




M E M O R A N D U M

Date: March 30, 2023

To: California State Lottery Commission

From: Alva V. Johnson, Director 

Prepared By: Jennifer Chan, Deputy Director
Information Technology Services Division

Subject: Item 9(b) – ServiceNow Human Resources Service Delivery (HRSD)
Implementation Services

ISSUE

The California State Lottery (Lottery) is requesting the California State Lottery Commission's (Commission) approval to enter into a new contract with KPMG LLP to obtain Information Technology (IT) consulting services for the implementation of ServiceNow® Human Resources Service Delivery (HRSD) software, which will expand the Lottery's use of the ServiceNow platform to meet specific operational objectives. The contract term is three years, with two one-year options, and the total contract amount is \$2,000,000 for the initial three-year term date, beginning in May 2023.

BACKGROUND

The Lottery's Human Resources Division (HRD) is delegated by the California Department of Human Resources (CalHR), State Personnel Board, and State Controller's Office to provide accurate and timely pay and benefits, recruitment and appointment services, performance management services, examination, selection services, position control, organizational management services, temporary separation coordination, and employee official personnel file services.

Using findings from the Fiscal Year (FY) 2021-22 market research effort, the Lottery HRD identified opportunities to automate and modernize HRD's manual and paper-driven processes. The first phase of this effort consists of process analysis and prioritization to understand labor-intensive processes such as Request for Personnel Action (RPA), Time and Attendance (i.e., timesheets), and various annual employee compliance forms such as Outside Employment, Excess Leave, and Emergency Contact form updates.

Automated processes will update employee profile information and serve a critical role in building a Lottery employee database.

DISCUSSION

The HRD processes more than 50 types of HR forms for all employees at the Lottery at various times throughout each year. Some forms have annual reporting requirements while others are one-time forms for new employees or separating employees. Currently, the HRD manages these forms (e.g., RPA, timesheets, performance reviews, annual policy acknowledgments, and leave reduction plans) through multiple manual processes that are grossly inefficient and significantly drain the HRD's limited resources. These manual processes create risk to the Lottery because of missed deadlines, significant staff time spent tracking, lack of clarity on where items are in various processes, and/or lost forms.

In FY 2021-2022, the Lottery conducted discovery of HR processes. HRD identified process automation opportunities for key functionality to be implemented as part of this effort – specifically, RPA, timesheets, and annual compliance forms. Using an iterative approach, the team defined and prioritized use cases for the respective functionality to be implemented. With the understanding of these processes, HRD and the Information Technology Services Division (ITSD) conducted market research and were able to identify a solution which meets the Department's current needs and is flexible enough to meet our future needs.

Implementation of the ServiceNow HRSD software would eliminate cumbersome manual paper processes in the HRD such as collection of timesheets, probation reports, and annual departmental policies acknowledgements. The solution will create an environment of transparency that allows employees to work more efficiently while also providing necessary operational controls for tracking and reporting. Dashboards will be available to provide metrics and tracking information to ensure the Lottery meets prescribed deadlines for HR processes.

The automation and modernization of HR processes will leverage a cloud-based system that will contain standard State of California forms and associated automated workflows necessary to improve operations in the HRD. A cloud solution is an economically efficient way for the Lottery to utilize technology without having to purchase software or hardware or dedicate IT staff to maintain the technology. The project will include the priority forms identified by the HRD and will include built-in electronic signature and workflows. Cloud-based forms and workflows would be regularly updated by the solution provider to remain current.

The Lottery's formal competitive procedures will not apply to this procurement, pursuant to the exception set forth in Lottery Regulations Section 8.1.2.C as follows:

"The goods or services will be acquired by using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of pre-qualified bidders who have agreed to contract terms and prices."

The Lottery utilized a leveraged procurement agreement, requesting bids from multiple contractors that participate in the Technology, Digital and Data Consulting, Master Service Agreement administered by the State of California, Department of General Services (Contract Number 5-22-70-25-180). The best value offer was submitted by KPMG LLP.

RECOMMENDATION

Lottery staff recommends the Commission approve the IT consulting services contract with KPMG LLP to implement the ServiceNow HRSD. The maximum contract amount will be \$2,000,000 for an initial three-year term beginning in May 2023.