Update on BSC Operations

Presentation to the MTA Finance Committee

September 22, 2014

BSC Timeline

2005 Shared service center conceived by the Board

2006 Booz Allen prepares plan of concept for shared services

2007 Accenture retained to develop shared services implementation plan

Design envisioned BSC having about 400 employees, $50 million budget once steady state was reached

2009 Business Service Center created, PeopleSoft implementation begins

2011 PeopleSoft Finance "goes live" across MTA, plus HR and payroll module also goes live at MTA HQ, MNR, LIRR

2012 PeopleSoft HR/payroll "goes live" at NYCT (including MaBSTOA and SIR) and MTA Bus

2013 MTA Bridges & Tunnels PeopleSoft HR/payroll "goes live"

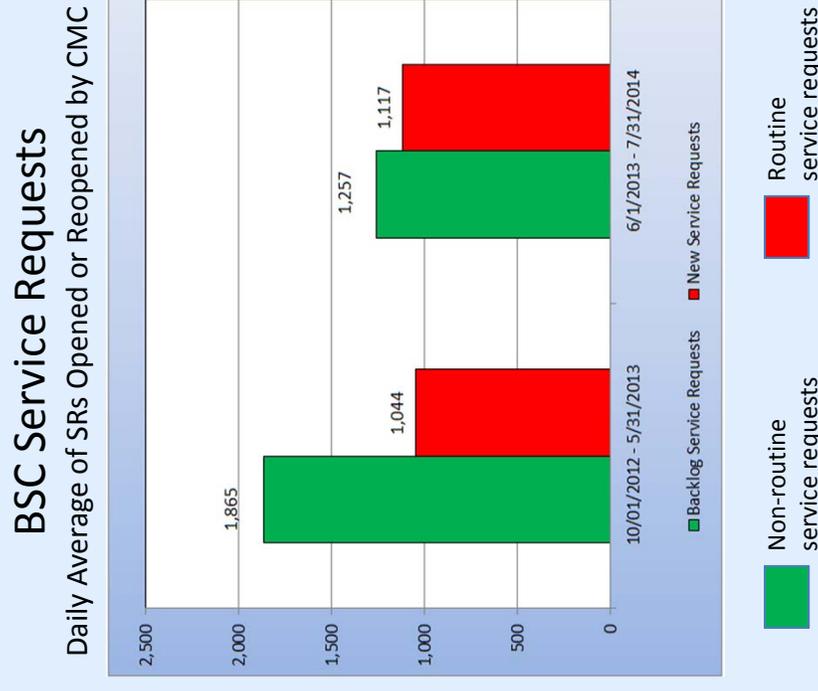**2014** PeopleSoft version 9.0 being updated to version 9.2

BSC Workload

BSC services 67,000 employees, 50,000 retirees and 27,000 vendors

- 14 different payrolls, 2.1 million checks or ACH advices annually
- Accounts payable – $9.7 billion in 325,000 payments annually
- Accounts receivable – 13,000 invoices for over $1 billion annually
- Recruitment and employment – 11,000 new hires processed, 464,000 applicants screened annually
- Human Resources processing – 9,488 promotions, transfers processed annually
- Benefits administration – 1,868 benefit plan permutations, 70,000 forms processed annually
- Accounting and bank reconciliations -- 2,000 bank reconciliations annually
- Vendor management – 25,000 vendor accounts continually maintained
- PeopleSoft administration – 64 instances of PeopleSoft, 139 server instances, 3,500 service requests per month

BSC Reached "Steady State" in October 2012

- Steady state reached in October 2012 after NYCT PeopleSoft go-live

- Operation of BSC has much improved over the past year

- Production problems since go-live have for the most part been fixed

  - Only 8 outstanding issues remain to be resolved in Finance and HR, down from near 100 after go-live

  - Monthly meetings to address remaining issues and enhancements

BSC Service Requests

Daily Average of SRs Opened or Reopened by CMC

Legend:
- Non-routine service requests (green)
- Routine service requests (red)

Chart categories:
- 10/01/2012 - 5/31/2013: Backlog Service Requests 1,865; New Service Requests 1,044
- 6/1/2013 - 7/31/2014: Backlog Service Requests 1,257; New Service Requests 1,117

Y-axis: 0, 500, 1,000, 1,500, 2,000, 2,500

■ Backlog Service Requests ■ New Service Requests

BSC Generates Savings and Avoids Unnecessary Costs

BSC generates savings 3 ways:

– Streamlined and automated processes allowed for consolidation of personnel from the Agencies

  • $14.3 million in recurring annual savings

– BSC performs functions that original plan assumed would stay at the Agencies

  • $2.5 million in annual savings to the Agencies

– By consolidating various computer systems into just one PeopleSoft platform, the MTA saves by not having to periodically update and replace Agency legacy systems

  • $84.5 million in savings every 5 years

Transparency, Auditability and Measurement

- Established monthly Steering Committee of top Agency managers and BSC leadership to review BSC performance and set policy

- Monthly report on BSC metrics to measure performance

- Weekly internal metrics to help BSC management identify problems and opportunities

- With MTA-wide records on one database, conducting audits is much easier

- Single source of MTA-wide data helps identify future savings opportunities

Customer Service

- The BSC receives and answers about 1,000 telephone calls and 300 emails per day requesting service.

  – Calls are usually answered in less than 30 seconds with few abandoned calls

**Incoming Calls to the BSC Customer Management Center**

Open enrollment questions

Wage increase questions

4,626

4,545
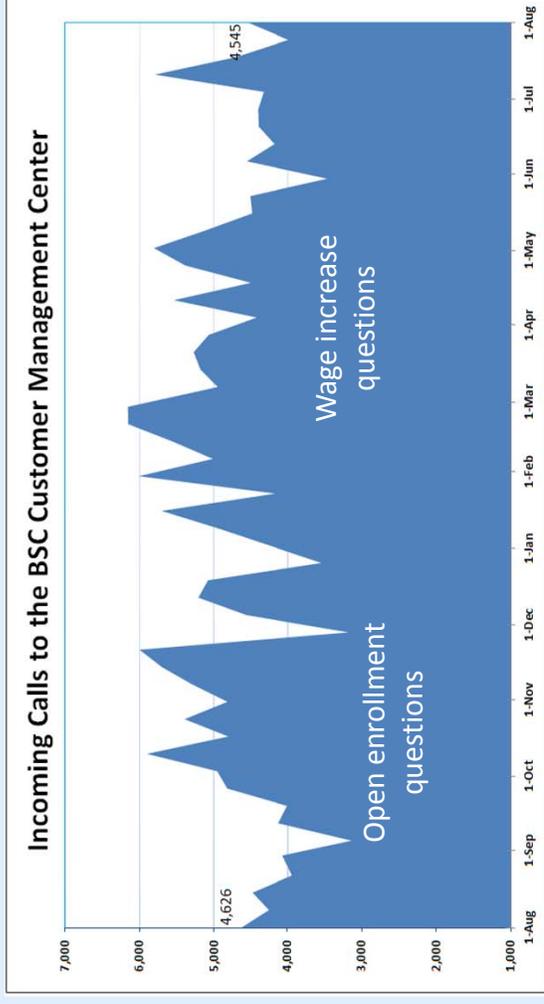
Transaction Processing

- Much of BSC workload is determined by factors outside of its control
    - Waves of hiring by the Agencies
    - Pending retirement of baby boomers, which leads to promotions and backfills
    - Open enrollment, Medicare changes
    - Negotiated or arbitrated wage increases
    - Changes in tax policy

Employment Forms in Queue

Waves of hiring by MTA agencies
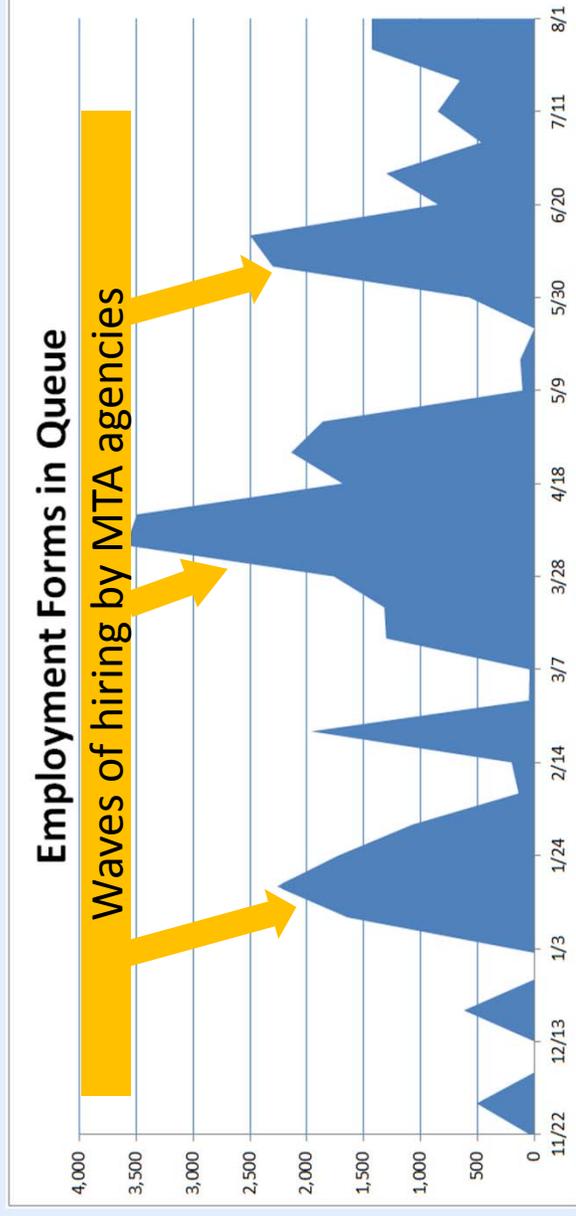
Current Special Projects

- PeopleSoft upgrade
  - $40 million for upgrading PeopleSoft and other Oracle tools to current versions

- Wage increases
  - To process general wage increases (GWI) and retroactive wage adjustments (RWA) for the agreements and arbitration awards to date required changing nearly 50 million lines of employee data and took about 100 hours of computer processing time
  - This year's GWI/RWA were especially challenging
    - settlements covered so many years retroactively including years pre-dating BSC
    - mandated new programs such as transportation passes, new dental coverage and new deferred compensation options
    - contained different provisions for new and existing employees

Future Opportunities

- Centralized Non-Core Category Procurements
  - Projected to save $20 million annually
- "Procure-to-Pay" Process Review
  - Review will encompass total "P2P" process – from buying a product to paying the vendor – and will recommend efficient solutions in processes and software at HQ and the Agencies.
- Automatic Vouchering
  - Software is being tested that will allow routine information on invoices to be entered automatically, thus vastly increasing productivity of making payments
- Efficient Garnishment Processing
  - Currently receive about 400 garnishment orders per week for child support, taxes, etc.
  - Investigating receiving direct feeds from state social service departments that will speed up processing

Challenges Ahead

- To capture the full potential of the investment in the BSC, HQ and the Agencies will need to embrace process change

  – BSC needs to require common business practices where appropriate

    • PeopleSoft is built around the industry's best practices and requires specific ways of doing business; customizing it adds expense and complexity

  – HQ and the Agencies may need to evaluate how they are doing business and change their processes so PeopleSoft can deliver savings

    Finance   Procurement

    Human Resources   Benefits