



National Institutes of Health

OERRM Service Definition

15 March 2005

Engagement: 220509510

research consulting measurement community news

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Meeting Agenda

Objectives and Agenda Review

Service Definition Overview

Meeting Goal and Objectives

Meeting goal:

- The goal of this meeting is to take an activity based costing approach to define the services that OERRM provides.

Meeting Objectives:

- Identify key services
- Decompose each service into its main components
- Identify the cost for each component
- Identify the aggregate cost per service
- Identify the O&M and DME split



Service Definition Overview

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National Institutes of Health
OERRM Service Definition Workshop
Engagement: 220509510—15 March 2005

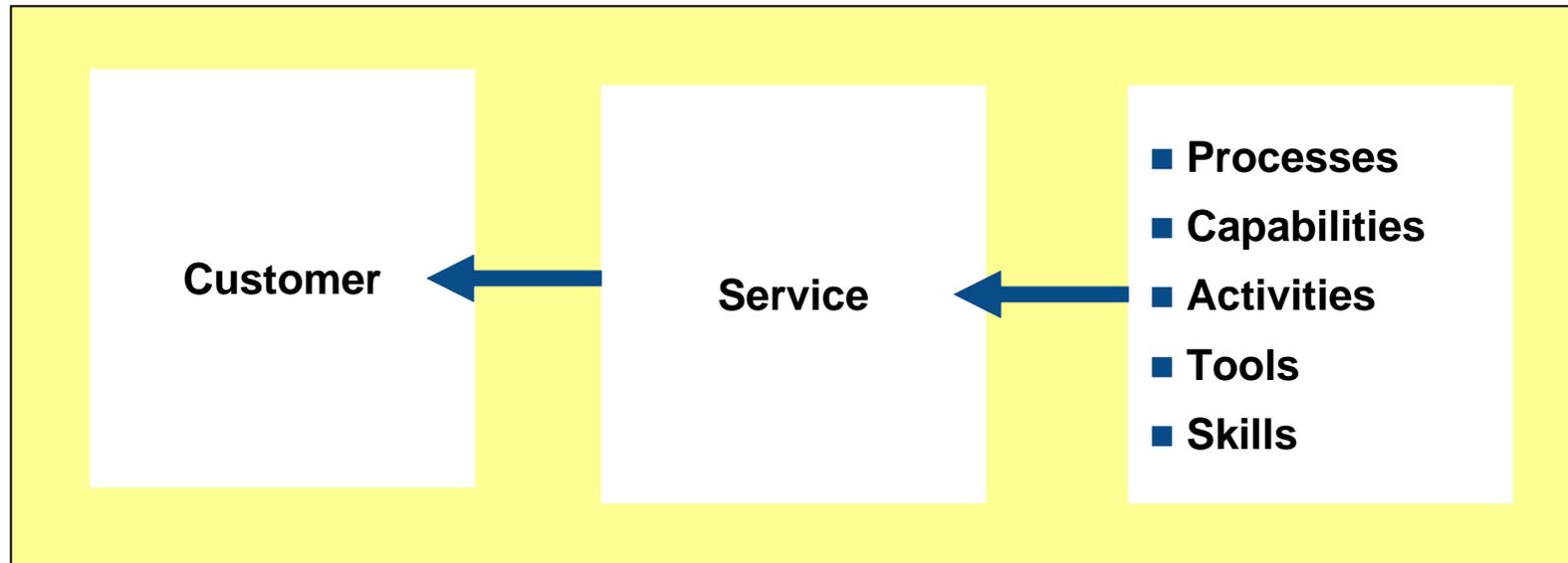
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What is a Service?

- Few traditional internal service organizations grasp the difference between a service and its fulfillment elements.
- Service identification begins with the question, "What need or want are we fulfilling?" In other words, "What is our market, who are our customers and what do they require from us?"
 - **A service is defined in terms of explicit value to a client and addresses items such as scope, depth and breadth of services offered.**
 - **A service proffers a benefit or advantage to another — for example, a business unit capturing customers from a competitor by using IT to provide faster, more-intimate customer service.**
 - **Services *drive* processes; processes determine required capabilities and activities, which in turn propel the tools and skills necessary to deliver the desired results.**
- Internal clients care only about services and outcomes. Therefore, the IS organization should shield clients from the fulfillment steps required to deliver the outcomes.

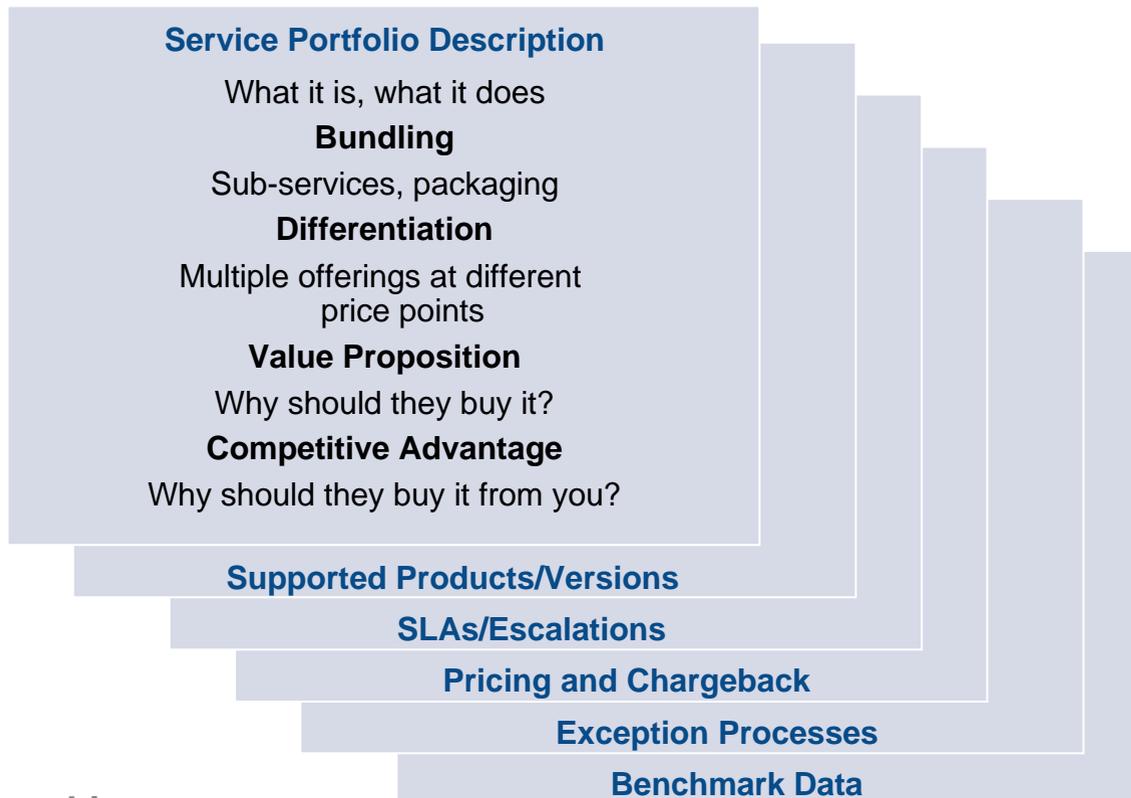
Service and Process Based Model



- Are your services “customer defined”?
- Can you source services externally?
- Focus on services, not fulfillment components
- Focus on the few, not the many

A Well-Positioned Service Portfolio

Designing a viable service portfolio begins with a client-oriented description of the service, its value proposition (why the client should buy it) and the internal service provider's competitive advantage (why customers should source internally).



The Service Portfolio arms Relationship Managers With the tools to:

- Set appropriate expectations
- Bring perceptions in line with reality
- Sell

Service Definition Example

Service Name	Service Component	DME Cost (\$)	O&M Cost (\$)
Grants Management (Base System)			
	Hardware		
	Software		
	Occupancy		
	Labor		
	Administrative Overhead		
	Contracts		
Help Desk / User Support			
	Hardware		
	Software		
	Occupancy		
	Labor		
	Administrative Overhead		
Reporting			
	Hardware		
	Software		
	Occupancy		
	Labor		
	Administrative Overhead		
Etc.			
Total			

What are OERRM Services?



What are OERRM Services?

OERRM Services and Components

Electronic Research Administration

Initiative Planning • Receipt/Referral • Review •
Awarding of Grants • Post-award Oversight • Data Management/Digital Asset
Management (Is this the right home for this component?)

Reporting & Analysis

Canned Reporting (analytical/scientific level) •
Ad-hoc Reporting • Queries •
Data Extracts? • Knowledge Management

Customer Support

Help Desk • Training • Customer Relationship Management •
Communications/Outreach

New Capabilities (New Workstreams)

(Identified in annual plan and approved through the budget process.)

Project Specific Services

Business Analysis/Business Process Re-engineering Other Consulting
Services

What are OERRM Services?

Services (1...N):

1. Total Cost (\$\$)
 2. Metric (e.g., per unit cost)
 3. Chargeback / Cost Allocation
-

Total Spend = 100%

- Organization → Allocation of Management and Overhead
 - Expenses → Personnel, HW, SW, Facility space
 - Contracts → Supported Services
-

Total Spend = 100%

Reporting Categories:

- Exhibit 300s /55
1. DME
 2. O&M
 3. Acquisition
-

Total Spend = 100%

Issues to consider in the development and execution of a services framework for budgeting.

- What truly is our total spend? What number = 100% for us to tie to?
- Once services are established (i.e., agreed to and described sufficiently) – the difficult task will be to parse existing cost into the appropriate services in a consistent and defensible manner
- Current accounting tools are not configured for this level of reporting – we will have to compile and track this information separately from the corporate system
- Establish a consistent chart of accounts (COA) to track expenses – e.g., hardware, software, maintenance, travel, space, personnel, etc. – that will resonate with governance bodies
- “Tag” expenses within services by different categories – e.g., development, modernization & enhancement (DME), operations & maintenance (O&M), planning, acquisition, etc. for reporting purposes

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