

June 9, 2014
Ms. Patrice Sayre
Chief Business Officer
Board of Regents, State of Iowa
11260 Aurora Ave
Urbandale, Iowa 50322

RE: Authorization to Proceed with Phase 2 Under the February 17, 2014 Engagement Letter for Consulting Services for the Efficiency and Transformation Review for the Board of Regents, State of Iowa

Dear Ms. Sayre:

We continue to be enthusiastic in our work to support the Efficiency and Transformation Review for the Board of Regents. Via this countersigned letter, the Board of Regents and Deloitte Consulting LLP have agreed to proceed with Phase 2 of the project as further described herein. This countersigned letter shall serve as an amendment to the existing Engagement Letter (hereinafter referred to as the "Phase 2 Amendment"). This Phase 2 Amendment specifies the level of effort required for Phase 2 of the project to develop selected business cases and to further engage faculty and other stakeholders in the development and review of deliverables for the program. The schedule and fees for the project have been updated to reflect agreed-upon changes to scope. Via this Phase 2 Amendment, the parties have agreed to:

1. **Extend Phase 2 of the Academic area into the fall of 2014 to allow for greater faculty engagement. This extended timeline will also include coordination between Deloitte Consulting, KH Consulting, and Ad Astra.**
2. **Incorporate further campus-wide stakeholder engagement on each campus (e.g., Town Halls, Institutional Meetings) in June to correspond with the release of the Phase 1 deliverable update.**
3. **Construct business cases for the specified list of 17 opportunities.**
4. **Remove the construction of current state process flows for Phase 2.**
5. **Submit the Phase 2 Action Plan as a fixed price deliverable prior to the start of Phase 2.**
6. **Revise the estimated cost of services to reflect the changes highlighted in items 1-3 above, including the extended timeline for the Academic portion of Phase 2, further stakeholder campus-wide stakeholder engagement at each university, and the final selection of business cases.**

The specified list of business cases referenced in item #3 above is as follows:

ID	Business Case Name	Business Case Description
Finance and Administration		
FN-01	Streamline processing of finance transactions	Streamline and standardize how finance transactional activities are delivered (e.g., creation of travel and expense reports, purchase requisitions).
HR		
HR-01	Streamline the distributed HR model for transactional services	Evaluate the potential to revise the HR service delivery model and consolidate transactions to improve service quality, reduce handoffs and exemptions, and improve accountability.
HR-09	Establish clear policy for professional & scientific search committee size and structure	Review policies surrounding P&S search committees and establish clearer policies around their appropriate size and structure. In particular, determine whether a search committee is necessary for all positions to remain compliant with federal, state, and Board of Regents policies.
Sourcing and Procurement		
SP-01	Strategically source targeted spend categories	Use the strategic sourcing process to negotiate more favorable contracts and supporting elements (organization, analytics, policies). Also includes the following elements of SP-02-SP-04: <ul style="list-style-type: none"> ○ Strengthen the procurement functions at each university by aligning staff to standard expense categories ○ Build analytical and cross-university coordination capability for identifying and driving system-wide procurement opportunities ○ Change targeted procurement policies that may restrict the realization of savings opportunities
Information Technology		
IT-01	Streamline the distributed IT model for commodity technology services	Strengthen collaboration between technology teams to streamline the delivery of commodity technology services within each university and bolster distributed IT capabilities like web content management and business relationship management (BRM).
IT-02	Transform the central ITS service delivery model	Review the current overlaps of functions within each of the ITS teams, while exploring options to leverage a variable lower-cost staffing model for some technology services like applications maintenance and help desk services.
IT-03	Simplify the applications portfolio across the three universities including the ERP platforms	Consider standardizing on primary application systems across key functional capabilities, and link to standard contracting
IT04	Utilize technology innovations to reduce the total cost of ownership (TCO) for Infrastructure	Utilize technology innovations like Voice over IP (VoIP) and thin client desktops, to enhance the quality of service and capabilities offered to users (e.g. VoIP phones have more features than normal phones), while enabling greater spend effectiveness.
Facilities and Auxiliaries		
FAC-03	Reduce utilities and operational costs by limiting use of buildings during evenings and summer (UNI)	Reduce utilities and operations costs by temporarily closing or limiting use of buildings during summer breaks and evenings.

FAC-04	Reduce energy consumption by investing in energy management initiatives (UNI & ISU)	Increase efforts to manage consumption by investing in energy management initiatives with short, under four-year payback periods.
Space Utilization and Scheduling		
SSU-03	Improve utilization of classroom space through scheduling policy	Assess, each academic term, meeting pattern assignment and compression of activities into primetime.
SSU-04	Optimize faculty allocation through a data-informed, student-centered course schedule	Assess faculty allocation each year, factoring in actual teaching loads, contractual loads and average enrollments taught to define student credit hour productivity v. model. Set floor policy levels by academic unit and release time ceilings.
Academic Programs		
AP-01	Enrollment Management – separate work groups at SUI/CLAS, ISU/LAS, and UNI	Develop work groups to gain a greater understanding of enrollment management principles and develop an action plan for inculcating the principles. Analyze faculty mix and workload, including role of chairs/heads/DEOs, linked to programmatic requirements and optimal class sizes.
AP-03	Student Access groups to gain a greater understanding of enrollment management	Form a SUI, ISU, UNI work group to identify ways to increase distance education, focusing on non-traditional students, with greater clarity of programs, degrees, and offerings across the three universities with an integrated marketing plan.
AP-09	Develop system-wide Institutional Research reporting and data sharing	Establish a formal institutional research (IR) office at SUI, and establish system-wide IR reporting and data sharing at BOR
Student Services		
SS-05	Create a common application portal	Explore possible options for creating a common Iowa application portal that allows for increased flexibility and collaboration for SUI, ISU and UNI in-state, out of state, and international applications.
SS-08	Standardize "manual" calculation of Regent Admission Index	Standardize the RAI manual workaround process for all three universities to mimic the automatic acceptance process. Additionally, consider using business intelligence tools to identify parameters that lead to successful student outcomes, and adjust the RAI threshold of 245 given the analysis

These business cases will include a description and the scope of each opportunity and the expected benefits, cost savings, level of effort, timeline, technology dependencies, potential risks, and assumptions associated with each. These business cases may, depending on circumstances, indicate the net financial impacts as a range that reflect various scenarios at each university or for the enterprise as a whole.

The business cases will be summarized into an enterprise-view implementation roadmap which will include groupings of high-priority projects and activities identified to support further efficiency and effectiveness across the Regent universities, and will graphically capture the sequencing, key milestones, and timing of implementation activities across these projects. In addition, we will summarize these proposed changes through a future state operating model that will depict the key organizational, process, and technology changes needed to support greater effectiveness and

efficiency across the institutions. The specified changes above result in an incremental cost of \$867,955 which changes the total fees of the SOW from an estimated of \$1,049,550 to revised estimated fees of \$1,917,505. The fee estimate is based on the parties' discussions and on the information provided to Deloitte Consulting as of the date of this Engagement Letter, the nature and scope of the work, the expected resource requirements, resource commitments from the Board of Regents, the anticipated duration and scope of the Project, and the set of other Project Assumptions, all as described elsewhere in the original Engagement Letter. As set out in the Engagement Letter, Deloitte Consulting will invoice for its services on a time and material basis except where otherwise specified. This Phase 2 Amendment shall take precedence over any conflicting scope and pricing terms in the Engagement Letter.

We believe this revised approach will meet the Board's needs to develop high-quality deliverables, to incorporate stakeholder input, and to reduce risk in this important initiative.

Efficiency and Transformation Review for Iowa Board of Regents - Phase 2 (27 weeks: 6/9/2014-12/12/2014)

<u>Role</u>	<u>Level</u>	<u>Staff</u>	<u>Days per Week</u>	<u># of Weeks</u>	<u>Total Est. Hours</u>	<u>Rate</u>	<u>Fees</u>
Lead Engagement Partner	Principal	Chris Rose	1	10	28	\$450	\$ 12,600
Lead Engagement Director	Director	Rick Ferraro	1	27	216	\$425	\$ 91,800
Program Manager	Senior Manager	Virginia Fraser	2	27	344	\$375	\$ 129,000
Functional Integrator	Senior Manager	David Noone	1	15	128	\$375	\$ 48,000
Functional Integrator	Manager	David Noone	5	11	384	\$335	\$ 128,640
Facilities	Senior Manager	Pankaj Agarwal	2	10	136	\$375	\$ 51,000
Sourcing & Procurement	Specialist Leader	Gary Sutton	2	4	67	\$375	\$ 25,125
Information Technology	Specialist Leader	Shomic Saha	2	10	240	\$375	\$ 90,000
TBD	Manager	Ben Chan	1	1	10	\$335	\$ 3,350
Information Technology	Manager	TBD	5	8	344	\$335	\$ 115,240
Academics	Manager	Gayla Hartsough	3	27	708	\$335	\$ 237,180
Finance, HR, & Student Services	Senior Consultant	Emily Todd	5	10	423	\$295	\$ 124,785
Information Technology	Senior Consultant	Andrew Garcia	5	10	423	\$295	\$ 124,785
Information Technology	Senior Consultant	TBD	5	8	378	\$295	\$ 111,510
Academics	Senior Consultant	Charlotte Maure	5	12	295	\$295	\$ 87,025

<u>Role</u>	<u>Level</u>	<u>Staff</u>	<u>Days per Week</u>	<u># of Weeks</u>	<u>Total Est. Hours</u>	<u>Rate</u>	<u>Fees</u>
Facilities & Student Services	Consultant	Jackson Lesser	5	10	423	\$235	\$ 99,405
Sourcing & Procurement	Consultant	Aditya Mallya	5	4	180	\$235	\$ 42,300
Sourcing & Procurement	Consultant	Pranab Jha	5	4	180	\$235	\$ 42,300
Academics	Consultant	Heather Sims	5	2	110	\$235	\$ 25,850
HR & Finance	Analyst	Hortense Fong	5	10	333	\$195	\$ 64,935
Fees							\$ 1,654,830
Ad Astra							\$ 127,635
Action Plan Deliverable							\$ 135,040
Total Fee and Deliverable Price							\$ 1,917,505

The following fixed price deliverables are listed in the table above:

1. Action Plan to include the key activities, deliverables, and timeline for Phase 2
2. Services and Intellectual Property provided by Deloitte Consulting's subcontractor, Ad Astra, including the creation of hosted data analysis environment with KPI Dashboards for ongoing analysis and creation of Space Utilization business cases (SSU-03 and SSU-04)

We would be pleased to provide any additional information if needed. Should you have any questions, please feel free to contact us: Christopher Rose - +703 980 1359 or christopherrose@deloitte.com or Rick Ferraro - +1 703 251 3685 or rferraro@deloitte.com. We have truly enjoyed serving the Board to date, and look forward to continuing to support the State of Iowa in this endeavor.

Very truly yours,

By: 

Rick Ferraro
Director

Deloitte Consulting LLP

By: Christopher S. Rose

Christopher Rose
Principal

Deloitte Consulting LLP

ACCEPTED AND AGREED TO BY THE BOARD OF REGENTS, STATE OF IOWA:

Robert Donley
Robert Donley

6.16.14
Date