

Executive Summary
Shared Services Report
The Texas A&M University System
September 10, 2009

The nine shared services teams have been meeting since June to evaluate various shared services opportunities and other cost saving/avoidance ideas. This project has increased visibility of existing shared services and increased communication of best practices between not only the System Offices and Texas A&M University, but with the agencies and health science center as well as with the regional universities. The A&M System currently provides a wide variety of shared services for members of the A&M System to benefit from economies of scale and to intensify areas of expertise. Shared services have always been considered important at the A&M System where funds saved through these activities were directed to high priority needs. Many of the team's individual reports provide examples of existing shared services. All members of the A&M System are committed to continuously examining opportunities to improve processes that heighten efficiencies and effectiveness of its diversified operations.

The nine teams organized for this project included: Business Services; Facilities; Federal Relations; Human Resources; Training; Information Technology; Marketing and Communications; Research Administration; and Risk Management. The recommendations to be considered from the teams add up to a total of approximately \$13.3 million in annual cost savings, some of which include system-wide cost savings. These savings amounts were reviewed by internal audit and have agreed to the reasonableness of these savings. Additionally, cost savings offered by the System Offices (SO) total \$350,000 from a 1% reduction of SO departmental budgets and cost avoidance of \$300,000 produced by using cuts in existing budgets to fund merit increases. At Texas A&M University (TAMU), an additional \$3 million of cost savings have been implemented with another \$5.4 million of cost avoidance. Specific to the area of Facilities Planning and Construction, savings can be achieved in FY 2010 and FY 2011 by restructuring FP&C's fees which would respectively save \$4.4 and \$3.1 million. **The grand total of all the recommendations and measures taken equate to \$16.7 million of cost savings (\$21.1 million with FP&C recommendation in FY 2010) and \$5.7 million of cost avoidance and a revenue enhancement of \$247,000.**

Finally, outside this project but as one of the ongoing shared services activities, Benefits Administration recently conducted an RFP process resulting in the selection of a new Pharmacy Benefits Manager (effective September 1st) which will provide annual savings of \$5 million.

As reported to the Board in July, several of the teams broadened their scope to include regional institutions. Below are several ideas from the various teams and the associated cost savings:

- Federal Relations discontinuing multiple external contracts and utilizing one shared contract for general representation in Washington D.C. - **\$298,000 annual savings**
- Information Technology issuing an RFP for one system-wide long distance service provider – **\$243,000 annual savings**

- Business services standardizing the communication allowance program – **\$900,000 annual savings**
- Training expanding technology usage and course sharing - **\$365,000 annual savings**
- Risk Management establishing an internal insurance vehicle for construction projects - **\$500,000 annual savings**
- Facilities meeting requirements of LEED silver standards without certification – **.1% of total project costs or approximately \$190,000 per year at TAMU**
- Business Services entering into a system-wide master contract on purchases of items for resale, office equipment, medical supplies, food services and telecommunications – **5-10% annual savings; equates up to approximately \$6.1 million at TAMU based on a 2005 consultant’s report**
- Shared purchases of desktop computers system-wide – **up to \$2.5 million annual savings with 100% participation**
- Textbook integration - **\$197,000 revenue enhancement at TAMU**
- Reduce communications print publications by moving to paperless publication environment - **\$600,000 annual savings**
- System-wide software licensing - **\$100,000 annual savings**
- Motor pool outsourcing system-wide - **\$750,000 annual savings**
- Restructure Facilities Planning and Construction fees - **\$4.4 million in FY 2010 and \$3.1 million in FY 2011**
- Total of thirteen other cost savings ideas - **\$776,000 annual savings**

There are also several recommendations which require including the regional universities for further study. Some of these recommendations are included below:

- Expand video conferencing, web-conferencing and video streaming for more system-wide meetings to reduce travel costs
- Eliminate individual printers in favor of shared printer/copier/scanners
- Explore system-wide contracts for printer/copier management
- Provide a more definitive scope at the beginning of a construction project
- Consider expanding shared accounting, procurement, contracting, IT, HR and benefits administration services for small universities
- Establish best practices exchange through website, meetings, etc.
- Consolidate HR processes
- Consider building a new energy efficient data center
- Study consolidating email

Finally, the teams suggest adoption of shared services as a “core value” for all of the A&M System. We believe coupling shared services as a core value with system-wide standards for operations will facilitate the creation of more strategic approaches to achieving efficiencies in delivering services.