Good afternoon, or good morning for those of you on the west coast, and welcome to this Government Business Council presentation, “What’s Limiting Shared Service Adoption?” My name is Zoe Grotophorst and I am a senior research analyst at the Government Business Council. Thank you for joining us today.

Today you’ll hear the first findings from a recent government business council survey of over 468 federal leaders on shared services. And you’ll hear from two experts working on shared services and efficiency at Accenture Federal Services. We hope you will find the lessons discussed informative in your agency’s work to implement shared services.

This webcast wouldn’t be possible without the support of Accenture, our partner for today’s presentation. Before I introduce you to our speakers, I want to share with you several features that are included in today’s webcast. On your viewing platform, you can adjust the screen to liking by moving the windows around on your desktop. At the bottom, you’ll see several icons. The red button allows you to ask a question. We welcome questions at any time throughout the program and have reserved special time for audience Q&A near the close.

From the green button, you can download the slides that you see before you today, and there’s also a button to download speaker bios. Finally, there’s a help button if you’re having trouble.

Tomorrow we will send an email with a link to the recorded webcast that will be available to view for the next three months.

Please feel free to forward that link to anyone who may have wanted to
attend today, but was unable to do so.

With that, let me now introduce you to our speakers for today, Elaine Beeman and Ron Ash. Elaine Beeman is managing director of the management consulting business within Accenture Federal Services. In this role, Elaine has overall responsibility for the sales and delivery of management consulting work for a diverse portfolio of clients across civilian, defense, intelligence, and public safety agencies. As managing director she focuses on strategy, talent, and organization performance, customer relationship management, supply chain logistics, finance, and enterprise performance and analytics. Thank you for joining us today, Elaine.

Elaine Beeman: Thank you so much for having me. Glad to be here.

Zoe Grotophorst: We’re so glad to have you both, and we really look forward to hearing your perspective on shared services a bit later in the program.

I’d like to start with an overview of the goals of today’s presentation. Today we have four goals drawn from GBC’s research findings and the expertise of our guests. First, we’ll explore the varied goals of the 2012 Federal IT Shared Services Strategy. There are many and we’ll go through them all later. But what we’re especially interested in is what do federal leaders see as the most important out of all of these goals. We surveyed on that and we’ll share that with you, soon.

Our next goal is to understand the current state of shared services, who’s sharing, and what’s being shared. Next, we’ll look at some of the biggest misperceptions that are holding managers back from fuller adoption of shared services. Then, I’ll turn it over to our friends from Accenture who will give us their perspective on these myths. And, finally, we’ll talk about how shared services can impact operational efficiency.

Now, I’ll be walking you through the research findings first. But I’d like to start by sharing a little bit of background on the survey we conducted. GBC launched the survey in July 2013 to learn more about the attitudes, perceptions, and opinions of federal leaders regarding shared services. 468 respondents across the federal community completed the survey, including those of GS-11 through 15 grade levels, and members of the senior executive service.

As you can see from these two graphs, we had an especially senior audience. 95% of respondents are at the GS or GM 13 or above level. And 68% of them oversee at least one direct report. Our respondents also included representatives of more than 30 agencies. The five.

Zoe Grotophorst: Thank you very much. I appreciate being here.

Our sample also includes representatives from across various job functions. While the majority of our respondents work in operations, we also had sizable representation from categories like engineering, IT, acquisition and procurement, and others. So, that’s a look at who responded to our survey. And now we’d like to move onto the actual research findings.

First, we examined the federal IT shared services strategy which was issued in May 2012 and is also known as the Shared-First strategy. The strategy is part of the Office of Management and Budget’s 25 point implementation plan to reform federal IT management. The strategy defines an IT shared service as an information technology function that is provided for consumption by multiple organizations within or between federal agencies.

Now, this is the definition that we use throughout our survey and it’s the one that we’ll speak about today.

On this slide you can see the actual federal IT shared services strategy and its companion document, the Federal Shared Services Implementation Guide. These documents include many goals which you see listed here. Some of them include eliminate inefficient funding that results from duplicative service offerings and systems. Enhancing awareness and adoption of available shared services across government. Promoting agility and innovation. Focusing more agency resources on core mission requirements rather than those administrative or support services. Reducing support costs of redundant IT resources and improving cost efficiencies through
shared commodity IT.

Given that the Shared-First strategy has so many goals, we wanted to see which was the most important to the federal leadership community. We simplified that previous list and posed this question to our audience: which of the following outcomes is the most important to you when considering a shared service? Only one answer could be selected by each respondent.

What we found is that reducing redundancy, cutting costs, and allowing the agency to focus more on its core mission are the most attractive things to our audience. 25% of respondents identify reduction of redundancy as the most important shared service outcome.

We also asked respondents to explain a little bit about why they made their choice. I wanted to share one with you today that touched on a couple of themes that kept popping up. One survey respondent actually told us, “The best part about shared services is that it brings standardization to the government. We have too many different systems that are redundant, inconsistent, and do not enable agencies to effectively communicate or work with each other.

So, in addition to laying out the big goals for shared services, the strategy also identifies a number of lines of business that are approved by OMB or interagency sharing. On this screen you can see the six original areas for shared services. So, others have been added since the strategy was published.

On this next slide, you can actually see the individual interagency providers mentioned in the federal shared services implementation guides. In our research we were able to conduct in-depth interviews with the heads of the interior business center, Department of the Treasury’s Administrative Resource Center, and the Department of Health and Human Services Program Support Center. These were really great conversations, full of great insight and they’re actually featured in an upcoming GBC Infographic we’re publishing soon.

Now that we’ve gone through the strategy at a high level, we looked at the current state of shared services in the federal government. We asked over 500 federal leaders if their agencies provide shared services to another department or agency. We found that less than half of those we surveyed, or 44%, indicate that they provide a shared service of some kind to other federal departments or agencies. These are known as federal shared service providers, or FSSPs.

Of those respondents that indicated, yes, they do provide a shared service, we wanted to know what type of shared service agreements were used.

Agreements range from anywhere from software hosting services, literally just sharing the software, to software and hardware hosting, sharing both the software and the hardware needed to access it, to full transaction processing. In full transaction processing, this is when agencies share the entire infrastructure of organizations and even the personnel and staff that are associated with a particular service. Of our respondents, full transaction processing is the most common.

Next, we asked respondents if they used services provided by another agency. Our results here were slightly surprising. Just 66% of our respondents indicate that they use shared services from another department or agency. But all respondents actually use them. Since 2009, federal agencies have been required to move their payroll systems to shared models. This finding indicates that some shared services may still be kind of a new concept for many federal leaders.

And other leaders may be unaware of their agency’s current use of shared services.

For those respondents that are not currently providing shared services to other departments or agencies, we dug a little bit deeper and we asked about their future plans with shared services. We asked, “Which of the following actions is your department or agency considering when it comes to shared services?” Just 13% of current non-providers are considering becoming SSSPs. Given this low number, we wondered what’s holding them back?

In the process of our research we kept encountering these misperceptions or myths that could be limiting shared service adoption. We identified seven of the largest myths about shared services and we asked federal employees for their opinion. We’ll walk through each of them now.

Of all seven myths, federal employees are most concerned about the relationship between shared services and outsourcing. 60% of respondents are concerned that sharing services has the same drawbacks as outsourcing.

An equal percentage are concerned that a shared service could stop supporting their department or agency’s critical business function. This finding suggests that federal agencies are possibly concerned about losing control over their services after moving to a shared model. This myth was incredibly prevalent throughout our open ended survey responses and our interviews.

And, in fact, one respondent wrote in, “Too many managers still value control regardless of the costs. The government needs to find a way to reward the managers who move away from their control comfort zone.”
Next, the third myth that we tested was that shared services could lead to vendor lock in. 57% of our respondents are concerned that shared services locks their department or agency into one provider.

And our fourth myth, given today’s budget environment, costs needed to find its way into one of these myths, so our next myth looks at return on investment. More than half, or 51% of respondents told us that they are concerned that shared services won’t provide return on investment.

The fifth myth was that agencies are too unique for shared services. Exactly half of respondents, 50%, indicated that their department or agency has unique mission requirements that cannot be provided by another department or agency. 24% strongly agree with this statement, which is pretty large when you compare it to the percentage of those in strong agreement with some of the other myths.

Our sixth myth was that shared services leads to job loss. As with many IT initiatives, there’s sometimes a concern about what shared services could mean for jobs. This was actually the lowest of all of our myths, with just 34% or slightly more than one-third of respondents indicating concern.

Finally, we had to ask about security. Here we broke security concerns into three parts based upon who was providing the service. Our graph on the left indicates those who are concerned about security when sharing services internally. The middle graph indicates concern about security when sharing with another department or agency. And the graph on the right indicates concern about security when sharing services with a commercial shared service provider.

What we found was that as we moved farther and farther away from the internal federal provider to the external federal provider, to finally a commercial provider, security concerns increased. 20% of respondents are even concerned about security when sharing internally. And nearly half are concerned when sharing services with another department or agency. And a full 79% are concerned about security when sharing with a commercial shared service provider.

So, this wraps up our section on myths. Audience, we’d be interested to hear what do you think about these myths? Does it line up with what you’re seeing at your agency, or even your own personal beliefs. Please use that red Q&A icon within the console to send us any comments or questions you might have. We’ve already had a number of great questions come in but we still have room for more.

At this point, I’d learn to turn it over to Elaine Beeman, managing director of Management Consulting at Accenture Federal Services, who will discuss a few of these myths in a bit more detail.

Elaine Beeman: Good afternoon everyone and thank you very much, Zoe. This was an excellent piece of research that clearly reveals that many federal managers have unresolved questions regarding shared services. But, before I dive in further, just a little quick introduction.

As the lead of Accenture Federal Services' Management Consulting, I work with clients across the federal landscape. And a major challenge that my federal clients are facing is how to operate effectively in a budget constrained environment. How to get more yield out of their operations. How to create efficiencies so that energy can be diverted to mission critical tasks. Shared services is a powerful way to create efficiencies in organizations, so this topic is very important.

But, we need to understand and address the misconceptions around shared services so that we can help agencies take advantages of efficiency opportunities. So, I thought I’d first start off with a little bit of background on the current environment for shared services, what’s happening today in the federal space, and then address the real facts that kind of underlie these myths that you mentioned.

So, first the background. Shared service has been a growing area focused across the federal environment for some time. Currently there is a lot of emphasis on shared services and as a result a push towards that goal by the Office of Management and Budgets. The agency has issued a shared services strategy recommendation and mandate with the objected beginning to chip away at more than $46 billion in duplicative IT investments and $8.5 billion in redundant financial management systems and services.

These are huge numbers, and that's just in the IT and financial management areas alone. There is definitely surging interest in IT shared services that’s being driven out the OMB strategy that was established under the Obama Administration.

It centers around the continuation of IT Portfolio [Stat] is the OMB tool created for agencies to use to access the current maturity of their IT portfolio management process and to make decisions on eliminating duplication across their organizations. It’s focused on identifying areas of redundancy, both with the agency and across the federal government. So, there’s a tool and a method, and an approach that is behind this kind of focus on elimination of redundancy in the IT space.
In the financial management space, OMB is telling agencies that they need to stop building or upgrading costly agency specific systems when they look to modernize. Instead, they’re going to need to migrate to federal shared services providers. And this is according to the March 2013 memo put out by OMB.

So, there’s really a basis for a move to shared services. Shared services can optimize the delivery of cost-effective and flexible and reliable services for organizations and allow agencies to focus on their core mission. In fact, 75% of Fortune 500 companies utilize some form of shared services. It’s also very big in the state and local government arena. They’ve had great success in this area and it has enabled them to both improve citizen services while reducing operating costs.

So, federal agencies have a tremendous opportunity to learn from the best practices from commercial and state and local examples and to benefit from the paths that have already been created in those areas.

But, to do that we have to get past the resistance points and misconceptions that surrounds shared services. So, what I’d like to do now is kind of move ahead to a few of the myths and concerns that was called out in the GBC report.

The report pointed out there are several common misconceptions that affect the adoption of shared services in some agencies. We refer to them as myths because there is substantial evidence that these beliefs are actually not based in fact.

So, I wanted to spend some time with you discussing a few of them and help you understand the reality behind them and how shared services are actually being utilized within federal today.

The first thing I’d like to address this one, that sharing services is the same as outsourcing. Now, it’s true that outsourcing and shared services provide many of the same benefits and outcomes. They both allow agencies to focus on the core missions, to cut costs, to work on achieving efficiencies and economies of scale. However, there are subtle and important differences in the two approaches to achieving efficiency. In an outsourcing situation, a non-core or administrative process is contracted out to a third party. This can occur onshore or offshore in some commercial instances. But, Accenture defines shared services as consolidating administrative functions into an organization responsible for providing these functions efficiently and effectively.

So, the emphasis here is around consolidation and bringing together the functions under the right agency that can best deliver those services. This can entail redesigning standardized processes around best practices and enabling technology, as well as redesigning the organizational structure and workforce to best serve customers. And this can be inside an agency or intra-agency customers or citizenry.

For US federal agencies, shared services can also deliver the important and additional benefits of retained control. And this is really a key distinction when it comes to shared services over outsourcing. This means retain control over processes, security and confidentiality, quality, compliance requirements, and outcomes. And this is in a manner that is not generally available in outsourcing arrangements.

So, onto the next myth that I’d like to discuss. And that is that agency missions are too unique to share services. Clients love to think, and our customers love to think about their processes as truly unique and difficult to apply standardization to. But, in this case, this is very clearly a myth as agencies already today with very different missions are already sharing services, especially commodity services such as back office operations, like accounting and HR, IT, and administrative functions.

Shared services is new to the federal environment. It has been in operation for over 20 years. There are several federal shared service providers today who offer external services to other agencies. One example is the Department of Interior’s Interior and many cabinet level agencies and to 150 federal agencies in total. Other federal shared services examples include Treasury’s ARC, Health and Human Services’ PSC, and the Transportation Department’s ESC.

The HHS PSC offers dozens of services and their largest customer today is DoD. So, that’s quite a spectrum in terms of diversity of mission.

There are numerous federal back office and standard functions that can take advantage of shared services including financial management [operations]. There is AP, AR, debt collection, purchasing, etc, as well as HR functions which include benefits, training, compensation tracking, IT operations, email server consolidation and technology acquisition, etc.

We have seen agencies who migrate to these functions save anywhere from 25% to 55% of what it costs them to perform the functions themselves.

So, what makes a candidate for shared services? The best approach for federal agencies is to identify functions which have low strategic impact and have repeatable transactions or standard processes. Agencies can free up resources to better focus on their unique core missions and drive improvement in citizen services while benefiting from a consolidated organization that only focuses on those repeatable and efficient functions.
Agencies should expect that their shared service centers focus on operating with a very high performance culture which embodies services excellence and continuous improvement. One example of a federal shared service success story in the area of payroll. Many years ago OMB mandated that each federal agency stop performing payroll by themselves and move to one of four predetermined federal payroll providers. Every agency moved their payroll operations to a provider and, indeed, did at the time experience some change management pain. But, looking back now this was overall a situation which has significantly decreased the government cost of payroll and the transaction cost of the paycheck and year-end W2 processing.

Typically payroll migrations to shared services results in a 35% cost reduction. So, moving onto just the third myth that I’d like to cover, it’s this one, that shared services will not provide return on investment. And actually the facts very much prove otherwise on this. As I mentioned before, shared services of common functions can save agencies between 25% and 55% of their operating costs on established functions.

Now, let me share some specific examples. According to the Office of Personnel Management’s HR line of business cost benefit analysis, agencies can expect to save $1.625 billion through FY 2015 after moving to HR and payroll shared services providers. And then $184 million estimated annual savings after 2015.

And ROI is not only seen in cost savings in these instances, but also in benefits like improved mission performance and in improved citizen services.

One great example of this is the Commerce Department which reduced the number of contracts to buy computers. So, that agency said now that it’s paying 35% less for desktop computers than it did previously and more broadly it’s saving more than $200 million on administrative costs. So, a great story there.

The government is now actively looking for new shared services opportunities. They are particularly focused on strategic sourcing, including areas like consolidation of mobile contracts, for example, or acquisition vehicles. They are also focused on initiatives such as email consolidation and [fed ramp].

They’re starting to take advantage of government wide opportunities to have work done once and then reused more cost effectively by other agencies. It’s important to note that there are several key things that you really need to have in place to optimize the ROI that they achieved in shared service programs. So, some of these keys are, one, clearly defining the vision, business strategy, objectives, operating model, and governance around shared services. You must begin with a clear sense of what you’re hoping to achieve and then organize around those principles such that those outcomes can be delivered.

Number two, establish the portfolio and scope of operations, service level agreements and its metrics. This is an area that gives you control. It’s essential to put the measures in place and gain agreements on what the service levels will be such that the customer is satisfied with the processes that are being performed for them.

Third, you need to plan in detail with a really strong emphasis on change management and a focus on the customer. Moving to a shared service center is not without pain and change. And you need to account for that in advance, be honest about the changes that are coming, but always keep in mind the customer experience that you’re hoping to achieve through the activity. And then, finally, you have the opportunity to really gain economies of scale and efficiencies when you optimize, standardize, and automate processes.

So, if they put the right keys in place, our contention is that government shared services can really lead to high performance outcomes. So, while cost cutting may be the initial rationale, high performance government organizations focus more on using the potential of shared services to improve their mission and citizen services as well. A great example of this is the transition to shared services made by the state of Ohio. Over the past five years the state of Ohio has experienced significant budget pressures and a strong need to decrease their back office costs.

They implemented a shared services modeling center that today provides business operations, management, and call center operations to their customer base of 100 state agencies, boards, and commissions. The transition was slow to start, but has now yielded very strong results. The center has produced over 50,000 invoices in eight months. It has decreased the time to process travel and expense reports by 66%. It has decreased the average contact center wait time to less than 20 seconds. And now the projected business case is to generate $145 million in ROI. So, these are really substantial outcomes.

The project has delivered both economic value and customer and employee benefits at the same time.

So, a few more details on the nature of these kinds of benefits. The customer benefits we typically see are things like greater responsiveness, faster transaction times, and fewer errors. Agencies can also benefit by achieving a position of reduced risk and improved compliance. They get better and clearer accountability by way of service level agreements, simplified audits through
enablement technology, and increased control and visibility through standard reporting.

The move to shared services can also create new employee benefits. It can offer better career options within the new organization or center that has been created, and more broadly as opportunities open up in the government or the agency. It can offer more autonomy, a greater degree of individual support and less supervision per employee. And ultimately still more of a high performance culture as metrics driven processes are put in place.

And, of course, across the board efficiency and value is created through the shared service effort. There’s strategic value that can be created in the forms of financial savings and compliance or agencies benefit from economies of scale, higher employee productivity, lower defect rates, and increased flexibility.

The economic value and the strategic value of shared services will enable government organizations to meet increased demand with fewer resources. And this is an expectation that’s become the new normal in government today. It can also assist the government in achieving strategic objectives by freeing up funding from administrative services for other initiatives with greater impact to citizens. This is really a move of time and money from the back office to the front lines, which we’d all like to achieve.

Adopting the shared services operating model should address business processes, policies, organizational structure, personnel management, and technology. And when all of these components are addressed as part of a strategy, and as part of an agency’s overall efficiency strategy, the benefits are multiplied significantly.

So, now we’ll talk a little bit more how shared services can fit into an agency’s overall efficiency strategy. I’d like to introduce Ron Ash who is Accenture Federal Services’ lead for supply chain and operations. Ron?

Ron Ash: Thanks Elaine. That was great. So, stepping back, Accenture has been working with our clients to help identify ways that we can take money from back office and move to the mission for years. We have developed a framework that we call strategic government efficiency that we have been deploying to federal agencies that help them identify areas of opportunities that they can drive out costs across three major areas. Those areas include the workforce, which is effectively your people, technology, and how you deploy technology across your agency, as well as your mission and mission support operations.

Shared services is unique in that it actually spans across all three of these. Shared services implementations can affect all three of these cost levers that agencies are challenged with. And what we do is we basically identify upfront what are the efficiency goals government agencies are looking to achieve. And we develop a roadmap that allows them to apply innovations across those efficiency goals and then very closely track and measure the benefits and outcomes that have been achieved through the government efficiency applicants of innovation.

So, when you think about workforce, there’s lot of levers that you can pull to help identify ways your workforce can be more effective. And the challenge is it’s disparate across the agency you’re working in in that there are silos where people are sometimes not able to communicate with each other effectively and there’s not a clear definition of what people’s roles are in some situations.

And so what we’ve been doing is working to help identify gaps in agency’s skills and bring people to new roles and new capabilities that allow them to be more successful in their existing roles or new roles. That can significantly drive efficiency through the organization. When you think about technology, there is lots of new emerging technologies out there that can help improve the mission as well as drive efficiency in the organization. Thinking of technologies like the cloud, mobile technology, things like that, and advanced analytic capabilities that allow agencies now to take the data that they have and actually make very strong decisions and change the way that they’re operating as an organization.

I’ll give some examples on the following slide.

And then on the mission support side, that includes your HR operations, your supply chain, your finance operations, all of the things that we traditionally would call back office. And you look at how those operations are running and coordinating with each other. And, again, as I mentioned, shared services is a way that you can identify areas that are not necessarily core to your mission and then bring those into a shared service so you can reduce those costs and take that money and put it towards other mission functions.

On the next slide, what I wanted to kind of talk a little bit about is how other agencies have used these three buckets to help actually find shared services engagements. A lot of the clients that we work with have actually been able to prepay for the majority of the shared services transition by employing some of these techniques across these three levers. The first one, we had an agency that was moving to an HR shared service and their major concern was what do I do with my people? I don’t need as many people to manage my HR function if it’s going to be moved to another agency, so how can I best utilize those people?
So, we worked with them to identify the skills and the needs and actually the wants of the people that work there. What do they want to do with their careers? And then we shifted their – we gave them training opportunities to shift them across the organization to new functions to allow them to improve how they were delivering on their mission. And in this case, because we are able to divert a large section of these HR resources to, in this case, the finance organization, we are able to reduce their prompt payment penalties by $4.1 million by shifting that workforce over there to help process transactions on the finance side, which was a great benefit that wasn’t anticipated through the shared services implementation but was able to be achieved. It was a really great story.

Then, when you think about the technology, right, this is all about how can you make really good decisions with the investment dollars that you have. And we all know that in this environment there is not a lot of discretionary spend to invest in new and emerging technologies. So, a particular agency that moved to an IT shared service now had a little bit of extra money that they were able to deploy across their different IT applications and they were able to identify or actually achieve about $80 million through virtualization and centralization of their IT infrastructure.

And the money that they used for that was what they were – it was a situation where they didn’t have the money to do the new and innovative things that they wanted to do, but because of moving to a shared service are they were able to do that and achieve an absolutely outstanding outcome.

And then on the mission support side, a lot of agencies are using analytics before they move into a shared service to analyze their data and help improve their processes. And in one state’s situation, they were looking to employ some supply chain analytics that would allow them to improve the way that they approached this. So, through strong analytics function and implementation of the strategic sourcing program, this agency was able to save $190 million in the purchases of goods and services all through moving to a shared service. So, the first three months of the shared service implementation was focused on looking at their spend, brining in folks to help them renegotiate or negotiate new contracts, and rationalizing the money they were spending with their contractors. That paid for their shared services implementation more than two times. They were able to actually achieve more than what the cost was in that case, which was fantastic.

So, the main thing here and the main takeaway is when we talk about shared services, there’s a great amount of savings and efficiencies that you can get through the shared services implementations, but there’s actually even more that you can achieve through the adjustment of your workforce, through the implementations of new technology because you have a little extra money. And as well as using analytics to help you drive procurement savings in some other areas.

So, to wrap it up, on the next slide from a government efficiency perspective, we like to work with our clients to talk about the three steps to efficiency. And, really, try to keep it very simple. And the first one is learn from others. There are an amazing amount of innovators in the federal government that are doing great things every day. And I’m sure many of you on the phone are doing that as well. But talk to other federal agencies, listen to the great stories that they have and how they’ve achieved them and apply those into your organization. So, after you hear the great story, the great thing I’ve been able to do since I’ve been working in the federal government is bringing other agencies to talk to one another and helping them, because they love to help each other, right? So, let’s bring them in together and drive these innovations across the federal government. And when you apply an innovation, the thing I like to say is think big, start small, and scale fast.

Have a big idea, but do something strategic and prove it out. Make sure that it works. Get momentum in the organization. And then start moving at scale. And that’s the key.

And, finally, the third one, and in my mind the most important, to get the momentum and the buy in from the leadership in your organization is deliver on your promises. And at the end of the day, when you start doing these strategic innovations in shared services, there has to be an outcome that’s delivered. And you have to track and measure those and report them on a regular basis.

The way shared service implementations go badly is when people feel like there’s a black hole and they don’t see whether it’s better or worse. There’s a perception that it’s worse just because it’s different. But, if you are actually out there very vocally identifying the challenges and issues that you’re being faced with, and you explain to the organization how you’re dealing with them to make things better, then it makes people feel better about the transition. So, delivering outcomes is key and reporting those outcomes is critical to the success of any government efficiency, but primarily with shared services it’s very important.

So, on that, I would wrap it up. And we really appreciate the time that we’ve had today to talk to you about shared services. And we are going to open it up to any questions you guys may have.
Zoe Grotophorst: All right. Well, thank you very much Elaine and Ron. Great to hear your perspective and what you’re seeing out in the field right now. We have been receiving a lot of great questions. I just want to start off by saying please send more. We always have time. As a reminder, you can enter any questions or even just comments or notes into that red Q&A icon. Just be sure that you click Submit.

So, our first question I think is kind of an interesting one. It’s something that we come across a lot and we really had to look into at GBC when we started our research which is where can we actually go to find information on available shared services? It’s interesting the federal government has actually acknowledged the difficulty of locating information on shared services. And it launched the shared services catalog back in April of 2013. It’s called the Federal Shared Services Catalog or Uncle Sam’s List. Sometimes it’s talked about in the news as USL. But they’re all the same thing. It’s designed to be a one-stop shop for federal managers to go locate opportunities, contact shared service providers, and they really host everything from commodity IT to support services, and mission services, so kind of the whole trio of shared services are available there.

And that website is www.max.gov/unclesamslist.

Other questions that have come in I think may be better suited for Elaine and Ron. Someone has written in you mentioned many perceptions about shared services, but what is it really that is the biggest challenge that federal agencies are facing related to adoption. Do either of you have thoughts on that? What do you see as the biggest thing?

Elaine Beeman: Sure. I think the biggest challenge, probably like a common theme that underlies some of these others is that there’s a fear around loss of control. And the idea of handing over a process that is something that you’ve run for some time for someone else to oversee is scary or difficult. And I think that’s kind of where the advantage is of shared services versus outsourcing kind of comes to play. The shared services model is dependent on how you negotiate the way the work is going to be performed, how the process is going to be managed, the SLAs and metrics that you put in place. There’s an ability to retain more control in a shared services model than in a classic or traditional outsourcing setting.

So, I think that’s the biggest resistance point and one where I think relying on some of Ron’s advice in his talk would be useful. Sharing with other colleagues across the federal sphere about how they have addressed concerns around retention of control is a good way to kind of get a set of ideas for how that could work.

Zoe Grotophorst: Thanks. I think control, as I said earlier, is something that kept popping up in our interviews, kept popping up in the survey. I think it is kind of top of mind for many federal [agencies]. In addition, somebody else has asked does shared services mean that my agency won’t have control over financial management functions and processes?

Could one of you guys maybe speak to what kind of control do you still have – what does that look like for a federal leader who is concerned about their financial management?

Ron Ash: I think the key is before you move to a shared service model you have to define the metrics and KPIs that you expect to have from your shared service provider and have that be part of your agreement. And then you also need to have a regular cadence with them where you’re reviewing the metrics and that identifies how they’re going to improve if they’re meeting their SLAs. I do this, and I’ve counseled many clients. You should – if you’re moving to a government shared service, you should treat them like you would treat a contractor in the sense that putting in SLAs that have teeth in them, that are measuring their performance, and then working towards improving them, right?

Now, the goal here, it’s a little different than a contractor because they’re not going to give you money back, so you have to work together as a team. But at the end of the day, it really is a very similar structure in that defining the metrics are important to you and measuring them on a monthly basis is critical as a group.

Zoe Grotophorst: That’s great. It’s interesting, both of you have kind of touched on the contracting, the outsourcing, and the shared services together, thinking about all of this and how they interact I think is pretty important.

We have another question that just came in here. What types of shared services can be most easily adopted? Maybe touch on what’s that low-hanging fruit that this person’s agency or really any agency could go after. What are those easy first steps?

Ron Ash: Yeah, so I mean, overall I think that the most successful and probably the biggest impact shared service out there right now is IT, the consolidation of IT across an agency. There’s a lot of opportunities in centralization, which we typically see about 10% to 15% savings immediately through the centralization of IT functions.

But more importantly, and as Elaine said earlier in one of her stories, you get a huge amount of improved services, like the state of Ohio where their call center consolidation was able to result in an over 200% decrease in the amount of time people were waiting on calls, down to 20 seconds which was fantastic.
So, my view is IT and the help desks are the two biggest. And long term, we’ve generally seen about a 20% to 30% reduction in real savings across IT shared services over 18 months.

Zoe Grotophorst: Wow, that’s great. That’s a huge reduction. Something I think many if not all agencies can probably relate to, that help desk, the IT desk.

Looking kind of longer term, someone is asking what would be the near term and the long term vision of rolling out a shared service model. How does that work? What do you guys predict as kind of the future?

Elaine Beeman: Yeah, well, I mean, I think the near term versus the long term is kind of along the lines of what Ron was saying. The leverage of IT and IT consolidation and savings to be generated out of IT type efforts to fund and move ahead with more complex or process-oriented changes. So, you can drive the 10% to 15% savings out of the IT. You can start hitting the 20% to 30% savings ranges when you’re starting to address things that impact workforce and creation of efficiencies there. So, I would see – and it’s easier sometimes to start with the IT things and the concerns around control are a little bit less in that area, because it’s not the actual process being performed. It’s maybe the infrastructure that underlies the process.

And when you’ve established the kind of right SLAs and the right approaches to managing a shared services sort of arrangement, it’s easier to move ahead with stuff that’s a little closer to home.

Zoe Grotophorst: Great. Here’s an interesting question, I think. We’ve talked a lot about how to determine which of your services should you move to another provider. Does anyone have any advice for an agency that’s considering becoming a provider themselves? Kind of like the key points they need to think about?

Ron Ash: Yes. We’ve actually worked with several agencies that are in the process of going – becoming a shared services provider. And really the focus on becoming one is looking at how you can sell yourself to other government agencies and think about – what we’ve done is we’ve met with several agencies that are interested in becoming shared services and we’ve actually gone and had symposiums with other federal agencies and had them pitch what their opportunity is.

So, for example, there’s an agency that wants to become the shared services provider for grants. And so we met with the three largest agencies that use grants in the federal government and said, “Would you be interested in this product?” So, basically you’ve got to almost look at yourself as though you are selling a product when you become a shared service provider. And think about what are the metrics that I can provide to people so they can see how good I am at it already. And how am I going to price this so I’m competitive in the market.

When you go in to an agency and they’re already thinking about buying a grant solution for example, they know what the price is because it’s a commercial product. And if you think you’re going to come in and just say, “Well use me instead,” there needs to be a competitive advantage, right, other than just “it’s government to government.” So, what’s better about the product I can give you and talk to me about how it’s cheaper.

And there’s a lot of other things. We actually have a roadmap on how to do that that we can share with folks. But there’s a lot of things you could have to do just to kind of chicken tie things to get it approved. But really I focus more on how do you get customers at your doorstep. And that’s the key in my mind.

Elaine Beeman: Yes, to build on that, I do think that kind of customer-centric focus to operate – you are operating and providing a service and you now have a customer that you need to serve. And it’s essential that you think about who that customer is, what they’re buyer value is, and really take almost a commercial like approach to productizing and marketing and serving your customer in that way. And that’s one of the key things to get right in order to create the demand for the services that you’re providing.

Zoe Grotophorst: It’s interesting. The things you guys are touching on are the same things that we heard when we talked to [Jill Ward], the leader of the Interior Business Center, or [Cindy Springer] at the Department of Treasury’s Administrative Resource Center. Everything about we run our department as a business, of course, serving federal partners, but really keeping an eye on those metrics and the bottom line and the business case. I think those are things that we don’t always associate with federal government services, but it is really important with shared services.

So, I think that unfortunately means that we are out of time with questions today. This wraps up our Government Business Council webcast. On behalf of Government Executive and our partner Accenture I want to thank everyone for joining us today.

Please be sure to look for a link to this webcast soon to arrive in your inboxes to share today’s event with your peers.

We at GBC and Government Executive hold webinars like this often, Please visit www.govexec.com/gbc to see our
schedule and published report. We hope to see you again at another Government Executive live or online event.

Thanks and have a great afternoon.