

Shared Services:

Consolidating Systems, Documents and Processes with Enterprise Content Management

What are shared services?

In the 1980s, large, global enterprises first started using information technology to achieve cost savings and greater efficiencies.¹ Their approach became known as shared services: the concentration or consolidation of functions, activities, services or resources into one stand-alone unit.² This unit functions not as a central authority, but instead as a service provider to other business units.³ Finance, accounting, human resources, procurement and information technology are the most common functions businesses converted to shared services models then, and the same holds true today.

Early in the new century, the rise of the Internet came — and citizen expectations followed accordingly. They were looking for the same immediate, comprehensive response that they get as consumers from their government agencies.

To meet those demands, governments had to consolidate operations. No longer could every agency and department operate independently, handling everything from payroll to computer services alone. At all levels, governments began turning to shared services.

With consolidation of operations, agencies also needed a way to consolidate their processes and information. In many cases, they found that having a central system for managing process workflows and the documents and other content within them was vital. Therefore, sharing enterprise content management technology came into existence.

Here's an example of how it works. Consider laid-off individuals with children who can no longer pay rent and who need unemployment benefits and help with housing and medical services. Multiple agencies will be involved such as health and human services, unemployment benefits offices, child welfare and public housing. Each agency needs to see much of the same information about such individuals.

In law enforcement, civil servants from the police to the judiciary need similar information about people who have been arrested and are at various stages in the criminal justice process.

Governments are sharing websites as well. Although the first, earliest sites frequently represented a single government office, that no longer makes sense. Instead, each city, county and state usually now has a single portal. Citizens can reach any agency or department, make payments, obtain information and request services through this one site.

In each of these cases, not only do shared services free up valuable government human resources by eliminating duplicate effort, they also make document and data management less time-consuming and more efficient. When you get right down to it, the core of all government work is document and data management.

By 2010, more than half of all state chief information officers

reported that their organizations used shared services for some or all IT operations,⁴ and 69 percent of respondents to the Center for Digital Government's 2010 Digital Counties Survey reported new shared services implementations, an increase of 12 percent over 2009.⁵ Furthermore, shared services is number five of the 10 top priorities of state CIOs for 2011.⁶

When the Great Recession hit, plummeting revenue spurred desperate efforts to find cost savings. As government agencies found, shared services could help address the new reality of austere budgets, too.

Why are shared services important?

Cost savings and efficiency improvements are the top two reasons that organizations implement shared services. Yet, these bottom-line, bean-counting rationales may well represent but a single wave in a much greater ocean of potential benefits.

"Local government leaders are realizing that, not only do other cities and counties share the same challenges in providing increasing amounts of services to constituents during tough economic times, but they are providing the same services and require the same applications and software to get the job done," wrote Todd Sander, director of the Center for Digital Government's Digital Communities program, in 2010's "Capitalizing on Collaboration: How Shared Services are Saving Local Government Budgets."⁷

Once local governments investigate becoming either a service provider or a service consumer, the next logical step is to re-examine agency core missions and count the irrelevant processes that have piled atop those missions over time. If entire workflows such as those supporting human resources or procurement can be offloaded to another organization, then what else can change? Suddenly, small-scale implementations of shared services become opportunities for organizations to look in the mirror with a magnifying glass and closely analyze every process performed.

Government organizations of all sizes will know that most, if not all, of their workflows involve documents — paper or electronic content of some kind. The inescapable conclusion is that more centralized content management for the organization is the key to finding still more efficiencies and cost savings. Those can include offloading, automating or becoming the center of expertise for content-related functions such as scanning, delivery, security, permissions, signatures, sorting, classification, authentication, access, storage and a host of others.

Through this approach, state and local governments may transform themselves into far more efficient, responsive, transparent, budget-conscious organizations. This is just the type of

agency needed for the second decade of the 21st century. “In almost every major domain, we’re going to find ourselves with a much more dramatic productivity imperative than we face today because the long-term demand curve for public services likely will exceed our long-term revenue curve,” said National Chief Technology Officer Aneesh Chopra, as quoted in Sander’s “Capitalizing on Collaboration.”⁸

Why now?

Although economists say that the Great Recession ended in the summer of 2009, for most people, no end is in sight. National unemployment rates continue to hover around 10 percent, and housing prices are barely recovering (if at all). Newly elected officials took office in early 2011 only to find that their top priority is addressing massive budget deficits.

The top response to budget problems has been personnel reductions. State and local officials have also engaged in a huge wave of agency and departmental consolidations.

They have implemented other consolidations, too. State CIOs, and to a lesser extent, cities and counties, have eliminated redundant data centers, reduced the numbers of hardware units like servers and computers through virtualization, standardized services and applications, and, wherever it made sense and saved money, turned to the cloud. Officials have closed prisons, reduced educational funding and sold assets to commercial entities.⁹

Shared services have not been ignored in these efforts. However, the public sector only discovered the concept very recently,¹⁰ so implementation has scarcely begun. That makes shared services a mostly undiscovered low-hanging fruit that could reduce the pain of the current severe budgetary diet. Indeed, because shared services usually increase efficiency, they could not only help cut more costs, but might do so without reducing the level of services that constituents so desperately need.

What are the benefits?

The obvious benefits of shared services are cost savings, and the most commonly quoted figure is 20 percent.¹¹ Therefore, whatever a service costs, converting it to a shared service could save 20 percent of that. One-fifth is no small amount when applied to the wide range of possible functions — human resources, accounting, etc.

Beyond cost savings, trends suggest that shared services organizations are starting to be perceived as strategic business units for service and operational excellence.¹² They have been shown to improve efficiency and help standardize services and processes.¹³ They provide higher quality services and economies of scale, as well as greater collaboration among stakeholders, more awareness of an organization’s core mission and greater transparency in terms of operations.¹⁴

In particular, according to Theresa A. Pardo, director of the Center for Technology in Government, the results of sharing enterprise content can “instill the shared understanding that government information must be acquired, used and managed as a resource or asset that has organizational, jurisdictional or society value, and therefore must be treated as such.”¹⁵

The great overlap of government needs, functions, services, applications and even constituencies seems to cry out for a more sensible solution than duplication of effort thousands of times over. This great overlap does represent an opportunity, however, rather than a problem.

Perhaps, with the help of shared services, governments don’t necessarily have to scale everything back and tighten the reins until everyone chokes. Now is the time where, because of massive overlap, we can discover just how wide and deep government expertise is and how it can be shared among different agencies and departments.

Shared services could well be the next revolution in how IT is delivered in government.

Endnotes:

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