



# One Washington Business Process Assessment

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## 1.0 Deliverable Overview

### 1.1 Purpose

The Business Process Assessment provides a data-driven view into the State's greatest transformation opportunities and challenges. The purpose of this deliverable is to inform the Executive Sponsors and Project Director as they make decisions regarding scope of the State's Enterprise Resource Planning (ERP) system as well as business process redesign opportunities ahead of ERP implementation. The assessment describes the results of the business process heat map analysis and summarizes recommendations for issues to examine in Phase 2.

### 1.2 Key Question

The Business Process Assessment seeks to answer the following question:

*What Finance, Procurement and Human Resources business processes should be included in the scope of Washington's ERP solution?*

### 1.3 Key Considerations

The development of this deliverable has taken into consideration the following:

- The content of this deliverable will be dependent upon input provided by State agencies through the Accenture Enterprise Services for Government (AESG) Business Process Diagnostic tool and subsequent interviews.
- The scope of the Business Process Assessment includes:
  - *Finance*: With the exception of Audit and Compliance Management, Risk Management, Tax Administration, and Treasury sections
  - *Procurement*: All business processes, as defined in the Logical Operating Model
  - *Human Resources*: Selected questions that impact the financials system, including selections from Payroll, Travel & Expense Management, Compensation Management and Time Administration
- A separate but related analysis will provide a full assessment of HR business processes to the State, but those results will be provided to the State separate from the Business Process Assessment deliverable that includes the scope defined in the prior consideration.
- The Business Process Assessment deliverable meets the requirement defined in Contract K2636 in the Compensation Section, as well as in the Statement of Work, Section 5.1, related to Phase 1, Deliverable #3.

## 2.0 Executive Summary

The State of Washington is taking a business-led approach towards examining the potential value of an Enterprise Resource Planning (ERP) implementation to replace the State’s core financial systems. The Business Process Assessment engaged agency participants from across the enterprise to assess the degree to which current Finance, Procurement, Payroll and Time and Expense Management business processes represent Leading Practice and to inform the business case analysis. This assessment involved completion of a diagnostic questionnaire by agencies, interviews to validate the information, and the development of Heat Maps from that information showing the divergence of current processes from Leading Practice.

### 2.1 Key Takeaways

Based on the analysis of the Heat Maps and insights from Agencies, there are there overall opportunities for Washington to move towards Leading Practice:

1. **Technology:** Implementation of a single, integrated Enterprise Resource Planning (ERP) solution would enable Washington to make major forward progress with its Finance, HR/Payroll, and Procurement operations. The current system does not meet agency needs for a financial system that will provide the insights needed for State leadership to operate at a high level of performance, with robust internal controls, and with the capabilities to meet the increasing demands of Washington’s legislature or its citizens for transparency and analysis in the 21<sup>st</sup> century.
2. **Data and Analytics:** In addition to an integrated system, there are a series of actions the State could take to allow for a more robust analytics capability. Movement towards standard definitions and a single source for key enterprise data would be the first step in this process.
3. **Targeted Process and Policy Improvements:** While staff have done a great job developing manual processes to get the job done, there are still some areas where targeted business process redesign would allow for significant improvement in process performance. Additionally, select policy and organizational changes allow for more streamlined and effective processes as well as improved access to enterprise data.

### 2.2 Summary Findings

Summary heat maps provide a high-level view of the divergence of current processes from Leading Practice across functional process areas and value levers, which provide insight into the drivers of current performance. The People value lever describes talent and development; Process describes systems, policies and procedures; Strategy describes planning and forecasting; and Technology describes the presence of applications, task automation and system integration. Technology was a consistent challenge for agencies, even in situations where the overall process was done well. Similarly, Procurement processes were consistently lagging, and present a significant opportunity for improvement.

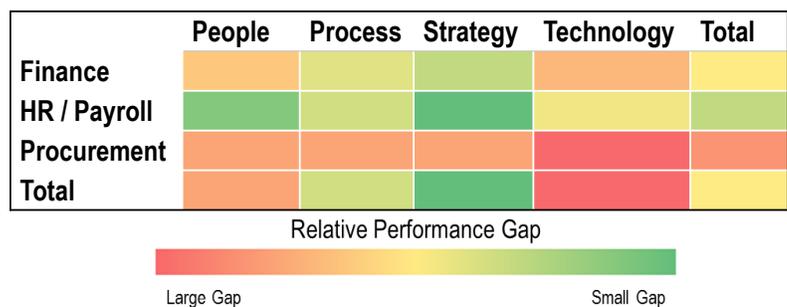


Figure 1. Summary Heat Map

Subsequent interviews with agency participants confirmed the findings above. Additionally, there were two main themes that came out of the interviews:

- **Pervasive use of manual systems:** Staff have become accustomed to working in an environment with multiple systems and workarounds. When agencies have problems, they develop entrepreneurial solutions. As such, there is an absolute focus on fixing problems – but no holistic view of the statewide perspective or strategy.
- **Consensus around many of the pain points:** Challenges were common across agencies in several key areas including a heavily manual Procure-to-Pay cycle, a constrained Chart of Accounts with inconsistent use of optional fields, and difficulties with Vendor Management.

### 2.3 Maturity by Process Area

The results of the heat maps were supplemented with Accenture’s experience and judgment to inform the maturity of each process category. Processes at a Lagging maturity level are largely manual and require manual reconciliation and input to other systems, while Basic processes are somewhat manual but executed effectively with some automation. Enhanced processes leverage automation to enable links to other systems and add value to other business processes, and business processes characterized as Leading have added features that would result in the practice being considered ‘on the cutting edge’ of State government and would be recommended to peers. The results of this analysis are below.

	Lagging	Basic	Enhanced	Leading	Insights
<b>Finance</b>		Accounts Payable Accounting Grants Management Accounts Receivable	Risk Management Strategy, Planning, and Budget Development Data, Reporting, and Analytics Organization Management* Asset Management	Treasury Budget Management	<ul style="list-style-type: none"> <li>Processes related to Budget Management are a leading practice</li> <li>Multiple agencies indicated that they were unable to report on basic vendor or expenditure data</li> <li>Limited electronic storage of documentation</li> </ul>
<b>HR / Payroll</b>			Travel and Expense Management Time and Payroll		<ul style="list-style-type: none"> <li>HR is somewhat manual, but executed well.</li> <li>TLA project may address many HR challenges</li> </ul>
<b>Procurement</b>	Data, Reporting, and Analytics	Procurement Strategies Procure to Pay Organization Management	Fulfillment and Inventory Vendor Management		<ul style="list-style-type: none"> <li>Procure to Pay cycle is a challenge</li> <li>Agency procurement data practices vary widely</li> <li>Inconsistent Procurement data causes challenges across most process areas</li> </ul>

\*Organization Management maturity does not include Innovative Funding, Management of Cross Agency Initiatives, or Management of Boards and Authorities due to limited information gathered during interviews

### 2.4 Recommendations

Based on the insights gained during the Business Process Assessment, Current Financial System Assessment, and Strategy Lab, we recommend the state include the following processes in the scope of Washington’s ERP solution:

- **Finance:** All business processes included in assessment (Note: does not include Tax Administration, Risk Management, Audit and Compliance Management, Pensions and Medical Benefits, which were not in-scope for the Phase 1 business process assessment).
- **Procurement:** All business processes included in the Phase 1 assessment.

- **Human Resources:** Travel and Expense Management, and possibly Compensation Management (to be evaluated during Phase 2 analysis). Build interfaces from Financial System to HR functionality as needed (e.g., Payroll, Time Administration, etc.).

### 3.0 Overview

Please refer to slides 7-11 in the PowerPoint file provided in Appendix A.

## 4.0 Findings by Process

Please refer to slides 12-26 in the PowerPoint file provided in Appendix A.

## 5.0 Recommendations

Based on the insights learned from Agencies during Phase One, there are three main opportunities for Washington to move towards Leading Practice. Process Value Levers and Critical Success Factors will be further analyzed in the next phase to help Washington build a strong, business-driven ERP strategy.

1. **Technology:** Implementation of a single, integrated Enterprise Resource Planning (ERP) solution would enable Washington to make major forward progress with its Finance, HR/Payroll, and Procurement operations. The current system does not meet agency needs for a financial system that will provide the insights needed for State leadership to operate at a high level of performance, with robust internal controls, and with the capabilities to meet the increasing demands of Washington's legislature or its citizens for transparency and analysis in the 21<sup>st</sup> century.
2. **Data and Analytics:** In addition to an integrated system, there are a series of actions the State could take to allow for a more robust analytics capability. Movement towards standard definitions and a single source for key enterprise data would be the first step in this process.
3. **Targeted Process and Policy Improvements:** While staff have done a great job developing manual processes to get the job done, there are still some areas where targeted business process redesign would allow for significant improvement in process performance. Additionally, select policy and organizational changes allow for more streamlined and effective processes as well as improved access to enterprise data.

**Recommendation:** The following processes should be included in the scope of Washington's ERP solution:

- **Finance:** All business processes included in assessment (Note: does not include Tax Administration, Risk Management, Audit and Compliance Management, Pensions and Medical Benefits, which were not in-scope for the Phase 1 business process assessment).
- **Procurement:** All business processes included in the Phase 1 assessment.
- **Human Resources:** Travel and Expense Management, and possibly Compensation Management (to be evaluated during Phase 2 analysis). Build interfaces from Financial System to HR functionality as needed (e.g., Payroll, Time Administration, etc.).

## A. Appendix A: Business Process Assessment (PPT File)



## B. Appendix B: Interview List

Agency	Contributors
Administrative Office of the Courts (AOC)	<ul style="list-style-type: none"> <li>▪ Ramsey Radwan</li> <li>▪ Angela Flahaut</li> <li>▪ Renee Lewis</li> </ul>
Department of Enterprise Services (DES)	<ul style="list-style-type: none"> <li>▪ Jim Morgan</li> <li>▪ Ashley Howard</li> <li>▪ Steve Voight</li> <li>▪ Cathy Cook</li> <li>▪ Farrell Presnell</li> <li>▪ Christine Warnock</li> </ul>
Department of Fish and Wildlife (DFW)	<ul style="list-style-type: none"> <li>▪ Lee Rolle</li> <li>▪ Tara Thomas</li> <li>▪ Karen Mcmanus</li> <li>▪ Cindy Kerila</li> </ul>
Department of Natural Resources (DNR)	<ul style="list-style-type: none"> <li>▪ Brian Richardson</li> <li>▪ Elanor Dovey</li> <li>▪ Cheryl Walpole</li> <li>▪ Laura Lowe</li> <li>▪ Robert Brauer</li> <li>▪ Philip Wilson</li> </ul>
Department of Corrections (DOC)	<ul style="list-style-type: none"> <li>▪ Dianne Doonan</li> <li>▪ Tranquilina Cooley</li> <li>▪ Keri Smith</li> <li>▪ Sarian Scott</li> </ul>
Department of Revenue (DOR)	<ul style="list-style-type: none"> <li>▪ Dan Contris</li> <li>▪ Joan Neff</li> </ul>
Department of Transportation (DOT)	<ul style="list-style-type: none"> <li>▪ Bob Covington</li> <li>▪ Amy Arnis</li> <li>▪ Doug Vaughn</li> <li>▪ Jay Alexander</li> <li>▪ Daniela Bremmer</li> <li>▪ Jodie Stanton</li> <li>▪ Bev Runion</li> <li>▪ Scott Kibler</li> <li>▪ Dave Davis</li> <li>▪ Rich Struna</li> <li>▪ Elise Greef</li> </ul>

Agency	Contributors
Department of Social + Health Services (DSHS)	<ul style="list-style-type: none"> <li>▪ Michelle Harvey</li> <li>▪ Karen Conley</li> <li>▪ Jay Minton</li> <li>▪ Lori Parker</li> <li>▪ Carmen Mendez</li> <li>▪ Tim Feist</li> <li>▪ Rich Woodard</li> <li>▪ Shelia Anderson</li> <li>▪ Rich Klemmer</li> <li>▪ Terry Westhoff</li> <li>▪ Candy Hoelsing</li> <li>▪ Yolanda Wilson</li> <li>▪ Laura Burbank</li> <li>▪ Dan Ashby</li> <li>▪ Teri Comstock</li> </ul>
Department of Ecology (ECY)	<ul style="list-style-type: none"> <li>▪ Lisa Darnell</li> <li>▪ Tara Thomas</li> <li>▪ Gordon Dovell</li> <li>▪ Alex Monroe</li> </ul>
Employment Security Department (ESD)	<ul style="list-style-type: none"> <li>▪ Vicki DeBoer</li> <li>▪ Pamela Ames</li> <li>▪ Kim Anensen</li> <li>▪ Trent Howard</li> <li>▪ Samantha Salazar</li> <li>▪ Lori Seaunier</li> <li>▪ Mary Beth Strand</li> </ul>
Health Care Authority (HCA)	<ul style="list-style-type: none"> <li>▪ Susan Lucas</li> <li>▪ Stacy Crawford</li> <li>▪ Rita Homan</li> <li>▪ Cyndi Presnell</li> <li>▪ Jan Smallwood</li> <li>▪ Monica Manikhoth</li> <li>▪ Laura Wood</li> <li>▪ Kimberly Ames</li> <li>▪ Nikki Johnson</li> </ul>

Agency	Contributors
Department of Labor and Industries (LNI)	<ul style="list-style-type: none"> <li>▪ Sharon Elias</li> <li>▪ Roger Wilson</li> <li>▪ Melody Porter</li> <li>▪ Jeri Deuel</li> <li>▪ Tammie Wilson</li> <li>▪ Lance Yount</li> <li>▪ Linda Tilson</li> <li>▪ Jamie Martin</li> <li>▪ Anna Quichocho</li> <li>▪ Michael Watte</li> <li>▪ Tara Harron</li> </ul>
Office of Financial Management (OFM)	<ul style="list-style-type: none"> <li>▪ Wendy Jarret</li> <li>▪ Denise Doty</li> <li>▪ Angie Hogenson</li> <li>▪ Denise Flatt</li> <li>▪ Amy Walker</li> </ul>
Office of the Insurance Commissioner (OIC)	<ul style="list-style-type: none"> <li>▪ Stacy Warwick</li> </ul>
Office of the Treasurer (TRE)	<ul style="list-style-type: none"> <li>▪ Shad Pruitt</li> <li>▪ Wolfgang Opitz</li> <li>▪ Darrel Jensen</li> </ul>