

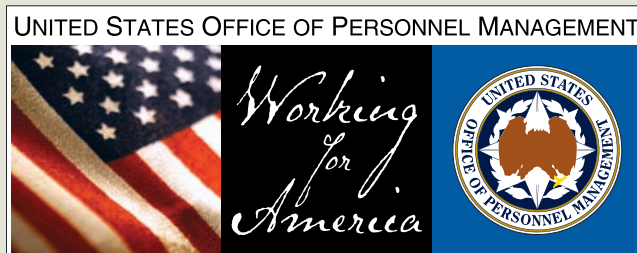


UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

# MIGRATION PLANNING GUIDANCE ATTACHMENT A

## EXCEPTION BUSINESS CASE TEMPLATE

May 23, 2008



## **Insert Agency Name**

### **Rationale for Agencies' Selection of a Shared Service Center (SSC) Using a Limited Form of Competition**

#### **Exception Business Case Template**

**May 2008**

#### ***Introduction (HR LOB developed)***

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The Office of Personnel Management (OPM), as Managing Partner of the Human Resources Line of Business (HR LOB) initiative, since April 2004, has engaged over 24 agencies in defining the vision and goals of the initiative. The vision is to create Governmentwide, modern, and cost effective, Human Resource (HR) solutions providing core functionality to support the strategic management of Human Capital. The goals of the HR LOB are to allow the Federal civilian workforce to focus on improved management, operational efficiencies, cost savings or avoidance, and improved customer service. These goals will allow agencies to transform their internal human resource focus from an emphasis on administrative processing to strategic planning support for agency leadership and increased customer service and counseling for managers and employees.

To achieve the HR LOB vision and goals, the HR LOB Task Force recommended that the government establish Shared Service Centers to provide agencies with modern human resources solutions on a fee for service basis and also that the government modernize and standardize human resource business processes.

The HR LOB has established a schedule of Federal and private sector Shared Service Centers (SSCs) to provide agencies with core HR processing services as well as other IT and non-IT services. The HR LOB takes a phased approach to delivering HR services through shared service centers that is based upon modern solutions and open architecture concepts.

The timing of migration decisions will be most dependent on the state of an agency's current HR solution and how imminent the need for modernization is for each agency. Each agency is expected to work closely with the HR LOB and OMB to determine their readiness for the selection of, and migration to an SSC. This exception business case provides the rationale for agencies that supports the need to migrate to an SSC using a limited form of competition.

### ***Statement of Need (Agency developed)***

This section contains a description of the agency's operating environment. This section should explain why the agency should migrate to a shared service center using a limited form of competition.

### ***Required Services (HR LOB developed)***

The HR LOB Target Requirements for Shared Service Centers version 3.0 defines the requirements that SSCs must provide to agencies and the HR LOB Business Reference Model version 2 is an end-to-end business process model for Federal HR to the activity level. Both documents are available on OPM's website at <http://www.opm.gov/egov/documents>. At a minimum, agencies must obtain human resources information systems for the core functions (personnel action processing and benefits management) and payroll operations from an SSC. Compensation Management includes payroll which may be provided by an e-Payroll provider or an SSC. Agencies should also consider whether they wish to seek non-core functions from an SSC. The HR LOB Concept of Operations (CONOPS) is described below for the core functions.

The Office of Personnel Management's *Guide to Processing Personnel Actions* defines a **Personnel Action** as "the process necessary to appoint, separate or make other personnel changes." The concept of personnel action is not specific to a single HR LOB Business Reference Model sub-function. Rather, it is a concept that converges with multiple

activities across the Business Reference Model (BRM) – activities that result in a change to employee status or other key employee data.

The HR LOB shared service centers will provide a personnel action solution that offers the capability to initiate and process a personnel action. The solution will use automated workflow to route the personnel action through its approval sequence and provide appropriate notifications. It will seamlessly connect to other HR LOB and other e-Gov HR solutions. Agency personnel will continue to initiate and approve personnel actions. Employees will receive electronic notification of personnel actions that have been processed on their behalf.

The HR LOB Business Reference Model defines the sub-function **Compensation Management** as “the adoption of nondiscretionary (Governmentwide), agency-discretionary and alternative compensation programs that are fair and equitable, and that promote employee retention. Award and bonus payout strategies are devised and administered. Work schedules are established and time worked is recorded and approved. Leave taken is reconciled against leave accrued to determine leave balances. Payroll is processed and reconciled, and employee pay and other third-party disbursements are generated. Labor costs are distributed, as appropriate, to the appropriate cost accounts.”

Shared service centers (SSCs) will play a key role in core compensation management activities. SSCs will provide a compensation management solution that includes tools to support managers’ pay and award decisions. The solution will use self-service and automated workflow to manage time reporting and approval. SSCs will also offer self-service capabilities to enable employees to enter employee-furnished payroll data (e.g., direct deposit, withholding). SSCs will provide automated support for leave processing. They will also manage the end-to-end payroll process including setup, processing, disbursement, reporting and compliance. SSCs will provide employees and managers with secure access to leave and pay data. They will also provide customer support to employees and managers for any leave, pay or time and attendance questions or issues. An SSC’s solution will seamlessly connect to other HR LOB and other e-Gov HR solutions.

The HR LOB Business Reference Model defines the sub-function **Benefits Management** as “designs, develops and implements benefit programs that attract, retain and support current and former agency employees. This sub-function includes: establishing and communicating benefits programs, processing benefits actions, and interacting as necessary with third-party benefits providers.”

The HR LOB shared service centers will provide a benefits solution offering web-based employee self-service capabilities for benefits enrollment. For Governmentwide benefits programs, plus selected agency-specific benefits programs, SSCs will activate benefits enrollments based on predefined business rules and make benefits participation data available to payroll and to benefits providers. SSCs will deliver benefits communication to employees and may provide benefits counseling to employees. For agency-specific benefits programs, SSCs will provide consulting support to agencies on communication content and approach and will provide facilities and media to deliver benefits communication to employees.

The Benefits Management sub-function of the HR LOB Business Reference Model contains two processes that break down to a total of nine activities. Shared service centers will support seven of the nine BRM activities. Agency and SSC involvement in these seven activities is described below.

### ***Required Services (Agency developed)***

This section should describe all agency requirements and the services needed from a shared service center, including agency-unique requirements.

### ***Market Analysis (HR LOB developed)***

The agency has the opportunity to obtain HR services from a public or private sector SSC. For the most current listing of public and private sector SSCs please refer to Section 6 of the Migration Planning Guidance. All of the SSCs have the capability to meet the HR LOB concept of operations and at a minimum deliver the mandatory core SSC requirements. Differences do exist, however, in areas including SSC core technologies, service delivery models, and schedule for customer migrations. It is recommended the agency leverage Section 6 of the Migration Planning Guidance, which describes the public and private sector SSC service offerings with links to their self-evaluations.

### ***Summary of Agency Market Analysis (Agency developed)***

Provide a high level summary of the results of your market analysis including a description of the efforts made to evaluate as many potential sources as possible. The market analysis should also include the results of identified gaps. Agencies should conduct a cost-benefit analysis to support their selection decision. The Customer Agency

Due Diligence Checklist found in Section 6 of the Migration Planning Guidance is recommended to support your analysis.

### ***Rationale for selection of an SSC using Limited Competition (Agency developed)***

Suggested topics for inclusion:

- Rigorous justification why a limited form of competition to select an SSC is necessary
- Existing business relationships with an HR LOB provider
- Existing SSC functionality that satisfies agency-unique requirements (for example, may include discussion of similar characteristics of existing customer base)
- Summary of cost-benefit analysis supporting selection decision
- Agency-unique needs
- Unique security considerations (may apply to Intel, DHS, or DoD)
- Other factors (directing legislation or regulation)

### ***Selection Recommendation (Agency developed - optional)***

This section should contain a recommendation on selected provider including migration timeline and funding availability.

### ***Agency Endorsements of Selection Recommendation (Agency developed - optional)***

Provide names and job titles of agency executives that support this selection recommendation.

### ***Attachment A.1 – Customer Agency Due Diligence Checklist (recommended)***

Checklist used to select an SSC that supports the agency’s market analysis. See *Attachment H* to the Migration Planning Guidance for more information.

### ***Attachment A.2 – SSC Target Requirements Self-evaluation Results***

Results from the selected SSC target requirements self-evaluation that demonstrates the SSC’s ability to meet agency requirements. See *Section 6* of the Migration Planning Guidance for more information.

### ***Attachment A.3 – Results of Operational Capability Demonstrations (recommended)***

Results from the selected SSC’s operational capability demonstrations showing its ability to deliver against agency requirements. See *Attachment F* to the Migration Planning Guidance for more information.



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