

The Case for Shared Services in Government Applications

Case Study

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In today's cost-conscious operations environment, shared services can be an essential part of a more efficient and cost-effective operating model for federal, state and local government entities.

The shared services concept was created to consolidate back-office operations into one service-oriented organizational unit, improving efficiencies by eliminating duplication and streamlining processes.

Deloitte expects more federal agencies to adopt the shared services model as a leading practice. To this end, the Office of Management and Budget (OMB) has been working with agencies to migrate their internal administrative activities to designated shared services providers. Additionally, several state tax agencies are heeding the call by governors to offer document processing to other government entities within the state and are forgoing the purchase of a standalone document solution.

To be sure, government entities of all sizes are extremely interested in the cost savings, improved efficiencies and higher levels of constituent service that a shared services approach can offer.

Shared services also offers the cost-efficient infrastructure that government entities need to support a range of document processing applications. With 35 percent of a typical IT budget spent on staff (Aberdeen Group), managing multiple applications through a shared services infrastructure can ease the heaviest IT financial burden. Shared services also provides a level of operational reliability that enables government departments to focus more on their mission and less on day-to-day production.

What's more, as government entities increase their use of shared services for document processing, Aberdeen Group notes that operations managers improve their ability to get meaningful benchmarks for these functions – driving “best-in-class” models – and better visibility into incoming documents. Consolidated data provides insightful, actionable analysis and supports compliance and control.

Shared services benefits include:

- Improved efficiency
- Reduced headcount
- Reduced labor cost
- Improved data visibility
- Improved data control efficiency and effectiveness
- Fewer systems and processes to maintain
- Improved quality of back-office operations
- Standardized processes

Shared services can optimize the infrastructure government entities have already built out for their tax processing, in turn, freeing up scarce budget resources and permitting departments and agencies to offload their operations responsibility and focus on critical program and mission requirements.

Optimizing Government Operations

Government applications are particularly well-suited for shared services models.

For instance, government tax agencies already have to configure their systems for two peak tax processing periods – the spring and the fall. This means that most government tax agencies have a tremendous amount of processing capacity that goes unused for approximately half of the year.

Conversely, outside of tax, most government agencies have steady, albeit lower-volume, processing requirements that could be handled by the state's tax processing infrastructure. As an example, the documents processed by a state department of transportation -- citations, accident reports and title reports -- can be easily handled on today's mixed document scanners. Similarly, documents for state insurance, fish and wildlife, pension/retirement, and corrections agencies can also be automated.

Multiple government applications lend themselves to shared services:

- Payments processing
- Budget, finance and accounting
- Permits and licenses
- Healthcare/benefits
- Case management
- Human resources
- Procurement

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By implementing a government-wide document processing platform, agencies and departments can also avoid the significant cost, time and effort of modernizing standalone, agency-specific systems.

The Bottom Line

In today's economic environment, cost reduction is the battle cry. That is unlikely to change anytime soon. ibml sees this as an opportunity to establish a new approach for back-office operations.

For this reason, shared services will continue to be a tool to help government entities eliminate redundant functions, reduce costs and provide a platform to realize operational synergies through common processes and data. The good news is that most government entities already have a document processing infrastructure in their tax departments that can be leveraged for shared services.