

**IT SERVICE  
INVESTMENT  
BOARD**

**November 25, 2019**

**INFORMATION TECHNOLOGY**

UNIVERSITY *of* WASHINGTON



# AGENDA

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- > Call to order
  - Welcome and introductions
  - Governance Board Update
  - Agenda topics for 2019-2020
- > Technology Recharge Fee FY 2021 Review and Update
- > UW Finance Transformation
  - Scope, risks, funding, impacts to campus
- > IT Project Portfolio Executive Review
- > Wrap up

# **Governance Board Update**

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# IT Governance Board Update

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## > IT Strategy Board (10/28 meeting)

- **Cybersecurity strategy:** An update on the UW's cybersecurity strategy by the CISO office, with discussion focused on the challenges of our decentralized environment, concern about staffing levels, and the UW's ability to retain staff in a competitive technology market. The Board asked how it could best support our cybersecurity efforts, particularly on the issue of staffing.
- **UW Finance Transformation update:** Board discussion focused on total program costs, the UW's expectations for cost savings, impacts to units, including costs of supporting the program, and the critical role of change management in the program's success.

## > IT Service Management Board (meets monthly)

- Board generated a list of 20+ recommendations for UW-IT, such as improving an existing service, requesting and new service, or continuing an existing (at risk) service.
- In Oct. and Nov., the Board narrowed this list down to seven for further investigation. Sub-teams are now developing a recommendations report to be submitted to the Vice President for UW-IT and CIO in March.
- Question for IT Service Investment Board: What can the IT Service Management Board do to best support the work of the SIB?

# QUESTIONS

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# **Agenda Topics for 2019- 2020**

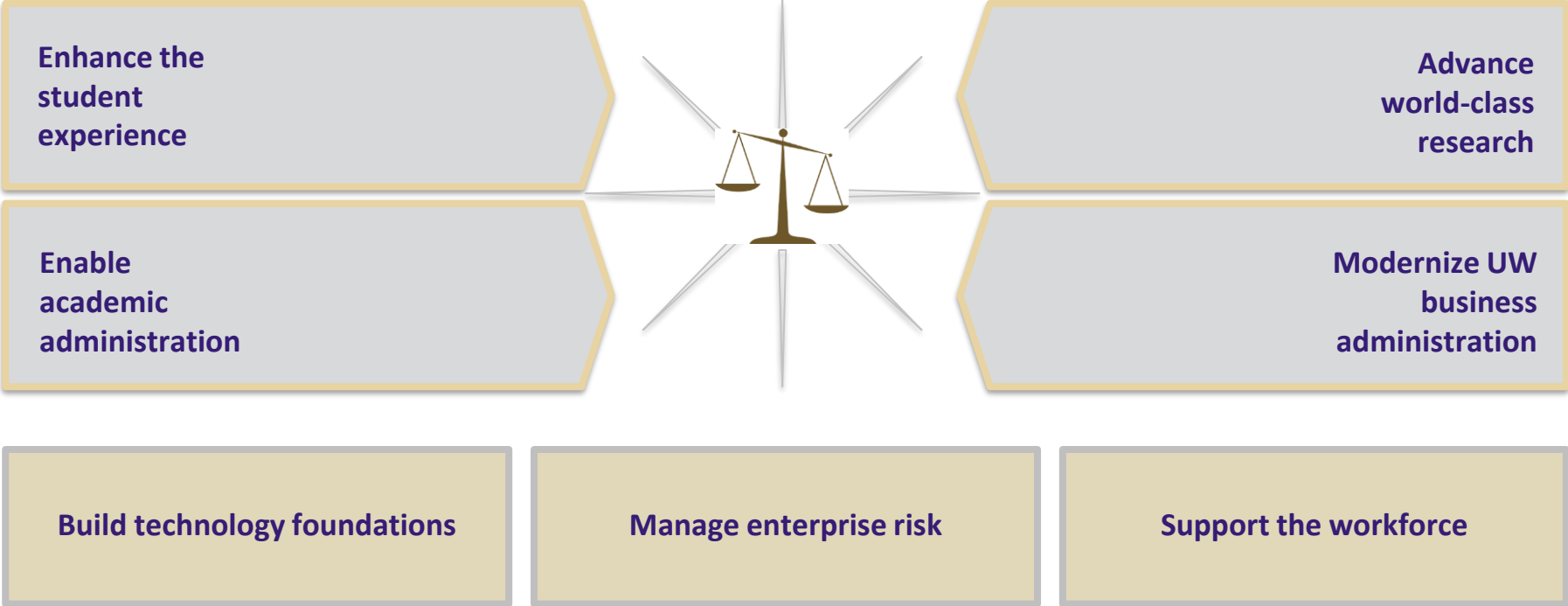
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# UW-IT: Supporting the UW Mission

## Leveraging IT to enable transformation at the UW

Prepare IT across the UW to adapt and respond to a changing future through:  
Joint IT decision-making • Clearly defined IT strategy • Well architected IT landscape



# Service Investment Board Proposed Agenda 2019-20

- > TRF Annual Review  
*Leverage IT to enable transformation*
- > UW Finance Transformation  
*Modernize UW Business Administration*
- > IT Project Portfolio  
Executive Review



- > UWFT Update (as needed)
- > TRF Update  
*Leverage IT to enable transformation*
- > Privacy and Security Regulations  
*Manage Enterprise Risk*
- > IT Project Portfolio  
Executive Review

- > IT Strategic Investment  
Opportunities  
*Leverage IT to enable transformation*
- > Enterprise Funding IT  
*Leverage IT to enable transformation*
- > IT Project Portfolio  
Executive Review



# QUESTIONS

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# Technology Recharge Fee FY 2021 Review and Update

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Bill Ferris

Chief Financial Officer, UW-IT

Linda Nelson

Director of Finance and Administration, College of Arts &  
Sciences



# **TRF Advisory Committee Members**

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- > Bill Ferris, UW Information Technology, Co-Chair
- > Linda Rose Nelson, College of Arts & Sciences, Co-Chair
- > Betsy Bradsby, UW Finance Transformation
- > Maureen (Mo) Broom, UW Medicine
- > Jason Campbell, Planning & Budgeting
- > Kelly Campbell, School of Pharmacy
- > Gary Farris, School of Dentistry
- > Bill Fritz, UW Tacoma
- > David C. Green, School of Medicine
- > Amy Stutesman, UW Bothell
- > Barbara Wingerson, UW Facilities

# **TRF Advisory Committee Charge**

Support the IT Service Investment Board (SIB) in its annual review and assessment of the Technology Recharge Fee by providing analysis, identifying issues and making recommendations.

## Timeline

TRF Committee >> Svc Investment Board >> Provost  
*Fall 2019*                      *Winter 2019/2020*                      *March 2020*

# TRF Rate History

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Medical Center	\$53.43	\$53.43	\$53.43	\$50.00	\$50.00	\$50.91	\$51.34	\$51.34	\$52.20	\$51.75
Campus	\$52.68	\$52.68	\$52.68	\$54.50	\$54.50	\$55.51	\$56.13	\$56.13	\$57.28	\$57.53

Rebalancing of Rate

Incr. to Campus: 1% .6% 0% 2%

- > TRF supplements existing GOF/DOF resources to provide Basic Services
- > Medical Centers are excluded from GOF/DOF subsidy and billed separately for Network & Telecom resulting in an effective rate ~\$85/mo.
- > The initial TRF coincided with a \$20/month reduction of the Dial Tone rate, a \$6M annual savings to campus

# Challenges with the Current TRF Model (10 years old)

## **Administratively complex – requires multiple workarounds**

- > Information Management not included in original model
- > Multiple reorganizations over the years
- > New units added/moved (e.g., Classroom Technology & Events, Learning Technology)
- > GOF/DOF allocation (Unintended outcome – PRF investment raises Medical Center rate)
- > All hands on deck for HRP in past, now Finance Transformation

## **Considered:**

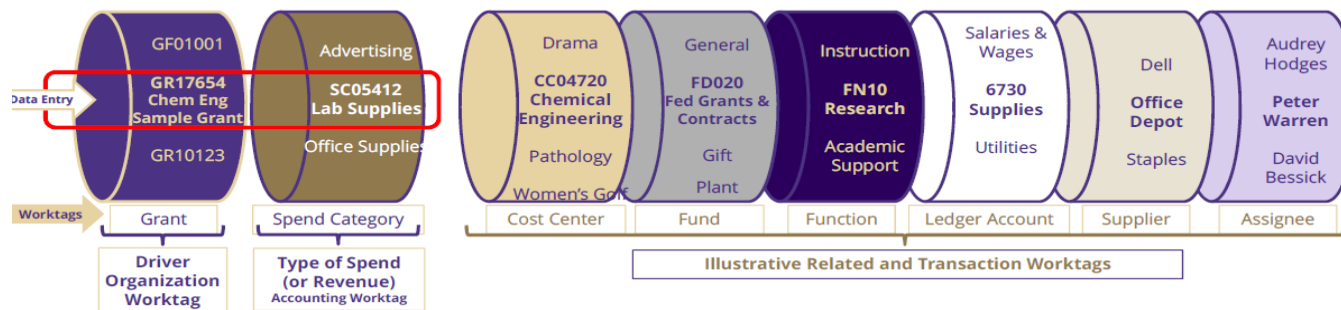
- > Model Refresh – reduce complexity and result in a more equitable alignment with original principles
- > Universal or One Rate (Total Cost divided by Total Employees)
- > Keep Current Model - Maintain existing methodology with workarounds

# Impact of Financial Transformation

- > New Financial Data Model will have a major impact on service costing (TBD)
- > Ongoing operating costs related to Workday Finance and Integrations (EDW) will change

Workday redefines the concept of a code block by allowing users to tag their transactions by business dimensions (**worktags**) that are relevant to each area of the Enterprise, thus creating enriched data to satisfy financial reporting requirements as well as management and operational reporting needs, while moving away from the traditional code block structure.

- > **This is an example where two values can be entered by the employee on a transaction that results in six additional worktags to enhance reporting.**
  - In contrast to current FAS configuration where once a transaction is assigned a budget number, nearly all the other core data is “baked in” and Medicine currently utilizes the department number



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# TRF Advisory Committee Recommendation

- > Maintain current TRF rate model/methodology for next 3 years
- > Defer major TRF revamp until implementation of FT – either for FY 2023 or FY 2024
  - Larger committee – review current mode/methodology
  - Include impact of FT on cost of services, including unfunded increases for supporting the operating model
  - Incorporate new service costing model – major changes to FDM (Foundational Data Model) will impact our ability to do cost accounting (UW-IT will not maintain a side system)



# **TRF and New Investments**

- > Provost perspective
- > Investment areas needed
  - Cybersecurity
  - Student Program Modernization (best source is Provost Reinvestment Funds)
    - > Admissions Modernization, Financial Aid, Student Analytics, etc.
  - Campus Software Licensing
    - > Zoom, DocuSign, Adobe, etc.
    - > What would be critical mass tipping point?

# Cybersecurity Risk – Request for FY 2021

*“How much investment is needed to reduce the UW cyber-security threats to a minimum level of acceptable risk?”*

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
CISO Budget	\$2.4M	\$2.6M	\$3.3M	\$4.0M	\$4.7M

- > Address risk with 2.1M in increased funding, phased in over the 3 years (FY 2020-2022):
  - 9 new staff + \$400k for subscriptions, licenses, hardware, software, and training
- > New Funding in FY 2020 – \$700k
  - Provost Reinvestment Funds \$500k + UW-IT \$200k
- > Propose TRF Investment in FY 2021 - \$700k
  - TRF \$250K + Provost \$250k + UW-IT \$200k

# Impact of Investment in Cybersecurity

TRF Monthly Rate Comparison	FY20 TRF Rate	FY 2021 Base Rate	FY 2021 CISO \$250	Increase
Med Ctr Employee	51.75	51.58	<b>52.18</b>	\$0.43/.8%
Campus Employee	57.53	57.62	<b>58.28</b>	\$0.75/1.3%

# Impact of UW Medicine Growth

- > Addition of NW Hospital, UW Physicians, and UW Neighborhood Clinics
  - Headcount ~2,000 – UWMC and ~500 – School of Medicine
- > Implemented in Workday 1/1/2020
  - Normally included in 3<sup>rd</sup> & 4<sup>th</sup> quarter headcounts for FY 2021
- > TRF Model did not allow for major Mergers and Acquisitions
- > Impact on cost of basic services is incremental
  - Increased costs to Identity and Access Mgmt., Software Licensing, and CISO (cybersecurity)

TRF Advisory Committee will be doing additional analysis before making a final recommendation to the IT Service Investment Board in January

# QUESTIONS

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# **UW Finance Transformation**

Brian McCartan

Vice President for Finance, UW Finance & Administration



# **UWFT Program Objective**

The objective of UWFT is to modernize the University's finance and procurement policies, processes and systems in order to move to a single system of record for all of UW. This transformation will result in a consistent and **common set of business practices and data** that enable ongoing timely, accurate and informed decision-making and reduce risk.

- > While efficiencies and productivity gains will take time to realize, the program will immediately seek to improve accuracy of reporting and data analytics for accounting, budgeting, planning, procurement, cash and grants management.
- > Prior to go-live, benchmarks for administrative operational and process efficiencies at the unit level will be established and tracked to guide an overall reduction in UW administrative expenses. The program will seek to **reduce total institutional costs** for finance and procurement administration by 15 percent over 2018 levels by 2027.



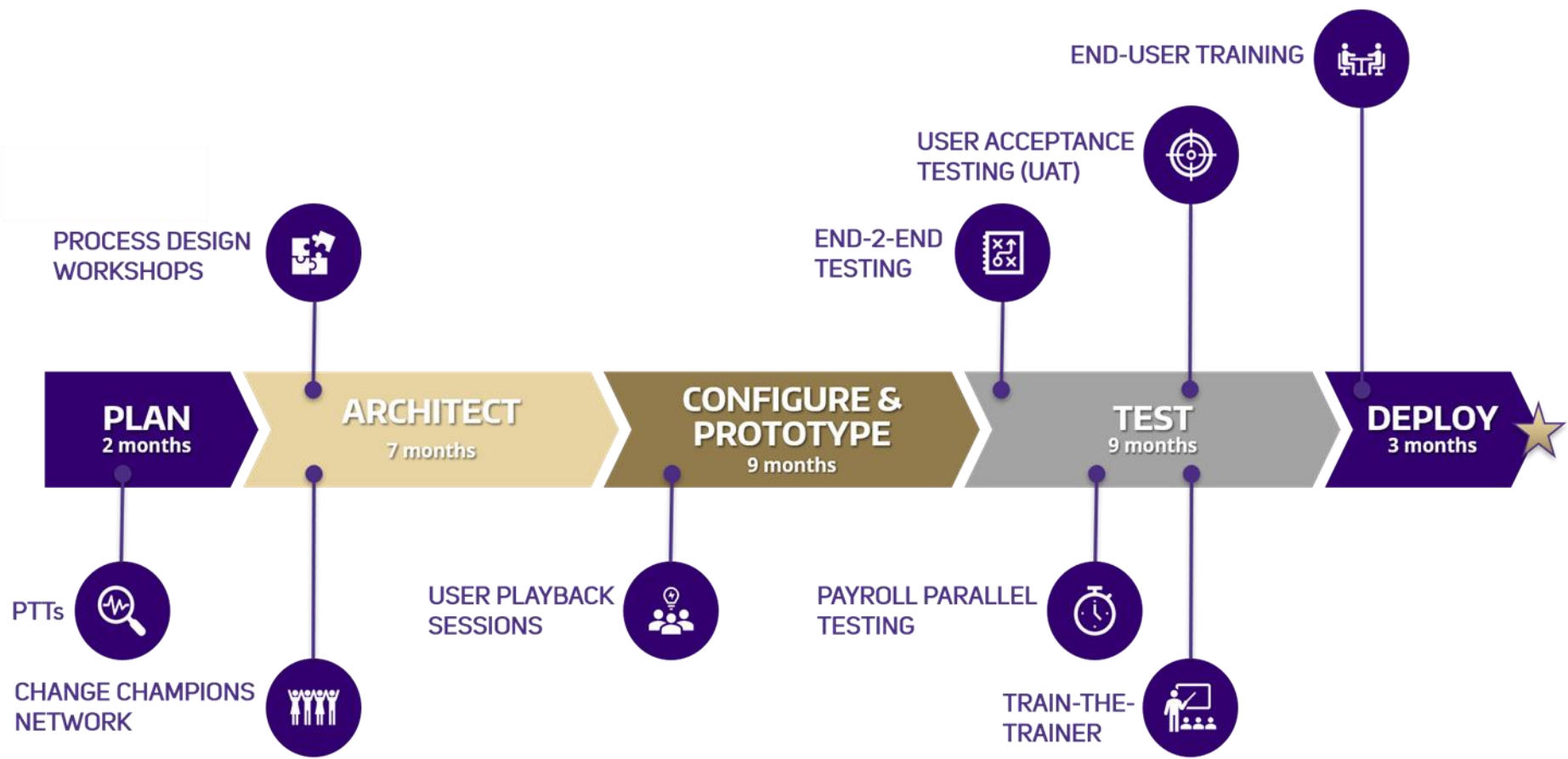
# UWFT Overview – Progress

- > **Scope:** Significant effort has gone into ensuring program scope is being clearly defined
- > **OCM:** The Organizational Change Management (OCM) strategy has been developed; we are where we should be at this point in time
  - > OCM was recently separated from Op Model work
  - > OCM approach to date has been targeted engagement and communications; broader outreach to launch in Implementation Phase
  - > Change impacts are being captured and mitigation plans built (and where applicable, acted upon now)
  - > Tactical plans for change management and communications due at end of Design
- > **Operating Model:** Significant runway to stand up our new Op Model
  - > Varying levels of shared – Enterprise-wide, Organization-wide, Regional Hub
- > **A Balancing Act:** Efforts have been underway throughout Readiness and Design to better understand and anticipate impacts to competing resource needs as well as adaptability of other systems
  - > This area of concern was a key driver toward fully funding the resourcing of the UWFT program rather than relying solely on contributed labor
- > **Board of Regents 11/14 UW Finance Transformation update**
  - > [Board of Regents UW Finance Transformation Brief](#)



# UWFT Overview – Progress

7/1/22 “Wave 1” Go Live ★  
11/1/22 “Wave 2” (Adaptive) Go Live



# Discussion Questions

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- > Perspective on change tolerance within UW community given other major projects also underway
  - Destination One, Northwest Hospital Integration, Advancement CRM, etc.
- > View of UW community's awareness of UWFT and understanding of magnitude of change involved
  - How to build awareness, and manage expectations
- > Advice to how to balance projects within UW-IT to maintain momentum on other mission-critical efforts

# QUESTIONS

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# IT Project Portfolio Executive Review

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Erik Lundberg

Assistant Vice President, Research Computing & Strategy,  
UW-IT



## UW Enterprise IT Projects

### Project Portfolio Executive Summary - Sep 30, 2019

Project	Sponsor	Oversight Level *	Overall Risk & Project Health *	Budget Rating	Schedule Rating	Scope Rating	Resource Rating	Issues Rating	Actual Cost	Budget
Destination: One	Tim Dellit	3 - UW	 (A)						\$44,137,507	\$159,500,000
Finance Transformation Readiness	Mark Richards	3 - OCIO	 (B)						\$19,800,000	\$25,500,000
Advancement CRM Replacement	Julie Brown Dan Peterson	3 - OCIO	 (C)						\$821,474	\$4,000,000
Clinical Trials Management System	John Slattery	2 - UW							\$8,461,314	\$15,703,970
Northwest Hospital HR & Labor Integration	Nicki McCraw	2 - UW	 (D)						\$7,741,000	\$14,974,000
Pharmacy Inventory Management System	Shabir Somani	2 - UW	 (E)						\$14,309,224	\$14,911,000
HFS Point of Sale	Pam Schreiber	2 - UW	 (F)						\$310,000	\$900,000
F&A Space	Sue Camber	2 - UW	 (G)						\$0	\$246,000
Transportation System Improvement Project	John Chapman	1 - UW							\$3,144,384	\$3,344,000
Finance E-Commerce/Touchnet	Brian McCartan	1 - UW	 <i>new</i>						\$0	\$1,000,000
ICA Group Sales	Erik Jones	1 - UW							\$0	\$500

# **Wrap Up**



# QUESTIONS AND DISCUSSION

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