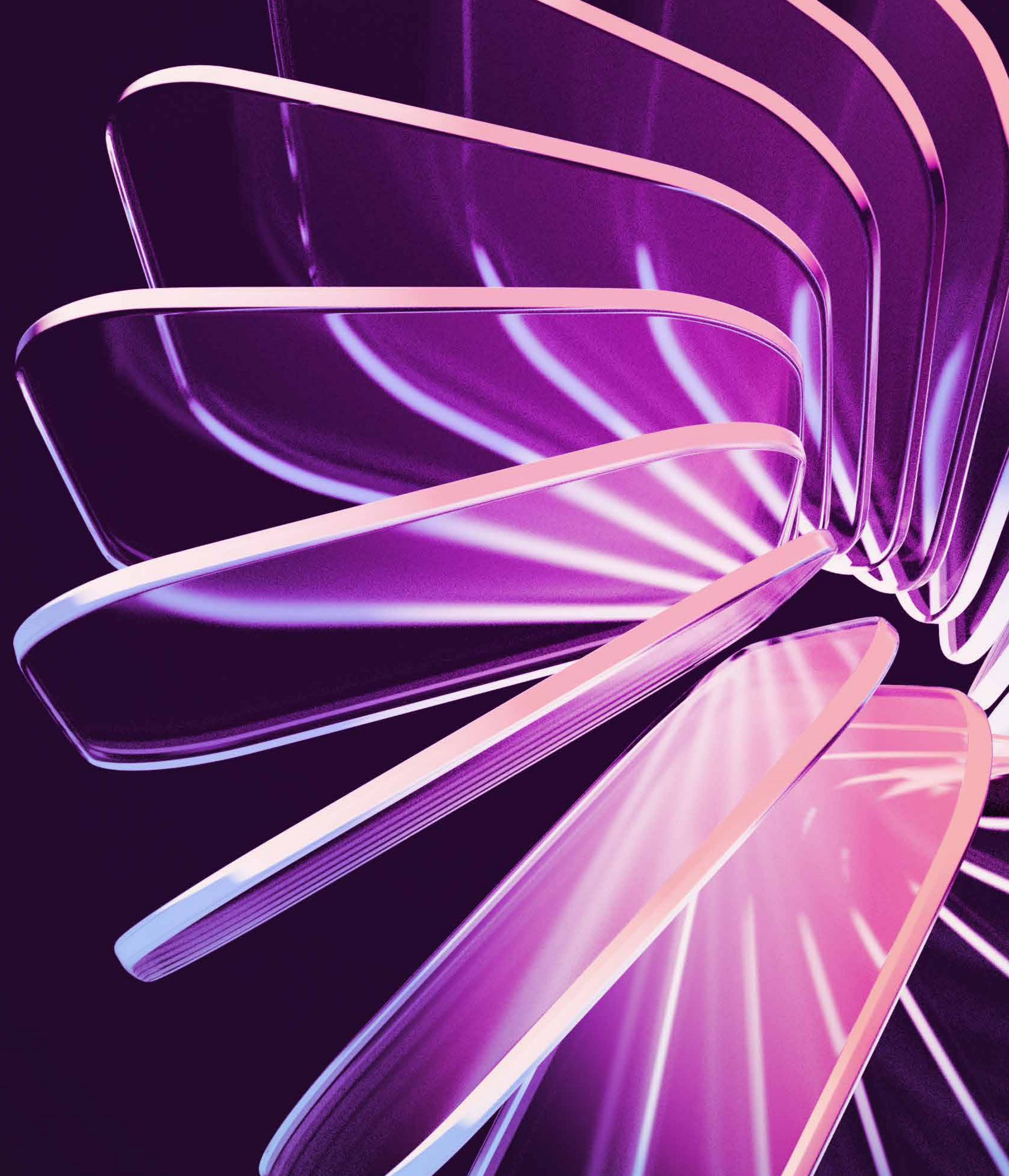
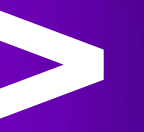


How federal missions can seize the value of managed services

Accenture Federal Services





Executive summary

Federal contracting officers face multiple headwinds in IT procurement. The looming retirement of seasoned experts who maintain legacy systems threatens ongoing operations, while multiple mandates are driving IT modernization.

The challenge for procurement officials is to secure the right resources to maintain legacy systems while simultaneously planning and executing modernization initiatives.

A managed services model is a proven approach to procuring the specialized IT services that agencies need – including coordination of multiple small business vendors.

Federal agencies are turning to managed service providers (MSPs) for a broad range of services, including security operations, backup and disaster recovery, cloud enablement, ransomware mitigation, data analytics, and software development.

With the right MSP, agencies can reduce costs, accelerate delivery, and free IT leaders and managers to focus on the mission. A strong MSP partner leverages best practices to help agencies achieve greater organizational agility and drive continuous innovation.

With a modern managed services engagement, federal agencies gain a strategic partner who understands their mission and their drive to modernize and – most importantly – shares their priorities.

Highlights

A holistic managed services model integrates systems, data, process, policy, and people.

An MSP can serve as a strategic advisor to agency CIOs and other leaders.

A large MSP can effectively coordinate the work of an agency's small business IT vendors.

Forward-thinking MSPs deliver business insights as a service, helping agencies keep pace with IT transformation, driving innovation, and optimizing processes to further reduce costs.

The most effective structure for an MSP partnership is a firm, fixed-price contract with clearly defined outcomes and service level agreements.

Facing headwinds in federal IT procurement



According to the Government Accountability Office, each year the federal government invests \$100B in IT and cyber programs and systems, with roughly 80 percent of budgets going toward operations and maintenance.¹

At the same time, agencies must also actively work to retire billions in technical debt. According to a recent study, dealing with this technical debt cost the government \$588B in 2023² as agencies continue to modernize their systems.

For federal contracting officers, procuring the right IT resources is paramount and the challenge is compounded by multiple factors.

Chief among them: the dynamics of a revolving workforce puts institutional and industry knowledge at risk. The President's Management Agenda notes that 30 percent of the federal workforce will be eligible to retire by 2028³. This looming wave of retirements is particularly concerning for government IT systems. While considerable progress has been made toward modernization, many agencies still rely on legacy systems – which, in turn, rely on the institutional knowledge of long-tenured employees.

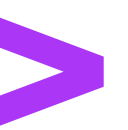
Concurrently, federal mandates to modernize IT systems require complex implementations, leading to calls for increasingly sophisticated and agile IT systems. Managing and securing these systems requires deep knowledge and broad skills. To recruit and retain highly technical talent, agencies must compete with the private sector.

Taken together, these factors create immense pressure on the federal contracting officers responsible for securing resources to maintain legacy systems while simultaneously planning and executing modernization initiatives.

¹ [Information Technology: Agencies Need to Continue Addressing Critical Legacy Systems](#). GAO-23-106821. May 2023.

² [Gartner Forecasts Worldwide Government IT Spending to Grow 6.8% in 2023](#). Gartner. December 2022.

³ [Biden-Harris Management Agenda Vision. President's Management Agenda](#). 2021.



What can managed services do for federal agencies?

For more and more agencies, managed services is the solution to their need to manage and modernize IT systems with the right, qualified talent.

The managed services model is a proven approach to procuring specialized IT services. A managed services provider (MSP) is a third party that provides the full range of services required to manage the agency's IT systems. The agency retains decision control, and the MSP assumes responsibility for development, maintenance, support, and operations.

While MSPs have been around for decades, the managed services model has evolved in recent years in response to agencies' changing needs. Today's managed services engagements vary widely in structure, including coordination of multiple small business vendors and other time-consuming functions that would otherwise fall to agency staff members.

The modern, holistic managed services model integrates systems, data, process, policy, and people. In addition to overseeing daily operations, an MSP can serve as a strategic advisor and trusted thought partner to agency CIOs and other technology and business leaders.

Forward-thinking agencies are already turning to MSPs, and many others are following suit. More than two-thirds of federal leaders are either already using managed services, plan to in the next 2–5 years, or are considering engaging an MSP⁴ With the right MSP, agencies can streamline and optimize the operation of existing systems while also pursuing digital transformation of service delivery and customer experience.



⁴ [Managed Services: Powering Federal IT](#). General Dynamics Information Technology and FedScoop. 2021.



Managed services for modernizing IT infrastructure and improving customer experience

The Office of Federal Student Aid (FSA) within the U.S. Department of Education (ED) manages Title IV federal student aid programs and processes from the moment an applicant first accesses the federal aid website to the last payment they make. Historically, borrowers struggled with fragmented processes across multiple websites that lacked a consistent look, feel, and approach for meeting their needs.

In 2018, FSA partnered with Accenture Federal Services as its MSP to overhaul and consolidate all digital customer care touchpoints. As a result, FSA was able to transform its customer experience in less than two years, consolidating its services and tools into a single codebase that powers its public-facing website. In its role as MSP, Accenture Federal Services enabled FSA to tackle multiple challenges at once – engineering a streamlined and accessible platform that offers operational and technical agility, while also increasing cost efficiencies, promoting innovation, and delivering a consistent and intuitive customer experience.

The MSP model enables FSA to continue its modernization efforts seamlessly, with ready access to the strategic and technical skills required for subsequent initiatives. For example, Accenture Federal Services developed a modern customer care platform to field 3.5+ million inbound customer calls annually, a conversational virtual assistant powered by artificial intelligence, and a robust marketing platform to deliver personalized communications to customers across multiple channels.

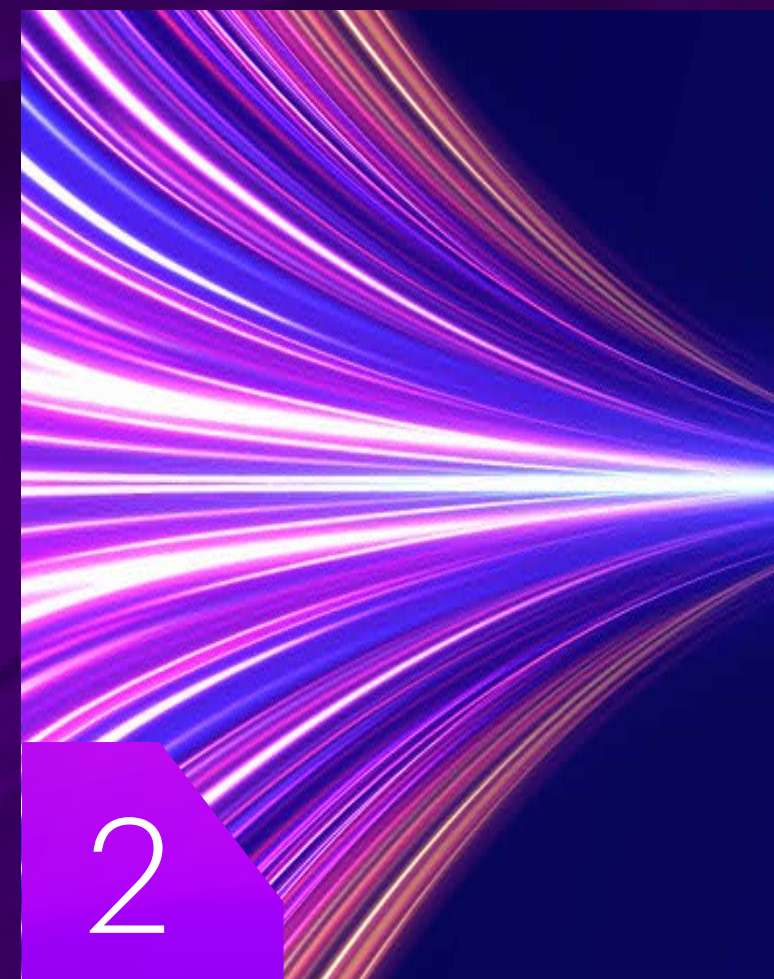


Key advantages of managed services



Reduced costs

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Accelerated delivery

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Greater mission focus

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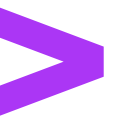
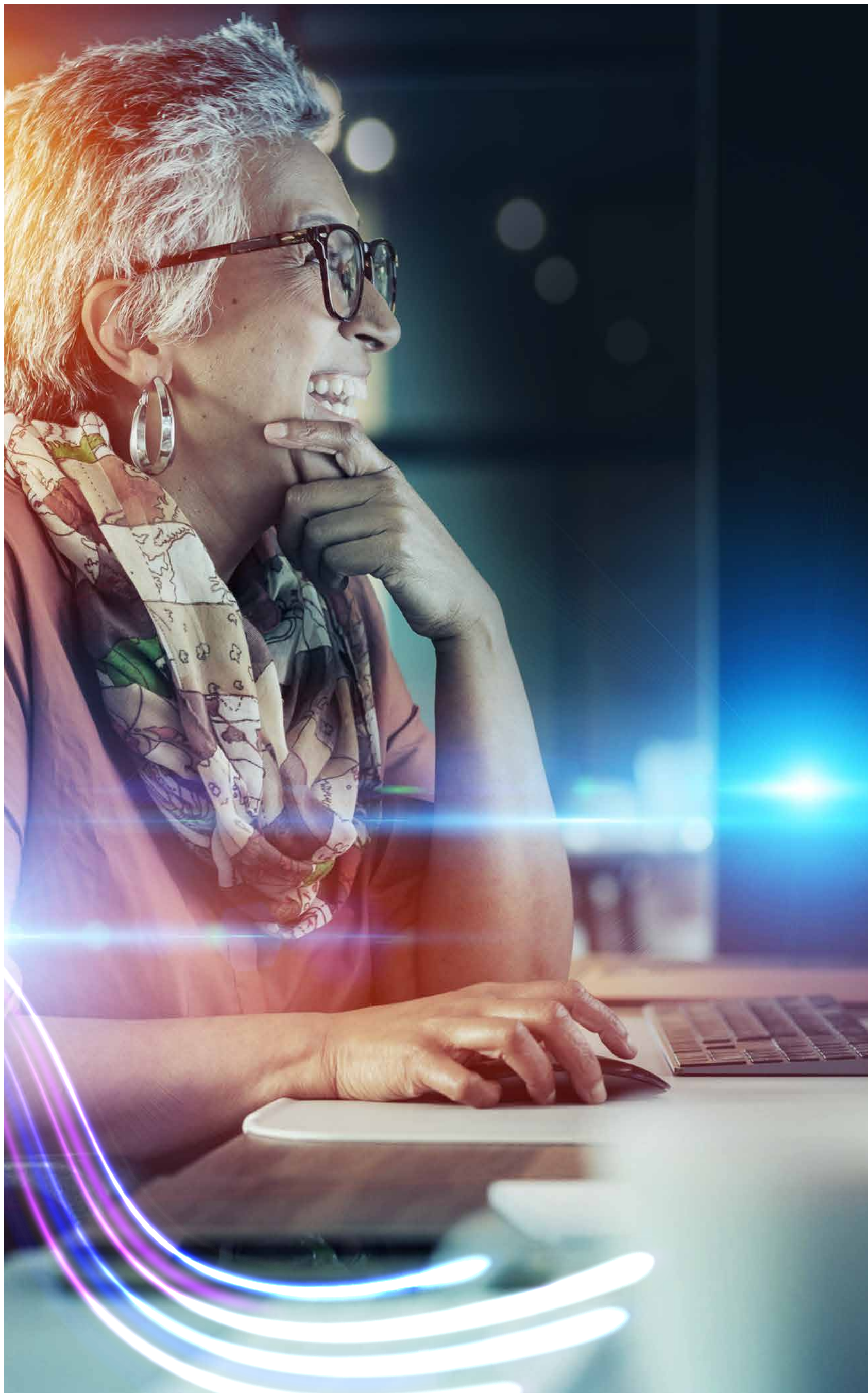
Organizational agility

Page 11



Continuous innovation

Page 13



1

ADVANTAGE

Managed services reduce costs.

Cost and time savings are factors driving federal executives to transition some or all IT services to an MSP. The magnitude of these savings ultimately depends on the current state of the agency's solution and the scope of services provided by the MSP. However, by selecting an MSP with strong past performance across federal and commercial clients, agencies gain additional cost savings through economies of scale.

The right MSP brings broad industry knowledge and deep public-sector experience – enabling the firm to recommend commercial- or government-off-the-shelf (COTS/GOTS) solutions capable of meeting the mission with minimal customization. COTS/GOTS solutions are one way to eliminate the cost associated with developing proprietary systems from scratch. Because they come with built-in, documented security, COTS/GOTS solutions can streamline the authorization to operate (ATO) process, accelerating time to productivity and enabling teams to work more quickly.

In addition, larger, forward-thinking MSPs have established Centers of Excellence (CoEs) that provide and institutionalize best practices across capabilities – like Agile, applied intelligence, and technology centers. By selecting an MSP with CoE capabilities, agencies can also gain access quickly to the right tools and resources without having to invest in building up the capabilities from scratch. CoE capabilities also help an MSP deliver business insights as a service – simultaneously keeping pace with IT transformation, driving innovation, and optimizing processes to further reduce costs.



ADVANTAGE 2

Managed services accelerate delivery.

Under the managed services model, agencies can eliminate costs associated with recruiting, hiring, training, and managing large IT teams – while still securing dedicated resources to manage critical systems. This becomes particularly critical as agencies seek to comply with executive mandates to substantially increase federal spending on socioeconomic small businesses.⁵

Because smaller businesses often have limited or niche capabilities, agencies may require multiple IT services vendors to address the full breadth of their requirements. Selecting, managing, and integrating the work of such specialized vendors represents a significant level of effort – particularly if those vendors lack federal mission experience – and can potentially delay delivery.

By engaging an MSP to coordinate the work of specialized vendors, agencies can meet mandates without risking significant project delays.

Additionally, agencies can prioritize formal knowledge transfer with an MSP partner to capture and retain institutional knowledge from employees with expertise in legacy systems. This helps maintain quality technical documentation and reduces potential risks during a transition period.

⁵ [Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government](#). January 20, 2021. [Memorandum M-22-03 on Advancing Equity in Federal Procurement](#), December 2, 2021.

Timeline of Federal IT Modernization Mandates

2014

Federal Information Security Modernization Act

2017

Modernizing Government Technology Act

2019

Cloud Smart (Federal Cloud Computing Strategy)

2021

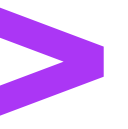
Executive Order on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government

2021

Executive Order on Improving the Nation's Cybersecurity

2022

Quantum Computing Cybersecurity Preparedness Act



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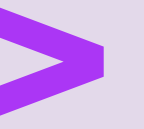
ADVANTAGE

Managed services enable agencies to focus on the mission.

Traditional IT contracts require agency staff to serve as integrators. This involves coordinating the work of multiple vendors that manage one or more elements of their full technology stack – hardware, software, databases, middleware, storage, and networking – as well as cybersecurity needs.

As IT systems become increasingly complex – whether in response to federal mandates, evolving missions, or customer expectations – IT services integration and program management present a significant challenge. For agency staff, this challenge often falls outside their core focus areas and creates unsustainable burdens.

With the right MSP partner, agencies can minimize the burden on their staff associated with non-core services – freeing their time for strategic, high-impact initiatives. Rather than overseeing daily IT operations, agency leaders can focus on strategy and program managers on outcomes – in partnership with the MSP. This also enables the agency to refresh its talent management strategy to prioritize mission-critical expertise and skills.



Managed services for vendor and relationship management

In FY2018, FSA contracted Accenture Federal Services to integrate contact center capabilities for approximately 6,000 schools and over 780,000 applicants annually. The resulting solution combined several state-of-the-art contact center products with custom applications into a single system that can be centrally managed, monitored, and operated by dedicated MSP personnel.

Under the MSP model, FSA was able to reduce program costs and promote small business utilization, while also increasing service quality and gaining robust data insights. The MSP-driven solution distributes work across multiple vendors, effectively allocating volume to contact centers based on capacity. Having a scalable customer service model means FSA can provide timely information to customers and better understand the issues and challenges facing schools and applicants.

Integration of contact center capabilities for over

6,000

schools annually

4

ADVANTAGE

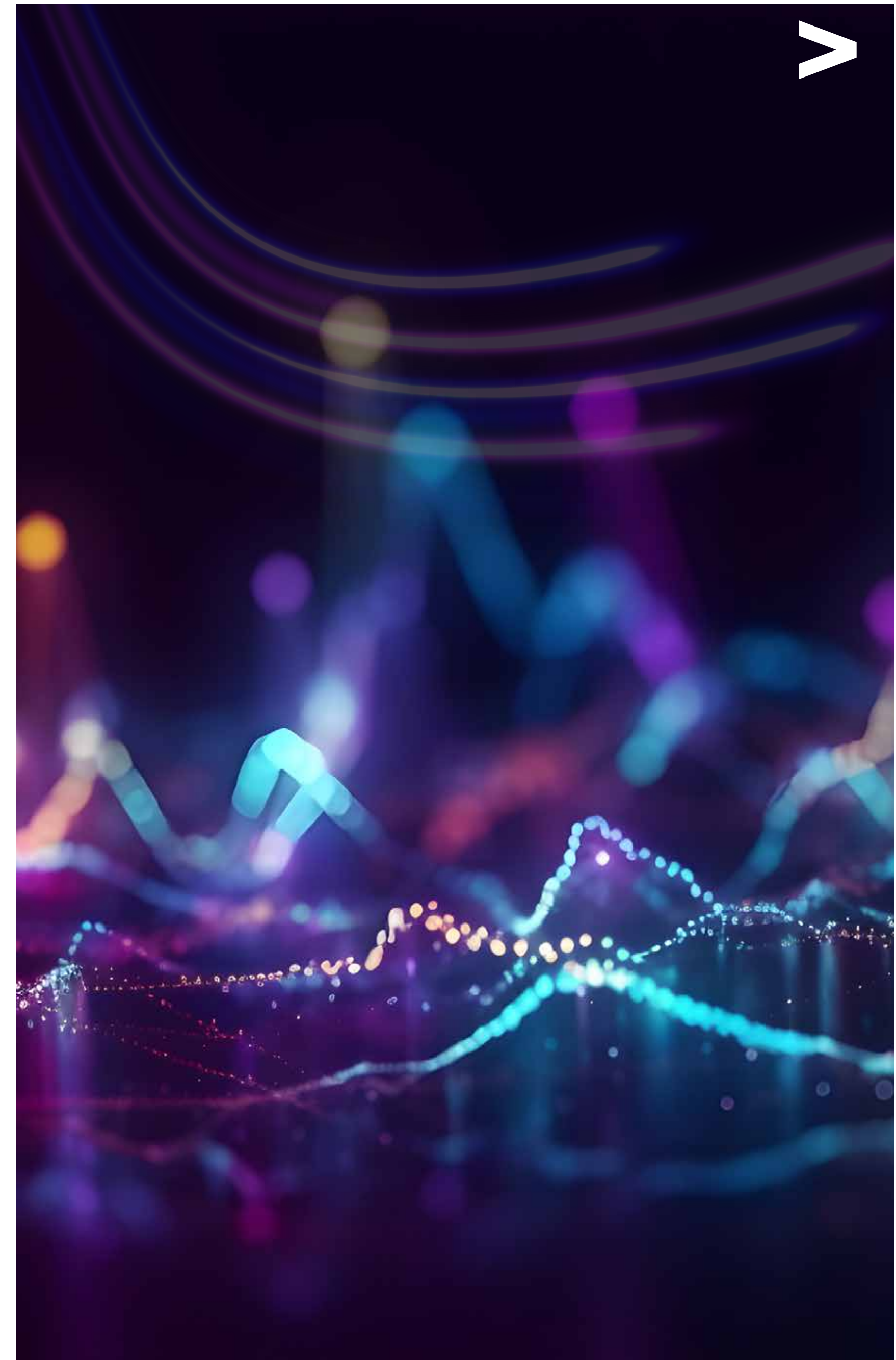
Managed services enable organizational agility.

For federal agencies, organizational agility means having the foresight and capacity to respond to the accelerating pace of technology, evolving legislative and executive mandates, and the ever-changing demands of the mission.

With the flexibility inherent in the managed services model, federal leaders can achieve agility in their support services as well as in the technology architecture that underpins their IT systems. To ensure consistent delivery of value, managed services contracts can define and scope adaptable processes and services to account for future technology enhancements and innovation.

It's important that IT services and operations are well coordinated, even if the agency engages disparate vendors. A strategic MSP partnership not only guards against system failures and other negative impacts to service delivery, it also enables agencies to respond to change more easily. For example, MSPs typically have the capacity to include 24x7 operations and maintenance support as a proactive approach to solving challenges and minimizing disruption.

With the enhanced scalability and flexibility that comes with managed service solutions, agencies can leapfrog legacy system constraints, nimbly incorporate policy-driven changes into system requirements, and significantly improve service delivery.





Managed services for organizational agility

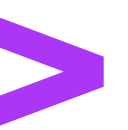
150+ million
recipients receiving Title IV funds

Since 2002, Accenture Federal Services has provided managed services to FSA to design, build, and implement its loan origination system. Known as the Common Origination and Disbursement (COD) site, this system has been a reliable workhorse at the center of FSA's mission for more than 20 years, originating over \$2 trillion in Title IV funds to 150+ million recipients – with accuracy rates above 99 percent.

COD seamlessly implements thousands of business requirements across a suite of 27 applications and 37 interfaces with FSA systems and loan servicers, as well as thousands of schools and partner organizations.

In partnership with its MSP, FSA is able to maintain consistent, stable performance for students and families – even during times of change.

Because the system is highly flexible and scalable, FSA was able to swiftly implement more than 39 legislatively mandated changes since launch while maintaining system functionality. For example, the Health Care and Education Reconciliation Act of 2010 required a transition to 100 percent direct lending, which necessitated a rapid increase in processing capacity. In just four months, COD successfully supported an increase of more than 250 percent in direct loan originations, and a 290 percent spike in customer service call volumes from 2009 to 2010.



5

ADVANTAGE

Managed services can deliver innovation as a service.

While managed services are well known for their short-term cost efficiencies, the greater value for many agencies derives from an MSP's ability to deliver innovative solutions – immediately and into the future. As a trusted advisor that understands and shares the agency's goals, invests in emerging technologies and skills, and brings commercial and other federal experience, an MSP adds tremendous capacity for innovation.

Under an outcomes-based contract, an MSP is incentivized to identify opportunities to achieve agency priorities through automation, data analytics, and other innovative technologies – including those yet to emerge. For example, agencies working with an MSP are better positioned to explore the possibilities of leveraging generative AI for achieving their objectives.

As agencies explore the potential of managed services to help them improve customer service and comply with modernization mandates, it's important to consider an MSP's ability to deliver truly transformative systems.





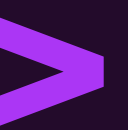
Managed services for driving innovation

Under its managed services partnership with Accenture Federal Services, a large Federal Financial Services Agency (Agency) sought support for its innovation agenda.

Our experts designed a testbed environment – dubbed the Innovation LaunchPad – to enable the Agency to identify and test innovations in a low-risk manner. We also assembled a bi-annual council of industry innovators and alliance partners as part of our commitment to continuous improvement. The Innovation LaunchPad allows us and our partners to review trends, generate ideas, and prioritize implementation. As part of AFS' innovation agenda, our LaunchPad team is committed to identifying at least 12 enhancements and implementing at least eight innovations on an annual basis.

By engaging an MSP with proven methods and experience innovating across the financial services industry, the Agency has access to seasoned innovators whose experience spans AI-enhanced services, mobile apps, and novel customer care channels.





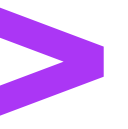
Optimizing contract terms for effective partnerships

The most effective structure for an MSP partnership is a firm, fixed-price contract with clearly defined outcomes and service level agreements.

The agency retains control over essential operations, while the MSP bears responsibility for allocating resources and managing IT teams. By shifting the burden of potential cost overruns to the MSP, the agency eliminates the risk of unexpected costs and assures predictable operating expenditures across the life of the contract.

For agencies seeking to comply with mandates to increase spending on socioeconomic small businesses, consolidated contracts offer additional cost savings. By engaging an MSP with the experience and capacity to manage multi-vendor services, agencies can simplify work for the contracting officer and eliminate the burden of coordinating or integrating the work of multiple IT services vendors.

Finally, an outcomes-based contract creates a strong incentive for the MSP to deliver innovative solutions that exceed the agency's expectations.



The future of managed services for federal missions

The managed services model has evolved considerably from its origins as a solution for helpdesk coverage and other commodity, staff augmentation work. Federal agencies are turning to MSPs for a broad range of services, including security operations, backup and disaster recovery, cloud enablement, ransomware mitigation, data analytics, and software development.

Today's MSPs deliver much more – including high-value strategic services and continuous innovation. With a modern managed services engagement, federal agencies gain a strategic partner who understands their mission and their drive to modernize and – most importantly – shares their priorities.





Managed services for the future

Since 2014, Accenture Federal Services has provided managed services for the Centers for Medicare & Medicaid Services (CMS) to support the rescue, stabilization, and optimization of HealthCare.gov. Unprecedented in scale and urgency, the project required the mobilization of 500 specialized IT staff in just over six weeks.

AFS integrates its managed service capabilities with its custom development capabilities to build and operate the Federally Facilitated Exchange (FFE). AFS' MSP provides a team of technology architects, functional experts, performance engineers, and professional business analysts who apply industry proven practices, reusable technology frameworks, and strong architecture principles to continually improve operations of healthcare.gov, bringing world class capabilities in performance engineering, intelligent monitoring, and system resilience and stabilization.

Our MSP team applied these industry-leading practices to migrate the FFE to the cloud, successfully driving CMS' largest cloud migration at that time.

With its trusted partner, CMS has since been able to optimize business operations and achieve long-term savings through cloud-powered initiatives – including using AI to improve program integrity and customer experience and to reduce operational costs. For example, using advanced monitoring and predictive analytics, CMS can mine historical application and enrollment data for insights into traffic patterns to inform efforts to prepare for seasonal surges.

Under the MSP model, CMS has ready access to sophisticated skillsets and innovation as a service.

Checklist for selecting the right MSP for your agency

Ready to consider a managed services model? These questions can help identify an MSP who can deliver what your agency requires.

- Does the MSP possess the full range of technical capabilities required to manage your IT system from end to end?
- Does the MSP understand your agency's current and future mission?
- Does the MSP have demonstrated success as an enterprise-level partner?
- Does the MSP have a demonstrated history of successfully working in relevant industries and scenarios?
- Does the MSP provide more than break-fix services to offer a holistic solution?
- Can the MSP scale DevOps for cloud-enabled IT transformation?
- Can the MSP create a strong foundation for a hybrid work environment?
- Does the MSP have a proven track record of delivering innovation?
- Does the MSP have experience adapting to time sensitive and/or urgent changes (e.g., COVID-19)?

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About Accenture Federal Services

Accenture Federal Services is a leading US federal services company and subsidiary of Accenture LLP. Our 13,000 people are united in a shared purpose to advance our clients' mission-critical priorities that make the nation stronger and safer, and life better for people. We draw out the best of Accenture's global network in nearly every industry, bringing proven commercial innovation to solutions built with advanced R&D, emerging technologies, and human-centered design at speed and scale. Together, we help clients create lasting value for their workforce, customers, and partners, and make a difference for the country and our communities. See how we make change that matters at [accenturefederal.com](https://www.accenturefederal.com).

About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments, and other organizations build their digital core, optimize their operations, accelerate revenue growth, and enhance citizen services — creating tangible value at speed and scale. We are a talent- and innovation-led company with 738,000 people serving clients in more than 120 countries. Technology is at the core of change, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine strength in technology with unmatched industry experience, functional expertise, and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across strategy and consulting, technology, operations, Industry X, and Accenture Song. These capabilities, together with our culture of shared success, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, shareholders, partners, and communities. Visit us at [accenture.com](https://www.accenture.com).

