



Modernizing Pay Management for Today's Public Sector

MARKET TRENDS REPORT



Introduction

With a new generation entering the modern public-sector workforce, it's never been more critical for agencies to take a thoughtful, strategic approach to human capital, workforce and pay management.

But today, much of the data that agencies need to strategically manage their budgets' salary and expense portions is locked up in legacy payroll and other disconnected systems.

That's why government agencies at all levels must modernize those systems and move to the cloud. Doing this will provide the flexibility, rapid adaptability, payroll modernization and innovation they need to effectively perform everyday tasks. They'll be able to streamline operations quickly, enabling workers to solve complex human resources (HR) and payroll problems, and deliver additional value at scale.

Federal agencies have the opportunity to modernize their systems through the General Services Administration's (GSA) NewPay program, which provides them access to technologies more commonly found in the private sector. These innovations allow agencies to meet rapidly evolving consumer demands for responsive, multichannel access to services, systems consolidation and leading-edge IT.

To better understand how agencies that administer payroll and related functions on legacy systems will benefit from moving those functions to the cloud, GovLoop partnered with Infor, a leader in business cloud software products, for this report. In the following pages, you'll learn more about how agencies can begin to focus on managing the workforce from a strategic perspective by moving to the cloud and what NewPay means for the future of workforce and payroll management.

By the Numbers

30%

According to the Office of Personnel Management's 2018 Federal Workforce Priorities Report, 60% of federal workforce occupations could see more than 30% of their work activities automated.

Source: [OPM](#)

70 years

The federal compensation system is almost 70 years old and designed for clerical workers rather than professionals with the highly specialized skills needed for today's knowledge-based economy.

Source: [Volcker Alliance](#)

\$1 billion

Only a decade ago, the federal government had 26 payroll systems. Now it has four. The result has been \$1 billion in savings.

Source: [Infor](#)

2.2 million

The government is responsible for paying 2.2 million employees. By eliminating redundant contracts, technology and processes among agencies, the Office of Management and Budget (OMB) estimates the government could save up to 30%.

"By moving to cloud-based technology, we can leverage the scale of the federal government and enable agencies to focus resources on core mission priorities. This transformation will reduce long-term costs, improve user experience, allow for the most up-to-date approach to cybersecurity and help agencies better manage budgets."

Source: [CIO.gov](#)





The Challenge: Legacy Software Perpetuates Disconnected Systems in Many Agencies

Today in agencies nationwide, most government payroll, HR and workforce operations use decades-old software, which is costly and difficult to maintain.

“This use of legacy administrative tools makes it labor-intensive to manage the workforce and forces the focus of agencies to be on pushing through administrative processes,” said Laura Glass, Public Sector Industry Strategy Director at Infor.

In 2002, the federal government migrated 26 payroll systems to four, saving taxpayers more than \$1 billion in a decade and allowing agencies to refocus efforts on frontline missions. Currently, four agencies are responsible for paying the federal workforce, and they have created dependable, consistent payroll services.

Still, the government’s outdated and costly IT infrastructure limits providers’ ability to adopt modern ways of business that drive improved efficiencies and outcomes. In fact, agencies rely on more than 100 systems to manage nearly

2.2 million employees, causing redundancy, confusion, extra costs and complexity.

Additionally, these systems store considerable amounts of sensitive taxpayer and government employee data that, because of legacy technology, is not as secure as it needs to be.

“The disparate technical systems that make payroll work, and that payroll feeds, have been strung together over the decades,” Glass said. “There hasn’t been a consolidated push to really fix all of the little Band-Aids that have been put on these systems over the last 40 years.”

Services such as payroll, travel and finance management cost more than \$25 billion annually. By eliminating redundant contracts and technology among agencies, OMB estimates the government could save 5% to 30%.

Clearly, now is the time government needs to move past legacy solutions to best serve its employees and taxpayers.

The Solution: Moving to Cloud-Based Tools and Modernization of Workforce Management

Most agencies are administering payroll and related functions on legacy systems. If they move those functions to the cloud, they can begin to focus on managing the workforce from a strategic perspective.

“By moving to cloud-based technology, we can leverage the scale of the federal government and enable agencies to focus resources on core mission priorities”, Beth Angerman, then-Deputy Associate Administrator at GSA’s Office of Shared Solutions and Performance Improvement, said in a [statement](#) when GSA launched a new initiative to modernize pay systems. “This transformation will reduce long-term costs, improve user experience, allow for the most up-to-date approach to cybersecurity and help agencies better manage budgets.”

Today, government must procure and configure a cloud-enabled solution for payroll, work schedule and leave management, laying the foundation for shared HR functions governmentwide.

That’s where GSA’s NewPay comes into play. (See p. 6 more.) GSA is addressing aging and outdated payroll systems with NewPay — its first initiative as a Quality Service Management Office for civilian HR services.

“GSA is excited to deliver increased value to taxpayers and offer our partners in government a modern, efficient and effective approach to payroll through NewPay,” GSA Administrator Emily Murphy [said](#). “Additionally, by utilizing [Software-as-a-Service] solutions, NewPay will continue to create ongoing value by empowering agencies to continue modernizing their systems.”

Glass said NewPay is an example of the role cloud can play. “Cloud is the most effective way to manage cost, scalability and security for payroll and workforce systems,” she said. “Cloud also positions the federal government to prepare for the next 10 to 20 years of serving citizens.”

Finally, using cloud-based solutions — especially solutions certified by the Federal Risk and Authorization Management Program (FedRAMP) — is more secure than keeping payroll and related functions on decades-old systems.

“The standardization that NewPay is going to bring to the marketplace is really going to make payroll processing and

payroll operations much more efficient, and it’s going to allow for the integration to be much more meaningful,” Glass said.

Best Practices

1. Before modernizing, examine your business processes.

Implementing technology and improving business processes go hand in hand, Glass said. Applying new technology and keeping processes the same might hold an agency back from achieving the full potential of a cloud-based payroll system. “You must first understand how your business processes work, where you most want to gain efficiencies from and move from there,” she said.

2. Start small and iterate.

This process may be new to your agency, but it will pay off in the long run if you start with a few test systems or small moves to the cloud, Glass said. Start with some small pilot projects to learn what it takes to produce, integrate, deploy and manage workloads in the cloud. Agencies can later build on and scale these simple solutions. “Targeting a group of people who stand to gain the most from moving a payroll system to the cloud is a smart first step,” Glass said.

3. Then, roll out to a larger group.

“Once your agency has a small success, build on that and continue to either expand your population or expand the functionality that they’ve rolled out,” Glass advised.

4. With saved time and resources, move the focus to mission-critical tasks.

One of the biggest benefits of having modern, cloud-based payroll and workforce platforms is that they free up time and resources for employees to focus on impactful work, instead of manual processes or paperwork. Nearly 15% of federal employees are eligible to retire now — a number that’s expected to grow to 30% in a decade. The knowledge needed to operate and configure legacy payroll systems may not be available when new IT professionals are focused on current and emerging technologies. With the move to a cloud-based solution, government will be better able to recruit top technology staff and modernize their workforce to build for the future.

What NewPay Means for Payroll Modernization

NewPay is a \$2.5 billion, 10-year blanket purchase agreement (BPA) for Software-as-a-Service (SaaS) solutions. Built to support the future of government, NewPay is a collaboration of IT services and software experts across HR, payroll and the federal landscape.

According to GSA, “NewPay is modernizing federal payroll services by harmonizing legacy systems into modern, commercial, standards compliant software as a service solutions. This ensures consistency in payroll across the federal government. ... Its mission is to demonstrate the application of standards and employ the use of innovative technology to modernize payroll processing and create opportunities for economic efficiency, and reduce cybersecurity risks to employee data.”

Specifically, NewPay standardizes and speeds key staffing processes, including:

- Common Government-wide Accounting Classification locality pay for step/grade salaries
- Support for interfaces with federal third-party administrators
- Real-time payroll analytics
- Workforce management
- Compliant time and attendance tracking
- Shift- or demand-driven optimized scheduling real-time labor analytics
- Self-service mobile features

Infor has nearly 20 years’ experience handling federal payroll and federal employee benefits integration. Coupled with its recent FedRAMP certification for products that support NewPay, the company is uniquely positioned to guide customers on their NewPay journey.

“Because of our partnership with accounting firm Grant Thornton, we would use our federal payroll baseline and start with an Agile implementation process,” Glass said. “That would look at an agency’s workforce and how it breaks into the various federal pay plans. From there, we figure out how to implement them in the most expedient way.”

HOW INFOR HELPS

Infor and other partners were awarded a 10-year BPA from GSA that will provide payroll and work schedule/leave management SaaS solutions and services.

Infor’s unique NewPay value proposition is “the power of one”: a solution suite with one FedRAMP security authorization; one common user interface for payroll, and schedule and leave management,; one technology platform; and one cloud.

Infor’s solutions can support large organizations, including those at the state and local levels, Glass said. “We’re seeing a lot of statewide payroll modernizations, and Infor is well-poised to serve states looking to update this function,” she noted.

Additionally, Infor’s cloud suite is built on a modern technology platform, and the payroll application is highly configurable so it can meet federal pay rules without requiring customization. It’s FedRAMP-certified and deployed in the Amazon Web Services cloud. Finally, Infor’s NewPay partners — Grant Thornton, CGI Federal, the Arcanum Group and DAI Solutions — are proven leaders in public-sector SaaS.

Learn more: pages.infor.com/newpay



Conclusion: Payroll's Time for Modernization Is Here

The future of government has been defined: NewPay for payroll and work schedule and leave management modernization.

Moving workforce systems to a modern, cloud-based platform will allow agencies to keep up with evolving technology much more efficiently than they did in the past. It will also make the experiences of providing and receiving pay more efficient and productive for payroll administrators and employees alike because errors and delays will be minimized or corrected much quicker. What's more, agencies won't have to administer payroll using antiquated, increasingly obsolete systems, and security and usability will be paramount.

By moving workforce and payroll systems to the cloud, government embraces the present and future of successful technology implementation. In short, agencies at all levels of government will benefit from the automation of manual processes, and workers can focus on more value-added tasks, making better use of taxpayer dollars.



ABOUT INFOR

Infor is a global leader in business cloud software products for companies in industry specific markets. Infor builds complete industry suites in the cloud and efficiently deploys technology that puts the user experience first, leverages data science, and integrates easily into existing systems.

Over 68,000 organizations worldwide rely on Infor to help overcome market disruptions and achieve business-wide digital transformation.

For more information, visit www.infor.com.



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GovLoop's mission is to "connect government to improve government." We aim to inspire public-sector professionals by serving as the knowledge network for government. GovLoop connects more than 300,000 members, fostering cross-government collaboration, solving common problems and advancing government careers. GovLoop is headquartered in Washington, D.C., with a team of dedicated professionals who share a commitment to connect and improve government.

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