



## Shared Services Forum Retrospective

### Key Takeaways

September 14, 2023

The September 14, 2023 session of the *Shared Services Forum* featured a discussion about the government's implementation experience over the last two decades. Speakers included current and former and policy makers, implementers and industry leaders who have played important roles across the Bush, Obama and Trump Administrations. Key take-aways from the program are summarized below.

#### Panel 1: Policy Makers

**Mark Forman**, former Administrator, Office of E-Government and Information Technology (Federal CIO), Office of Management and Budget

**Mark Reger**, former Deputy Controller, Office of Federal Financial Management, Office of Management and Budget

**Jessica Salmoiraghi**, former Associate Administrator, Office of Government-wide Policy, General Services Administration

Moderator: **Dan Chenok**, Executive Director, IBM Center for the Business of Government

#### Panel 1 Takeaways

- Shared services as we know them today were initiated in the early 2000s, expanded in the mid-2010's with the creation of the Unified Shared Services Management Office (USSM) in GSA, and solidified at the end of the last decade with the establishment of the Quality Services Management Offices (QSMOs) via OMB M-19-16.
- The initiatives of the early 2000s were grounded in enterprise architecture data and analysis that identified opportunities to consolidate redundant IT investments worth over \$1B in specific government lines of business, such as financial management and HR.
- Successful government-wide modernization initiatives like shared services require strong and consistent top-level leadership commitment and effective governance practices. This means that:
  - Leaders must be aligned and actively supportive at the highest levels of OMB;
  - Leaders must have reliable data and analysis to back-up decisions with solid business cases;

- Leaders must have access to a funding model for achieving and sustaining financial viability; and
  - Leaders must have governance processes in place that ensure continuous support in the government's highest leverage decision-making processes, including the budget process, Cabinet meetings, the President's Management Agenda, the President's Management Council, etc.
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- Competition can be an effective change driver. Policymakers should consider starting with a significant goal in the next PMA and creating competition across the government towards goal realization.
  - The Federal financial management workforce is experiencing significant retirement-related attrition, and the current labor pool isn't growing fast enough to keep up. This presents an opportunity for shared services and technology modernization (e.g., artificial intelligence) to be advocated as solutions to a growing 21<sup>st</sup> Century workforce challenge. The CFO Council (and other CXO Councils with similar challenges) should be enlisted to support and lead this effort.
  - Much more work is necessary to educate Congress about the value of shared services to the government, citizens, and Federal employees, and to break down institutional barriers such as the current appropriation account structure and budgeting process.

## Panel 2: Implementers

**Beth Angerman**, former Principal Deputy Associate Administrator, Office of Governmentwide Policy, General Services Administration

**Glenn Davidson**, former Executive Director, Commerce Department Enterprise Services

**Jackie Jones**, Deputy Assistant Secretary for Administration, Department of the Interior

**Ken Newton**, Director of Service Delivery, NASA Shared Services Center

Moderator: **Tim Rund**, The Clearing

### Panel 2 Take Aways

- The Federal Government has made modest progress implementing shared services over the past two decades, but opportunities have been missed to realize far greater progress and performance improvements. Nevertheless, important steps forward have been made and building blocks put in place. For example, the NASA Shared Services Center has saved tens of millions of dollars since its inception in 2006, and the QSMOs and OSSPI are issuing

- thoughtful agency guidance, creating marketplaces, completing standards, and helping match customers and solutions.
- Funding shared services investments remains a constant challenge. Investment in the supply side, e.g., creating marketplaces of solutions, is only half of the funding challenge. The demand side is driven by agency adoption which cannot happen without funds to pay for agency readiness, migration and change management efforts.
- Securing funding is a function of leadership and political will. Nothing will change until a presidential administration's political appointees are directed to focus on modernizing and streamlining government operations. Once this happens, funding will follow.
- As emphasized above, governance is essential, but insufficient to drive change. Cultural openness to change is equally important and must come from within the agencies. Without top down and rank and file agency commitment, we'll risk continued failures from modernization attempts in under-prepared agencies, unfairly discrediting the shared service business model and making it increasingly difficult to secure funding for well-prepared agencies with sound business cases and demonstrated cultural readiness.
- The Federal Government should embrace artificial intelligence and automation to drive greater efficiency and effectiveness in services delivery. And there is no better place to begin than in mission support and shared service operations.
- Sometimes nothing happens in government until a crisis occurs, but waiting to seize an opportunity in a crisis is not a viable strategy. Too often, crises produce the fastest responses, not necessarily the smartest ones. More active engagement with Congress is necessary, and more attention from GAO in identifying risk exposures on legacy systems would help draw attention to these issues and advance the business case.

### **Panel 3: Industry Leaders**

**Joe DeFee**, Human Capital Management Strategy Lead, CACI International, Inc.

**Ronna Garrett**, AVP, Strategy and Client Development, YRCI

**Melissa Wojciak**, Vice President for Government Relations, Monster

Moderator: **Rob Wuhrman**, Office of Shared Solutions and Performance Improvement, GSA

### Panel 3 Take Aways

- The government should make greater use of RFIs as a tool for gathering information about industry best practices in shared services. RFIs don't need to be limited to market research for specific acquisitions. Getting industry feedback on emerging technologies, approaches to modernization, and best practices for incremental modernization are critical issues industry experience can help with.
- Government often acquires solutions in stovepipes (e.g., manpower planning systems, recruiting systems, core HR systems, learning management systems, payroll and benefits management systems, etc.). As a result, "modernized" stovepipes remain that do not interoperate on a common integrated data model. Agencies would be well advised to select a modern SaaS platform and develop a roadmap for incremental modernization of the functional areas associated with the solution to realize a modernized, end-to-end integrated system and data model.
- Change management is a major challenge in any modernization effort. Effective change management practices must be put in place throughout a modernization program from the very beginning to the end, including at the earliest stages of planning, development of the business case, and initiation of the acquisition process, i.e., well before new technologies are acquired and implemented. The early stages are often overlooked and underfunded in government modernization projects.
- Government leaders should do a better job of addressing employee concerns early and proactively. Common concerns, such as fear of job loss, data security, vendor lock-in, etc., are universal and predictable. Don't wait for them to surface midstream; acknowledge and address them early and head-on.
- Government shared services centers should consider incremental modernization strategies that define specific functions and customer populations as increments to be modernized step-by-step. These two dimensions of incremental modernization can be combined into many combinations and options in modernization roadmaps to reduce modernization risk.

### **Concluding Audience Observations**

- Hearing from battle scarred veterans of the shared services movement provides important context and educational value to the community. The Forum should continue to feature the mature views of those no longer in public service to inspire and challenge the current generation of government leaders.

- A consistent theme emerged around the frustrations experienced by current and former government leaders associated with securing high level political support and developing a value proposition and return on investment attractive enough to gain political support in the Executive Branch and Congress.
- Several recurring counter arguments to shared services were also articulated clearly, including loss of control to third party service providers, reduced headcount under management exposing jobs to potential elimination or down-grading, and reduced budget authority. These and other common concerns should be thoughtfully considered and countered with strong rebuttals.
- Perhaps the greatest challenge for government delivered shared services going forward will be providing for continuous modernization of technology platforms and service offerings to keep pace with rapidly evolving technologies and customer requirements. The government is at a distinct disadvantage relative to industry in meeting these challenges. Government SSCs not only lack ready access to investment capital to modernize, they are increasingly unable to compete for top technology talent, and they cannot acquire new technologies fast enough to keep up with change in the marketplace. These realities will require much greater creativity than the government has shown in the past in the design of acquisition strategies and partnerships with industry service providers.