



4 tips for shared services success

- By Karen D. Schwartz
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When Mike Upton began working on what would become one of the federal government's first IT shared services projects in the early 2000s, he could never have imagined how profoundly the tactic would change the enterprise in the intervening years.

Since the Transportation Department's Enterprise Services Center stood up its first agency on the Oracle-based Delphi financials platform in 2003, Upton, now deputy director of the Enterprise Services Center at Federal Aviation Administration, and his staff, have learned a lot about what makes a shared service successful and what can lead to problems.

Today, agencies are required to consider either offering or consuming shared services in situations when they would otherwise have to build their own. The reasons are simple: when done right, shared services improve standardization, energy consumption and efficiency while cutting costs.

Over time, agencies both offering and consuming shared services have learned valuable lessons. For those providing shared services, the first step is one of the most important – choosing the technology platform on which it will base its shared services offerings.

Test for outliers

During the search for a new financial system, the Transportation Department spent a lot of time finding the best platform to support its many agencies. The process started in the late 1990s, when it became clear that DOT's existing systems couldn't meet the evolving reporting requirements from the Office of Management and Budget and the Treasury Department.

Determined to find a system that would meet the needs of the whole department, leaders gathered representatives from each DOT agency and asked them what types of accounting procedures the agency had that were outside the standard processes.

With that list in hand, the team then evaluated a handful of systems and performed capability demonstrations to ensure that the winner could handle both normal and unusual accounting processes required by all agencies. Oracle scored in the high 90s of all accounting scenarios and was chosen for the Delphi shared services platform.

During that process, Upton learned that it's important to gather requirements outside of ordinary functions from a potential set of users and choose a platform that can accommodate as many of them as possible. "If it can accommodate those, you know that you'll probably be able to make other accommodations for other users down the road," he said.

Over time, shared services providers have learned that it takes a lot of organization, communication and creativity to change and improve services over time.

Check KPIs upfront

At the Department of Interior's Business Center (IBC), which manages large shared services in the areas of finance, human resources and acquisition, the process of reviewing the performance of shared services is ongoing.

All systems collect customer service data, and IT managers receive monthly reports on all three lines of business with up to 1,200 responses related to accuracy, courtesy, quality and timeliness. In addition, the group, led by IBC director Joseph M. Ward Jr., conducts strategic planning sessions and runs an internal quality assurance group to ensure that the data received from its lines of business is accurate.

About two years ago, the group started producing a balanced scorecard that helps evaluate how each line of business is progressing with its key performance indicators (KPI). While the system is working well, Ward says he wishes he had even more data from IBC's customers.

"If we had to do it over again, we would ask the 17 agencies we support in financial management beforehand which KPIs they currently have and what they are currently paying to manage their financial management system," he said. "It would have been very useful."

Look outside the box

Through experience, Upton has learned that positive changes can sometimes result from thinking outside of the box. For example, DOT's Enterprise Services Center recently purchased Oracle's iSupplier to support the then-popular Cash for Clunkers program, which was managed by the DOT's National Highway Transportation Safety Administration.

Since NHTSA was already using Delphi for financial management, it needed the module to handle registration of about 25,000 automobile dealers and to process hundreds of thousands of claims over several months.

Once the Cash for Clunkers program ended, Upton's group decided to reconfigure it so that it could be used to make grant payments, setting up a much more efficient process than the grant program had had up until that point. The next step, Upton said, will be to use the system for working with vendors. "That's where we'll get the real bang for the buck," said Upton. "Invoices will come in electronically, and it will save a lot on labor."

Start with clean data

When it comes to evaluating whether an agency should move a process to a shared services platform, the responsibility goes both ways. Both the agency and the shared services provider divide responsibility for evaluating whether the agency's requirements and the shared service's processes are a good fit.

It process starts with a "discovery" session, where both the provider's and agency's subject matter experts discuss how the partnership on each end works. Together, the team assesses whether the provider can meet the agency's requirements.

The next step is a months-long deep dive into requirements where the provider examines data formats, data fields and the cleanliness of the data.

By far the most important responsibility for the agency is making sure its data is clean; conversion programs only work if the data is structured in a logical way and is free of errors.

"If you don't get [data cleansing] right, the success of any migration is in jeopardy. It can cause delays, functional errors and expense in fixing it after the fact," IBC's Ward said. "That's why we suggest they hire

outside help. There are companies out there that can do a sample audit of [an agency's data] in less than two weeks and tell them what needs to be cleansed.”

Sometimes, cleaning data is as simple as correcting upper and lowercase letters or how states are abbreviated. Although these sound like simple things, they can make all the difference in terms of having a smoothly operating system. An outside expert in data cleansing also can find data elements that haven't been used for long periods of time and recommend eliminating them to further clean the data.

But despite the long process, shared services can work to the advantage of both shared service provider and consumer. And today the tactic is gaining steam. According to a recent [report](#), more than half of federal agencies are using shared services today, and it's a strategic initiative for almost three-quarters of federal CIOs this year.

About the Author

Karen D. Schwartz is a freelance technology writer based in the Washington, D.C. area.

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