A Public Sector Innovation Framework for Managing Shared Services

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2 December 2015
eSPap Annual Conference on Shared Services & Public Procurement
What has changed for governments?
Reforms have reduced public employment and choice of instruments

- Non or partial replacement of retiring staff
- Recruitment freezes
- Annual productivity targets (eg: 0.5% personnel…)
- Outsourcing
- Dismissals
- Decentralisation of employment to lower…
- Privatisation

Percentage of responding countries

- Frequent use
- Moderate use
- No use
Restoring trust in government after the Global Crisis

Sources: OECD Social and Welfare statistics (Gallup World Poll).
A more Open and Innovative Public Sector is one element of the response.
<table>
<thead>
<tr>
<th>New expectations of governments?</th>
<th>New needs for governments?</th>
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<td>Capacity to tackle <strong>complex issues</strong></td>
<td>New forms of <strong>collaborative governance</strong> for joined-up administrations</td>
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<td>Public services <strong>tailored</strong> to individual needs and <strong>aligned</strong> with national priorities</td>
<td>From government-centred, to user-centred to <strong>people-driven government</strong>.</td>
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<td><strong>Open and engaging</strong> public sectors</td>
<td>Government strategies enabling <strong>openness, participation, innovation</strong></td>
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<td><strong>Innovative and cost-effective</strong> approaches to public service delivery</td>
<td>From government as services provider to <strong>government as enabler and convener</strong></td>
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A more innovative public sector

• Radical *and* incremental
• Services *and* processes
• Impact for citizens *and* government operations
A more citizen- and business-oriented Public Sector: OECD Recommendation on Digital Government Strategies

### Openness and Engagement

1) Openness, transparency and inclusiveness
2) Engagement and participation in a multi-actor context in policy making and service delivery
3) Creation of a data-driven culture
4) Protecting privacy and ensuring security

### Governance and Co-ordination

5) Leadership and political commitment
6) Coherent use of digital technology across policy areas
7) Effective organizational and governance frameworks to coordinate
8) Strengthen international cooperation with other governments

### Capacities to Support Implementation

9) Development of clear business cases
10) Reinforced institutional capacities
11) Procurement of digital technologies
12) Legal and regulatory framework

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Creating Value Through the Use of ICT

What lessons for Shared Services?
OECD Approaches to Achieving Shared Services

Spain: Focus on Consolidation

Estonia: Focus on Interoperability (X-Road)

Canada: Focus on Shared Services

UK: Focus on the Cloud

Denmark: Focus on Integration
## Making the case for shared services

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<td><strong>Model</strong></td>
<td>Competitive provider</td>
<td>Mixed</td>
<td>Mandatory</td>
<td>Mandatory federated</td>
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<td><strong>Rationale</strong></td>
<td>Started out as IT service and infrastructure provider to social security sector. Today provides services to government clients outside the sector.</td>
<td>VALTORI is a move to make services respond better to administration needs. Some services will become mandatory.</td>
<td>Key objective is to operate and develop the governmental ICT solutions efficiently and professionally.</td>
<td>One principle of the Strategy is that digital capabilities should be shared by default and not by exception.</td>
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<td><strong>Partners</strong></td>
<td>CrossRoads Bank -- interoperability in the healthcare and social security sectors.</td>
<td></td>
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<td>A second principle of the Strategy is that ICT should be “Centrally led, collaboratively delivered”: leadership comes from the GCIO, and is delivered in collaboration with agency chief executives.</td>
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A new perspective on shared services

• Public clouds
• A different take on shared services – interoperability for better data sharing
• Provision of a shared infrastructure for secure real-time exchange of information greatly increases government responsiveness, service delivery and capacity to use policy-relevant information for decision-making
• Benchmarking costs and evaluation to ensure the Business case
Supporting and Embedding Innovation
The Innovation Lifecycle

**Identifying issues**
- Needs assessment
- Horizon scanning

**Generating ideas**
- Sourcing
- Selecting

**Developing**
- Making the case
- Risk assessment

**Implementing**
- Testing / prototyping
- Resourcing
- Knowledge flows

**Evaluating**
- Impact assessment
- Capacity assessment

**Diffusing**
- Growing
- Scaling
“Building the bridge as you walk on it”:

1. Transformation and transition
   - People management
   - Operations in a bureaucracy
   - From many small operation groups to professionalized delivery

2. Delivering on customer expectations
   - Standardised service structure

3. Aligning production
   - Roles, processes and supporting systems

4. Operations
   - Cross-organisational service delivery
Dealing with the risks: standardised models for ICT project management

Existence of a standardised model for ICT project management at the central government level:
- Yes: 59%
- No: 41%

Mandatory use of standardised model for ICT project management:
- Yes: 19%
- No: 19%
- Sometimes: 22%

Source: Responses received from 25 OECD member countries, plus Latvia and Colombia. Q30 and 32.
Danish approach depends on successful implementation of consolidation projects

• Improving Efficiency
  – Reducing marginal cost and making cost structures economically viable
  – Server consolidation, virtualisation and reduction of housing costs will save > 5% of ”Government IT” budget a year from 2014

• Improving Transparency
  – Construction of a registration framework that facilitates billing on institutional level
  – Production of an overview of consumption per customer every quarter
  – Regular reporting on Service Level Agreements
  – Audit of only one IT service provider instead of six
    • Go live with billing model in January 2013
    • Customers will be able to optimise their use of IT resources and manage budgets more effectively

Source: E-Government Reviews of Denmark (2005 and 2010)
Maximising returns on investments and highlighting benefits

What is the share of direct financial benefits realised in government ICT projects (self-assessment)?

Increasing return on investment: mandatory business cases for IT projects

Source: Responses received from 25 OECD member countries, plus Latvia and Colombia. Q30 and 32.
Moving ahead…building performing shared services

**Assess the circumstances**

Benchmark and understand current processes (e.g. average time), volume and costs.

**Identify opportunities**

In terms of cost reduction and efficiency gains and redesigning processes and organisational frameworks, and conceive a sustainable business model.

**Build and test**

Develop pilots to make sure that everything is in place. Important change management components will need to be taken into account in this and following stages.

**Implement**

Migrate processes in a controlled manner to make sure shared services are able to manage the volume and deliver services tailored to customer’s needs.

**Improve constantly**

Techniques may vary (e.g. sector specific KPIs, SLAs, other). Expected benefits need to be monitored and processes need to be constantly improved.
What can we do?: A Call to Action

Building innovative capacity across the public sector means focusing on:

- the **people** involved
- the **information** they are using
- the **rules and processes** which govern their work
- the ways in which they are **working together**
Thank you

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