COUNTIES FUTURES LAB **NACo** | **NCCAE** | NATIONAL COUNCIL *of* COUNTY ASSOCIATION EXECUTIVES
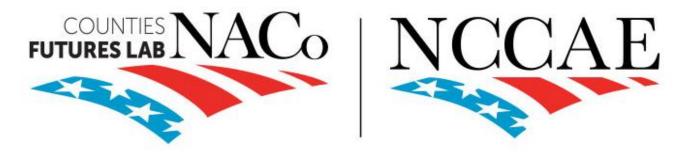
NACo-NCCAE Knowledge Management Forum

August 28-29, 2017

NACo-NLC Conference Center

Service Sharing in an Environment of Fiscal Constraints

Dan Chenok

Jesse Samberg

August 29,2017

US Federal Shared Services:
Briefing for NACO-NCCAE KM Forum

Dan Chenok
Executive Director
chenokd@us.ibm.com

Jesse Samberg
Shared Services Fellow
jsamber@us.ibm.com

August 2017

- The Current State of Play

- Case Study: New York MTA

- Into the Future: A Dynamic Shared Services Delivery Model

- Concluding Observations

The Current State of Play

- OMB sets policy and oversees strategy for shared services,
- GSA has established the "Unified Shared Service Management Office" to guide strategy and implementation
- Primary lines of business for shared services are:
  - FM, coordinated by Treasury
  - HR, coordinated by OPM
- Numerous agencies are implementing shared services across their own enterprise, not with external providers (ex: DOC, FAA)
- Several outside shared services support efforts exist, foremost are:
  - The Partnership for Public Service Roundtable
  - The Shared Services Leadership Coalition
- New Administration is reviewing an accelerated adoption of shared services across Federal Government
  - Comprehensive Planning for Agency Reforms include shared service
  - Agencies continue move to SaaS, op-ex models with private sector investment as driver

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.

FIRSTGOV
The first federal government-wide portal designed to enable government-to-citizen, government-to-business, and government-to-government interactions and transactions to occur
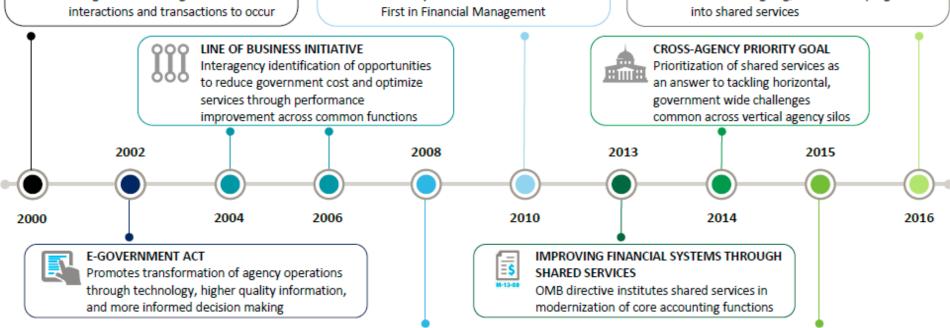
SHARED FIRST INITIATIVE
Leverage common solutions in service delivery, to include benchmarking SLA, cost, and customer satisfaction. Treasury creates FIT to lead Shared First in Financial Management

GOVERNANCE FRAMEWORK
OMB Memo M-16-11 formalizes completion of Managing Partner, Customer, Provider, and CxO-level governance bodies to facilitate on-going, coordinated progression into shared services

LINE OF BUSINESS INITIATIVE
Interagency identification of opportunities to reduce government cost and optimize services through performance improvement across common functions

CROSS-AGENCY PRIORITY GOAL
Prioritization of shared services as an answer to tackling horizontal, government wide challenges common across vertical agency silos

2000 — 2002 — 2004 — 2006 — 2008 — 2010 — 2013 — 2014 — 2015 — 2016

E-GOVERNMENT ACT
Promotes transformation of agency operations through technology, higher quality information, and more informed decision making

IMPROVING FINANCIAL SYSTEMS THROUGH SHARED SERVICES
M-13-08
OMB directive institutes shared services in modernization of core accounting functions

PAYROLL CONSOLIDATION
Completed move from twenty-six to four government-wide payroll systems

UNIFIED SHARED SERVICES MANAGEMENT
Integration body formed within GSA to provide strategy, performance management, and promotion of government-wide shared services

USSM
Unified Shared
Services Management

- **OPM oversees,**
- **Six public sector providers, supported by prime contractors**
- **Four approved commercial providers**
  - IBM, Accenture, Allied Tech & Carahsoft (last two are primes for Avue)
  - VA and GSA, only significant private offerings

- Treasury oversees
- Four mandatory providers, supported by prime contractors
  - USDA National Finance Center
  - Interior Business Center
  - DOT Enterprise Services Center
  - Treasury's Administrative Resource Center --
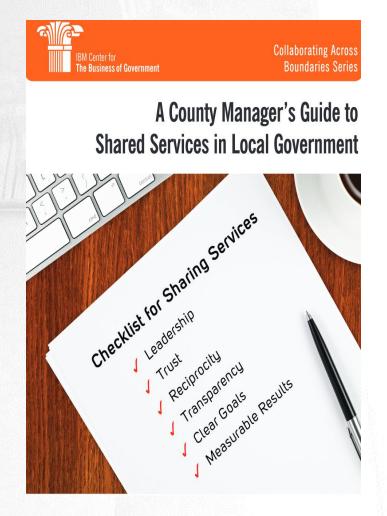- Agencies migrating slowly – HUD, DHS are focus

A County Manager's Guide to Shared Services in Local Government

Collaborating Across Boundaries Series

Checklist for Sharing Services
✓ Leadership
✓ Trust
✓ Reciprocity
✓ Transparency
✓ Clear Goals
✓ Measurable Results

Report found that:

- Counties explore shared service delivery to stimulate innovation, improve decision-making, increase quality of service, and improve relationships with other governments

- Checklist identifies key success factors for governments

- Planning Recommendations:

  - Create a shared services assessment team.

  - Identify strengths in participating governments.

  - Consider pilot projects.

- Implementation Recommendations:

  - Discuss and document responsibilities with partners.

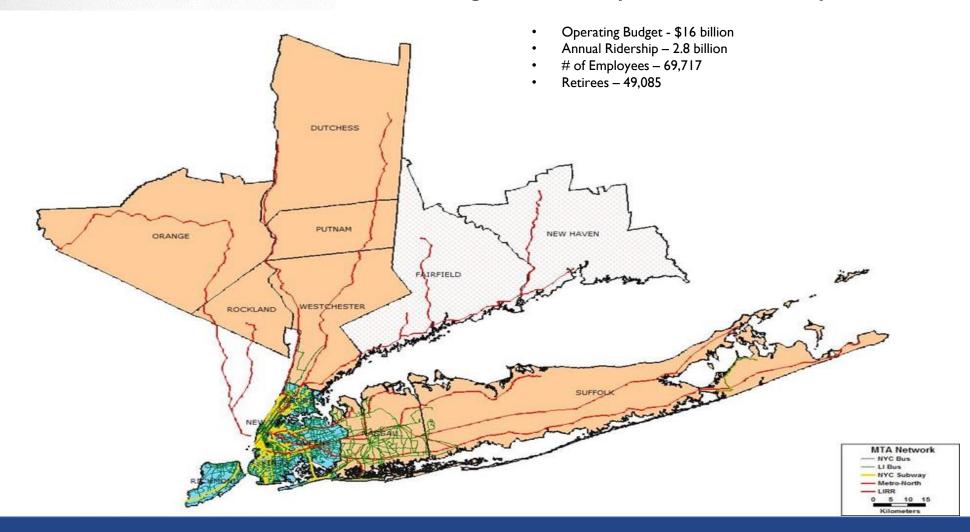 - Make appropriate changes as needed.

Case Study: Shared Services Lessons Learned From NYC MTA

MTA - One of the World's Largest Transportation Companies

- Operating Budget - $16 billion
- Annual Ridership – 2.8 billion
- # of Employees – 69,717
- Retirees – 49,085

Pre-BSC System landscape was siloed

- Prior to the BSC, the MTA's administrative processing was achieved using many different systems that were not integrated

- Though many agencies used PeopleSoft, each system was completely "stand alone."

|	MTA HQ	NYC Transit	CCC	Metro-North	LIRR	B&T	MTA Bus
Call Center	None	Yes	None	Yes	Yes	None	Yes
Imaging	None	Blue Bird	Blue Bird	Microfiche	Filenet	None	None
Benefits Admin.	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	GEAC	PeopleSoft	GEAC
HR Admin.	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	PeopleSoft	Mainframe
Payroll	PeopleSoft	GEAC	GEAC	PeopleSoft	GEAC	PeopleSoft	Mainframe
Timekeeping	PeopleSoft	ATS/UTS/Kronos	Kronos	PeopleSoft	Kronos	Kronos	Kronos
Accounts Payable	PeopleSoft	PRAP	PRAP	PeopleSoft	Cullinet	Macola	PeopleSoft
Procurement	PeopleSoft	Mainframe	Mainframe	PeopleSoft	Mainframe	Mainframe	PeopleSoft
Inventory	None	Mainframe	Mainframe	PeopleSoft	Mainframe	Mainframe	PeopleSoft
Accounting	PeopleSoft	GEAC	GEAC	PeopleSoft	Cullinet	Macola	PeopleSoft

Business Service Center
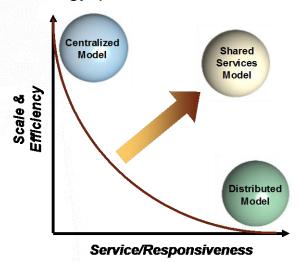
"SHARED" – Reinforce Message

Shared Services is not just centralization of functions into one physical location. These administrative functions are a **shared** responsibility with the agencies/departments in the field.

- Agencies often have had negative experiences as the pendulum has swung many times over the years.
- Need to define the difference; the "sweet spot" that make sense
- Improve performance while preserving innovation
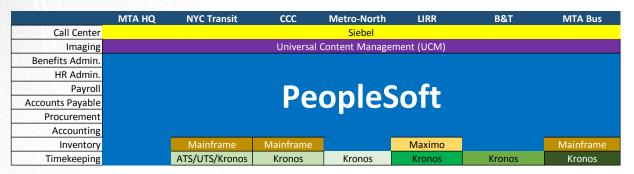- Need to change technology, processes and work

Business Service Center

With the BSC, the MTA established integrated systems

- Since the BSC, the MTA has had the advantage of using one Enterprise Resource Planning (ERP) system, one document management system and one customer relationship management system.
- ***This created the platform for innovation and savings***
- Agencies still use different inventory and timekeeping systems

	MTA HQ	NYC Transit	CCC	Metro-North	LIRR	B&T	MTA Bus
Call Center	Siebel						
Imaging	Universal Content Management (UCM)						
Benefits Admin.	PeopleSoft						
HR Admin.							
Payroll							
Accounts Payable							
Procurement							
Accounting							
Inventory		Mainframe	Mainframe		Maximo		Mainframe
Timekeeping		ATS/UTS/Kronos	Kronos	Kronos	Kronos	Kronos	Kronos

Business Service Center

Improving Staff Utilization

MTA has the opportunity to improve its staff utilization through a deployment of a new Shared Services operating model.

Function	Baseline 2006 Full Year	Projected Reduction	Ideal State BSC FTE Baseline	% FTE Reduction
Finance	236	(132)	104	55.9%
Human Resources	263	(129)	134	49.0%
IT and HRIS	113	(41)	72	36.5%
Total Reductions	612	(302)	310	49.3%
BSC FTE Additions			59	
Total Staffing	612		369	39.7%

Note: "BSC FTE Additions" includes BSC leadership, contact center, mailroom, and business operations personnel.

Business Service Center

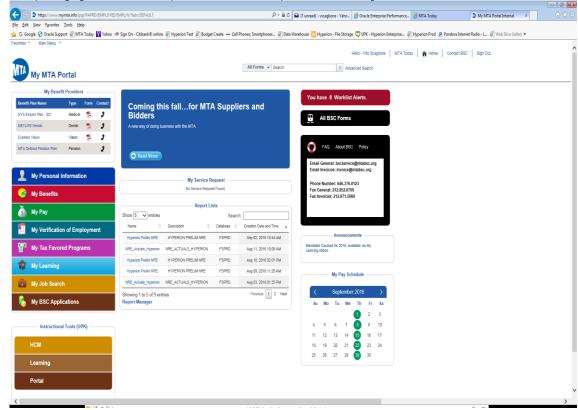# BSC Portal Single Point of Entry For All Users
(Employees, Retirees, Applicants, Vendors, Others)

PERSONAL
- Receive W2 forms
- View paychecks
- Verify benefits
- View wage increases
- Elect deferred compensation

WORK
- HR
- Finance
- Procurement

ORGANIZATION
- Direct Reports
- Time

SERVICE REQUESTS
- Open SRs
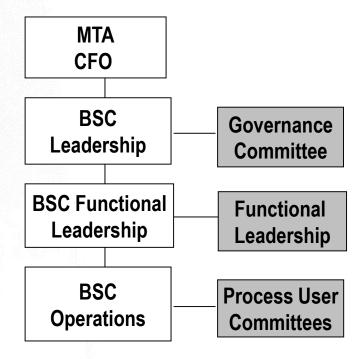- Workflow

Business Service Center
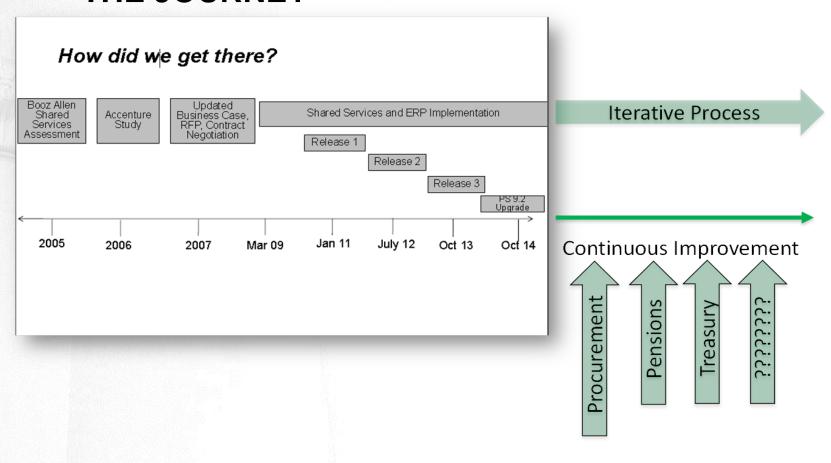
BSC Governance Model

Committees are aligned with different levels of the BSC organization and are made up of appointed MTA representatives. Consensus is good, but there is an escalation process.
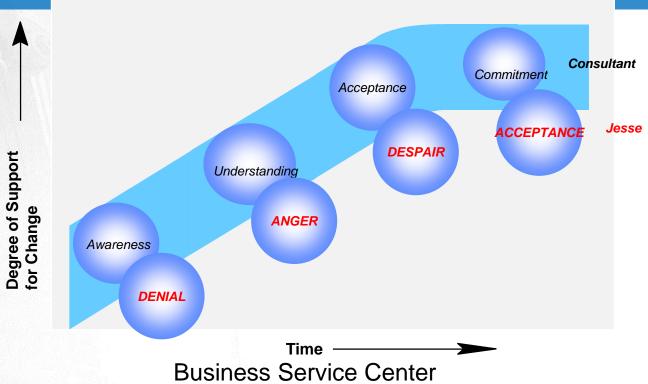
- MTA CFO
- BSC Leadership — Governance Committee
- BSC Functional Leadership — Functional Leadership
- BSC Operations — Process User Committees

Business Service Center

THE JOURNEY

Business Service Center

Into the Future: A Dynamic Shared Services Delivery Model

IBM
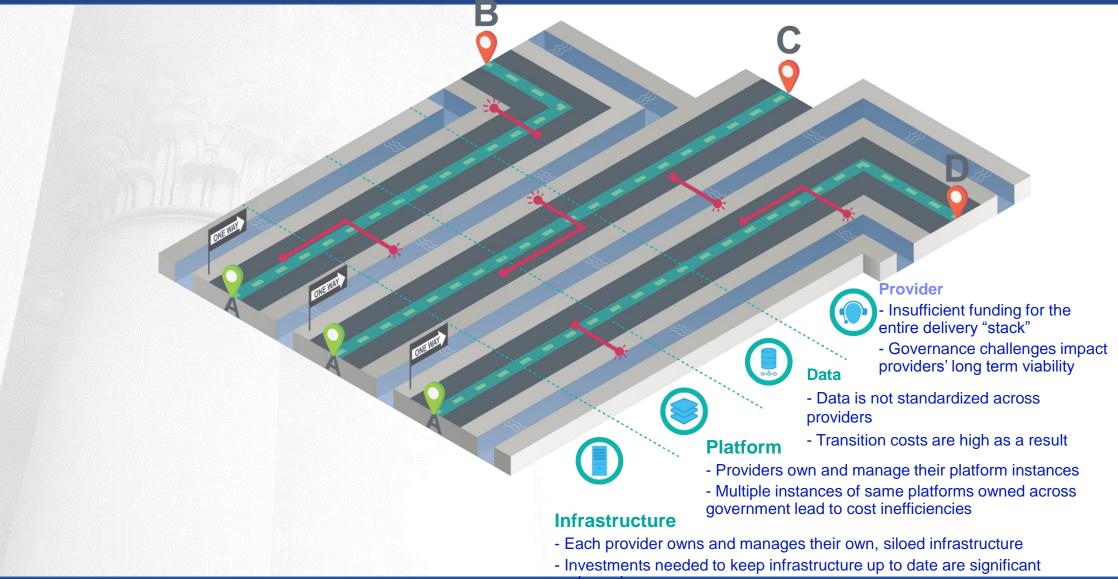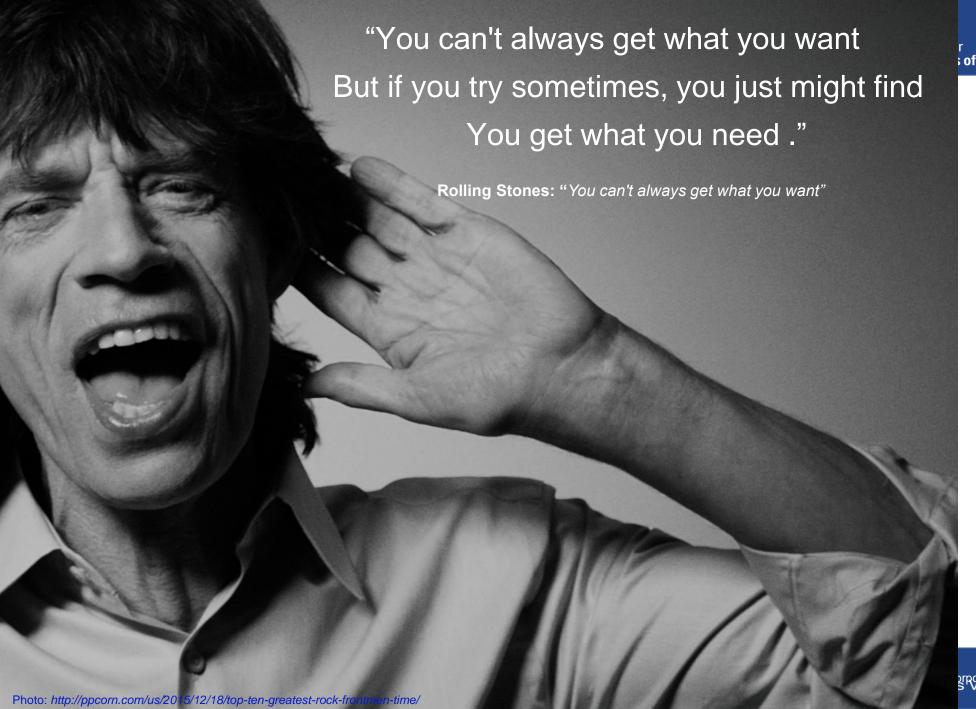
Current State of Shared Services Delivery

Provider
- Insufficient funding for the entire delivery "stack"
- Governance challenges impact providers' long term viability

Data
- Data is not standardized across providers
- Transition costs are high as a result

Platform
- Providers own and manage their platform instances
- Multiple instances of same platforms owned across government lead to cost inefficiencies

Infrastructure
- Each provider owns and manages their own, siloed infrastructure
- Investments needed to keep infrastructure up to date are significant and growing

"You can't always get what you want
But if you try sometimes, you just might find
You get what you need ."

Rolling Stones: "*You can't always get what you want*"

Future State of Shared Services Delivery

Agency
- May be serviced by multiple providers
- May switch between providers quickly and cost effectively

- No infrastructure or platform footprint
- Differentiate based on service, offerings and price

Data
- Business applications are built upon common data exchange standards
- Data is centrally managed and secure

Platform
- PaaS built on common standards
- Optimized and certified services are available to SSPs via Category Hallway

Infrastructure
- IaaS is built on common standards and delivered by cloud partners
- Significant savings and efficiencies are achieved by moving to cloud

• MISSION FOCUS • PORTABILITY
• VIABILITY • COLLABORATION
• PARTICIPATION • COMPETITION
• SUSTAINABILITY

A
B

Concluding Observations

- "Software as a Service" key to success

- Government and industry thinking aligned

- Investment to be provided by private sector

- OpEx replaces CapEx

- Need to set schedule and recognize and mitigate risk in tech, people, process, policy migration
- In terms of SLAs, measure what is important and set achievable savings targets
- Executive sponsorship is critical to success; enterprise governance mitigates confrontations
- Continually improve -- change culture focused on quality, transparency and customer service
- You can do more than you think -- the more educated you are, the better the outcome

Business Service Center