Knowing Where to Look: Identifying and Implementing Shared Services

A Candid Survey of Federal Managers

Underwritten by:
About

The Research Intelligence Division
Of Government Executive Media Group

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Through analysis, insight and analytical independence

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GBC studies influential decision-makers to produce intelligence-based analysis
Federal Agencies are all operating under the 2012 *Federal IT Shared Services Strategy*, part of OMB’s *25-point Implementation Plan to Reform Federal IT Management* that requires organizations to look first at existing systems and services before considering new IT investments. Commonly referred to as the “Shared-First Strategy,” the initiative has three main goals: to improve return on investment, close productivity gaps, and increase communications with stakeholders.

To meet these goals, OMB has laid out various deadlines for agencies to identify and move particular services to shared models. Cloud computing, with its ability to deliver on-demand services to disparate parts of a network, is a natural enabler for federal shared services. Yet agencies face significant challenges in adopting shared service models.

In partnership with Red Hat, Government Business Council launched a study to see how federal agency managers are coping amid this changing landscape.
Methodology

To assess the perception, attitude, and experience of federal executives regarding shared services, Government Business Council deployed a survey to a random sample of Government Executive online and print subscribers from July 17-26, 2013.

The pool of 300 respondents includes those of GS-11 through 15 grade levels in defense and civilian agencies. At least 28 agencies are represented in this analysis. The most represented agencies include:

Seals indicate the most represented agencies in order of frequency
Respondent Profile
Respondent Profile

- Sixty-six percent of respondents are at the GS/GM-13 grade level or above.
- Fifty-eight percent of respondents oversee at least one direct report, indicating that the sample represents the opinions of senior leaders within the federal government.

Job Grade / Rank

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>GS/GM-15</td>
<td>3%</td>
</tr>
<tr>
<td>GS/GM-14</td>
<td>29%</td>
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<tr>
<td>GS/GM-13</td>
<td>34%</td>
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<tr>
<td>GS/GM-12</td>
<td>25%</td>
</tr>
<tr>
<td>GS/GM-11</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

66% of respondents are GS/GM-13 or above

Number of Direct Reports

<table>
<thead>
<tr>
<th>Number of Direct Reports</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>42%</td>
</tr>
<tr>
<td>1-5</td>
<td>23%</td>
</tr>
<tr>
<td>6-20</td>
<td>18%</td>
</tr>
<tr>
<td>21-50</td>
<td>9%</td>
</tr>
<tr>
<td>51-200</td>
<td>5%</td>
</tr>
<tr>
<td>Over 200</td>
<td>3%</td>
</tr>
</tbody>
</table>

58% of respondents oversee at least one report

Percentage of respondents, n=301
Respondent Profile

- Respondents include executives from various areas of responsibility.
- Thirty-three percent of managers surveyed work in operations, a category that includes program and project managers and logistics specialists.

Job Function

- Operations: 33%
- Human capital: 11%
- Engineering: 10%
- Acquisitions and procurement: 9%
- Finance: 7%
- Facilities, fleet and real estate management: 5%
- Legislative: 3%
- Information technology: 2%
- Communications and telecommunications: 1%
- Other: 19%

Percentage of respondents, n=301

33% of respondents work in operations
Executive Summary
Executive Summary

Services Are Predominantly Shared Within Agencies
At present, shared services are much more likely to be shared within agencies than across organizational boundaries. This is not surprising as the Federal IT Shared Services Strategy prioritized intra-agency shared services as an immediate goal. With regard to specific functions, training and learning functions are the most shared.

Lack of Unique Services and Information on Opportunities Challenge Shared Service Implementation
There is a belief among managers that shared services cannot provide for the unique needs of a particular agency. Nearly one third of respondents (32 percent) feel there is a lack of available services to fit their unique operational functions. Other top challenges include difficulty identifying which services should be moved to a shared model and locating shared service opportunities.

Cloud Computing Can Enable Further Shared Service Adoption
The “Cloud-First” strategy, which requires agencies to evaluate cloud computing options before making new investments, and the “Shared-First” strategy are designed to work together. With the ability to provide on-demand services to disparate customers, cloud computing is a natural fit for shared service provision. More than half of respondents (56 percent) indicate that their agencies are embracing cloud computing to meet shared service mandates.
Research Findings
The State of Shared Services
Shared Services Are Predominantly Within Agencies

- A wide variety of agency business functions are operating as shared services. Training and learning services are the most shared functions within agency boundaries. More than half of respondents share training or learning services with another group within their agency.

- Within each business function, intra-agency sharing is more widespread than sharing across agency boundaries.

**Agency Functions Shared**

- Training/learning: 22%, 51%
- Information technology: 21%, 46%
- Human resources: 18%, 44%
- Acquisitions and procurement: 16%, 39%
- Payroll: 28%, 37%
- Budget formulation: 9%, 32%
- Asset/property management: 15%, 31%
- Grants management: 11%
- Other: 5%, 3%
- Don't know: 8%, 19%
- None of the above: 9%, 26%

Percentage of respondents, n=373, n= 335, respectively
For IT, Enterprise Service Sharing Is Most Common

- Information technology is a commonly shared function within federal agencies. Forty-six percent of respondents indicate that their organizations share information technology functions with another group inside their own departments or agencies.
- Within IT, enterprise IT services are the most commonly shared type of information technology function. Eighty-two percent of respondents share enterprise IT services like email, web infrastructure, collaboration tools, security, and identity and access management services, among others.

46%

of respondents share information technology functions with another group in their agencies

n=373

IT Services Shared Within Agencies

- Enterprise IT services: 82%
- IT infrastructure: 76%
- Mission-specific IT: 44%
- Other: 2%
- Don't know: 6%

n=165

Percentage of respondents
Payroll Shared Services Are Mandated, But Managers Are Unaware

- Since 2009, federal agencies have been mandated to use to a handful of shared service providers for their payroll systems, but many respondents are unaware of their agencies’ involvement.

Who Managers Believe They Share Payroll Services With

- 28% believe they share payroll services with another agency
- 37% believe they share payroll services with another group in their agency

Percentage of respondents, n=373, n=335, respectively
Most Managers Are Shared Service Users, Not Providers

• For respondents who indicated that they share a function with another group inside their agency, GBC asked whether they are users or providers of that service.

• Users outnumbered providers in every category except for budget formulation.

<table>
<thead>
<tr>
<th>Service</th>
<th>User</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Human resources</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Information technology</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Acquisitions and procurement</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Asset/property management</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Grants management</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Training/learning</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Budget formulation</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Percentage of respondents, n varies
Most Managers Are Unaware of Shared Service User Fees

• The majority of respondents (46 percent) do not know if user fees are involved in their agencies’ shared services. Twenty-seven percent indicate that they do not pay or collect a user fee.

• The data indicates that the true cost of shared services is still largely unknown to the federal management community.

Is there a user fee associated with any of your shared services?

- Don't know: 46%
- No, we do not collect or pay a user fee: 27%
- Yes, we pay a user fee: 21%
- Yes, we collect a user fee: 9%

Percentage of respondents, n=277
Lack of Unique Services, Information About Opportunities Challenge Shared Service Adoption

- Many respondents feel that their mission-critical needs are too unique for shared services. Nearly one-third of respondents (32 percent) indicate that services do not exist that fit their agencies’ unique operational needs.

- A lack of information on shared services opportunities challenges 25 percent of respondents.

**Challenges Faced In Adopting Shared Services**

- Lack of available services to fit our unique operational needs: 32%
- Lack of information on shared services opportunities: 25%
- Difficulty identifying services that should be shared: 22%
- Achieving cost savings: 20%
- Security of services: 20%
- Belief that federal shared service providers lack the most up-to-date technologies: 15%
- Don’t know: 27%
- None of the above: 10%

Percentage of respondents, n=307
Managers Not Yet Familiar with Federal Shared Services Catalog

• Twenty-five percent of respondents indicate that there is a lack of information on shared services opportunities. Launched in April 2013, the Federal Shared Services Catalog - Uncle Sam's List (USL) hopes to correct this. Designed to be a one-stop hub for federal managers to locate and contact shared service providers, USL hosts opportunities in commodity IT, support services and mission services.

• USL is still new to most federal managers. Seventy-seven percent of respondents are not familiar with the website and only five percent have accessed it.

Familiarity with Uncle Sam’s List

- Very familiar: 3%
- Familiar: 2%
- Somewhat familiar: 10%
- Not familiar: 77%

Percentage of respondents, n=301

Have you accessed the Federal Shared Services Catalog - Uncle Sam’s List?

- Yes: 5%
- No: 91%
- Don't know: 4%
Cloud Computing Presents An Opportunity for Shared Services
Half Are Embracing Cloud for Shared Services

• Just as the Shared-First strategy requires shared solutions to be the default, the Cloud-First strategy states that “agencies default to cloud-based solutions whenever a secure, reliable, cost-effective cloud option exists.” Both policies are “intended to work in tandem,” according to the Shared-First strategy.

• Of our respondents, 56 percent say that their agency is embracing cloud computing to meet shared services mandates.

My department/agency is embracing cloud computing to meet shared services mandates.

Sources: Federal IT Shared Services Strategy, Federal Cloud Computing Strategy
Percentage of respondents, n=197, “Don't Know” not included
Opportunity Exists for Greater Cloud Adoption in Shared IT Services

- When asked which type of platform their agencies are considering or implementing for shared IT services, the majority of respondents are unable to answer.

- Of those who give an answer, equal numbers are considering internal/external host networks or systems and cloud computing options.

- Federal shared service providers that share services beyond network resources and applications, such as the Interior Business Center, operate on cloud platforms.

**Which best describes the type of platform your agency is considering/implementing for shared IT services?**

- Internal/external host networks or systems: 19%
- Private cloud: 11%
- Hybrid cloud: 5%
- Public cloud: 3%
- Don’t know: 56%
- None of the above: 6%

Percentage of respondents, n=373
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