



## Agencies drift toward cloud-based shared services

- By John Moore
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*This is the first part of a series on shared services. [Read part two](#) and [part three](#).*

The concept of shared services, in various forms, periodically surfaces in government — with different technological underpinnings and varying degrees of success.

### A shared services timeline

**1960s:** Time sharing via service bureaus and mainframes.

**1973:** USDA National Finance Center opens; over time provides shared services to 170-plus agency customers.

**1985:** The President's Council on Management Improvement sponsors the Cooperative Administrative Support Unit Program, which, among other things, promotes the standardization and sharing of administrative systems.

**1990:** The Pentagon launches the Corporate Information Management (CIM) initiative, which aims to eliminate redundant systems and standardize on shared systems. CIM eventually supplanted by other efforts such as the National Performance Review.

**2002:** The Defense Integrated Military Human Resources System seeks to become a “purple” HR system spanning the services; DOD scuttles the project years later.

**2004:** OMB's Line of Business initiative explores shared services in such areas as financial management; In 2007, GCN reports that large agencies resist giving up their control.

**2012:** The Federal Information Technology Shared Services Strategy takes its place in a long line of shared services efforts.

Shared services were common in the early days of commercial computing. Time sharing on mainframes became popular in the 1960s, when service bureaus offered the ability to rent access to expensive computing resources. But owning and operating computers in-house eventually became the norm in the public sector. Agency- and application-specific systems proliferated.

Over the past 30 years, government has made several attempts to encourage agencies to reverse course and share IT resources, but enthusiasm for the idea has been less than overwhelming and the results have been predictably spotty. The key obstacles: agencies' desire to control their own IT destinies and a persistent belief that a shared service can't satisfy "unique" requirements.

Today, cloud computing has reopened the discussion. The cloud model offers the ability to acquire processing capability, storage capacity and applications on the fly. As for economic impact, the cloud lets organizations avoid the upfront expense associated with traditional on-premise deployments as well as the ongoing costs of hardware maintenance and upgrades.

The extraordinarily tight fiscal times also bolsters the argument for cloud-based shared services. Buying a service from a government or commercial cloud provider could prove cheaper than building one's own.

But the question remains: Will the promise of the cloud and the pressure on budgets prove sufficiently compelling to boost shared services adoption? A number of local, state and federal agencies have launched cloud-based shared services in hopes of getting government customers to answer in the affirmative by offering services ranging from email to identity management to online payment systems.

### **Supply and demand**

Oakland County, in southeast Michigan, has been providing shared services to area governments for years, originally on big iron. The county now pursues shared services via the cloud, launching G2G Cloud Solutions in 2011. The government-to-government cloud provider offers online payment, over-the-counter payment and Web hosting services.

Government customers can use the online payment service to receive payment for everything from utility bills to traffic tickets. The OTC system lets agencies process in-office payments through a card swipe at the counter. G2G Cloud Solutions' Web publishing suite, meanwhile, offers site hosting and content management via Microsoft SharePoint, said Phil Bertolini, CIO and deputy county executive for Oakland County, Mich., which offers shared services to other local governments.

The self-funding cloud operation aims to share services at little or no cost for customers, relying on enhanced access fees to maintain the services. The idea is starting to catch on among agencies, with a growing slice of the activity coming from beyond Oakland County; G2G Cloud Solutions are available to local governments nationwide.

Bertolini said a third of the more than 50 government entities using the county's online payment engine, for example, are outside of the county, and the percentage is higher still among agencies in the queue waiting to go live with online payment.

"We want it to go broader," Bertolini said of the cloud services. "It helps lower the cost for everybody — as we do more transactions it lowers the cost per transaction."

Cloud-based shared services at the federal level also are rolling out. A recent example is the U.S. Postal Service's Federal Cloud Credential Exchange (FCCX), which aims to put identity management in the cloud. USPS in August awarded a contract to SecureKey Technologies Inc. to field a cloud-based authentication infrastructure for FCCX.

The vision for FCCX is to provide an authentication service for all federal agencies. The service will let users tap third-party credentials to access multiple federal online resources, while freeing agencies from maintaining standalone systems for authenticating citizen transactions.

FCCX will initially operate as a pilot project. Darleen Reid, senior public relations representative, said the pilot's participants are yet to be determined. But she added that a number of agencies have been assisting in developing its requirements. Those include the Veterans Affairs and Education Departments, the Social Security Administration and the IRS.

"The pilot primarily will present an opportunity to evaluate whether there is a viable market and revenue model for the Postal Service," Reid said.

The expense of operating isolated identity management systems may encourage adoption. "The costs to government agencies associated with managing agency-specific credentialing systems have grown exponentially in recent years," Reid said.

Email, among the first enterprise applications to go to the cloud, represents another shared service. The General Services Administration awarded its email as a service (EaaS) program to 17 providers in 2012. The blanket purchase agreements are open to local, state and federal agencies.

GSA also awarded cloud BPAs under its infrastructure as a service (IaaS) program. A dozen vendors hold those contracts, which were awarded in 2010. Tom Kireilis, acting director of GSA's Technology Optimization Division and director of the agency's Cloud Services Program Management Office, said IaaS has generated \$44 million in business across eight agency customers.

The Cloud Services PMO is part of Office of Integrated Technology Services, which operates within the Federal Acquisition Service. The protest-delayed EaaS program is still ramping up, Kireilis said. Two awards have been made to date, but he said he anticipates a large volume of business in fiscal 2014.

Ultimately, executives say, tight budgets and peer pressure will get even more agencies into shared services. "The days of people duplicating effort and building up their own fiefdoms for commodity services is fast going the way of the dodo," said Joe Brown president of Accelera Solutions Inc. a virtualization and cloud computing solutions provider based in Fairfax, Va.

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#### About the Author

John Moore is a freelance writer based in Syracuse, N.Y.

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