

**House Committee on Homeland Security
Subcommittee on Oversight and Management Efficiency**

“DHS Financial Systems: Will Modernization Ever Be Achieved”

September 26, 2017

***Written Statement for the Record
Elizabeth Angerman
Executive Director, Unified Shared Services Management Office
U.S. General Services Administration***

Chairman Perry, Ranking Member Correa, and Members of the Subcommittee, it is a pleasure to appear before you today. My name is Elizabeth Angerman and I am the Executive Director of the Office of Unified Shared Services Management at the U.S. General Services Administration (GSA). My comments today will focus on the potential benefits that shared services could bring to the Federal Government and the lessons learned that are shaping the role that GSA will play to help agencies recognize those benefits.

The need for modernization of aging and high-risk IT systems is an ongoing concern for senior leadership across the Federal landscape. The challenge of funding, managing, and securing legacy systems distracts resources from the critical missions that Federal agencies are accountable to deliver. Furthermore, common processes to hire and retain Federal employees, process accounting transactions, and procure goods and services are also decentralized, redundant, and often manual. As agencies investigate ways to allocate more resources to their missions, GSA is well-positioned to

advise agencies on best practices related to shared services and, more importantly, leverage the buying power of the Federal Government to provide contracts and services that deliver both modern technology and services that will drive standardization and efficiency across government.

The Unified Shared Services Management (USSM) office was created within GSA in 2015 to design the standards for more integrated solutions of administrative functions across lines of business, provide transparency into the performance of Federal Shared Service Providers to inform agency decision making, and to provide advice and guidance to agencies that are planning for new administrative solutions based on lessons learned and best practices. USSM's mission is to transform the way government does business internally to improve the way the government serves the American public. Given declining resources and a need to focus more on mission, the time has never been more right to understand how increased sharing can help agencies address these challenges.

The Federal Government has been sharing services for more than 40 years with varying degrees of success. In 2004, the government consolidated 26 different payroll systems to four, which saved the government over \$1 billion over 10 years.¹ Today, more than 70 percent of Federal Government agencies use a shared solution for personnel action processing systems, and over 85 percent of payments are processed from a centralized system at the U.S. Department of Treasury. Last year, the U.S. Government Accountability Office (GAO) stated that "moving to shared services can

¹ <https://www.opm.gov/services-for-agencies/hr-line-of-business/cost-benefit-analysis/fy-2011-cost-benefit-analysis-report.pdf>

save the Federal Government billions of dollars as well as reduce duplicative efforts, decrease systems upgrades, and free up resources for mission-critical activities” (GAO Report 16-477).

Despite this progress, the government still lags behind private industry in adopting shared services for daily business operations. In comparison, over 90 percent of Fortune 500 companies have implemented shared services.² IBM, for example, in its Center for the Business of Government report, stated it reduced spending by \$4 billion over 4 years through its own reorganization to a shared services model. Procter and Gamble saved \$900 million in cost savings over an 8-year transformation. The Technology CEO Council, comprised of chief executive officers from some of America's largest IT companies, estimates shared services could lead to \$47 billion in cost reductions for the government over 10 years.³

The potential of shared services to save taxpayers money and make government more efficient is clear, but there is still much work to be done to fully realize these benefits. According to the Office of Personnel Management's 2015 Human Resources Line of Business Strategic Framework, the Federal Government has over 100 time and attendance systems. The fiscal year (FY) 2016 Cross Agency Priority Goal Report reports that the Federal Government has over 40 financial management systems, with many ancillary add-ons. While successful adoption of shared services has seen various levels of success across government, these numbers alone clearly show this is an effort

² <https://www.pwc.com/us/en/outsourcing-shared-services-centers/assets/hfs-report-pwc-developing-framework-global-services.pdf>

³ “The Government We Need”, Technology CEO Council, January 2016

that should not be abandoned. Instead, the government must acknowledge the lessons learned from both successes and failures as critical input to the shared service strategy moving forward. It is USSM's mission to ensure this happens.

Over the last 2 years, USSM has consulted with many agencies that have partnered with Federal Shared Service Providers to provide advice and guidance on best practices and lessons learned to improve the likelihood of successful migrations and modernizations. These lessons and best practices impact both the behavior of customers (demand) and the expectations of providers (supply), and are published in a playbook to assist agencies in the pivot to a shared operational environment. The playbook provides guidance, templates, and a coordinated review process that can inform management and oversight of these investments and migrations.

As part of its outreach, USSM engaged with the U.S. Department of Homeland Security (DHS) and the U.S. Department of the Interior to inform the creation of the USSM playbook. The partnership delivered a functional financial management solution that DHS claims meets the majority of their complex needs and they intent to protect the investment as they transition to the path forward. Over the course of the last 2 years, USSM has informed the program on best practices to improve change management, integrated program management, and risk management, and many improvements have been made. However, the gap between the complex needs of a large cabinet-level agency like DHS and the current service delivery model at the Interior Business Center has led to the decision to end the partnership and for DHS to reclaim ownership of the system. We will continue to use our expertise to consult with DHS and other agencies,

as appropriate, in their journey to modernize and improve their common administrative functions.

The challenge for the Federal Government is that we have not been able to articulate, in a coordinated and consistent way, the agreed-upon business needs for common administrative systems and/or services. The shared solutions available to agencies today were not designed to meet the all-encompassing needs of large, cabinet level agencies. To address the lack of government-wide standards, USSM has designed a methodology and governance structure for capturing and maintaining those standards, inclusive of required capabilities, data definitions, and the intersection of processes across multiple lines of business. The process to develop these standards involves many agencies working across administrative functions to deliver a government-wide framework that can be the common baseline moving forward. While unique requirements do exist because of vastly different missions and statutory authorizations, it is a common belief that there is more about administrative functions that is alike than different. This work, coordinated by GSA USSM, will allow the government to leverage its buying power for common capabilities and share the burden of maintaining and securing technology with industry. This is particularly critical as many of these common functions rely on legacy systems. With the right strategy, we can not only retire these legacy systems, but also avoid building a new generation of future legacy systems by partnering with the private sector to get modern technology and keep that technology modern in the future.

GSA's effort to advance shared services is about delivering a more efficient government for the American people. The challenge we face collectively is how to

manage the risk and reduce the barriers to successful modernization and migration. If we are successful in improving and consolidating mission support services, agencies will have resources to dedicate more time, energy, and funding to their missions to better satisfy the needs of the American public.

I am grateful for the opportunity to speak with you today and look forward to working with the committee on our mutual goal of advancing a government that works better and costs less.

Thank you for your time today and I welcome any questions from the Subcommittee.