

Mobilizing for Shared Services and Digital Strategies

Insights from

The 2015 Federal Leadership Summit

Washington, D.C.



LEADERSHIP FOR A
NETWORKED WORLD



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Introduction

Federal agency leaders are innovating at an unprecedented pace. Strategies such as shared services, advanced analytics, cloud-based computing, and digital services have increased efficiency and effectiveness. And yet, when we consider the largely untapped potential of shared services, new opportunities for digital transformation, and fulfillment of the President’s Management Agenda—especially per the DATA Act—it becomes clear that agency leaders must mobilize for the future of such capacity-building models and initiatives.

To help federal leaders create a shared vision and plan of action for growing shared services and digital strategies, Leadership for a Networked World and the Technology and Entrepreneurship Center at Harvard, in collaboration with Booz Allen Hamilton, convened senior leaders for *The 2015 Federal Leadership Summit: Mobilizing for Shared Services and Digital Strategies*. Leaders at the Summit collaborated with their peers in federal government, Harvard faculty, and select industry experts to develop their individual and collective strategies for advancement.

Participating leaders worked specifically toward the following objectives:

- Examine and define the current landscape in federal government for shared services and digital strategies, including known benefits and barriers
- Discuss best practices and study promising models, including models at the state and local levels
- Explore the challenges and opportunities of new business models and citizen services enabled by the DATA Act
- Create an **Action Plan** for advancing shared services and digital strategies within individual agencies and across the larger, federal ecosystem

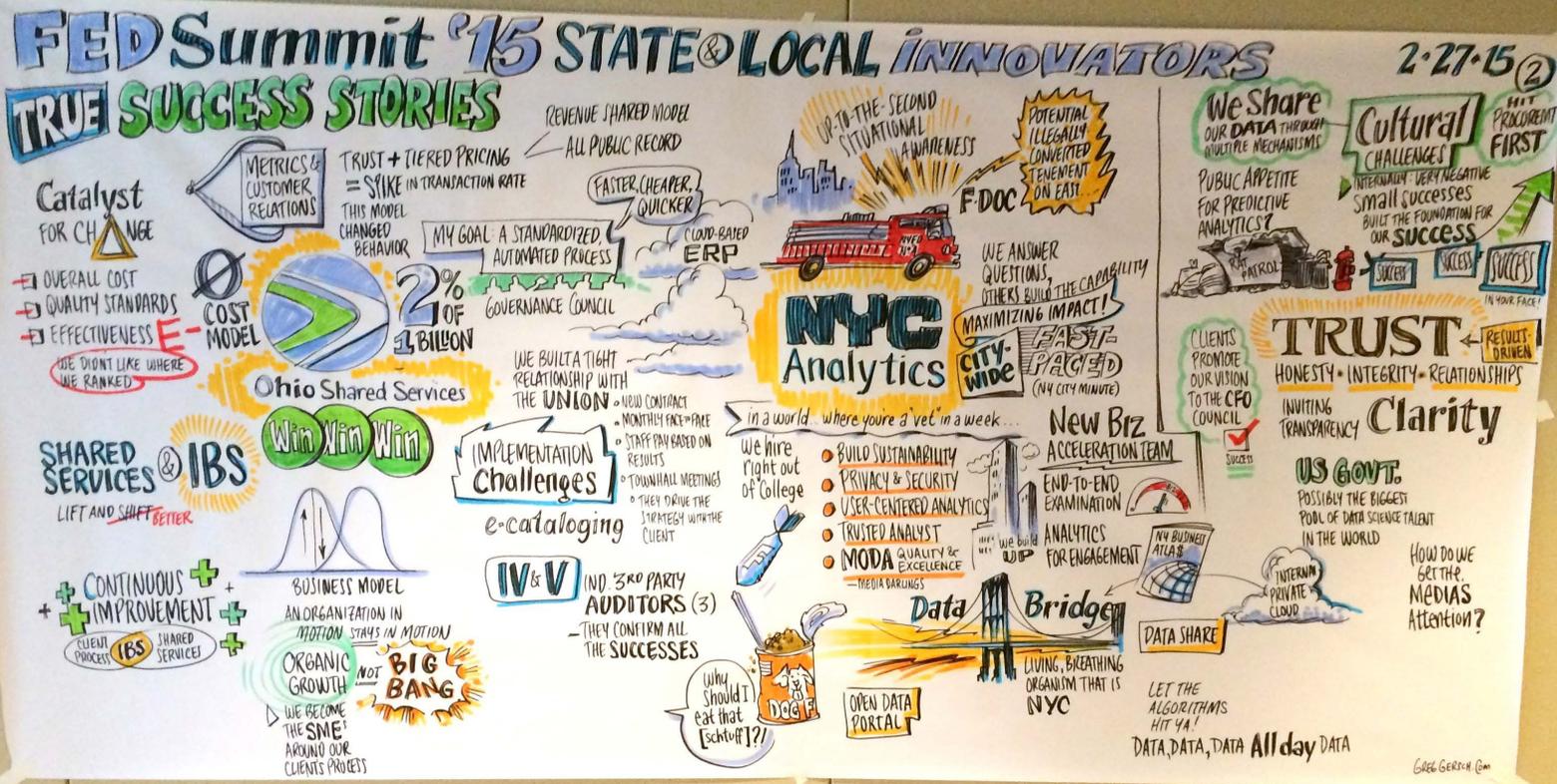
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Entrepreneurship
Center at Harvard



Throughout the Summit, graphic-recording artist Greg Gersch provided real-time illustrations of ideas and concepts emerging from presentations and discussions.

After a series of workshops, case presentations and moderated discussions, the Summit culminated in an intensive ideation session, in which participants worked together to develop their Action Plan—a practical, collective vision for advancing shared services and digital strategies at the federal level.

The Action Plan appears in brief near the Conclusion of this report. We have also included an expanded version of the Plan as a pull-out supplement, in which each action item is paired with contextual insights or examples—all of which derive from Summit presentations and discussions.

We hope this report will support and guide all leaders in federal government as they develop strategies for their organizations, and we encourage their participation in this peer-generated call to action.



“If you take all the data government has, and allow people to access and organize it, well, it’s going to be earth-shattering.”

- Paul Bartley
Director,
Program Support Center
U.S. Dept. of Health and
Human Services



A Mobilization Framework

Transforming Internal Systems and the Ecosystem

Why mobilize? It’s a matter of creating value. More specifically, it’s a matter of striving, continuously, to create public value by generating new capacity. A confluence of trends—evolving technology, shifting demographics, emerging demands and challenges—has spawned a generation of powerful new business models that disrupt traditional institutions and generate newfound capacity for value creation.

The imperative to create value impacts all leaders. In the private sector, leaders have to continually scan for new business models and adapt their firms. For example, traditional transportation companies are being upended by “Sharing Economy” upstarts such as Uber, Lyft, and Car2Go. Established firms that quickly recognize the potential of new models and adopt them remain competitive. Businesses that do not adjust lose market share and value. In response, longstanding firms such as Enterprise (which purchased Zipcar in 2014) are changing their methods as well as purchasing disruptive firms to augment and sustain their value creation.

For Public sector leaders, the imperative to create value is just as important. As new business models surface and the operating environment of government changes, citizens expect new levels of service and value. If leaders don’t respond, public value starts to erode, and citizens lose confidence and trust in government. Yet there’s a bright side. Antonio Oftelie, Executive Director of Leadership for a Networked World, noted this at the start of the Summit: “Responding to new business models is key for leaders in government. When we transform government capacity, we renew ability to achieve outcomes, public value, and the legitimacy of our institutions.”



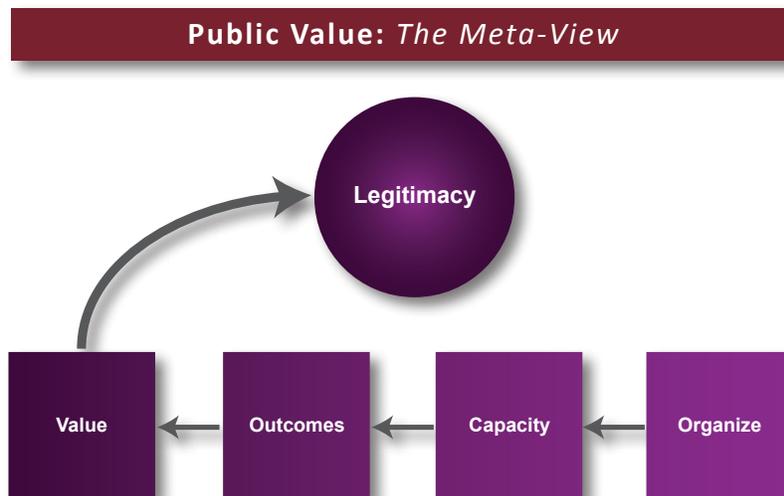
“When we transform government capacity, we renew ability to achieve outcomes, public value, and the legitimacy of our institutions.”

- Antonio Oftelie
Executive Director,
Leadership for a
Networked World

Public Value, Legitimacy, and Transformation

Summit leaders recognized legitimacy as the long-term indicator of whether public institutions are achieving their mission, and meeting the mandate society has given them. Though legitimacy can be subject in the short-term to trends and swings in public sentiment, it is ultimately driven by the public value that government creates. Citizens judge whether

or not a particular institution is delivering necessary outcomes, and doing so equitably, efficiently, and effectively. The potential to deliver valued outcomes, in turn, is determined by an organization's capacity which derives from its policies, structures, systems, and people, and how those assets are organized around mission.



For public institutions, leveraging improved operating models is essential for generating capacity and creating value. If they do not adapt, they risk erosion of legitimacy. Thus, the forward-looking leader in government is always seeking new and better ways to organize and to operate, even in the face of significant resistance, risk and disruption.

As a result of this **legitimacy imperative**, promising initiatives have sprung up in various organizations and agencies across government, including at the federal level. But leaders assembled at the Summit agreed: The full potential of these models has hardly been realized. They determined, moreover, that tapping the full potential requires a mobilization effort that extends across all of government. Only by joining together to transform the way government, as a whole, does business can public institutions hope to achieve their individual missions and meet their mandates.

This transformation will include mobilizing for the advancement of shared services and digital strategies. Though it can be useful to examine them separately, the two complement each other in terms of generating new capacity within and across agencies. Moreover, because both rely heavily on cross-jurisdictional collaboration and refining and streamlining business processes, the challenges to advancing either type of initiative are similar.

Defining Shared Services and Digital Strategies

The terms *shared services* and *digital strategies* both cast a rather wide net, referring to an array of models that increase an organization's capacity and rely heavily on collaboration across traditional boundaries.

For the purposes of the Summit and this Report, we define these terms as follows:

Shared Services merges supportive business operations (such as finance, facilities, information technology, procurement, and human services) from several organizations, and delivers them via a shared services center. Shared services creates value by eliminating redundancy, increasing quality through specialization, and enabling client businesses or agencies to focus their limited resources on mission-critical, outcome-oriented services.

Digital Strategies are solutions enabled by data, networks, and analytics. They create value by opening up new operational models within and across government organizations (e.g. shared services, e-procurement, and service co-production), and by enabling more efficient and effective methods for delivering services (such as regulatory enforcement, health and social services, and tax collection) to constituents.



A Leader's Stake in the Federal Ecosystem

Advancement, of course, must begin at home. To successfully implement shared services and digital strategies, agency leaders must use their executive authority and influence to drive change within their own **internal system** of operation—that is, the operating structure consisting of an agency, its people, primary partners and stakeholders, and the citizens they serve.

“Successful implementation is directly related to how well you harmonize the shared services model with your organization’s culture.”

- Kathryn Kienast
Principal,
Booz Allen Hamilton



Kathryn Kienast, Principal at Booz Allen Hamilton, noted one vital example of driving such internal change: “The success of your journey through the shared services ecosystem is directly related to how well you harmonize the new delivery model with your organization’s culture.” In addition to culture, leaders can directly shape their agency’s mission and focus, structure, portfolio of activities, and data strategy.

Apart from driving change within their own internal system of operation, which is challenging enough, each leader must recognize their individual stake in the larger, Federal **ecosystem**, and join their peers in proactive efforts to affect broader change. True

mobilization must create an ecosystem that readily incorporates better business models; an ecosystem that is culturally capable of working across traditional boundaries; an ecosystem primed to lift government capacity to ever-higher levels of effectiveness and productivity.

It’s not some grandiose notion. Shared services and digital strategy initiatives will continue growing in scale and scope. Their future potential cannot be ignored, nor can the disruption and risks inherent in adopting them be fully anticipated. But even if the models of tomorrow are not yet in view, it doesn’t mean leaders cannot prepare by building new partnerships, advocating for new policies, and developing a shared vision for advancement. Government legitimacy depends on such action.



“Data is the new capital. And we need to translate it into value.”

- Renata Maziarz
Senior Policy Analyst,
Bureau of the
Fiscal Service
U.S. Dept. of Treasury



The Leadership Landscape (*Participant Survey*)

Before the Summit, participants offered their perspective, through an online survey, on the landscape for advancing shared services and digital strategies at the federal level, including their sense of the most significant benefits of, and barriers to, implementing such initiatives.

Participants also reflected on their current organizational capacity (e.g. structure, technology, workforce, etc) and assessed the “readiness” of their internal system of operation to advance such initiatives, and how the readiness of their internal system compared to the larger ecosystem (policies, partnerships, directives, legislation, etc.). Their feedback is presented below.

Benefits and Barriers – Shared Services

Participants cited “increased effectiveness,” “increased efficiency,” and “improved technology platforms” as the most important potential benefits to implementing shared services, while “changing culture,” “gaining stakeholder buy-in,” and “establishing a governance structure” were the most significant barriers.

Benefits and Barriers – Digital Strategies

Participants cited “improved analysis,” “innovation and agility,” and “increased efficiency” as the most important potential benefits to implementing digital strategies, while “establishing a data governance structure,” “financing development,” and “coordinating across boundaries” were the most significant barriers.

Capacity and Readiness

Given the choice between “Minimally,” “Somewhat,” “Moderately,” and “Very” to describe how prepared their internal system of operation is to adopt or advance shared services and digital strategies, all participants said either somewhat or moderately prepared. None described their internal system as “Very prepared.” Results also showed participants felt their internal systems of operation were generally better prepared than the *ecosystem* to advance shared services and digital strategies.

“We’re building a team with a healthy disrespect for the impossible.”

- Amen Ra Mashariki
Chief Analytics Officer,
New York City Mayor’s Office of
Data Analytics



Cases in Point

In preparation for the ideation session and creation of an Action Plan, Summit participants examined three promising cases of implementing shared services and digital strategies, including one state-level and one local-level case.

Each case highlighted a unique set of opportunities and challenges to implementation or advancement. The strategies employed to meet these challenges and leverage opportunities informed or inspired several Action Plan items for mobilizing to change both internal systems of operation as well as the larger ecosystem.

New York City Mayor’s Office of Data Analytics

The New York City Mayor’s Office of Data Analytics (MODA) aggregates and analyzes data across agencies in order to produce actionable insights, allowing city workers to, for example, more effectively address crime, strategically prioritize risk, and more efficiently deliver services.

In terms of both capacity and impact, MODA has grown dramatically since its humble launch in 2011. At the Summit, Amen Ra Mashariki, Chief Analytics Officer for the City, described the challenges MODA faced, both ongoing and at the outset, in its evolution from a small, crack team of analysts to a civic intelligence center.

Implementation presented several challenges and opportunities including:

- Fostering a culture of creativity and experimentation around data-enabled programs and service models
- Identifying the true “pain points” for agencies and creating data-solutions that helped improve policy and services
- Capitalizing on successes to increase stakeholder support, trust and participation over time
- Developing a governance model and building a secure platform to leverage data from across agencies

For their first project, the MODA team decided to utilize certain data sets to identify potential cases of mortgage fraud. The “problem” seemed promising enough, in that the team could envision a useful data-solution. But six months of hard work did not produce a single indictment. MODA had failed to achieve their intended outcome, but learned a valuable lesson: Trust the *clients* to identify their most pressing problem or opportunity, *then* create a data-solution.

They did this for their next project, and successfully helped the Building Department and Fire Department investigate illegal conversions (which pose potential fire hazards) by building a data model to help investigators triage over 20,000 complaints. MODA promoted this success heavily, as they did with each one that followed. The more resources, support, and stakeholder trust MODA accumulated, the greater their capacity to solve complex problems that cut across agencies. To enable citywide analysis and coordinated action, MODA developed DataBridge, a platform that facilitates secure sharing and integration of data across agencies.

From its roots as a small group of dedicated analysts, MODA has mushroomed into a thriving, civic intelligence center, allowing the City to aggregate and analyze data from across agencies to more effectively address public safety, crime, economic development, and a growing portfolio of other cross-boundary issues. Their track record for solving complex problems has city agencies lining up for assistance, and has made MODA a nationally recognized model for public-sector analytics. In addition to their continued search for new data-driven solutions and ongoing development of the DataBridge platform, MODA is also now implementing the City's Open Data Law, which they assert is the most ambitious and comprehensive open data legislation in the country.

Action Items

The MODA case informed several items in the Summit **Action Plan** including:

- Understand and attend to client's most pressing needs. (*internal system*)
- Identify opportunities to share data across agencies. (*internal system*)
- Control communications and publicize victories. (*ecosystem*)

Ohio Shared Services

In 2007, a sobering report released by the Hackett Group on Ohio's fiscal processes illustrated a dire need to reduce costs, increase effectiveness (especially in procurement) and improve internal quality standards. In response, Ohio Shared Services (OSS) launched in October 2009 to deliver an efficient, standardized approach to processing common business transactions across state agencies and business vendors.

Director Everett Ross outlined the complex challenges OSS had to grapple with, and learn from, in order to implement a successful and self-sufficient model for shared services that supports a culture of continuous improvement.

Implementation presented several challenges and opportunities including :

- Leveraging baseline costs to make a case for standardization and sharing of services
- Establishing a climate of trust and gaining support from legislative bodies, partnering agencies, unions, and other external stakeholders
- Developing a portfolio of services by designing new processes and standards for various lines of business
- Guiding expansion plans to meet Return-On-Investment goals while reinvesting in new capabilities



“Don't give up on the relationship, and don't give up on the data. When you meet with clients, put your scorecard in front of them.”

- Everett Ross
Director,
Ohio Shared Services

Successful OSS practices included meeting regularly with the CFO Council and union leadership in order to gain buy-in and guide strategy. They also implemented an enterprise technology platform (i.e. *e-catalog*) to force business standardization on key procurement functions. Director Ross emphasized that solutions to many OSS challenges resulted

directly or indirectly from their vigilance in building relationships with clients, relationships grounded in meaningful metrics and reliable performance data. “Don’t give up on the relationship. And don’t give up on the data. When you meet with clients, put your scorecard in front of them.”

After initiating monthly face-to-face meetings with clients, for example, the utilization for Accounts Payable jumped from 42 to 63 percent. OSS also changed their finance model to increase participation as well as produce savings. By switching from transaction-based pricing to tier-based pricing they created a financial incentive for clients to participate, further increasing utilization from 63 to 93 percent.

To create a system and culture of continuous improvement, OSS established an independent Value Management Office to audit ROI of shared services initiatives. They also shifted human capital to support implementation of new service lines after established lines were standardized.

OSS is nationally recognized for its customer service, skilled workforce, and high performance standards. They continue to improve existing processes while expanding their programs, service lines, and agency partnerships.

Action Items

The OSS case informed several items in the Summit **Action Plan**, including:

- Restructure finance models for shared services. (*internal system*)
- Develop a culture-change strategy to address legacy-based resistance. (*internal system*)
- Develop guidelines and best practices for engaging stakeholders. (*ecosystem*)

The DATA Act

Visions for the Future

The Digital Accountability and Transparency Act, or DATA Act, is the nation’s first legislative mandate for data transparency. The bill passed both houses of Congress unanimously, and was signed into law by President Obama on May 9, 2014. The Act charges the Department of the Treasury and the White House Office of Management and Budget (OMB) with standardizing data on all federal spending and then publishing that data online—a process to be implemented in phases, across departments, over a period of four years. The DATA Act is expected to increase accountability, illuminate waste and fraud, and reduce compliance costs by automating reports.

At the Summit, a discussion panel comprised of leaders from the Departments of Treasury, Homeland Security (DHS), and Education (DOE) reflected on the first year of implementation, some lessons learned from DATA Act pilot studies, and the formidable challenges to implementation that lie ahead.

Most significantly, both the panel and responding participants agreed that mandated standardization and transparency represent a challenging, but invaluable, opportunity for departments and agencies to go beyond mere compliance in order to develop advanced, analytic capabilities. “Data is the new capital,” said Renata Maziarz from Treasury. “We need to translate it into value.”

The panel concurred that gaining the stakeholder investment necessary to leverage this opportunity depended on visionary leadership and developing a compelling business case centered on a specific problem (refer to the **Action Plan** for examples).

Central Data Repository (*Federal Deposit Insurance Corporation*)

In 2005, three Federal financial institutions collaborated on a financial data initiative with objectives similar to those mandated by the more recent DATA Act. The Central Data Repository (CDR) is a centralized database for the collection, analysis and dissemination of quarterly financial banking reports.

At the Summit, Mark Montoya of the Federal Deposit Insurance Corporation (FDIC)—one of three agencies that share the database—explained how increasing costs of maintaining a 20-year-old legacy system compelled the partnering agencies to co-develop a solution, which Montoya emphasized was primarily “a *business* decision, not a technology decision.” The goal was to develop a system that facilitated better data exchange, collection, validation, analysis, and dissemination.

Implementation presented several challenges and opportunities including:

- Building agreements and fostering a collaborative culture between agencies that historically had worked independently
- Generating the resources and commitment to move from legacy systems to service-oriented systems
- Managing the “spring cleaning” needs that arise from increased data accessibility and transparency
- Creating innovative methods and platforms to make data customer-friendly and usable for both the government and the general public



“From my experience, when you try to implement a technology solution, and there’s no business requirement driving it, it usually fails.”

- Mark Montoya
Chief of Data Strategy,
Federal Deposit
Insurance Corporation

To marshal agreements between them, the three partnering agencies drafted a memorandum of understanding (MOU), signed by senior-level executives, in which they agreed to share a centralized data system (for collection, analysis, and dissemination), to use a common data dictionary, and to employ a standardized language (XBRL) for financial reporting. The MOU also established various working groups, a steering committee, and protocols to aid conflict resolution. A *change management* team was established to smooth the transition and to overcome resistance within the three agencies, as well as with the thousands of financial institutions they regulated.

Finally, after fixing the existing data problems (e.g. duplication and inaccuracies) exposed by the updated system, agencies collaborated on new reporting requirements, as well as a strategy to give institutions the capacity—and responsibility—for validating the data in their quarterly call reports*.

The CDR, and the transformed business processes that accompanied it, produced immediate benefits. These include major improvements in data accuracy and cleanliness, and drastic time reduction for data submission (from financial institutions) and publication (by agencies). Shifting validation responsibilities from the federal analyst to the institution has enabled analysts to handle larger caseloads *and* to focus on more compelling analysis work.

Action Items

The FDIC-CDR case informed several items in the Summit’s **Action Plan**, including:

- Gain formalized executive support early in the process. (*internal system*)
- Develop software using a collaborative, cross-functional model. (*internal system*)
- Develop strategy for sharing information across a broader marketplace. (*ecosystem*)

*The Consolidated Report of Condition and Income, or *call report*, is filed quarterly by all regulated financial institutions. The term “call report” arose because the report contained so many errors and anomalies that the bank would invariably receive a call from a federal analyst after submission.



“Now is the time to move forward aggressively on realizing the value of shared services and digital government.”

- David Mader
Controller,
Office of Management and Budget

Action Plan

At the end of the Summit, participants broke into small groups for an ideation session, with the goal to produce an Action Plan comprised of the various themes, lessons and insights that emerged over the course of the event. The product of those sessions represents a detailed, actionable vision and plan, developed by a large group of forward-thinking leaders in federal government.

The Action Plan appears in brief on the next page. Please refer to the **SUPPLEMENT**, at the end of this report, for an expanded version of the Plan in which action items are paired with illustrative examples and contextual insights from the Summit.

The Plan is comprised of actions for mobilizing both an internal system of operation and the larger, Federal ecosystem (as described earlier in **A Mobilization Framework**). Most of these action items are relevant to advancing *both* shared services and digital strategies; we have indicated the steps that pertain more directly to one or the other.

Action Plan *(in brief)*

Internal

Focus and Mission

- Understand and attend to client's most pressing needs.
- Align individual organization's strategy with broader, ecosystem vision.
- Create strategies for workforce development.
- Move towards quality as a driver rather than cost.
- Restructure finance models for shared services.

Implementation *(Potential Providers or Clients)*

- Give *strong* consideration to an established shared services provider before attempting an internal model.
- Identify key stakeholders and develop strategies to gain their support.
- Gain executive support at the highest levels *early* in the process.
- Develop a culture-change strategy to address legacy-based resistance.

Data Strategies

- Mobilize to comply with the DATA Act.
- Leverage the DATA Act to increase analytic capacity.
- Identify opportunities to share data across agencies.
- Use data to identify redundancies, set priorities, and reduce costs.
- Develop software using a collaborative, cross-functional model.
- Prepare for the benefits and consequences of greater transparency.

Ecosystem

Vision for Advancement

- Develop common vision points (e.g. goals, concerns, questions) around advancement.
- Plan for the evolution of shared services and digital strategies over time.
- Develop strategy for moving larger agencies to established shared services providers.
- Identify opportunities to develop pilots.
- Define and elevate the role of Chief Data Officer.

Advocacy

- Develop guidelines, models, and best practices for engaging stakeholders.
- Control communications and publicize victories.
- Develop policy related to the budget, driven through the OMB and appropriations.
- Move toward shared savings.
- Engage top-down leadership (mandates, executive action).

Accessing Portfolio *(Shared Services)*

- Prioritize lines of business and identify quick wins.
- Tailor big successes, like payroll, for more challenging areas.

Partnerships

- Rotate shared-services executives across organizations.
- Use influence with Dave Mader and engage OMB.
- Develop strategy for sharing information across a broader marketplace.
- Develop a community of leaders to engage in ongoing dialogue and problem-solving.



Conclusion

Sharing the Future of Government

Perhaps the most persistent, if not surprising, theme to emerge from the Summit is that mobilizing for shared services and digital strategies at the Federal level is dependent on leaders across agencies investing in a shared vision. Indeed, taking a step toward realizing that vision was a core goal of this inaugural Summit.

Leaders who participated in the Summit should take due pride in what they accomplished, but we must also remember that a *truly* robust vision must evolve over time—incorporating new insights, new lessons learned, and an ever-changing ecosystem.

The Action Plan in this Report represents an important first step towards creating that dynamic vision. As a next step, we look forward to growing this community and supporting their implementation of this plan. This leadership group is poised to address the issues elevated and examined at the Summit. Together we can review, assess, expand and promote the full portfolio of shared services available. We're ready to lead work in the greater ecosystem to navigate cross-agency cultural differences, develop new partnerships, and advocate for change. And, we are prepared to create new mechanisms to regularly share information and best practices across the community to mobilize shared services and digital strategies.

We eagerly anticipate future collaborations with this group of transformational leaders, and the opportunity to help lift this shared vision to the next level.

We hope this Report and Action Plan will provide guidance, insight and inspiration to all leaders presently involved in planning or implementing digital strategies or shared services.



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SUPPLEMENT

Action Plan *(expanded for context)*

Participants at *The 2015 Federal Leadership Summit* developed the following Action Plan—a practical, collective vision for advancing shared services and digital strategies at the federal level. This Plan, which appeared earlier in brief, is expanded here to pair action items with illustrative examples and contextual insights from the Summit.

The “case examples” refer specifically to one or more of the three cases presented at the Summit, which include the New York City Mayor’s Office of Data Analytics (MODA), Ohio Shared Services (OSS), and the Central Data Repository (CDR) developed by the Federal Deposit Insurance Corporation (FDIC) and partnering agencies. Refer to the **Cases in Point** section for overviews of each.

The Plan is comprised of actions for mobilizing both an internal system of operation and the larger, Federal ecosystem (as described earlier in **A Mobilization Framework**). Most of these action items are relevant to advancing *both* shared services and digital strategies; we have indicated the steps that pertain more directly to one or the other.

INTERNAL SYSTEM

Focus and Mission

Understand and attend to client’s most pressing needs.

CASE EXAMPLE: The first MODA project failed because the “need” the team addressed (potential mortgage fraud) was not among the most pressing for their client (District Attorney’s office). On the other hand, MODA’s data-solution for triaging illegal conversion complaints did address a pressing need for the Fire Department and Building Department and as a result it received ample support from participating agencies and, consequently, made a substantial impact.

Align individual organization’s strategy with broader, ecosystem vision.

EXAMPLES: Certainly, this Action Plan, generated by participating leaders at the Summit, represents a collective vision for mobilization with which individual organizations can align their strategies. The Data Transparency Summit, another landmark collaboration, convened a few days before the DATA Act was signed into law—stakeholders from the executive and legislative branches, as well as from the tech industry and non-profit sector, gathered to build a shared vision for making the DATA Act a success.

Create strategy for workforce development and assessing new human capital needs.

Summit participants emphasized the importance of a comprehensive strategy for building and mobilizing the workforce, including workforce training programs, hiring for new skill sets and reassessing human capital needs (e.g. not replacing outdated positions in response to turnover). Participants also suggested rotating mid-senior staff within the organization as a leadership development strategy. They noted that workforce development programs and human capital needs should reflect the agency’s vision for culture change. **CASE EXAMPLE:** Amen Ra Mashariki of MODA said “We’re building a team with a healthy disrespect for the impossible,” which is why they frequently hire analysts fresh out of college. “They have no idea that things *can’t* get done.”

Focus on *quality* as a driver in addition to cost savings.

CASE EXAMPLE: When Ohio embarked on their shared services journey they had no baseline data and no quality standards. As they began setting up service-level agreements, they met with clients to solicit input about the types and quality of services that mattered most. The team then built monthly data dashboards to share information about improvements in service quality (for example, improved response times or access to more mature technology platforms and information). This strategy led to discussions about both cost reductions and quality gains.

Restructure finance models for shared services.

EXAMPLE: Summit participants advocated for creating financial incentives to use shared services, as well as having clients invest in the development fund early “to have more skin in the game.” **CASE EXAMPLE:** OSS began using a transaction-based financial model, only to find clients’ utilization rates were too low to produce a strong return on investment (ROI). They decided to use “pricing as a behavior-change tool” by switching to tier-based pricing, which created a monetary incentive to increase utilization rates and economies of scale. This produced a drastic increase in utilization (62% to 93% in just 90 days) as well as increased client participation in co-developing the business process.

Implementation

Give *strong* consideration to using an established provider before attempting to develop an internal shared services model.

This applies in particular to smaller agencies, as there is mounting evidence that small organizations can adopt shared services from established providers with great success, and rarely can a greater benefit be gained from developing their own internal model (though exceptions should be made when an agency presents a compelling case).

Note: Larger organizations, by comparison, will require more complex preparation before moving over to established providers, and Summit participants cited this as a key challenge to advancing shared services (see the related action item on page 54, “Develop a strategy for moving larger organizations...”).

Identify key stakeholders and develop strategies to gain their support.

Whether it’s a shared services initiative or a digital strategy, Summit participants emphasized the importance of leveraging stakeholder support. **CASE EXAMPLE:** To gain buy-in and support, OSS formed a CFO Council and brought them together with Union Leadership on a monthly basis to inform planning and decision-making. These leaders became vital advocates for promoting OSS service offerings and capabilities.

Gain formalized executive support at the highest levels *early* in the process.

Virtually all Summit participants who have led an implementation effort (both shared services and digital strategies) emphasized that executive support, e.g. in the form of MOUs at or near the beginning of the process was crucial to the effort’s success. This includes all three Summit cases (OSS, which had the Governor’s support, MODA, which was established by the Mayor, and FDIC-CDR, which was initiated by the three Federal financial institutions).

Develop a culture-change strategy to address legacy-based resistance.

CASE EXAMPLES: The Summit spotlighted a crucial best practice for handling resistance from clients (whether it’s shared services or a data-based initiative). Case presenters for both OSS and MODA stressed the effectiveness of combining strong performance data with face-to-face relationship development in order to gradually gain trust and support from clients.

Mobilize to comply with the DATA Act.

Quite simply, the ongoing implementation of the DATA Act will continue to pose significant challenges to agencies over the next few years. They must continue their diligent work with OMB and Treasury to develop solutions as they move toward compliance and explore related opportunities to increase their analytic capacity. Renata Maziarz from Treasury shared her observations thus far from working with agencies on implementation: “What strikes me as the most important factor is leadership, and their tolerance for risk—their willingness to be the first to say ‘Okay, I see the benefit, I’m going to try this new approach.’”

Leverage the DATA Act to increase analytic capacity.

Summit participants universally agreed that departments and agencies should aspire to achieve more than mere compliance, and instead use the DATA Act as a catalyst for developing even greater analytic capacity. Participants also agreed that achieving greater capacity was not only a daunting task, but uniquely challenging for each organization.

EXAMPLES: In a panel discussion, leaders from the Department of Homeland Security (DHS) and the Department of Education (DOE) both explained that, due to limited funding, their departments had to pursue advanced analytics in a decentralized fashion (DOE has three separate efforts underway, and DHS has four).

Identify opportunities to share data across agencies.

CASE EXAMPLE: MODA seeks out agencies’ most urgent needs or problems, and uses those problems to create compelling, data-sharing opportunities. For instance, to address NYC’s pressing economic development needs, MODA launched the NYC Business Atlas, a public-facing, free-market research tool to help entrepreneurs make good business decisions. The Atlas incorporates data from across seven different city agencies as well as state and national open data.

Use data to identify redundancies, set priorities, and reduce costs.

Participants discussed the ability to do more with data when that data is highly accessible, standardized, and platform-independent. Taking a data-centric approach—that is, structuring data at the source rather than physically moving it between systems—will enhance flexibility for the future, thus enabling us to answer the questions of tomorrow that we can’t even see today.

Develop software using a collaborative, cross-functional model.

CASE EXAMPLE: A key aspect to the new CDR system was agreement, between FDIC and its partners, on a common development tool. Agency analysts created *metadata* for form presentation, reporting instructions and validation criteria. The metadata is managed by the partnering agencies, and is instrumental to giving financial institutions the capacity to validate their own data.

Prepare for the benefits and consequences of greater transparency.

Summit participants explored both the benefits and challenges of greater transparency of data. They recognized that sharing data more broadly would provide executives with information needed to make better decisions, and that public transparency would help to engage partners, stakeholders, and citizens in co-developing solutions to pressing challenges. They agreed that successful preparation depended critically on understanding their own data before it goes public, and developing a strategy to control the agency’s messaging and stay in front of the press. **EXAMPLE:** One strategy suggested by Summit participants involved assembling a “team of critics” to scrutinize the data and provide feedback *before* the data goes public.

ECOSYSTEM

Vision for Advancement

Develop common vision points (e.g. goals, concerns, questions) around advancement.

EXAMPLE: One vision-related question that emerged from the Summit: Is there an optimal number of shared services providers, and could a case eventually be made for a single-provider model? Summit participants asked Everett Ross of OSS whether there was any push in Ohio to establish more than one shared services provider, e.g. in order to generate competition. Ross said that, currently, there is “very little appetite” for multiple providers. He added: “But I’m a state. I’m not a federal government entity. I’m much smaller.”

Plan for the evolution of shared services and digital strategies over time.

For shared services, participants anticipated that the evolution will include more lines of business, increasing volume, a change in the optimal number of providers, and providers moving toward a greater consultant/advisory role. In thinking about digital strategies, participants talked about a move towards more accessible, standardized data that could be coordinated across agencies and platforms. **CASE EXAMPLE:** In New York City, the new “DataBridgE” platform developed by MODA allows authorized users to analyze and share current and historical data, enabling predictive modeling to uncover new actionable insights. By empowering users outside of MODA to develop the solutions and tools they need, MODA has accelerated the City’s already expanding analytics potential and capabilities.

Develop a strategy for moving larger agencies to established shared services providers.

EXAMPLE: The Dept. of Housing and Urban Development (HUD) is attempting to become the first agency of its size to migrate to shared services using an established provider—the Bureau of Fiscal Services at the Dept. of Treasury—and Summit participants expressed eager anticipation of the outcome. If the HUD migration is successful, it will open the door for similar endeavors involving other large agencies, and will provide valuable lessons to providers about how to manage adoption of large clients.

Identify opportunities to develop pilots.

EXAMPLE: Sheryl Morrow explained how, at Treasury, part of their strategy to develop pilot studies is assessing risk tolerance in various areas of the department. Areas with little or no risk-tolerance—like daily operations, getting payments out, and getting collections in—are generally avoided in favor of areas where a failed innovation or pilot is not detrimental and, in the long-term, may become valuable as a learning experience. Treasury has also set up an incubator, wherein the private sector will help them explore new ways of doing business (e.g. using mobile apps for collections), that may merit testing through a pilot study.

Define and elevate the role of Chief Data Officer.

Participants at the Summit noted that the growing importance and complexity of data in government will result increasingly in the formation of a dedicated, executive role, though it remains to be seen how this “Chief Data Officer,” or CDO, will fit into the existing leadership structure in terms of authority and responsibility. **CASE EXAMPLE:** FDIC is considering creation of a CDO position, and is generally leaning toward having the CDO sit at the same level as CFO, CIO, and COO; but, there are divisions within FDIC that believe the CDO should report to the CIO.

Develop guidelines and best practices for engaging stakeholders.

In the pre-Summit survey participants identified gaining stakeholder buy-in as one of the top three obstacles for advancing shared services. Throughout the event, participants shared best practices for engagement ranging from developing work groups to cultivating change agents, and they emphasized the need to develop a repository for such strategies. **CASE EXAMPLE:** At the Summit, Everett Ross described the partnership agreement and structure that resulted in vital buy-in and support from union leadership. Participants suggested this would serve as a useful model for leaders developing agreements and governance structures.

Control communications and publicize victories.

All three case presenters underscored that promoting every success has been critical to their organization's gaining the credibility, support and participation they need to continue advancing—surely, such promotion is equally important to gaining support at the ecosystem level. **CASE EXAMPLES:** The FDIC circulated a whitepaper, one year after the new CDR system went live, outlining several significant, measurable benefits that had already been realized. The positive attention that MODA has continually garnered from news media has agencies “lining up” to work with them. And Everett Ross said he gives the same presentation on the latest OSS achievements at least 3 times per month (to leadership, to the clients, and to his team), and that there are 15 monitors at the center flashing OSS metrics. “We’re brainwashing success,” he said.

Develop policy related to the budget, driven through the Office of Management and Budget (OMB) and appropriations.

In 2004, OMB came out with the “Lines of Business” mandate that led to the migration of twenty-six agencies to four payroll providers. This was a tremendous success and the Office of Personnel Management estimated that it has saved the federal government and taxpayers approximately \$1.625 billion over a ten-year period. Participants agreed that developing new policies and mandates could significantly accelerate adoption of shared services and digital strategies.

Moving toward shared savings.

During the Opening Panel, Sheryl Morrow of Treasury spoke about the value of moving savings from shared services into mission-related work. “Treasury started using shared services to save money and we were able to put our full time-employees who had been dedicated to back-office tasks to our mission-related work and that allowed our organization to grow.”

Accessing Portfolio (*Shared Services*)

Prioritize lines of business and identify quick wins.

Summit participants agreed they could work together to prioritize and pursue opportunities that may generate “quick wins” and the momentum needed to advance more complicated lines of business. They identified logistics, information technology, real estate, health, procurement, security, and emergency management as lines of business that could be pursued in the near future. **CASE EXAMPLE:** Shared services need to be built on clearly defined lines of business, and systems may need to be deconstructed or re-organized first to effectively integrate. To identify lines of business that are ripe for quick wins, leaders can assess underlying business processes. OSS initially implemented their accounts payable service without standardization and clearly defined policies, resulting in significant variation in the payment process, increased costs, and reduced quality. To reverse this trend, they implemented e-catalog, an enterprise technology platform that forced business standardization on key procurement functions.

Leverage big successes, like payroll, for other lines of business.

CASE EXAMPLE: OSS implemented a collections service offering, which is outsourced to a partnering, private collection firm. The service builds on a public/private partnership already established to deliver technology offerings, and effectively leverages the partner's processes and technology. As a result, OSS invested no capital in the launch of the new collections service, and is able to use revenue from that service to fund other service offerings and large-scale technology implementations. As collections grows, and revenue increases, the costs of other service lines will decrease (eventually reaching zero). In addition, once the OSS cost structure is fully supported by collections revenue, any excess revenue will be used to implement new cloud-based ERP solutions, allowing for local government and higher education support (again at zero cost to the clients).

Partnerships

Rotate shared-services executives across organizations.

During the Ideation session, participants talked about opportunities to create "adjacent innovation" by rotating staff across shared-services organizations to develop new perspective, learn different approaches, and gain confidence in their transferable skill sets. **EXAMPLE:** Shared services at HHS has been rotating their top five Service Directors, and found great success in developing their leadership skills (and potential for elevation to an executive role) and regularly bringing fresh perspective to each organization.

Engage OMB to guide and support their advancement of shared services.

David Mader, Controller for the Office of Management & Budget (OMB), delivered the Summit's keynote address, during which he noted that OMB is a leading partner in the collective effort to advance shared services and digital strategies at the Federal level, and he urged the leaders in attendance to share their experience and insights with OMB. Throughout the Summit, participants discussed ways to influence and engage OMB by sharing information and insights, contributing to pilot studies, and assisting with the development of new policies. **EXAMPLE:** Participants suggested supporting an OMB shared services study by providing guiding principles on the structure and scope of business lines, cross-boundary investment strategies, and accountability.

Develop strategy for sharing information across a broader marketplace.

In the opening panel, Kathryn Kienast from Booz Allen Hamilton emphasized that as digital strategies and shared services improve and advance, leaders must continue identifying new boundaries that should be traversed. "We have to avoid creating really, really good *siloed* shared services." **CASE EXAMPLE:** The CDR system developed by FDIC and two partnering federal agencies, which integrates data from nearly seven thousand financial institutions, exemplifies in scale and scope what a secure, robust data-sharing marketplace can be.

Facilitate a community of leaders to engage in ongoing dialogue and problem-solving.

Recurring leadership events like this Summit can serve as pillars for a thriving, professional community, but building and sustaining an active community of practice requires significant commitment and investment from both participants and facilitators. By annually convening senior-most executives at the forefront of these endeavors, and generating and circulating Summit-inspired content (including this Report), we aspire to lay a foundation that will support federal leaders exchanging ideas and insights year-round.

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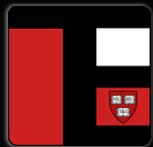
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