Federal Shared Services Implementation Guide

April 16, 2013

Executive Summary

In May 2012, OMB released the *Federal IT Shared Services Strategy* to provide agencies with guidance for identifying and operating shared services for commodity, support, and mission IT functions.[1] That strategy recommended a phased approach for implementing shared services, (e.g., "crawl-walk-run") beginning with intra-agency commodity IT to allow agencies to gain proficiency, and then evolving to support and mission IT areas.

"Shared-First" is a transformational Government business model aimed at rooting out waste and duplication across the Federal IT portfolio which encompasses a number of initiatives: CIO authorities, procurement reform, PortfolioStat, and IT shared services strategy. It is a compelling approach for Federal agencies today that are facing growing mission requirements in an environment of declining resources. Shared-First drives organizations to provide service delivery of equal or higher quality at equal or lower costs. Identifying and pursuing opportunities for shared services is one method to reduce operating costs by leveraging shared platforms and service delivery.

This *Federal Shared Services Implementation Guide* provides information and guidance on the provisioning and consumption of shared services in the U.S. Federal Government. The guide provides agencies with a high level process and key considerations for defining, establishing, and implementing interagency shared services to help achieve organizational goals, improve performance, increase return on investment, and promote innovation. It includes specific steps that should be considered for identifying shared services candidates, making the business case, examining potential funding models, using agency agreements, and discusses some of the key challenges that should be expected along the way. In addition, the guide addresses shared services roles and responsibilities; the creation, governance, funding and implementation of shared services through associated lines of business (LOBs); and the use of the new, online, Federal Shared Services Catalog – Uncle Sam's List.

The successful implementation of shared services between agencies depends, first and foremost, on executive-level initiative and buy-in, followed by program-level implementation. Without agency executive commitment, identifying agency areas that make the most sense for migration to shared services, and facilitating those migrations, along with the organizational changes that accompany them, will be prohibitively difficult.

There are currently significant opportunities to implement IT shared services government-wide. This is likely to produce significant cost savings or cost avoidance and yield improvements in agency operations. The new fiscal reality being faced by the Federal Government is continuing to push agencies to innovate with less – a prospect that is much easier to achieve by leveraging shared government services. Consequently, when a Shared-First approach is implemented in concert with PortfolioStat reviews, standardized architecture methods, and digital government planning concepts, agencies will have a stronger set of tools by which to innovate with less.

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1 Federal Information Technology Shared Services Strategy, Office of Management and Budget (OMB), Office of E-Government and Information Technology, May 2, 2012, http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/shared_services_strategy.pdf.

Acknowledgements

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1. Overview

Purpose

The purpose of this document is to guide agency leadership teams through the implementation of shared services as they navigate through the complex array of issues encountered while moving to a shared services environment. The Implementation Guide is intended to provide CXOs, business analysts, program managers, and architects with guidance to help their agencies shift to a shared service environment. This document also provides reference information for Federal agencies seeking to establish new lines of business and inter-agency shared services.

Audience for this Guide

This guide is intended for use by all Executive Branch organizations of the U.S. Federal Government (e.g., executive departments, subordinate agencies, bureaus and independent and small agencies). As an important tool for use by this community, the information provided in this guide will help agencies to:

- Improve awareness of available shared services to Federal departments, agencies and bureaus;
- Increase the adoption rate of shared services across the Federal environment; and
- Advance the number of shared services available to the Federal community.

Key audience members for this guide include C-Level executives, senior executive services members, and all other members of the agency leadership as they work together toward a common goal of achieving the benefits of shared services implementation. In addition, members of an organization's budget, finance, capital planning, portfolio investment management, business program leadership and IT teams all have responsibilities in helping their organization adopt shared services.

Shared Services Background

The Federal community has a history of collaboration under various efforts over the past several years primarily initiated from the Clinger-Cohen and E-Government Acts, though shared service activities pre-date even these Federal-wide efforts. Various statutory actions and policy guidance has enabled Federal agencies better manage their service capabilities. Statutory direction, policy guidance and milestones related to shared services efforts are illustrated in Figure 1.

In 2004, Lines of Business (LOB) were formed based on business needs and requirements. The LOBs were expanded in 2006 as mandates were provided in the HR and payroll areas. A major milestone was reached in 2009 when Federal payroll consolidation was completed. In 2012, the *Federal Information Technology Shared Services Strategy* and *Common Approach to Enterprise Architecture* were launched to broaden the scope of shared service delivery across the Federal environment by using an organizational design and performance improvement approach to the Federal enterprise rather than an ad hoc approach to shared services.

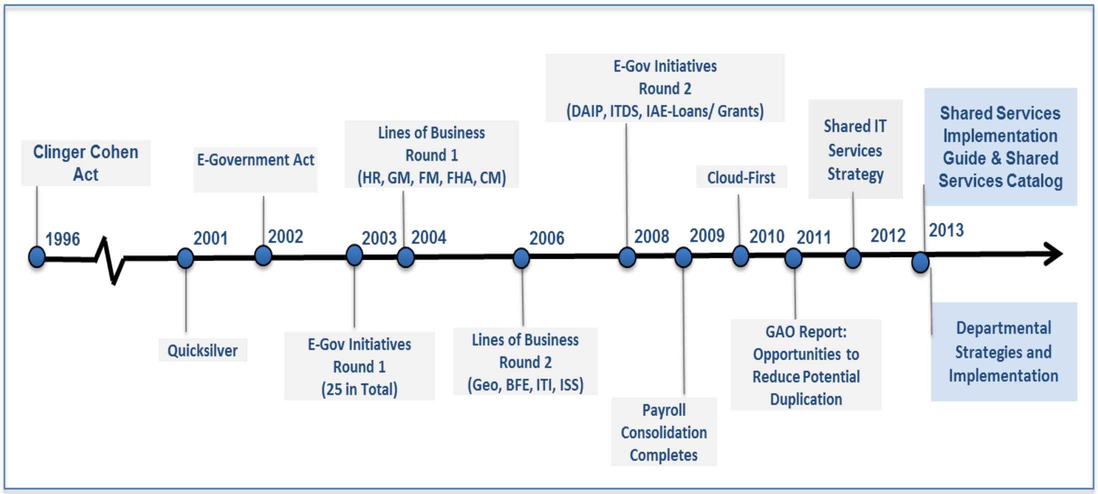

Figure 1: Timeline of Shared Services Initiatives in the US Federal Government

Shared Services Goals and Objectives

The implementation of shared services in the Federal Government enables agencies to adopt shared approaches to service delivery across mission, support, and commodity areas. In taking a "Shared-First" approach, agencies will improve performance, increase return on investment, and promote innovation. Through shared services, agencies may eliminate duplication of cost structures, reduce risk, procure needed services, implement new capabilities, and innovate in a rapid and cost efficient manner. The specific goals for implementing shared services include:

- Improve the Return on Investment (ROI) of taxpayer funds across the Federal Government's services portfolio through the coordinated use of approved interagency shared services;
- Close productivity gaps by implementing integrated governance processes and innovative shared service solutions; and
- Increase communications with stakeholders as Managing Partners, Customers, and Shared Service Providers work together to ensure value for quality services delivered, accountability, and ongoing collaboration in the full lifecycle of interagency shared services activities.

To achieve these goals, it is important that agencies are aware of available shared services and platforms so that they may build considerations for shared services into their strategic and investment planning processes. To this end, a central Federal Shared Services Catalog is available to enable agencies to quickly locate, research, and engage with shared service providers to achieve desired benefits and outcomes.

Benefits and Outcomes

The Federal Government's implementation of the *Federal Information Technology Shared Services Strategy* and "Shared First" principles will produce a number of beneficial outcomes, which include the following:

- Eliminate inefficient spending that results from duplicative service offerings and systems;
- Enhance awareness and adoption of available shared services across the government;
- Promote agility and innovation within agencies by improving speed, flexibility and responsiveness to provisioning services through a "Shared-First" approach;

- Focus more agency resources on core mission requirements rather than administrative support services;
- Spur the adoption of best practices and best-in-class ideas and innovations;
- Reduce the support costs of redundant IT resources; and
- Improve cost efficiencies through shared commodity IT.

2. Shared Services Focus Areas

Types of Services

There are two types of shared services structures in the Federal Government: intra-agency and interagency. Intra-agency shared services include those which are provided within the boundaries of a specific organization such as a Federal department or agency, to that organization's internal units. Interagency shared services are those provided by one Federal organization to other Federal organizations that are outside of the provider's organizational boundaries.

There are three categories of shared services in the Federal Government: commodity IT, support, and mission services. These may be delivered through cloud-based or other shared platforms, as depicted in Figure 2. A brief description of each category follows.

Commodity IT – As described in OMB Memorandum M-11-29, examples of commodity IT shared services opportunities include:

- IT infrastructure (e.g., data centers, networks, workstations, laptops, software applications, and mobile devices); and
- Enterprise IT services (e.g., e-Mail, web infrastructure, collaboration tools, security, identity and access management). Commodity IT is asset-oriented, while enterprise IT services may, at times, be more utility-oriented (defined as purchasing by usage rate).

Support Services – Are defined by the capabilities that support common business functions performed by nearly all Federal organizations. These include functional areas such as budgeting, financial, human resources, asset, and property and acquisition management.

Mission Services – These are core purpose and functional capabilities of the Federal Government; such as disaster response, food safety, national defense and employment services. Some Mission Services may have a single Federal organization focused on providing that service, while other mission services have multiple Federal organizations providing parts of a service. This may be due to statute, budget or other unique capabilities an agency may have developed.

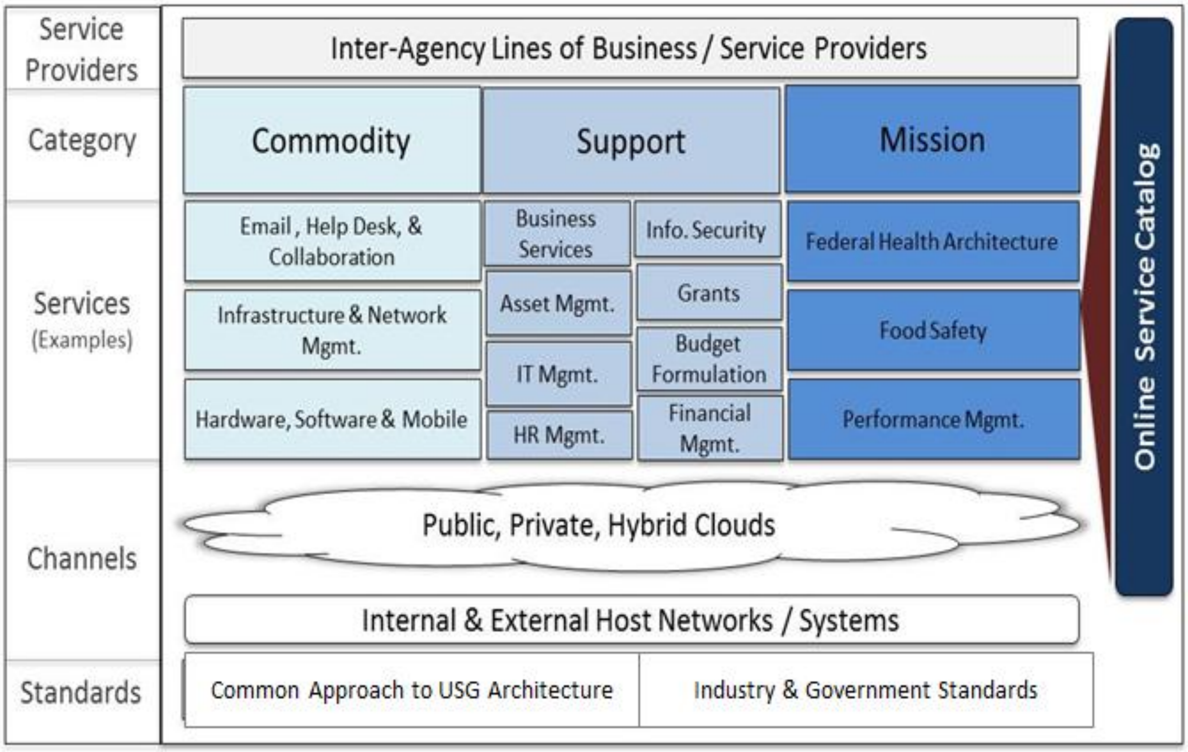

Figure 2: Federal Shared Services Conceptual Mode

3. Shared Services in the Federal Environment

The implementation of shared services begins during the annual strategic planning processes and continues through capital investment and portfolio management processes. As Federal senior executives and business managers develop their agency strategic and performance plans and conduct an objective assessment of their organization's capabilities, performance measures and cost structure data should be used to help identify areas of improvement and to inform the business case(s) for shared services. These will help the agency understand what actions are needed in order to move the organization to the desired future state. Shared services must be considered by an agency's leadership team when considering the deployment of new business capabilities, improving agency business process performance, reducing cost structures and focusing on the organization's core mission for both new and legacy service capabilities.

The executive leadership team must work together in a focused and coordinated manner using existing organizational governance structures to provide the appropriate level of vision, guidance and oversight in moving their organization to additional shared services. Each management domain brings a unique perspective to the shared service decision-making process, as Figure 3 illustrates.

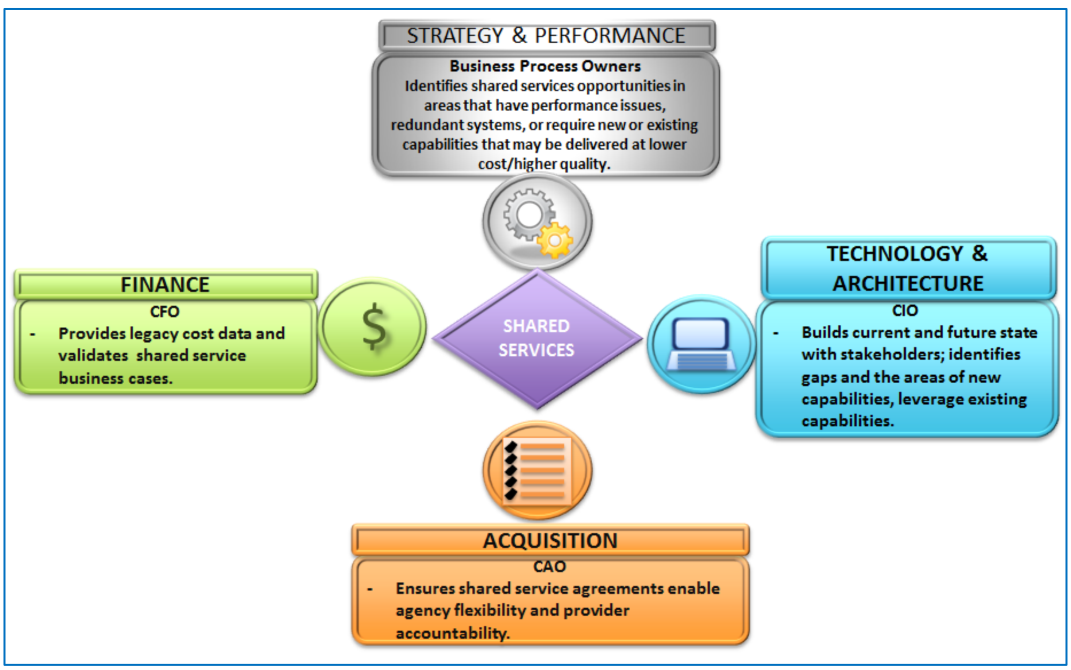

Figure 3: Executive Leadership Roles in Agency Migration to Interagency Shared Services

Identification of Potential Shared Services

Several existing agency processes are tools that should be used to identify legacy services, new capabilities and processes that are candidates for shared services targets of opportunity. These existing process tools include:

- Annual Strategic and IT Strategic Plans;
- Enterprise Architecture;
- Capital Planning and Portfolio Management.

Annual Strategic Planning

When developing their organization's strategic plans and performance goals, C-Level and senior executives and managers (the leadership team) must evaluate the prior performance of their organization. This presents an opportunity to question and assess the following:

- What is the performance of existing processes and services?
- What existing capabilities can be improved?
- What is the cost structure of current capabilities?
- How efficient is service delivery?
- What new capabilities are needed and funded by the organization?

When considering each of these questions, the leadership team should consider the availability of existing capabilities that may potentially be provided by a Federal shared service provider. The purpose of this is to leverage an existing service capability from a provider that is already experienced in provisioning a shared service to Federal agencies. While an agency may consider contracting with a private sector company to provide a new service or capability, this is not necessarily considered a shared service since it is essentially an outsourced service for a single organization.

Enterprise Architecture

Enterprise architecture provides agencies with the structure to identify their shared first approach and strategy, document the gaps and redundancies in their organization and the targets for shared services over the next three to five years, provide a summary scorecard of migrations statuses and efforts and rationales for why specific processes and services are not viable candidates. The *Common Approach to EA* and the *Federal IT Services Strategy* were released together because implementing shared services is part of an overall design of an enterprise that enterprise architecture encompasses.

Capital Planning and Portfolio Management

Agencies should objectively and continuously assess their IT investment portfolios throughout the investment lifecycle. Each checkpoint should be considered an opportunity to re-evaluate whether an investment is still performing as desired and continues to deliver the level of business value and capabilities required by end users and key stakeholders. For this reason, capital planning, business, and IT program managers should discuss whether there is an opportunity to leverage an existing shared service before embarking on development of a new initiative that will incur significant costs, as well as risks.

High Level Implementation Steps

The decision to move agency or department functions to a shared service is best served by a methodical approach that helps to ensure achievement of the desired outcomes and benefits (see Figure 4). Such an approach is needed to justify the transition costs and demonstrate future savings. It is also needed to understand the capabilities that can be supported and changes in business processes that may be required to fit into an existing shared service. The following section provides high level guidance on the steps and tasks needed to determine whether to pursue implementation of a shared service.

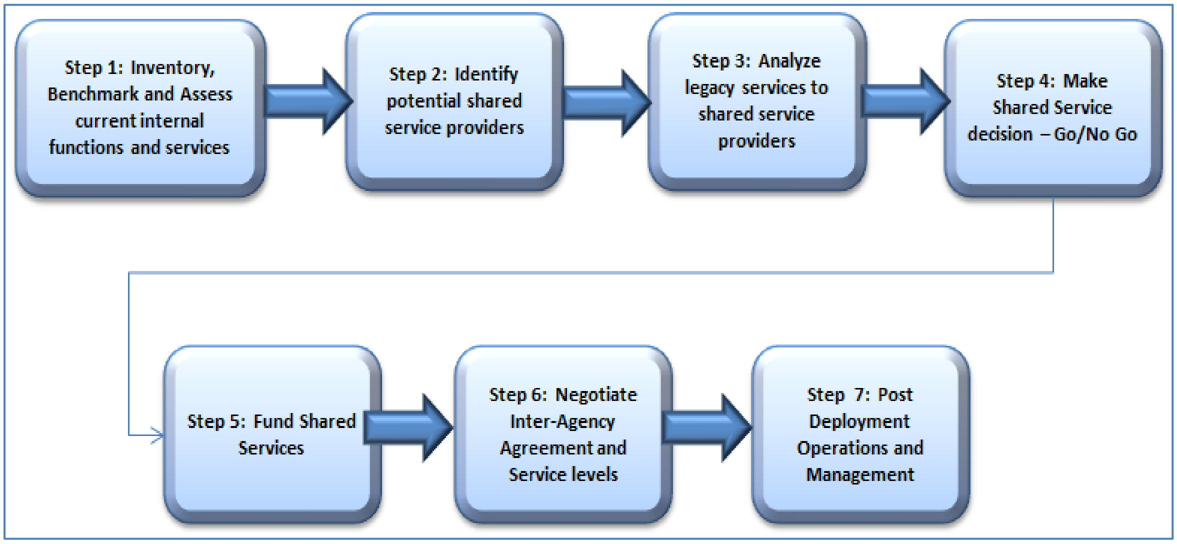

Figure 4: Shared Service Implementation Decision Steps

These steps are provided as high-level guidance and as a repeatable process to assist agencies in planning their approach to shared services adoption over the next several years. Each parent executive department and its subordinate agencies and bureaus should incorporate these steps to their own internal processes.

Key to the success of shared services implementation and achieving the desired end result is the documented agreement between the CFO, CAO and CIO on the need to move toward more shared services when appropriate. This documented agreement of how the agency will transform itself should take the form of an enterprise architecture consisting of a current state with a migration plan to the target state.

The following steps indicate tasks and activities, best practices, and risk areas with mitigations to consider and prepare for when implementing shared services.

Step 1: Inventory, Assess and Benchmark Internal Functions and Services

Federal organizations have many opportunities to implement shared services. This task focuses on determining the best set of candidate services to consider for potential migration to shared services. Each agency should have an existing inventory of applications and systems mapped to functions and processes as part of their enterprise architecture. Agencies should start with this list to identify the gaps and redundancies in capabilities to identify shared services candidates.

Tasks:

1. Create an analysis team consisting of agency business, technology management and subject matter experts (SMEs) to build participation and consensus.

2. Review the organization's business and technology architectures to identify opportunities to improve service delivery quality and/or reduce cost structures in existing services. Identify specific data and process flows used in the agency and/or business unit(s). The degree to which a shared service is compatible with internal processes and data flows will dictate the effort needed to transition to shared services. Large mismatches between the shared service and internal processes/data indicate significant change management issues will need to be addressed before the shared service can be implemented successfully.

3. Document what is required and what is not. This will involve listing business functions, their supporting systems and applications and talking with their owners, sponsors and users. Key areas to consider include:
   - Redundant systems and applications;
   - Business processes that are manual or paper driven or only partially automated;
   - Old systems that are due for replacement or redevelopment for reasons such as functionality enhancement, expansion to meet increased usage, or new architectural platforms; and
   - Unmet needs or new mandates.

4. Estimate the costs to provide the existing service internally (Figure 5) for the selected legacy functions or services. Cost savings will be a significant driver, but not the only factor, in the decision to transition to a shared service. Other factors that may be considered include quality of service, redirection of resources to core mission activities, enabling additional functionality and capabilities, more efficient processes, and improvement to management information and decision-making capabilities. If actual data is not available, the best possible estimates should be used. This step should take days or weeks, at most, to complete. Both IT and agency business unit costs should be included. This is especially important for candidate legacy services that currently do not employ technology automation. Include the human resources costs (e.g., for Federal employees and contractors) that exist in both the business and IT organizations.

Fiscal Year	Year1	Year 2	Year 3	Year4	Year5	Ye	Year 10	Year 11	Year 12	Total
Project Year	0	1	2	3	4		9	10	11	
Escalation Rates	3.30%	3.70%	3.40%	3.50%	3.30%	3.	3.10%	3.10%	3.10%	
I. CURRENT SERVICE DELIVERY MODEL - STEADY STATE STATUS QU										
Hardware					Refresh					
Production/Dev/test	$ 700,000				$ 500,000					**$ 2,200,000**
Disaster Recovery Env.	$ -									**$ -**
Software Services										**$ -**
Requirements Management	$ 500,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$	250,000	$ 250,000	$ 250,000	
Application Development	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$	$ 750,000	$ 750,000	$ 750,000	**$ 9,000,000**
Database Administration	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$	350,000	$ 350,000	$ 350,000	**$ 4,200,000**
Testing Management	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$	$ 250,000	$ 250,000	$ 250,000	**$ 3,000,000**
Project Management	$ 250,000	$ 259,250	$ 268,065	$ 277,447	$ 286,603	$	337,118	$ 348,243	$ 359,735	**$ 3,630,620**
On-Going Support										**$ -**
Hosting Costs	$ 1,100,000	$ 1,140,700	$ 1,179,484	$ 1,220,766	$ 1,261,051	$ 1,	1,483,318	$ 1,532,267	$ 1,582,832	**$ 15,974,730**
Development /Enhancement Labor	$ 850,000	$ 881,450	$ 911,419	$ 943,319	$ 974,449	$	1,146,200	$ 1,184,025	$ 1,223,098	**$ 12,344,110**
Maintrnenance Labor	$ 1,500,000	$ 1,555,500	$ 1,608,387	$ 1,664,681	$ 1,719,615	$	2,022,706	$ 2,089,456	$ 2,158,408	**$ 21,783,723**
Help Desk	$ 1,100,000	$ 1,140,700	$ 1,179,484	$ 1,220,766	$ 1,261,051	$	1,483,318	$ 1,532,267	$ 1,582,832	**$ 15,974,730**
Federal Labor Costs	$ 900,000	$ 933,300	$ 965,032	$ 998,808	$ 1,031,769	$	$ 1,213,624	$ 1,253,673	$ 1,295,045	**$ 13,070,234**
HW Maintenance	$ -	$ -	$ -	$ -	$ -	$	-	$ -	$ -	**$ -**
SW Maintenance	$ 500,000	$ 518,500	$ 536,129	$ 554,894	$ 573,205	$	674,235	$ 696,485	$ 719,469	**$ 7,261,241**
Information Security	0			0						**$ -**
Network & Telecom	$ -									**$ -**
Training	0	$ -	$ -	$ -	$ -					**$ -**
Communication	0	$ -	$ -	$ -	$ -					**$ -**
Existing Service TCO	$ 6,250,000	$ 5,436,900	$ 5,567,355	$ 5,706,212	$ 6,341,717	$ 5	6,589,342	$ 6,753,991	$ 6,924,072	$ 72,133,183

Figure 5: Example Agency Existing Service Costing Spreadsheet

5. Identify the major functions (e.g., capabilities) of the current and candidate services and processes. The list should address required as well as desired functionality, and include processing, servicing, data ownership, security, work flow and like requirements. Create a function and features checklist and initial Statement of Work (SOW) for evaluating shared service providers.
6. Translate costs into per transaction or annual per user costs. This may provide a baseline for comparisons to similar systems in smaller or larger agencies or shared services.
7. If the service and supporting system is extensive and involves several integrated components, attempt to decouple the components. Decoupling identifies integration points and makes a modular approach possible reducing risk exposure. Review the costing information. Determine the estimated cost of each component, if possible, and translate those costs into per transaction or annual per user costs.
8. Create a change readiness evaluation checklist to assess your organization's readiness to transition from today's environment to a shared services solution. Research and document the answers to checklist questions such as the following:
   - Does a sponsor or champion exist on the business side who is willing to lead the transition? What is their level of involvement and commitment?
   - Are there multiple user groups or business areas impacted by the transition?
   - Is the organization ready to give up the "we are unique" point of view?
   - Is there agency leadership to push organization sub-units to get onboard?
   - Have users been involved in considering the change?

- Have specific resistance issues and concerns been documented?
- Do technical resources exist to plan and execute the transition; and if not, how can they be obtained?
- What are the annual costs for each function being considered (e.g., per person, per transaction or fixed fee)?
- Has funding been committed (or is it available) to cover the transition costs?
- What is required of the vendor or third party to ensure a successful transition to the shared service?
- Does a strategic communication plan exist to ensure that participants and other stakeholders are engaged in the process?

Challenge: Executive Support
Agency leadership must be solidly behind their shared service strategy or needed changes will not happen at the business unit, program, and system levels. In some circumstances, there may be little or no executive support for a shared first approach and migrating to shared service providers.
Mitigation Approach: Bottoms-up Adoption
If the agency executive leadership team or senior managers are averse to shared services adoption, a bottom-up approach may help to mitigate management inertia. The adoption of a shared-first approach has many proponents including Capital Planning and Investment Control (CPIC) and portfolio managers, acquisition and program managers and strategic planning and enterprise architecture leaders. Build these stakeholders through consensus into a single voice that continually communicates and advocates to the agency and senior management on the value of shared services while addressing obstacles and management risk aversion.

Step 2: Identify Potential Shared Services Providers/OMB's Shared Service Catalog

The CIOC and OMB provide the Federal community with a Shared Services Catalog (see Figure 6) that documents approved interagency shared services. The catalog also provides a mechanism for agencies to research, locate, and engage with service providers when considering shared services transition. The catalog is the central location for Federal employees to use to identify existing interagency shared services providers in Commodity IT, Support, and Mission related shared services.

Federal organizations should compare their internal shared service offerings and assessments of internally supported functions and services with the service catalog offerings to determine which internal functions and services may be viable candidates for migration to interagency shared services. The results of the search should be a "short list" of potential service providers. Specific activities within this step include:

Tasks:

1. Create a customer/user team to conduct market research. Cultural resistance to the transition may be overcome by including stakeholders in the decision making process. The team's buy-in to the endeavor will make the change easier.

2. Conduct market research by using the [Federal Shared Services Catalog – Uncle Sam's List]() to locate and contact shared service providers that align with your prioritized list of candidate opportunities for transition. Meet with each shared service provider to understand the capabilities and functionality of their services and then evaluate their capabilities against the set of requirements, functions, processes and criteria that was created in Step 1. Track each provider's ability to meet the required and desired services and service levels.

Figure 6: Federal Shared Services Catalog – Uncle Sam's List

3. If a shared service does not exist in the shared service catalog, contact shared service providers to see if they would be willing to develop one.
4. Create or obtain a shared service cost model (see Figure 7) for each potential provider that meets the requirements of your candidate system.

II. SHARED SERVICE PROPOSAL											
Hardware											
Production/Dev/test											$ -
Disaster Recovery Env.	$ -										$ -
Software											$ -
OS & Database											
COTS											
Services											$ -
Requirements Management	$ -										
Application Development	$ -										$ -
Database Administration	$ -										$ -
Testing Management	$ -										$ -
Project Management	$ -	$ -	$ -	$ -	$						$ -
On-Going Support											$ -
Hosting Costs	$ 1,100,000	$ 1,140,700	$ 1,179,484	$ 1,220,766	$ 1,261	,060	$ 1,435,932	$ 1,483,318	$ 1,532,267	$ 1,582,832	**$ 15,974,730**
Data Conversion	$ 3,000,000										
Development /Enhancement Labor	$ 850,000	$ 881,450	$ 911,419	$ 943,319	$ 974,44	4,137	$ 1,109,584	$ 1,146,200	$ 1,184,025	$ 1,223,098	**$ 12,344,110**
Maintrnenance Labor	0										$ -
Help Desk	$ 1,100,000	$ 1,140,700	$ 1,179,484	$ 1,220,766	$ 1,261	060	$ 1,435,932	$ 1,483,318	$ 1,532,267	$ 1,582,832	**$ 15,974,730**
Federal Labor Costs	$ 900,000	$ 933,300	$ 965,032	$ 998,808	$ 1,031,7	322	$ 1,174,854	$ 1,213,624	$ 1,253,673	$ 1,295,045	**$ 13,070,234**
HW Maintenance	$ -	$ -	$ -	$ -	$	-	$ -	$ -	$ -	$ -	$ -
SW Maintenance	$ 500,000	$ 518,500	$ 536,129	$ 554,894	$ 573,2	846	$ 652,696	$ 674,235	$ 696,485	$ 719,469	**$ 7,261,241**
Information Security	0			0							$ -
Network & Telecom	$ -										$ -
Training	0	$ -	$ -	$ -	$						$ -
Communication	0	$ -	$ -	$ -	$						$ -
Shared Service TCO	$ 7,450,000	$ 4,614,650	$ 4,771,548	$ 4,938,552	$ 5,101,	3,425	$ 5,808,998	$ 6,000,695	$ 6,198,718	$ 6,403,276	**$ 64,625,044**

Figure 7: Example Service Provider Cost Model

Step 3: Compare Internal Services vs. Shared Services Providers

The selection of the best value shared service is guided by, among other criteria, a comparison of internal legacy service costs to those of the potential shared services (see Figure 8) and the performance quality they deliver to end users. In the transition year(s), costs may be higher due to the support of two services- legacy and shared. However, in the out years, cost savings should accumulate. The resulting cost comparison forms the financial basis of a business case to inform the leadership team on whether or not to proceed with a shared service. Other aspects of the business case include strategic alignment, qualitative value such as cost avoidance, improved management information, quality of service and risk analysis. Ultimately, the shared services that agencies implement to support the execution of their missions are based upon their own unique business model, culture, organizational structure, and risk tolerance. The business case should address what, when, and how to move business capability and its delivery into the shared services environment.

Sh. Svc. Savings	-$1,200,000	$822,250	$1,652,232	$1,620,955	$1,62	20,796	$520,796	$520,796	$520,796	$520,796	$7,758,139
Risk Factor	20%										
Ten Year ROI	69%										

Figure 8: Example Cost Model Comparisons

Step 4: Make the Investment Decision

Using the results of the function and features checklist, change readiness evaluation checklist, and legacy and shared service pricing comparison and analysis, the organization's leadership team determines whether or not to proceed with the transition to a shared service. If a decision to transition to a shared service is made, then formalize a project team and proceed with developing a project plan and negotiating the Service Level Agreement (SLA) and/or Interagency Agreement (IAA). Both business and IT staff should participate in this effort. If the decision is made not to transition to a shared service, then document the rationale for not proceeding or for deferring the transition.

Contracting and Acquisition Vehicles that Facilitate Shared Services

Contracting and acquisition are important aspects of agencies being able to coordinate, provide, and consume shared services between agencies. Vehicles for agency decision makers to consider when purchasing enterprise-wide products include:

- Purchases of services and commodities using a franchise fund or working capital fund
- Centrally funded shared services with incremental costs paid by Customer/Partner Agencies;
- Enterprise-wide shared service contracts;
- Purchases of products and services through Government-Wide Acquisition Contracts (GWACs); and
- Strategic Sourcing Agreements.

Challenge: Organizational Culture Change
By far the most important barrier that must be addressed by all agencies when adopting shared services is the impact to organizational culture. The business impact of a shared service may require a significant shift in the culture of a Federal agency. In addition, Customer/Partner Agencies often hold on to the perception that previous business models, while not perfect, adequately addressed their specific mission processes and day-to-day operations. Delivering services in a new way means change for employees – new workflow processes to understand; a new training requirement; potential loss in some degree of autonomy or responsibility; or even assignment into new roles.
Mitigation Approach: Cultural Change Management
Differences in management and cultural fit can be more substantial than originally envisioned and cause delays; failure to involve staff in the planning and design of the project can lead to opposition and political resistance to the scope of the project; and the required level of business process re-engineering can be under-estimated, causing technical problems and additional costs. Be sure to formally diagnose and address cultural impacts and involve and communicate with all staff impacted.

Challenge: Resource Realignment
As the business requirements and technology solutions for shared services are identified, and as agency budgets remain flat or decline, financial and personnel resources must be moved away from lower value stovepipe workflows toward new programs that support shared services.
Mitigation Approach: Organizational Change Management
Organizational change management is a management discipline that encompasses a wide variety of subject matter, issues and opportunities. A number of steps should be taken to help manage through the transition to a shared service: 1 Establish an organizational change management team or center of excellence to manage this part of a shared services implementation; 2 Establish shared service champions or liaisons in each impacted department or agency; 3 Develop and implement a communications plan; 4 Ensure communications are clear and frequent; 5 Determine the drivers and directly address issues that create fear, uncertainty or doubt 6 Establish buy-in and consensus throughout the shared services migration process; and 7 Anticipate likely barriers and risks and develop mitigation approaches prior to their occurrence.

Step 5: Determine Funding Approach

There are several methods that consuming agencies may use to fund shared services. These methods are determined in part by the type of service being procured and the provider's offering. This section offers a brief explanation of those methods and risks to consider.

Economy Act

For shared service providers, the Economy Act (31 U.S.C. 1535) provides the requisite authority to perform or provide common services, or to procure goods for common use, and to advance a specific legislative purpose.[2] The cost for service provisioning may be charged to a single appropriation or account and may be further apportioned among the service consumers.

Although the groundwork for shared services has existed since 1932 with the enactment of the Economy Act, many agencies have faced challenges in fully implementing it enterprise-wide. These challenges were studied and reported during the National Performance Review of 1993,[3] which resulted in the enactment of the Government Performance and Results Act of 1993 (GPRA), and later updated with the GPRA Modernization Act of 2010.

Challenges of realizing the vision of true Federal enterprise-wide shared services have always encountered obstacles in the budget and appropriations process, which demands that agencies develop strategic performance plans and link their funding requirements to measurable outcomes. Achieving

[2] See 31 U.S.C. §§ 1534, 1535, and GAO rulings B-238024 (1991) and B-308762 (2007).
[3] See "Creating a Government that Works Better and Costs Less".

agility is difficult because this process requires agencies to forecast their requirements and changes in technology many years in advance, resulting in uncertainty. Nevertheless, agencies must make a strategic decision about whether they will provide or consume shared services and develop the ability to implement these decisions.

When an agency determines its shared first approach deployment model, they must use the appropriate funding mechanisms to implement their plans. The Economy Act was enacted because it envisioned that agencies would have a legitimate need for a certain amount of flexibility to deviate from their budget estimates. This authority will provide a generic basis for most shared service agreements.

Shared Service consumers, subject to the Economy Act or other specific statutory authority (such as the E-Government Act of 2002 or working capital funds) may pool their appropriations, provided each transfer is not more than the cost or value of the goods or services received. The service may be consumed at a Department-wide level or at a component level.

The Economy Act permits the discretion to share costs across appropriations by allowing one agency or account to place orders with another agency or account for services, provided that:

- It may be accomplished more economically than through individual direct acquisition;
- It is determined that it is in the best interests of government;
- The charge is commensurate with the value the consumer is receiving;
- Sufficient amounts are available to cover the costs; and
- Transferred funds must respect restrictions on both source and destination appropriations.

Agency flexibility may come at a cost. The trade-off for achieving greater flexibility may be less stringent control over the obligation of funds. Although agencies must develop standards for internal control,[4] they do have some flexibility in setting financial policy to determine which administrative subdivision of funds control becomes relevant for Anti-Deficiency Act purposes.[5]

Franchise Funds

Franchise funds, and certain Working Capital Funds (WCFs), are common mechanisms used for the transfer of funds between agencies. Franchise funds rely upon their authorizing legislation to effectuate interagency funds transfers. Such funds may typically be paid in advance from funds available to a department and other Federal agencies for which the shared services are performed, at rates which will recover the full costs of the operation.

Interagency Agreements (IAA) and Intra-Governmental Payment and Collection (IPAC)

For intra-agency services at agencies with a common financial system, payment for shared services is straightforward. The customer (usually the component bureau or agency) obligates funds to the service provider's budget account based on an agreed-upon share of the provider's cost (e.g., described in Appendix I, Funding of LOBs).

[4] GAO, "Standards for Internal Control in the Federal Government".
[5] See GAO, "Principle of Federal Appropriations Law, 3rd Edition, Vol. 2".

Payment transfers between agencies, however, require the preparation of an Interagency Agreement (IAA), which identifies the parties to the agreement and the services provided, and an Intra-Governmental Payment and Collection (IPAC), a standardized interagency fund transfer mechanism for Federal agencies. IPACs transfer both funding and descriptive data from one agency to another. The IAA and IPAC processes are used for payment of shared or other services between component bureaus, as well as on an interagency basis.

Challenge: Small Business Participation
It is important that the acquisition approach include opportunities for small and disadvantaged businesses to become service providers for individual contracts and participate in larger government-wide contracts.
Mitigation Approach: Get Credit for Small Business Participation in the Shared Service
Ask the shared service provider to identify the small business percentages and categories that are supporting the planned service migration. Negotiate with your agency's small business coordinator to include a portion of the spending on shared services as part of the agency's small business goals.

Challenge: Financial Risks
Operating and transition costs may be higher than expected while benefits such as cost avoidance and cost savings may be lower.
Mitigation Approach: Scenario and Sensitivity Analysis
When developing the business case for shared service comparison to legacy service offerings (Section 6, Steps 1-5), agencies should develop upper and lower bounds for cost and benefit estimates in addition to a single point best estimate of costs and benefits. These bounds may also be achieved by incorporating risk factors for costs benefits, business and technical risks and other stochastic factors. It is through scenario and sensitivity analyses that an organization will be able to determine its financial risk threshold and at what point adopting a shared service may be too risky. These risk-adjusted bounds help establish the parameters for managing a shared service implementation and provide the definition of when an implementation may be drifting into the "red-zone" of risk where a positive value contribution may not be achieved.

Step 6: Establish Interagency Agreements and Service Level Agreements

Types of Agreements

When an organization has made a decision to transition to an inter-agency shared service and determined their funding approach, the Customer/Partner Agency and shared service provider need to negotiate, agree and formally document the services and service levels to be provided. The agreement needs to include, at a minimum, a project title, names of the parties to the agreement, the purpose of the agreement, a "programmatic" authority for all Federal parties, the duration of the agreement, a termination provision, a dispute resolution provision, contacts for the parties, and signatories for the parties. If funding will be transferred from one agency to another, then the agreement also needs to contain an authority to transfer funds, the amount being transferred, and a clause describing collection of costs upon cancellation.

This information is provided in one of several types of agreements, as shown in Table 1: (a) Memorandum of Understanding (MOU); (b) Memorandum of Agreement (MOA); and (c) Interagency Agreement (IAA). Some agencies draw distinctions between different agreement types, while others focus only on the content in the agreement.

Typically, a MOU or a MOA may be used whenever there is agreement to exchange information or coordinate programs. Each party is responsible for contributing its own efforts and resources (sometimes characterized as “in-kind-contributions”) and neither party exchanges funds, personnel, property, services, or any kind of financial commitment or obligation. A MOU is the more formal of the two and is used to discuss an agreement in a broad spectrum outlining the overall goal so it is clear, while a MOA identifies and appoints responsibility to the certain parties involved in a detailed manner to alleviate any ambiguity of who is to do what.

An IAA is used to document reimbursable agreements; when one Federal agency pays another Federal agency. OMB, the Office of Federal Financial Management and the Department of the Treasury (DOT), Federal Management Service have worked together to develop a standard Interagency Agreement (IAA) form. It is composed of two parts. The General Terms and Conditions Section is the partnership document of the recommended standard IAA that sets the relationship between the parties, and is similar in substance to a MOU or MOA. The Order Section contains specific information about the product(s)/service(s) being purchased based on a bona fide need, the buyer’s funding information, advance accounting methodology, shipping information, and points of contact for the buyer and seller. More information and standard IAA forms are made available by the Financial Management Service.

Action	MOU	MOA	IAA
Establish a non-financial relationship	X	X	X
Order a service			X
Terms & Conditions			X
Requirements and Funding Information			X

Table 1: Types of Agreements

There is no government-wide requirement to use the standard IAA forms, and most shared service providers have developed templates specific to their own services offerings. However, the same core information is required regardless of the agreement form used.

Agreement Best Practices

Below are some best practices to consider when drafting an agreement. In addition, guidance on how to negotiate an IAA is provided by the Financial Management Service.

- **Formalize Communications** – The IAA should include processes and structure for regular ongoing, emergency and priority alerts and escalation paths to be established.

- **Service Definition and Delivery** – Define the expected business outcome of the services first, and then set the SLA. See "Service Level Management" for more details.

- **Governance and Performance Measurement** – State contractually the frequency of service level reporting, at least on a monthly basis depending on the service. Inquire about the use of online dashboards the supplier may offer to manage and track service delivery in near-real time.

- **Liability** – Consider cross-indemnification while insisting that the service provider provide all reasonable due diligence according to a set of industry standards (COBIT, ITIL, ISO, or other standards), and state that by not performing due diligence and adhering to an agreed-upon standard that the service provider may be open to liability.

- **Negotiate Incentives and Penalties** – The provider should be driven to meet the established customer expectations and even exceed it by adopting the performance based pricing criteria. If performance of the service provider exceeds expectations, then incentives should be given; conversely, appropriate penalties should be imposed if objectives are consistently missed.

  One strategy for penalties and incentives in SLAs is for the service provider to put the penalty into a "bank" if there is an issue. As long as the provider makes a determined effort and meets the SLA within an agreed-upon time limit (depending on the severity of the lapse and criticality of the service), the client absolves the provider of the penalty.

- **Ensure a Return Path** – In case things do not occur according to expectations, make sure there's an exit strategy. Remember, the service provider's reputation is at stake and they will work with the consumer to fix problems. See Step 7 for additional details.

- **Termination Costs** – Limiting the amount of termination costs that will be paid is an incentive for the outsourced supplier to make the deal work and satisfy the customer in the initial transition years.

Service Level Agreements

A separate but related document is the service level agreement (SLA). The SLA defines the performance measures the provider agrees to provide. Service levels are derived from Customer/Partner Agency requirements and need to match the service provider's capabilities. The SLA is part of an overall service management approach and serves as a consistent interface to the business for all service and performance related issues.

The SLA is typically incorporated by reference in the IAA. This helps to ensure that the service levels defined are part of the business arrangement between the shared service provider and customers.

Service level management entails several best practices that the service provider should have in place, including:

- Establishing and maintaining SLAs that document service level targets as well as roles and responsibilities of the service provider and the Customer/Partner Agency;

- Measuring, reporting and notifications on service performance vs. agreed service levels, and on service workload characteristics such as number of Customer/Partner Agencies, volume and resource utilization;
- Providing feedback on reasons and details of actions to be taken to prevent recurrence (e.g., in case where service level targets are not met);
- Monitoring and improving Customer/Partner Agency satisfaction with the services that are provided; and
- Providing inputs into service improvement plans.

Service Level Management strives to establish and enhance relationships and communication between the shared service provider and the Customer/Partner Agencies.

Challenge: Lead Time to Negotiate and Sign Interagency Agreements
Most agencies have comprehensive review requirements before Interagency Agreements can be signed, and this can take weeks or even months.
Mitigation Approach: Start Early, and Be Thorough
Allow plenty of lead time for the process of developing and agreeing upon the Interagency Agreement. Coordinate with the other party to draft a proper agreement from the beginning. The agreement must be definite, specific, and fully identify the responsibilities of each party. When you do send the agreement for approval, be sure to send a *complete* agreement.

Preventing Service Provider Lock-in

A key element for agencies to consider when planning and implementing shared services is the ability to remain agile. Agility enables agencies to prevent service provider lock-in and to be able to move to other shared service providers within a reasonable amount of time and expense.

Ensure Agreements Facilitate Agility and Exit Strategy

Agencies should consider several factors in order to remain agile when implementing externally provisioned shared services in their organization:

Interoperability – A key challenge for shared services is ensuring interoperability from the outset. This is needed to help prevent incompatibilities and guide providers and Customer/Partner Agencies on how to fit IT systems and business applications together and facilitate communication and interoperability between components across the disparate Customer/Partner Agency community. Well-architected designs that result in platform independent reusable components that take advantage of service oriented architectures (SOA), modular business applications, and web services that use eXtensible Markup Language (XML) are critical to help ensure that shared services meet initial Customer/Partner Agency requirements, and enable consumers to both grow their business processes and make them extractable from a specific provider.

Open Standards – When adopting a new shared service, determine whether a proprietary-based or open standards-based solution should be purchased. While it may be difficult in some situations to obtain an open standards-based solution, Customer/Partner Agencies should be aware that open standards increase their agility in moving to other providers. Open standard and constructs such as XML, or open source software, provide levels of agility that help agencies make shared services implementations more agile.

Switching Costs – Understand and document the switching costs involved in moving from one provider to another. Related questions that agencies should address include:

- Is the existing shared service provider contractually obligated to support the new service provider?
- Is the Customer or Partner Agency able to extract their data with little to no cost?
- Is the data destroyed according to defined to standards?

Period of Performance – When establishing a base period of performance (POP) in an IAA or contract with a shared service provider, a shorter base period enables the Customer/Partner Agency to limit the mandatory amount of time before that Customer/Partner Agency can move to a new provider. A shorter base POP anticipates that if there are issues with performance in the first year, the Customer/Partner Agency is able to move without expending additional time and funding with a provider that is not meeting expectations.

Time to Value – Moving an agency to transition to a new shared service provider may be a time consuming effort. It is recommended that agencies use Federal Strategic Sourcing Initiative (FSSI) agreements and GWACs that are identified in the Shared Services Catalog. These contracts provide fast access to already awarded procurement vehicles and enable agencies to take less time and fewer acquisition steps versus a full and open competition by individual agencies. In addition, agencies should use standardized Contract Line Item Numbers (CLINs) and have an accurate view of their commodity IT inventory in order to be able to properly scope shared services efforts.

Challenge: Customer Involvement in Service Provider Innovation
Addressing innovation is not typical of Federal Government Interagency Agreements. However, it is incumbent on both parties to see if there is a mutual agreement that innovation is in the best interests of both parties.
Mitigation Approach: Build and Reward Innovation into the Agreement
Ask if the provider has customer councils that address new ideas and evaluates them. If they do not see if they are open to establishing one. If they are place it as a requirement in the IAA. Consider placing innovation metrics in the IAA such as the number of ideas that are reviewed.

Step 7: Post-Deployment Operations and Management

Once a process, capability and supporting system(s) have transitioned to a shared services provider, agency ownership and management of the service does not end. Active daily management from a contractual and performance perspective must still be maintained. Agencies need to remain actively engaged with the service provider to ensure the long-term success of the transition and achieve the benefits identified in the business case. This section contains some best practices to consider for post-deployment operations management. Remember to decommission the legacy systems and interfaces that are now provided by the operationalized shared service.

Active Management

Migrating to a shared service does not mean there is no management oversight of the service since it is provided by an external organization. Rather, to ensure success, organizations that migrate to shared services need to develop a supporting structure to continue to manage the delivery of the service regardless of who is providing it. Agency business subject matter experts as well as contract, service level, and customer satisfaction management staff all have a continued role to play to ensure satisfactory service delivery of a new shared service. Agencies should consider what their internal support structure should be when assessing migration to interagency shared service alternatives.

Dispute Resolution Process

Customer agencies should ensure they are familiar with the provider's dispute resolution process. If one does not exist it should be created and incorporated into the agreement. Agencies should also identify the service provider's executive sponsor and chain of command so there is communication established at the executive level between the service provider and customer organizations.

Industry Trends and Emerging Technology Adoption

Many shared service offerings are available due to technology advancements and industry trends that offer new ways of providing the same or new service offerings. Agencies should develop processes and mechanisms to conduct environmental scans to identify and assess new opportunities to improve service delivery from service providers.

Exit Strategies

The time for agencies to consider exit strategies from a shared service provider is during the initial planning for transition and during negotiations with the shared service provider. Planning in advance for a possible exit, if it becomes necessary, is critical to the success of any transition. Key points of an exit strategy must be built into the agreement to ensure that they are enforceable under the terms of the agreement between the provider and consumer. These should include:

1. Have an active role and staff the management of the service from an internal perspective appropriately in the delivery of the service and service level management – this may help prevent the need for an exit strategy.
2. Ensure that the agreement clearly states that the shared service provider must assist with the transition to a new provider. The agreement should also ensure that hourly labor rates remain the same during the transition period as well.
3. Ensure that all key documents and deliverables provided by the service provider are owned by the customer organization. A service provider may create a new business process to incorporate a requirement from a Customer/Partner Agency. Even though a Customer/Partner Agency may pay for this document, the Customer/Partner Agency may not own that deliverable. As an example, an agency was switching to a new single enterprise help desk provider. The legacy provider refused to turn over call center screening processes such as diagnose before dispatch. The agreement stated that the provider owned all documents created during the delivery of the

service and the agency had to reconstruct similar processes with the new supplier. Clearly state the ownership of intellectual property within the agreement.

4. Ensure that you provide a minimum notification period in the agreement. A shared service provider may decide to terminate the agreement and the termination period may occur during a high transaction volume period such as end of fiscal year. Be sure to have a minimum time frame (e.g., 90 days) and identify key periods in which the services agreement may not be terminated.
5. Maintaining an accurate and detailed inventory is a precept that applies to agility as well as to exit strategies. Without an accurate asset inventory during the initial negotiation period, a Customer/Partner Agency may be surprised by additional incremental costs as new assets are discovered. During an exit, agencies also need to know what assets need to be returned, if owned or purchased by the agency during the period of performance and which assets are not owned and that may need to be purchased by or for the new provider.
6. Be sure to address data in the agreement, considering the following topics: access to data at no additional cost, transfer of data, securing data through encryption while at rest and in motion if required, and the proper destruction of your data if you decide to exit the relationship (e.g., DOD 5220.22-M). Be cognizant that potential cloud providers may charge additional costs to extract your data from their environment.

4. Conclusion

Shared Services offer agencies the ability to improve their stewardship of taxpayer funds, while enabling them to become more effective in delivering their administrative and core mission services. Interagency shared services are capabilities that Federal agency leaders should embrace.

Successful implementation of shared services is dependent on many factors. One key factor is a concerted collaboration and agreement from the agency leadership team – specifically the CFO, CAO and CIO – to guide implementation efforts and combat organizational inertia.

This document provides implementation guidance to help agencies move toward a "Shared-First" culture. It represents the start of the discussion and actions that each agency needs to take in order to determine the future design and performance of their organization.

Appendix I: Federal Lines of Business Shared Services

A shared service, for purposes of use in this document, is defined as a function that is provided by one or more service providers for the use and consumption by one or more customers (see Figure 9). In the Federal environment, a Managing Partner is designated as a lead organization responsible for managing a Line of Business (LOB) and, when required, for coordinating efforts between multiple service providers. The definitions provided below are specific to the Federal shared services environment. While similar to industry definitions they are defined as the Federal community uses them.

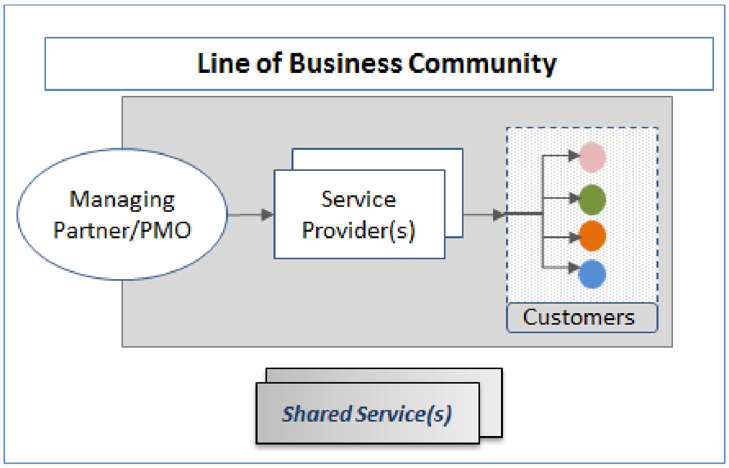

Figure 9: Federal Shared Service Components

Line of Business

A LOB is a cross-agency initiative to define, design, implement and manage one or more shared services for a set of specified and defined government business functions, processes or desired capabilities. A LOB is governed by a Managing Partner. A LOB community is composed of a Managing Partner, its Program Management Office (PMO), shared service provider(s), and their Customer/Partner Agencies and stakeholders. The LOB community's purpose is to:

- Define the shared services processes and business rules;
- Shape existing and inform future policy by making recommendations to the appropriate policy authority associated with the business function; and
- Provide implementation guidance to agency enterprise architectures, IT projects, or systems for alignment with the LOB initiative.

Managing Partner

A Managing Partner is a Federal organization that establishes and maintains a LOB, its community and manages shared services for interagency consumption. The Managing Partner is identified and nominated by the LOB Community and is approved by OMB. The Managing Partner develops, implements, and maintains financial and service models, as well as contracts, with Customer/Partner Agencies and the shared service providers. The Managing Partner is responsible for the success of the shared service as measured by performance metrics provided to OMB. In certain circumstances, the Managing Partner and shared service provider may be the same organization.

Shared Service Provider

A Shared Service Provider (SSP) is a Federal organization that provisions one or more business capabilities or services from a shared platform to one or more Customer/Partner Agencies. Shared Service Providers strive to deliver the best value in the Federal Government for the specific service they provide, and guarantee a high level of quality and reliability to maintain trust and confidence by customers.

Customer/Partner Agency

A Customer/Partner Agency is a Federal organization (Agency) that engages with the Shared Service Provider to obtain a shared service(s) under a defined agreement. The Customer/Partner Agency may be required to interact directly with the service provider (i.e., if it is not the Managing Partner) to provide requirements, define specific deliverables, and resolve service issues that do not require Managing Partner intervention for resolution. The term "agency" used throughout this document refers to Executive departments, subordinate bureaus and agencies and other entities of the Executive branch of the Federal Government.

There are a number of roles required to successfully meet the objectives of a LOB initiative. Some of these roles are required for participants while others are optional with their involvement at the discretion of the LOB decision-makers. Required roles are described in Table 2 below.

Required Roles

Role	Characteristics and Responsibilities
LOB Executive Sponsor	• Typically a senior executive within an executive department or agency that has decision-making authority and is responsible for the performance of the LOB. May serve as the Chair of the LOB Governance Board. • Sets overall direction for the LOB. • Provides guidance and oversight on execution of LOB and services. • Ensures statutory and policy directives are met.
Managing Partner/PMO	• Responsible for the day to day management of the LOB. • Establishes Program Management Office (PMO) to manage LOB and shared service performance and providers. • PMO provides executive support, facilities and support functions (e.g., contracting, financial). • Works with the LOB Executive Sponsor to set direction for the LOB. • Defines common solution, implementation approach and performance metrics. • Provides weekly and monthly reports on the status of milestones, funding, Service Level Agreements (SLAs) and performance metrics. • Coordinates with OMB on public outreach and communications.

Role	Characteristics and Responsibilities
Shared Service Provider	• Any agency involved in the LOB is a candidate to be a shared service provider. • Formalizes their relationship with the Managing Partner through charters and the execution of MOUs, when necessary. • Provides input into strategy and direction for the LOB effort. • Ensures that services are designed and tested to meet all security, privacy and accessibility requirements. • Provisions and manages shared services offerings to the Federal community. • Implements continuous process improvement within services.
Customer	• The Federal organization that contracts with and pays the shared service provider to receive a shared service. • Assesses their current environment for shared service opportunities. Prioritize and engages with service providers to effect service transitions. • Tracks and reports projected versus actual savings and benefits achieved through shared services implementations. • Monitors the service providers' commitments under the Service Level Agreement (SLA) or other Interagency agreement. • Communicates and resolves issues with the service provider.
LOB Community	• Consists of representatives from the Managing Partner and Agency Partners, subject matter experts (SMEs), and policy and architectural resources as designated by OMB. • Provides input into the strategic direction of the potential LOB. • Approves the common solution and implementation approach. • Signs Non-disclosure Agreements (NDAs) and exclusionary Organizational Conflict of Interest (OCI) statements as a requirement of participation. • Represents agencies and can access the senior management levels to convey strategic and policy recommendations to/from the LOB Task Force. • Contributes to government and industry best practices and benchmarks. • Provides agency baseline/inventory data to the LOB Task Force for analysis.
Interagency-LOB Working Group	• Provides the structure for the multiple LOB communities to share best practices in delivering shared services, to include business models, funding and budgeting, acquisitions, contractual and service level management. • A component of the Shared Services Subcommittee within the CIO Council.

Role	Characteristics and Responsibilities
CXO/Interagency Councils	• Cross-agency forums that provide oversight and guidance to LOBs and shared services within their functional domain. • May facilitate dispute resolutions at the request of a Managing Partner.

Table 2: Required Shared Services Roles and Responsibilities

Optional Roles

Table 3 describes optional roles that may be involved in a LOB/shared service initiative. These roles may be engaged when determined necessary by the LOB decision-makers (e.g., LOB Executive Sponsor, Managing Partner or shared service providers) but are not required participants in the effort.

Role	Characteristics and Responsibilities
Industry	• Provides information on trends, best practices, standards and markets to assist the research efforts of the LOB.
Contractor	• Provides analytical, managerial, technical and administrative support. • Supports the creation of an effective shared service, including the development of business cases and target architecture. • Completes the appropriate OCI agreements and establish appropriate firewalls internally.
State, Local, Tribal and Other Government Entities	• Serve as sources of information for similar, existing state-level shared services initiatives. • Provide for cross-pollination of ideas between the Federal and other governmental entities.

Table 3: Optional Shared Service Roles and Responsibilities

The Federal LOB Shared Services Lifecycle

The Federal LOB shared services lifecycle (Figure 10) mirrors a traditional solution engineering lifecycle, except to the extent that it focuses on Federal -specific implementation issues. In fact, shared service providers are strongly encouraged to adhere to an IT service delivery and management best practice such as the IT Infrastructure Library (ITIL®) v3 which takes a holistic approach to service strategy, delivery and management.

The LOB provides the cross-agency structure that ensures business value is derived from the delivery of those shared services. The shared service lifecycle identifies and incorporates the roles that OMB plays in the creation of LOBs and shared service delivery. OMB's degree of involvement in a shared service or LOB differs based on where a LOB community is in the lifecycle.

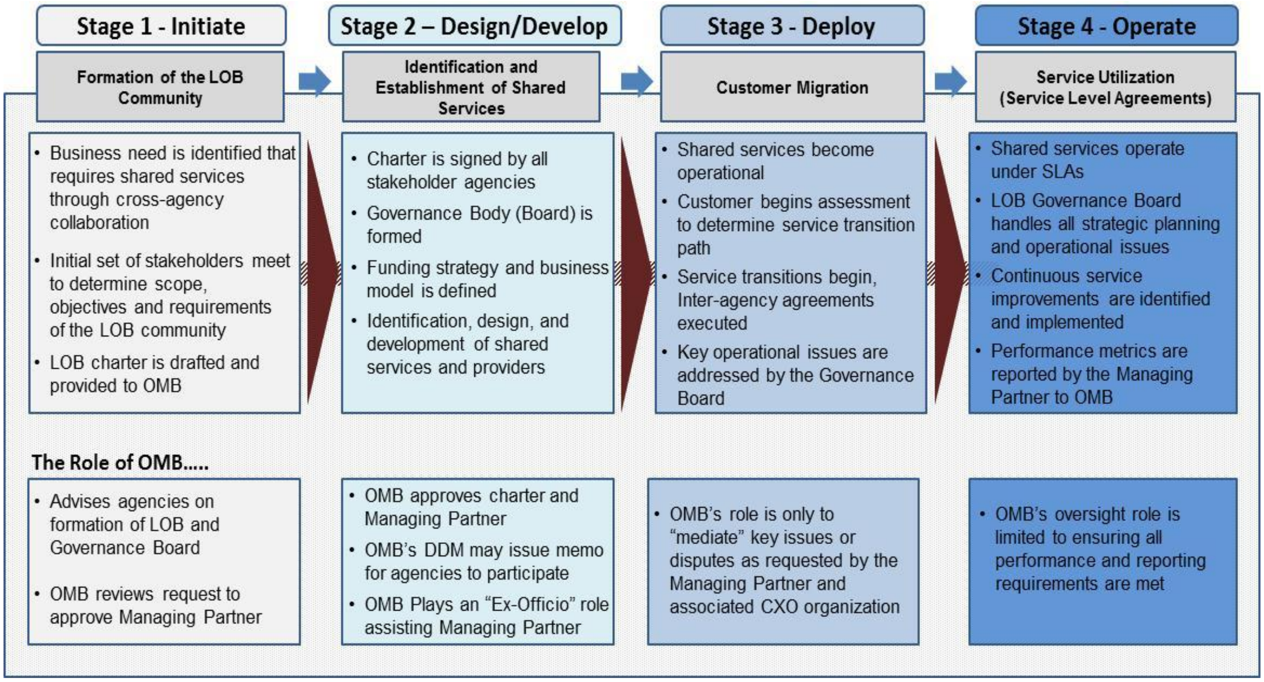

Figure 10: Federal Shared Services Lifecycle

Stage 1: Initiate – Formation of the LOB Community

Shared services are established only through the creation and approval of a LOB community or provisioned from an existing approved LOB community. From an organizational perspective, Federal agencies should ensure that the interagency shared services they pursue are connected to a broader LOB community and are not functioning independently, where they may compete with existing approved LOB offerings. Stage 1 tasks, activities and documentation consist of those typically found in the initial or concept stages of a program.

Federal agencies that have determined that the establishment of a new shared service is beneficial are required to produce and submit documentation to OMB's Office of E-Government and IT. A charter must be provided which outlines the vision, goals, issues, business case, key requirements, planned actions, deliverables, membership and governance, a recommended managing partner, shared services providers and the proposed service definitions. Additional documents that should be produced include the following:

- Business Case;
- Service Requirements;
- Reference Architecture;
- Performance Measures, Metrics and Goals;
- The Service's Target Business, Technology and Data Architectures; and
- Security and Privacy Requirements and Designs.

Supplemental documentation may be required by the OMB Office of E-Gov and IT either prior to or after approval.

OMB plays an advisory role in Stage 1, assisting the LOB stakeholders in forming a community and governance board, defining documentation requirements, and beginning the review process for approving the LOB and Managing Partner for operation. OMB considerations in this phase may include the following:

- Number of service providers planned;
- Potential for a monopoly of service if only one service provider is proposed;
- Ability and track record of the managing partner and service provider to provision shared services;
- Overall demand for identified services; and
- Potential cost savings to the taxpayer.

Stage 2: Design & Develop – LOB Community and Shared Services

The main focus in Stage 2 is on the design and development of the shared services strategy, funding approaches, cost model, LOB community and governance structure, and identification of shared service providers. Stage 2 also closes out the approval activities in Stage 1 with an approved LOB charter and other requested documentation. OMB approves a Managing Partner and provides guidance on operational stand-up issues such the tracking of funding contributions.

Stage 3: Deploy – Shared Services and Customer/Partner Agency Transition

In Stage 3, the shared service providers begin provisioning the initial set of services. Customer/Partner Agencies begin assessments of whether the services provide the desired outcomes and benefits. The LOB governance board provides strategic direction, and resolves key issues that may arise with partner agencies. OMB's role at this stage is simply to help mediate disputes that cannot be resolved by the Managing Partner and governance board, and only where OMB's assistance has been requested.

Stage 4: Operate – Shared Services

Stage 4 is achieved when the shared service providers are provisioning services under formal service management. At this stage, shared service providers are:

- Delivering services according to published performance standards;
- Monitoring service quality, customer satisfaction and updating performance standards;
- Communicating SLA and performance metrics to customers and OMB
- Monitoring and resolving service and logistics problems or issues;
- Proposing and implementing service enhancements;
- Creating and maintaining IT service design and operational specifications;
- Managing service definition, design and provisioning process;
- Managing the funding process in support of the shared services offerings;
- Providing performance and cost that are equitable and reasonable;
- Implementing designs for new shared services approved by the LOB Community; and
- Communicating design and architecture and related standards to peer providers, managers, and key suppliers.

OMB's role at this stage is strictly limited to ensuring that the managing partner and shared service providers comply with applicable Federal statutes, policies and reporting requirements.

LOB Consolidation and Termination

Occasionally, as technology and the needs of the Federal community evolve, it may be necessary to either consolidate or terminate a LOB and its related shared services. Consolidation may occur when it is deemed in the best interests of the LOB community that Customer/Partner Agencies and stakeholders are better served through the consolidation of LOBs or shared service provisioning. Termination of a LOB or SSP may be appropriate under several possible conditions when technology, innovations and business needs evolve to the point where the original business requirements are no longer best served through the existing LOB. In both situations, the issue of whether to consolidate or terminate LOBs may be raised by any LOB member or stakeholder with the Managing Partner's Executive Sponsor and in coordination with final approval from the appropriate OMB sponsoring office.

LOB Governance

Shared service governance is achieved through the use of the LOB construct. The establishment and approval of LOBs provides shared service providers and their offerings with a supportive ecosystem to grow in maturity and value. LOBs establish formal governance structures to ensure that service delivery and service quality meet the objectives set forth by the LOB community. The governance body is typically comprised of agency representatives empowered to make decisions collectively on behalf of the overall initiative. Such decisions range from the definition of requirements to the establishment of funding models that spread the costs of the initiative across the participating partner agencies. Allowing Customer/Partner Agencies to have a hand in shaping the direction of the shared service initiative helps to ensure the service meets stakeholder needs and continues to provide value.

Depending upon the nature, breadth, and number of Customer/Partner Agencies of the shared service, a LOB charter is used to formalize governance and key operating principles so they are clear to all stakeholders. The charter establishes specific roles and responsibilities of LOB members (e.g., both voting and non-voting advisory members) of the shared services initiative, and describes the purpose, scope, communications (e.g., meetings schedule), and authority to operate as well as any other governing council affiliations, such as the Chief Information Officer (CIO), Chief Financial Officer (CFO), or Chief Acquisition Officer (CAO) Councils. A notional example of a shared services governance structure and associated activities is illustrated in Figure 11. Some of the best practices for cross agency governance structures include:

- **Clear Vision, Goals, and Objectives** – Alignment across stakeholders groups as to intent and desired outcomes;
- **Transparency** – Information is shared freely, not only among partners, but also with oversight bodies, Customer/Partner Agencies, and other key stakeholders;
- **Consensus** – Processes are put in place to ensure all views are considered and that participants (e.g., agency partners, Customer/Partner Agencies, etc.) have mechanisms for addressing their concerns; and

- **Communication and Feedback** – Establishment of appropriate forums for discussion, meetings to address issues or areas that deserve urgent attention, as well as opportunities for agencies to share lessons learned.

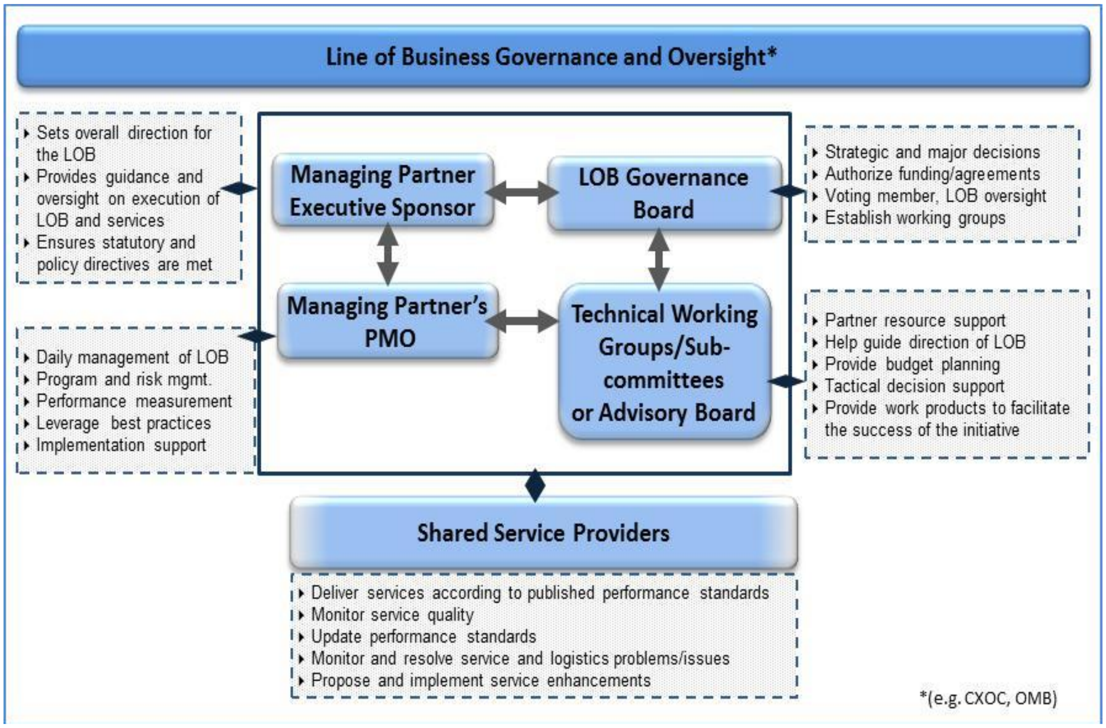

Figure 11: Notional Shared Service Governance Structure

LOBs have implemented formal governance structures with decision making and oversight roles. The role of OMB in these governance structures is always as an ex-officio (i.e., non-voting) member to provide guidance on compliance with Federal rules and regulations. Each LOB has its own governance structure that typically includes the following hierarchy:

LOB Governance Board – LOB community senior executives that have a stake in the LOB's success;

Managing Partner/Program Management Office – Program support staff to assist in LOB and Shared Service management;

Technical Working Groups – LOB community staff that serve on working groups that are led by a senior staff member;

Shared Service Providers – The purpose of the LOB ecosystem is not an end in itself, rather it is to support and grow the shared services and their providers in providing quality and cost efficient services to their customers.

Performance Management

Agencies that are encountering performance or other issues with their shared service provider (under the LOB construct) should first attempt to resolve issues directly with the provider. If those efforts are unsuccessful or unsatisfactory, agencies have the ability to bring their issues directly to the managing partner executive sponsor of the LOB, or the LOB governance board. Additional avenues of resolution include seeking the assistance of a CXO Council or OMB as a last resort. Customer agencies have the ultimate resolution capability of leaving the service provider.

CXO Interagency Council Roles

A number of cross-agency communities exist to support collaboration and information sharing within a specific business domain. These organizations include:

- Chief Financial Officers Council (CFOC);
- Chief Acquisition Officers Council (CAOC);
- Chief Human Capital Officers Council (CHCO); and
- Chief Information Officers Council (CIOC).

These governance bodies serve as forums to address common issues and propose joint recommendations. OMB encourages these and similar organizations to be involved in supporting LOBs and shared services providers that have common interests. Each cross-agency council is responsible for defining the degree of oversight and guidance it desires to have in its specific domain areas.

CIO Council's Shared Services Subcommittee

The Shared Services Subcommittee (SSS) is part of Federal Chief Information Officers (CIO) Council's Strategy and Planning Committee (SPC). The mission of the SSSC is to promote the use of interagency shared services for commodity IT, support, and mission shared services across the Federal Government

The SSS supports the identification and advancement of best practices, the increased use of shared services, and the development of materials and recommendations that enable CIOs and Federal executives to implement shared services within their own organizations. Cross-agency forums within the SSS also provide feedback and guidance to shared services providers within their functional domain.

Funding of LOBs

While business cases for shared services typically place much emphasis on projected benefits and cost savings to drive ROI, this section provides information for developing the other side of the ROI equation – initial start-up costs and ongoing operational support funding. Adopting the most appropriate LOB funding model – in collaboration with partners – is critical for ensuring the ongoing sustainment of the service without interruption. Specific funding approaches need to support: (a) requirements to launch service providers and the LOB and make it operational during the start-up phase; (b) transition costs borne by the Customer/Partner Agency migrating to the new service; and (c) maintaining the service going forward as the business is scaled to include capital expenditures to maintain infrastructure, etc. A common challenge is determining where the initial start-up funding will come from. Managing Partners may be wary of committing their own agency capital during the start-up phase of a LOB that subsequently benefits the future Customer/Partner Agency base, without receiving some agreed upon discount, credit, or offset to help them recover initial investment costs.

The Managing Partner is responsible for developing the funding strategy and working closely with providers and stakeholders to secure their input and buy-in. The strategy should address how the shared service will finance the costs as it moves through the shared service lifecycle stages shown in Figure 12. This includes the early activities of formation of the shared service or LOB community, to the establishment of the shared services, to migration (e.g., Customer/ Partner Agency transition away from their legacy operations to the new shared service), and lastly, to ongoing service utilization, where service performance is formalized through the use of SLAs.

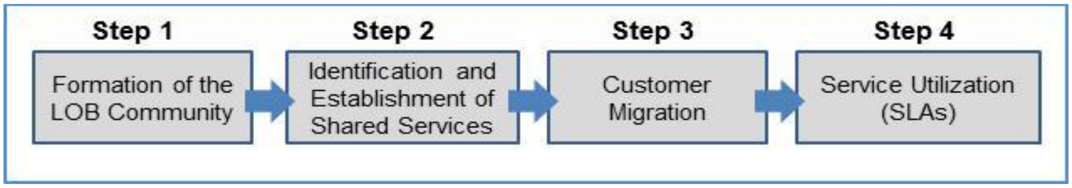

Figure 12: Evolution of Funding for a Shared Service/LOB

Different funding methods may be required at each stage. For example, the funding plan for Step 2 (Identification and Establishment of Shared Services) may specify full funding by the Managing Partner, whereas in Step 3 (Customer Migration), the funding may be provided by Customer/Partner Agencies. The shared services funding model should address the following areas:

Financial Objectives – The Managing Partner and the LOB Community should document the agreed upon financial objectives for the shared services (e.g., whether the objective is purely cost recovery or if the lead agency has statutory authority to establish a franchise fund or a working capital fund (WCF)). Both the WCF and franchise fund give the shared services provider additional flexibility to fund improvements necessary to meet ongoing Customer/Partner Agency needs.

Funding Plan – The funding plan identifies all sources of funding that will be used by the shared services. This will be based on the statutory authority of the Managing Partner and member agencies (e.g., Economy Act or interagency revolving funds such as WCFs (e.g., revolving funds), franchise funds, and public enterprise funds).

Costs – A cost section should be developed that discusses the estimated costs associated with planning, implementing, operating, and maintaining the shared services. This is a valuable document for the lead and member agencies to use and reference for budget planning. The cost section will also inform the development of a funding plan and pricing model aimed at the recovery of all costs. Full cost recovery, including necessary development and enhancement costs to permit the provider to modernize and remain competitive, requires that all costs associated with delivering the shared service are charged to the Customer/Partner Agency (e.g., effectively collected through the pricing model).

When developing cost estimates that are used to build pricing models, agencies and LOBs are allowed to recover full costs or charge a "market based price". "Full cost" includes all direct and indirect costs to any part of the Federal Government for providing a good, resource, or service. These costs include, but are not limited to:

- Direct and indirect personnel costs, including salaries and fringe benefits such as medical insurance and retirement. Retirement costs should include all (funded or unfunded) accrued costs not covered by employee contributions as specified in Circular No. A-11;
- Physical overhead, consulting, and other indirect costs including material and supply costs, utilities, insurance, travel, and rents or imputed rents on land, buildings, and equipment;
- Depreciation of structures and equipment, based on official Internal Revenue Service (IRS) depreciation guidelines unless better estimates are available; and
- The management and supervisory costs.

See OMB Circular A-25 for details on market pricing and other issues related to costing.

LOB Shared Services Pricing Models

The pricing model, or funding algorithm, specifies how products and shared services are calculated and charged to the Customer/Partner Agency. A shared service provider may adopt different pricing models for different services. For example, call center support may be priced on a per call or flat fee basis, as opposed to data cleansing services that may be priced on a per Gigabyte or per hour basis.

Types of Pricing Models

There are a variety of pricing models that may be used to recover costs from Customer/Partner Agencies, and the Managing Partner and Shared Service Provider should determine the most appropriate pricing model for each service that is provided. Five types of pricing models are described below; however, alternative models that satisfy legal requirements and are agreeable to all stakeholders may also be considered.

- **Sole Source Pricing** – The work is funded 100% by a single agency;
- **Equal Share Pricing** – Each agency contributes an equal amount regardless of usage or transaction volume;
- **Tiered Pricing** – Each agency is assigned to or selects a particular band or grouping, depending on transaction size, transaction volume, or other criterion. Each tier corresponds to a set price;
- **Proportional Pricing** – Each agency pays a per unit price (e.g., measured in hours, transaction quantity, service tier, etc.) for each service or resource used;
- **Hybrid Pricing** – A combination of two or more of the above pricing models.

When formulating a shared services pricing model, the shared service providers must use an approach that works for each of the key stakeholders and potential Customer/Partner Agencies. To meet this objective, the pricing model should bear in mind a number of key principles, which are outlined below:

Sustainability

- Price services at a self-sustaining level that reflects their full costs, including technology refreshes and upgrade;
- Ensure full cost is paid by the Customer/Partner Agency;
- Avoid the abuse of services provided at a reduced or free cost for a period of time.

Transparency

- Pricing and costing systems should be as simple and clear as possible and facilitate pricing algorithm calculations and billing for Customer/Partner Agencies who pay for specific services;
- Customer/Partner Agencies should be able to understand the metric and the formula, be assured that the values are correct, and validate that the formula is appropriately applied;
- Periodic price reviews with LOB community should be conducted;
- The pricing algorithms should be unbiased and the formula pushed in advance;
- Pricing and cost estimates should be provided in advance of Customer/Partner Agency budget cycles.

Relevance

- Prices should be attached to meaningful outputs;
- Prices should be aligned to business requirements and should use meaningful business drivers for purposes of allocating costs to Customer/Partner Agencies.

Efficiency

- Prices should provide incentives for Customer/Partner Agencies to use resources economically and for service providers to produce products and services efficiently and economically.

Budgeting for LOBs and Shared Services

Interagency LOB efforts are required by OMB Exhibit 53/300 guidance to be reported in the annual budget process and submission to OMB. As described in the guidance, the Managing Partner will take the lead in completing and submitting the multi-agency collaborative investment Exhibit 300 and is responsible for ensuring the Exhibit 300 reflects all necessary information from the partner agencies and has been approved by all relevant partner agencies through the governance process.

Partner agencies should reference the multi-agency Exhibit 300 in the "Investment Description" field of each Exhibit 53 line item related to the multi-agency Exhibit 300. The Managing Partner will include only the Managing Partner specific funds in their Exhibit 53 submission(s), while the entire Summary of Spending Total (e.g., now the Life Cycle Cost section) for the investment, including funds provided by the customer/partner agency, is included in the Exhibit 300.

Shared services within a multi-agency Exhibit 300 should be submitted as regular agency investments. Agencies proposing shared services, or to be a shared service provider to support multi-agency initiatives, should share their proposals with the relevant Managing Partner for review, and those proposals recommended as part of the Managing Partner's solution should be included in the Managing Partner's Exhibit 300.

If additional information from partner agencies is needed for a recommended shared service, OMB will work with Managing Partners to coordinate such requests.

How to Fund LOBs and their Shared Services

Current funding mechanisms for shared services include the following:

- **Funds Contributed by Customers/Partner Agencies** – Agencies provide these contributions voluntarily under the Economy Act or Clinger-Cohen Act authorities, to pay a share of the cross-agency service development and operational costs.
- **Direct Appropriation to the Lead Agency/Managing Partner** – Funds appropriated to a central fund within the Managing Partner.
- **E-Gov Act Funding** – E-Gov Act Funds are those directly appropriated to the General Services Administration (GSA) and part of the E-Gov funding justification. To date, this approach has been used solely to provide start-up or "seed" money for the E-Gov and Lines of Business initiatives. It has not been used to provide sustained funding for any of the multi-agency efforts. A list of current E-Government initiatives is provided in Appendix II.

Appendix II: Federal Lines of Business and Interagency Shared Service Providers for Fiscal Year 2013

The following are Federal Lines of Business and associated Federal Managing Partners that are currently approved for operation by OMB (as of FY 2013):

Line of Business	Managing Partner	OMB Sponsor
Budget Formulation/Execution (BFE)	ED	BSB
Federal Health Architecture (FHA)	HHS	E-Gov
Financial/Grants Management (FM/GM)	Treasury	OFFM
Geospatial (GIS)	DOI	E-Gov
Human Resources (HR)	OPM	OPPM
Information Systems Security (ISS)	DHS	E-Gov

Table 4: Federal Lines of Business

The following are the approved Interagency Shared Service Providers that are currently approved for operation by OMB (as of FY 2013):

Service Provider	Service Provider's Agency	LOB
Interior Business Center	DOI	FM/GM, HR
Administrative Resource Center	Treasury	FM/GM, HR
Shared Service Center	GSA	FM/GM, HR
Enterprise Services Center	DOT	FM, ISS
National Finance Center	USDA	HR
Program Support Center	HHS	HR
Defense Finance & Accounting Services	DOD	FM
Defense Civilian Personnel Advisory Services	DOD	HR
Federal Geospatial Data	DOI	GIS

Table 5: Interagency Shared Service Providers

The following are Federal-wide E-Government Initiative services and associated Federal Agency Managing Partners that are currently approved for operation by OMB (as of FY 2013):

E-Government Initiative	Managing Partner	OMB Sponsor
Benefits.gov	Labor	OPPM
Disaster Assistance.gov	DHS	E-Gov
Enterprise HR Integration	OPM	OPPM
E-Payroll	OPM	OPPM
E-Rulemaking / Regulations.gov	EPA	OIRA
E-Training	OPM	OPPM
E-Travel	GSA	OPPM
Federal Asset Sales	GSA	OFFM
Grants.gov	HHS	OFFM
Integrated Acquisition Environ.	GSA	OFPP
International Trade Data System	DHS	OFFM
International Trade Process Streamlining	Commerce	E-Gov
Recreation One-Stop	DOI	E-Gov
Recruitment One-Stop (USAJobs)	OPM	OPPM
USA Services	GSA	OFPP
USA Spending.gov/IAE Loans & Grants	GSA	OFFM

Table 6: Federal E-Gov Initiatives

Appendix III: Applicable Laws and Regulations

The following laws and regulations are applicable to the implementation and operations of Federal shared services:

- Clinger-Cohen Act of 1996
- eGovernment Act of 2001
- Privacy Act of 1974 as amended [5 USC 552a]
- Records Management by Federal Agencies [44 USC 31]
- Federal Information Security Management Act (FISMA) of 2002 [Title III, PL 107-347]
- Federal Information Resources Management Regulation [41 CFR]
- Freedom of Information Act As Amended in 2007 [PL 110-175, 121 USC 2524]
- Management of Federal Information Resources [OMB Circular A-130]
- Internal Control Systems [OMB Circular A-123]
- OMB Memorandum 11-29
- OMB Memorandum 12-10
- Information Technology Shared Services Strategy, May 2012
- Protection of Sensitive Agency Information [OMB M-06-16]
- Guidance on Interagency Sharing of Personal Data – Protecting Personal Privacy [OMB M-01-05]
- Responsibilities for the Maintenance of Records About Individuals
- Executive Order 13571 (Streamlining Service Delivery and Improving Customer Service), April 27, 2011
- Executive Order 13576 (Delivering an Efficient, Effective, and Accountable Government), June 13, 2011
- President's Memorandum on Transparency and Open Government, January 21, 2009
- OMB Memorandum M-10-06 (Open Government Directive), December 8, 2009
- The Common Approach to Federal Enterprise Architecture May 23, 2012

Appendix IV: Acronyms

The following table provides a list of acronyms used throughout this document.

Acronym	Full Name
AAS	Assisted Acquisition Services
ATO	Authority to Operate
ASD	Acquisition Services Directorate
BFE	Budget Formulation/Execution
BDR	Budget Data Request
BPA	Blanket Purchase Agreement
BSB	Budget Systems Branch
CAO	Chief Acquisition Officer
CAOC	Chief Acquisition Officers Council
CBP	Customs and Boarder Protection
CFO	Chief Financial Officer
CFOC	Chief Financial Officers Council
CHCO	Chief Human Capital Officers Council
CIO	Chief Information Officer
CIOC	Chief Information Officers Council
CLIN	Contract Line Item Number
CM	Case Management
COE	Center of Excellence
COI	Conflict of Interest
COO	Chief Operating Officer
COTS	Consumer Off The Shelf
CPAF	Cost Plus Award Fee
CPFF	Cost Plus Fixed Fee
CPIC	Capital Planning and Investment Control
CPIF	Cost Plus Incentive Fee

Acronym	Full Name
CSC	Client Support Center
CXO	Chief "X" Officer (where "X" changes, for example "I" for Information)
DOI	Department of Interior
DDM	Deputy Director for Management
DHS	Department of Homeland Security
DISA	Defense Information Systems Agency
DOD	Department of Defense
EaaS	E-mail as a Service
ED	Department of Education
EGov	Office of E-Government and Information Technology
EPA	Environmental Protection Agency
ESD	Enterprise Service Desk
FAR	Federal Acquisition Regulations
FAS	Federal Acquisition Services
FFP	Firm Fixed Price
FHA	Federal Health Architecture
FISMA	Federal Information Security Management Act
FM	Financial Management
FOIA	Freedom of Information Act
FSCA	Federal Satellite Commercial Acquisition Program
FSSI	Federal Strategic Sourcing Initiative
GAO	Government Accountability Office
GM	Grants Management
GMRA	Government Management Reform Act of 1994
GSA	General Services Administration
GWAC	Government Wide Acquisition Contracts
HHS	Department of Health and Human Services
HSPD-12	Homeland Security Presidential Directive 12

Acronym	Full Name
HR	Human Resources
I3P	Infrastructure Integration Program
IAA	Interagency Agreement
IAE	Interagency Acquisition Environment
IDIQ	Indefinite Delivery/Indefinite Quantity
IFF	Interior Franchise Fund
IPAC	Intra-Governmental Payment and Collection
ISS	Information Systems Security
IAE	Integrated Acquisition Environment
IPT	Integrated Project Team
IaaS	Infrastructure as a Service
ITDS	International Trade Data System
ITI	Information Technology Infrastructure
ITIL	Information Technology Infrastructure Library
ITMRA	Information Technology Management Reform Act
LAN	Local Area Network
LOB	Line of Business
MAC	Multiple Award Contracts
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
NASA	National Aeronautics and Space Administration
NDA	Non-Disclosure Agreement
NIST	National Institute of Standards and Technology
NSA	National Security Agency
NSSC	NASA Shared Services Center
OCI	Organizational Conflict of Interest
OIRA	Office of Information and Regulatory Affairs
OPPM	Office of Performance and Personnel Management

Acronym	Full Name
OFFM	Office of Federal Financial Management
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PCI	PIV Card Issuer
PIV	Personal Identification Verification
PMO	Program Management Office
POP	Period of Performance
ROI	Return on Investment
RMO	Resource Management Office
SAIR	Situational Awareness and Incident Response
SEWP	Solutions for Enterprise Wide Procurement
SDVO	Service Disabled, Veteran-Owned
SLA	Service Level Agreement
SOA	Service Oriented Architecture
SOW	Statement of Work
SME	Subject Matter Expert
SPC	Strategy and Planning Committee
SSC	Shared Service Center
SSSC	Shared Services Subcommittee
STARS	Streamlined Technology Acquisition Resources for Services
T&M	Time and Materials
TCO	Total Cost of Ownership
TEMS	Telecommunications and Expense Management System
USDA	United States Department of Agriculture
VETS	Veterans Technology Services
WCF	Working Capital Fund
XML	eXtensible Markup Language