



Legislation Text

File #: 2019-0156, **Version:** 0

Title

Acquisition of a Human Capital Management System - Approval

History

Consistent with the principles of high performing organizations, utilizing a unified technology solution is the best practice to streamline processes related to the full employee life cycle, from hire to retire. A Human Capital Management System (HCMS) provides a high level of functionality, pulling information from a single database for employee self-service, manager self-service, core human resources, benefits administration, payroll, scheduling, time and attendance (workforce management), compensation management, performance management, training, recruiting/onboarding, succession planning, and reporting and analytics. Such a unified technology solution helps organizations engage employees to actively participate in developing highly engaged workforces, allows managers to effectively manage staff, provides Human Resources with critical analytics for strategic workforce planning, and provides Finance with payroll and tax processing services.

RFP18-039 was issued in September 2018, seeking qualified vendors to provide an HCMS. The RFP resulted in six (6) responses (see attached respondent summary). There was a significant price range among the six respondents depending on the platform, system functionality, implementation, non-recurring and recurring fees, and other miscellaneous fees. Staff reviewed the proposals and selected three (3) of the proposers to demonstrate their HCMS technology, including Ceridian, Tyler Technologies and Ultimate Software. The vendors selected to demonstrate appeared to provide the most unified cloud based systems and/or have a significant public sector client base. In addition, two (2) of the three (3) vendors also provide for check processing, as well as tax and ACA filing. The selection team was comprised of staff from the Human Resources, Finance, Business Information Systems and Police departments. Each vendor provided two separate demonstrations; the 2nd demonstration provided responses to specific requests submitted by the selection committee. In addition, reference checks were performed with current public sector clients recommended by each of the vendors.

Staff is recommending Ultimate Software's UltiPro. UltiPro stood out as the most robust of the systems and the easiest to use for the employee, manager, and Human Resources and Finance staff. UltiPro demonstrated the highest level of current capability related to the functionality requested in the RFP, outlined an efficient/managed implementation process, claims award winning customer service and is recognized as a leader by top industry analyst groups and technology research firms. The Cities of Shawnee, Kansas and Eden Prairie, Minnesota, Ultimate Software clients, were contacted and spoke highly of UltiPro, its functionality, ease of use, implementation process, and customer support. The attached includes additional information regarding UltiPro by Ultimate Software.

UltiPro is mobile optimized, offers benefit carrier data file feeds, outsourced tax and check filing and assumes responsibility for federal regulatory compliance. These capabilities will significantly enhance a number of manual processes currently performed in Human Resources, Finance and other Village departments. The system has a professional, user friendly look, enabling the Village to present a modern image and build our brand with candidates, employees and managers. In addition, with cloud based software as a service, the vendor bears responsibility for the technology and related hardware, software (all updates and patches), support, security, regulatory compliance, etc. Technical support provided by Village staff should be limited to ensuring we have the capabilities to effectively implement and utilize the web based software, as well as manage potential integrations with other Village software systems.

Based upon a high level review of our current processes, over time we anticipate that this system will allow us to realize significant efficiencies. Eliminating manual and duplicative tasks throughout the organization related to managing employees will allow for more time spent on strategic, management and/or customer focused tasks.

Staff recommends implementation of the following modules beginning in early 2019 -

- Core - provides ACA, benefits, compliance, employee and manager self-service, payroll, predictive analytics, reporting workflow, tax filing, and garnishment remittance
- Workforce Management - provides comprehensive time and attendance and scheduling functionality
- Onboarding - automates onboarding of new hires, including new hire forms submission
- Recruiting - automates recruiting and applicant tracking
- Talent Management - Performance & Succession - creates a strategy for employee professional growth and career advancement and allows for a pay-for-performance environment
- Compensation Management - automates the salary planning process
- Learning Management - automates the training and learning experience

This agenda item is being considered by the Technology, Innovation and Performance Improvement Committee and the Village Board of Trustees on the same night.

Financial Impact

The FY2019 budget includes \$500,000 for the procurement and implementation of an HCMS. Total year one fees, including implementation and conversion costs, are estimated at approximately \$319,000. Ongoing annual support is estimated at approximately \$224,500, or approximately \$26 per employee/per month. Additional annual support costs related to police pension retirees and terminated employees will amount to approximately \$5,000, or \$3.20 per police pension retiree per month and \$0.80 per terminated employee per month. The total cost over the initial five year period amounts to approximately \$1,237,000. (See attached for additional pricing information.)

By implementing this system, the Village will realize annual direct cost savings of approximately \$54,600 in year one and approximately \$127,000 in years two thru five, for a total savings over the first five years of approximately \$562,000. The direct cost savings are related to support of our current payroll system, outsourcing of direct deposit slip and W2 preparation, discontinuation of the iCIMS recruiting software subscription and the When to Work scheduling software utilized at CPAC, as well as the reclassification of the Payroll Administrator position from full-time to part-time. This results in a net cost increase related to the Village's payroll and HR systems of approximately \$675,000 over five years, equivalent to the salaries and benefits of approximately 1.2 FTEs annually. The effects of these additional costs will need to be factored into the Village's long term financial forecast.

Recommended Action/Motion

I move to recommend to the Village Board of Trustees to approve a three (3) year agreement that will reflect all pricing information, with the option to renew said agreement for two (2) additional years, with Ultimate Software Group, Inc. for the procurement and implementation of UltiPro Software and associated fees.