



## How Shared Services Drive Transformational Value

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- “Shared services” is a best practice business model for managing mission support functions common to all government agencies (e.g., FM, HR, IT, acquisition, etc.).
- The government lags decades behind the private sector in adopting shared services. Today over 90% of Fortune 500 companies use shared services to manage back office functions.
- The Technology CEO Council<sup>1</sup> reports that back office functions account for about 30% of government spending; comparable overhead functions account for about 15% in the best run private sector companies.
- The Partnership for Public Service and the Tech CEO Council have estimated potential savings to the government of around \$50 Billion from full scale implementation of shared services to streamline and consolidate common administrative functions<sup>2</sup>. Resources freed up could be repurposed to under-resourced critical missions.
- Shared services also create significant synergies with other important government modernization objectives. The President’s Management Agenda and OMB’s Cross-Agency Priority Goals (CAP Goals) include numerous initiatives that can be substantially leveraged by shared services. The most important of these are the “Key Drivers of Transformation” and the “Cross-Cutting Priority Areas,” below.

### KEY DRIVERS OF TRANSFORMATION

**CAP Goal #1: Modernize IT to Increase Productivity and Security.** Shared services is a fundamental principle of IT modernization and the government’s cloud and cyber security strategies. The government can no longer afford to modernize and maintain massive investment in far-flung, “stovepipe” agency-specific IT infrastructure. “Anything that can be shared should be shared” should be the government’s mantra. Migration to standardized cloud offerings enables sharing of IT services and resources on a scale never before realized.

**CAP Goal #2: Leveraging Data as a Strategic Asset.** A key to unlocking the full value of data as a strategic asset across the Federal enterprise is setting standards so that data elements mean the same things across agencies. Otherwise, cross-government performance comparisons are of little value. Equally important is standardizing data management practices so that the business processes and cultural disciplines for handling and securing data are institutionalized and consistently executed at the highest levels of performance across the government. The more organizations involved in handling data, the greater the risk exposure and the greater the change

<sup>1</sup> *The Government We Need*, Technology CEO Council, January 2017.

<sup>2</sup> *Ibid*; *Building a Shared Services Marketplace*, Partnership for Public Service, March 2015



management challenges in implementing best practices. Shared services enable realization of these objectives by standardizing data, processes and technologies and consolidating common functions into modernized, high performance platforms that enable data management challenges to be successfully addressed.

**CAP Goal #3: Developing a Workforce for the 21st Century.** Shared services directly impact workforce modernization in several ways. First, by upgrading the quality of HR services and increasing “speed-to-hire,” shared services can directly improve government performance by rapidly filling mission-critical vacancies. Agency HR services consistently reflect the lowest scores measured in government-wide customer satisfaction surveys<sup>3</sup>. By outsourcing HR transactional services to high performing SSPs, agency HR staff can be freed up to perform higher value and more strategic analytical and advisory roles in support of mission delivery. Similarly, as transactional services in other mission support functions are shifted to SSPs, better jobs and more attractive career paths are created for administrative professionals.

#### CROSS-CUTTING PRIORITY AREAS

**CAP Goal #4: Improving Customer Experience with Federal Services.** Shared services can transform the customer experience with government services. Many agency-based mission support functions are under-resourced and operate with antiquated, ineffective and inefficient business process and technology platforms. Market-leading SSPs have higher capacity, scalable platforms and higher quality staff, giving them significant advantages of economies of scale and skill relative to single agency providers. Whether the customer is a grantee or a contractor dealing with a government acquisition process, or a Federal employee or retiree dealing with employee benefits and retirement services, etc., shared services can serve customer needs faster and more effectively.

**CAP Goal #5: Sharing Quality Services.** Shared services is recognized as a cross-cutting priority area in its own right. The Administration defines the value proposition of shared services as a strategy for enhancing mission effectiveness by creating a sharing government environment where the tools and expertise for administrative services are readily available and pooled across agencies. Currently, 38% of Federal leaders report low satisfaction with administrative support services in their agencies. The Administration has established a goal of achieving 20% cost savings annually once at shared services have reached scale, or an estimated \$2B over 10 years, along with measurable improvements in services and customer satisfaction scores.

**CAP Goal #6: Shifting from Low Value to High Value Work.** Shared services directly advance this goal by shifting transactional workloads from resource-strapped, underperforming single agency service providers to high-performing SSPs, thereby freeing up agency staff to perform higher value and more strategic analytical and advisory roles in support of mission delivery.

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<sup>3</sup> Performance.gov