

# **Migration Planning Guidance (Draft)**

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## Section 3.1 FM Due Diligence Checklist

This section contains the *Financial Management Line of Business Shared Service Center Due Diligence Checklist*, which includes the standards to which shared service centers must comply. The text in blue indicates changes from Version 1 of the Checklist.

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

Version 2.0

April 2006

Part I: Introduction

*A shared services center is a separate and distinct organization established to provide technology hosting and administration, and where appropriate, application management services, and business process services for other entities.*

*Please limit responses to 100 words or less in this section. If necessary, include reference or additional materials in the form of an attachment.*

<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>		
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Software Package	Provide Vendor, Product, Version.	
Production Initiation Date	Provide the date the system becomes (or became) operational.	
Modules/Services Offered	List the modules and services you offer (e.g., modules other than core FM, transaction processing services, Federal payroll providers you interface to). Where possible, relate these modules to components in the Framework for Federal Financial Management Systems.	
External Customers	Provide information on existing customers to demonstrate capabilities. Include indicators of size, such as budget/revenue, approximate number of employees, number of named and/or concurrent users.	
Unique Customer Needs	Describe your ability and approach for handling customization and change requests.	
Transaction Volume	Provide historical data on transaction processing capabilities including volume and dollar amount.	
Audit Opinion	Have financial statements generated from this system received an unqualified audit opinion? What is the timeframe in which financial statements/reports are generated?	
Quality Assurance	Describe your Quality Assurance processes (e.g., Capability Maturity Model certification/date).	
Service Quality Metrics	Provide currently available service quality metrics (OMB is leading an effort to develop standard metrics).	
Change Management	Provide details regarding change management processes (i.e., how will new requirements be incorporated into the solution).	

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*Additional Background Information for Government-Run Shared Service Centers (SSCs).*

<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>		
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Internal Customers	Describe the services you provide to internal customers with appropriate metrics (e.g., bureaus, budgets, users).	
FY06 Development, Modernization & Enhancement (DME) Cost	Provide the FY06 DME costs for this initiative.	
FY06 Steady State (SS) Cost	Provide the FY06 SS costs for this initiative, categorized if appropriate.	
FY07 & Beyond DME Cost	Provide forecast FY07 & beyond DME costs for this initiative, by year.	
FY07 & Beyond SS Cost	Provide forecast FY07 & beyond SS costs for this initiative, by year.	
Business Operating Model (Customer perspective)	Briefly describe your business model from the customers' perspective (franchise vs. WCF, partner vs. seller/buyer relationship, etc.).	
Transaction Costs	Provide currently available cost metrics (OMB is leading an effort to develop standard metrics).	
Service Provision Model (Supplier perspective)	Describe your means of providing and managing the provision of services, including services provided by government staff vs. those contracted out, contracting method (fixed-price vs. time/materials), contract incentives, government vs. commercial hosting, use and scope of Independent Verification and Validation (IV&V), program management structure, etc.	

*Additional Background Information for Private-Sector Shared Service Centers*

<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>		N/A
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Corporate Stability	Provide information regarding the financial health and stability of the shared service center (e.g., assets, outstanding debt, cash balance, financial backing).	
Pricing Model	Describe pricing models offered (e.g., pricing per user, per transaction, on a subscription basis). What is the minimum term-of-service required for shared service center customers?	

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<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>		N/A
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Corporate Structure	Provide details on corporate structure to include all partners involved in the solution (e.g., hosting providers, managed service providers, software application vendors, system integrators).	

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**Part II: Screening Questions**

*A response of "no" to any of the following screening questions will not automatically disqualify the candidate from being approved as a shared service center candidate so long as it commits to completing the requirement prior to it becoming a shared service center and prior to being a system of record for an agency. Please limit comments to 100 words or less in this section. If necessary, include reference or additional materials in the form of an attachment.*

Project/Service Name			
Unique Project Identifier (UPI) (Government only)			
Agency/Vendor			
#	Evaluation Area	Rating	Comments
1	Does the core financial system operated by the shared service center provide the following <b>Financial Management</b> Federal Enterprise Architecture (FEA) Sub-functions: <ul style="list-style-type: none"> <li>▪ Accounting</li> <li>▪ Budget and Finance</li> <li>▪ Payment</li> <li>▪ Collections and Receivables</li> <li>▪ Asset and Liability Management</li> <li>▪ Reporting and Information</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
2	Have previous migration activities (i.e., new customers) included the migration of data?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3	For Federal SSCs, does the SSC align with the FEA? Provide demonstration of this alignment via appropriate artifacts (e.g., reference models, EA assessments).	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4	Does the shared service center support integration to the FM-related E-Gov Initiatives including E-Travel, Integrated Acquisition Environment (IAE), and E-Payroll? Support is defined as being capable of integrating with the solutions provided by these initiatives.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
5	Has the shared service center undergone a Federal Information Security Management Act (FISMA) review within the last 12 months without identification of significant deficiencies, and are recurring annual reviews planned? If no, does the shared service center commit to conducting such a review prior to the solution becoming the system of record for an agency? Please note the planned date for completion in comments.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6	Has the shared service center been Certified and Accredited (C&A) within the last 3 years? If no, does the shared service center commit to completing such a certification prior to the solution being the system of record for an agency? Please note the planned date for completion in comments.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
7	Does the shared service center have a performance measurement methodology in place with performance metrics?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
8	Has the shared service center implemented a Federally-certified commercial off-the-shelf (COTS) solution in a production environment?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

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Project/Service Name			
Unique Project Identifier (UPI) (Government only)			
Agency/Vendor			
#	Evaluation Area	Rating	Comments
9	Does the shared service center have a Continuity of Operations Plan (COOP) and has successful Disaster Recovery Testing been performed?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10	Has the system undergone a SAS-70 audit with favorable results?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
11	Does the shared service center have a cost accounting methodology that fairly allocates all costs (fixed and marginal) to internal and external customers or complies with the Federal Acquisition Regulations (FAR)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
12	Does the data center proposed in the solution by the shared service center utilize onshore facilities and resources only?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
13	Does the shared service center provide a formal incident response capability?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
14	Does the shared service center perform periodic testing and evaluation of information security controls?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
15	Does the shared service center have an appointed information systems security officer?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
16	Is the shared service center's contingency planning coordinated with the agency or agencies using its services?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
17	Does the shared service center have in place an interconnection security agreement and a Memoranda of Understanding in accordance with NIST SP800-47? If no, does the shared service center commit to completing them prior to the solution being the system of record for an agency? Please note the planned date for completion in comments.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
18	Does the shared service center have, currently in place, standards and templates for migration, interface configuration, operations, and ongoing support? If no, the shared service center must commit to completing them prior to the solution being the system of record for an agency. Please note the planned date for completion in comments.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
19	Does the shared service center have specific experience with migrating multiple federal agencies or bureaus to this FM solution and underlying technology? Describe the diversity (i.e. size, complexity, etc.) of federal agencies or bureaus currently serviced with this solution.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
20	Does the shared service center offer a framework for delivering standardized services? What flexibility is supported to accommodate differences in how each agency conducts its business?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
21	Does the shared service center have a demonstrated ability to continuously apply innovation to its operations through investments in	<input type="checkbox"/> Yes <input type="checkbox"/> No	

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<b>Project/Service Name</b>			
<b>Unique Project Identifier (UPI) (Government only)</b>			
<b>Agency/Vendor</b>			
#	Evaluation Area	Rating	Comments
	new technology?		
22	Does the shared service center have experience in implementing and managing formal Service Level Agreements (SLA) with performance measures and that enable the use of financial incentives and disincentives for performance? If formal SLAs are not currently in place, the shared service center must commit to completing them prior to the solution being the system of record for an agency. Please note the planned date for completion in comments.	<input type="checkbox"/> Yes <input type="checkbox"/> No	

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*Part III: Due Diligence Checklist*  
Please limit comments to 100 words or less in this section. If necessary, include reference or additional materials in the form of an attachment.

Project/Service Name						
Unique Project Identifier (UPI) (Government only)						
Agency/Vendor						
No.	Criteria	Rating	Raw Score	Tier	Weighted Score	Comments
1	Value-Added Modules	<p><i>(where multiple products used – address for each product)</i></p> <input type="checkbox"/> <b>High (5):</b> Currently offers two or more existing value-added modules (functions aligned with the Lines of Business (LoB) beyond core functions identified in the screening section (e.g., asset management, procurement system integration, budget formulation, data warehousing/analytics)) <input type="checkbox"/> <b>Med (3):</b> Currently offers a single existing value-added module <input type="checkbox"/> <b>Low (1):</b> Planning to offer additional value-added modules <input type="checkbox"/> <b>None (0):</b> No plans for value-added modules		B		
2	Business Process Support	<input type="checkbox"/> <b>Yes (5):</b> Shared service center offers business process (transaction processing) services in addition to technology hosting support <input type="checkbox"/> <b>No (0):</b> No business process services offering		B		
3	Implementation Services	<input type="checkbox"/> <b>High (5):</b> Shared service center provides implementation services and allows customers to select system integrators to provide implementation services (list integrators) <input type="checkbox"/> <b>Med (3):</b> Shared service center does not provide implementation services but is partnered with systems integrators to provide implementation services (list integrators) <input type="checkbox"/> <b>Low (1):</b> None of the above		B		
4	Data Migration Experience	<input type="checkbox"/> <b>High (5):</b> Performed multiple data migrations and has repeatable processes <input type="checkbox"/> <b>Med (3):</b> Performed multiple data migrations with no repeatable processes <input type="checkbox"/> <b>Low (1):</b> Performed a single data migration		B		



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Project/Service Name						
Unique Project Identifier (UPI) (Government only)						
Agency/Vendor						
No.	Criteria	Rating	Raw Score	Tier	Weighted Score	Comments
5	Data Cleansing Experience	<input type="checkbox"/> <b>Yes (5):</b> Demonstrates experience conducting data cleansing <input type="checkbox"/> <b>No (0):</b> No demonstrated experience conducting data cleansing		B		
6	Services Provision Experience	<input type="checkbox"/> <b>High (5):</b> Multiple years of experience providing service to 10 or more customers (for government agencies, cross-servicing 10 or more external customers) <input type="checkbox"/> <b>Med (3):</b> Limited experience providing service (for government agencies, cross-servicing external customers) <input type="checkbox"/> <b>Low (1):</b> Experience providing service to internal customers <input type="checkbox"/> <b>None (0):</b> None of the above		A		
7	Transition Management	<input type="checkbox"/> <b>High (5):</b> Demonstrates past success in providing transition management services (e.g., training, migration planning, change management, sequencing) <input type="checkbox"/> <b>Med (2):</b> Has detailed plan to provide transition management services <input type="checkbox"/> <b>No (0):</b> No transition management services planned		A		
8	Service Level Agreements (SLA) Past Performance	<input type="checkbox"/> <b>Yes (5):</b> Demonstrates past success in establishing and maintaining SLA with specific performance metrics <input type="checkbox"/> <b>No (0):</b> No prior experience establishing SLAs with specific performance metrics		A		
9	Security and Privacy Standards	<input type="checkbox"/> <b>Yes (5):</b> Demonstrates a history of compliance, up-to-date security plan in place that meets requirements of FISMA, OMB policy, NIST Guidance, and privacy impact assessments completed <input type="checkbox"/> <b>No (0):</b> Outlines plan to develop security plan and conduct PIAs, as well as provides dates for completion		A		

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Project/Service Name		Unique Project Identifier (UPI) (Government only)		Agency/Vendor		
No.	Criteria	Rating	Raw Score	Tier	Weighted Score	Comments
10	Configuration	<input type="checkbox"/> <b>High (5):</b> Shared service center has ability to provide separate physical instances of the solution for customers <input type="checkbox"/> <b>Low (0):</b> Shared service center does not have ability to provide separate physical instances of the solution for customers		A		
11	Performance Measures	<input type="checkbox"/> <b>High (5):</b> Performance metrics in place with actual measures against the baseline <input type="checkbox"/> <b>Med (3):</b> Performance metrics in place but no actual measures against the baseline <input type="checkbox"/> <b>Low (0):</b> None of the above		A		
12	Scalability	<input type="checkbox"/> <b>High (5):</b> Demonstrates ability to support increasing transaction volumes consistent with a business model <input type="checkbox"/> <b>Low (2):</b> Provides a high level strategy for supporting increased transaction volumes consistent with a business model <input type="checkbox"/> <b>None (0):</b> No provision for increased transaction volumes		A		
13	Customer Service Satisfaction	<input type="checkbox"/> <b>High (5):</b> Demonstrates high level of customer service satisfaction with performance history <input type="checkbox"/> <b>Med (3):</b> Demonstrates measurement of customer satisfaction <input type="checkbox"/> <b>Low (0):</b> No measurements of customer satisfaction		A		
14	Core Solution Strategy	<input type="checkbox"/> <b>High (5):</b> Proposes the reuse of a single existing FM system <input type="checkbox"/> <b>Med (3):</b> Proposes the reuse of multiple existing systems to create an integrated FM shared service center solution <input type="checkbox"/> <b>Low (1):</b> Proposes the implementation of a new FM system		B		
15	Cross-LoB Support	<input type="checkbox"/> <b>High (5):</b> Demonstrates existing integration with other LoB service centers <input type="checkbox"/> <b>Med (2):</b> Detailed strategy for integrating with other LoB service centers <input type="checkbox"/> <b>None (0):</b> No cross LoB support indicated		B		

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Project/Service Name		Unique Project Identifier (UPI) (Government only)		Agency/Vendor		
No.	Criteria	Rating	Raw Score	Tier	Weighted Score	Comments
16	System Availability/Uptime	<input type="checkbox"/> High (5): Demonstrates system uptime greater than or equal to 99.9% <input type="checkbox"/> Med (3): Demonstrates system uptime greater than or equal to 99.5% <input type="checkbox"/> No (0): Demonstrates system uptime less than 99.5%		B		
17	Monthly Close Time	<input type="checkbox"/> High (5): Monthly close time is less than or equal to 3 days <input type="checkbox"/> Med (3): Monthly close time is 3 to 5 days <input type="checkbox"/> Low (1): Monthly close time is 5 to 7 days <input type="checkbox"/> No (0): Monthly close time is greater than 7 days		B		
<b>Totals:</b>			<b>Raw Score (75 Potential Points)</b>		<b>Weighted Score</b>	
<b>Additional comments:</b>						

**Notes**

- Questions are separated into two tiers ("A" and "B") based on their importance in assessing a shared service center candidate's viability. Responses are weighted so that Tier A questions, in the aggregate, comprise two-thirds of the total weighted score. Tier B questions comprise one-third of the total weighted score.
- Although this checklist is worded for evaluating existing centers, it may be applied to new center investment proposals by assuming modification to the tense of the requirements. For example, "Has the shared service center been Certified and Accredited within the last 3 years?" can be read as, "Does the proposal provide a credible plan for Certification and Accreditation?"