MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Finance and Facilities **Date of Meeting:** June 19, 2013

Agenda Item: Campus Service Cooperative Contract Approval Exceeding $3 Million for Cycle Two (IBM)

☐ Proposed Policy Change	☒ Approvals Required by Policy	☐ Other Approvals	☐ Monitoring
☐ Information			

Cite policy requirement, or explain why item is on the Board agenda:
Board Policy 5.14, Procurement and Contracts, requires approval by the Board of Trustees of contracts exceeding $3 million.

Scheduled Presenter(s):
Sue Collin, *President,* Northeast Higher Education District
Karen Kedrowski, *Vice President of Finance and Administration*, Northeast Higher Education District
Laura King, *Vice Chancellor of Finance, CFO*, System Office
Colin Dougherty, *Managing Director*, Campus Service Cooperative
Jason Cavallo, *Strategy Director and Lead Project Manager*, Campus Service Cooperative

Outline of Key Points/Policy Issues:
The Campus Service Cooperative (CSC) recommends that the Board approve execution by the Chancellor of the CSC Cycle Two (IBM) contract for shared services and strategic sourcing. The CSC Cycle Two will be a twelve month effort, August 2013 through July 2014. This action was initiated in February 2013 and is currently funded through July 2013. CSC Cycle One is on-track to deliver $14.7 million in potential savings over three years. The CSC Cycle Two contract will extend support through July 2014, including systemwide rollout of the CSC Cycle One business processes and delivery of signed contracts with $21.4 million in potential savings in additional sourcing categories.

- Payroll (w/Finance)

Financial Aid Processing

- Tracking Verification Setup
- MN State Grant Unit Counting
- Direct Loan and Pell Grant Reconciliation
- Return to Title IV (R2T4)

Based on 2012 payroll data, across the Finance, Human Resources, and Financial Aid Processing functional areas, MnSCU expenditures over $60 million and employs approximately 850 staff members. Preliminary estimates suggest that the eleven processes addressed in Cycle One account for approximately $14.1 million of these expenditures.

In addition to the savings realized from the strategic sourcing work, implementation of the common processes defined in Cycle One will produce significant value to campuses across MnSCU in the form of more efficient processes, higher quality outcomes, reduced processing time, better use of existing resources, increased staff flexibility, and dramatically improved ability to share workload across locations. The intent of this effort is to redeploy time from transactional processing activities to higher-value professional services, including student, faculty, and staff-facing activities.

Analysis to date suggests that the CSC is on track to deliver an aggregate 30% productivity improvement across the eleven processes. In addition to this value, through a systemwide perspective, campuses and the system office will benefit from greater alignment and focused collaboration with IT, audit compliance, common training and materials, and the potential for clearer professional development.

Cycle One Business Case

In January 2013, the Board of Trustees met for a Study Session to review the business case for Cycle One of the shared services and strategic sourcing contract (IBM). Table 1, below, is a cash flow-only view, as presented at the January Board of Trustees Study Session. Savings figures in Table 1 assume 100% participation by the colleges, universities, and system office.

Table 1: Forecast Program Economics – Cash Flow by Fiscal Year ($ millions)

GROSS SAVINGS	FY13	FY14	FY15	FY16	FY17	FY18
Strategic Sourcing	0.9	11.8				

Strategic Sourcing Opportunity

For strategic sourcing, the total expenditure for the five systemwide contract categories in