IT Shared Services (ITSS) is transforming government organizations to lower costs and provide better, faster service.

By retaining appropriate elements and applications from your existing infrastructure and complementing them with appropriate shared services products and processes, you may be able to shorten your time to activation while significantly reducing your investment.

Executive Summary

IT Shared Services (ITSS)—the centralized management of activities for multiple users—promises significant gains for public sector organizations such as yours. But to realize them, you'll need to know the factors that are driving public sector interest in ITSS, the keys to creating a successful shared services program, and the common pitfalls to avoid.

In this paper, we'll show you why ITSS has become a proven method for delivering value and how public sector organizations like yours can employ ITSS to provide greater access to information, people and processes, thereby improving service and efficiency while dramatically reducing costs.

The future is ITSS

Meeting the challenge

How will you meet the public demand for more efficient services? How will you control spending? Optimize financial resources? Integrate information? Ensure interoperability? Increase transparency across agencies and constituents? Meet the demand for greater security and privacy? And guarantee regulatory compliance?

These are significant challenges—challenges that government organizations are most likely to resolve through the application of a well considered and expertly implemented IT Shared Services (ITSS) program.

You're not alone

The challenges are significant. But many government agencies have already achieved significant benefit from ITSS. Government leaders in Australia, Singapore, Germany, Ireland, the United Kingdom and the United States have already reduced costs and achieved greater efficiency in certain areas.

According to a recent study by Accenture,[1] of 140 senior government executives interviewed in Europe, North America, Asia-Pacific and Africa, 85 percent say that ITSS is playing, or will play, a role in supporting their organizations' strategic goals. Two out of three respondents (66 percent) reported that they had already implemented, or were in the process of implementing, shared services. Only six percent had no interest in shared services.

Clear benefits

Respondents agreed on the top three objectives of a shared services program: 1) Meet efficiency targets, 2) Facilitate cost reductions, and 3) Address citizen demands for improved services. They also mentioned improved service quality and speed of delivery as additional important benefits.

According to the study,[1] those using ITSS are pleased with the results. The move to a shared services model has allowed their organizations to shift budget from administrative activities to front-line, citizen-facing services, helping drive cost reductions while improving service.

1. Taken from the Accenture study titled, "Driving High Performance in Government: Maximizing the Value of Public Sector Shared Services." A February 16, 2005 news release regarding the study can be found at http://www.govtech.net/news/news.php?id=93082.

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The changing role of CIOs

ITSS is facilitating a major change in the role that CIOs play within an organization. Instead of focusing on just "keeping the lights on," CIOs can now branch out to think more strategically and to develop the kind of innovations that will bring greater efficiency, productivity and overall value to the organization's services.

For example, ITSS can do away with much of the manual effort involved in diagnostics, configuration, provision, training and support. Instead of being preoccupied with meeting potential spikes in demand by providing excess capacity in vertical silos, CIOs can turn their attention to creating the kind of transformational infrastructure that will ultimately streamline workforce performance, lower costs, and shorten response times.

Universal appeal

The gap between the corporate and public sectors is also rapidly closing, at least when it comes to shared services. In a study of director-level executives at companies with US$1 billion or more in annual revenues,[2] seventy percent rank their shared services efforts as either successful or extremely successful. Benefits range from reduced costs (an average of 15 percent since implementation) to improved employee performance and productivity.

Nearly 75 percent of the respondents also reported that their technology has improved since implementing shared services. In fact, their functions are performing better than ever before.

But in the corporate world, as well as in the public sector, if ITSS is not instituted with foresight and discretion, benefits can be short-lived or less than ideal. It pays to know what you're doing, every step of the way.

What ITSS can do

By consolidating previously disparate IT functions, ITSS helps organizations harness economies of scale across agencies, allowing them to provide higher service levels and greater responsiveness while lowering costs.

But ITSS is more than just the centralization or consolidation of similar activities in one location. ITSS enables activities to be operated in a business-like manner so that services can be delivered at the lowest cost, with the highest quality and in the most timely manner possible.

Fortunately, there's never been a better time for ITSS. Advances in technology, including the Internet and broadband, are making it possible for organizations to pull together business processes and policies like never before. Global networks have reduced the cost of communications to nearly zero. The Internet has enabled organizations to quickly and inexpensively share processes and information. On top of that, a wealth of emerging new technologies are being leveraged to improve the performance of back-office functions.

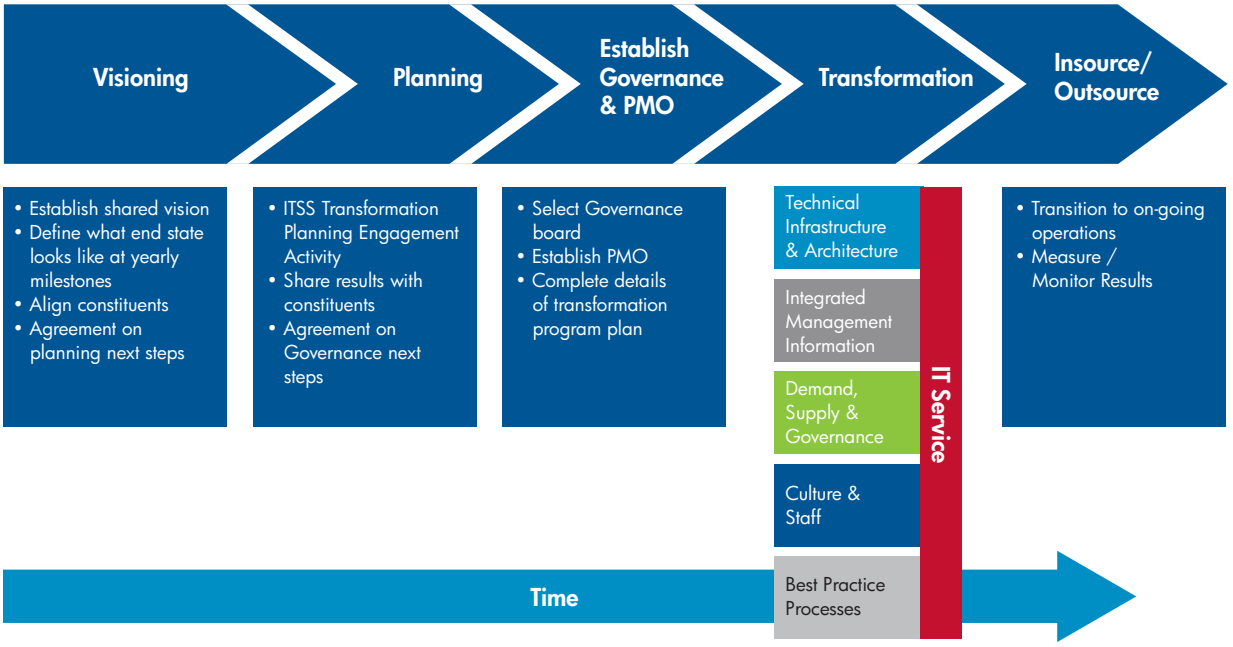
How it happens

Now that we've got a handle on the challenges and the opportunities, the next question is how to get there—how to get from where you are today to where you need to be.

As illustrated in Figure 1, the process involves five major steps: Visioning, Planning, Establishing Governance and PMO (Program Management Office), Transformation, and Insourcing/Outsourcing.

2. The shared services study conducted by Harris Interactive in late 2003 for A.T. Kearney consultants questioned director-level or equivalent executives or higher at companies with US$1 billion or more in annual revenues. A press release and excerpts regarding the study can be found at either http://www.atkearney.com/main.taf?p=5,3,1,74 or http://www2.cio.com/consultant/report2596.html.

Figure 1. IT Shared Services Transformation



Visioning and planning

Not all government organizations are built exactly alike. As with private-sector businesses, government organizations have varying requirements that must be considered and balanced when implementing a shared services strategy.

The first step is to determine your current IT status as well as what it should look like in a shared situation and how quickly, or slowly, your organization can adopt the shared services environment.

Patience can be a virtue. Rather than instituting a complete replacement of your entire IT infrastructure, it's sometimes wiser to implement incrementally.

In fact, by retaining certain elements and applications from your existing infrastructure and complementing them with appropriate shared services products and processes, you may be able to shorten your time to activation while significantly reducing your investment.

ITSS—the first step towards a truly Adaptive Enterprise

At HP, establishing an ITSS is the first step towards achieving what's called an Adaptive Enterprise—the kind of enterprise that aligns business and IT to capitalize on change.

The HP ITSS model is comprised of business solutions and services found in our "ITSS Portfolios." These offerings, when used in conjunction with other HP business applications such as HP's Adaptive Infrastructure and HP's Service-Oriented Architecture, provide the foundation for an HP Adaptive Enterprise, as illustrated in Figure 2.

By leveraging its Adaptive Enterprise strategy, HP can work with your organization to build a secure and agile IT infrastructure that adjusts to your changing organizational needs while enabling IT resources to be shared for maximum efficiency and economy.

HP gives you the freedom to choose

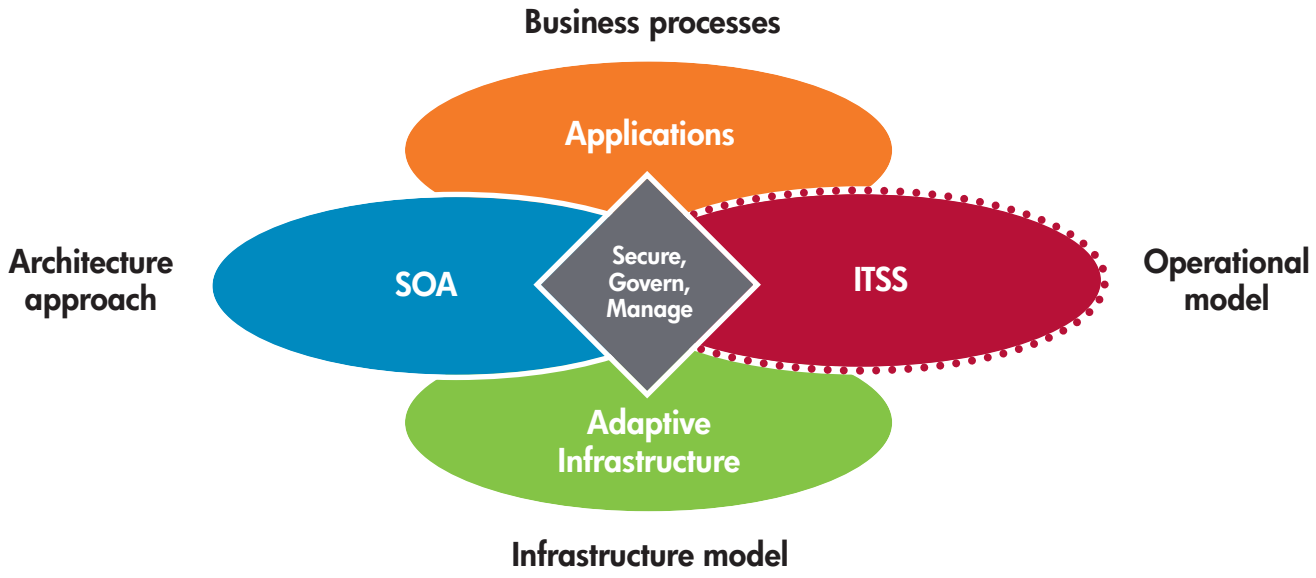
HP offers two distinct approaches for implementing ITSS.

The first is **HP's IT Shared Service Transformation Portfolio**. It provides for a full-scale transformation, including the implementation of an IT Shared Service Center utilizing HP's IT Transformation reference architecture and the IT Shared Service Gap Analysis and Planning Support Tool.

The second approach is incremental rather than transformational. **HP's IT Shared Services Utility Portfolio** allows you to implement one or more pre-integrated IT Shared Service utilities individually—without an organizational transformation.

Let's take a detailed look at each approach, starting with the transformational approach.

Figure 2. IT Shared Services: An operational model for an Adaptive Enterprise

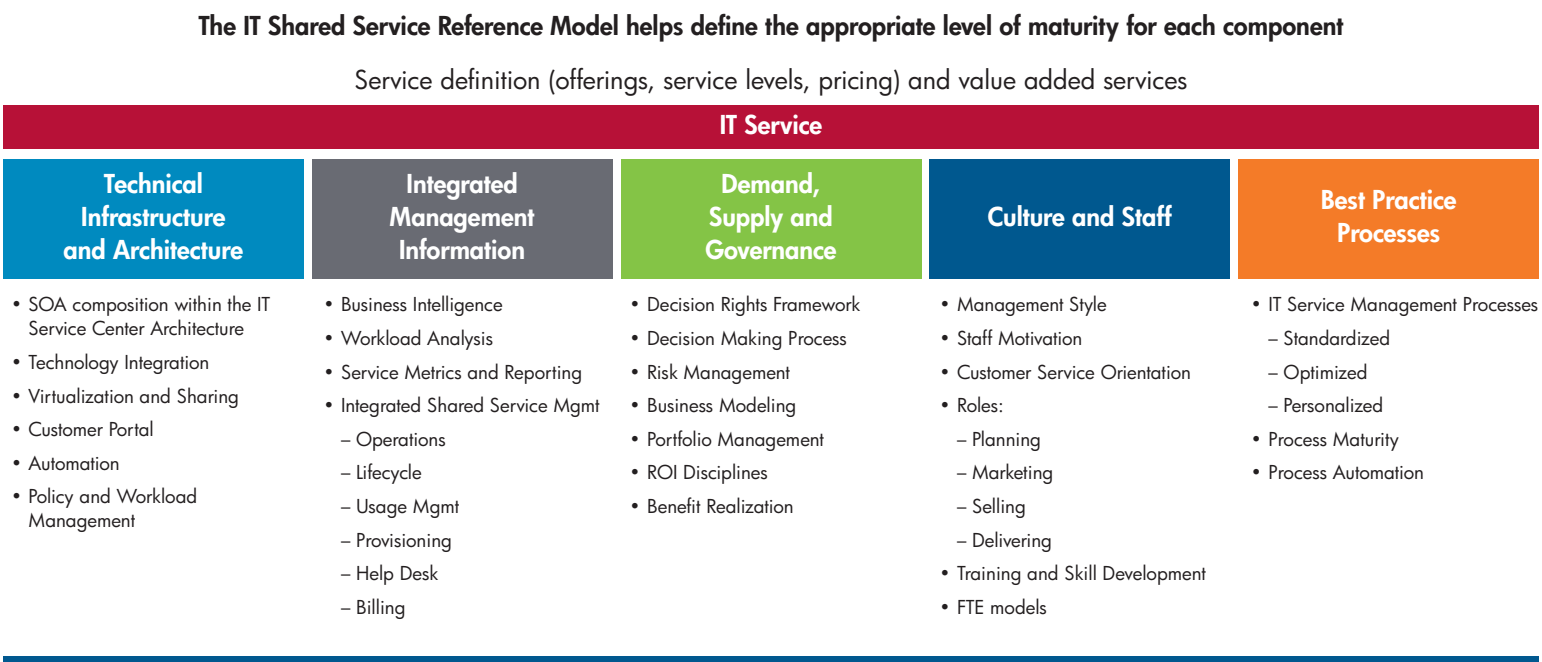


For some, a total transformation is the way to go

A large-scale cultural and process transformation is often the best solution in terms of enhancing employee performance and improving service. Perfectly suited for this implementation is HP's IT Shared Service Transformation Portfolio, comprised of five key components:

- **IT Shared Service Transformation Visioning Workshop**—HP's ITSS Transformation Visioning Workshop provides customers a first insight and awareness of the ITSS concept as well as the implications and consequences of applying shared services as an IT delivery concept. The workshop produces a first-pass identification of the services that could be provided through an ITSS model plus an overview of the main focus areas required to transform your organization into an IT Shared Service Center (ITSSC).
- **IT Shared Service Transformation Planning Service**—HP offers a comprehensive methodology to systematically analyze how a medium- to large-scale organization can exploit and manage IT to achieve industry-leading best practice status. Through this strategic transformation planning service, HP works with customers through a three-step process:
  1) *Strategic Goals*: HP helps you define the desired strategic goals for exploiting and managing IT (using the HP IT Shared Services framework as a reference model). HP also provides a timeline for achieving those goals and success metrics.
  2) *Current State Assessment:* HP conducts a detailed assessment of how your organization currently utilizes, manages and delivers IT. This enables you to assess the maturity, strengths, capabilities, and opportunities for tactical or strategic improvement.
  3) *IT Shared Service Transformation Plan:* Based on the findings of the current state assessment and the desired strategic goals, HP develops a strategic IT Shared Service Transformation plan customized to your needs and opportunities. HP provides specific advice on the detailed projects that comprise the program and advises you on how to launch and manage the transformation.
- **IT Shared Service Transformation Design and Implementation Service**—The information gathered by the IT Shared Service Transformation Planning Service results in the plotting of a series of detailed projects required to manifest the desired IT Shared Services model. The IT Shared Service Design and Implementation Service helps you implement whatever combination of projects you choose—all of which will be unique to your organization and customized to your needs.

Figure 3. The six key components of a successful transformation



- **IT Shared Service Lifecycle Management**—Based on HP's industry-leading IT Service Management (ITSM) reference model, HP's Service Lifecycle Management provides a standardized, fast-track approach for implementing ITSM in an IT Shared Services environment.
- **IT Shared Governance:** IT Shared Service Governance is comprised of a decision-making model plus the governance structures and processes required for an effective IT Shared Service Center (ITSSC). HP's approach to Shared Service Governance is based on a capability reference model that defines the key processes, organizational structure and business metrics required for IT Shared Service Centers to achieve their business objectives. A unique relationship is thus established between the ITSSC and its internal customers. The HP IT Shared Service Governance model incorporates the development of traditional IT Governance core competencies such as supply and demand management, investment management, and architecture management as well as addressing the unique requirements of the ITSS operating model (such as customer relationship management, ITSS utilization, and cost recovery strategies). HP's complete IT Shared Service Governance model consists of seven primary domains and 35 sub-domains, with 24 specific ITSS capabilities.

A five-stage implementation

HP will also help you implement the desired transformation and deliver on-going support and management of the consolidated environment.

HP's ITSS solution offers a comprehensive methodology to systematically analyze how your organization can exploit and manage IT to your best advantage. By analyzing your current IT environment and tailoring a solution to meet your organization's unique needs, HP can help implement a full-scale transformation of your IT organization to deliver the full panoply of benefits made possible by ITSS.

Figure 3 plots the five phases in the development of an ITSS solution. By instituting an ITSS, organizations can evolve from Phase 1, in which is the organization is merely a cost center type of organization, to Phase 6, in which the organization is a best-in-class IT Service Delivery Organization. HP will help assess where the organization is today and help you reach your desired target phase.

To move from Phase 1 towards Phase 6, your organization may benefit from a variety of HP solutions and services that are designed to work together. These offerings include:

- ITSS Transformation Planning Service to help customers develop a plan for achieving all desired objectives.

Moving to a shared services model allows organizations like yours to shift budget from administrative activities to front-line, citizen-facing services.

- ITSS Transformation Design and Implementation Service to help customers implement any combination of the detailed projects identified in the transformation plan.
- ITSS Visioning Workshop to make customers aware of ITSS benefits and the consequences of applying ITSS.
- Other robust HP governance and management solutions that address the many elements that must work together for ITSS to succeed.

By successfully implementing a variety of components and services, your organization will be able to achieve the efficiency of a truly Adaptive Enterprise.

For others, a selective implementation is best

Some customers, however, may find that an incremental approach works best. If that's true of your organization, HP's IT Shared Service Utility Portfolio will provide you with pre-integrated shared services utilities to enable a selective implementation of ITSS without a full-scale organizational transformation. This portfolio includes an HP IT Shared Infrastructure Utility for development and test environments, an HP IT Shared Messaging Utility for Microsoft® Exchange, an IT Shared Services Reference Architecture, and an IT Shared Service Gap Analysis and Planning Support Tool.

Implementation of this portfolio involves two major components:

- **Shared Messaging Utility for Microsoft Exchange**—HP can help customers implement messaging as an IT Shared Service Utility which delivers a centrally owned and operated Windows and messaging infrastructure for increased economies of scale and efficiency. By applying the principles of shared service utilities to messaging, messaging is transformed from an expense operation into a business process. HP delivers on time, on budget, best-in-class consulting to design and build enterprise messaging infrastructures for an IT Shared Services environment, maximizing the potential of the Microsoft Exchange platform with the lowest possible TCO. The messaging solution set offers technical and business value assessment, planning and design, and implementation.
- **Shared Infrastructure Utility for Development, Testing and Production Environments**—The Shared Infrastructure Utility (SIU) is a pre-integrated but highly customizable framework designed to efficiently allocate, provision, manage, monitor and maintain IT infrastructure services. The modular SIU framework automates and virtualizes a multi-vendor data center lifecycle. It is designed to permit greater infrastructure flexibility and integrates readily with management and usage-tracking information in existing IT environments. Drawing on the strength of this framework, HP offers SIU for both development and test environments as well as production environments.

Other key related services

To ensure that these various components are properly integrated and streamlined, HP offers a number of key related services, including:

Consulting & Integration (C&I)
Our expert end-to-end C&I services provide a single point of accountability to ensure successful implementation, starting with planning through migration and transition to ongoing maintenance and optimization.

Service-Oriented Architecture (SOA)
Our Service-Oriented Architecture services and worldwide competency centers enable customers to reap the benefits of an SOA, including faster time to market, increased IT responsiveness to organizational needs, reduced IT costs and increased IT staff productivity.

IT Service Management (ITSM)
IT Services Management solutions bring people, processes, and technology together so that your organization can align IT with business needs and quickly capitalize on change.

Six major benefits

The numerous benefits of HP's ITSS solution can be classified into six major categories.

IT Cost Efficiency—ITSS Transformation Portfolio provides greater cost-efficiencies for IT as well as superior economies of scale and Return On Investment by removing redundant work and supplying only the services that are required.

Spend Control—ITSS transforms IT from a cost center into the nexus of a supplier/consumer relationship with departments and agencies. Services—described in a service catalog and marketed and sold to departments and agencies—can be offered on a tiered basis. Service level agreements are then monitored and reported with self-service portals used to request, modify or terminate services. Service fees are billed on a subscription or usage basis.

Service Quality—ITSS enhances the quality of IT services while allowing the customer to define the service level. The user can set up metrics to measure the quality of service and define the controls.

IT Responsiveness—IT responsiveness is improved by making components and services controllable and flexible. This aligns IT with processes, people, and technology for maximum efficiency and effectiveness.

Business and IT Alignment—Clear definitions of service levels and governance model, combined with advanced tracking and reporting, provide the optimum alignment of business and IT.

Risk Identification—Risks are identified and managed within the HP ITSS portfolio so that they can be effectively managed on an on-going basis, thereby ensuring accurate risk identification and management.

Conclusion

To meet government's need for streamlined operations, more and more organization CIOs are turning to the efficiencies made possible by the sharing of IT services. Data from around the world demonstrates the benefits of consolidating government IT functions, whether it's on the local, regional or national level.

Government organizations investigating shared services can call on HP's broad experience in implementing and supporting shared services initiatives. That's because HP has the processes, products, and people that can reduce redundancy and complexity, optimize operations, ensure constituent satisfaction, guarantee operational continuity, and provide the high security that government transactions demand.

For more information, contact your HP sales representative or visit **www.hp.com/government/solutions**.

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