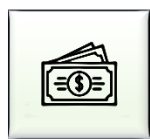# Proposal for Consolidating and Modernizing Government-Wide Common Service Operations for Efficiency, Effectiveness and Cost Savings
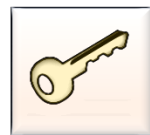
Core Financial Management

Human Resources

Procurement

Grants Management

FOIA

Regulation Management

Travel & Expenses

Cyber Security Services

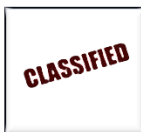Real Property Management

Records Management

Mail Operations

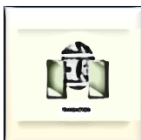Equal Opportunity

Fleet Management

Security Clearances

Shared SCIFs

Data Support

Improper Payments Management

Cybersecurity

December 2024

From Bureaucracy to Service
cost less· serves customers· consistently performs· modernized· data driven

Proposal in Brief

The path to success for operating government services more efficiently and effectively is outlined and ready for Congressional and Administration action.

What Should be Done	Consolidate and modernize government common services using a shared services operating and business model.
What are Shared Services	The delivery of common services to federal agencies through standardized, scalable, and consolidated capabilities.
What is the Problem	1. Current functions are **costly, duplicative, resource heavy,** and lack an operational **mandate**. 2. The government has attempted to move to shared services for over 40 years with **money spent and little achieved** yet some work is being done on standards and market place development. 3. Congress budgets agencies as stovepipes and does not look at government-wide opportunities causing **significant duplication and overlap**. 4. Existing shared services **functions are struggling and not efficient**. 5. Required investments are scarce and causing **antiquated capacity**. 6. **No one knows the true extent, cost, and return** of existing operational footprints. 7. The federal government **is way behind on innovative solutions**.
What Will be Achieved	The government will significantly benefit from common service consolidation: 1. Dramatically **reduce cost** through consolidation of resources, use of advanced technologies, reduced duplication, use of self-service, paperless processing, mobile applications, and strengthen the marketplace. The Partnership for Public Service estimated savings at $47.2 billion per year (**$74.2 billion** adjusted for inflation) when fully operational[1]. 2. Provide more **efficient** and **secure** use of resources – technology, people, facilities, process, and policy. 3. Improve **service** to the taxpayer and federal employees. 4. Allow more effective **decision making** for government leaders through stronger cross government data and analysis capacity. 5. Have resources to **better support** mission-centric needs, and/or support the budget deficit and debt.

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[1] Building a Better Shared Services Marketplace, Partnership for Public Service, March 2015.

Three Most Identified Operating Models to Consider	SSLC conducted 6 visioning sessions with government and industry participants developing many operating models. The three that appeared most plausible were: 1. **Industry-Outsourced** Cross Government Operating Model – strongest savings potential, shared risk/reward, technology in real time, efficient operations, true business model application. 2. **Government-Owned** Corporation Operating Model – strong savings, stronger controls, resource consolidation, consistency with existing rules and regulations. 3. **Agency-Based** Operating Model – Modest cost savings, some consolidation and efficiency gains, less struggle with cultural norms, less disruptive. Each of these models can be applied or combined to meet the need depending on application of the Line of Business (LOB) or used in a competitive environment.
What Congress and the Administration Need to Do	Legislative and Administrative action is required to: 1. Mandate that a **consolidated shared services business model** be employed for government common services. 2. Create effective **governance** with the appropriate responsibility, authority, and accountability. 3. Design and apply the **most effective operating and business models** including a business case, transformation plan, and change management plan. 4. Transform to a **new way of implementing** common government services.
High Level Timeline	1. Mandate and governance established in **FY25**. 2. Profile current operations and design business model and plans in **FY25 – 26**. 3. Begin migration to consolidated operations based on prioritized plan in **FY 26/27** and beyond.
Cost	The initial cost of transformation is estimated at $80 million over 5 years which would be 100% cost neutral if recommendations are employed. This includes funding for GSA operations, profile and design activity, staff training, and transformation planning.
Some Important Factoids	▪ 85% of Fortune 500 corporate entities have moved to a shared services model for common services. ▪ The average cost savings in industry are between 15-40%[2].

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[2] Global Shared Services and Outsourcing Survey Report, 2021

- OMB Memorandum M-19-16 in the previous Trump Administration required implementation of shared services but most of its requirements were never fully implemented.
- GAO has demonstrated significant duplication and costly processes.
- The Technology CEO Council has estimated over $1 trillion in savings by the government moving to shared services and related technology reforms[3].
- Other governments such as Australia, Canada, the UK, and Singapore have implemented shared services.
- The second largest US employer, Walmart has consolidated all mission-support services. Human resources has two centers with a staff ratio of 1:228.
- Johnson and Johnson, with just 150k employees, saved $2 billion in its first two years of operation.
- The government's consolidation of 24 payroll centers to 4 saved over $3.2 billion since 2006.
- Existing shared service operations in government cannot reinvest retained earnings and are on the brink of failure.
- Industry is ready with the platforms and innovations to serve government.

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[3] The Government We Need, Technology CEO Council, January 2017

Introduction

It's time for the federal government to **take bold action** to realize the significant benefits of **consolidating and modernizing government operations** into a new business and operating model(s) to save money, better allocate resources, improve service to agencies and citizens, standardize process and data, and have improved capital resource management. To that end, the Shared Services Leadership Coalition (SSLC) is proposing **legislative and executive actions** necessary to transform and modernize government common service operations through the **implementation of a shared services model**.

Effective shared service execution allows agencies to **better focus resources on mission functions while enhancing employee and customer experience in a secure and efficient environment**. Shared services can be delivered in common areas (called Lines of Business (LOBs)) such as human resources, financial management, lending, grants management, cyber security, background investigations, real property, and many more (see examples on the front cover). In doing so, agencies are giving up some level of control and therefore must experience, choice and better service, at a reduced cost.

As the largest entity and employer in the world, the US federal government has the opportunity for the greatest efficiency and effectiveness gains in common service operations. Transforming to a shared services model has been attempted many times and some supportive related initiatives have been implemented. Yet, in over 40 years, **no significant transformation has ever been undertaken**. Existing government operations for common services are **expensive, duplicative, high risk, often unable to focus on customer changing needs, and dramatically lagging** other governments and the private sector in providing modernized and efficient operations.

> **Goal**
>
> The delivery of the necessary core common government services through standardized, and scalable capabilities that are less costly, more efficient and effective, consistently implemented, with a reduced footprint.

Over many years other governments and corporations have embarked on transforming and modernizing their operations demonstrating **effectiveness, efficiency, and cost savings**. According to the Shared Services Outsourcing Network (SSON) over 64% of large organization entities have implemented shared services with an additional 20% in the process of doing so for a total of 85% of Fortune 500 organizations, which is a significant bell whether for the federal government. The **average cost savings are 15-40%** over current operating models. The U.S. federal government has made a number of attempts to do so, has not made the investment, nor provided the resources and authoritative leadership necessary to achieve any sustained outcomes or momentum.

The purpose of this document is to recommend **initial** policy actions within the legislative and executive branches designed to result in the **transition of government to a modern and effective way of implementing common agency services** under an operating and business model(s) that saves the government money and dramatically improves service and efficiency. Stronger definitive and bold action is needed to achieve the stated objectives.

This document profiles why this is necessary, proposes immediate actions, and provides examples of what other government and non-government entities have achieved with the same goal. SSLCs proposal is for the federal government to **implement an approach** necessary to ensure an effective, accountable, and risk managed transformation to standardized government-wide shared services. These initial actions include:

1. Making shared services mandatory
2. Creating an effective governance structure
3. Designing the optimal business and operating models for common services
4. Migrating to more efficient and effective shared services operating and business models including modernized technology platforms

What are Shared Services?

Shared Services is the delivery of the necessary common services to federal agencies and their employees through **standardized, scalable, and consolidated capabilities**, that ensure measurable efficient, effective, and consistent solutions that cost less.

A shared services model is different from how the government operates today with many duplicative, separately funded functions and resources within Departments, agencies, sub agencies, and independent agencies, each with their **own turnkey functions,** processes, technology, staff, etc. (see current operating model in Attachment 3). Turnkey functions are full end-to-end services in any given line of business which can be consolidated into a shared services operation.

Currently some common services in government are provided with a mix of overlapping and duplicative methods:

1. **Internal Operations** – Many agencies have their own functional LOBs at the agency, sub agency, and sub-sub agency levels each with their own resources, technologies, standards, processes, etc.

These operations also often use internal shared services or Federal Shared Service Centers (FSSCs) to support additional workload or surges.

2. **Internal Shared Services** – Central service providers within Departments such as the HHS Program Support Center (PSC) which provides finance, procurement, occupational health, and logistics services throughout HHS or the NASA Shared Services Center (NSSC) which provides procurement, finance, HR, IT support services across NASA).

3. **Federal Shared Service Centers (FSSCs)** – There are several independent shared service centers providing services to other agencies. For example, the Department of Interior's (DOI) Interior Business Center (IBC) providing HR, finance, procurement, payroll services), the Department of Agriculture's (USDA) National Finance Center (NFC) providing HR and payroll services), and the Department of Treasury's Administrative Services Center (ARC) which provides finance, HR, IT, procurement, and travel services).

4. **Commercial Shared Services** – Many federal agencies outsource business processes to commercial providers. Services include managed IT Services, cloud computing storage, IT support ticket and help desk, procurement and talent acquisition activities, financial accounting and reporting services, facilities and security services, and logistics and distribution tasks. Commercial outsourcing can significantly lower costs, with contractual agreements based upon usage or demand. Many agencies and federal shared services also use contractors to provide expert staff augmentation.

Under a shared services model consolidation leads to reduced duplication, cost, and government-wide standardization with a new operating model (process, structure, governance, technology, etc.) and business model (purpose, cost, funding mechanism, outcomes, measurement, resources, capital management, etc.) as it is implemented to create cost savings, efficiency, reduced error, provide improved service, and reduce risk of technology obsolescence and failure. The government could also provide a competitive environment for services provided there is a level playing field, but historically that has not been successful.

Why Action is Needed Now

A new way of executing common services supports goals associated with reducing the debt, better budget management, modernizing costly program implementation, reducing duplication, waste, risk exposure, and improving services to internal customers and taxpayers. Currently the government finds itself with the following issues.

#1 Costly, unsecure, and resource heavy common functions.

The government spends billions of dollars buying and maintaining disparate systems, resources, and structures that are inefficient, at risk of failure or cyber-attack, and duplicative resulting in **excessive operating costs and reduced efficiency and effectiveness**. Neither Congress nor the Administration have the necessary interoperable systems and data capacity to conduct full government-wide analysis and decision making, nor easy transfer of data from agency to agency. Each agency and sub agency budgets for and operates its own technology, has its own staff, and operates its own processes that **lack standardization** and agencies often have few effective choices.

Within HR, a typical hiring action in the private sector costs $4.1k while it is over $10k in government. Processing an invoice in government can cost hundreds of dollars while in other sectors it costs $1-2. The US Office of Personnel Management's Quality Service Management Office (QSMO) has stated that the government "spends over $2B annually to maintain a patchwork of fragmented d aging HR/payroll systems" and that "this creates risk, inefficiency, duplicative effort and cost, and makes it difficult to obtain high-quality data for making government-wide workforce/policy decisions."[4]

There are several financial bright spots in government. For example, NASA has saved over $350 million in the last 8 years by centralizing services. Treasury has reportedly saved over $600 million in 2022. The federal government's consolidation of 24 payroll systems to 4 systems saved over **$3.2 billion** since 2006. Comparatively, commercial companies that have enacted this model report significant savings - Johnson and Johnson, with 150k employees, saved almost **$2 billion within two years** of operation. Estee Lauder is on track to save $1 billion by 2030. One commercial company documented a **55% reduction** in costs[5]. Overall, the private sector has reported a savings of **$593 million per $1 billion in revenues** with **55-65% of the savings coming from labor and 35-45% coming from non-labor expenses**[6].

Previous Presidential Management Agenda's (PMA's) have called for shared services citing the potential for over **$2B in savings**. The Technology CEO Council has reported the possibility of over **$1T in savings**[7]

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[4] US Office of Personnel Management QSMO presentation to Shared Services Forum, December 12, 2024

[5] Recommendations for Transitioning Shared Services To Full Operational Capability Across The Federal Government, Shared Services Leadership Coalition, May 2022.

[6] Scott Madden Consultants, Shared Services Benchmark Highlights, 2024.

[7] The Government We Need, Technology CEO Council, January 2017

from shared services and related improvements enabled by modernized technology platforms. The Partnership for Public Services estimated $47.2 billion (**$72.4 billion** adjusted for inflation) in savings per year. On a comparative size scale (smaller than the US federal government), the government of Australia has saved over $230 million in its financial operations alone. The government of Singapore has saved over $380 million by implementing a shared services model.

Further, outcomes have been achieved through shared services such as the reduction in financial audit time and costs, reduced facility footprints, reduced technology platforms, increased self-service, reduced error rates and work redone, better data quality and decision-making, and stronger contributions to mission-centric program delivery, and improved working capital management.

> Imagine the **savings the federal government can realize** given its size and complexity. Savings that can be applied to better mission delivery, reducing the budget, or being applied to the nation's debt.

#2 Current activity to realize the benefit of shared services is less than effective.

Some FSSCs across the government currently exist as originally established such as IBC, NFC, PSC, etc., yet there are **no central enforceable mandate nor appropriate funding models** provided, and there is **no entity in government with the established responsibility and authority** to direct, guide, and provide an independent and transparent profile of its operations and effectiveness and make the necessary transformation. Most FSSCs don't appear to be more efficient, they operate under a limited cost recovery model, having little to no access to modernization funding, and there are strict rules on using retained earnings for such purposes. This has **not been the optimal model for government and others must be considered**. The lack of effective commercial competition has also limited industry's ability to invest in and provide innovative solutions that can greatly enhance efficiency and effectiveness. They are willing and able to do so if the government provides the appropriate environment.

Objectives required through OMB's **Memorandum M-19-16** Centralized Mission-Support Capabilities for the Federal Government, April 2019 (Attachment 1) are strong (created in the previous Trump Administration) but have been in large part ignored and **little financial and other resources have been provided** for modernization. For example, agencies and parent agencies roles regarding shared services as established in M-19-16 have not been executed and the General Services Administration's (GSA's) role is

established as **only a coordinating function**. Without stronger mandates and proper oversight, an implementation plan, and accountability, the government will continue to underperform. It is necessary to profile, define, and execute the most effective business model and provide an effective marketplace to provide efficient common services government-wide as well as strong governance.

The Executive Branch has been attempting to move to a shared services model **for well over 40 years**. During the past 5-years since the establishment of M-19-16 (which was also codified in Circular A-11[8] and supported by A-123[9]), QSMOs were established to develop a **marketplace and standards**, and an advisory governance structure has been established. However, they are not yet fully effective, nor do they operate under a consistent framework, **none of the goals or objectives have been realized**, and many of the role accountabilities required have not been implemented. In short, there is no mandate, attention ebbs and flows from Administration to Administration, and **millions of dollars are currently being spent without substantive outcomes, oversight, and reporting**. There are currently few common standards and there is a **lack of efficiency and effectiveness metrics** with which to determine the appropriateness of the current models for executing common services.

Lastly, an OMB Memorandum issued in December 2011 entitled "Security Authorization of Information Systems in Cloud Computing Environments" established the Federal Risk and Authorization Management Program (FedRAMP) and established the evaluation and continuous monitoring process for the cloud service models (e.g., Infrastructure as a Service, Platform as a Service, Software as a Service) as defined by the National Institute of Standards and Technology (NIST). It was later codified in the FY23 National Defense Authorization Act. To date, commercial investment into this certification process allows agencies to share System Security Plans and speed up the Authority to Operate (ATO). However, FedRAMP requirements are often applied differently between government and commercial systems making it difficult and costly for commercial providers to compete fairly in the federal marketplace.

#3 Some of the existing FSSCs are struggling.

As reported by some of the existing FSSCs themselves many are **starved for resources, operating legacy systems** (some reported to be on the verge of collapse under antiquated Cobol systems)**, and most don't**

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[8] OMB Circular A-11 (2023), Preparation, Submission, and Execution of the Budget, Section 220.
[9] OMB Circular A-123 (2016), Management's Responsibility for Enterprise Risk Management and Internal Controls.

have the resources to invest in modernization. A new way of doing things is needed. The current required way of funding FSSC operations is not able to provide appropriate resources for investment and modernization, yet this provides a business model which is not optimized, other options must be considered, and a strong marketplace developed.

A recent National Academy of Public Administration (NAPA) Report on the USDA National Finance Center[10], states that NFC "has not received the attention and support it needs to successfully fulfill its vital role". It further states that its "effectiveness has been compromised by inadequate investment in its people, technology, physical facilities, and financial support" and that **many of the findings of this report are applicable to other FSSCs**. By way of example, they state that the NFC platform used to process over 650,000 federal employee payroll transactions is **on the brink of failure** and that inefficient processes have degraded customer service, impeded efficiency, increased error rates, and created a **rising risk for a cyber event.**

> The fact is the current way of providing shared services, as limited as it is, is mostly broken. It should not be repeated, and a **completely new model of operations and business should be implemented**.

#4 Required investment in shared services is scarce at best.

Congress approves funding for functions and systems for agencies in a **stove-piped fashion** (agency by agency) and since shared services are not established legislatively, they **receive little to no attention and cross-government improvements are rarely considered**. Current FSSCs work on a cost reimbursement basis and do not all generate the financial resources necessary to fund modernization or to invest in growth. Parent agencies typically provide little to no support. The Technology Modernization Fund (TMF) established 7-years ago expressly identifies funding opportunity for shared services but has not acted on it to date and the rules are too difficult for FSSCs to meet. Therefore, the current opportunities for funding are lacking, **making it difficult for existing FSSCs** to maintain their capacities, grow, or modernize and in fact, this is not the optimal model. There must be consideration provided for other alternatives such as **Industry outsourcing or centralized government functions** with the appropriate objectivity, fairness and equity, and streamlined funding model.

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[10] Stabilizing and Modernizing the National Finance Center's Operations in Service to the Federal Workforce and the Nation, NAPA, August 2023.

#5 No one knows the extent and scale of existing operations.

Across government, as cited by many GAO and Congressional reports, technology is duplicative, wasteful, inconsistent, costly, does not communicate well within and with oversight agencies, and **no one knows the extent of the size, scope, and cost of common services currently being provided**. The full impact and contribution of the current operations is not fully known and a profile has not been conducted or benchmarked to determine if the current model is in any way effective, nor does it provide a baseline for metrics. Many provide surge or augmentation support to agencies rather than full turnkey support. The cost of shared service operations at the center or transaction levels is significantly higher than other sectors and has not been fully captured or compared to provide business justifications. Federal and commercial providers are often held to different performance, security, outcome, and other standards. Further, no baseline definition has been conducted regarding **government operations vs industry outsourcing models**, nor have any pockets of best practice been identified for adoption. **Industry v government models should be fully vetted**.

Since there is no strategic blueprint, **opportunities are being lost** to define the most effective organizational model(s) and dramatically improve the performance of common functions across government **through new business models, methods, providers, and technologies** to increase efficiency and effectiveness and reduce operating costs. In addition, having the blueprint and resources to innovate, reducing legacy and stove piped systems, and ensuring effective oversight, is necessary for effective performance, outcomes, and improved customer experience **that doesn't currently exist.**[11] Fully **engaging industry** in a marketplace model is critical to this success, and there is a need to report results to Congress and the Administration.

#6 Innovative methods and technologies exist but the federal government is way behind.

Artificial intelligence, self-service, mobile technologies, paperless processing, and touchless processing are all advancing rapidly in other shared services dramatically improving efficiency, saving money, reducing errors, and serving customers. For example, invoices can be assessed, paid, and audited without human involvement. By doing this the state of New York reduced their invoice audits from 20% to 5%, lowering

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[11] Measuring the Business Value of Shared Services, SSLC, July 2023.

costs and reducing errors. In most other sectors, employees make their own changes to add dependents, change payroll deductions, or initiate retirement actions, dramatically improving efficiency and effectiveness across the enterprise with fewer resources and less cost.

What We Propose

SSLC recommends immediate legislative and executive actions be taken in FY25 to define and implement policy and a process for realizing significant government operating performance improvement by consolidating common services. This would require new operating and business models to be implemented to achieve the goals previously discussed. A draft Bill for the "FAST ACT" is attached herein (Attachment 2) to assist Congress in taking immediate action in the first session of the 119th Congress. Our four recommendations are described below.

> **Four Recommendations to Get Things Moving**
>
> 1. Mandate shared services as the required business model.
> 2. Create effective governance.
> 3. Design the optimal business and operating models for common services
> 4. Migrate agencies to the new model.

#1 Immediately establish shared services as the <u>mandated operating and business model</u> for common government operations.

1. Using legislation supported by an Executive Order (based on M-19-16) and the President's Management Agenda (PMA), and the proposed Department of Government Efficiency (DOGE) as appropriate, immediately **establish a mandate** by which shared service operations is the **model that will be implemented** for the federal government's common services as well as mission-centric operations where appropriate; that an operating/business model and business case be developed; appropriate analysis be conducted; the marketplace be developed; and a transformation plan be prepared and approved for consolidating government-wide common services. Congressional and Administration oversight for regular reporting on the state of common service transformation, performance, and outcomes will also be required.

2. Fully **state the purpose**, role, functions, and structure of shared services. Establish **general criteria/guidance for lines of business** to be designated as a shared service, allowing providers to support the government and clearly profile the shared services business model to be transitioned to and modernized.

#2 Create Effective <u>Governance.</u>

1. Immediately appoint a **Senate confirmed Commissioner of Government Operations** in the General Services Administration (GSA) to oversee the planning, design, and modernization of government operations, incorporating the existing GSA Office of Shared Solutions and Performance Improvement (OSSPI) with improved resource capacity. This role will have the responsibility, accountability, and authority to achieve effective government operations through shared services and make other operational improvements. Policy authority should be at the Office of Management and Budget (OMB) resting with the Deputy Director for Management (DDM). This GSA Commissioner role should be a Presidentially appointed, Senate confirmed leader to ensure appropriate and consistent attention on a multiyear modernization effort. The Commissioner should have the responsibility, authority, and accountability to direct agencies, profile existing operations, make structural changes, implement policy, report to Congress and the Administration, and design, implement, and maintain the blueprint of the future of consolidated common service operations.

2. Through immediate legislative action, provide the Commissioner of Government Operations full access and resources to assess current common services across government (at agencies, FSSCs, and industry providers). **Develop a full profile** of the number, strengths and challenges of the existing common services landscape. Later, the number, structure, alignment, and functional responsibility of common service provider solutions will be determined based on need, scope, capacity, and risk as designed.

3. Through Executive action, remold the current Shared Services Governance Board (SSGB) to be populated by the operational leaders (COOs/CMOs) of each CFO Act agency and representatives from small and independent agencies (Assistant Secretaries or equivalent). Rename it the **Government Operations Advisory Board (GOAB)**. The GOAB will serve in an advisory capacity to the GSA Commissioner and the DDM. Bring governance of the new shared services operating and business models under the advisory jurisdiction of the **President's Management Council (PMC).** Include government operations improvement as a **central element of the President's Management Agenda (PMA)** and identify specific outcomes to be achieved within established timeframes.

#3 The Executive Branch Shall _Design_ the optimal business and operating models for common services.

1. Profile existing functions and design new efficient and effective federal common services operating and business models which **engage** the latest methods and technologies. Over 18 months (FY25-26), **fund and complete a cross-government profile of existing government turnkey operating common services and existing shared service** (see estimated initial cost on page 18)**.** The profile would include capacities, budgets, costs, transactional costs, performance, market penetration, resources, technology profiles, customer experience, staffing ratios, workloads, QSMO marketplace, percentages of work delegated to internal or external FSSCs, and other factors. Compare this to existing agency operations (turnkey) and benchmark against other mature shared service operations in commercial and other government environments. Identify areas for dramatic improvement in executing common service with improved effectiveness and reduced cost. Incorporate the best industry has to offer. Complete the profile **using non-conflicted experts** with appropriate funding. Leverage existing and introduced legislation such as H.R.1695 and S.931- Strengthening Agency Management and Oversight of Software Assets Act and S.666 - Identifying and Eliminating Wasteful Programs Act. Also leverage the Evidence Act of 2018, The eGovernment Act of 2022, Government Performance and Results Modernization Act of 1993, The Government Paperwork Elimination Act of 1998, and the 2011 provision of the NDAA for program inventory and spending, etc.

> **Criteria for Selecting Optimized Operating/Business Model**
>
> 1. Results in improved efficiency and effectiveness through process/policy reform and standardization.
> 2. Results in scorable and meaningful savings.
> 3. Standardizes processes and solutions, reduce specialization where possible.
> 4. Placing control in the hands of the customer and improves their experience.
> 5. Demonstrates clear outcomes and benefits for federal employees and agencies.
> 6. Ensures strong governance with clear responsibilities, accountabilities, and authority.
> 7. Eliminates data stovepipes.
> 8. Incorporates best practices and continuous innovation.
> 9. Reduces technology platform and facility footprints.
> 10. Reduces error rates, fraud, and improper payments.
> 11. Reduces barriers within and between agencies for more effective and timely performance.
> 12. Ability to continually improve and modernize and maintain staff competence in highly competitive markets.
> 13. Ensures secure operating environments.

In FY26, based on the outcome of the profile in #1 above, **design the optimum government-wide operating and business model(s)** along with a supporting business case **justification** to dramatically

improve operations, streamline policy, modernize systems, and to improved services to government agencies and the American people. This would include a phased and managed **transformation plan, business case, and a change management plan**.

At a minimum, these plans would include:

- ✓ A review of the findings and analysis conducted as well as recommendations for change.
- ✓ Definition, role, and functions of shared services in government to also include in-house and outsourced/ partnership models.
- ✓ Clear and justified benefits to government and taxpayers.
- ✓ The structure under which common services will function to support government-wide requirements.
- ✓ A clear operating and business model and authorities and accountabilities. Ensure clarity of inherently government functions and what can be supported by industry.
- ✓ Organizational alignment and roles of Agencies, Oversight Agencies, and Parent Agencies.
- ✓ Identification of how OSSPI, QSMOs, LOBs, and other entities, will be leveraged.
- ✓ The required phases, activities, accountabilities, and results over a determined period.
- ✓ The anticipated use of demonstration/ pilot projects and proofs of concepts.

- ✓ Disposition of existing turnkey operations.
- ✓ Consistent target performance, outcome and business metrics for all providers.
- ✓ Anticipate leveraging of existing methods, technologies, or policy.
- ✓ A plan to engage modern methods and technologies.
- ✓ Required investment and resources for modernization and transition over a defined period.
- ✓ Systemic funding mechanisms for operations and modernization that could be cost neutral and result in a return on investment. Include the anticipated ROI/E
- ✓ Identification of anticipated future growth needs.
- ✓ Additional policy requirements (Executive or Legislative) required.
- ✓ Identification of how common service providers will be certified for operations.
- ✓ Financial operating and future investment model and use of retained earnings for government providers.
- ✓ A clear transition roadmap and timeline.
- ✓ Identification of initial Lines of Business (LOBs) and how "onboarding" will take place initially and over time.

- ▪ Allow for **funding of future growth and modernization** through requested appropriations, reinvestment of retained earnings from customer fees, and use of other planned modernization funds to **ensure cost neutrality**. Provide an incentive model for innovation, efficiency, marketplace development, and effective use of industry engagement.

- ▪ Begin the immediate **training of federal staff** in the shared services operating and business model, transformation, modernization, program management, operations, and other associated skills to build a strong cadre of leaders and implementers.

- Include the development and approval of a **model for funding** the transformation and operations of shared service centers. Require a **Return on Investment Analysis** (ROI).

- **Apply findings to the three models** that have been articulated by federal and industry experts (see Attachment 3), each with their own opportunities, challenges, and risks. These include:

  - Industry Outsourced Operating Model

  - Government-Owned Corporation Operating Model

  - Agency-Based Operating Model

Determine the one, combination, or other operating and business models that provide the best opportunity for consolidation, efficiency, effectiveness, cost savings, improved service, and effective use of resources for each LOB.

2. In FY26, **leverage the good work already** accomplished by OSSPI, LOBs, and QSMOs, reshaping them to support the new model(s) and eliminate any ineffective or duplicative practices. Increase GSA's capacity during transformation and reduce it later for normal operations and management.

3. In FY27-29+ **fund an investment as defined to achieve efficient, effective, and credible common service shared services planning**. Funding can be **cost neutral** either through appropriations, the elimination of stovepipe funding, the use of the Technology Modernization Fund (TMF), agency support, or a combination of methods. Support the funding through **reduced budget investments in existing agencies common service modernizations to operational sustainment** while this is achieved. If necessary, suspend certain TMF rules to partially accomplish this investment through the TMF. Sustainment funding would be only the minimum which is necessary to maintain existing systems and operations while the transformation is taking place.

> **Shared Services Will More Than Pay for Itself**
>
> Investments should realize downstream savings through improved process and resource efficiency and reduction in operational footprints, engagement of industry, SAS, and advanced technologies.

#4 <u>Migrate to the new business model</u> and realize efficient, effective, and credible government operations.

1. Beginning in FY27, **seek and receive all legislative, administrative authority, and funding** to enact the plan created under recommendation #3.

2. Designate a **geographic location** as a center for common service oversight and management. Ensure **effective transition** for federal employees.

3. In FY27+ implement an initial phase of transformation. **Modernize, transition, and demonstrate the effectiveness of this model** through performance and outcome established during the planning and execution on **selected LOBs or components of LOBs**. Include investment in the retraining of staff and placement where appropriate. Allow for the use of "demonstration/pilot projects" as proof points to the designed business model leveraging the QSMO marketplace where appropriate. Operate at least 15-25% of government activity in each selected LOB within this initial timeframe, with the full migration based on the transformation plan within 5-10 years.

4. In FY27 and beyond begin **conducting a scheduled and planned migration of agency operations** to common service providers and demonstrated improvement in the performance and outcomes of government common service operations. This could be phased in by Line of Business, Sub-Line of Business, Agency, etc.

The high-level program management and transformation approach that GSA should implement as the managing agency could be as depicted below.
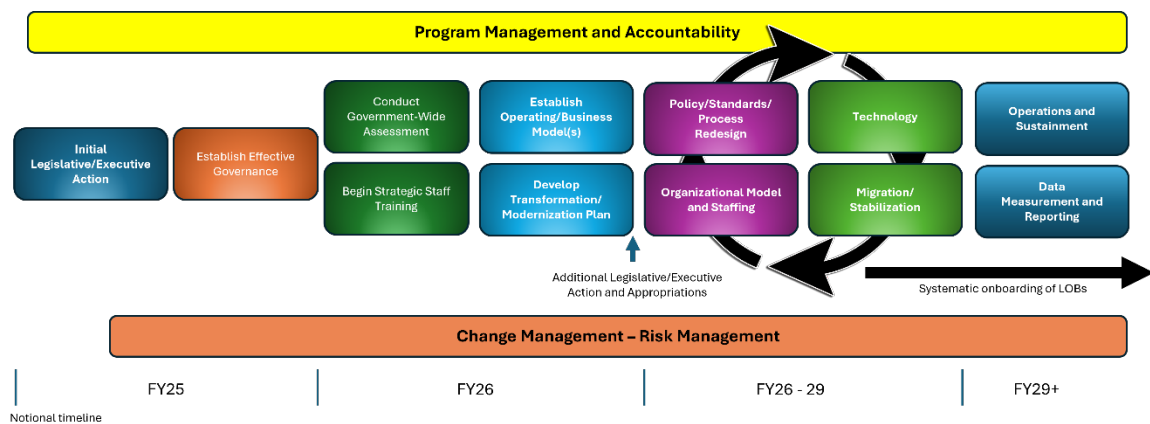
Estimate Cost of Initial Proposal

The cost estimates for funding the initial governance, analysis, design, and training include:

Element	FY25	FY26	FY27	FY28	FY29	Total
Cross-Government Analysis and Design	$10,000,000	$21,000,000				$31,000,000
Government Staff Training	$1,000,000	$2,000,000	$1,000,000	$1,000,000	$1,000,000	$6,000,000
GSA Operations	$4,000,000	$6,000,000	$6,000,000	$6,000,000	$6,000,000	$28,000,000
Transition Planning	$3,000,000	$4,000,000	$2,000,000	$3,000,000	$3,000,000	$15,000,000
Totals	**$18,000,000**	**$33,000,000**	**$9,000,000**	**$10,000,000**	**$10,000,000**	**$80,000,000**

As previously stated, this funding should be **cost-neutral.** In fact, we recommend that Congress **withhold certain planned and related modernization funding for existing government operations** (still providing basic maintenance funding) while this is implemented and transitions take place.

Next Steps

SSLC desires to support the government in establishing definitive policy to transition to full shared services operational capability. To do so SSLC will engage both the legislative and executive branch in codifying specific policies based on those recommended herein, refining what is needed, and creating a go forward plan. Please contact: Steve Goodrich stevegoodrich@sharedservicesnow.org or John Marshal johnmarshall@sharedservicesnow.org to begin this critical dialog and affect the appropriate legislative/executive path forward.

Attachment 1

Profile of M-19-16
Centralized Mission-Support Capabilities for the Federal Government

Requirement was established by OMB Under M-19-16 on April 26, 2019.

Area	Requirement	Notable Text from Memorandum
Goals	1. Improved on mission outcomes. 2. Provide improved services. 3. Steward taxpayer dollars. 4. Improve mission-support functions.	
Objectives	1. Provide an enhanced strategic blueprint for shared quality services. 2. Realize significant productivity gains and cost savings over time. 3. Reduce duplication and improve accountability. 4. Innovative, flexible, and competitive solutions. 5. Develop inter-agency standards and priorities. 6. Create centralized capabilities and performance expectations. 7. Expedite adoption. 8. Identify services suitable for sharing.	– Recognizes the need for "initial costs". – Realize financial benefits as much as 5-30%. – Current incredible challenges to effectively, efficiently, and cost-competitively deliver mission-support functions. – Currently duplication of effort across 100's of locations. – Poor customer satisfaction reported by 38% of federal leaders. – Provide demonstrated value to the customer. – Cross-agency agreement on target outcomes. – Assessments to be performed to determine the maturity of agencies' processes in government-wide (CFO Act agencies) standards.
Governance/ Authority/Roles	▪ Shared/Collaborative governance. ▪ Role of the **QSMO**: 　▪ Manage a marketplace to offer technology, services, or managed services. 　▪ Standardize processes. 　▪ Reduce technology footprint. 　▪ Must offer premier capabilities. 　▪ Employ best practices from government and private sector. 　▪ Offer competitive solutions. 　▪ Be responsive and adapt to agency business needs. 　▪ Govern sustainability of solutions. 　▪ Help agencies build a business case and alternatives.	– Government-wide governance. – Government shared service strategy continually updated to enhance satisfaction, reduce cost, improve performance. – QSMOs serve based on criteria of an interagency governance process and the CX Councils. – QSMOs must submit a 5-year plan. – Current SSCs rely on a network of legacy providers. – Agencies must demonstrate that separate procurements result in better value. – The Business Standards Council (BSC) and the Shared Services Governance

Area	Requirement	Notable Text from Memorandum
	- Institute a customer engagement and feedback model. - Implement standards. **OMB** approves joint business case in consultation with SSGB. **OMB/GSA** will conduct regular data-driven analysis of agency feedback to determine maturity of the function is such that creating centralized capability will offer efficiencies. **SSCs** partner with QSMO, OMB, and GSA to identify long term path for modernization and organizational efficiency. - Role of **Parent Agencies:** - Construct workforce communication plans and retain or reskill staff. - Conduct human capital planning activities for implementation within 24-36 months. - Work with QSMOs to identify impacted employees. - Connect employees with available options. - Role of **Agencies:** - Shall not issue new solicitations for now or modernized technology services unless they have developed a business case approved by the SAPOC, CIO, QSMO, and OMB. - Must begin planning for new approaches to delivering mission-support by shifting resources to higher value work and reducing duplication across the agency. [Agencies] must propose a business case to accept new customers, add new services, invest in technology. - Role of the **SSGB**: - Co-chaired by GSA. - Representatives of CX Councils - Make recommendations to OMB.	Board (SSGB) have a role in approving data and business standards. – Standards must follow the federal Integrated Business Framework (FIBF). – Parent Agency planning to be completed by April 2021 or April 2022.

Area	Requirement	Notable Text from Memorandum
	- Is the escalating point for BSC to resolve inconsistencies in business and data standards. Role of the **SBC**: - Cross government working group – OMB designated functional leads - Design and integrate future state end-to-end future state mission-support activities. - Collaboration with CX Councils and "authoritative" government bodies. Role of **GSA**: - Central coordinating point for managing governance process. - Conduct initial assessment of QSMO plans. - Make available information and best practices. - Support adoption of shared solutions by agencies. - Provide OMB with information to maintain high quality SS capability. Role of the **SAPOCS**: - Coordinate across agency mission-support functions. - Support adoption of shared services strategy. - Drive operational efficiency and effectiveness. - Drive agency participation in development of standards. - Receive inbound communications and disseminate messages across the agency. - Coordinate agency adoption of centralized services.	

Attachment 2

119th CONGRESS
1st Session

H.R. _____

2

3   To improve the efficiency and effectiveness of government operations, save
4   money, reduce duplication, improve best use of resources, improve
5   interoperability of systems, reduce risk, standardize process, and provide
6   whole of government data capacity.

7

8   IN THE HOUSE OF REPRESENTATIVES

9

10   Date

11

12   [Bill Sponsors] introduce the following bill; which was referred to the
13   Committed on Oversight and Accountability for a period to be
14   subsequently determined by the Speaker, in each case for consideration
15   of such provisions as fall within the jurisdiction of the committee
16   concerned.

17   _____

18

19   # A BILL

20

21   To consolidate and improve government common service operations for

22   efficiency and effectiveness and for other purposes.

23   *Be it enacted by the Senate and the House of Representatives of the United*

24   *States of America in Congress assembled,*

25   **SECTION 1. SHORT TITLE**

26   This Act may be cited as the "Federal Administrative State Transformation

27   Act" (FAST Act).

28   **SECTION 2. ESTABLISHMENT OF MANDATORY SHARED**

29   **SERVICES BUSINESS MODEL**

30   The Office of Management and Budget, Executive Office of the President

31   shall implement a shared services operating and business model to

32   consolidate common government services and shall make mandatory the use

33   of these operations by agencies as Lines of Business are assessed to be

34   appropriate and transformed consistent with the provisions of this Act.

SECTION 3. GOVERNANCE OF CONSOLIDATION, TRANSFORMATION AND OPERATION OF GOVERNMENT-WIDE SHARED SERVICES

The OMB Deputy Director for Management (DDM) shall have authority to develop and approve policy for the implementation of shared service operating and business models. Existing oversight agencies shall maintain their statutory authority over all regulatory policy.

A President appointed Senate confirmed Commissioner of Government Operations within the General Services Administration (GSA) shall have the responsibility and authority to achieve the business and operating goals and objectives of a government-wide consolidated common services function.

The Commissioner of Government Operations shall have the authority to direct the analysis of current government operations, design and approve operating and business models, develop and manage government and advisory structures, hire staff, and hire non conflicted experts and consultants.

The Commissioner of Government Operations shall oversee the existing GSA Office of Shared Solutions and Performance Improvement (OSSPI) which shall provide the resources and management of all shared services analysis and transformation activity. At the discretion of the President, the Commissioner shall serve as a member of the Presidents Management Council (PMC).

The Commissioner of Government Operations or their designee shall have the authority to approve all plans, actions, procurements, metrics, resources, process, and expenditures.

SECTION 4. REQUIRED CONSIDERATIONS OF GOVERNMENT-WIDE SHARED SERVICES.

OMB, and GSA shall implement this Act and design the optimal operating and business model for government-wide consolidation to common/shared services consistent with the following:

1   (a) An independent non-conflicted entity shall be engaged by GSA to

2   conduct an analysis of current government operations in primary mission

3   support functions and existing government shared service centers. At a

4   minimum, this shall include the identification of existing resources,

5   technology, data systems, costs, market penetration, financial models,

6   workload, operating and transactional cost comparisons from agency

7   functions to shared services functions, benchmarks, and performance

8   levels and comparisons. Benchmarks should include those with other

9   governments and private sector entities.

10   (b) The analysis and design shall identify opportunities for cost reduction,

11   reduced duplication, and removal of wasteful functions within a

12   consolidated operating and business model.

13   (c) The analysis and design shall consider the use of advanced technologies

14   and methodologies and tools that will facilitate improved efficiency,

15   effectiveness, cyber security, and customer experience.

16   (d) OMB shall have the authority to make common service functions

17   mandatory for all agencies and take the necessary management and

18   budgetary actions to do so and to eliminate duplicative functions within

19   agencies.

20   (e) The GSA Commissioner shall prepare OSSPI as a common services

21   management function with all the resources, functions, and authorities

22   necessary to manage the transformation and provide operational

23   oversight. This shall be part of the operating and business model design.

24   (f) The GSA Commissioner shall design, develop, and implement a training

25   program(s) to develop government staff in common/shared services,

26   transformation, modernization, metrics, return on investment, business

27   models, leadership, and other topics as required. The goal is to certify and

28   prepare staff to lead and implement the transformation and modernization

29   to consolidated operations.

30   (g) The GSA Commissioner shall design, develop, and recommend and

31   justify optimal operating and business model(s) for government shared

services, a transformation/modernization plan, and a change management
plan. This should include phases, steps, timelines, estimated costs,
performance and outcome metrics, and funding sources. Cost estimates
shall include transformation costs, operating costs, and future financial
model requirements with a desire to be cost neutral for transformation
and with a return on investment after implementation.

(h) GSA shall consider operating model designs and consolidation models
which include industry-outsourcing, government-owned corporation,
agency-centric, and other models as appropriate. Each shall be profiled in
the design and justifications provided for the appropriate selections.

(i) GSA shall use demonstration and/or pilot projects as needed to address
proofs of concepts.

(j) GSA shall determine and proffer in the President's Budget future funding
requirements for initial investment, operations, and continued
modernization.

(k) GSA shall initially prioritize government lines of business that
demonstrate a proven opportunity to become a shared service through
justified cost savings, improved operations, and other considerations,
shall include a schedule of other prioritized Lines of Business once the
initial migration is complete and the operating and business model
proven.

(l) GSA shall make recommendations for the use of existing best practices
and the sunset of existing government operations.

(m) GSA shall work with regulatory agencies, and develop and issue
operating standards, and efficiency and effectiveness metrics for use by
all Lines of Business common service functions.

(n) GSA shall prepare status and outcome reporting to Congress and the
Administration, and post results on Performance.gov.

(o) At the time of beginning the transformation process, Congress shall
determine the geographic location of a GSA common services oversight

1   and management function for government-wide responsibility and

2   accountability.

3   (p) The heads of all agencies shall provide GSA or their designee with timely

4   access to all information, data, and records necessary and requested to

5   review and assess common services functions as deemed necessary by

6   GSA.

7   (q) GSA shall ensure system, data security standards, and Federal Risk and

8   Authorization Management Program (FedRAMP) requirements are met

9   equally by all government and industry functions and service providers.

10   **SECTION 5. REPORTING**

11   The OMB DDM and GSA Commissioner of Government Operations shall

12   report status and results to Congress and the President and make

13   recommendations requiring their action. The first report shall be provided

14   twelve months after the implementation of this Act and every six months

15   thereafter for a period of five years. Each report submitted shall be made

16   available to the public on Performance.gov no later than ninety days after the

17   submission of the report.

18   **SECTION 6. AUTHORIZATION OF APPROPRIATIONS**

19   There is authorized to be appropriated to GSA for fiscal years 2025 to 2030

20   such sums as may be necessary to carry out this Act. For the purposes of the

21   first 5 years of this Act, Congress and the Executive Branch shall attempt to

22   be cost neutral by minimizing other appropriations associated with

23   modernizing Lines of Business designated as turnkey or existing Internal or

24   Federal Shared Services Centers.

25   **SECTION 7. EXCLUSIONS**

26   For purposes under this Act this effort will exclude the Directorate of

27   National Intelligence and all intelligence agencies.

28   **SECTION 8. SUBSEQUENT LEGISLATION**

29   Congress recognizes that additional legislation and appropriations will be

30   required based on the outcome of the analysis and design activity and

31   decisions of Congress and the President.

Attachment 3

Notional Shared Services Operating Models

SSLC has conducted 5 working groups with government staff, industry, and experts to identify potential notional shared services operating models. Each are described in this Attachment 3. The final configuration and design will be based on the outcome of the analysis and design task. However, they provide Congress and the Administration with current expert thinking of the optimal solutions. These include:

Option 1 – Outsourced Operating Model
Option 2- Government Owned Corporation Operating Model
Option 3- Agency-Based Operating Model

Each operating model is described in graphic and written form, followed by a profile of opportunities, challenges, and risks. The first description profiles the current operating environment.

Current Operating Model
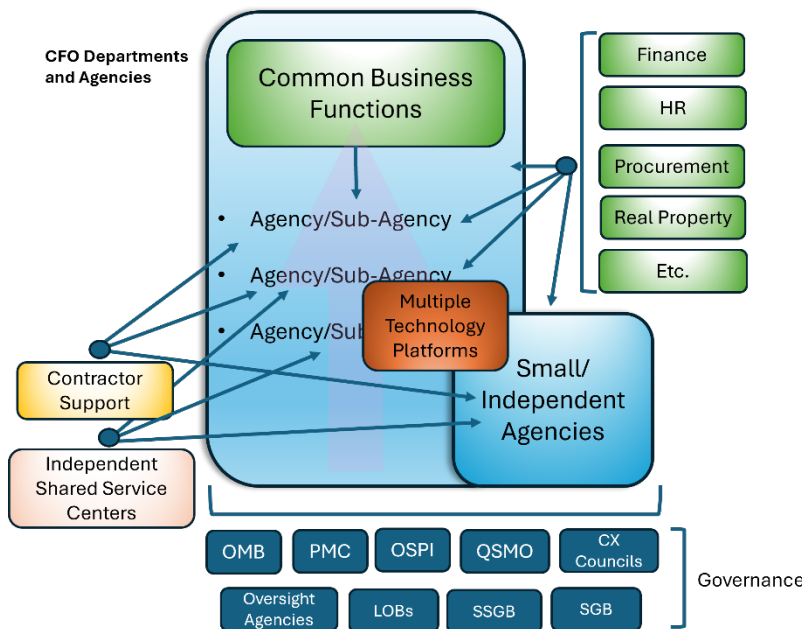
Currently each department, agency, subagency, and at times sub-sub-agency is supported by their own business services functions. This includes staff, processes, technology platforms, etc. Some have their own shared service centers such as HHSs Program Support Center. NASA is fully centralized with several common services such as HR, finance, IT, etc. Payroll is centralized in four payroll centers for all agencies and federal civilian employees.

Agencies also receive services from independent shared service centers such as the Interior Business center, the National Finance Center, etc. GSA OSSPI provides coordination, support, frameworks, etc. Designated Quality Service Management Offices (QSMO's) provide a marketplace, standards, etc. CX Councils provide advisory support along with other governance bodies. Oversight agencies provide regulatory and other policy direction.

Contractors provide support with platforms, staff augmentation and in a few cases, turnkey operations such as CGI Momentum provide integrated support.

This model is costly, duplicative, multi-layered, provides significant governance, and lacks standards, and efficient processes.

Note: the most significant differences between #2 Government-Owned and #3 Industry Outsourced is that:

Under #1 Industry Outsourced

- Control, investment, risk, and reward are shared
- Greater opportunity for cost reductions
- No Title 5, pay schedule, or procurement rules, etc.

Greater opportunity for innovation, use of advanced technology, and process streamlining

Under #2 Government-Owned

- The government will have more direct control as legislatively established
- Easier to adapt existing best practices
- Legislation could exempt Title 5, general schedule, procurement rules, etc.

Option 1 – Outsourced Operating Model
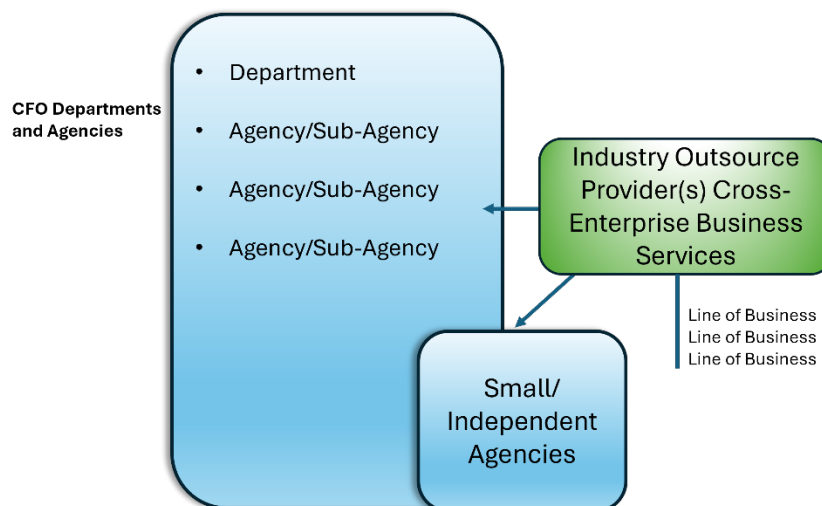
Option 1 Description. Each CFO Department, agency and subagencies would receive services from a single corporation or multiple private sector corporations. It could be segmented into the appropriate Lines of Business (LOBs) or be multifunctional. This would be performance based and include either a long-term procurement action or using a public-private partnership model (P3). If a P3 is engaged

(preferred), then an industry partner would share in investment, risk, and reward. Policy, data, standards, and other requirements would continue to be owned by the government. Performance, system security, in-country placement, and other factors would be dictated by the government and the government would provide the Authority to Operate (ATO).

Governance would be provided by OMB, GSA, and associated oversight agencies (i.e., OPM for HR policy). The Shared Services Governance Board (SSGB) would provide a very active role in guiding, assessing, and providing direction to ensure full agency support, customer experience, and ensuring taxpayers are properly represented. The various Chief Councils (CFO, CIO, CHCO, etc.) and the SSGBs will ensure agency representation.

Associated operating models under this could include shared service centers for individual LOBs or be multifunctional. They could also provide services by sector such as (e.g., civilian, defense, intelligence/international, small agency, etc.).

Option 1 - Opportunities, Challenges, Risks. Below is a high-level profile of opportunities, challenges, and risks. A strong centralized governance structure is required to achieve.

	Opportunities	Challenges	Risks
Financial	• The greatest cost savings possible if a P3 model is used as industry has more flexibility on technology, compensation, hosting, geographic location, etc. • Shared investment costs between government and industry • Reduced platform, licensing, and O&M costs • Ability to reprogram funds for savings or mission-centric application • Consistent with Economy Act	• More significant investment before transformation can be made. Shared investment will need to be well defined. • Requires a new financial management and payment methods • Cost creep over time if left unmanaged negating all savings • Reduces competitive landscape • Both government and industry will be learning as they go • Strick data and security standards will be required	• Failure if government is not fully committed and wanes before benefits can be realized. • Possibility of failure or reduced benefits if it turns it into a controlled procurement action
Performance	• Shared reward incentivizes economies of scale – more efficiency and effectiveness • Supports mission focus with more local contextual knowledge • Should realize significant improvement in customer experience • Reduced error rates • Processes and policies standardized. Easier to control process and data standards • Increase in efficiency and reduced resources through	• Agencies may feel they are deprioritized. Lacks "local" knowledge • Agencies adjusting to a new normal with retained functions and strategy-oriented staff • Agencies lack the staff skill sets for more strategic performance (retained functions) • Significant initial disruption with government staff in common service areas • Need to integrate existing shared service providers • Must incentivize providers	• Failure due to inconsistent metrics across government, Departments/ Agencies causing loss of performance and outcome focus or true knowledge of its success

	Opportunities	Challenges	Risks
	self-service, and paperless and touchless processing • Ability to upskill the federal workforce • Mission-centric contribution easier to measure	• Customer experience must be well defined and measured	
Technology/Data	• Significant reduction of technology platforms and greatly improved interoperability. • Centralized government-wide data systems for analysis, reporting, and decision-making • Great proving ground for innovation and demonstration projects • Government-wide data capacity • Faster adoption of advanced technologies streamlining efficiency and effectiveness and reducing cost • Stronger predictive analytics • Improved digital government • Full interoperability and security	• Controls over government owned resources, methods, etc. • Reducing and/or disposing of existing platforms, transitioning data under a common standard, etc.	• Must go all in to be successful. Failure if government does not give up its platforms • Single point of failure
Governance	• Centralized control and accountability at OMB and GSA • Some reduced governance structure • Significantly better government-wide and/or agency level evidence-based policymaking and decision-making • Shared accountability • Clear understanding of the size and scope of mission support activities	• Must resource traditionally under resourced functions at OMB and GSA • Departments/agencies struggle with loss of control • Government and industry objectives could be at cross purposes • Lack of government experience with P3 for services • Significant multi-year preparation • Agency adoption (pushback) and operating multiple systems as it is phased in	• Failure of governance is not mature and focused (cannot be other duties as assigned) • Single point of failure • Legislative adoption when impacting home state may cause ineffective design. Agencies lobby Congress not to approve and end up with a less efficient alternative (cost without gain) • Leadership commitment through transition
Transformation	• Easier to adopt best practices • Can begin with existing infrastructure • Eliminates all government and SSC operating functions for selected LOBs • Address labor pool shortages within government mission support	• Disruption within the Department/agency • Most significant transformation and change across all 3 models • Need to run parallel systems during transition • Challenges with cross-Department agreement on process, policy, standards, platform preferences, etc.	• Failure in unwillingness to adapt as this approach matures • Failure due to ineffective or ineffective change management and leadership involvement • Lack of measured improvements and ROI – attempting to keep things as is with all existing resources

	Opportunities	Challenges	Risks
		• Requires all Departments/ Agencies to participate (perhaps over time in a phased approach)	• Failure to achieve based on agency and sub agency resistance – this is an all or none approach

Option 2 – Government-Owned Corporation Operating Model
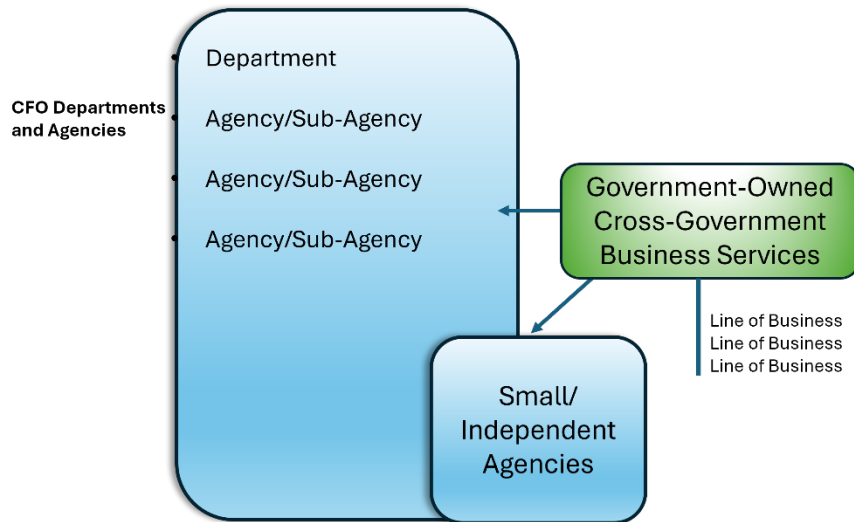
Option 2 Description. Each CFO Department, Agency and subagencies would receive services from a government-owned corporation established by Congress and approved by the President. It would provide multifunctional services across lines of business with interoperable platforms. It could be 100% employee managed with support from contractors (platforms, systems integrators, staff augmentation, etc.).

Performance, system security, in-country placement, and other factors would be dictated by the government and the government would provide the Authority to Operate (ATO).

Governance would be provided by OMB, GSA, and associated oversight agencies (i.e., OPM for HR policy). The Shared Services Governance Board (SSGB) would provide a very active role in guiding, assessing, and providing direction to ensure full agency support, customer experience, and ensuring taxpayers are properly represented. The various Chief Councils (CFO, CIO, CHCO, etc.) and the SSGBs will ensure agency representation.

Option 2 - Opportunities, Challenges, Risks. Below is a high-level profile of opportunities, challenges, and risks. A strong centralized governance structure is required to achieve.

	Opportunities	Challenges	Risks
Financial	• Strong cost savings possible • Reduced platform, licensing, resources, and O&M costs	• Would require legislative action to create	• Failure if government is not fully committed and

	Opportunities	Challenges	Risks
	• Ability to reprogram funds for savings or mission-centric application • Consistent with Economy Act • Could provide flexibility through legislative exemptions to Title 5, FAR, etc.	• Significant investment before transformation can be made. Shared investment will need to be well defined • Requires a new financial management and payment methods • Cost creep over time if left unmanaged negating all savings • Reduces competitive landscape	wanes before benefits can be realized. • Possibility of failure or reduced benefits if it turns it into a controlled procurement action
Performance	• Economies of scale – more efficiency and effectiveness • Supports mission focus with more local contextual knowledge • Should realize significant improvement in customer experience • Reduced error rates • Processes and policies standardized. Easier to control process and data standards • Increase in efficiency and reduced resources through self-service, and paperless and touchless processing • Ability to upskill the federal workforce • Mission-centric contribution easier to measure	• Agencies may feel they are deprioritized. Lacks "local" knowledge • Agencies adjusting to a new normal with retained functions and strategy-oriented staff • Agencies lack the staff skill sets for more strategic performance (retained functions) • Significant initial disruption with government staff in common service areas • Need to integrate existing shared service providers • Must incentivize providers • Customer experience must be well defined and measured	• Failure due to inconsistent metrics across government, Departments/ Agencies causing loss of performance and outcome focus or true knowledge of its success
Technology/Data	• Significant reduction of technology platforms and greatly improved interoperability. • May be easier to adapt existing best practices over model #3 • Centralized government-wide data systems for analysis, reporting, and decision-making • Better at proving ground for innovation and demonstration projects • Government-wide data capacity • Somewhat faster adoption of advanced technologies streamlining efficiency and effectiveness and reducing cost • Stronger predictive analytics • Improved digital government	• Controls over agency owned resources, methods, etc. • Reducing and/or disposing of existing platforms, transitioning data under a common standard, etc. • Strick data and security standards will be required	• Must go all in to be successful. Failure if agencies do not give up its platforms • Single point of failure

	Opportunities	Challenges	Risks
	• Full interoperability and security		
Governance	• Centralized control and accountability at OMB and GSA • Some reduced governance structure • Significantly better government-wide and/or agency level evidence-based policymaking and decision-making • Shared accountability • Clear understanding of the size and scope of mission support activities	• Must resource traditionally under resourced functions at OMB and GSA • Departments/agencies struggle with loss of control • Significant multi-year preparation • Agency adoption (pushback) and operating multiple systems as it is phased in	• Failure of governance is not mature and focused (cannot be other duties as assigned) • Single point of failure • Legislative adoption when impacting home state may cause ineffective design. Agencies lobby Congress not to approve and end up with a less efficient alternative (cost without gain) • Leadership commitment throughout the transition
Transformation	• Easier to adopt best practices • Can begin with existing infrastructure • Eliminates all government and SSC operating functions for selected LOBs • Address labor pool shortages within government mission support	• Disruption within the Department/agency • Most significant transformation and change across all 3 models • Need to run parallel systems during transition • Challenges with cross-Department agreement on process, policy, standards, platform preferences, etc. • Requires all Departments/ Agencies to participate (perhaps over time in a phased approach)	• Failure in unwillingness to adapt as this approach matures • Failure due to ineffective or ineffective change management and leadership involvement • Lack of measured improvements and ROI – attempting to keep things as is with all existing resources • Failure to achieve based on agency and sub agency resistance – this is an all or none approach

Option 3 – Agency-Based Operating Model
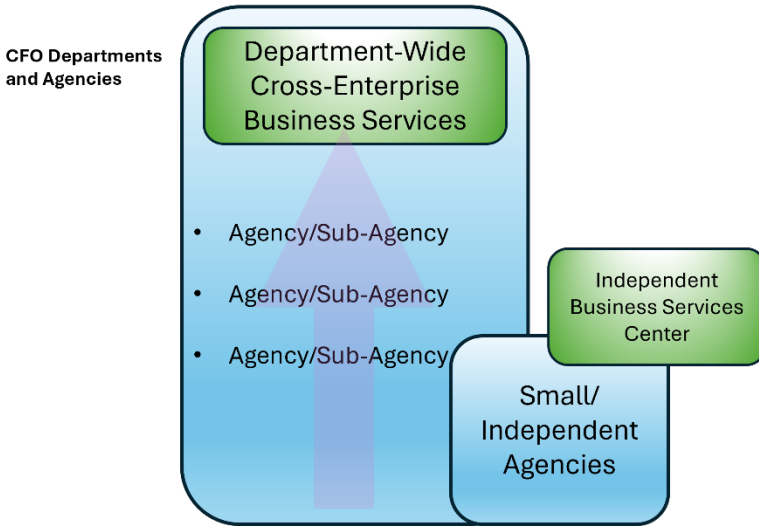
Option 3 Description. Each CFO Department would have single centralized multifunctional services for the entire Department, eliminating functions below the department level (agencies, components, OPDIVs, etc.). The Department of Defense would be served by one SSC for the 4th Estate, one for each of the military services, and one for the Intelligence Community.

Small and independent agencies would be supported by a single independent shared services business center.

Service could be government operated, industry operated, or hybrid, as well as contractor supported through staff augmentation. Centralized data systems would need to be created and interoperability capacity determined.

Governance would be provided by OMB, GSA, and associated oversight agencies (i.e., OPM for HR policy), as well as appropriate internal resources such as CHCO, CIO, etc. The Shared Services Governance Board (SSGB) would provide a very active role in guiding, assessing, and providing direction to ensure consistency with shared services policy, customer experience, and ensuring taxpayers are properly represented. The various Chief Councils (CFO, CIO, CHCO, etc.) and the SSGBs will ensure agency representation.

Option 3 - Opportunities, Challenges, Risks. Below is a high-level profile of opportunities, challenges, and risks. A strong centralized governance structure is required to achieve.

	Opportunities	Challenges	Risks
Financial	• Some cost savings possible • Possibly less investment costs. Could initially employee a lift and shift transition model	• Requires separate funding line item or common service fees • Larger target for cuts during appropriation/budget reviews • Little to no opportunity to reduce operating costs such as	• Significant investment with unclear opportunity. May not result in cost savings or performance improvement

	Opportunities	Challenges	Risks
	• Operating funds stay within the department	compensation, staffing levels, etc.	
Performance	• Some economies of scale – more efficiency and effectiveness within the Department context – eliminates some layers • Supports mission focus with more local contextual knowledge • May force improvements within agencies • Possible steppingstone to more consolidated shared services	• Concern that sub agencies believe they will be deprioritized • Inconsistent staff capacities • Inconsistent metrics across Departments/ Agencies • Agencies lack the staff skill sets for more strategic performance (retained functions) • Error rates remain the same • Standardization may be challenged • Customer experience unlikely to change	• Failure due to lack of modernization and resource realignment
Technology/Data	• Some reduction of technology platforms and improved interoperability. • Better Department-wide data capacity • Slower to adopt advanced technologies	• Lacks cross-government data capacity • Adoption of existing technologies lacking interoperability, legacy incompatibilities, performance levels, multiple hosting (both cloud or on prem)	• Failure if stop at lift and shift and creating a larger organization to manage
Governance	• Agency heads maintain more control • Some reduced governance structure	• More governance and leadership oversight required over other models • Need continual Department leadership support	• Cross purposes may bog down and reduce benefits demonstrating little to no benefit for the investment made • Leadership commitment throughout transition
Transformation	• Less change than Models 2 and 3 • Steppingstone for adoption of Models 2 and 3 • Greater probability of adoption and less resistance • Can begin with existing infrastructure • Eliminates most external SSCs • Could address labor pool shortages within the department.	• Disruption within the Department/agency • May be difficult to adopt best practices • Challenges with cross-Department agreement on process, policy, standards, platform preferences, etc. • Requires all Departments/ Agencies to participate (perhaps over time)	• Failure due to ineffective or ineffective change management and leadership involvement • Lack of measured improvements and ROI – attempting to keep things as is with all existing resources • Failure to achieve based on agency and sub agency resistance