Shared Services and How a Strong Governance Process Works for Providers and Customers

Background

As government begins to consider the implications of the President's Management Agenda, the second of a series of breakfasts on shared services was hosted on May 2, 2018, by IBM at NAPA's offices. At a high level, the session covered a shared services governance structure focusing on the voice of the customer, case studies of successful shared services governance structures, the development of service standards for shared services, and a discussion about grant programs and shared services. Speakers included Lesley Field, Acting Administrator for Federal Procurement Policy in the Office of Management and Budget (*OMB*) and Shared Services Policy Officer, and Beth Angerman, Acting Deputy Associate Administrator of the Office of Governmentwide Policy in GSA and leader of the Shared Solutions and Performance Improvement Team. A panel discussion followed on how to leverage the voice of the customer that included three executives representing different roles in the government shared services journey: Jeff Koch, Deputy Assistant Secretary for Administration and Management at U.S. Department of Labor (DOL); Tom Muir, Director, Support Services at Department of Veterans Affairs; and Rhea Hubbard, Senior Policy Analyst at OMB and a leader in the grants CAP goal effort.

The Challenge

Ms. Field focused on the vision of the administration to put a shared services stake in the ground, recognizing that "this is a relay, not a sprint, and one that will take 10 years to complete, and will save an estimated $2 Billion." Reviewing the cross-agency goals, she discussed the relationship between IT modernization, shifting from low value to high value work, and shared services as part of a holistic approach.

Ms. Angeman discussed the Sharing Quality Services Cross-Agency Priority (CAP) Goal and the governance plan for shared services. This a comprehensive and complicated structure that starts at OMB and the President's Management Council, and drives down to agencies and vendors. There were several revealing ideas in her presentation. Agencies themselves can decide how to start shared services by implementing: i) Technology Contracts; ii) Implementation & Integration Support Contracts; and/or iii) Help Desk and Transaction Support Contracts. There isn't a mandate for agencies to adopt a prescribed shared service approach. According to Beth, "One size doesn't fit all," and it is important to listen to the voice of the customer. The dynamic is to find the right balance between choice and scale. Beth added, "I really feel like the ground is shifting" in terms of acceptance of a shared services future.

Panelists brought their own experiences to the discussion, but focused on the voice of the customer. While the big ideas may come from the top, the ultimate responsibility and success hinges on the customer's willingness to engage and transform. This is no easy task.

A Case Study in Shared Services

Jesse Samberg provided a case study in shared services from his time in New York City with the Metropolitan Transportation Authority (MTA). Prior to implementing shared services, the MTA was comprised of seven agencies, each using its own basket of applications for benefits administration, payroll, timekeeping, etc. Post shared services, the MTA now uses one Enterprise Resource Planning (ERP) system, one document management system, and one customer relationship management system. All using a single point of entry for all users.

What You Need to Know About the PMA

The President's Management Agenda ("PMA") describes three broad "Priority Goal" drivers of transformation:

- **Modern information technology** must function as the backbone of how Government serves the public in the digital age. Meeting customer expectations, keeping sensitive data and systems secure, and ensuring responsive, multi-channel access to services are all critical parts of the vision for modern Government.
- **Data, accountability, and transparency initiatives** must provide the tools to deliver visibly better results to the public, while improving accountability to taxpayers for sound fiscal stewardship and mission results. Investments in policy, people, processes and platforms are key elements of this transformation and require cross-agency cooperation to ensure an integrated Data Strategy that encompasses all relevant governance, standards, infrastructure and commercialization challenges of operating in a data-driven world.
- The **Workforce for the 21st Century** must enable senior leaders and front-line managers to align staff skills with evolving mission needs. This will require more nimble and agile management of the workforce, including reskilling and redeploying existing workers to keep pace with the current pace of change.

The management agenda looks to these 3 "Priority Goals" to drive the overall change described in the PMA. There are a total of 14 CAP Goals including the above 3. Each goal identifies leaders who will be responsible for implementing the goals, and includes specific target objectives and dates.

These goals are not new to this administration, rather they have been considered as "top of stack" needs since the Clinton Administration put significant focus on them. However, this PMA has taken the effort to the next level by focusing in execution as well as ideas. In particular, there are 14 Cross Agency Priority ("CAP") goals that identify ways to achieve the transformation of government. "The President's Management Agenda identifies Cross-Agency Priority (CAP) Goals to target those areas where multiple agencies must collaborate to effect change and report progress in a manner the public can easily track." This idea is crucial to the

What is most interesting and important about the PMA is the way that these goals intersect with one another across agencies, functions, leadership and outcomes. This is an enterprise view of the workings of government, and the PMA is a means toward finding enterprise solutions.

Sharing Quality Services

One critical enterprise solution relates to the CAP Goal; Sharing Quality Service ("SQS"). *Shared Services* is the consolidation of technology, operations and/or people within the same organization, or across

organizations. *Shared services* are cost-efficient because they standardize and centralize back-office operations, and eliminate redundancy. Along the road to considering many of the above goals, it is in the interest of the government as a whole, as well as individual agencies, to consider whether a shared service operation can facilitate various of the other goals.

The effort of the SQS goals is that "The Federal Government will establish a strategic government-wide framework for improving the effectiveness and efficiency of administrative services by 2020, leading to continual improvements in performance and operational cost savings of 20% annually at scale - or an estimated $2 billion over the next 10 years."

One of the improvements upon previous shared services efforts is the inclusion of a Governance and Operating Model. The Model has several levels of responsibility starting with the President's Management Council ("PMC") setting overall strategy, down to vendors providing services.

Between policy makers and agencies sits a newly created Service Management Office ("SMO"), a "Federal storefront to the commercial service providers. Subject Matter Experts drive standardization, respond to user concerns, manage the creation of Federal unique micro-services, and manage the integration of commercial suppliers. Accountable for overall performance of service."

The SQS model has several "flavors" of shared services; Technology Contracts; Implementation and Integration Support Contracts; and Help Desk and Transaction Support Contracts. These common solutions deliver services to the Federal government that enable the SMO to scale, innovate, and help drive standardization and cost reductions in mission support functions.

Who is Ready to Move?

One of the interesting dynamics included in the SQS Cap Goal is a chart about satisfaction with the "quality of support and solutions I received from the (Human Capital/Financial Management/Contracting/Information Technology) during the last 12 months." When you review the scores, you will notice that they are all in the 5 range on a scale of 1 to 7, or roughly a B- to B. This says "I'm not in the excellent range, but it will be difficult to motivate me to change."

Based on these satisfaction polls, we need to focus on the *coalition of the willing* in order to build a shared services movement. Many of those who attended our breakfast series are in our corner.

Conclusion

A guiding principle of this process is "one size doesn't fit all." While there is an imperative to become more efficient by adopting a shared service model, agencies have the option of taking one or more of the above referenced "flavors". This is a critically important notion that recognizes the complexity of government technology, requirements, workforce, etc. Large agencies may be better served by building a shared service operation within, while smaller agencies would migrate to a Federal Shared Service Provider. In any event, so far that decision is being left to the agency.