

SHARED SERVICES THE NEW MODEL

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Rick Goldgar, Ph.D.
Chief Technology Officer and Deputy CIO
Texas Education Agency

SHARED SERVICES

Shared Services is the sharing of services across an enterprise.

In large corporations, this may take the form of sharing HR, financial, travel or other services across an entire set of business units.

Of course, hardware and application development are also common candidates for shared services.

Shared services is usually contrasted with Outsourcing, where a third party company provides services for some part or all of an enterprise.

WHY / WHY NOT SHARED SERVICES?

Why?

- ◆ Shared Services can be cost effective
- ◆ Shared Services can provide consistency for the enterprise
- ◆ Shared Services can recover control possibly lost in outsourcing

Why not?

- ◆ Some functions may not be performed cost effectively as shared services
- ◆ Shared Services require governance, governance that may not be as formally defined as outsourced contracts
- ◆ The enterprise may not be large enough to effectively support a particular shared service

SHARED SERVICES IN THE STATE OF TEXAS

What is the enterprise?

- ◆ The state?
- ◆ An agency?
- ◆ A business area within an agency?

Who is the customer?

- ◆ All citizens of the state? Beyond the state?
- ◆ State employees?
- ◆ Specific stakeholders (e.g. teachers? Parents? Businesses?)

What Services?

Financial?

Employee Benefits?

Licensing and Certifications?

Tax services?

EXAMPLES OF TYPICAL SHARED SERVICES IN THE STATE OF TEXAS

Statewide

Franchise taxes, state purchasing contracts,
state employee benefits

Agency Internal

IT services, financial systems, HR

EXAMPLES AT THE TEXAS EDUCATION AGENCY

- ◆ External Business Services
 - K-12 School Funding
 - Textbook purchasing and management
 - Teacher Certification
- ◆ Shared Services Supporting Other Agencies
 - Data Warehousing
 - Operations Support
 - Financial Payments for the Child Nutrition Program
- ◆ Internal Business Services
 - Some Training
 - Human Resources
 - Accounting
 - IT Services
 - Application Development
 - Reporting Support
 - Data Warehousing

CHALLENGES

- ◆ Governance, governance (and governance)
- ◆ Transitions from legacy systems and silos
- ◆ Who are you really serving and how?
- ◆ When is it really cost effective?
- ◆ Who pays and how
(free? subsidized? chargeback?)