Because government organizations face significant challenges such as: reduced funding, doing more with less, the duplication of IT operations within a myriad of agencies, and a lack of integration between key legacy applications and newer web-based systems; the need for shared services as a comprehensive service delivery model has grown into an increasingly attractive alternative.

However, there are many government organizations that still may need a better understanding of the advantages of implementing shared services to simplify IT management, and ultimately achieve significant savings in taxpayer dollars.

As public sector agencies and departments build e-Government environments that can link constituents, employees and suppliers online, the need to consolidate “non-core” administrative tasks and operations via shared services becomes increasingly obvious.

Regulations such as the President’s Management Agenda, which directs agencies to explore new ways to fulfill mission goals with maximum efficiency, and the more recent Office of Management and Budget (OMB) directives instructing agencies to pursue hosting and application management, shared services is becoming increasingly more interesting to Government officials.

Efforts to build shared services that can be used by other agencies have grown out of the creation of Line of Business (LOB) initiatives within the Presidents Management Agenda. In the LOB concept, functions such as financial management, payroll, telecommunications, IT security, help desk and human resources functions (among others) should be streamlined to reduce cost and optimize functionality, lowering requirements for staff time and attention. Within the FM (Financial Management) LOB, for example, shared services enable
Enterprise Service Center
Department of Transportation

The Enterprise Service Center is marketing their financial system, called Delphi, and their operational accounting services to other federal agencies. Customers gain benefit of DOT’s $125 million investment in Delphi without having to share in the cost of that investment. ESC leveraged their partnership with Oracle to affect significant upgrades and enhancements to Oracle Federal Financials, building Delphi into a product that is a great deal more than software right out of the box. ESC customers also have the option of using their operational accounting team, which offers outstanding customer service.

DOT was the first Cabinet-level department to begin using a commercial off-the-shelf financial application running on a single instance of the software. Within five years, ESC implemented all agencies (15 individual sets of books) within the DOT, as well as the National Endowment for the Arts, which began using Delphi at the beginning of fiscal year 2005.

National Business Center
Department of Interior

The National Business Center (NBC) supports the functions of budget, procurement and contracts, property management, finance and accounting and other general administrative services. The NBC provides systems analysis, design, software, development or acquisition, implementation, training, operations, and maintenance for administrative systems to the bureaus in the Department and to other Federal agencies.

In addition, the Denver, Colorado offices provide training and finance office operational services. Coordination with administrative organizations throughout the Department, and with other federal agencies is through user groups and advisory boards. NBC’s professional contracting staff provides cradle to grave contracting services. This includes providing expert business advice and the development of innovative procurement strategies, which result in customers receiving their desired requirements in a timely manner and for the best value.

Bureau of Public Debt
Administrative Resource Center
Department of Treasury

The Administrative Resource Center (ARC) of the Bureau of the Public Dept (BPD) provides administrative support to various Federal agencies with a staff of over 400 full time employees, BPD provides a full range of administrative services that include financial management, information technology, human resources, procurement and travel.

BPD is a member of the Treasury Franchise Fund. ARC does not receive direct appropriated funds but instead relies solely on reimbursable revenue to pay all organizational expenses. BPD’s customers benefit from ARC’s membership in the Fund in a couple of ways.

First, as a result of operating consistently with traditional business principles, ARC is a cost conscious organization that passes along these efficiency savings to customers. Second, since BPD’s success is dependent on their customers’ satisfaction, ARC ensures that customer service is a focal point of operations.

National Finance Center
Department of Agriculture

The U.S. Department of Agriculture’s National Finance Center (NFC) in New Orleans, La., has implemented shared services to streamline the provision of payroll and human resources for 60,000 government employees in 174 civilian agencies, including the U.S. Department of Agriculture, the Department of Homeland Security, the Library of Congress, General Accounting Office and others.

NFC, with the support of Unisys and Oracle, now offers a web-enabled, fully integrated HR system to any federal agencies seeking the help. Created in 2006, NFC’s Shared Service Center is a modern, cost-effective, standardized and interoperable human resources solution (built on a Peoplesoft/Oracle application platform) that enables the NSC to provide common core human resources management functions across a range of jurisdictions.

HR-Connect
Department of Treasury

The HR Connect program manages the overall modernization efforts of Treasury human resources systems through deployment of HR Connect, Treasury’s state-of-the-art HR management system and serves as the official Departmental liaison to the National Finance Center (NFC), Treasury’s payroll provider.

HR Connect is an automated web-based HR management system that enables managers and employees to easily manage personnel information and make strategic decisions while reengineering the core personnel processes provided by HR professionals. The self-service functionality provided dramatically transforms and streamlines how employees, managers and HR staff perform their work and expands the availability of real-time information.
agencies to offload difficult financial systems management functions and leverage common standards. The HR (Human Resources) LOB has been tasked to consider business benefits and impacts and propose a service delivery model that preserves some HR functions at the agency level – where it makes sense – and that moves other HR functions to federal HR service centers.

Going this route gives federal agencies the ability to build “economies of skill,” leveraging the depth of federal management expertise already within government and refocusing agency staff on the mission of the agency. Shared service providers are accountable for compliance with key federal regulations and related IT security mandates.

Federal shared service provider agencies, such as the Enterprise Service Center within the Department of Transportation, National Business Center within the Department of Interior, the Bureau of Public Debt’s Administrative Resource Center within the Department of the Treasury, the National Finance Center within the Department of Agriculture, and HR-Connect within the Department of Treasury, all stress the need for government organizations to leverage best practices, standardization, and optimize back-office functions.

One of the biggest drivers of shared services in federal agencies is a need to enable staff to focus more time and energy on core mission goals and objectives, instead of back office functions necessary to meet various regulatory requirements and audits. Oracle’s shared services are designed to augment and support the work of federal shared service providers. One of the primary ways Oracle achieves this goal is by ensuring its products and services meet the stringent federal standards for security.

Moving forward, the OMB will continue to push the shared services concept. OMB continues to encourage agencies to stay the course with their system modernization transformation initiatives even in light of the new FSIO testing requirements. Agencies should start now to review their processes and view a migration to shared services as a staged, step-by-step process to offload those “non-mission focused,” yet core operational functions. Expanding partnerships with key database and application providers may help agencies to ease into a shared services model.

As of now, federal agencies need to think ahead, and make it a top priority to allow both the use and administration of financial applications to be performed and managed by a shared service provider.

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**Why Consider Shared Services**

Based on input from several federal agency shared services providers as well as private sector partners, government organizations should consider a shared services model for several reasons, which include:

- Avoid the cost and effort involved in implementing and maintaining complex systems, such as core financial systems
- Pay a predictable fee for services, which may actually decrease as user volume increases
- Rely on proven repeatable processes and the best practices of other agencies
- Maintain access to the most modern technology in areas such as information security
- Share the cost of system upgrades and improvements with other agencies
- Capitalize on existing integration with key data feeder systems
- Leverage the economies of skill and a depth in technology and LOB management expertise
- Refocus staff on activities that are more critical to agency mission goals

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**Tips to Help Agencies Succeed in Shared Services**

Here are several tips for any agency considering migration to a shared services model, including:

- Use your voice – ensure that agency requirements are clearly understood, and be an active participant in change review processes, which can help clarify short-term decisions as well as long-term goals
- Be prepared to alter current processes to better leverage technology. This includes finding ways to minimize requirements for customization. Customization raises cost dramatically. Agencies should only customize if the software can’t perform a required task for that agency
- Determine what the service provider does well, and remember to stay focused on your agency’s key mission goals
- Be flexible about when new capabilities are needed
- Prepare to plan technology migrations well in advance, and notify the service provider of impending changes

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For more information, visit www.oracle.com/government, or call 1.800.633.0584.