Best practices for government shared services
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Since the 1990s, shared services have been used by government organizations to help reduce costs and to improve service delivery. First employed in the private sector, governments quickly adopted the model to address budget and service challenges. Nearly 20 years later, shared services are now at an inflection point where governments can reap tremendous benefits—from cost savings and efficiency, to agility, security, and innovation.

Shared services were born from the idea that a high-capacity provider, either a government organization or a third party, can serve multiple customers more efficiently than these customers can serve themselves. Traditionally, individual agencies managed and performed functions that were duplicated elsewhere, resulting in redundancy and higher costs. Shared services address this by combining resources, functions, and infrastructure into one organization which has the authority to deliver services, such as human resources, finance, and procurement, to those that need them.

Today’s economic environment, and the drive to provide more cohesive, citizen-centric services, makes shared services a necessity.

Although enhanced citizen services may require greater agency coordination and the use of new channels, shared services help governments control the associated costs by sharing the common elements of the infrastructure and services.

1 Shared Services Leadership Coalition. http://sharedservicesnow.org/
More effective government

Operating in an increasingly dynamic world, today’s government leaders seek new and innovative ways to meet complex demands, from mass urbanization and citizen health, to security and economic stability in a global market.

Harnessing the power of the cloud to implement shared services lets government leaders address these priorities efficiently and achieve real impact for their communities. In a recent report, Forrester finds that shared services programs which focus on citizen benefits as a primary driver are more sustainable than those which derive value from cost savings alone. From shared technologies that improve service delivery, data platforms that facilitate transparency, and integrated contact centers that ease access to information, shared services ultimately lead to a more effective government.

Estonia: Transforming citizen services

Estonia is a global leader in digital government due to its dedication and innovation in the area of service delivery. One such program is the digital ID, which provides access to the country’s e-services to all Estonian citizens aged 15 and older. This secure, authenticated identity acts, among other things, as a national health insurance card, proof of identification for bank accounts, a pre-paid public transport ticket, and voting identification.

With more than 600 e-services available for citizens, the government needs to ensure digital continuity in all possible circumstances. Working with Microsoft, the country is testing backup systems within Estonia while also evaluating public cloud services to proactively ensure digital continuity in the case of an attack on the country’s digital assets.


Microsoft has years of experience helping governments around the world develop shared services. Through this work, we’ve observed common factors that influence successful deployment and longevity.

A solid foundation

Senior-level sponsorship

For success in a large multi-department project, there must be a sponsoring organization with authority from the highest levels of government. For an alliance of traditionally autonomous organizations, such as cities and regions, the principal actors, like mayors or provincial leaders, should actively work together to support the vision.

Sustainable funding

A shared services mandate is a powerful incentive, but a lack of dedicated funding can weaken outcomes. Governments should consider allocating funding so that the shared services organization is assigned appropriate budget for its technology and staffing deliverables. As an example, Canada assigned a vast majority of the government’s information technology budget to Shared Services Canada (SSC) because that organization is responsible for most of the federal government’s IT resources.Furthermore, a realistic business case acknowledges that shared services is a strategic initiative which may not deliver immediate return on investment but can produce significant long-term value.

Canada: Streamlining IT to reduce costs

Shared Services Canada was created by the Government of Canada in 2011 to fundamentally transform how it manages its information technology infrastructure. The original government mandate covered the delivery of email, datacenter, and telecommunication services to 43 federal departments and agencies and was designed to be self-funding with savings from datacenter, licensing, and system consolidations. SSC has recently added the standardization and consolidation of technology devices to its charter.

The successes of Shared Services Canada are primarily due to the initial program design, including the original mandate with strong executive support, and due to the fact that the organization was provided with funding authority for most of the government’s IT budget.

5 Shared Services Canada. www.ssc-ssp.gc.ca/index-eng.html
A focus on people and process

Staffing optimization

With shared services, governments can achieve higher value from IT resources. For example, with a larger IT organization, IT staff has more opportunity for training and career development, leading to an increase in IT quality. Shared services may also allow for some resources to be transferred to higher value roles. For instance, instead of 10 system administrators, the shared organization may only need eight and the other two could be converted to more strategic roles.

Meticulous change management

It can be easy to underestimate the culture shift required for successful shared services. To ensure a smooth transition, governments should evaluate the receptiveness to change and should address issues up front. In the study Success Factors for Implementing Shared Services in Government, the most commonly cited negative result from shared services was people issues.

Strong governance

Oversight

Many governments have discovered that the most effective governance structure is based around a unified entity responsible for oversight, commitments, accountability, and enforcement. For example, the United States recently announced the formation of a cross-governmental Shared Services Governance Board—a management board with stakeholders from various departments and agencies, which will be the decision-making body for the shared services ecosystem. This entity can be responsible for enforcing the use of the shared services platform.

Data classification

Pre-defined data classification rules give governments more flexibility for determining how to deliver services, particularly when using a public cloud. In 2014, the UK government simplified data classification, reducing the number of security classification levels from six to three: Official, Secret, and Top Secret. It found that about 90 percent of the data could be marked Official, making it appropriate for cloud services. Each level is associated with a baseline set of security controls, providing appropriate protection against typical threats.

Clear service level agreements

Service level agreements (SLAs) are an important step toward ensuring that services meet the goals set out by the shared services mandate. When services utilize a cloud infrastructure, there are methods to facilitate consistent, high-quality service level agreements. The forthcoming international standard, ISO/IEC 19086, provides an SLA framework for cloud agreements and can be used as a template for government agreements and requests for proposals.

United Kingdom: Delivering services more effectively

Microsoft is working with the UK government on a Common Technology Service as part of the One HMG Overseas agenda. The goal is to remove barriers to joint working for those members of One HMG so that all overseas staff can deliver services more effectively and efficiently. The members of One HMG include UK Trade and Investment (UKTI), which encourages overseas companies to set up or expand business within the United Kingdom; the Department for International Development (DFID), working to end extreme poverty by creating jobs, unlocking the potential of girls and women, and helping to save lives during humanitarian crises; and the Foreign and Commonwealth Office (FCO), which supports UK citizens and businesses around the globe.

The Common Technology Service will establish common systems across these One HMG organizations. Using the cloud, government workers anywhere in the world will have the ability to collaborate on documents, communicate by voice or video, share calendars, and work from mobile devices.

Service delivery

Appropriate sourcing

There are a number of ways in which governments can source and deliver shared services. Gartner discusses three methods that can be used independently or, more commonly, in combination: internal sourcing, in which the processes, people, and tools used to deliver services are owned and managed by a government-shared service provider; public/private partnerships, in which a government agency partners with a private vendor to share investments, risks, and rewards for a government program; and externalization, in which services are supplied by external service providers.¹⁰ There are benefits for each model, and governments must decide which makes the most sense within the unique environment.

Well-defined services

Regardless of the delivery model, a shared services organization should clearly define the level of services to be provided and, at a minimum, provide a service level that is equivalent to or greater than what was previously offered. Shared services are not an all-or-nothing proposition, and the extent of service delivery depends on government needs and support. Options range from simply managing the IT infrastructure for shared services and allowing for local services, to providing the infrastructure plus all mission-critical applications or running a complete software as a service (SaaS) model. It’s important that the shared services organization communicate service expectations broadly to get a realistic understanding of how willing organizations and departments are to accept the service level choices.

Some shared services organizations may simply provide basic services, such as compute and storage, and others may consider services with potentially higher return, like nationwide authentication, payment engines, or a services delivery platform. Shared services organizations would be wise to avoid responsibility for very specific services, such as taxation services, but may consider hosting these on a common infrastructure.

Cloud-based shared services

Cloud computing has transformed shared services. The cloud lets governments acquire processing capability, storage capacity, and applications without the upfront expense and effort of on-premises deployment and without the ongoing costs and management of maintenance and upgrades. The cloud provides governments with flexibility, manageability, and agility so they can develop innovative solutions and make a real impact for the citizens they serve.

Cloud computing also allows governments to maximize the value from their shared services implementation. Effective core operations, such as email, identity management, and online payment systems, are just the beginning. Shared services opportunities leveraging the cloud include mirrored sites for government resilience, high-performance computing for government research, and large-scale data storage for powerful analytics.

A hybrid cloud model

An increasing number of governments are combining external cloud services with internal offerings into a cohesive services organization, applying a hybrid approach to service architecture. This approach works well for governments looking to mix and match public clouds and local IT assets for the most flexible and agile shared services model.

Often governments start with standardized virtual machines, networks, and storage and then move to higher level services over time for more consistency and cost savings. They may choose to provide a portion of their services using government-owned resources and datacenters or to utilize an open procurement process to leverage economies of scale, expertise, and a competitive marketplace. One innovative example is the United Kingdom’s G-Cloud Digital Marketplace, a database of third-party cloud services for government entities. Agencies secure funding and select a service provider, some of which, like Microsoft, have been certified as compliant with the 14 G-Cloud Cloud Security Principles.

Saudi Arabia: Leveraging data for better services

The Saudi Ministry of Interior National Information Center (NIC) provides comprehensive e-services for citizens, residents, and businesses along with situational awareness to support public safety and national security.

To facilitate these e-services, NIC developed a Public Data Exchange database. This system is a two-way façade layer to NIC’s core legacy systems. It handles tens of terabytes of data and tens of millions of requests on a daily basis.

To support situational awareness for public safety and national security, NIC deployed a system using a unified data integration platform, data management hosting, Microsoft Azure HDInsight for Apache Hadoop, data warehousing, and business intelligence. The solution integrates with 182 internal and external systems and handles petabytes of structured and unstructured data.

Conclusion

Shared services have the potential to help governments meet their budget goals while improving the way in which they serve citizens and communities. With careful planning of the structure, implementation, and governance, plus a thorough analysis of the best service model and selection of a flexible cloud-based platform, a shared services program can provide a strong foundation for government transformation.

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