



Next Generation HR and Pay

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Next Generation HR and Pay

From Treasury Board of Canada Secretariat

i Notice to readers

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On this page

- [NextGen Initiative](#)
- [Key Lessons Learned](#)
- [Engagement Built-in](#)
- [Adopting an Agile Procurement Approach](#)
- [Agile Procurement Contracting Outcomes](#)
- [Working through a Gated Approach](#)
- [Testing The Solution](#)
- [Key Timelines Between Now and Early 2020](#)
- [The Need for Sustained Urgency](#)
- [Way Forward](#)

NextGen Initiative

- Budget 2018 announced the Government of Canada's (GC) intention to identify option for a long-term and sustainable pay system alternative.
- TBS, with representatives from the Office of the Chief Information Officer of Canada as the digital advisors and Office of the Chief Human

Resource Officer as the business owner, are working together as the NextGen team to identify a way forward.

- The NextGen team initiated an iterative dialogue with vendors as a means to identify the technological options that will address the HR and pay needs of the government.
- The new solution has been driven by the GCs business needs, informed by engagements with employees and HR and pay practitioners at all stages of the procurement process. In addition, NextGen has had ongoing dialogues with bargaining agents, including the establishment of a Joint Union Management Committee to provide regular updates and seek input on NextGen.
- To date, three vendors have been deemed qualified to deliver a new solution for the GC: Ceridian, SAP and Workday. Work is underway to select a preferred vendor (from the list of qualified vendors) with whom the GC can work on the development of a viable solution in pilot(s).
- Department of Finance approved a \$117.1M investment in September 2019, to co-design and deliver pilot projects for the Next Generation human resources and pay solution. These pilot projects will test potential solutions against the real complexities of the federal government's human resources and pay systems.

Key Lessons Learned

Sense of Urgency

Paying employees accurately and on time is a **top priority responsibility** for any employer and must be treated as a crisis.

Space & Flexibility

The project **must include an iterative process** (e.g. agile) and a dedicated team to shelter core functions from demands of information.

Empowered and Accountable Leadership

Project Champion should be the single point of accountability, working in concert with the Business Owner. **Governance should include independent oversight.**

Communication, Engagement & Partnership

Experts with experience should be leveraged to validate work. **Stakeholders** should be consulted at all phases of the initiative. Information should be **transparent**.

Holistic Approach

Business needs must drive technology decisions. Involvement of HR and pay professionals will be critical.

Engagement Built-in

The NextGen team has initiated a broad engagement strategy with external and internal stakeholders to ensure investments are both strategic and representative.

External Engagement



Industry

- Vendors
- Consulting firms



Organizations

- Other Governments (Alberta, Australia, California)
- Large enterprises
- Digital Advisory Board

Internal Engagement



Departments

- Core public service
- Central agencies
- Agencies/Crown Corporations



Senior Officials

- Deputy Ministers
- Ministers
- Parliamentary Committees



Unique Departments

- Individual pay system (DND, RCMP, CRA)
- Secure environments (CSE, CSIS)



Users

- Employees
- HR practitioners
- Compensation Advisors
- Managers



Community of Specialists

- CFOs
- CIOs
- Heads of HR
- Accessibility
- Security
- Official Languages
- UX/UI Design
- Enterprise Architecture Review Board



Unions

- Bargaining agents



Project Partners

- PSPC
- SSC, PSC, CPCS

Learnings

- Industry best practices
- Lessons learned from similar undertakings
- Interoperability with existing systems
- Compatibility requirements
- User interface
- Functionality (e.g. onboarding, talent management, recruitment)
- Security
- Accessibility
- Complex work environments
- Business transformation
- Data migration
- Cloud Connectivity

Engagement

- Parliamentary Briefings
- HR Workshops
- Industry Day
- Online - #NextGenHRPay

Adopting an Agile Procurement Approach

The NextGen team has adopted an agile method to support an iterative dialogue with industry and stakeholders.

TABLE CAPTION

Traditional Waterfall	Agile
Process run in its entirety	Smaller/faster sprints
Long blackout contractual periods	Gated Approach
Course corrections only available at the end of the process	Course corrections as needed throughout the process
Scope is determined and set	Full potential scope is charted but is incremental, flexible and adaptable
Limited interactions with vendors and users	Interaction with vendors and users is ongoing
All requirements need to be known and documented up front	Requirements evolve through collaboration, industry feedback and best practices

Agile Procurement Contracting Outcomes

A **Qualified List of Suppliers (QLS)** is a set of contracts with basic terms and conditions that enable a restricted group of qualified vendors to **compete** for work.

- **Flexible contracting arrangement** through which services may be procured efficiently and effectively
- **Three vendors** and their partners qualified:
 - Ceridian [redacted]
 - SAP [redacted]
 - Workday [redacted]
- **Contract Liability: Guarantee of \$5,000** over 2 years

Task Authorization

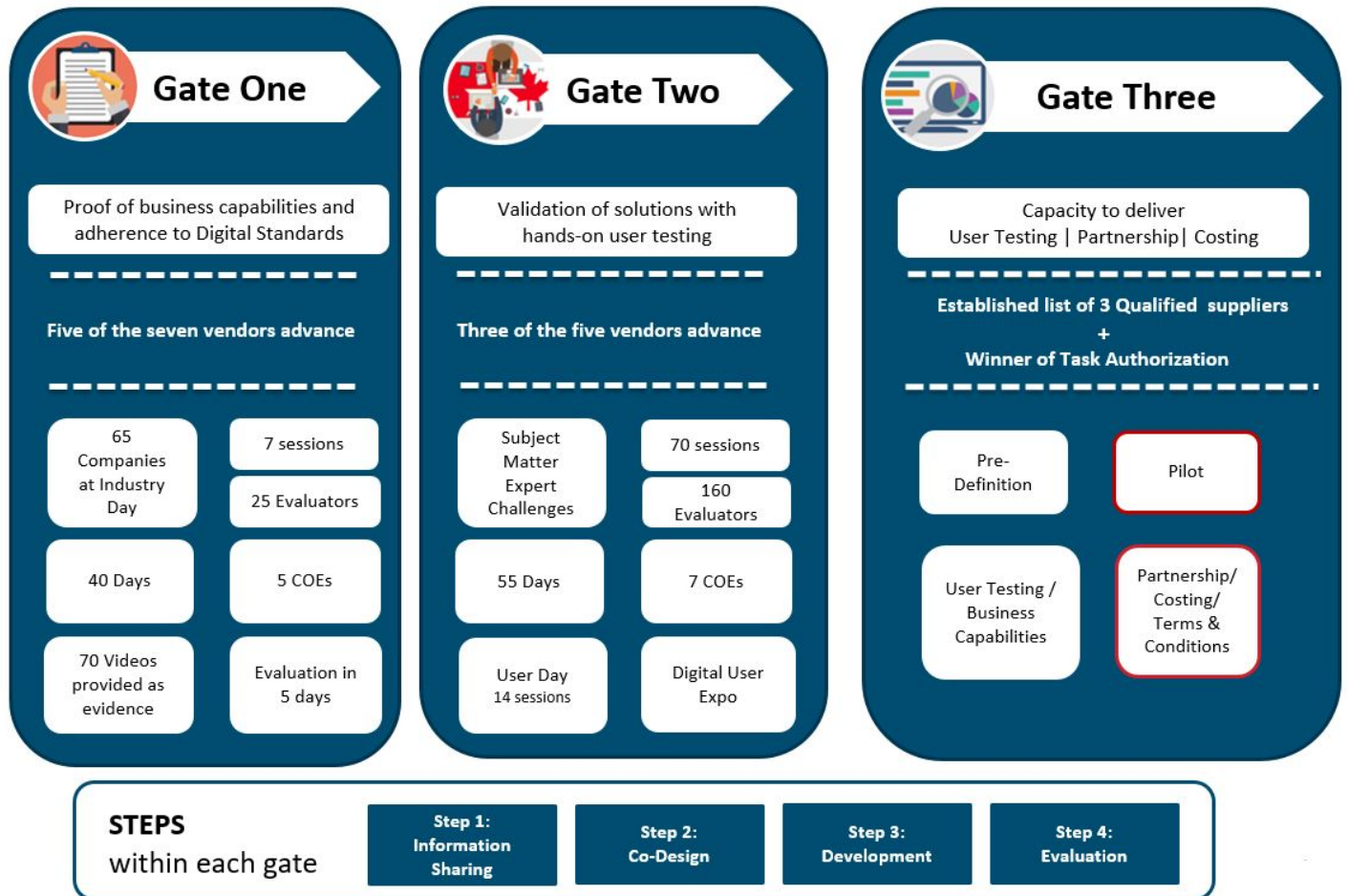
A **Task Authorization (TA)** is a process enabling the client to **authorize** work by a contractor for different problem sets on an "as and when requested" basis in accordance with an existing contract.

- **Multiple Task Authorizations can be competed** amongst the vendors for different work packages or business problems.
- **Qualified vendors will be ranked** where the top vendor will earn the right to work with us on the different work packages or business problems.
- **Task Authorization contain key decision points (KDPs)** where tasks may be extended or refined or work stopped to meet the

business needs. E.g. Extended to work on pilot and subsequently extended for implementation and run phases

Working through a Gated Approach

Figure 01: Working through a Gated Approach



▼ Figure 01 - Text version

Gate One

Proof of business capabilities and adherence to Digital Standards

Five of the seven vendors advance

- 65 Companies at Industry Day

- 40 Days
- 70 Videos provided as evidence
- 7 sessions
- 25 Evaluators
- 5 COEs
- Evaluation in 5 days

Gate Two

Validation of solutions with hands-on user testing

Three of the five vendors advance

- Subject Matter Expert Challenges
- 55 Days
- User Day 14 sessions
- 70 sessions
- 160 Evaluators
- 7 COEs
- Digital User Expo

Gate Three

Capacity to deliver User Testing | Partnership | Costing

Established list of 3 Qualified suppliers and Winner of Task Authorization

- Pre-Definition
- User Testing / Business Capabilities
- **Pilot**
- **Partnership/Costing/Terms & Conditions**

Steps within each gate

- Step 1: Information Sharing
- Step 2: Co-Design
- Step 3: Development
- Step 4: Evaluation

Testing The Solution

1. HR & Pay Solution Pilots

Design and build a new HR and pay solution (in up to two core departments) which would run in parallel to their existing HR and pay systems. During this pilot, employees' HR and pay transactions would continue to be processed through Phoenix and existing HR systems, eliminating the risk of additional pay issues. Pilot results would allow TBS to gather information on the potential replacement system and related business processes with the goal of testing, in a low/no-risk way, whether a potential replacement works and what it would take for a broader GC deployment and considerations for enterprise management.

2. Pay Solution

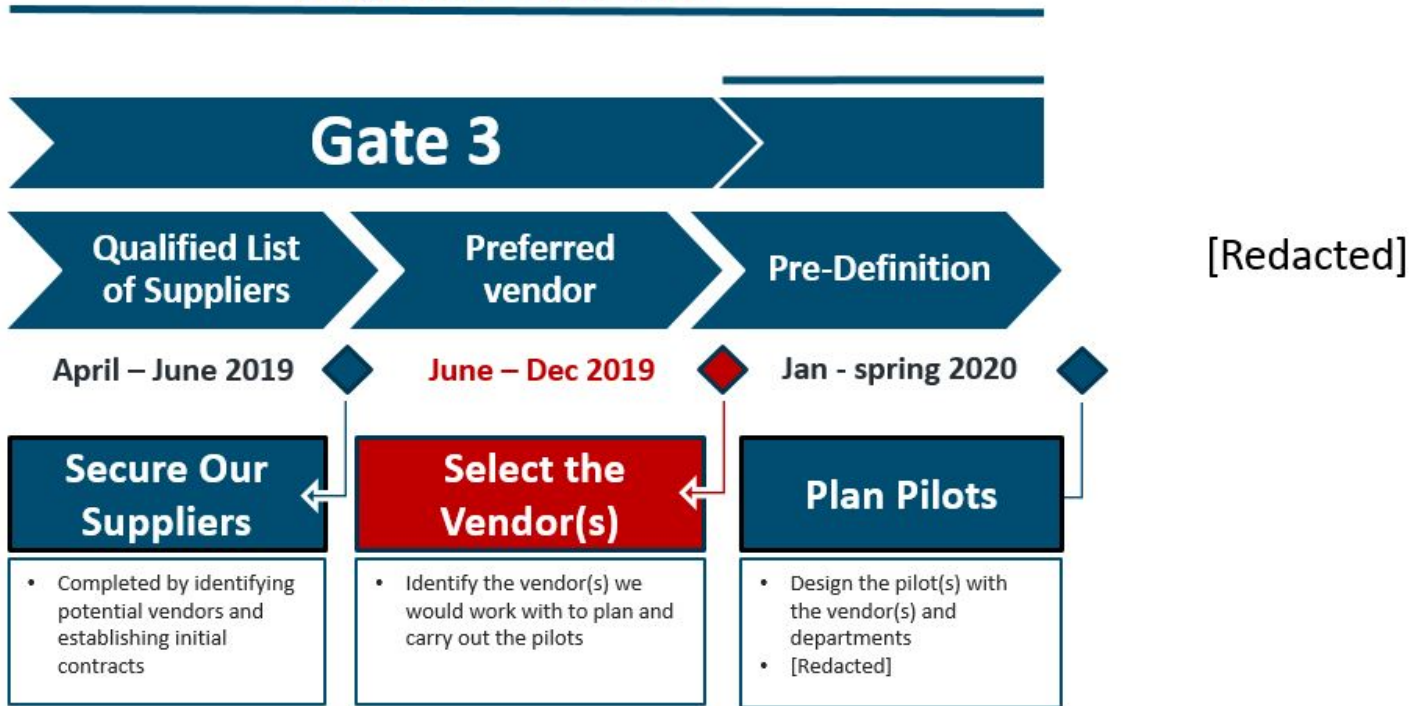
Conduct a feasibility study with a separate agency (outside the core public administration) to identify the resources and level of effort required to transition away from Phoenix, using a combination of the HR component of the organization's existing, partially integrated system with one of the new pre-qualified solutions. If the study yields positive results, [redacted]

Key Timelines Between Now and Early 2020

Selection of the vendor(s) is expected to be completed in the fall of 2019, with work to design the pilots running through to January 2020

Figure 02: Budget 2018 - Authorities

Budget 2018 - Authorities



[Redacted]

▼ Figure 02 - Text version

This slide describes key timelines for NextGen, between fall 2019 and spring 2020.

Work for Gate Three took place in fall 2019, under Budget 2018 authorities, and includes the following:

- From April 2019 to June 2019, established a list of three qualified vendors.
- NextGen secured suppliers by identifying potential vendors and establishing initial contracts.

- From June 2019 to December 2019 work is being completed to identify the preferred vendor we would work with to plan and carry out pilots.
- Pilot pre-definition will run from January to spring 2020. This will include designing the pilot(s) with vendor(s) and departments.

The Need for Sustained Urgency



Impact on Employees

- Over 200,000 public servants have at least one outstanding pay issue
- Many public servants have suffered financial hardship or mental health effects



Relationships with Unions

- Loss of trust

- May reinforce criticism on the lack of a funding commitment in Budget 2019



Relationships with Vendors

- May compromise strong working relationships developed
- Vendors may move on to other projects



Mounting Stabilization Costs

- Over \$1B allocated to date to stabilize Phoenix and Pay Centre operations

Way Forward

- Between now and December 2019, NextGen will identify a preferred vendor from the list of qualified vendors, with whom the GC can work on to develop pilot(s).

- NextGen will work collaboratively with stakeholders (e.g. vendors, pilot departments, bargaining agents) to conduct pre-definition work and to prepare for the pilots to set ourselves up for success
- [redacted]

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