



The Public
Manager

*The New Administration's
Shared Services Opportunity*

Appendix

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Table 1: Stages of Shared Services Maturity (Hackett⁴)

	Consolidation	Standardization	Optimization	Virtualization
Business Focus	<ul style="list-style-type: none"> ▪ Bringing processes & systems under one roof ▪ Cost focused – clerical skills and processing efficiency 	<ul style="list-style-type: none"> ▪ Standardizing policies, procedures & technology 	<ul style="list-style-type: none"> ▪ Integrating optimized process, organization & technology 	<ul style="list-style-type: none"> ▪ Growth-oriented business model to leverage scale ▪ External profit centers
Scope of Shared Services	<ul style="list-style-type: none"> ▪ Centralization rather than true shared services ▪ Scope limited to transactional processes 	<ul style="list-style-type: none"> ▪ Defined service offerings 	<ul style="list-style-type: none"> ▪ Defined offerings optimized for cost and service performance 	<ul style="list-style-type: none"> ▪ Expansion of services and scope including expertise services
Process Environment	<ul style="list-style-type: none"> ▪ Legacy processes 	<ul style="list-style-type: none"> ▪ Increasing consolidation and standardization 	<ul style="list-style-type: none"> ▪ High degree of process improvement ▪ Continuous improvement embedded ▪ End-to-end process design 	<ul style="list-style-type: none"> ▪ Continuous re-invention
Organizational Environment	<ul style="list-style-type: none"> ▪ Silo based organization 	<ul style="list-style-type: none"> ▪ Team-based organization around processes, sub-functions or applications ▪ Functional experts 	<ul style="list-style-type: none"> ▪ Customer-focused, self-directed teams 	<ul style="list-style-type: none"> ▪ Optimal organization structure ▪ Marketing and business development teams ▪ R&D: new service offering development
Technology Environment	<ul style="list-style-type: none"> ▪ Disparate IT systems 	<ul style="list-style-type: none"> ▪ Multiple systems in use by customers 	<ul style="list-style-type: none"> ▪ Standardized enterprise systems ▪ Use of workflow, imaging, & other enabling IT tools 	<ul style="list-style-type: none"> ▪ Leverage advanced technologies
Scope of Outsourcing	<ul style="list-style-type: none"> ▪ Little or none 	<ul style="list-style-type: none"> ▪ Outsourcing of non-core activities 	<ul style="list-style-type: none"> ▪ Selective outsourcing 	<ul style="list-style-type: none"> ▪ Open for competition with external providers ▪ Outsource where not best-in-class
Customer Environment	<ul style="list-style-type: none"> ▪ SSO viewed as part of corporate ▪ Customer relationships characterized by anger, conflict 	<ul style="list-style-type: none"> ▪ Customer relationship managers identified ▪ Contact embedded in functions; some contact centers in selected functions 	<ul style="list-style-type: none"> ▪ Contact centers established 	<ul style="list-style-type: none"> ▪ Contact centers support stakeholder inquiries
Governance and Performance Management	<ul style="list-style-type: none"> ▪ Little or none 	<ul style="list-style-type: none"> ▪ Informal governance board ▪ Some performance reporting 	<ul style="list-style-type: none"> ▪ Formal governance board ▪ Balanced scorecards 	<ul style="list-style-type: none"> ▪ Governance board stresses expansion of SSO model ▪ Balanced scorecards integrated with customer strategy
Financing	<ul style="list-style-type: none"> ▪ Funded by corporate 	<ul style="list-style-type: none"> ▪ Customer charge-backs established 	<ul style="list-style-type: none"> ▪ Detailed SLAs ▪ Variable pricing 	<ul style="list-style-type: none"> ▪ SLAs with strong customer focus ▪ Menu pricing
Physical Location	<ul style="list-style-type: none"> ▪ Near corporate HQ or major customer 	<ul style="list-style-type: none"> ▪ Few changes from status quo 	<ul style="list-style-type: none"> ▪ Move to optimal locations 	<ul style="list-style-type: none"> ▪ Physical locations less important

Table 2: Profiles of Three Global Government Shared Services Organizations

	Ontario Shared Services (Canada)¹⁹	Queensland State Government (Australia)²⁰	National Health Service/Steria (United Kingdom)²¹
Year Initiated	1998	2003	2001
Services and Processes Managed	FM, HR, Payroll, Supply Chain, Acquisition, Non-tax Revenues, Insurance, Risk Management; Other Admin Services	FM, HR, Payroll, Acquisition, Property, Facilities, Records Management, IT, Telecom, Fleet, Other Services	FM, HR, Payroll, Acquisition
Organization & Governance	Ministry of Government Services	Shared Service Agency	NHS Shared Business Services (a public-private joint venture)
Number of Shared Service Centers	6 Communities 9 Centers of Excellence (4 Locations)	7 Shared Centers 2 Technology Centers	6 Service Centers (in UK and India)
Private Sector Role	Minimal	Significant	Extensive
Customer Agencies Served	29 ministries	30 agencies	100 NHS organizations
Customer Board	Federated Governance Framework	Shared Services CEO Committee	NHS SBS Board
Annual Transaction Volumes	A/P: 800,000 Payments: 10 M Payroll: 3.7 M HR: 94,000 Procurements: 700/year w/\$270 M value	n/a	A/P & A/R: 3-4 M Payroll: 2 M Cash flow: £18 B Debt recovery: £10 B
Customer Employees Served	Up to 75,000 (including seasonal staff)	24,000	200,000
Staffing Levels (FTE)	1,300	5,000	1,000
Business Goals & Results	OPS employees served per OSS employee increased from 43 in 2004-2005 to 59 in 2008-2019. OSS budget as % of total government expenditures reduced from 1.90% in 2004-2005 to 1.39% in 2008-2009.	2005/2006 savings reported = 42.5 million (\$A) Annual savings goal = 100 million (\$A)	Mission = free up £224 million for front line care; Customer agencies are guaranteed 20% Year 1 cost savings, plus 2% per year; National Outsourcing Association Provider of the Year (2007)

Table 3: Bush-43 Administration Shared Service Organizations

Bush-43 Administration LoB/SSOs	Services Provided	Transaction Volumes²²	Employees Served²²
Agriculture Department, National Finance Center	Payroll, HR	Payroll = 27.9 M actions; \$50B disbursements All other: 22.5 M actions; \$78B disbursements	600,000
Defense, Civilian Personnel Management Service	HR	Payroll: 4.5 M actions Other: 11,000 actions	820,000
Defense Finance and Accounting Service	FM, HR, Payroll, Travel	Payroll: 169 M actions Disbursements: \$591 B Travel: 7.5 M actions Invoices: 14.4 M actions	6 million
Defense Information Systems Agency	ISS (Training)	n/a	n/a
Environmental Protection Agency, CIO, ASSERT	ISS (Reporting)	n/a	n/a
General Services Administration, Federal Integrated Solutions Center	Payroll, FM	Between several thousand and 20 million (FM) transactions valued between \$1 million to \$100+ million	Payroll: 26,366
Health & Human Services Department, Program Support Center	FM; Acquisition; Occupational Health; IT & Systems Mgmt; Admin. Services	Invoices: 110,000/\$2.3 B Grants: \$320 B Debt collected: \$292 M Contracts: \$900 M	700,000
Interior Department, National Business Center	Payroll, FM, HR ISS (Accreditation & Certification)	Payroll: 5.98 million Vendor pmts: 284,004	Payroll: 289,684
Justice, CIO, Cyber Security Assessment & Management	ISS (Accreditation & Certification, Reporting)	n/a	n/a
Office of Personnel Management, GoLearn	ISS (Training)	n/a	n/a
State USAID, Joint State USAID Solution	ISS (Training)	n/a	n/a
Transportation Department, Enterprise Services Center	FM, ISS (Accreditation & Certification)	A/P : 480,000 A/R : 12,000 Travel : 180,000 Cards : 912,000 Pay : 1.49 million	62,000
Treasury Department, Bureau of Public Debt, Administrative Resource Center	FM, HR, ISS (Accreditation & Certification)	125,155 invoices 44,323 travel vouchers 104,416 personnel actions	FM: 29,019 HR: 16,186
Treasury Department, HR Connect	HR	n/a	n/a

Table 4: Federal Internal Shared Services Organizations (Partial List)

Agency/SSO	Funding	FM	HR	Payroll	Acquisition	ISS	IT/I	Other
Agriculture, Information Technology Services (ITS)	WCF					X	X	
Agriculture, National Finance Center (NFC)	WCF	X	X (LoB)	X (LoB)				
Commerce, CIO, Office of Computer Services (OCS)	Franchise Fund					X, Y	X, Y	
Commerce, NOAA, NCEP Shared Infrastructure Services	WCF					X	X	
Commerce, NOAA, Corporate Financial & Administrative Services	WCF	X	X					Real property, facilities, logistics,
Defense Civilian Personnel Management Service (CPMS)	WCF		X (LoB)					
Defense Contract Management Agency (DCMA)	WCF				X			Contract administration
Defense Finance and Accounting Service (DFAS)	WCF	X		X (LoB)				
Defense Information Systems Agency (DISA)	WCF					X (LoB)	X	Extensive shared mission support IT
Defense Integrated Military HR System (DIMHRS)	WCF		X					
Energy, National Nuclear Security Administration (NNSA) Service Center	Approps		X		X			Various mission support services
Energy Finance and Accounting Service Center	WCF	X		X				Travel
EPA, HR Shared Service Centers	WCF		X					
GSA, Federal Integrated Solutions Center (FISC)	WCF	X (LoB)	X	X (LoB)				

Table 4: Federal Internal Shared Services Organizations (Partial List)

Agency/SSO	Funding	FM	HR	Payroll	Acquisition	ISS	IT/I	Other
HHS, FDA, Office of Shared Services	Approps	X			X	X	X	EEO; facilities mgmt.
HHS, Program Support Center (PSC)	Franchise Fund	X	X (LoB)		X	X	X	Property, logistics
Interior, National Business Center (NBC)	Franchise Fund	X, Y (LoB)	X, Y (LoB)	X, Y (LoB)	X, Y			Appraisal services, administrative operations, aviation management; training.
NASA Shared Services Center	WCF	X	X		X	X	X	Numerous mission support services.
State, International Common Administrative Support Services (ICASS)	WCF	X, Y	X, Y	X, Y	X, Y	X, Y	X, Y	Overseas budget, facilities, motor pool, warehousing, leasing.
Transportation, FAA, Air Traffic Organization (ATO) Service Center	Approps	X	X	X	X			Budget, property, numerous mission support services
Transportation, Office of IT Shared Services	WCF					X	X	
Transportation, Enterprise Services Center (ESC)	WCF	X (LoB)					X	
Treasury, Bureau of Public Debt, Administrative Resource Center (ARC)	Franchise Fund	X, Y (LoB)	X, Y (LoB)		X, Y	X, Y	X, Y	Travel, investment accounting
Treasury, HR Connect Program	WCF		X, Y (LoB)					
Treasury, IRS, Office of Agency-wide Shared Services	Approps				X			Real estate; facilities; travel; training; other administrative services
US Postal Service, Shared Services Organization	WCF	X	X	X				
VA Franchise Fund, Austin IT & Financial Services Centers, St. Paul Debt Management Center	Franchise Fund	X, Y				X, Y	X, Y	IT applications; debt collection, records; law enforcement

Footnotes to Text and Tables

- ¹ In industry parlance, internal SSOs are often known as “captives” and are sometimes understood to include a global delivery or “off-shore” dimension that is not intended here.
- ² EquaTerra, March 31, 2008.
- ³ David Greenebaum, The Advisory Council (TAC), Centralizing IT Operations and Maintenance, 2008.
- ⁴ Finance Shared Services, The Hackett Group, 2007.
- ⁵ Alsbridge 2008 SSC Research Study; Multi-Function Shared Services, Accenture, 2007; Deloitte 2007 Global Shared Services Study.
- ⁶ McKinsey; 6th Global O &O Conference, New York, NY, November 2007.
- ⁷ Accenture Global Government Shared Services Survey, 2007.
- ⁸ Datamonitor, Outsourcing and Shared Services in Government IT Management, June 2007.
- ⁹ State CIOs Reveal Top 10 Priority Lists for 2009, NASCIO, October 22, 2008.
- ¹⁰ Shared Services in Britain, European Services Strategy Unit, Northumbria University, June 2007.
- ¹¹ Shared Service Initiative, A Record of Achievements, 2002-2008, Queensland Government.
- ¹² Shared Services in Central Government, Chief Information Officers Council, Cabinet Office website, updated March 27, 2009.
- ¹³ Public Servant Scotland, April 2, 2009.
- ¹⁴ The Government Management Reform Act (GMRA) of 1994 established pilots in the Departments of Commerce, Health and Human Services, Veterans Affairs, the Interior and the Treasury, and the Environmental Protection Agency.
- ¹⁵ The other six LoBs are not addressed in this paper because they did not adopt shared services business models.
- ¹⁶ Source: OMB Line of Business documents.
- ¹⁷ Driving High Performance in Government: Maximizing the Value of Public Sector Shared Services, Accenture, 2005; and Computerworld Honors Program, Case Study of USPS PostalPEOPLE program, 2008.
- ¹⁸ Agency estimate, 2009.
- ¹⁹ Ontario Shared Services (OSS) data, 2009.
- ²⁰ The Shared Services Experience: Lessons from Australia- Commissioned by the Public Service Association of SA, 2007; Queensland Government: Shared Service initiative: Fact Sheet, 2006.
- ²¹ NHS Shared Business Services, www.sbs.nhs.uk
- ²² Sources: Sharing an Understanding of Shared Services, IBM Center for the Business of Government, Summer 2006; and agency data.