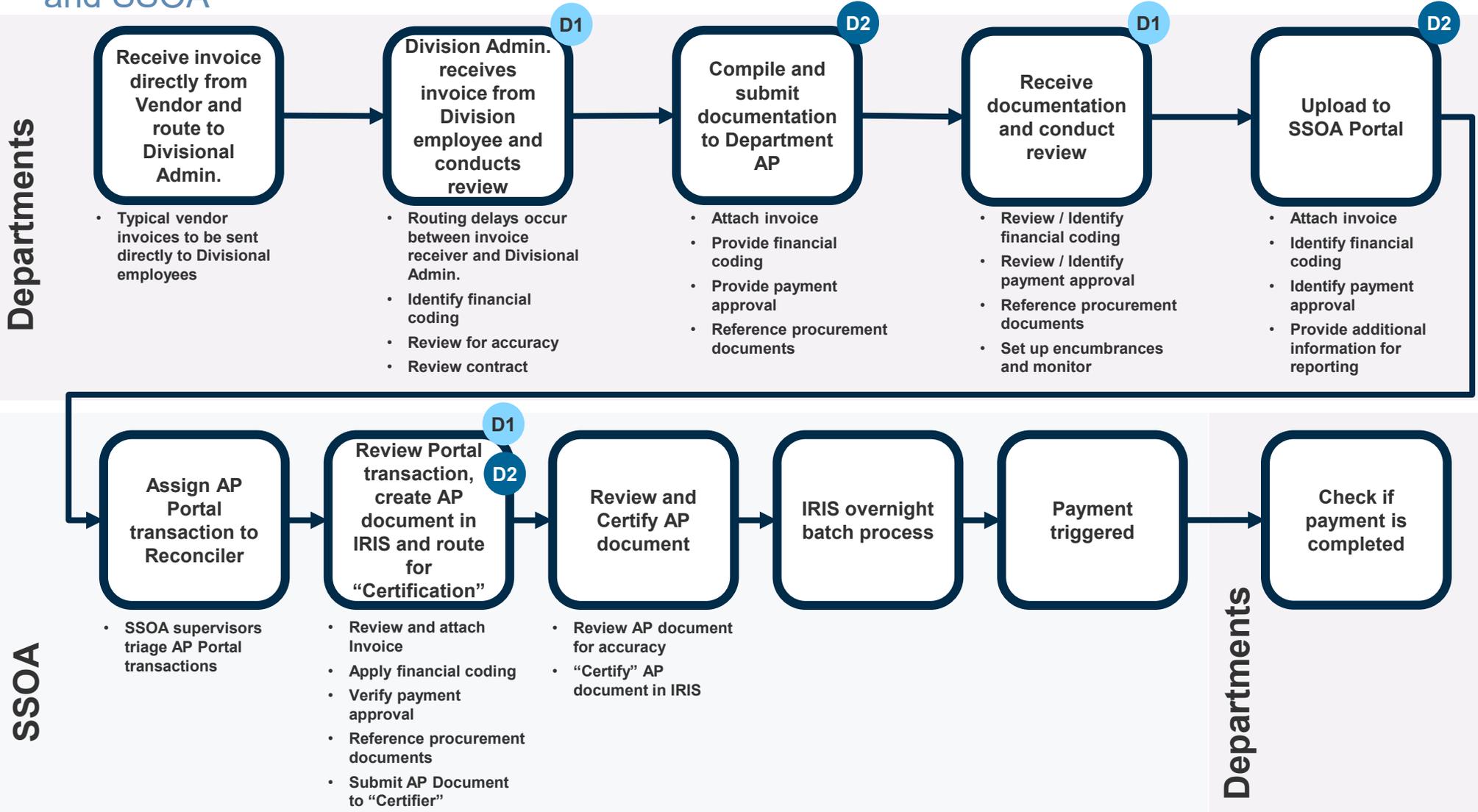
Current State: Service Management

Statewide Accounts Payable processing is not fully centralized within Shared Services

	Duty	Description	Observations
Shared Services	Review portal request and create IRIS case	<ul style="list-style-type: none"> Receive Portal request from customer Departments Enter data into IRIS 	<ul style="list-style-type: none"> Increased payables processing time due to manual data transfers from Portal to IRIS No validation of Department invoice approvals
	Process invoices for payment	<ul style="list-style-type: none"> Review AP document for accuracy Certify AP document in IRIS Process payment to vendors 	<ul style="list-style-type: none"> Inconsistent three-way match processes Not currently participating in prompt pay discount programs with vendors All payments processed manually; no ability to schedule recurring payments
	Reconcile purchase card transactions	<ul style="list-style-type: none"> Receive receipts from customer Departments Reconcile transactions in IRIS 	<ul style="list-style-type: none"> Purchase card holders not submitting receipts on time Multiple processes for submitting purchase card transactions (Portal, IRIS)
Departments	Receive invoice and submit Portal request	<ul style="list-style-type: none"> Receive invoice from vendor Attach invoice to Portal ticket Identify financial coding and payment approval Submit invoice to SSOA via ticket in Portal 	<ul style="list-style-type: none"> Receipt of payables is decentralized Lack of standardization across Departments in assignment of object and commodity codes Department submission of invoices to SSOA through Portal is not timely
	Process invoices for payment	<ul style="list-style-type: none"> Enter data into IRIS Certify transaction for payment to vendors 	<ul style="list-style-type: none"> Majority of Statewide invoices are still processed by Departments

Current State: Example of Department Processing Tasks

There are significant overlaps in tasks and work efforts between the State Departments and SSOA



D1 Duplication of effort to conduct Invoice review **D2** Duplication of effort to compile and provide invoice information



Leading Shared Services Practices

Leading Practices: Organizational Structure

Both State of Ohio and the University of Michigan receive invoices centrally at Shared Services to remove duplication of effort and improve processing time

Area	State of Ohio	University of Michigan
Departments	<ul style="list-style-type: none"> 29 Agencies served 	<ul style="list-style-type: none"> All University of Michigan Staff are process invoices through central Accounts Payable
Staffing Model	<ul style="list-style-type: none"> 10 FTEs 	<ul style="list-style-type: none"> 4 FTEs
Reporting Structure	<ul style="list-style-type: none"> Reports to the Office of Budget Management 	<ul style="list-style-type: none"> Reports to Shared Services Center
Services Provided	<ul style="list-style-type: none"> Receive invoices centrally at Shared Services Create invoice numbers if suppliers fail to provide one Create vouchers and detail any deviations from standard procedures in voucher comments Create and enforce Shared Services Accounts Payable standard processes Provide training to Agencies Send written notification to suppliers within 15 days of receipt for invoices that contain a defect Make payments within 30 days of receipt of a valid invoice Provide call center as operations base to resolve simple Agency questions 	<ul style="list-style-type: none"> Receive invoices centrally at Shared Services Make payments within 30 days of receipt of a valid invoice Provide email address as communication tool to resolve questions Create and enforce standard processes and procedures Provide training to Agencies

Leading Practices: Organizational Structure

Ohio and the University of Michigan provide comprehensive reporting for Agencies and Departments to access payment status real time

Area	State of Ohio	University of Michigan
Department Responsibilities	<ul style="list-style-type: none"> ▪ Ensure all personally identifiable information and HIPAA data is redacted from invoices prior to sending to AP ▪ Adhere to standardized, Statewide financial coding ▪ Ensure suppliers adhere to minimum critical information required to process an invoice (e.g., supplier name, address, agency, itemized detail, invoice amount) ▪ Use the Standard Invoice Pre-Processing form to add additional agency-desired processing information in addition to the invoice 	<ul style="list-style-type: none"> ▪ Include purchase order number ▪ Ensure unique invoice number is on each invoice ▪ Ensure suppliers provide a UM contact name on the invoice ▪ Send invoices to central Accounts Payable processing ▪ Ensure no HIPAA protected information is included on invoices
Governance Structure	<ul style="list-style-type: none"> ▪ Office of Budget and Management creates travel and expense policies ▪ Controlling Board oversees changes to State Budgets throughout the year 	<ul style="list-style-type: none"> ▪ Shared Services creates Accounts Payable policies
Reporting	<ul style="list-style-type: none"> ▪ VOLT Errors report ▪ Unpaid Voucher Reports ▪ Sorter Exceptions Query ▪ Current Denied Voucher Report ▪ Match Exceptions Summary 	<ul style="list-style-type: none"> ▪ Check payment status

Leading Practices: Service Management (Ohio)

Ohio reports four key performance metrics and reports daily to Agencies collection recovery efforts

Service Provided	Description
Receive invoices	<ul style="list-style-type: none"> Prioritize and assign incoming invoices to AP staff based on priority (expedites 1st, then FIFO) Ensure information required to process payment is on invoice
Federal Reimbursement	<ul style="list-style-type: none"> Assign coding to clearly identify and report on AP expenditures requiring federal reimbursements
Apply prompt pay discounts	<ul style="list-style-type: none"> Review prompt pay terms related to invoice (if applicable) Calculate revised invoice amount if prompt pay discount applies Revise the amount to be paid in IRIS based on calculated amount
Create and monitor KPIs	<ul style="list-style-type: none"> Develop KPI / Metric dashboards developed, managed and reported. Key metrics tracked
Standardized Training	<ul style="list-style-type: none"> Create and deliver training to both Department and AP staff related to policies and procedures
Call Center	<ul style="list-style-type: none"> Provide communication call center operations base to troubleshoot Agency questions
Reporting	<ul style="list-style-type: none"> Provide comprehensive reporting on processing errors, match exceptions, and unpaid vouchers to Agencies

KPI	2019 KPI Performance
Number of transactions processed	145,171
Average days per transaction	2.3
Contact Center Calls	25,778
Service Level (percentage of calls answered within 30 seconds)	91.8

Recommendations & Business Case

Summary Recommendations: Accounts Payable

Four organizational and operational improvement recommendations are recommended to optimize the State's Accounts Payable process

Recommendation	Benefits
1. Complete consolidation of Statewide Accounts Payable processing to SSOA	<ul style="list-style-type: none"> ▪ Align job skills to work tasks to increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization ▪ Effectively balance Statewide AP task demand with AP workforce supply
2. Standardize and streamline Accounts Payable workflow process	<ul style="list-style-type: none"> ▪ Reduce duplication of effort and manual processing errors ▪ Streamline end to end process to increase workforce efficiency (i.e., reduced time on task) and enforce process standardization
3. Establish help desk self service portal and hotline	<ul style="list-style-type: none"> ▪ Reduce SSOA staff time spent on fielding customer inquiries ▪ Reduce errors in upfront process resulting in less time on task ▪ Increase customer satisfaction and user adoption
4. Develop and deliver expanded training opportunities	<ul style="list-style-type: none"> ▪ Reduce duplication of effort, manual processing errors and cycle time delays ▪ Reduce adoption time of future state enhancements ▪ Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff

Recommendation Summary: Accounts Payable

AAPEX recommends changes to both Shared Service organization and operational processes to optimize the State's Accounts Payable process

1. Complete centralization of Statewide Accounts Payable processing to SSOA

- Establish administrative mandate for Accounts Payable processing through SSOA
- Right-size SSOA Accounts Payable organization to 74 positions to handle the full consolidation of AP processing transactions
- Define key metrics and the capability to report service level accomplishments (metrics)
- Develop AP transaction reconciliation and certification checklist

2. Standardize and streamline Accounts Payable workflow process

- Establish and operationalize a central invoice intake channel
- Enhance Accounts Payable workflow capabilities by defining requirements, configure target solution / processes and rollout enhanced capabilities

3. Establish help desk self service portal and hotline

- Enhance self service portal to improve service delivery
- Create Help Desk phone and email hotline to address customer questions

4. Develop and deliver expanded training opportunities

- Deploy training for improved Department and SSOA accountability in AP processing

Recommendation 1: Overview

Complete consolidation of Statewide Accounts Payable processing

#	Key Tasks	Timeline	Owner	Complexity
1.1	Issue administrative order to establish Accounts Payable processing authority Statewide	1 Month	DOA Commissioner	Medium
1.2	Define “Transaction” and service level measures source data	1 to 2 Months	Accountant III	Medium
1.3	Establish and operationalize a performance dashboard to report service level accomplishments and key metrics	1 to 2 Months	Accountant III	Low
1.4	Validate historical Statewide AP transaction volume to confirm staffing requirements based on projected volume and processing standards	1 Month	Accountant III	Medium
1.5	Create new space facility plan for future state organization	3 Months	Accountant III	Low
1.6	Onboard remaining Department demand	4 to 6 Months	Accountant III	Medium
1.7	Develop AP reconciliation and certification checklist	3 Months	Accountant III	Low

Summary and Benefits

- Complete consolidation of AP processing for All Departments
- Align job skills to work tasks to increase workforce efficiency (i.e., reduced time on task and reduced processing errors) and enforce process standardization
- Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff
- Onboard remaining Department demand (includes partially onboarded Departments and non-onboarded Departments)

Dependencies

- Department staff that currently process invoices requiring federal reimbursements will continue to process these transactions until respective capabilities exist within SSOA
- SSOA staff in place to process transaction volume currently processed by Departments
- Checklist dependent on future state capabilities introduced in the AP end to end system enhancement recommendation

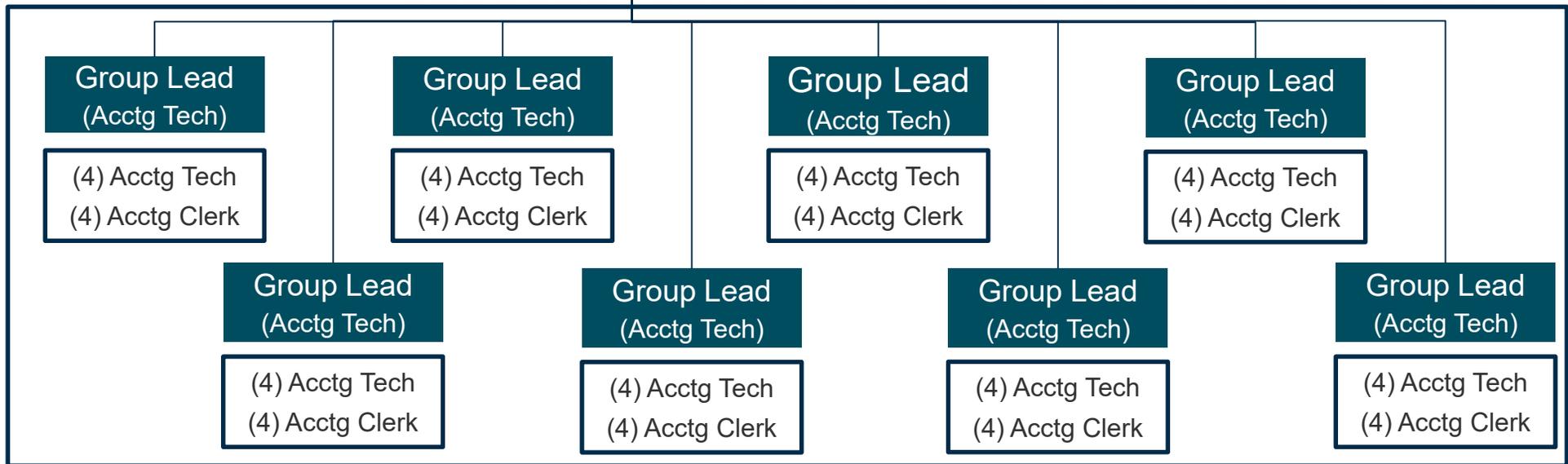
Future State: Organizational Structure

Full SSOA consolidation of Accounts Payable will require an organization size of 74 positions (27 new positions) to accommodate all Department AP transaction volume

Proposed SSOA AP Unit size to process 50,265 monthly transaction volume



Shared resources with T&E



Org Alignment	Travel Org	Accounts Payable Org
	39 FTEs (31 Filled; 8 Vacant): Current State SSOA HC	16 FTEs (11 Filled; 5 Vacant): Current State SSOA HC
	8 FTEs: Future State SSOA HC	74 FTEs: Future State HC
	31 FTEs (23 Filled; 8 Vacant): SSOA positions to shift to AP	58 FTEs: Add'l FTEs Needed in SSOA
		31 FTEs (23 Filled; 8 Vacant): SSOA Travel positions shift to AP
		27 FTEs: Add'l SSOA positions required to represent an SSOA staff size of 74 FTEs

KPI	KPI Target
Cycle time to approve an invoice and schedule payment	3 to 6 Days ¹
# of Invoices processed per FTE / Year	9,002 ²
Maximum monthly invoice throughput	50,265 ³

[1] SSON Analytics - North America Shared Services 2020 Benchmarking Report

[2] APQC Benchmarking

[3] 95% of Statewide peak invoice transaction volume from highest transaction volume month within FY 2019 (Historical transactions provided by Alaska Division of Finance)

Future State: Service Management

Recommended AP staffing organization of 74 positions to handle the full consolidation of Statewide AP transaction volume

	Service Task	Description
Shared Services	Central receiving of all vendor invoice payment requests	<ul style="list-style-type: none"> Central receipting of all Statewide invoices. Prioritize and assign incoming invoices to AP staff based on priority (expedites 1st, then FIFO)
	Federal Reimbursement	<ul style="list-style-type: none"> Process in place to process AP transactions to clearly identify and report on AP expenditures requiring federal reimbursements
	Apply prompt pay discount rules when processing an invoice for payment	<ul style="list-style-type: none"> Review prompt pay terms related to invoice (if applicable) Calculate revised invoice amount if prompt pay discount applies Revise the amount to be paid in IRIS based on calculated amount
	Process invoices within SLA and monitor overall performance	<ul style="list-style-type: none"> Target SLA to process an invoice for payment is 3 – 6 days Targeted KPI: Cycle time (avg.), transaction volume, transactions processed per person (per day or week)
	Reconcile and clear prepaid expenses	<ul style="list-style-type: none"> Review, reconcile and clear prepaid expenses on a recurring basis
	Validate payment disbursements	<ul style="list-style-type: none"> Validate payment disbursements were processed Provide corrective action for transactions that fail payment processing
	Standardized Training	<ul style="list-style-type: none"> Create and deliver training to both Department and SSOA staff related to policies and procedures
Depts	Issue Resolution	<ul style="list-style-type: none"> Address issues / questions related to the timely processing of an invoice (as needed)

Future State: Department and Shared Service Responsibilities

Departments will be responsible to confirm receipt of goods and services while Accounts Payable will ensure accurate payments are processed in a timely manner

Departments

- Goods and services would be paid through (1) Requisitions & POs, (2) P-Cards or (3) Urgent Purchases
- Submit requisitions for any good or service spending request over \$1
- Receive good / service
- Upload receipt to IRIS
- Assign financial coding in IRIS
- Review and approve charges for business purposes
- Fill out and approve short forms for “urgent purchases”
- Review procurement card expense transactions and validate object codes in IRIS
- Remove any confidential or HIPAA related information from receipts or requisition documents

Accounts Payable (Shared Services)

- Receive invoices centrally
- Conduct three way matching
- Audit invoices / receipts for alignment with Alaska Administrative Manual (AAM) purchasing guidelines
- Confirm financial coding in IRIS
- Apply prompt pay discounts
- Certify transactions
- Process urgent spending by Department and Division
- Ensure payment transactions are cleared
- Support help desk and training programs for Department staff
- Train AP staff on confidential, sensitive or HIPAA payment requirements

Future State: Organizational Goals

Shared Services should focus on processing Statewide transaction volume within stated SLAs while working with Departments to reinforce consolidated purchasing and proper coding practices



Execution Excellence

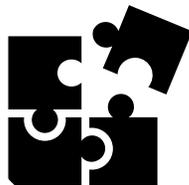
- Process Accounts Payable transactions within stated SLAs
- Proactively track and manage transaction processing to highlight and rectify performance issues

Accounts Payable



Change Agents

- Identify and drive continuous process improvement to recognize efficiency savings
- Provide regular reporting to Departments

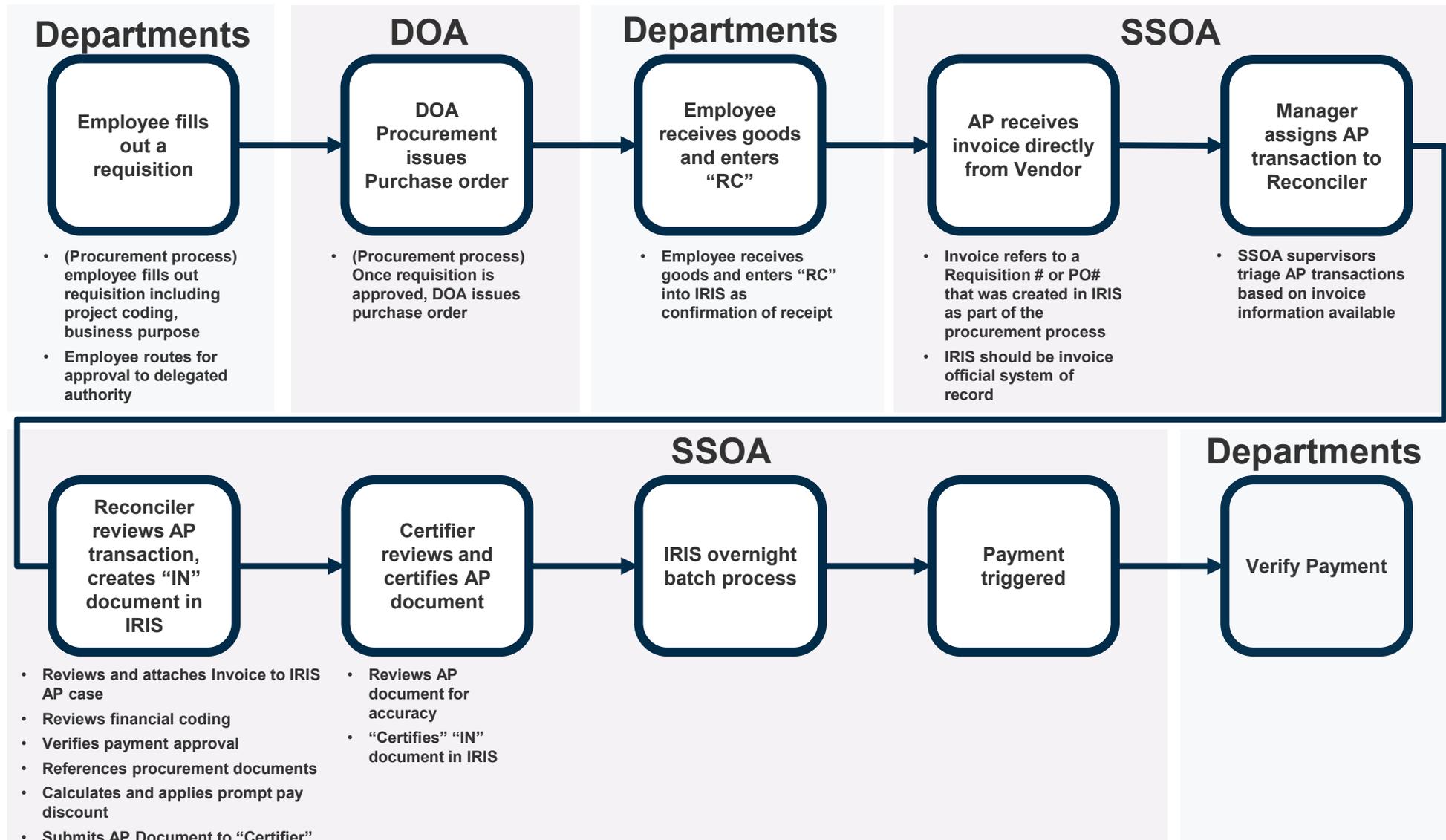


Department Liaisons

- Educate and reinforce Accounts Payable expense policy and process with Departments
- Receive and act on Department requirements

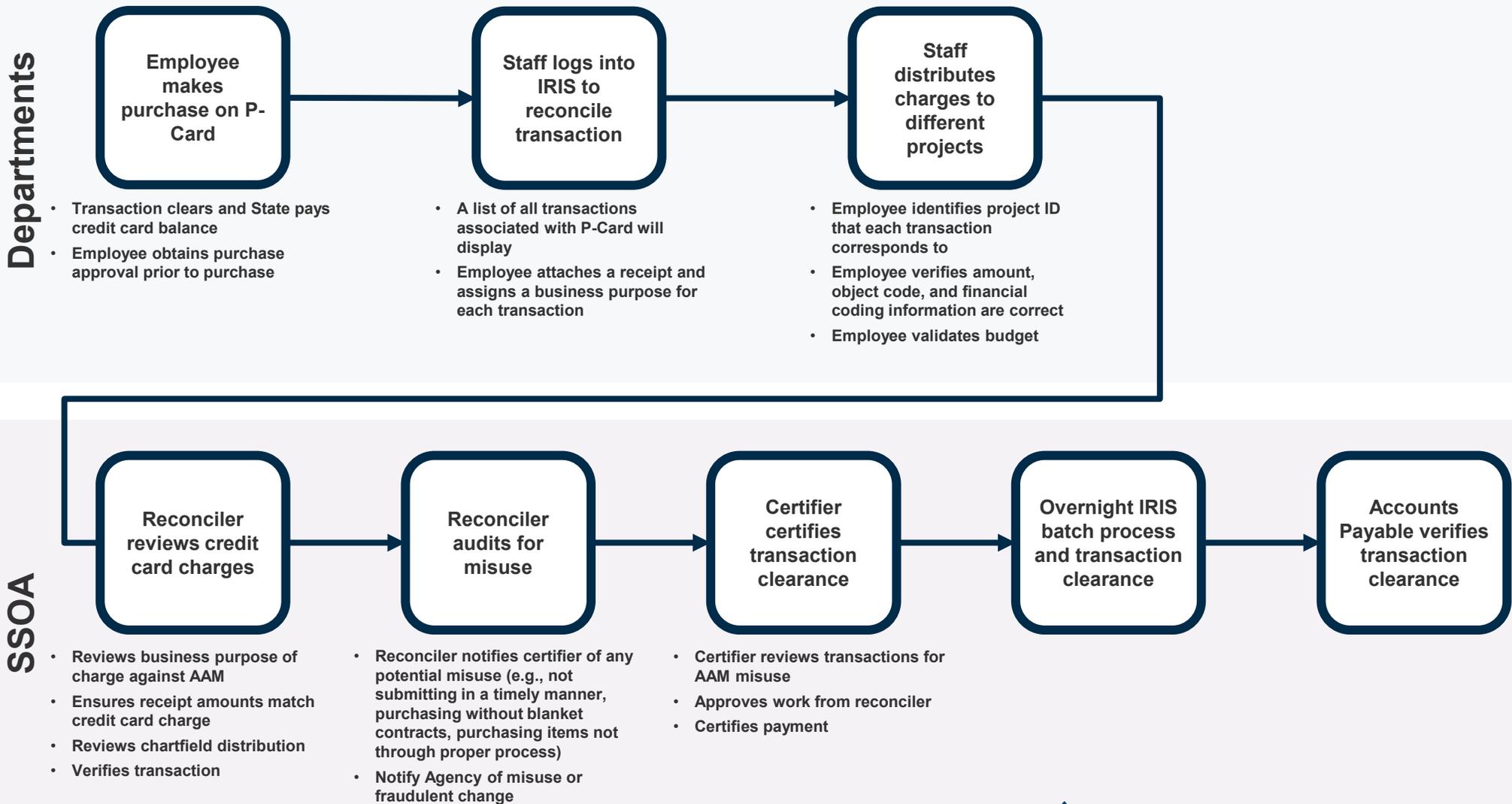
Future State: Standard Purchases

Shared Services should establish a streamlined Procure-to-Payment process



Future State: P-Card Process Summary

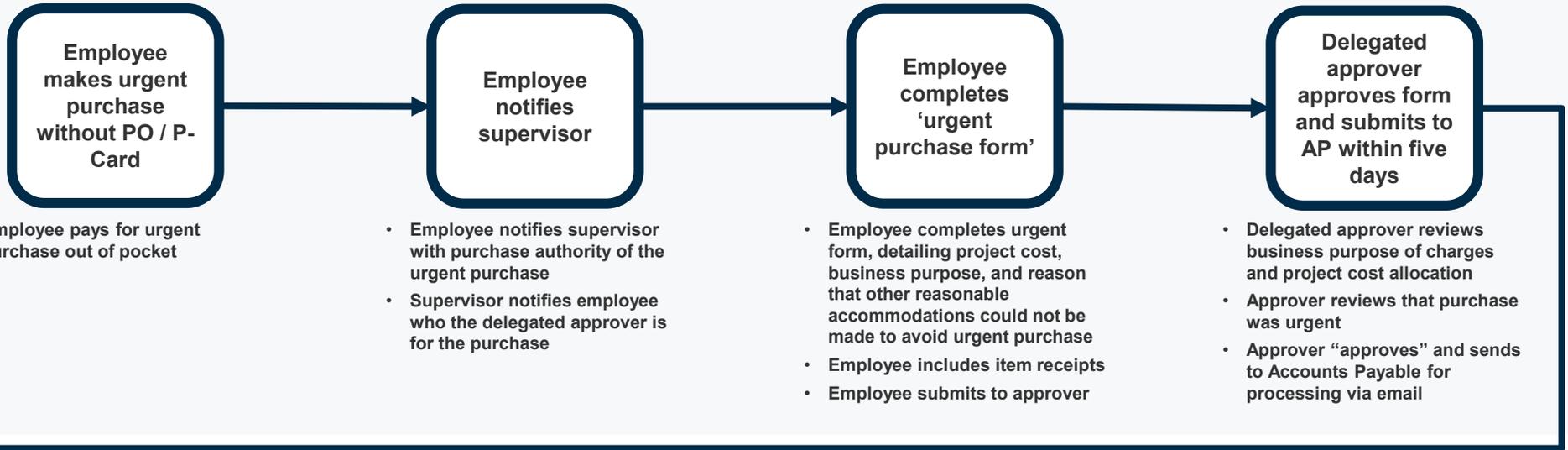
Shared Services should revamp the P-Card process to eliminate unnecessary back and forth between Departments and SSOA Staff



Future State: Urgent Purchases

Shared Services should ensure employees have the ability to make urgent purchases for State business and be reimbursed

Departments



- Employee pays for urgent purchase out of pocket

- Employee notifies supervisor with purchase authority of the urgent purchase
- Supervisor notifies employee who the delegated approver is for the purchase

- Employee completes urgent form, detailing project cost, business purpose, and reason that other reasonable accommodations could not be made to avoid urgent purchase
- Employee includes item receipts
- Employee submits to approver

- Delegated approver reviews business purpose of charges and project cost allocation
- Approver reviews that purchase was urgent
- Approver “approves” and sends to Accounts Payable for processing via email

SSOA



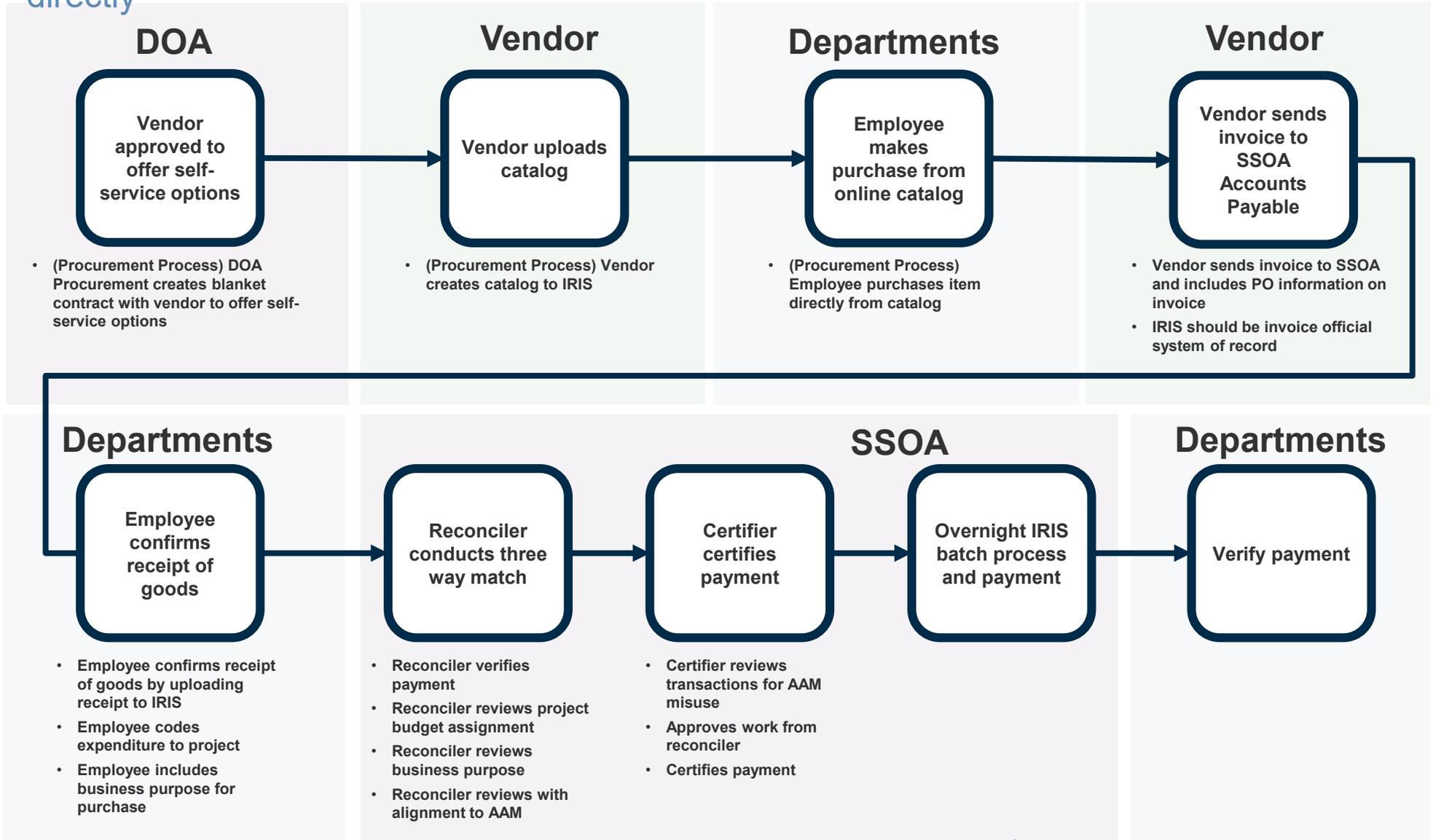
- Reconciler reviews business purpose of charge against AAM
- Reconciler ensures receipt amounts match reimbursement request
- Reconciler reviews urgent purchase purpose
- Reconciler notifies certifier of any potential misuse
- Reconciler creates IRIS case

- Certifier verifies payment and urgent purpose
- Certifier reviews transactions for misuse
- Certifier approves work from reconciler

- AP Manager logs and tracks all urgent purchases centrally
- Manager tracks repeat-urgent purchases from Divisions or Departments
- Manager escalates to ensure only necessary use of urgent purchases

Future State: Vendor Self Service

SSOA should create a self-service catalog to enable employee to make purchases directly



Recommendation 1: Implementation Tasks and Actions

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.1

Shared Services FTE: 1 (40 Hours)

Issue administrative order to establish Accounts Payable processing authority Statewide

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify process to distribute administrative order									
2.	Identify resource(s) to author administrative order									
3.	Identify reviewers and approvers									
4.	Create draft administrative order for review									
5.	Review and approve administrative order									
6.	Distribute administrative order to Departments									

Recommendation 1: Continued

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.2

Shared Services FTE: 2 (160 Hours)

Define “Transaction” and service level measures source data

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify and document the key metrics to be tracked and managed									
2.	Identify and document the underlying data used to capture metrics									
3.	Identify and document the calculation method used for each metric									

Recommendation 1: Continued

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.3

Shared Services FTE: 1 (80 Hours)

Establish and operationalize a performance dashboard to report service level accomplishments and key metrics

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify owner and approver of the performance dashboard									
2.	Develop draft performance dashboard for review									
3.	Finalize and performance dashboard									
4.	Establish recurring cadence to produce and review performance dashboard									
5.	Establish process (including roles and responsibilities) to produce and review performance dashboard									

Recommendation 1: Continued

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.4

Shared Services FTE: 2 (160 Hours)

Validate historical Statewide AP transaction volume to confirm staffing requirements based on projected volume and processing standards

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Compile historical Statewide AP transactions for the last 3 Fiscal Years by month and identify processing by SSOA vs. Departments									
2.	Identify stakeholders to validate Statewide AP transactions									
3.	Validate Statewide AP transactions with key stakeholders									
4.	Calculate SSOA staff size need by comparing historical monthly peak transaction volume with median industry best practice transaction processing by FTE									

Recommendation 1: Continued

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.5

Shared Services FTE: 3 (390 Hours)

Create new space facility plan for future state organization

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Evaluate current office space footprint against future state organizational need									
2.	Identify optimal space need in conjunction with Travel team office space needs (Travel will require less space, AP will require more space)									
3.	Identify cost of future state office space need									
4.	Define skill requirements for AP staff									
5.	Revise budget appropriation for positions and respective office space									
6.	Secure “right sized” office space need in conjunction with Travel office space needs									
7.	Develop job descriptions for AP positions in SSOA and post positions targeted for Department AP staff and SSOA Travel staff no longer required									
8.	Screen applicants and fill positions									

Recommendation 1: Continued

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.6

Shared Services FTE: 2 (340 Hours)

Onboard remaining Department demand

Implementation Actions

#	Action Description	Implementation Months												
		1	2	3	4	5	6	7	8	9	10			
1.	Evaluate the combination of (1) new capability timeline, (2) transaction volume and (3) onboarding timeline for SSOA staff, if applicable													
2.	Develop Statewide onboarding roadmap and determine onboard approach (onboard all Departments at the same time vs. phased approach)													
3.	Communicate Statewide onboarding roadmap													
4.	Develop material to conduct Department onboarding workshops													
5.	Conduct onboarding workshops													
6.	Migrate transaction processing to SSOA (partially onboarded Departments will be the primary focus during the first onboarding month)													
7.	Conduct recurring reviews with stakeholders from key Department staff to monitor onboarding effectiveness													

Recommendation 1: Continued

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.7

Shared Services FTE: 2 (260 Hours)

Develop AP reconciliation and certification checklist – Continued

Implementation Actions

A. Identify and document the checklist of items requiring data input, calculations and verifications informed by common processing issues

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for documentation and approval									
2.	Create draft checklist									
3.	Review and finalize checklist									

Implementation Actions

B. Identify and document the checklist of items requiring certification and the criteria for certifying transactions informed by common issues

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for documentation and approval									
2.	Create draft checklist									
3.	Review and finalize checklist									

Recommendation 1: Continued

Complete consolidation of Statewide Accounts Payable processing to SSOA

Task 1.7

Shared Services FTE: 2 (260 Hours)

Develop AP reconciliation and certification checklist

Implementation Actions

C. Establish an ongoing process to update the checklist and mechanism to make it available to all impacted stakeholders

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for checklist update and communication									
2.	Develop draft process for recurring checklist updates									
3.	Review and finalize process to update checklist and provide communications to key stakeholders									
4.	Operationalize the process to update checklist and provide communications to key stakeholders									

Recommendation 2: Overview

Standardize and streamline Accounts Payable workflow processes

#	Key Tasks	Timeline	Owner	Complexity
1.	Establish and operationalize central invoice intake channel (invoices routed directly to central SSOA AP)	2 Months	SSOA Project Manager	Medium
2.	Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)	2 Months	SSOA Project Manager	Medium
3.	Configure solution and enhance business process based on business requirements	2 to 3 Months	SSOA Project Manager	High
4.	Rollout enhanced Accounts Payable capabilities	4 to 6 Months	SSOA Project Manager	Medium

Summary and Benefits

- AP invoices will be routed directly to SSOA AP with improved workflow Reduce duplication of effort and manual processing errors
- Streamline end to end process to increase workforce efficiency (i.e., reduced time on task) and enforce process standardization
- Solution configuration expectation is to configure the current functionality within the IRIS AP module such as updating approval routing (i.e., no anticipated IRIS core code changes)

Dependencies

- Departments that currently processes AP requiring federal reimbursements will continue to process transactions until SSOA capability exists
- Full transition of AP processing to SSOA dependent SSOA staff size to accommodate Statewide AP transaction volume
- Solution design and configuration will drive training material development and training execution

Recommendation 2: Implementation Tasks and Actions

Standardize and streamline Accounts Payable workflow processes

Task 2.1

Shared Services FTE: 2 (120 Hours)

Establish and operationalize central invoice intake channel (invoices routed directly to central SSOA AP)

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Establish invoice intake mechanism for all invoices (i.e., central email address to receive invoices)	█								
2.	Establish process to triage incoming invoices from established intake channel	█								
3.	Identify where references exist with instructions to provide invoices other than to the central SSOA intake channel							█		
4.	Establish and execute process to change intake references to central SSOA intake channel							█		

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

A. Develop requirements for use of common IRIS standard chart fields (e.g., Fund, Department, Division, Project Object Code)

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Compile representative data set of chart fields currently in use									
2.	Work with Division of Finance and Departments to identify required chart fields and for what purpose									
3.	Rationalize chart fields and develop draft chart fields with Division of Finance									
4.	Conduct Department and Shared Service Working Group review & comment cycle of draft requirements									
5.	Finalize chart field requirements for Shared Services Advisory Council review									
6.	Achieve standard chart field signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2 - Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

B. Develop coding requirements to submit expenses for federal grant reimbursement

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Conduct Department surveys to identify federal grant reimbursement requirements and hold Department meetings, as needed	█								
2.	Rationalize Department requirements and develop draft Statewide requirements	█								
3.	Conduct Department and Shared Services Working Group review & comment cycle of draft requirements	█	█							
4.	Finalize requirements for Shared Services Advisory Council review		█							
5.	Achieve signoff from Shared Services Advisory Council		█							

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2 – Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

C. Develop requirements to reconcile and clear prepaid items

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify mechanism to identify and report on prepaid items to be cleared									
2,	Identify business rules and process reconcile and clear prepaid items									
3,	Finalize requirements to reconcile and clear prepaid items									
4.	Achieve signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2 – Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

D. Develop requirements and capabilities to validate payment disbursement

#	Action Description	Implementation Months								
		1	2	3	4	6	6	7	8	9
1.	Identify mechanism to identify and report on transactions approved for payment, but failed payment generation									
2.	Identify business rules and process to rectify issue and reprocess payment, if appropriate									
3.	Finalize payment validation requirements									
4.	Achieve signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2 – Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

E. Develop / identify business rules for uploading receipts into IRIS for the standard purchases where a PO has been issues (Standard Purchase business process)

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify business rules / requirements and process to upload receipts into IRIS									
2.	Finalize business rules / requirements and process to upload receipts into IRIS									
3.	Achieve signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2 – Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

F. Develop requirements and business rules for (1) P-Card purchaser to provide financial coding in IRIS and (2) System routing for purchase approval within IRIS (P-Card business process)

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify business rules / requirements to provide P-Card financial coding in IRIS and purchase approval routing. Work with P-Card vendor to establish default coding on transactions.									
2.	Finalize business rules / requirements to provide P-Card financial coding in IRIS and purchase approval routing									
3.	Achieve signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2 – Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

G. Develop requirements for an urgent purchase process where an employee makes a purchase determined as urgent with personal funds (Urgent Purchase business process)

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Define the criteria for an urgent purchase	█								
2.	Identify requirements for an urgent purchase process	█								
3.	Develop requirements for an urgent purchase reimbursement form	█								
4.	Finalize requirements for an urgent process	█	█							
5.	Achieve signoff from Shared Services Advisory Council		█							

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.2 – Continued

Shared Services FTE: 2 (160 Hours)

Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)

Implementation Actions

H. Evaluate the Vendor Self Service process and enhance the process, if needed (Vendor Self Service)

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Evaluate the current vendor self service process and identify recommended enhancements									
2.	Develop requirements for recommended enhancements, if applicable									
3.	Finalize requirements for recommended enhancements, if applicable									
4.	Achieve signoff from Shared Services Advisory Council									

Recommendation 2: Continued

Standardize and streamline Accounts Payable workflow processes

Task 2.3

Shared Services FTE: 3 (510 Hours)

Configure solution¹ and enhance business process based on business requirements

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify / confirm configuration team owners and SMEs									
2.	Conduct design reviews and define new workflow processes									
3.	Finalize design / configuration									
4.	Conduct configuration and process development									
5.	Conduct solution testing									
6.	Conduct User Acceptance Testing									

[1] Solution configuration expectation is to configure the current functionality within the IRIS AP module such as updating approval routing (i.e., no anticipated IRIS core code changes)

Recommendation 3: Overview

Establish help desk self service portal and hotline

#	Key Tasks	Timeline	Owner	Complexity
1.	Develop requirements for a self service portal for the publication of AP procedures and FAQs	1 Month	SSOA Project Manager	Medium
2.	Develop and/or identify materials to be made available in the help desk portal	1 Month	Accounting Technician III	Low
3. 4.	Develop a process / protocols to triage Department and vendor inquiries (telephone and email) and provide responses	1 Month	SSOA Project Manager	Low
5.	Develop help desk portal maintenance process	1 Month	Data Analyst	Low
6.	Launch help desk portal (leverage current State of Alaska solutions as applicable)	1 Month	Data Analyst	Medium

Summary and Benefits

- Create self service tools for stakeholders who are directly or indirectly involved in the purchase of goods / services and a mechanism
- Reduce SSOA staff time spent on fielding customer inquiries
- Reduce errors in upfront process resulting in less time on task
- Increase customer satisfaction and user adoption
- Shorten learning curve ramp time for new employees and reduce on the job training time by experienced staff

Dependencies

- AP procedures provided in the self service portal will be dependent on capability enhancements made to the end to end AP process

Recommendation 3: Implementation Tasks and Actions

Establish help desk self service portal and hotline

Task 3.1

Shared Services FTE: 1 (40 Hours)

Develop requirements for a self service portal for the publication of AP procedures and Frequently Asked Questions (FAQs)

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Document requirements for publishing AP procedures									
2.	Develop requirements for FAQs									
3.	Document requirements for communication content									

Recommendation 3: Continued

Establish help desk self service portal and hotline

Task 3.2

Shared Services FTE: 1 (170 Hours)

Develop and/or identify materials to be made available in the help desk portal

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Compile material that currently exists based on requirements									
2.	Develop material based on requirements									
3.	Review and approve self service portal material									

Recommendation 3: Continued

Establish help desk self service portal and hotline

Task 3.3

Shared Services FTE: 1 (30 Hours)

Develop a process / protocols to triage Department and vendor inquiries (telephone and email) and provide responses

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Update process to field and respond to Department and vendor inquiries, as necessary									
2.	Communicate change to inquiry process, if necessary									

Recommendation 3: Continued

Establish help desk self service portal and hotline

Task 3.4

Shared Services FTE: 1 (40 Hours)

Develop help desk portal maintenance process

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Identify roles and responsibilities for help desk portal update and communication									
2.	Develop draft process for recurring portal updates									
3.	Review and finalize process to update portal and provide communications to key stakeholders									
4.	Operationalize the process to update portal and provide communications to key stakeholders									

Recommendation 3: Continued

Establish help desk self service portal and hotline

Task 3.5

Shared Services FTE: 1 (80 Hours)

Launch help desk portal (leverage current State of Alaska solutions as applicable)

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Publish future state materials on self service portal									
2.	Communicate self service portal updates with key stakeholders									

Recommendation 4: Overview

Develop and deliver expanded training opportunities

#	Key Tasks	Timeline	Owner	Complexity
1.	Develop training materials tailored to AP roles and teams	1 to 2 Months	Accounting Technician III	Medium
2.	Develop a mechanism to distribute training materials on a recurring basis based on the defined training strategy	1 Month	Accounting Technician III	Low
3.	Establish and operationalize a process to update training to align with latest AP process and communicate updates to stakeholders	1 Month	Accounting Technician III	Low

Summary and Benefits

- Deploy training materials to ensure Accounts Payable (AP) processing staff and all consumers of the AP process understand how to effectively utilize the process
- Reduce duplication of effort, manual processing errors and cycle time delays
- Reduce adoption time of future state enhancements

Dependencies

- Requirements for recommended AP enhancements will drive training material development
- Training on recommended AP process enhancements dependent on capability development timeline

Recommendation 4: Implementation Tasks and Actions

Develop and deliver expanded training opportunities

Task 4.1

Shared Services FTE: 2 (160 Hours)

Develop training materials tailored to AP roles and teams

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop job aides, workflow process documentation and solution demonstrations for internal SSOA staff									
2.	Develop training materials for stakeholders directly or indirectly involved in the purchase of goods / services based on defined training needs to provide step by step instructions to navigate the AP process									

Recommendation 4: Continued

Develop and deliver expanded training opportunities

Task 4.2

Shared Services FTE: 2 (80 Hours)

Develop a mechanism to distribute training materials on a recurring basis based on the defined training strategy

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop mechanism to distribute training material based on the training strategy (options to consider include web conference, in person classroom setting, self paced training using published material, etc.)									
2.	Develop process to perform ongoing training to include train the trainer as new capabilities are made available									
3.	Operationalize the process to perform ongoing training to include building and executing a training plan									

Recommendation 4: Continued

Develop and deliver expanded training opportunities

Task 4.3

Shared Services FTE: 2 (80 Hours)

Establish and operationalize a process to update training to align with latest AP process and communicate updates to stakeholders

Implementation Actions

#	Action Description	Implementation Months								
		1	2	3	4	5	6	7	8	9
1.	Develop process to update training materials across key process roles and teams to align with latest AP process									
2.	Define roles and responsibilities for recurring updates to training materials within the SSOA organization									
3.	Communicate to stakeholders where to find training material and operationalize process to provide recurring stakeholder updates									

Financial Impact Summary: Accounts Payable

Alignment and standardization of key business processes and enhanced customer support will result in significant annual cost savings for SSOA Accounts Payable

Total Investment:
\$1.7M

Total Five-Year Return:
\$3.4M

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1	Complete centralization of Statewide Accounts Payable processing to SSOA	\$ 347	\$ 0	\$ (5,016)	\$ 0	\$ (4,669)
2	Standardize and streamline Accounts Payable workflow process	\$ 1,172	\$ 0	\$ 0	\$ 0	\$ 1,172
3	Establish help desk self service portal and hotline	\$ 88	\$ 0	\$ 0	\$ 0	\$ 88
4	Develop and deliver expanded training opportunities	\$ 58	\$ 0	\$ 0	\$ 0	\$ 58

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Risks of Not Addressing AAPEX Recommendations

Without addressing key organizational and operational challenges, the State of Alaska will not be able to capture benefits from standardization

- Job skills not aligned to work tasks reduce workforce efficiency (i.e., increased time on task and increased processing errors) and enforce process standardization
- Inability to effectively enforce process standardization and compliance
- Inability to effectively balance Statewide AP transaction demand with AP workforce supply
- Increased learning curve ramp time for new employees and increased on the job training time by experienced staff
- Inability to streamline end to end process by (1) not utilizing one system and (2) not directing all invoices initially to SSOA
- Increased SSOA staff time spent on fielding customer inquiries
- Decrease in customer satisfaction and adoption

Change Management Plan

Stakeholder Change Impact Assessment

Who is impacted by these **Accounts Payable** operational, organizational and process improvement changes?

Shared Services Accounts Payable Staff	<ul style="list-style-type: none"> ▪ New standardized end-to-end Accounts Payable processes ▪ New responsibilities to manage central receipt of all State invoices ▪ Increase in AP team size
Department Accounts Payable Staff	<ul style="list-style-type: none"> ▪ No longer responsible for AP processes
Department Staff needing to pay for goods / services	<ul style="list-style-type: none"> ▪ Streamlined process for vendor payment ▪ Will need to receive goods / services in IRIS for automated 3-way match invoice process ▪ Will need to reconcile purchase card transactions in IRIS
Department Accounting Staff	<ul style="list-style-type: none"> ▪ All invoices paid from IRIS purchase order ▪ New chart field requirements for purchase orders
Vendors	<ul style="list-style-type: none"> ▪ Invoices sent to Shared Services Accounts Payable and not to Department ▪ Option for electronic invoices via Vendor Self Service

Impact of Change

High Impact
 Medium Impact
 Low Impact

Impact of Change includes assessment of changes to processes, systems, tools, job roles, critical behaviors, mindsets, reporting structure, performance, and location

Change Management Roadmap

Recommendation	Communications Plan	Training Plan
Recommendation 1: Complete consolidation of Statewide Accounts Payable processing to SSOA		
<p>1. Issue administrative order to establish Accounts Payable processing authority Statewide</p>	<ul style="list-style-type: none"> ▪ Have Department Commissioners actively and visibly support the change and tell their Department why all AP processing is moving to SSOA ▪ Post administrative order on website and tell ASDs and other Department stakeholders about the order and what it means for them 	<ul style="list-style-type: none"> ▪ None required
<p>2. Define "Transaction" and service level measures source data</p>	<ul style="list-style-type: none"> ▪ Facilitate working session with Working Group to identify potential key metrics and generate buy-in for new definition of 'transaction' ▪ Socialize the key metrics and new definition of "transaction" with the Shared Services Advisory Council and incorporate any feedback ▪ Post on website the revised "transaction" definition and updated key performance metrics, and tell key stakeholders (ASDs, Finance Officers) about the change and where they can find this information 	<ul style="list-style-type: none"> ▪ None required

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 1: Complete consolidation of Statewide Accounts Payable processing to SSOA		
3. Establish and operationalize a performance dashboard to report service level accomplishments and key metrics	<ul style="list-style-type: none"> ▪ Review draft dashboard with Shared Services Advisory Council to solicit and incorporate feedback ▪ Email key Department Stakeholders (ASDs, Finance Officers, and Shared Services Advisory Council) to promote new performance dashboard process and where they can access the dashboards 	<ul style="list-style-type: none"> ▪ Measure adoption of performance dashboard via website views or download counts
4. Validate historical Statewide AP transaction volume to confirm staffing requirements based on projected volume and processing standards	<ul style="list-style-type: none"> ▪ Inform Shared Services Advisory Council of historical Statewide AP transactions after it's been vetted by key department customers ▪ Inform Shared Services Advisory Council and all Department Stakeholders (ASDs and Finance Officers) about needed SSOA AP staff size and expected impact to department rates (if any) ▪ Meet with SSOA AP Supervisors to discuss change to team size and coach them on how to talk to their staff about the changes ▪ Regularly communicate status of AP centralization and upcoming changes to Shared Services Advisory Council 	<ul style="list-style-type: none"> ▪ None required

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 1: Complete centralization of Statewide Accounts Payable processing to SSOA		
5. Create new space facility plan for future state organization	<ul style="list-style-type: none"> ▪ Inform Executive Oversight Board of final AP team staffing plans and updated operating model 	<ul style="list-style-type: none"> ▪ Conduct skills assessment for AP staff and identify needed training
6. Onboard remaining department demand	<ul style="list-style-type: none"> ▪ Announce Statewide onboarding plan at various department stakeholder meetings (ASDs, Finance Officers, other Department meetings) ▪ Have each Change Champion/Department Sponsor send message to their Department staff to actively and visibly support the AP and purchase card changes ▪ Post onboarding plan on SSOA website with FAQs and resources for Department Admin ▪ Facilitate working sessions with Working Group to improve onboarding effectiveness 	<ul style="list-style-type: none"> ▪ None required
7. Develop AP reconciliation and certification checklist	<ul style="list-style-type: none"> ▪ Post documentation and job aids to the SSOA website and email SSOA staff where they can find them 	<ul style="list-style-type: none"> ▪ Update onboarding materials to include training on reconciliation and certification process ▪ Train SSOA AP staff on updated reconciliation and certification processes via job shadowing ▪ Facilitate WebEx sessions with Department Admin to learn about how SSOA reconciles and certifies AP and purchase card transactions

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: Standardize and streamline Accounts Payable workflow process		
<p>1. Establish and operationalize central invoice intake channel (invoices routed directly to central SSOA AP)</p>	<ul style="list-style-type: none"> ▪ Present benefits and overview of centralized intake process to key Department Stakeholders including Finance Officers, ASDs, and Procurement Officers ▪ Send direct email to Department stakeholders that provides awareness that the AP intake process is changing, what it means for them, and where they can find more information ▪ Facilitate workshop with Procurement Officers to determine impact to Vendors and existing contracts ▪ Send direct email to State Vendors telling them about new invoice intake process and where they can go to find more information ▪ Facilitate town hall (and invite all State employees) to learn more about the new AP intake process and to ask their questions 	<ul style="list-style-type: none"> ▪ Create job aids, process documentation, and FAQs for the new central invoice intake process and post to SSOA website ▪ Measure adoption of new invoice intake process via # of invoices submitted to SSOA central invoice intake channel

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 2: Standardize and streamline Accounts Payable workflow process - Continued		
2. Define key business requirements for enhanced AP end to end workflow (e.g., standardized chart fields, reconciliation and clearing of prepaid items, etc.)	<ul style="list-style-type: none"> ▪ At existing stakeholder meetings (ASDs and Finance Officers), present business need for standardization of AP end to end workflow processes and chart fields ▪ Review draft requirements for AP end to end workflow processes in focus groups (ASDs, Finance Officers, Department Accountants and Accounting Techs, and Procurement Officers) 	<ul style="list-style-type: none"> ▪ None required
3. Configure solution and enhance business process based on business requirements	3. Facilitate review sessions with Working Group on new workflow processes	3. None required
4. Rollout enhanced AP capabilities	<ol style="list-style-type: none"> 4. Publish new policies and procedures on website and send email to Department Stakeholders where they can find this information 5. Hold Town Halls for Department staff to ask questions about new AP capabilities 6. SSOA Director celebrates successes with SSOA AP staff and Department Stakeholders 	4. Create job aids for SSOA AP staff for new system functionality and train via job shadowing

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 3: Establish help desk self service portal and hotline		
1. Develop requirements for a self service portal for the publication of AP procedures and FAQs	Communicate business need for self service portal and how it will benefit Department Stakeholders	<ul style="list-style-type: none"> ▪ None required
2. Develop and/or identify materials to be made available in the help desk portal	Review help desk portal materials with Working Group and seek input	<ul style="list-style-type: none"> ▪ None required
3. Develop a process / protocols to triage Department and vendor inquiries (telephone and email) and provide responses	<ul style="list-style-type: none"> ▪ Update process to field and respond to Department inquiries, as necessary ▪ Communicate change to customer inquiry process, if necessary ▪ Document Department inquiry process, post on website, and send email to Department stakeholders about where they can find these materials 	<ul style="list-style-type: none"> ▪ None required
4. Develop help desk portal maintenance process	Interview several stakeholders to get feedback on help desk portal maintenance process and communications	<ul style="list-style-type: none"> ▪ None required
4. Launch help desk portal (leverage current State of Alaska solutions as applicable)	Communicate self service portal updates with key stakeholders	<ul style="list-style-type: none"> ▪ Publish help desk job aids on self service portal ▪ Measure help desk adoption via days to resolve Department and vendor inquiries

Change Management Roadmap - Continued

Recommendation	Communications Plan	Training Plan
Recommendation 4: Develop and deliver expanded training opportunities		
1. Develop training materials tailored to AP roles and teams	<ul style="list-style-type: none"> ▪ Distribute posters that include training opportunities and where to find additional information and job aids 	<ul style="list-style-type: none"> ▪ Conduct training assessment to determine skills gap ▪ Develop job aids and process documentation for SSOA AP staff ▪ Develop training materials and step by step job aids to navigate AP and purchase card processes for Department staff ▪ Hold WebEx sessions with Department Customers to review the AP process
2. Develop a mechanism to distribute training materials on a recurring basis based on the defined training strategy	<ul style="list-style-type: none"> ▪ None required 	<ul style="list-style-type: none"> ▪ Collaborate with Division of Personnel's Training team to develop self-guided online training modules ▪ Develop and facilitate a Train the Trainer program with SSOA AP staff so that they can train Department Customers on an ongoing basis ▪ Create a training feedback mechanism to continuously improve training content and delivery
3. Establish and operationalize a process to update training to align with latest AP process and communicate updates to stakeholders	<ul style="list-style-type: none"> ▪ Communicate to ASDs, Finance Officers, and other Department Customers where to find training material and how frequently the material will be updated 	<ul style="list-style-type: none"> ▪ None required

APPENDIX:

Financial Impact & Model Assumptions

Financial Impact Summary: Governance

The three-tiered Governance structure is designed improve communication, accountability and transparency in how shared services are provided

**Total Investment:
\$0.25M**

**Total Five-Year Return:
(\$0.25M)**

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1	Establish Shared Services Executive Oversight Board and Advisory Council	\$ 111	\$ 0	\$ 0	\$ 0	\$ 111
2	Establish Working Groups for each Shared Service area	\$ 65	\$ 0	\$ 0	\$ 0	\$ 65
3	Integrate Voice of Customer and Performance Management into Governance	\$ 72	\$ 0	\$ 0	\$ 0	\$ 72

Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact & Model Assumptions: Governance Recommendation 1.

Establish Shared Services Executive Oversight Board and Advisory Council

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$4	\$0	\$0	\$0	\$0	\$0	\$4
Services	\$107	\$0	\$0	\$0	\$0	\$0	\$107
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$111	\$0	\$0	\$0	\$0	\$0	\$111
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$111	\$0	\$0	\$0	\$0	\$0	\$111

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	50	\$2,379	1
Change Management	\$47.58	24	\$1,142	1
Consultant	\$445	240	\$106,704	2

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact & Model Assumptions: Governance Recommendation 2.

Establish Working Group for each Shared Service functional area

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$5	\$0	\$0	\$0	\$0	\$0	\$5
Services	\$60	\$0	\$0	\$0	\$0	\$0	\$60
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$65	\$0	\$0	\$0	\$0	\$0	\$65
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$65	\$0	\$0	\$0	\$0	\$0	\$65

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	90	\$4,282	1
Change Management	\$47.58	14	\$642	1
Consultant	\$445	135	\$60,021	1

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact & Model Assumptions: Governance Recommendation 3.

Integrate Voice of Customer and Performance Management into Governance

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$5	\$0	\$0	\$0	\$0	\$0	\$5
Services	\$67	\$0	\$0	\$0	\$0	\$0	\$67
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$72	\$0	\$0	\$0	\$0	\$0	\$72
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$72	\$0	\$0	\$0	\$0	\$0	\$72

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	100	\$4,758	1
Change Management	\$47.58	15	\$714	1
Consultant	\$445	150	\$66,690	2

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact: Debt Recovery

The State has opportunity to increase the annual flow of cash from enhanced aged revenue recovery efforts with minimal implementation costs

Total Investment:
\$1.4M

Total Five-Year Return:
\$29.6M

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1.	Implement enhanced intercept programs and other recovery activities	\$ 196	\$ 735	\$ 0	\$ (31,013)	\$ (30,082)
2.	Enact Statutory Authority and Policies for enhanced revenue recovery	\$ 263	\$ 0	\$ 0	\$ 0	\$ 263
3.	Create interactive Data Base for consolidated Debt Recovery Efforts	\$ 187	\$ 0	\$ 0	\$ 0	\$ 187

Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact Assumptions: Debt Recovery Recommendation 1.

Implement enhanced intercept programs and other recovery activities

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$63	\$0	\$0	\$0	\$0	\$63
Services	\$0	\$133	\$0	\$0	\$0	\$0	\$133
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$196	\$0	\$0	\$0	\$0	\$196
Recurring Costs							
Personnel	\$0	\$147	\$147	\$147	\$147	\$147	\$735
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$147	\$147	\$147	\$147	\$147	\$735
Revenue Enhancement							
Recovery Increase	\$0	(\$2,068)	(\$4,135)	(\$8,270)	(\$8,270)	(\$8,270)	(\$31,013)
Total	\$0	(\$2,068)	(\$4,135)	(\$8,270)	(\$8,270)	(\$8,270)	(\$31,013)
Net Financial Impact	\$0	(\$1,725)	(\$3,988)	(\$8,123)	(\$8,123)	(\$8,123)	(\$30,082)

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Model Assumptions: Debt Recovery Recommendation 1.

Implement enhanced intercept programs and other recovery activities

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	1180	\$56,143	3
Change Management	\$47.58	136	\$6,471	1
Consultant	\$445 ¹	300	\$133,380	2

Recurring Cost Assumptions

New State Employees	Fully Burdened Annual Cost
New Director	\$147,327 ²

Revenue Enhancement Assumptions

Current Debt Recovery	Target Recovery Rate	Enhanced Collections	Net New Collections
\$12,094,838	5% ³	\$20,365,184 ⁴	\$8,270,346 ⁵

¹Rate includes travel and expense

²Based on fully burdened cost of Debt Recovery Manager

³Based on performance of similar programs in the States of Ohio and Louisiana

⁴5% recovery rate applied to all Department debt portfolios with recovery rates currently below 5%

⁵Model assumes two year ramp period (25% in FY21, 50% in FY22) to achieve the full amount

Note: (\$) indicates cost savings or revenue enhancements

Financial Impact & Model Assumptions: Debt Recovery Recommendation 2.

Enact Statutory Authority and Policies for enhanced revenue recovery

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$43	\$0	\$0	\$0	\$0	\$43
Services	\$0	\$220	\$0	\$0	\$0	\$0	\$220
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$263	\$0	\$0	\$0	\$0	\$263
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$263	\$0	\$0	\$0	\$0	\$263

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	710	\$33,781	2
Change Management	\$47.58	188	\$8,945	1
Consultant	\$445 ¹	495	\$220,077	2

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements

AAPEX Project | Back Office Shared Services Plan Development

Financial Impact & Model Assumptions: Debt Recovery Recommendation 3.

Integrate Voice of Customer and Performance Management into Governance

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$27	\$0	\$0	\$0	\$0	\$27
Services	\$0	\$160	\$0	\$0	\$0	\$0	\$160
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$187	\$0	\$0	\$0	\$0	\$187
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$187	\$0	\$0	\$0	\$0	\$187

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing SSOA Employees	\$47.58	210	\$9,992	1
Existing OIT Employees	\$63.56	160	\$10,170	2
Change Management	\$47.58	142	\$6,756	1
Consultants	\$445 ¹	360	\$160,056	2

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements

AAPEX Project | Back Office Shared Services Plan Development

Financial Impact Summary: Print Services

The State has opportunity for cost savings from centralized mail operations in Anchorage and strategic sourcing of mail supplies and print services

Total Investment:
\$0.4M

Total Five-Year Return:
\$2.0M

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1.	Establish Central Mail Shared Services operation in Anchorage	\$ 185	\$ 7,418	\$ (8,645)	\$ 0	\$ (1,042)
2.	Establish mailing standards and competitive bulk mail pricing rates	\$ 111	\$ 0	\$ (400)	\$ 0	\$ (289)
3.	Create consolidated Statewide Print Service Centers	\$ 100	\$ 0	\$ (750)	\$ 0	\$ (650)

Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact Assumptions: Print Services Recommendation 1.

Establish Central Mail Shared Services operation in Anchorage

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$38	\$0	\$0	\$0	\$0	\$38
Services	\$0	\$147	\$0	\$0	\$0	\$0	\$147
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$185	\$0	\$0	\$0	\$0	\$185
Cost of Decentralized							
Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$8,645
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,729	\$1,729	\$1,729	\$1,729	\$1,729	\$8,645
Cost of Centralized							
Personnel	\$0	\$746	\$746	\$746	\$746	\$746	\$3,730
Services	\$0	\$729	\$729	\$729	\$729	\$729	\$3,645
Supplies	\$0	\$9	\$9	\$9	\$9	\$9	\$43
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,484	\$1,484	\$1,484	\$1,484	\$1,484	\$7,418
Net Financial Impact	\$0	(\$60)	(\$245)	(\$245)	(\$245)	(\$245)	(\$1,042)

Note: (\$) indicates cost savings or revenue enhancements
 AAPEX Project | Back Office Shared Services Plan Development

Model Assumptions: Print Services Recommendation 1.

Establish Central Mail Shared Services operation in Anchorage

Cost to Implement Assumptions¹

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	750	\$35,684	2
Change Management	\$47.58	43	\$2,046	1
Consultant	\$445 ²	330	\$146,718	2

[1] See central mail cost savings analysis on following slides

[2] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements

AAPEX Project | Back Office Shared Services Plan Development

Financial Impact Assumptions: Print Services Recommendation 2.

Establish mailing standards and competitive bulk mail pricing rates

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$11	\$0	\$0	\$0	\$0	\$11
Services	\$0	\$100	\$0	\$0	\$0	\$0	\$100
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$111	\$0	\$0	\$0	\$0	\$111
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	(\$80)	(\$80)	(\$80)	(\$80)	(\$80)	(\$400)
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	(\$80)	(\$80)	(\$80)	(\$80)	(\$80)	(\$400)
Net Financial Impact	\$0	(\$31)	(\$80)	(\$80)	(\$80)	(\$80)	(\$289)

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Model Assumptions: Print Services Recommendation 2.

Establish mailing standards and competitive bulk mail pricing rates

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	200	\$9,516	1
Change Management	\$47.58	30	\$1,427	1
Consultant	\$445 ¹	225	\$100,035	2

Cost Savings Assumptions

Spend Category	FY19 Spend	Addressable Percentage	Addressable (Dollars)	Savings Percentage	Savings (Dollars)
Office Supplies	\$7,981,556	10% ²	\$798,156	10%	\$79,816

[1] Rate includes travel and expense

[2] Assumes 10% of Office Supplies is addressable envelope and paper spend

Note: (\$) indicates cost savings or revenue enhancements

Financial Impact Assumptions: Print Services Recommendation 3.

Create consolidated Statewide Print Service Centers

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$20	\$0	\$0	\$0	\$0	\$20
Services	\$0	\$80	\$0	\$0	\$0	\$0	\$80
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$100	\$0	\$0	\$0	\$0	\$100
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	(\$150)	(\$150)	(\$150)	(\$150)	(\$150)	(\$750)
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	(\$150)	(\$150)	(\$150)	(\$150)	(\$150)	(\$750)
Net Financial Impact	\$0	(\$50)	(\$150)	(\$150)	(\$150)	(\$150)	(\$650)

Note: (\$) indicates cost savings or revenue enhancements
 AAPEX Project | Back Office Shared Services Plan Development

Model Assumptions: Print Services Recommendation 3.

Create consolidated Statewide Print Service Centers

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	330	\$15,701	1
Change Management	\$47.58	96	\$4,568	1
Consultant	\$445 ¹	180	\$80,028	2

Cost Saving Assumptions

Spend Category	FY19 Spend	Addressable Percentage	Addressable (Dollars)	Savings Percentage	Savings (Dollars)
Printed Materials & Services	\$7,981,556	25%	\$1,295,316	10%	\$129,532
Printing, Photo, Audio, and Visual	\$799,378	25%	\$199,845	10%	\$19,984

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact Summary: Lease Management

Shared Services should create a consolidated facilities management operation that focuses on space planning and optimization and surplus real property disposal

Total Investment:
\$1.0M

Total Five-Year Return:
TBD

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	One-Time Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1	Complete lease rate assessment to maximize market value pricing	\$ 161	\$ 0	To Be Analyzed	\$ 0	\$ 161
2	Consolidate DOT Facilities Management and SSOA Lease Management operations	\$ 257	\$ 0	\$ 0	\$ 0	\$ 257
3	Develop Statewide processes for space optimization and surplus real property disposal	\$ 141	\$ 475	To Be Analyzed	\$0	\$ 616

Note: (\$) indicates cost saving or revenue enhancement, see Appendix for detailed cost build up
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact & Model Assumptions: Lease Management Recommendation 1.

Complete lease rate assessment to maximize market value pricing

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$28	\$0	\$0	\$0	\$0	\$28
Services	\$0	\$133	\$0	\$0	\$0	\$0	\$133
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$161	\$0	\$0	\$0	\$0	\$161
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	TBD	TBD	TBD	TBD	TBD
Net Financial Impact	\$0	\$161	TBD	TBD	TBD	TBD	TBD

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	520	\$24,741	2
Change Management	\$47.58	69	\$3,283	1
Consultant	\$445 ¹	300	\$133,380	2

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements

Financial Impact & Model Assumptions: Lease Management Recommendation 2.

Consolidate DOT Facilities Management and SSOA Lease Management operations

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$97	\$0	\$0	\$0	\$0	\$97
Services	\$0	\$160	\$0	\$0	\$0	\$0	\$160
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$257	\$0	\$0	\$0	\$0	\$257
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$257	\$0	\$0	\$0	\$0	\$257

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	1890	\$88,924	2
Change Management	\$47.58	153	\$7,280	1
Consultant	\$445 ¹	360	\$160,056	2

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Fiscal Impact Assumptions: Lease Management Recommendation 3.

Develop Statewide processes for space optimization and surplus real property disposal

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$41	\$0	\$0	\$0	\$0	\$41
Services	\$0	\$100	\$0	\$0	\$0	\$0	\$100
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$141	\$0	\$0	\$0	\$0	\$141
Recurring Costs							
Personnel	\$0	\$0	\$95	\$95	\$95	\$95	\$475
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$95	\$95	\$95	\$95	\$475
Cost Savings							
Total	\$0	\$0	TBD	TBD	TBD	TBD	TBD
Net Financial Impact	\$0	\$141	TBD	TBD	TBD	TBD	TBD

Note: (\$) indicates cost savings or revenue enhancements
 AAPEX Project | Back Office Shared Services Plan Development

Model Assumptions: Lease Management Recommendation 3.

Develop Statewide processes for space optimization and surplus real property disposal

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	760	\$36,160	2
Change Management	\$47.58	94	\$4,472	1
Consultant	\$445 ¹	225	\$100,035	2

Recurring Cost Assumptions

New State Employees	Fully Burdened Annual Cost
New Space Optimization Manager	\$95,158

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact Summary: Travel & Expense Reimbursements

Deployment of an integrated workflow solution with enhanced training and customer support will result in significant annual cost savings

Total Investment:
\$1.6M

Total Five-Year Return:
\$24.3M

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1.	Complete consolidation of Statewide Travel & Expense processing to SSOA	\$ 288	\$ 0	\$ (25,960)	\$ 0	\$ (25,672)
2.	Define requirements and deploy solution for an end to end integrated workflow	\$ 1,072	\$ 100	\$ 0	\$ 0	\$ 1,172
3.	Establish help desk self service portal and hotline	\$ 91	\$ 0	\$ 0	\$ 0	\$ 91
4.	Develop and deliver expanded training opportunities	\$ 60	\$ 0	\$ 0	\$ 0	\$ 60

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact Assumptions: Travel & Expense Reimbursement Recommendation 1.

Complete consolidation of Statewide Travel & Expense processing to SSOA

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$68	\$0	\$0	\$0	\$0	\$68
Services	\$0	\$220	\$0	\$0	\$0	\$0	\$220
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$288	\$0	\$0	\$0	\$0	\$288
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Personnel	\$0	(\$3,492)	(\$4,396)	(\$5,300)	(\$6,204)	(\$6,566)	(\$25,960)
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	(\$3,492)	(\$4,396)	(\$5,300)	(\$6,204)	(\$6,566)	(\$25,960)
Net Financial Impact	\$288	(\$3,204)	(\$4,396)	(\$5,300)	(\$6,204)	(\$6,566)	(\$25,672)

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Model Assumptions: Travel & Expense Reimbursement Recommendation 1.

Complete consolidation of Statewide Travel & Expense processing to SSOA

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	1220	\$58,046	2
Change Management	\$47.58	206	\$9,792	1
Consultant	\$445 ¹	495	\$220,077	2

Cost Saving Assumptions

Resources	Current FTEs	Proposed FTEs	Delta	Annual Savings (Dollars)
SSOA Travel Staff	37 ²	6	31	\$2,949,891
Department Travel Staff	53	15 ³	38 ⁴	\$3,615,995 ⁵

[1] Rate includes travel and expense

[2] Based on budgeted positions

[3] Assumes one FTE per Department

[4] Department Travel Staff Savings of 38 FTEs recognized over 5 year period through attrition (15% in FY21; 25% in FY22, FY23 & FY24; 10% in FY25)

[5] Annualized savings fully realized in FY25

Note: (\$) indicates cost savings or revenue enhancements

Financial Impact Assumptions: Travel & Expense Reimbursement Recommendation 2.

Define requirements and deploy solution for an end to end integrated workflow

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$199	\$0	\$0	\$0	\$0	\$199
Services	\$0	\$873	\$0	\$0	\$0	\$0	\$873
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,072	\$0	\$0	\$0	\$0	\$1,072
Recurring Costs							
Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$20	\$20	\$20	\$20	\$20	\$100
Total	\$0	\$20	\$20	\$20	\$20	\$20	\$100
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$1,092	\$20	\$20	\$20	\$20	\$1,172

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Model Assumptions: Travel & Expense Reimbursement Recommendation 2.

Define requirements and deploy solution for an end to end integrated workflow

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	840	\$39,966	2
Existing OIT Employees	\$63.56	2250	\$143,010	5
Change Management	\$47.58	331	\$15,758	1
Consultant	\$445 ¹	1590	\$706,914	4
IT Implementation Consultants	\$125	1330	\$166,250	2

Recurring Cost Assumptions

Cost Category	Cost
Annual Licensing for Travel & Expense Software or Module	\$20,000

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements
AAPEX Project | Back Office Shared Services Plan Development

Financial Impact & Model Assumptions: Travel & Expense Reimbursement Recommendation 3.

Establish help desk self service portal and hotline

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$24	\$0	\$0	\$0	\$0	\$24
Services	\$0	\$67	\$0	\$0	\$0	\$0	\$67
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$91	\$0	\$0	\$0	\$0	\$91
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$91	\$0	\$0	\$0	\$0	\$91

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	360	\$17,128	1
Change Management	\$47.58	152	\$7,232	1
Consultant	\$445 ¹	150	\$66,690	2

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements

.Financial Impact & Model Assumptions: Travel & Expense Reimbursement Recommendation 4.

Develop and deliver expanded training opportunities

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$20	\$0	\$0	\$0	\$0	\$20
Services	\$0	\$40	\$0	\$0	\$0	\$0	\$40
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$60	\$0	\$0	\$0	\$0	\$60
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$60	\$0	\$0	\$0	\$0	\$60

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	320	\$15,225	2
Change Management	\$47.58	90	\$4,301	1
Consultant	\$445 ¹	90	\$40,014	2

[1] Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements

Financial Impact Summary: Accounts Payable

Alignment and standardization of key business processes and enhanced customer support will result in significant annual cost savings for SSOA Accounts Payable

Total Investment:
\$1.7M

Total Five-Year Return:
\$3.4M

FY20 – FY25 Estimated Net Financial Impact ('000s)

#	Recommendation	Cost to Implement	Recurring Annual Costs	Cost Savings	New Revenues	Total
1	Complete centralization of Statewide Accounts Payable processing to SSOA	\$ 347	\$ 0	\$ (5,016)	\$ 0	\$ (4,669)
2	Standardize and streamline Accounts Payable workflow process	\$ 1,172	\$ 0	\$ 0	\$ 0	\$ 1,172
3	Establish help desk self service portal and hotline	\$ 88	\$ 0	\$ 0	\$ 0	\$ 88
4	Develop and deliver expanded training opportunities	\$ 58	\$ 0	\$ 0	\$ 0	\$ 58

Note: (\$) indicates cost savings or revenue enhancements
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Financial Impact Assumptions: AP Recommendation 1

Complete consolidation of Statewide Accounts Payable processing to SSOA

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$80	\$0	\$0	\$0	\$0	\$80
Services	\$0	267	\$0	\$0	\$0	\$0	\$267
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$347	\$0	\$0	\$0	\$0	\$347
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Personnel	\$0	\$1,994	\$400	(\$1,194)	(\$2,788)	(\$3,426)	(\$5,016)
Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,994	\$400	(\$1,194)	(\$2,788)	(\$3,426)	(\$5,016)
Net Financial Impact	\$0	\$2,341	\$400	(\$1,194)	(\$2,788)	(\$3,426)	(\$4,669)

Note: (\$) indicates cost savings or revenue enhancements
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Model Assumptions: AP Recommendation 1

Complete consolidation of Statewide Accounts Payable processing to SSOA

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	1430	\$68,038	2
Change Management	\$47.58	244	\$11,590	1
Consultant	\$445 ¹	600	\$266,760	2

Cost Saving Assumptions

Resources	Current FTEs	Proposed FTEs	Change	Annual Savings (Dollars)
SSOA AP Staff	16 ²	16	0	\$0
SSOA Travel Shift	0	31	31	(\$2,949,891)
Department AP Shift	0	27	27	\$0
SSOA Total	16	74	58	(\$2,949,891)
Department AP Staff	94	0 ³	(94)	\$6,375,570 ^{4,5}

Dept. AP Shift →

¹Rate includes travel and expense

²Based on budgeted positions

³Assumes no Accounts Payable FTE in Departments

⁴Department AP Staff Savings of 67 FTEs recognized over 5 year period through attrition (15% in FY21; 25% in FY22, FY23 & FY24; 10% in FY25)

⁵Annualized savings fully realized in FY25

Note: (\$) indicates cost savings or revenue enhancements

Financial Impact & Model Assumptions: AP Recommendation 2.

Standardize and streamline Accounts Payable workflow processes

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$214	\$0	\$0	\$0	\$0	\$214
Services	\$0	\$958	\$0	\$0	\$0	\$0	\$958
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,172	\$0	\$0	\$0	\$0	\$1,172
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$1,172	\$0	\$0	\$0	\$0	\$1,172

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	2790	\$132,745	3
Existing OIT Employees	\$63.56	990	\$62,924	2
Change Management	\$47.58	393	\$18,718	1
Consultant	\$445 ¹	1590	\$706,914	4
IT Implementation Consultants	\$125	2010	\$251,250	2

Note: (\$) indicates cost savings or revenue enhancements

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[1] Rate includes travel and expense

Financial Impact & Model Assumptions: AP Recommendation 3.

Establish help desk self service portal and hotline

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$0	\$21	\$0	\$0	\$0	\$0	\$21
Services	\$0	\$67	\$0	\$0	\$0	\$0	\$67
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$88	\$0	\$0	\$0	\$0	\$88
Recurring Costs							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost Savings							
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Impact	\$0	\$88	\$0	\$0	\$0	\$0	\$88

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	360	\$17,128	1
Change Management	\$47.58	84	\$3,978	1
Consultant	\$445 ¹	150	\$66,690	2

¹Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements

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Financial Impact & Model Assumptions: AP Recommendation 4.

Develop and deliver expanded training opportunities

Projected Annual Financial Impact

'000s	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cost to Implement							
Personnel	\$18	\$0	\$0	\$0	\$0	\$0	\$18
Services	\$40	\$0	\$0	\$0	\$0	\$0	\$40
Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$58	\$0	\$0	\$0	\$0	\$0	\$58
Net Financial Impact	\$58	\$0	\$0	\$0	\$0	\$0	\$58

Cost to Implement Assumptions

Resources	Hourly Rate	Total Hours	Cost to Implement	Suggested Resources
Existing State Employees	\$47.58	320	\$15,225	2
Change Management	\$47.58	66	\$3,159	1
Consultant	\$445 ¹	90	\$40,014	2

¹Rate includes travel and expense

Note: (\$) indicates cost savings or revenue enhancements
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