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America's new & efficient back-office to fuel its mission

America's new back-office fueling its mission

Running an efficient government starts with building an efficient back office, which serves as the foundation for delivering on the government's mission. For decades, implementing shared delivery models and standardization of back-office operations has been the number one driver of sustainable efficiencies and cost savings in the private sector while delivering as-a-service capabilities to provide an engine for Mergers and Acquisitions (M&A) and growth. Most if not all Fortune 100 companies have deployed a form of shared back-office delivery (Global Business Services or GBS is the latest evolution of shared services) to minimize costs and fuel the mission. However, shared services in government has been viewed as a long-standing concept that has yet to deliver on its promised value or true potential.

We must view shared services as a means to an end, not the end unto itself – the goal is to run the back-office in the most efficient and effective manner to support the mission.

FORTUNE 100

Case in point: A Global Fortune 100 biopharma company with six global lines of business and dozens of therapeutic areas pursued business simplification, enhanced customer and employee experience, and achieved greater than 20% in cost savings within 24 months. The transformation involved simplifying business operations, reorganizing and integrating core and enabling functions, and identifying mega-processes to streamline end-to-end through an integrated back-office service delivery organization, referred to as Global Business Services (GBS) in the private sector. The GBS organization was structured by end-to-end process (e.g., Source to Pay, Hire to Retire, Order to Cash), cutting across functional silos with each Global Process Owner responsible for driving simplification, standardization, and optimization. GBS leaders were accountable for end-to-end processes, including resources and budgets. Importantly, a portion of the cost savings realized through these efforts was used to fund investment in a major health research corporate priority with global impact. This unified enterprise strategy resulted in a simplified Enterprise Mission Support Services model, consolidating from over 50 locations to approximately 5–6 major hubs, each with 500–1,000 FTEs.

Is it time to explore similar models in government?

Before we answer, it's important to understand the obstacles that have limited government adoption while the private sector has rapidly adopted these models. Increasing the rate of adoption in government requires addressing common misconceptions, as described below:

- **"Efficiency requires one single platform"** — Government shared services has often meant consolidating multiple agencies onto a single system or platform, while leaving legacy processes untouched. This results in heavy customization, increased technical debt, and higher costs, and it falls short of delivering the expected efficiency or effectiveness. Technology now allows customers to receive tailored, adaptable solutions for their unique needs without the need to customize core systems (e.g., using modern data abstraction and integration tools) which lowers long-term Operations & Maintenance (O&M) costs and enables quicker adoption of Software as a Service (SaaS) solutions while achieving mission outcomes.

- **"Shared services must be government-wide or cross-agency"**— Historically, a big focus of "shared services" in government has been across agencies / departments leading to the establishment of Federal Shared Service Providers (FSSPs) and Quality Service Management Offices (QSMOs). While well-intentioned, the focus has been on migrating onto a cross-agency system (increasing time, cost, and complexity). This has also overlooked the critical need to standardize and minimize redundant back-office operations within the customer agency.

- **"Providers must customize transactional support"**— Incentives and funding have traditionally favored centralization without standardization, often leading to inefficiency. Relying solely on customer funding, driven by individual budget constraints, limits providers' ability to innovate and standardize transactional work—undermining the core purpose of shared services. To achieve meaningful improvements, agencies must shift from simply centralizing services to truly integrating and standardizing processes, aligning incentives, and establishing clear accountability.

- **"New shared delivery organizations must be created with re-badged staff"**— Traditionally stand-up of shared services models has involved reassigning of existing employees by changing their reporting lines (i.e., re-badging), rather than redesigning how the work is performed. This approach limits the potential benefits of shared services, such as achieving economies of scale and standardization. To realize these advantages, it is essential to thoughtfully align the organizational structure, implement the right staffing levels, appropriate management layers and spans of control based on the actual work requirements

"Standardization should stay within functional silos"— Government efforts have typically focused on siloed functions, while the private sector has shifted towards integrating across functions. Agencies / Departments need a single accountable office for mission support and business process performance to drive cross-functional integration –bringing over a leading, widespread practice from the private sector. It results in significant cost savings while enabling mission impact by standardizing "how" the functions themselves are performed across elements like governance, service management, communications, technology and data.

Avoiding these pitfalls requires using all available levers to drive efficiency in government operations and examining recent larger-scale reorganizations as models for transformation. The model below (Figure 1) shows the illustrative journey of shared services from decentralized functional towers (no sharing) toward the commercial leading-practice GBS model on the right.

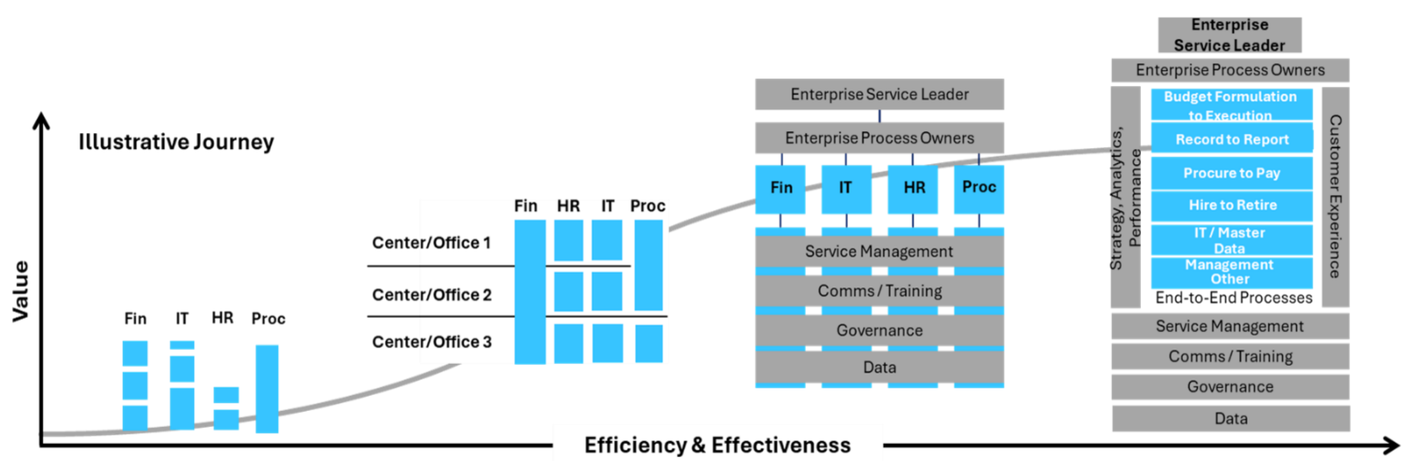
Borrowing principles from commercial GBS models and using them as engines to supercharge and scale new technology capabilities is the next generation of government shared services.

Principles that are least often adopted in government but have driven significant value for private sector organizations are:

- **"Look within not just across"**— Government GBS models will look more like consolidation to drive efficiencies within an agency or department vs. migrating to another agency's system (with some exception for true cross-government services).
- **"Leave nothing off the table"**— Drive efficiency through all four typical levers: structural (e.g., consolidation, removing duplicative work), infrastructure (e.g., rationalize systems and real estate), operational (e.g., reengineer and automate processes including AI), and spend (e.g., centralize category management and improve purchasing power via consolidation).
- **"Break down Silos Across Functions"** — Integrate and standardize across functions to avoid duplication and siloes that result in inefficient handoffs/coordination, especially in end-to-end processes that touch multiple functions such as onboarding (HR, IT, Finance) in favor of cross-functional teams and talent..
- **"Empowered accountability for outcomes"**— Create empowered process owners over end-to-end, outcome-based functional processes (e.g., Procure to Pay) that drive standardization, continuous improvement, and accountability.
- **"Capabilities as-a-service…not just transactions"**— Leverage enterprise-wide data and cross-functional talent to deliver common capabilities such as automation and analytics to help customers drive further enterprise-wide efficiency and cost savings.

To begin implementing this model, ***government organizations must reimagine the work within each functional area (e.g., Human Resources, Finance, Information Technology, Acquisition, Fleet, Cyber) within and across agencies***. The goal is to maximize sharing and standardization of process, workforce, and data. However, one size does not fit all. For example, a department or agency may seek to consolidate and deliver many IT services across the enterprise (e.g., IT asset management, enterprise architecture, help desk, application development) with few opportunities suitable to share across the Federal government. On the other hand, delivery of core HR operations for the civilian workforce can and should be standardized and centralized across the government (e.g., talent acquisition [requisition creation, posting, job coding], benefits management, payroll, HR Administration) while consolidating the delivery of strategic HR services such as succession planning, labor relations, and HR communications within the respective department.

Figure 1: Shared Delivery Models in the Private Sector



Government's back-office of the future needs advanced technological capabilities to maximize integration, efficiency and cost savings. Four capabilities are critical to implement:

- **Data abstraction and integration** — These platforms aggregate data from multiple business and mission systems into a unified, accessible layer, generate actionable insights, and allow AI agents to write back to source systems—transforming back-office operations. By unifying enterprise-wide data, it enables new AI-enabled capabilities and services (including workflows and automation of routine decisions). It limits the need to consolidate or customize underlying core systems and SaaS solutions by performing actions in this data layer, which supports scalability, lowers long-term O&M costs, and enables quicker adoption of SaaS solutions.
- **Agentic AI** — As more solutions offer native AI capabilities, providers need a platform that orchestrates complex, cross-functional processes, autonomously coordinates workflows, resolves exceptions, and facilitates seamless handoffs with minimal manual intervention. This enables providers to deliver faster, more consistent, and scalable support across diverse customers without added headcount.
- **Customer / Service Management** — This platform acts as the backbone for providers, enabling seamless, customer-facing intake channels and a unified communication hub. Advanced workflow and ticketing capabilities automate demand management across provider teams to efficiently route, track, and resolve requests. It streamlines customer engagement, enhances transparency through real-time service level monitoring, and supports cost allocation and chargeback mechanisms.
- **Workflow** — By minimizing manual handoffs, routing tasks across teams and systems, and automating repetitive tasks, workflow solutions not only reduce operational risk and cycle times but also enable data-driven insights for continuous improvement. They can help reduce the role of paper and email in managing the government.

Organizations can rapidly apply these technical capabilities to gain process efficiencies in back-office operations (e.g., HR, FM, IT, Acquisition, Fleet, Cyber) to accelerate and enable consolidation. For example, in the HR function, organizations can:

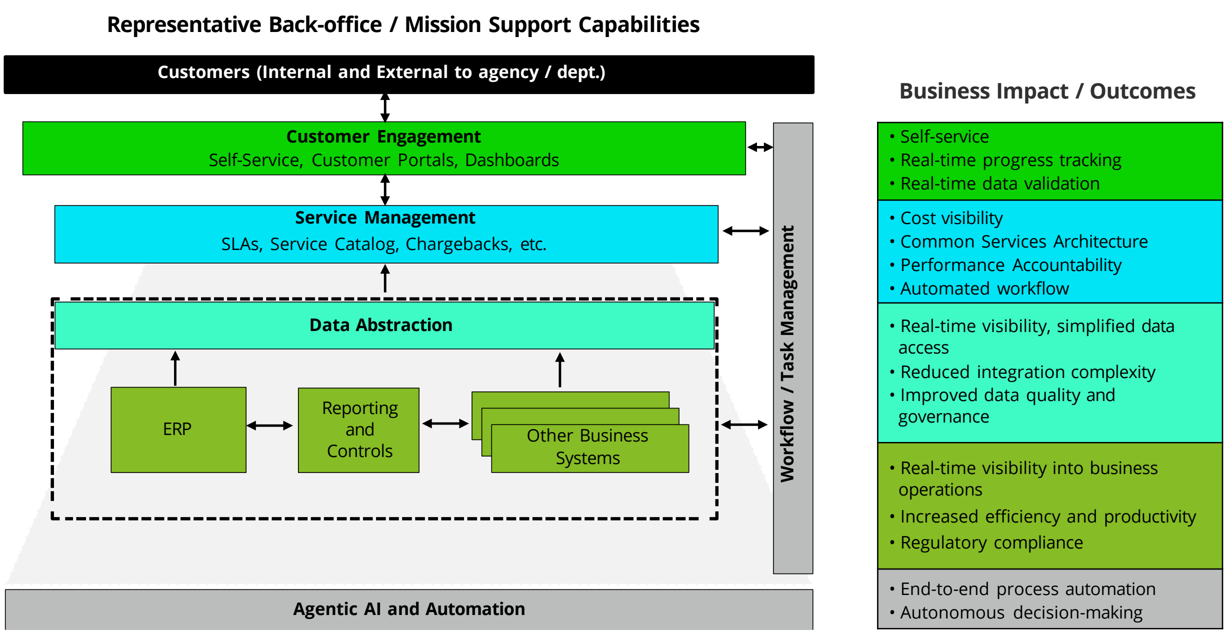
1. Implement data standards and a data model that enables entire end-to-end function
2. Create an AI-enabled orchestration layer that integrates and aggregates HR data
3. Launch an HR/employee engagement layer with a user-friendly interface and automated business rules.
4. Apply AI to quickly enhance processes, providing real-time data insights and streamlining prioritized workflows.
5. Implement modernized HCM solution

To achieve results in an era defined by convergence, integration, and heightened national security risks, it is critical to start with reimagining the back office.

True transformation goes beyond consolidating technology platforms. It requires fundamentally rethinking how work is delivered, distributed, and integrated across agencies and departments.

The goal is not just to modernize, but to move beyond the traditional "back office" of manual, siloed processes. Instead, we must build a "center office" - a dynamic, integrated backbone that empowers cross-functional collaboration and directly fuels the government's mission.

Figure 2: Representative Back-office Capabilities



Authors

Aprajita Rathore
Principal
Mobile: +1 412 519 3798
Email: aprathore@deloitte.com

Christopher Hamilton
Senior Manager
Mobile: +1 571 379 9892
Email: chrhamilton@deloitte.com

Hilton Robinson
Senior Manager
Mobile: +1 202 235 6232.
Email: hirobinson@deloitte.com

Contributors

Courtney Horvat Mohn
Manager
Mobile: +1 571.215 9483
Email: cohorvat@deloitte.com

Anne Newman
Senior Consultant
Mobile: +1 571 651 0495
Email: annenewman@deloitte.com

Marissa Hohman
Consultant
Mobile: +1 703 772 1402
Email: marhohman@deloitte.com

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