

# memo

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**Cc:**  
**From:** Kevin Wilson  
**Date:** 22 November 2012      **File:** Novopay  
**Subject** **Novopay briefing**

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## What was the chronology 2005 to 2012?

### 2005

- 7/6/05 – Cabinet approves appropriation for new schools payroll system- the Ministry would implement the new payroll system with payroll processing continuing to be provided by outsourced providers
- 2/05 – Talent2 chosen as provider of Alesco software for operation by Ministry for schools
- /05 – Datacom confirms that support on current technology platform extended – this reduced the urgency of progressing to a new payroll system

### 2006

- 2006 – Ministry reassessed options for schools payroll

### 2007

- 11/6/07 – Leadership Team agreed to change to a Business Process Outsourcing (BPO) approach – less costly, transferring risk from the Ministry to the BPO vendor, requiring less expertise and resource from the Ministry
- 8/07 – Cabinet agreed to the BPO approach
- 5/9/07 – Registration of Interest (ROI) for schools' payroll BPO service issued on GETS – 11 responses
- 31/10/07 – Recommendation of shortlist made to Project Executive – shortlist of four chosen – Datacom, EDS, Frontier, Talent2
- 11/07 – Stage 2 business case approved by cabinet – no additional funding but transfers between capital and operating required
- 12/12/07 – Request for Proposal for schools' payroll BPO service issued to shortlist of four – Datacom, EDS, Talent2, Frontier (Frontier did not respond)

### 2008

- 22/4/08 – Preferred vendor (Talent2) chosen from three responses (Datacom, EDS, Talent2)
- 20/5/08 – Contract negotiations with Talent2 completed
- 11/8/08 – Contract signed with Talent2 by Minister Carter
- 6/10/08 – Formal Novopay project started

### 2010

- 21/5/10 – Go live formally delayed into 2011 with single nation-wide go live date and contract variation agreed

### 2011

- 8/11 – Start of development of contingency option with Datacom in case of failure of Novopay (signed 23/5/12 and expired 1/7/12)
- 12/11 – Novopay go live formally delayed to June 2012 and contract variation agreed

### 2012

- 5/12 – Novopay go live confirmed for August 2012
- 2/4/12 – Confidence Point #1 – two of four requirements met
- 23/5/2012 – Datacom signed conditional contract for contingency option that could be invoked up to 1 July 2012

- 31/5/12 – Confidence Point #2 – seven of eight criteria met – remaining criterion was scheduled to be completed in June
- 5/6/12 – Recommendation to joint Ministers to approve Novopay go live based on confidence point #2 progress
- 27/6/12 – Schools gained access to NovopayBeta and training modules
- 1/7/12 – Datacom contingency option expired
- 15/8/12 – Final go live decision by Novopay Board based on readiness checklist – 78 indicators, 72 green, 6 amber, none red
- 20/8/12 – Go live with schools able to access live Novopay

### **When was it evident there were issues?**

- Started to become clear in 2009 that original 2010 go live could not be met. Overall payroll more complex than originally thought
- However, still high confidence that if we took a bit more time we could deliver what was needed

### **Why not piloted?**

- Original plan was to implement South Island and then North Island. Moved to single go live because of complexity of managing staff moving between islands and the slipping timeframe
- We could not keep the previous Datacom system going indefinitely – sunset technology, getting more difficult to get support, final end of support looming (although some reprieves)
- Staff work at multiple schools and receive a single payslip. If a pilot occurs at a selection of schools need to manage the staff moving between the pilot and other payroll. Very complex to manage moving staff between payrolls and still providing single payslip
- Approach was changed to running parallel payrolls against current information and comparing what the payrolls calculated

### **Why confidence in Talent2?**

- Comprehensive ROI and RFP process
- ROI had 11 responses
- RFP sent to shortlist of four – three responses received
- Talent2 assessed as the best of the vendors through comprehensive evaluation
- Talent2 had excellent track record in payrolls, understood the Ministry requirements because of previous work undertaken on analysing Ministry payroll requirements

### **What is at heart of current problems?**

- Still working through the issues so any comments can only be preliminary
- Payroll is very complex – Ministry and Talent2 under-estimated this
- Problems with online service have led to school staff “swamping” the service centre with calls and using forms for transactions rather than online
- The service centre has not been able to respond in time – either calling schools back or processing all forms and this has exacerbated the problems
- Talent2 cannot put unskilled staff straight into the service centre so they are only slowly catching up
- In retrospect training and preparation for the sector was insufficient

### **How difficult and stressful is it for users**

- It has varied depending on the type and school and the expertise they have
- It has been very stressful for some users and far less stressful for others

- The Ministry has brought on extra staff to contact schools with problems and help them through it

### **How complex is the payroll?**

- Very complex
- Pays 85,000 people every two weeks, 110,000 in the course of year
- About 10,000 potential combinations of conditions
- High proportion of staff who work at multiple schools, but one payslip per person, regardless of how many schools they worked at
- Salaried staff have experienced relatively few problems – most issues have been with relief teachers and others whose hours vary and submit timesheets

### **Who was responsible for the training?**

- Talent2 is the expert on its system and business processes and how to train people to use them effectively
- Before Go-Live, Talent2 was responsible for training and documentation (confirmed by legal)
- After Go-Live, Talent2 remains responsible for providing ongoing training and documentation (confirmed by legal)
- The Ministry had a general obligation to co-ordinate Stakeholders to ensure performance of Stakeholders' responsibilities (legal)
- The Ministry worked hard to ensure school staff were signed up to training and had all the information they needed to use the new service.

### **How adequate was the training?**

- Schools first got access to online training and the NovopayBeta "sandpit" to practise in on 27 June this year, two months before go live
- All training was online. School users were to do an hour and 25 minutes of training spread across five online training modules – they could stop and start whenever they liked and redo them if desired
- Users who were having difficulties could contact the Novopay service desk
- Advanced users were invited to do two days of advanced training as NOSs (Novopay Online Specialists) – they were then available to be called by schools when they had problems – there
- There were some technical headaches in getting users connected and signed up
- Biggest challenge was getting schools to do the online training. Ministry cannot just direct this
- In retrospect we would have done it differently – maybe combination of face to face and online
- Training covered common scenarios, not difficult ones – many school users struggled later with the difficult problems
- Variable technical ability, also variable knowledge of the employment agreements of the staff at schools
- Five specific hard copy documentation packs – "Novostart packs" were sent to schools up to go live each one addressing a different set of issues
- Immediately after go live the Ministry ran a series of one hour webinars over a period of two weeks addressing issues that were emerging at go live
- A subsequent set of e-workshops (smaller numbers more interactive) focused on frequently asked questions ran for four weeks

## How different is Novopay from Datacom service?

- Novopay is far more automated. Datacom system had become very old and relied on many manual calculations
- Schools were able to use some basic internet services with Datacom, but it was not truly online. Most schools interacted with Datacom using paper forms
- Datacom did not have a service desk – schools had an assigned pay clerk who looked after them. Schools would phone or fax this person.
- Schools can now do most common tasks online, have direct access to a service centre, pay calculations are far more automated

## Costs

- Total cost of Novopay transition project – \$29.5 million (already public) – s 9(2)(b)(ii) OIA
- Total contract cost with Talent2 – implementation and eight years operation – \$100.5 million (already public)
- Details of costs are commercial in confidence