



February 2, 2022

Representative Brianna Titone, Chair
Senator Jeff Bridges, Vice Chair
Joint Technology Committee
200 East Colfax Avenue
Denver, CO 80203

Madame Chair, Mister Vice Chair, and Committee Members,

Thank you for your continued support of Colorado's higher education institutions, our collective mission, and Colorado Rises, the state's Higher Education Master Plan. Thank you also for your diligence in evaluating the myriad of technology capital requests put before you and the thoughtful questions that you have posed. As requested, MSU Denver and the Colorado School of Mines have jointly drafted a response to your questions and look forward to the opportunity to discuss our proposals further as needed.

1. *The impact if the state does not approve funding for this year or future years for the project.*

As is the case with any multi-year project, out-year funding remains a risk unless it can be guaranteed at the outset. Both MSU Denver and Mines are proud of the progress made to date on implementation and hope to continue moving forward to realize the organizational benefits and long-term cost savings offered by deployment of a mature, cloud-based enterprise system.

If state funding is not available for fiscal year 2023 or future years, we each intend to revise our proposed scope of work for the Human Capital Management and Financials (ERP) phase of the project, allowing us to complete a limited delivery of this solution, while canceling further work on the Student system implementation. The net result would be unfunded expenses of approximately \$1.5 million for MSU Denver and \$2.5 million for Mines over the next two years but would permit our administrative divisions to benefit from the work completed to date.

The most significant impact would be the cancellation of the Student system. If we are not funded by the state and are unable to find alternative funding, we will not be able to support our students with a state-of-the-art, modern system. Any costs incurred related to the Student system preparation and discovery would be forfeited, as even a future restart of the project would require said efforts to be redone.

2. *The institutions' plan B if state funding is not received for future phases.*

As outlined above, we would each aim to complete the HCM/Financials implementation phase on schedule in January 2023, albeit with a reduced scope. Unfortunately, due to the scale of the Student system transformation proposed, it is unlikely that we would be able to pursue that phase of the project without outside financial investment.

Despite making similar scope reductions to those described for the ERP phase, we estimate that the Student phase will require a minimum of \$10 million for MSU Denver and \$9.2 million for Mines to complete, which exceeds our flexibility in funding.

3. *Details regarding the multi-year contracts that have been signed with Workday, including how much the annual cost is, what functionality is included in these costs (assuming no future funding is received), if the institutions had any alternatives to signing a multi-year contract (and what the cost savings were by signing this contract), and any other information that may be helpful.*

MSU Denver has thus far committed to the Human Capital Management, Financials, and Prism Analytics components of Workday. In total, this represents a \$735,395 per year commitment on a ten-year contract which represents the lowest per employee per year cost for any Colorado public institution in the process of implementing Workday. The modules included in this contract are:

- Core Human Capital Management
- Cloud Connect for Benefits
- Benefits
- Payroll for United States
- Learning
- Media Cloud
- Recruiting
- Advanced Compensation Management
- Talent Optimization
- Core Financials
- Revenue Management
- Grants Management
- Financial Planning
- Prism Analytics
- Time Tracking
- Absence Management
- Expenses
- Procurement

These modules will replace a minimum of seven disparate systems (not to mention myriad spreadsheets, manual processes, and ‘shadow systems’) for each school while offering vast improvements in reliability, scalability, usability, and employee experience.

Colorado School of Mines is also now under contract for the Human Capital Management, Financials, and Prism Analytics components of Workday listed above at a total annual cost of \$661,479 + CPI per year for ten years. This represents the second lowest per employee per year cost for any Colorado public institution in the process of implementing Workday.

For projects of this scale, it is typically advantageous to commit to longer contract terms than for a less-complex software suite, as it is uncommon to change such a system with short notice. The shortest available term that was offered was five years. We each selected ten-year terms with a goal of securing long-term savings, and reducing future risk related to renewal pricing uncertainty. We estimate that this fixed-price agreement will result in approximately 7% savings over the life of the contract compared to a five-year term.

4. *Detailed savings that were and will be achieved with the collaboration between your two institutions.*

MSU Denver and Colorado School of Mines Human Capital Management/Financials implementation timeline is aligned with Western Colorado University, Adams State University, and Fort Lewis College. We anticipate that our Student Information System implementation timeline will be aligned as well, pending finalization of our campus’ solution selection in the coming weeks. Over the past two years, we have collaborated closely – not just with each other, but with each Colorado school exploring ERP/SIS transformation. To wit:

- a. Over the course of 2020, Chief Information Officers from MSU Denver, Mines, Western, Fort Lewis, Adams, and Mesa, and the Director of Institutional Systems and Architecture from UNC met to discuss project coordination on five separate occasions. Collaborative work amongst this group has included project cost estimation, implementation strategy, staff resource planning, campus communication and outreach strategies, and ancillary system alignment. This group continues to hold a standing monthly meetings to discuss project progress and continually identify opportunities for alignment and shared problem solving.
 - b. As was noted in our December 2021 remarks, the Letter of Intent signed by MSU Denver, Mines, Colorado Mesa, and UNC yielded measurable results in our negotiation with Workday, showing a commitment to function as a consolidated entity rather than disparate institutions. From the first pricing quote provided via the RFP process in April 2020 to the final version provided in March 2021, the quoted per unit costs decreased by over 13% for all participating schools; that represents approximately \$2 million in total project savings over the contract term for MSU Denver and approximately \$1 million for CSM. This approach was so successful that other states have adopted the consortium approach pioneered by Colorado since that time. And as noted above, MSU Denver and Mines have the lowest and second lowest respective cost per employee per year for HCM and Finance of all Colorado public universities in the process of implementing Workday.
 - c. MSU Denver was the first institution to finalize acceptable contract terms with Workday, which were then leveraged by Western, Fort Lewis, Adams, and Mines for their agreements, greatly reducing the time required to finalize their contracts and saving untold hours for their legal and procurement teams.
 - d. One area we expect will yield significant long-term benefit is shared integration management. We have asked our integration partners to devise a meaningful strategy to “share the load” in development of common system integrations and the ongoing maintenance of those solutions, ensuring that, statewide, we can “build once, configure many” rather than individually construct the same or similar system integrations. Based on discussions with the aforementioned partners and with our state peers, we anticipate that this strategy will result in savings of up to 20% per institution – potentially in excess of \$1 million for MSU Denver and slightly less for smaller peer Universities (Mines, Adams State, Ft. Lewis, and Western).
5. *Any other information that you would like to provide to the committee*

While our institutions opted to submit discrete, parallel proposals to this Committee, the nature of our collaboration is very similar to that of our rural peers – each of the five institutions have secured an independent contract with the solution provider, and we continue to work closely together to maximize benefit and minimize risk for all five institutions. If we are able to proceed with these initiatives, our efforts will remain closely aligned. Mines and MSU Denver have selected the same integration partner and will be following the same “Launch” implementation methodology, emphasizing system standardization and rapid feature deployment. As described above, we are already closely aligned on contract language, pricing, and system integration strategy.

The one key differentiator – and the primary reason we chose to submit separate proposals – is organizational scale and profile. For example, while MSU Denver serves a much larger student population than Mines, Mines supports a much larger research portfolio. As a result, select business processes, including Financial Aid, Grant Management, Student Housing, and others are sufficiently disparate that attempting to align all business processes between the two schools may introduce added complexity, increase project costs, or reduce long-term organizational efficiency.

In summary, MSU Denver and Colorado School of Mines remain committed to our shared vision of campus digital transformation and stand ready to press forward with the support of this Committee. We welcome any further questions or clarification, and greatly appreciate the work that the Committee Members do to serve our state, our institutions, and – most importantly – our incredible students.

Sincerely,



Janine Davidson, Ph.D.
President
Metro State University



Paul C. Johnson, Ph.D.
President and Professor
Colorado School of Mines