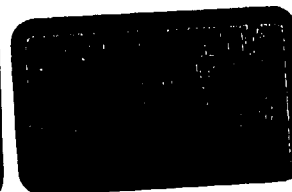


# 2002 - 2004 HRMS System Convergence

*Convergence from SAP to PeopleSoft*

Updated July 24, 2002

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# HRMS System: Convergence

## Cost Summary – July 2002

Category	Original 2001 Business Case	Revised June 2002 Cost	Comments
IT Software Development:	7,030,240	[REDACTED]	[REDACTED] workdays @ [REDACTED]/day. The original estimate has been reduced because some data conversion work has been done for VIS PeopleSoft conversion; benefits feeds being modified for FGTE labor contract negotiations in PA; and the [REDACTED] project contingency being eliminated.
Hardware – Production:	2,351,000	[REDACTED]	Original estimate assumed production capacity would double. New estimate assumes [REDACTED] increase.
HW (Test):	312,000	[REDACTED]	
License Fee:	1,050,972	[REDACTED]	Reduction in additional license fees negotiated with PeopleSoft.
Client Costs:	1,915,750	[REDACTED]	Client costs (HR \$ [REDACTED] Payroll \$ [REDACTED]) for training and incremental test resources have been removed from the business case and will be self-funded within current client expense budgets.
Total Cost	\$12,659,962	[REDACTED]	

REDACTED

- ⇒ HRMS conversion can take place independent of financial systems.
- ⇒ Project focus is data conversion, PeopleSoft business processes will be adopted whenever possible, and [REDACTED].
- ⇒ Assumes 2002 project initiation to leverage VIS convergence experience and work effort required to support [REDACTED].



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# HRMS System: Convergence

## Annual Savings - July 2002

Category	Description	Amount
IT COPS Savings	<b>REDACTED</b>	
Software License Fees		
D&E Savings		
ERP Upgrades		
Data Center Savings		
Payroll Services Savings		
Human Resources Savings		
Total Annual Savings		
Payback Period		

# HRMS System: Convergence

## Funding Strategy

⇒ Charge the following project costs [REDACTED] in 2002:

- Production hardware = [REDACTED]
- Test hardware = [REDACTED]
- Begin implementation of retroactive pay and gross pay software change = [REDACTED]
- Begin work on data conversion and system availability = [REDACTED]
- Total charged [REDACTED] in 2002 = [REDACTED]

⇒ Remaining IT software development costs to be incurred in 2003 and 2004:

- [REDACTED] workdays @ [REDACTED]/day = [REDACTED]
- PeopleSoft license fee adjustment = [REDACTED]
- Total 2003 and 2004 D&E funding requirement = [REDACTED]

⇒ Potential conversion strategy:

- 2 phases = 1st phase to include approximately 15,000 employees
- Cut phase 1 in October 2003, phase 2 April 2004

REDACTED

# HRMS System: Convergence

## Business Drivers for Convergence

REDACTED

- ⇒ 70% of Verizon employees currently supported by PeopleSoft.
- ⇒ Supports all four Human Resources key business priorities, [REDACTED]
- ⇒ Enables the implementation of standard business processes (e.g. personnel administration, payroll office support, compensation administration, recruitment), and reduces business operating costs.
- ⇒ Facilitates the administration of Benefits Plans by having interfaces from only one system to our key third party administrators [REDACTED]
- ⇒ Eliminates an entire application platform, which significantly reduces system support costs: COPS labor; hardware support; software maintenance fees.
- ⇒ Reduces ongoing system maintenance by eliminating the need for applying mandatory D&E updates to two systems. Eliminates the need for future system upgrades to the SAP HR/Payroll system.
- ⇒ Facilitates the introduction of new companies and the transfer of employees between companies.
- ⇒ Simplifies organizational reporting.
- ⇒ Eliminates current LOB independent plans and workarounds to consolidate HR and payroll administrations.

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**verizon**

## HRMS System: Convergence

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### Requested Supporting Documentation:

- Appendix A - Status of Transition Funding by Business Segment.
- Appendix B - Transition Business Cases - Not Approved.
- Appendix C - eHR Initiatives Enabled by Convergence.
- Appendix D - Summary of Human Resource Force Reductions.

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# HRMS System: Convergence

Appendix A

## Verizon Transition Costs Summary (\$ Millions)

	Original Plan	2001 Adj	2002 Adj	Adjusted Plan	Spending to Date 05/31/02	Expected Remaining Spending	Total Spending	Over (Under) Spending
Telecom								
Wireless								
International								
Information Services								
Corporate & Other								
Total								

**REDACTED**

- Includes [REDACTED] for funding HRMS convergence project in 2002

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# HRMS System: Convergence

Appendix B

## Transition Business Cases - Not Approved

(\$millions)	2000-2002	2000-2002	2000-2002	2000-2002	2000-2002	2000-2002	2000-2002	2000-2002	2000-2002	2000-2002
	Job-Buy	System	Capitalized Software	D&E	Other Cap.	Exp. Sav.	Force Save	Revenue	Total Expense	Total Capital
LOB / Project Name	Non-systems Exp	Systems Expense	Capital - SOP		Cap. - Hardware	Exp. - Savings	Force - Savings	Revenue		
Nat Ops / Consolidation										
ESG / Simplification / Standardization Programs										
(1) Retail / Retail Markets Data Warehouse (NA)										
Retail / Single Sales Com / Tracking System										
Retail / C-SAV										
ASG / Verizon Online IT Systems and Architecture										
Finance / Transition West to PeopleSoft										
NSG / Real Estate										
(2) NSG / Implementation of Barcode Systems (NA)										
NSG / Inventory Recovery Initiative										
IT / Consolidation of Applications										
Total Not Approved										
New Requests for Funding (July 2002):										
(4) Natural Returns:										
Total Funding Required										
Funding Requested for 2002										
(4) Verizon Bus. Center @ Verizon.com										
(3) iConsole Desktop Integration										

REDACTED

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(1) Retail has been asked to provide a limited version of the Marketing Data Warehouse project. The not approved portion is designated as (NA).  
 (2) A portion of [redacted] of the Barcode project was approved. This portion is designated as Not Approved (NA).  
 (3) Currently under review with intent to cover within target (Gap has been closed).  
 (4) Currently under review.





# HRMS System: Convergence

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Appendix C

## eHR Initiatives Enabled by Convergence

- Integrated Workflow – Reduction of paper processing; faster transaction cycle times
- Employee Services & Payroll Services – Standardized Administrative Support
- Organizational Hierarchy and Reporting
- Integrated HRMS Data Mart/Warehouse Strategy
- Role Based Security – Enhances/simplifies data security and associated administration
- Interactions and Transactions with Benefits Vendors (primarily Hewitt and Fidelity)
- Absence Management Tracking System
- Staffing Systems (Associate, Management, Executive, Leadership Development)
- Compensation Systems (Associate, Management, Executive)
- Workforce Development Systems ( Performance Management)
- Labor Relations Database (bargaining planning, contracts, grievance tracking, etc.)
- Worker's Compensation System
- Accident Reporting System
- Diversity Tracking and Reporting
- Migration to Common Processes (time& attendance, gross/net payroll calculations, etc.)
- Facilitate/Simplify the Movement of Employees across Verizon entities

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# HRMS System: Convergence

Appendix D

## Human Resource Summary of Force Reduction

Human Resource Force Savings are as follows:

	FTE's	% of Current Staff
Benefits Methods Staff	<b>REDACTED</b>	
ESC Staff		
Data Integrity Staff		
SAP Production Support Staff		
Total		

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