Employee Self Service

Commonwealth of Pennsylvania Nancy Dering Martin, Deputy Secretary for Human Resources and Management Governor's Office, Office of Administration 517 Finance Building Harrisburg, PA 17120 (717) 787-8191 (717) 787-4429 (fax) <u>nderingmar@state.pa.us</u> Pennsylvania's Employee Self Service (ESS) program went live on January 14, 2004. This webbased employee information system has totally revamped the way HR work is processed and the way employees communicate with their HR departments regarding their personal data. Employees now have the capability to view and change their personal information 24 hours a day from any Internet-capable PC. Work-related activities and records, such as leave management or travel planning are only to be performed during regular work hours, but are now done electronically. This software module is required for use by approximately 57,000 of the 80,000 state employees -- those who have consistent workplace access to a computer. Many paper- and labor-intensive processes have now been streamlined, with employees making pertinent changes to their employment information from their workstation that are either processed real time, or sent automatically to their supervisor for approval. The number of transactions that are now being performed without multiple layers of input and approval is staggering: approximately 10,000 transactions per day. The estimated administrative cost of an employee's address change used to be \$10.00; it is now .25 cents. The volume of the help desk calls has dropped steadily since go live, indicating that employees have embraced the system and are performing necessary actions independently. ESS also provides information on benefits programs and other employee issues that in the past had to be copied and distributed in paper format by HR offices. Another significant change came about as a result of the Commonwealth's negotiated move in 2003 to mandatory direct deposit for all employees, eliminating almost all paper check creation and distribution. To capitalize on this change, the Commonwealth created "My Pay Statement" in September 2004 through ESS, which replaced approximately 60% of the paper distribution of employee pay statements. The estimated direct savings is \$500,000 annually in postal costs alone. Employees can now access their pay statement up to two weeks in advance and can call up any past pay statement that was processed in the new system. An on-line orientation and help function are also available and more employeedriven transactions are under consideration for placement in ESS.

1. Please provide a brief description of this program.

The Employee Self Service Program was born out of Pennsylvania's overarching enterprise resource planning (ERP) initiative called "Integrated Enterprise System" which began in 2001 as the "Imagine PA" Project. The ERP encompassed the functional areas of Finance, Budget, Procurement, and HR & Payroll and utilizes SAP's integrated software package. One critical component of the ERP has been the implementation of Employee Self Service (ESS). ESS was crucial to the overall success of the ERP and has provided a revolutionary approach to the Commonwealth's longstanding ways of providing HR and Payroll services. Since going live in January 2004, employees are now empowered through ESS to handle many of their administrative and paper-intensive HR tasks on-line, including: leave management, pay statements, travel planning, expense reimbursement, and changes to personal information, which include change of address, federal tax deductions, union dues, and savings bond enrollment. One large agency is also using the time function to capture and report labor distribution. While those employees with consistent computer access at work are required to use ESS for work-related activities such as leave management, the entire web-based system is securely available to all employees from home or a remote computer, where they are able to manage their personal information, including pay statements, 24 hours a day, seven days a week. Of the approximately 80,000 Commonwealth employees, more than 57,000 are using ESS regularly and consistently for their HR-related needs. The volume of transactions that are now done real-time and on-line without multiple approvals and paper is staggering: approximately 10,000 transactions per day that just over one year ago were performed on paper through a variety of non-standardized processes are now performed electronically. The cost savings achieved from this transformation are no less amazing. We estimate that the administrative cost of changing an employee's address was about \$10.00 in the former environment; with ESS, that same transaction costs about .25 cents. Accountability has also been greatly improved. The workflow for issues that require supervisory approval (leave, travel)

are now performed within the SAP system between the employee and his or her supervisor, without any other intervention. If the supervisor does not act on a request within 48 hours, the request moves to the next level of management within the organization.

2. How long has this program been operational (month and year)?

The HR and Payroll module, including the ESS website, went live on January 14th, 2004.

3. Why was this program created?

In the late 1990's, when it became apparent that our individual legacy systems were not going to be able to meet our future needs, the ERP concept was considered and eventually adopted. As part of this entire project, the ESS program was a cornerstone in driving change to our business processes in order to make the ERP the most effective way to conduct our internal business. Without ESS, the HR and Payroll module was merely an upgraded software implementation. With ESS, we have driven decision-making to the lowest levels and empowered employees to assume control of their personal information, freeing up HR professionals to focus on strategic initiatives and allowing the system to do the processing, eliminating paper and layers of approvals and inputs.

4. Why is this program a new and creative method?

Change happens slowly in most state governments and Pennsylvania is no exception. Each agency was deeply entrenched in its own processes to complete essentially the same tasks using the same information system. ESS has allowed us to standardize and streamline the way we process employee transactions and the way employees communicate with HR.

5. What was the program's start up costs?

The cost of the entire 4.5 year ERP project (finance, budget, procurement, HR and payroll), including the software implementation, the contracted integrators, and the hardware was approximately \$231 million dollars. The ESS module, a subsection of HR and payroll, was a very small part of this cost.

6. What are the program's operational costs?

The costs to operate ESS are included in each agency's overall systems services budget, which are

not broken down into individual system costs.

7. How is this program funded?

The initial funding for the ERP was provided on a project basis for the implementation. At this

point, the only costs are associated with the labor to maintain the entire SAP system, so it is

impossible to breakdown the cost of maintaining the rather small ESS function of SAP. The cost of

operating ESS is negligible.

8. Did this program originate in your state?

Employee self service is not a new concept, but the size and scope of the program is unprecedented

in state government.

9. Are you aware of similar programs in other states?

We are not aware of something of this magnitude that is integrated with the financial operation.

10. How do you measure the success of this program?

The ESS Virtual Help Desk has seen a steady decrease in its volume since the initial go-live date. In addition, the number and backlog of complex transactions (transactions that require retroactivity beyond the date of go-live into the legacy system) has diminished as well. The consistent access and use of the various functions of ESS, combined with the decreased help desk calls indicate that employees are embracing the system and gaining comfort with all of its components.

11. How has the program grown and/or changed since its inception?

Upon initial launch, ESS functionality was limited to an orientation program entitled "My First

Days," employee leave management, and changes to employee data. ESS user policy and electronic

help functions were also available to each user. Shortly after launch, travel management and

expense reimbursement modules were added. These functions allow employees to plan work-

related trips on-line and submit expense reimbursements through their ESS account.

Reimbursements are then directly deposited to the employee's specified bank account, greatly

decreasing the length of time of the reimbursement process. Another added feature is one that allows each employee to access their organizational chart on-line, complete with an electronic position description and a link to the class specification for their job classification. This allows the employee to view his or her organization from a higher level and access the documented job duties for his or her position. In September 2004, pay statements were placed on-line and mailing of all but a few pay statements was discontinued, saving the Commonwealth approximately \$500,000 annually in postal costs. This major change was made possible by the Commonwealth's earlier negotiations with its unions to move all employees to mandatory direct deposit prior to the ESS golive. This business change resulted in a sizeable savings by eliminating almost all check printing and distribution costs.