
Cross Agency Priority Goal Quarterly Progress Update

Shared Services

Goal Leaders:

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FY2016 Quarter 4

Overview

Goal Statement

- Strategically expand high-quality, high-value shared services to improve performance and efficiency throughout government.

Urgency

- Most Federal agencies have similar administrative functions that require the investment of increasingly scarce resources. Human resources, financial management, and payroll, for example, are common administrative functions that all agencies need, but not all agencies are equally efficient at managing. By creating Shared Service Providers (SSPs), and concentrating the delivery of administrative services within a smaller number of agencies, duplicative efforts and costly systems upgrades can be reduced. Further, by giving this task to agencies with the right expertise, we can free up resources for mission critical activities, reduce risk in systems implementations, and deliver cost-effective support to agencies.
- Shared Services for administrative functions has long been common in the private sector and in other governments but has struggled to get momentum in the U.S. Federal Government. To date, most users of shared services have been small agencies and commissions. Cross-servicing across Cabinet-level departments has not taken place. This reduces the economies of scale for shared service providers and continues a disjointed and redundant approach to federal accounting, HR, acquisitions, etc.
- The passage of the Data Act in FY 2014, with a narrow three year implementation window and specifying the creation and adoption of accounting standards, will be a difficult task for those not using a SSP. Agencies participating in shared service arrangements for financial, procurement, HR, payroll or performance reporting systems will be able adopt the changes more rapidly and at reduced costs. The bill requires both Inspector General (IG) and Government Accountability Office (GAO) review and audit of the adoption of the standards shortly after their issuance. If those standards are adopted first by the shared service providers, customers will benefit from that early adoption both economically and logistically.

Actions (Short Term)

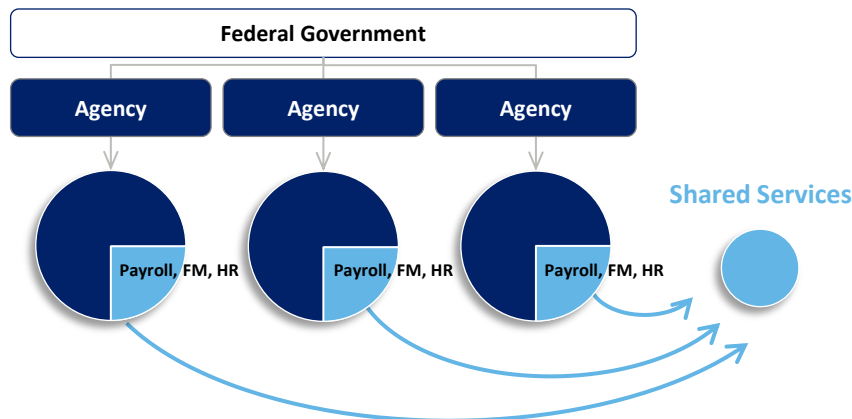
- The Office of Management and Budget (OMB) recently established an organizational structure to manage and oversee current and future administrative shared services. The newly created organizational structure will be responsible for working with all stakeholders to:
 - Provide better integrated, more consistent, and sustainable management and oversight across administrative functions and shared service providers;
 - Create and maintain a long term government-wide strategy to balance agency demand and provider supply;
 - Identify opportunities for transparency into shared service provider performance and pricing;
 - Explore unique funding solutions to provide access to investment capital necessary for shared service providers to remain viable.

Shared Services and Benefits

Shared services is about delivering mission support functions - acquisition, human resources, financial management - better, faster and more efficiently. If agencies cannot do these things well, it will impede the administration's ability to deliver on public priorities - building the nation's infrastructure, protecting public health and ensuring our security.

WHAT IS SHARED SERVICES?

- An industry-leading practice with proven success in helping consolidate processes, systems, and workforce to deliver services across a complex and federated enterprise
- A customer-focused organization providing administrative service and systems support to internal and external Federal customers
- The efficient aggregation of resources and systems with focuses on quality, timely, and cost effective service delivery to customers, allowing them to focus on the core agency mission



“With the federal government facing acute fiscal challenges and a potential exodus of experienced employees through a wave of retirements, it is time for a bold approach to expand the sharing of resources to improve operational efficiency and reduce costs.”

- Partnership for Public Service

WHY DO WE NEED SHARED SERVICES?

Neglecting major support functions can derail the government's ability to meet the mission and serve the American people

- Increased cyber vulnerabilities and security failures
- Reduced or flat budgets that require consolidation of duplicative resources (money and people)

WHAT ARE THE BENEFITS?



Enable agency mission by redirecting the workforce to mission functions and reducing administrative burden



Improve data based decision-making through access to reliable, standardized, and just in time data for better management



Increase cyber security with fewer systems that are easier and more cost efficient to protect and modernize



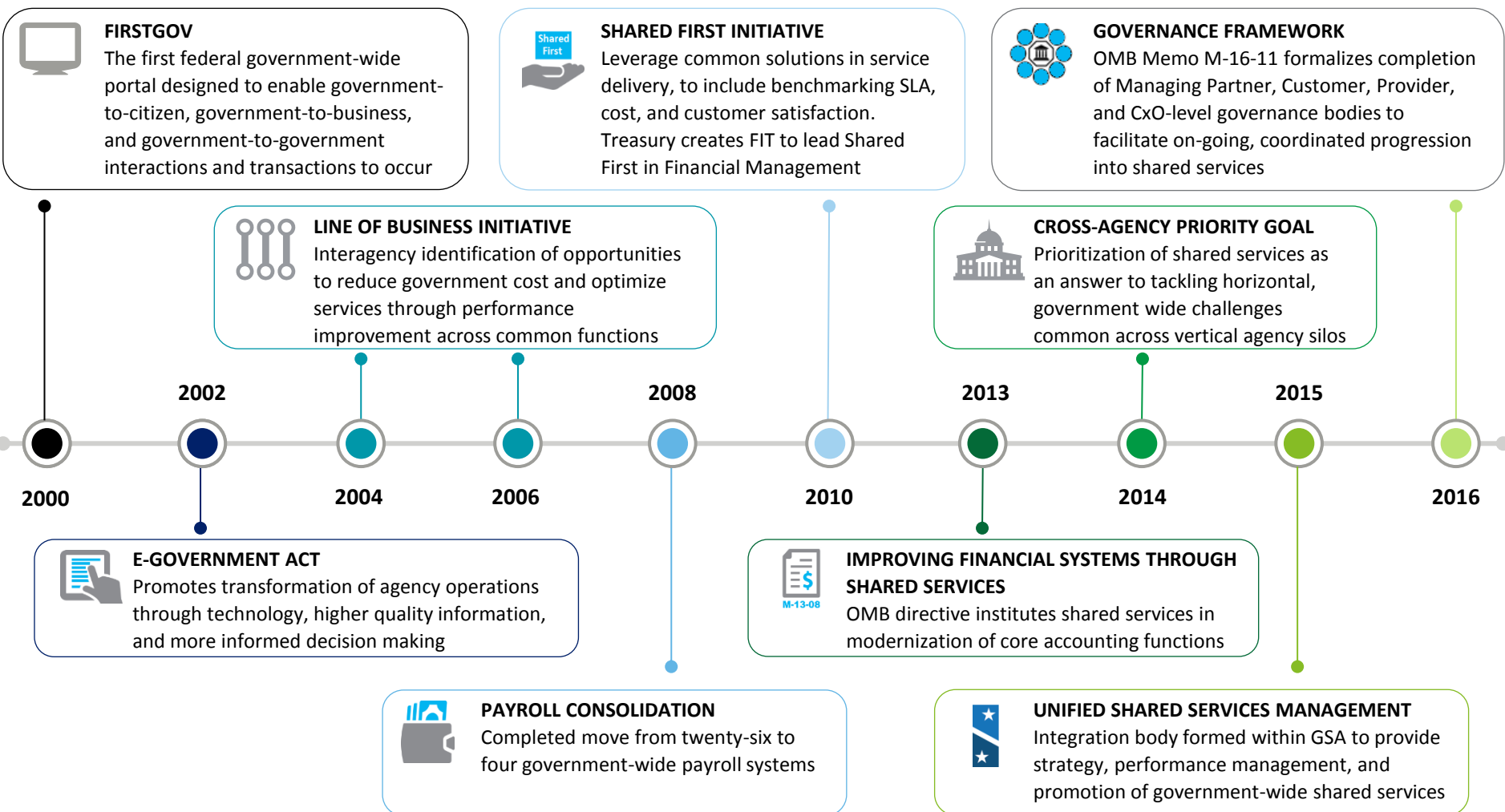
Attain economies of scale through consolidating and modernizing technologies across the government



Recognize cost efficiencies in mission support operations by leveraging common practices, maintaining fewer systems, and distributing personnel in lower-cost areas

The Evolution of Federal Shared Services

Shared service guidance has evolved and matured over the course of multiple administrations, driven by a need to improve and consolidate administrative functions.



Year in Review: CAP Goal Progress in FY16



Making Decisions as an Enterprise - Governance

- Established a stakeholder ecosystem that inspires high-quality, high-value shared services and marketplace health and sustainability.
- SS Policy Officer - Est. 05/16
- SS Governance Board – Est. 12/16
- LoB Managing Partner Council – Est. 3/16
- Customer Council - Est. 5/16
- Provider Council - Est. 12/16



Supply Management

- Delivered a ten-year vision and concept of operations for all mission-support functions
- Launched ProviderStat – the performance management framework for federal shared services.
- On track to release the first cross-functional catalog for federal shared services
- Created a cross-agency team to create a business case and strategy to replace the five legacy payroll systems
- Integrated shared services and category management strategies



Demand Management

- Created and implemented the Modernization and Migration Management (M3) Framework to improve service delivery transformation outcomes.
- Currently conducting oversight on over 30 migrations and modernizations.
- Since 2013, 17 Federal agencies have begun migration to a SSP for HR systems and 16 Federal agencies are migrating to SSPs for financial management.
- Issued a policy to mandate electronic invoicing across the Federal government by 2018



Broad Policy & Strategy Efforts

- Continue to promote the revolving fund policy, including the alignment of full-cost recovery to TBM
- Issued OMB Memorandum 16-11, *Improving Administrative Functions Through Shared Services*, on May 4, 2016. Institutionalizing the demand and supply management practices.
- Completed RFI to define strategy for payroll modernization
- Launched the Federal Integrated Business Framework (FIBF) to define global processes and business needs to move the government to Software as a Service (SaaS).

2016 and 2017 Milestones

2016 and 2017 Key Milestones	Milestone Due Date	Status
Cross Administrative Functions		
Establish a Shared Services Governance Board (SSGB) responsible for determining strategic direction, goals and expectations, for shared services.	Q1 2016	COMPLETE
Establish a Unified Shared Services Management (USSM) Organization to serve as an integration body, working across functions, providers, and consumers to provide implementation direction and guidance.	Q2 2016	COMPLETE
Leverage existing authorities such as the Franchise Fund Authority to create greater consistency and flexibility with the shared services community.	Q3 2016	Missed ¹
Evaluate the best use of Independent Verification and Validation (IV&V) support for shared service implementations.	Q3 2016	COMPLETE
Develop the Modernization and Migration Management (M3) Playbook and help agencies to understand and utilize the playbook to create consistency across the shared services and reduce the risk of failure in implementations on consolidated solutions. Establish and deploy strategies that assist agencies in migrations to shared services and that lead to greater success.	Q3 2016	COMPLETE
Develop a migration timeline designed to assess future demand and inform the Provider community to ensure sufficient supply exists in the community.	Q4 2016	COMPLETE
Lead a cross-agency pilot for core HR data and Payroll to determine a target end state for civilian agencies. <u>Payroll Services</u> include capturing, validating, and processing payroll and disbursement data for a given pay period by gathering data on employee time worked and leave taken, calculating gross pay and processing deductions and taxes to calculate net pay.	Q4 2016	Missed ²
Leverage existing lines-of-business and shared service provider governance structures to identify an integrated shared service ecosystem governance model.	Q4 2016	COMPLETE
Conduct annual customer satisfaction survey to assess customer satisfaction and establish baseline.	Q4 2016	COMPLETE
Conduct a study to determine the optimal organizational structure for service delivery within the shared services community.	Q4 2016	COMPLETE
Deliver a service catalog for financial management, HR, grants and acquisition.	Q4 2016	Missed ³

¹ Policy is drafted to consistently define the components of an operating reserve. Waiting OMB review.

² RFI was issued and responses have been evaluated. Milestone has been moved to the first half of FY17.

³ The catalog is now scheduled to be released in Q2 of FY17.

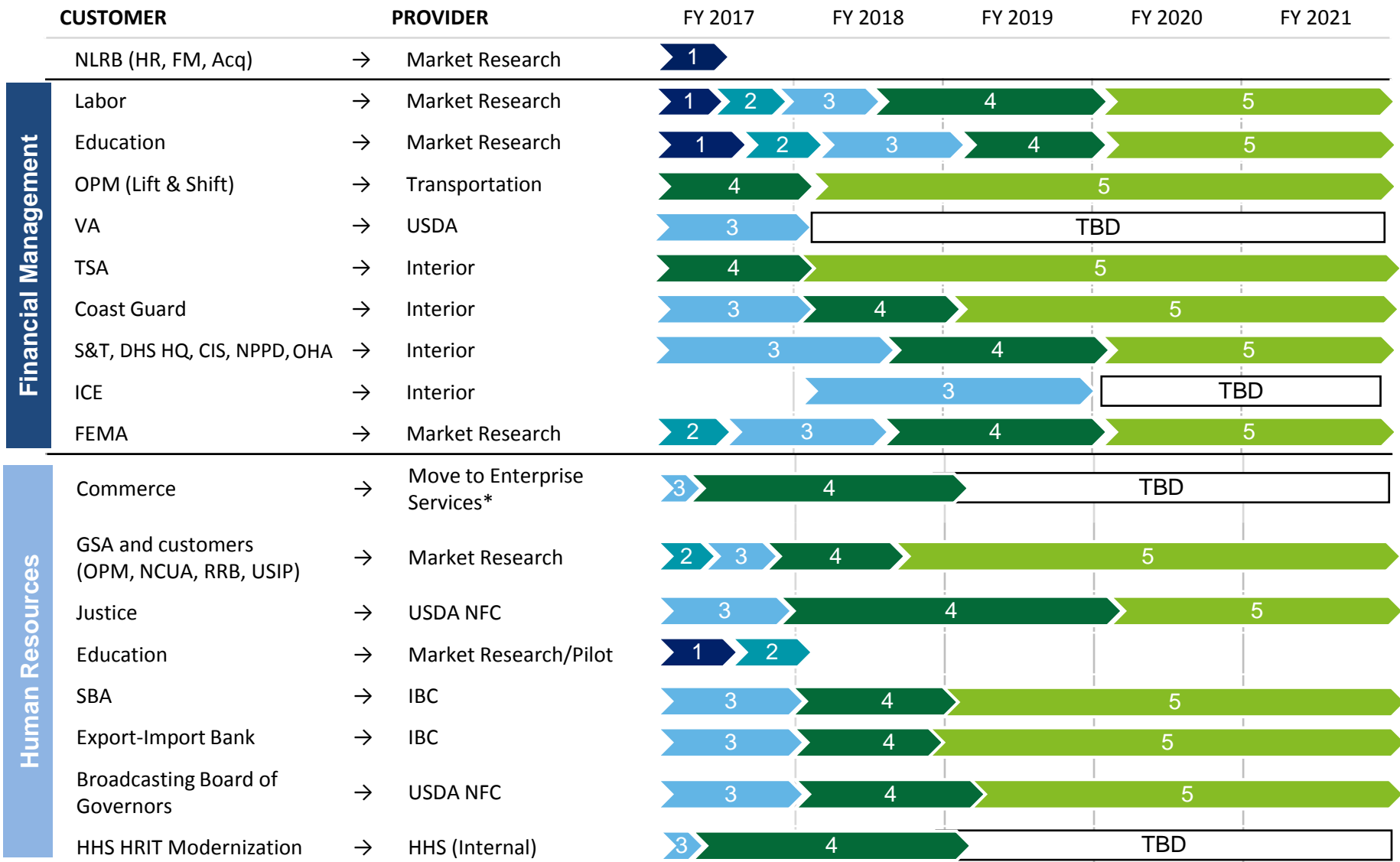
2016 and 2017 Milestones

2016 and 2017 Key Milestones	Milestone Due Date	Status
Document mission, vision, goals, objectives and strategies in an administrative shared service 5-year strategic plan	Q1 2017	On-track
Define common HR service outcomes for Learning Administration and define government wide strategy.	Q1 2017	On-track
Complete SLA performance measures for multiple functional areas.	Q4 2017	On-Track
Develop and implement a future vision for a consolidated framework for provider performance management, measurement and oversight across functional areas.	Q4 2017	On-track
Financial Management Line of Business		
Award acquisition vehicle for software maintenance and licenses to support strategic sourcing.	Q4 2016	MISSED ⁴
Develop use cases for optimizing software configurations.	Q4 2016	COMPLETE
Human Resources Line of Business		
Publish government-wide Talent Development business requirements.	Q1 2016	Missed ⁵
Develop and publish government-wide Time & Attendance (T&A) business requirements.	Q2 2016	Missed ⁵
Publish the Human Capital Business Reference Model (BRM), a federal operation model for the HR function.	Q2 2016	Missed ⁵
Develop and publish government-wide Employee Performance Management business requirements.	Q3 2016	Missed ⁵
Develop and publish Identity, Credential, and Access Management (ICAM) Plan, a component of the HR Security Reference Model.	Q4 2016	Missed ⁵

⁴This milestone is now scheduled for Q2 of FY17.

⁵These artifacts were completed prior to the milestone due dates. Documents are pending in the OPM clearance process awaiting approval for publication.

Current Shared Service Migrations/Modernizations



Key: Phase 1: Readiness Phase 2: Selection Phase 3: Engagement Phase 4: Migration Phase 5: O&M

Notes:

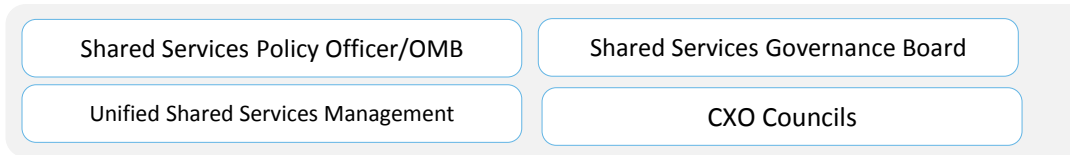
- Migration timelines as of 10/11/2016
- Commerce is moving to Enterprise Services with a combo of 3rd Party Vendors; Expect to have all Bureaus migrated to HRC by Jan 2017

Future Concept of Operations for Mission-Support Functions

The government can realize the full benefits of shared services through consolidating organizations, processes, and technology and taking a service-oriented approach to mission support functions.

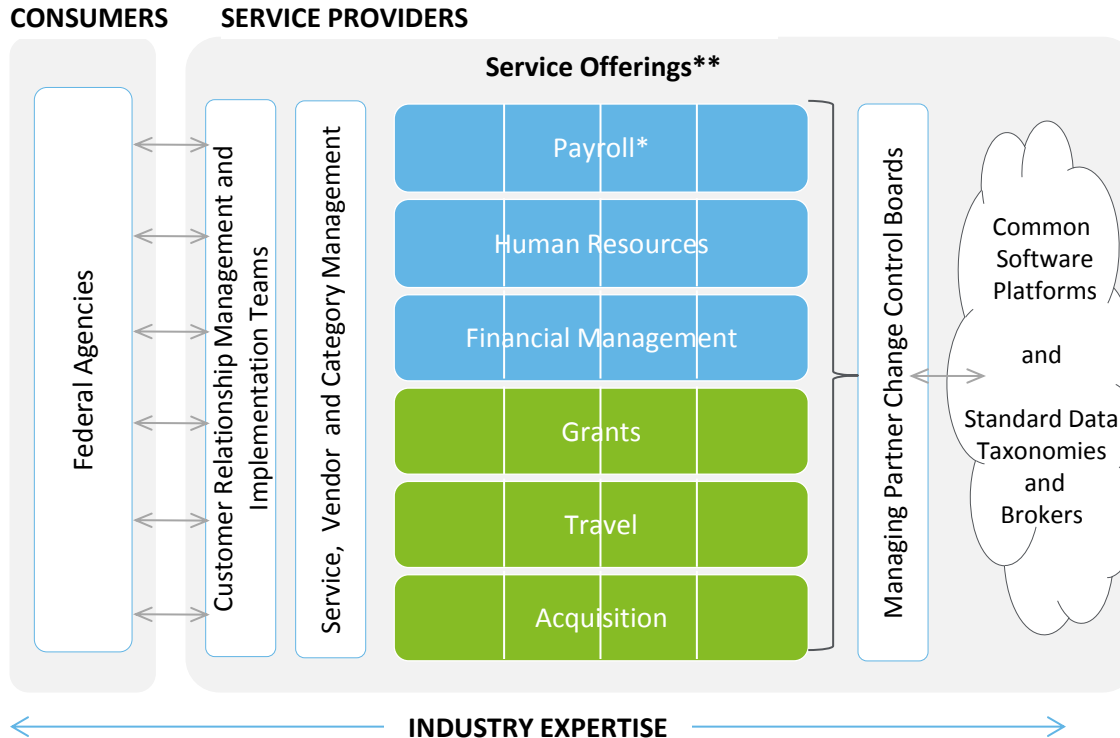
VISION FOR MISSION-SUPPORT SERVICE ECOSYSTEM

Updated funding model to change how investments are made and migrations are funded



Standardization across solutions driven by a common set of requirements, processes, configurations.

High adoption of shared services and new capabilities across cabinet and large-sized agencies



Government-wide Change Control operated by the Managing Partners

Service-oriented approach that reflects agency needs and outcomes

Modernized IT to include software as a service in a secure cloud environment

Improved data quality and consistency for better decision-making

Optimized shared services capabilities to improve performance and drive efficiencies

Full transparency into provider performance and costs

Leverage the buying power of the Federal Government

Current SS Functions Potential Future SS Functions

* Payroll is a component of the Federal Human Capital Framework.

** Includes new service offerings to meet evolving agency demand

Key Performance Indicators

Key Implementation Data							
Year One Metrics	Source	Baseline	Baseline Year	Target	Frequency	Latest data#	Trend
• % of Departments using shared services for some core administrative function (FM, HR, IT, etc.).	Agency Data Call	TBD	2014	100%	Annual	Under Review ³	NA
• Overall customer satisfaction with FM providers	USSM	72%	Q2 2015	80%	Annual	78%	NA
• Customer satisfaction with value of FM services received for price paid	USSM	54%	Q2 2105	80%	Annual	66%	NA
• Total # of instances of Financial Management Systems in the Federal Government	FMLOB	46	Q3 2015	TBD ³	Annual	46	NA
• % of agencies using shared services for core HR	HR LOB	56.72%	2003	100%	Annual	84.21% ⁴	Increasing
• % of agencies using shared services for payroll	HR LOB	61.62%	2003	100%	Annual	100%	Steady
• Overall customer satisfaction with HR system providers	USSM	75%	2013	80%	Annual	76% ⁶	Steady ⁵
• Customer satisfaction with value of HR system services	USSM	50%	2013	80%	Annual	74% ⁶	Steady ⁵

Indicators in Development – Year Two and Three Metrics:

- Increase in shared services adoption among 24 CFO Act agencies for individual [function] processes
- Improvements in satisfaction results from customers (CFOs, CHCOs, CIOs, CAOs, etc.)
- Total # of Human Resources Systems in the Federal Government
- HRIT costs relative to customer satisfaction

³ Will be provided in FY 20167Q2 after the conclusion of a study to identify the optimal future-state vision of shared service delivery.

⁴ Calculated as a percentage of federal civilian FTEs.

⁵ Designated as “Steady” because statistical tests on the degree of year-to-year change show the variation to be statistically insignificant.

⁶ Based on 2016 Customer Satisfaction Survey for shared services.

Contributing Programs

Shared Service Providers	Core Services Provided
Department of Agriculture, National Finance Center (NFC), Financial Management Services (FMS) *	Human Resources and Payroll, Financial Management, Data Center Hosting
Department of Interior, Interior Business Center (IBC)*	Human Resources and Payroll, Financial Management, Acquisition Services
Department of Treasury, Administrative Resource Center (ARC)* and Shared Services Programs (SSP)	Human Resources, Financial Management, Acquisition Services, Data Center Hosting
Department of Transportation, Enterprise Service Center (ESC)*	Financial Management, Data Center Hosting
Department of Health and Human Services, Program Support Center (PSC)	Human Resources, Financial Management, Real Estate and Logistics, Acquisition Services
Department of Defense, Defense Finance and Accounting Service (DFAS)	Financial Management, Payroll
Department of Defense, Defense Civilian Personnel Advisory Service (DCPAS)	Human Resources
General Services Administration, Business Management Office	Human Resources and Payroll, Financial Management, Data Center Hosting

* Designated by OMB and Treasury as a Federal Shared Service Provider for financial management.

Acronyms

- ARC - Administrative Resource Center
- CAO – Chief Administrative Officer
- CAP – Cross Agency Priority
- CFO – Chief Financial Officer
- CHCO – Chief Human Capital Officer
- CIO – Chief Information Officer
- DCPAS – Defense Civilian Personnel Advisory Service
- DFAS – Defense Finance and Accounting Service
- DHS – Department of Homeland Security
- DNDO – Domestic Nuclear Detection Office
- Education – Department of Education
- ESC – Enterprise Service Center
- FAME – Federal Agency Migration Evaluation
- FIT – Office of Financial Innovation and Transformation
- FM – Financial Management
- FSSP – Federal Shared Service Providers
- GAO – Government Accountability Office
- GSA – General Service Administration
- HR- Human Resources
- HUD – Department of Housing and Urban Development
- IBC – Interior Business Center
- IG – Inspector General
- IT – Information Technology
- Labor – Department of Labor
- NFC – National Finance Center
- OFPP – Office of Federal Procurement Policy
- OMB – Office of Management and Budget
- PSC – Program Support Center
- RFI – Request for Information
- SLA – Service Level Agreement
- SSP- Shared Service Program
- Treasury – Department of the Treasury
- TSA – Transportation Security Administration
- USCG – United States Coast Guard
- USDA – United States Department of Agriculture
- VA – Veterans Affairs