



The Cyber Executive Order:
Shared Services
It's Time to Accelerate

Shared Services First

Shared services makes more sense now than ever, as the [Presidential Cyber Executive Order](#) of May 11, 2017, makes clear:

Effective immediately, it is the policy of the executive branch to build and maintain a modern, secure, and more resilient executive branch IT architecture. ... Agency heads shall show preference in their procurement for shared IT services, to the extent permitted by law, including email, cloud, and cybersecurity services.

In today's environment, federal leaders are looking for permanent reductions in the structural costs of mission-support and administrative functions, so more of their limited resources can be dedicated to building new capabilities and mission delivery.

Adopting shared services for administrative functions can help government leaders meet this challenge. Properly designed and managed, shared service approaches lead to considerable innovation in business practices, lower operating costs, efficient implementation and use of technology, and better customer service. By improving internal support functions, these approaches also increase the efficiency and effectiveness of services provided to the public.

Over the past few years, several shared service models have been developed and applied. Services have grown from a focus on individual transactional areas to providing multiple functions. In addition to government providers, commercial firms are now providing services through partnerships with the government, sharing risk and bringing best practices from industry. Agencies have acquired greater experience both as customers and providers, and cross-agency service standards, common definitions, and governance models are being established. With growing demand and maturing supply, the stage has been set for accelerating the migration to shared services across the government and therefore increasing the efficiency of government.

A Focus on Customers with Benefits for the Public

Today, many individual agencies continue to provide their own administrative support services, with little standardization, via outdated legacy IT systems that require significant maintenance costs. The single-agency approach is inefficient and wasteful, and slows the adoption of improvements enabled by rapidly developing technologies, including cloud-based solutions.

Shared services providers are dedicated organizational units with the mindset of a business serving their customers. Agencies choose the balance of service level and cost that they find appropriate. For their part, providers offer resources (facilities, equipment, and labor) across a multi-customer base using consistent processes. This market-like character promotes accountability and continuous improvement.

These providers deliver a broad range of back-office and support services to agencies, including financial management, information technology, human resources, payroll, acquisition, grants management, travel, and other services. These shared service solutions offer many benefits, such as:

- **Lower operating costs** through economies of scale
- Improved **customer service and accountability** through agreed-upon service levels
- Standardized processes using **best practices**, with some customization, as desired
- Faster adoption/adaptation of **new technologies** and security measures
- **Flexible and scalable** operations allowing for provider and customer agility

- **Pay-for-use**, replacing large capital equipment/facility investments with more predictable operating expenses
- **Data-driven performance** management
- Increased **cyber security** using fewer systems that are easier and more cost efficient to protect and update
- **Greater funding focus on** mission delivery and less on administrative support

A Variety of Models

Shared service models for the federal government vary in their complexity, given their different types of customer bases, their scope of services, and their operating models. Shared service providers may serve a single agency, an entire department, multiple agencies, or be government-wide. The services may be a single transactional area (e.g., payroll), a functional area (e.g., HR or IT), or several business functions. The operating model may be based mostly on government employees, a blend of government and commercial contractor staff, or be fully operated by a commercial entity with oversight from its government partners.

While each model has value in some circumstances, there has been increasing movement toward serving multiple agencies for multiple line of business, through public-private partnerships. Regardless of the specific model, selecting and migrating to the right shared service provider requires careful planning. CSRA has experience assisting agencies navigate the selection process, manage the transition, and deliver flawless support once migrated.

Why Accelerate Shared Services Now?

Critical decisions are being made now that will shape the way agencies operate for future years. The message to find significant reductions in agency spending is clear. Agencies are seeking to devote as many of their resources as possible to their mission delivery, so they are looking hard for ways to find efficiencies in other places, such as mission support, without undermining the quality or availability of these needed services. Migrating as quickly as possible to shared services for administrative/support services can be a significant part of their solution, helping agencies provide maximum public value from their constrained or shrinking budgets.

The new administration has made it clear that shared services is a priority via the Presidential Cyber Executive Order, which states that agency heads shall “show preference in their procurement for shared IT services, to the extent permitted by law, including email, cloud, and cybersecurity services.” Additionally, on April 12, 2017, the OMB issued *Memorandum M-17-22, Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce* directing agencies to use shared services to implement “crosscutting reforms...where market or technology changes allow a service to be delivered more efficiently, such as by a shared service provider...”

Similarly, Congress has also shown broad bipartisan support for bills such as the Modernizing Government Technology (MGT) Act, which enables all 24 CFO Act departments and large agencies to establish Working Capital Funds, allowing them to retain cost savings and reinvest in new IT technologies. This may enable new shared services to emerge.

Adopting the shared services approach now, even if implemented in phases, allows agencies to take advantage of best practices and new technology that would not be otherwise realized. The transition should be thoughtfully planned and carefully executed, so agencies need to begin research, consultations, and deliberations at the earliest date they can.

Moving Forward

Addressing four major challenges will expedite the migration and application of shared service models:

1. **Investment Funds/Mechanisms Are Needed:** Shared services are usually funded through “chargebacks” or reimbursements to the provider agency’s Working Capital Fund or Franchise Fund. Customers can be charged only after service delivery, and only for the direct cost of the services received. Without advance funding and/or authority to retain and reinvest sufficient reserves, shared service providers cannot start or expand rapidly, nor invest new technology to drive innovation and further efficiencies. This difficulty may be eased in part by the IT Modernization bills, but more attention is needed.
2. **Institutional Bias Must Be Overcome:** Parent departments have a low-risk appetite and few incentives to extend their centers to external agency customers. Concerns about another OPM-level security breach remain high. However, to realize the full value to the federal government, agency centers need greater autonomy to support both internal and external agency customers.
3. **Customer Service Should Drive Delivery:** One of the greatest sources of resistance to the shared services model is the perception that providers do not really understand the customer agency or its culture, are not adequately responsive to its concerns, and are not sufficiently accountable for non-performance. If not consciously addressed, such mistrust leads to the creation of “shadow” services and processes that duplicate the provider’s responsibilities and reduce the benefits realized. Providers must recognize and incorporate specific features and language for each customer agency, while keeping most standardization in place to achieve economies of scale. Customers’ price negotiations must not drive out the provider’s time and processes needed to build effective relationships and deliver customer satisfaction. NASA, one of the most respected shared service centers in the country, works closely with its customers to understand their mission and align its goals with them.
4. **Transitions Require Change Management:** The implementation of a new operating model and business process is inevitably disruptive to the people affected. Some will have their job duties changed or even eliminated; others will need to work or communicate in new ways. From our experience supporting such transitions, such as the successful implementation of the Department of Commerce Enterprise Services, CSRA has learned that thoughtful and proactive organizational change management (including communication, training, and stakeholder engagement) is necessary to speed adoption, reduce fear, and minimize resistance to change.

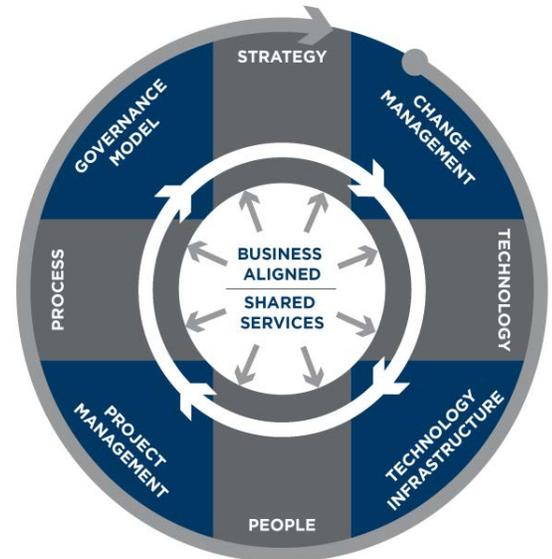


Figure 1. - CSRA has the breadth and depth to address all key organizational and technical components needed to move to and sustain a successful shared services model.

By addressing these key structural and funding issues, government leaders can accelerate and broaden the transition to shared services. The specific scope, scale and modes that will evolve long-term are unknown, but there are opportunities now for agencies to engage, adapt and apply the current models to help shape them for the future of the government.

CSRA's Support of Shared Services

CSRA supports some of the largest shared services initiatives for agencies within the federal intelligence and law enforcement communities, as well as for NASA and the Department of Commerce.

In addition to those partnerships, CSRA has served as a strategic partner to the Government-wide Unified Shared Service Management (USSM) team since its inception in October 2015. USSM is facilitating cross-agency collaboration, the standardization of service definitions and cost calculations, and the creation of governance models. CSRA understands the USSM Modernization Migration Management (M3) Framework, which helps us assist agencies with their transition needs. CSRA is also supporting these agencies and others (e.g., VA, SEC, etc.) through strategy and change management services as well as technology consulting, helping them to position and plan for this future model.

CSRA is actively helping accelerate and redefine the way government agencies do business by addressing key challenges in the marketplace. Our strategies provide subject matter experts (SMEs), processes and technology, allowing agencies to more effectively manage costs, improve performance, and increase customer satisfaction across a wide range of shared service functions and lines of business.

CSRA's shared services operational capability enables the government to scale for the increased demands of large agency customers and serves as a source of skills and expertise in optimizing a service marketplace. And now, it is the policy of the Executive Branch to procure shared services, given the Presidential Cyber Executive Order.

Shared services can transform the Government into a secure, interoperable web of systems and services supporting the hosting, process standardization, automation, and analytic capacity that agencies need to deliver mission support functions flawlessly.

About CSRA Inc.

CSRA (NYSE: CSRA) solves our nation's hardest mission problems as a bridge from mission and enterprise IT to Next Gen, from government to technology partners, and from agency to agency. CSRA is tomorrow's thinking, today. For our customers, our partners, and ultimately, all the people our mission touches, CSRA is realizing the promise of technology to change the world through next-generation thinking and meaningful results. CSRA is driving towards achieving sustainable, industry-leading organic growth across federal and state/local markets through customer intimacy, rapid innovation and outcome-based experience. CSRA has over 18,000 employees and is headquartered in Falls Church, Virginia.

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