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December 7, 2010

## VICE CHANCELLORS – ADMINISTRATION

Dear Colleagues:

Please find enclosed for your comment and review the *Conceptual Framework for the Implementation of the UC Regents' Resolution on Administrative Efficiencies*, developed by the Information Technology Leadership Committee (ITLC) at the request of the Council of Vice Chancellors for Administration at its October 2010 meeting.

This framework has been drafted in response to the July 2010 resolution by the Board of Regents directing the University to “design and implement common best-practice administrative systems” that will enable UC to realize administration efficiencies across the institution. This represents a critical element of our “Working Smarter” initiative designed to achieve \$500 million in annual administrative savings within five years to support the University’s teaching and research missions.

We request that you review the draft document and provide comments to us by Monday, December 20, 2010. In particular, we would appreciate input on the following:

- Creation of a Common Solutions Steering Committee (CSSC), which would serve as a governing body for this important effort. Specifically, we are looking for input from a campus perspective on how to strike the necessary balance between appropriate stakeholder consultation and the systemwide need for expedient action and decision-making.
- How this systemwide effort can be structured so as not to impede campus initiatives and objectives, yet still achieve universitywide administrative efficiency goals.
- How to develop criteria in identifying candidates for systemwide or multi-campus common systems approaches.

In the meantime, the ITLC will also distribute this draft document broadly for feedback due to its Executive Committee by January 10, 2011. This feedback, with your comments, will be collected and jointly shared with the Budget Officers by January 14, 2011. The goal is to finalize the document by January 20, 2011.

We wish to thank the ITLC for its work on this important effort. The framework represents a solid starting point for further discussion, and we believe well advances this critical initiative.

Thank you in advance for your comments. Please do not hesitate to contact us with questions.

Sincerely,



Nathan Brostrom  
Executive Vice President  
Business Operations



Peter Taylor  
Executive Vice President and  
Chief Financial Officer

Enclosure

cc: Associate Vice President Reese

# **University of California**

## **Conceptual Framework for the Implementation of the UC Regents' Resolution on Administrative Efficiencies**

**November 12, 2010**

**Conceptual Framework for the Implementation of the  
UC Regents' Resolution on Administrative Efficiencies**

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## **Introduction**

In July 2010, The Regents of the University of California (UC) passed a resolution directing the university to “design and implement common best-practice administrative systems” that will enable UC to realize administrative efficiencies across the institution. The resolution calls upon the president to lead these efforts in consultation with various university stakeholders.

The Regents' Resolution comes at a time when the state of California and the university are facing unprecedented fiscal challenges. Even if the University of California were to dramatically increase revenues in the years ahead, cost savings associated with administrative efficiencies will still be required to generate resources in support of UC's teaching and research missions.

Such efficiencies can be obtained through a new university operating model that stresses common business processes that in turn lend themselves to innovative and cost-effective uses of information systems and services shared among campuses or across the university. A cornerstone of building these common business practices and shared information technology services is an enabling governance structure that includes the following:

- effective oversight from both strategic and tactical groups,
- a decision making process that is transparent, flexible, and timely,
- funding models that encourage collaborative system requisition and implementation, and
- accountability structures that guide the university towards a common operating environment over time.

Among the structures required to enable common systems implementation, the most critical is formation of a governing body that will guide implementation of the Regents' Resolution and report to the president as progress is achieved. Proposed as the Common Solutions Steering Committee (CSSC), this governing body will be composed of representatives from executive leadership, business/functional partners, and information technology partners. At a minimum, the CSSC will be responsible for:

- adopting a project review process and interacting with campus governing groups that propose potential projects for collaboration,
- periodically reviewing, prioritizing, and aligning proposed initiatives against roadmaps that lead to common practices and information systems over time,
- providing recommendations for incentives, funding, and resource accountability, and
- reporting periodically to the president on efforts to adopt common business practices and implement common systems.

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Importantly, across the University of California, there are many business initiatives that are clear candidates for collaborative development and deployment. Nevertheless, some implementations will not lend themselves to a systemwide approach, while others may be candidates for a multi-campus collaboration. Campuses must therefore develop and utilize processes for reviewing and evaluating potential initiatives against an agreed to set of “collaborative system attributes” and “roadmaps” for common systems achievement. When appropriate (e.g., when there are economies of scale, significant cost savings, dramatic service improvements, or significant regulatory or compliance benefits to be achieved) campuses will escalate projects for consideration as potential collaborative development initiatives among several campuses or across the entire system.

If this conceptual framework for implementing the Regents' Resolution is adopted, specific implementation structures and methodologies will be developed to fully engage UC's business and technology partners. Essential first steps include

- the creation of an inventory of business processes and related systems that are candidates for collaboration,
- the development of roadmaps for how these processes will evolve to common approaches built on innovation and best practices, and
- the creation of technology infrastructures that facilitate multi-campus or systemwide information system deployments.

These first steps will identify initiatives and projects for the CSSC's consideration, and when acted upon, will begin the process of implementing the Regents' Resolution and realizing the cost savings and efficiencies that are critical to the future of the University of California.

# Conceptual Framework for the Implementation of the UC Regents' Resolution on Administrative Efficiencies

## Governance

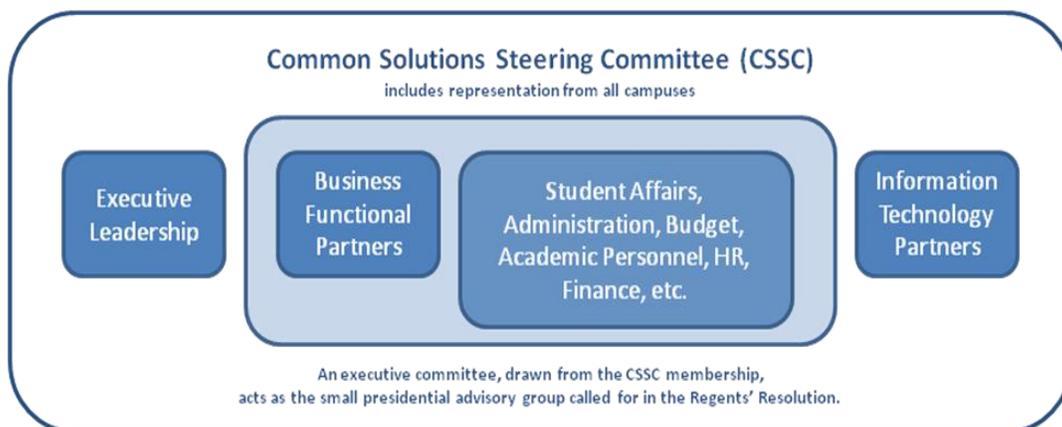
The current fiscal crisis, which is expected to continue for the foreseeable future, presents the university with an opportunity to re-engineer its business practices and take advantage of efficiencies made possible through technology. To this end, the university must move aggressively toward developing common business practices, implementing common information systems utilizing published standards, evaluating and endorsing approaches and incentives aimed at normalizing systems-related acquisitions, and investing in strategic systems deployment where one system can meet the business needs of more than one campus.

Strong governance will be critical for the university to take full advantage of this opportunity. First and foremost, the university must establish a governance framework, with oversight groups at the both the universitywide and local levels, that champions the development of common business practices and systems across the institution and provides the high-level direction and oversight necessary for implementation and long-term sustainability.

### *Common Solutions Steering Committee*

The primary component of the governance framework is the universitywide Common Solutions Steering Committee (CSSC), appointed by the president to provide leadership and vision for systemwide initiatives and guide overall implementation of the Regents' Resolution on Administrative Efficiencies. The approximately fifteen to twenty members will be drawn from every campus, medical center, laboratory, and the Office of the President, and will represent the university's key business areas and information technology.

An executive committee, composed of three to five members of the CSSC, will act as the presidential advisory group called for in the Regents' Resolution. Once formed, the CSSC will develop the processes, structures, and agenda to fulfill its charge. It is expected that the CSSC will form various standing committees to focus on different types of projects and interact with the campus groups to facilitate common initiatives and provide direct input into priorities, progress, and outcomes. The following diagram illustrates the CSSC governance model:



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In general, the CSSC will be called upon to work at the policy and strategy level, as well as the operational level, making decisions and recommendations to effect collaboration, and addressing technical and fiscal aspects of collaboration. Specifically, the CSSC will be responsible for the following:

- **Common/Innovative Business Practices.** Provide overall guidance in the creation and adoption of common, innovative business practices and the implementation of information systems enabling these best-of-breed approaches.
- **Campus Interactions.** Interact with campus governance groups that propose and assess potential projects for collaboration
- **Project Review.** Establish and coordinate a project intake and review process to objectively evaluate potential collaborative efforts, including setting criteria for collaborative projects.
- **Project Prioritization.** Review and prioritize potential efforts against business system roadmaps that lead to common practices and information systems over time.
- **Incentives for Collaboration.** Provide recommendations to the president relating to incentives, funding, and resource accountability for collaborative projects.
- **Disincentives to Collaboration.** Evaluate and take action on proposals to remove or address disincentives to collaboration, including funding structures and cultural norms.
- **Evaluate Progress.** Report to the president on efforts to adopt common business practices and to implement common systems throughout the university.
- **Communications.** Serve as a robust conduit for communications about collaborative business practice and systems initiatives.

### *Business and Technology Partnership*

The CSSC also will be responsible for endorsing and promoting the principle that UC business and functional organizations with common missions must adopt and utilize common processes based on industry norms and best practices. At the same time, the CSSC must empower the university's business and technology entities to be effective collaborators and key partners in developing the university's common solutions strategy. The CSSC thus will charge business/functional and technology partners to create and oversee a variety of structures, processes, and resources that are essential to informing decision making and enabling the common solutions governance framework. The CSSC will annually review progress on and evaluate the effectiveness of these deliverables, including roadmaps and inventories, which are listed in the section, Key Structures and Resources.

## **Process for Reviewing Initiatives**

The CSSC will develop a universitywide project intake and review process to evaluate criteria and determine which processes and systems will most benefit the university if adopted as systemwide or multi-campus solutions. This review process must address campus priorities first and, critically, must not cause delays that impede campus objectives. To this end, each campus will develop its own process to manage local priorities in the context of supporting universitywide goals to implement common business practices and systems.

General responsibilities of the local governing bodies will include ensuring active dialog and discussion with campus/medical center leadership, reviewing proposed projects and considering their potential for collaboration and, where appropriate, promoting projects for consideration as potential systemwide or multi-campus initiatives. In the review process, campuses should consider the potential for collaboration as they initiate large-scale projects, as well as seek ways to facilitate the sharing of local information systems, if appropriate. Ultimately, campuses will escalate projects to the CSSC, which, through its own established review process, will determine if collaboration is appropriate and at what scale it should occur.

### ***Attributes of Collaborative Projects***

Across the University of California, many business processes and systems are clear candidates for collaboration, whether systemwide or multi-campus collaboration. In such cases, the university will achieve greater effectiveness and efficiency via common, innovative approaches based on best practices and industry norms. It must be recognized, though, that in other instances, processes and systems are unique to a location, and the university will not necessarily benefit from pursuing a shared approach. Thus, in the project review processes, initiatives must be evaluated against a suite of attributes or criteria that help classify initiatives as candidates for systemwide, multi-campus, or single campus development. Projects that are strong candidates for collaborative, common implementation demonstrate many of the following attributes:

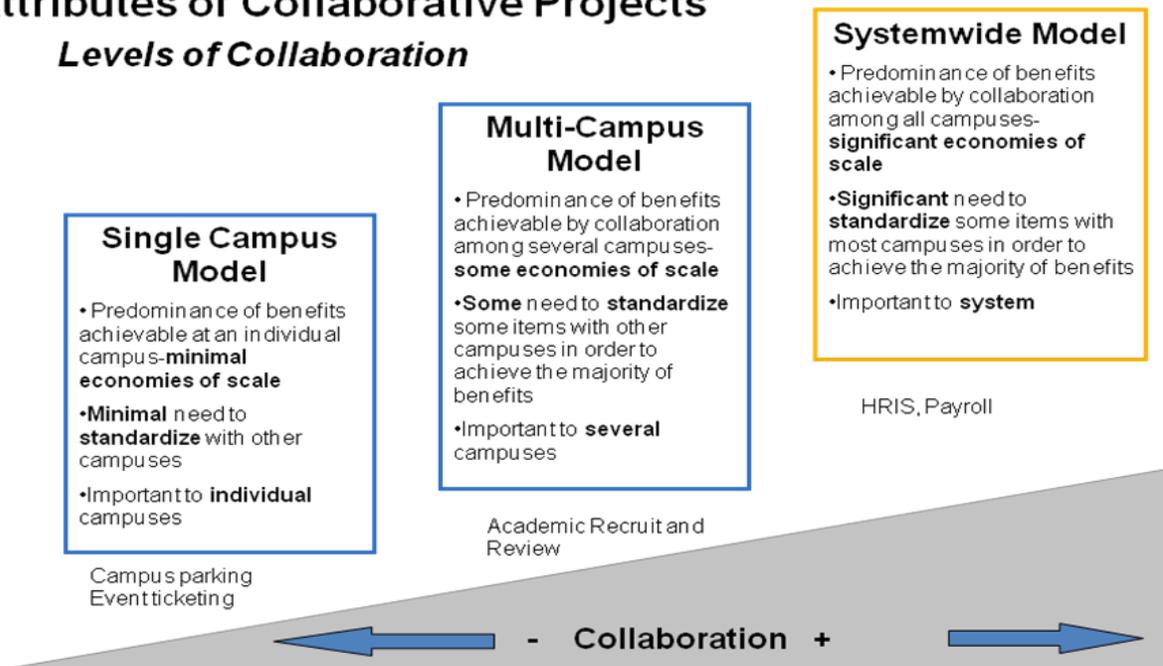
- Enable economies of scale to be achieved
- Minimize risk from and reduce the cost of process variation or duplication
- Provide enhanced ability at lower cost to meet regulatory requirements
- Integrate similar operations and practices
- Provide for talent sharing among multiple locations
- Optimize best practices across UC
- Achieve consolidation of similar operations and practices
- Provide service consistency

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- Help provide a single face to UC customers
- Show that the benefits and outcomes achieved by collaboration outweigh the “overhead” of pursuing collaboration

*Important note: A basic assumption is that complete collaboration is not the goal. Instead, systemwide and multi-campus collaborative projects will reflect approximately 80% common business practices and 20% campus-specific business practices.*

## Attributes of Collaborative Projects Levels of Collaboration

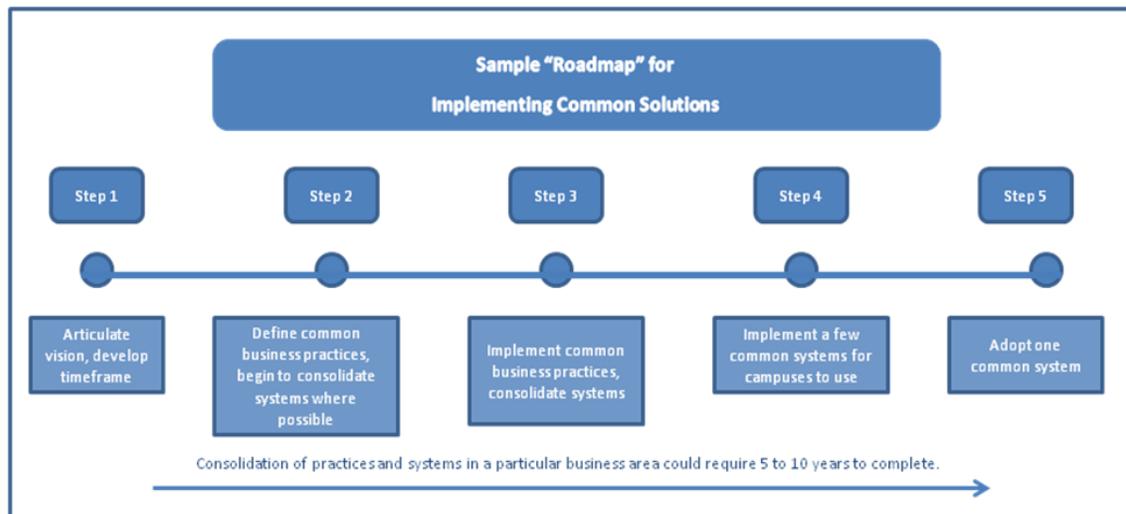


## Key Structures and Resources

The development of a number of key structures and resources, such as inventories, roadmaps, and new management processes, will be essential to enable the proposal, evaluation, development, and implementation of collaborative business processes and systems. Thus, business and technology partners across the university will be charged with developing and maintaining these requisite structures and resources. To be successful, though, they will require organizational realignment as well as additional resources. The CSSC and local governance bodies must address this issue and promote organizational change and investment where necessary to ensure the functional and technology areas are positioned to fulfill their charge.

As a first and iterative step in the development of key resources, UC's business partners must identify which major university business processes and services have the most significant impact on the institution's administrative effectiveness, and which have the greatest near-term potential for alignment and integration across a significant set of campuses. The goal will be to align key business processes across the university, regardless of the technologies used, with the intent of moving towards common technologies and shared service centers over time.

As a second step, UC's business and technology partners must develop roadmaps for achieving common business processes and systems in the years ahead. Roadmaps will outline a plan across the next decade for achieving common business practices and shared systems goals, and will enable campus management and local technology partners to make the most effective decisions possible as systems are deployment and upgraded.



### *Deliverables of Business and Technology Partners*

As business and technology groups lead the development of specific structures and resources in support of the common solutions initiative, effective and sustained communications and transparency will be important. The business and technology entities must engage in active

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dialog and discussion with campus/medical center leadership concerning common business system options and alternatives, as well as the potential impacts these alternatives will have on efficiencies, business practices, and campus operations. Such discussions must take place not only at the local level, but also within systemwide groups, including the Council of Chancellors.

The deliverables of the business and IT partners are listed below:

- **Roadmaps to Collaboration.** Roadmaps will be developed that stress common, innovative approaches and best practices; methods for collecting and communicating inventories of potential system implementations, etc. These roadmaps will describe how business systems will evolve over time to ensure the deployment and utilization of common software and tools throughout UC.
- **Census of Business Processes with Potential for Alignment.** A perpetual census will be developed and maintained that lists manual and/or automated processes that are candidates for redesign and/or automation. These processes may be candidates for collaborative systems development and deployment. Business partners will take the lead in developing the census.
- **Inventory of Systems and Portfolio Management.** An online registry of existing systems as well as proposed investments in new systems will be established for use by every campus. The inventory will include systems/services from third-party providers, as well as the base architecture used to deliver these systems. Over time, the registry will serve as a real-time inventory of major administrative systems across the university and a resource identifying solutions that could be leveraged across the system. Technology partners will take the lead in developing the inventory.
- **Attributes of Collaborative Business Processes and Systems.** A set of attributes of collaborative business processes and systems will be created. These will be consistently used to determine whether or not a particular initiative or project is a candidate for collaborative development and implementation. The list of attributes of collaborative projects will be reviewed on an annual basis.
- **Governance Structure and Processes for Project Review.** Campus and systemwide governance structures and formal review processes will be created to manage collaborative systems consideration, development, and implementation.
- **Census of Local Governance Partners.** A perpetual census will be developed of the local campus and medical center administrative efficiencies governance partners. The census will describe the scope, areas of responsibility, and designated authority for each governing body, thus facilitating collaboration and accountability.
- **Resource Sharing Plans.** Strategies will be developed to share both intellectual resources (people) and computational resources (“clouds,” virtual environments, data services) that will enable and facilitate cost reduction through the use of shared services

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and service centers used by multiple campuses.

- **Policy and Service Level Agreements.** Formal agreements will be established to govern multi-campus use of common systems.
- **Project Management Expertise.** Project management tools and techniques will be adopted to facilitate common development and support efforts.
- **Technical Governance.** Organizational groups will be appointed as necessary to facilitate the implementation of common technical tools and development environments.
- **Supporting Technology Infrastructure.** Common technologies (e.g., architecture, middleware) and industry standards will be described and promoted to enable common information systems by increasing opportunities for sharing, alignment, and integration of business and IT services.

## **Conclusion and Next Steps**

Once formed, the CSSC and campus/medical center governing bodies will articulate their organizational and review processes, identify and charge groups with producing key deliverables, and set timeframes for evaluation. Additionally, these governance entities must recognize that UC's business/functional and technology partners will require both realignment and resources in the short and long term to develop the structures, processes, technical skill sets, and roadmaps that will eventually lead to greater UC effectiveness and efficiencies. Further, incentives and structures (both fiscal and otherwise) will need to be created to facilitate the adoption of common business practices and the utilization of common information systems. Governance must focus on enabling such realignment and resource development, while ensuring local control over determining and prioritizing the collaborations that will provide the greatest benefit to individual institutions.

There can be no doubt that the changes to university operations proposed in this document are substantive and focused: It must be recognized that significant cultural change will be required to move from an autonomous to a collaborative model, and success depends upon sustained efforts from all sectors of the university. Nonetheless, the convergence of budget exigencies, resource constraints, and emerging technologies capable of facilitating innovative, effective administrative approaches provides the university a unique opportunity to achieve a more efficient, and standards-driven business environment. While it will take time to align business processes based on best practices and new operating paradigms, the resulting lower costs and enhanced administrative and technical efficiencies are in the university's long-term interests.