

PROPOSAL FOR

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

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<sup>1</sup>.
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.

## Three Most Effective 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.

CORE FINANCIAL MANAGEMENT

HUMAN RESOURCES

PRODUCTION

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 PAYMENT  
MANAGEMENT

CYBER SECURITY

LENDING

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 Needs 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%<sup>2</sup>.
- 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<sup>3</sup>.
- 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.

<sup>1</sup> Building a Better Shared Services Marketplace, Partnership for Public Service, March 2015.

<sup>2</sup> Global Shared Services and Outsourcing Survey Report, 2021

<sup>3</sup> The Government We Need, Technology CEO Council, January 2017



**Successful management reforms in the Federal Government need to have legislative underpinnings so they have permanence and consistency over time, no matter who's in the White House or who's leading departments and agencies.** ”

**Gene Dodero**

U.S. Comptroller General



## 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.

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