Rationale for Agencies’ Selection of a Shared Service Center (SSC) Using a Limited Form of Competition

Exception Business Case Template

September 2010

Introduction (HR LOB developed)

The Office of Personnel Management (OPM), as Managing Partner of the Human Resources Line of Business (HR LOB) initiative, since April 2004, has engaged over 24 agencies in defining the vision and goals of the initiative. The vision is to create governmentwide, modern, and cost effective, human resource (HR) solutions providing core functionality to support the strategic management of human capital. The goals of the HR LOB are to allow the Federal civilian workforce to focus on improved management, operational efficiencies, cost savings or avoidance, and improved customer service. The government expects to save over $1.3 billion through the implementation of the HR LOB vision. These goals will allow agencies to transform their internal human resource focus from an emphasis on administrative processing to strategic planning support for agency leadership and increased customer service and counseling for managers and employees.

To achieve the HR LOB vision and goals, the government established Shared Service Centers to provide agencies with modern human resources solutions on a fee for service basis to support the modernization and standardization of human resource business processes, services, and systems.

The HR LOB has established a schedule of Federal and private sector Shared Service Centers (SSCs) to provide agencies with core HR processing services as well as other IT and non-IT services. The HR LOB takes a phased approach to delivering HR services through shared service centers that are based upon modern solutions and open architecture concepts.
Per the HR LOB Concept of Operations (CONOPS) and OMB guidance, each agency is expected to seek OPM’s and OMB’s approval and comply with migration guidance and requirements in its selection of, and migration to an SSC. This exception business case provides the rationale for agencies that supports the need and ability to migrate to an SSC using a limited form of competition.

**Statement of Need (Agency developed)**

This section contains a description of the agency’s operating environment. This section should explain why the agency should migrate to a shared service center using a limited form of competition. When developing this section an agency should also be sure to provide the following information:

- An organizational overview of the agency’s mission, structure, and current core and non-core services received (if any)
- Detail on the shortcomings of the current system and/or provider regarding both core and non-core services and how migrating to a new provider would demonstrate a strong return on investment for the agency and for the government
- Specific examples of how the agency’s requirements are not met by their current system or provider
- Additional information on efforts of the agency and/or its current provider to address the shortcomings described (if applicable)

**Required Services (HR LOB developed)**

The HR LOB Target Requirements for Shared Service Centers define the requirements that SSCs must provide to agencies and the HR LOB Business Reference Model is an end-to-end business process model for Federal HR to the activity level. Both documents are available on OPM’s website at [http://www.opm.gov/egov/documents](http://www.opm.gov/egov/documents). At a minimum, agencies must obtain human resources information systems for the core functions of personnel action processing, benefits management and compensation management (payroll) from an SSC. Agencies should also consider whether they wish to seek non-core functions from an SSC.

The HR LOB CONOPS for the core functions is described in detail in the HR LOB Migration Planning Guidance and the HR LOB Target Requirements for Shared Service
Centers report on OPM’s website. Please refer to this information when developing an exception business case.

**Required Services (Agency developed)**

This section should clearly document all agency requirements and the specific services and/or functionality needed from a shared service center. Agencies are encouraged to leverage the HR LOB target requirements as the starting point for developing agency unique requirements.

**Market Analysis (HR LOB developed)**

An agency has the opportunity to obtain HR services from a public or private sector SSC. For the most current listing of public and private sector SSCs please refer to Section 6 of the Migration Planning Guidance. All of the SSCs have the capability to meet the HR LOB concept of operations and, at a minimum, deliver the mandatory core SSC services. Differences do exist, however, in areas including SSC technologies, service delivery models, and schedule for customer migrations. It is recommended that the agency leverage Section 6 of the Migration Planning Guidance, which describes the public and private sector SSC service offerings with links to their self-evaluations.

**Market Research / Analysis (Agency developed)**

Provide a high level summary of the results of your market analysis including a description of the efforts made to evaluate as many potential sources as possible. In this section the agency should document the agency’s efforts to collect information pertaining to the analysis of providers in a consistent and comprehensive manner. Additionally, the agency should document relevant details about the considered providers’ prior experiences in managing agency migrations and include an evaluation of all providers considered against the targeted needs, functionality and requirements. This should take the form of tabulated results and analysis on each provider’s ability to meet the requirements.

**Alternatives Analysis (Agency developed)**

In this section, the agency is expected to identify which SSCs were considered as alternatives, with clear reasoning as to why they were considered and why other
providers were not. The agency must also demonstrate that consideration was given to both public and private sector providers. The agency is also expected to provide the following information:

- A clear and understandable side-by-side comparison of all alternatives considered (including the agency’s current provider or system) against an identical set of criteria based on the results of the agency’s Market Research / Analysis (e.g. RFP, RFI, due diligence, operational capability demonstration)
- A standard methodology used by the agency to reach out to providers to collect information pertaining to the analysis
- A detailed cost-benefit analysis for all alternatives considered (including maintaining status quo). In addition for:
  - Agencies currently serviced by an SSC should include the following:
    - Agency migration costs incurred (by current & future SSC)
    - Projected annual fees with future SSC
    - Current SSC annual fees
  - Agencies not currently serviced by an SSC should include the following:
    - Migration Costs
    - Projected SSC annual fees
    - Legacy system O&M costs
    - Legacy system replacement costs
- A thorough risk analysis associated with each alternative considered

**Rationale for Selection (Agency developed)**

The agency is expected to provide detailed and concrete evidence that supports the agency’s justification for migration and demonstrate how migrating to the selected provider supports improved HR management and operations and the long-term goals of the agency. In addition, the agency should demonstrate how the selected provider corrects their inefficiencies, minimizes the agency’s performance gaps, and improves HR management. This section should contain a recommendation for a selected provider including a proposed migration timeline and funding availability.

Additional topics to be included in this section are:

- Agency’s justification for migration to the selected provider
- Substantiation of selected provider’s experience with previous migrations
• Justification of how migrating to the selected provider provides a strong ROI for the agency and the government and how that aligns with the results of the alternative analysis

• Additional details on how the selected provider meets the agency’s target needs, functionality, and requirements

• Outcome the migration will have on agency FTEs

• Outcome the migration will have on the agency’s current provider’s FTE in the form on a written statement from the current provider (if applicable)
  o The written statement should address impact on provider FTE, financial viability, and current operations and customers

• Details regarding desired performance and experience level of the selected provider based on calls to references provided

• Agency endorsements of the selection recommendation including the names and job titles of agency executives that support this selection recommendation

**Attachment A.1 – Customer Agency Due Diligence Checklist**

This checklist is *Attachment H* in the Migration Planning Guidance. Agencies should complete a fully documented and up-to-date checklist to support its alternatives analysis.

**Attachment A.2 – Agency-specific Requirements Assessment Results**

The agency should include the results of SSC assessments against agency-specific requirements to demonstrate that the selected service provider can meet requirements set forth by the migrating agency.

**Attachment A.3 – Results of Operational Capability Demonstrations**

This optional attachment contains the results from the selected SSC’s operational capability demonstrations showing its ability to deliver against agency requirements. The
agency should include the results of their operational capabilities demonstration for each considered provider (if applicable). See Attachment F to the Migration Planning Guidance for more information.

**Attachment A.4 – References and Agency Points of Contact**

The agency should provide agency points of contact for questions and follow-up. In addition, a list of references the migrating agency used to confirm the performance and experience for the selected provider should also be included.

**Attachment A.5 – Fit Gap Analysis Report**

The fit gap analysis report is an optional attachment that identifies all system or business process changes that will be needed for migration. Agencies are encouraged to perform the fit gap with their potential provider prior to making a final selection decision.

**Attachment A.6 – Impact to Current Provider**

The agency is expected to include the completed impact to current provider template if it is proposing to migrate from its current provider to a different HR LOB provider for core HR services.