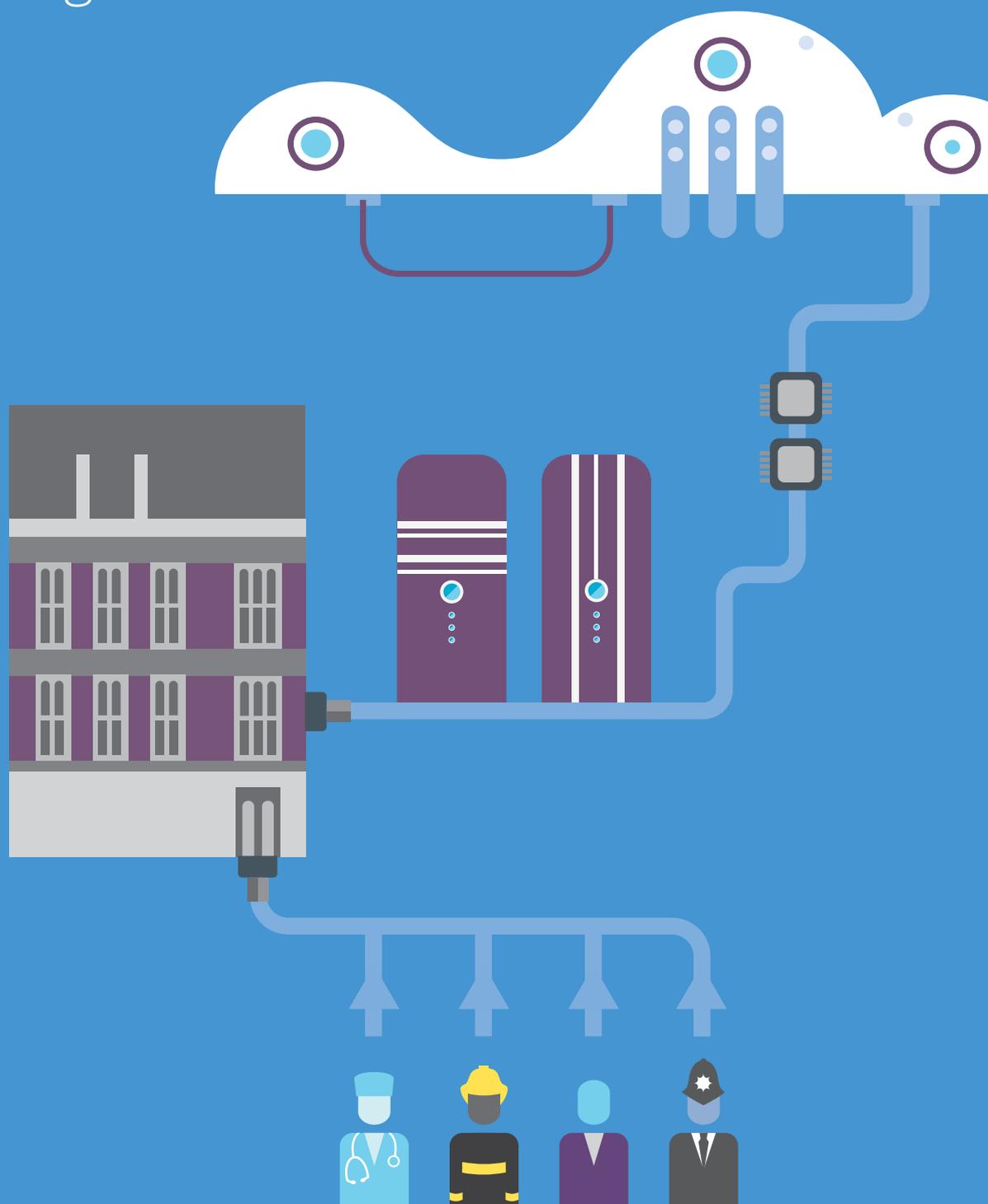


Shared services

Getting IT right



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Introduction

Shared services across the public sector continue to grow, as councils, in particular, partner with neighbours to share capacity, costs, risk and best practice.

This paper describes the IT dependency in a shared service and what Chief Executives need to comprehend, to aid a successful transformation.

Some people are naturally sceptical about whether sharing services can really address the financial pressures facing the public sector. They note failures in central government and local political challenges in amalgamating delivery capacity. But whatever your views, shared services are rapidly increasing across local public services.

As well as saving money, other drivers for collaboration (sometimes reluctantly) include:

- **Devolution** – this will require collaboration, data sharing and joint delivery, especially in services such as social care and health.
- **Better value from assets** – from integrated teams, sharing buildings, equipment and data.
- **Economic growth** – working together in local areas to create jobs, regeneration and as a result, to help solve social problems.
- **Public demand for better services** – linking services together more intuitively, to overcome the confusion of fragmented services across different tiers of local and central government.

- **Digital delivery models** – services designed around citizen need, and not the way we have structured our internal public bodies over previous years.
- **Capacity, resilience and economies of scale** – small councils in particular, cannot provide efficient services whilst continuing to operate independently.

Whilst there are significant savings from sharing, a shared service programme is complex. It requires upfront investment and strong change management. As such, many fail to deliver the promised benefits.

The experience of many public sector shared service projects show the importance of IT in successful shared programmes. Technology is a strategic prerequisite, not just a tool in the 'kit bag'. As such, it needs to be considered early in the due diligence and planning process. Recent research by McKinsey into the role of IT in supporting mergers and acquisitions in the private sector, showed that typically 50% of merger value is related to IT synergies. The public sector should take heed of this.

Indeed, it is arguable that a failure to undertake the necessary IT planning, or a lack of willingness (or ability) to harmonise, simplify and standardise IT in support of a shared service, will substantially increase risks and result in a failure to realise the full benefits.



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The role of IT in supporting shared services

Successful shared service programmes depend on a range of issues. But the underlying technology is critical and needs to be planned carefully.

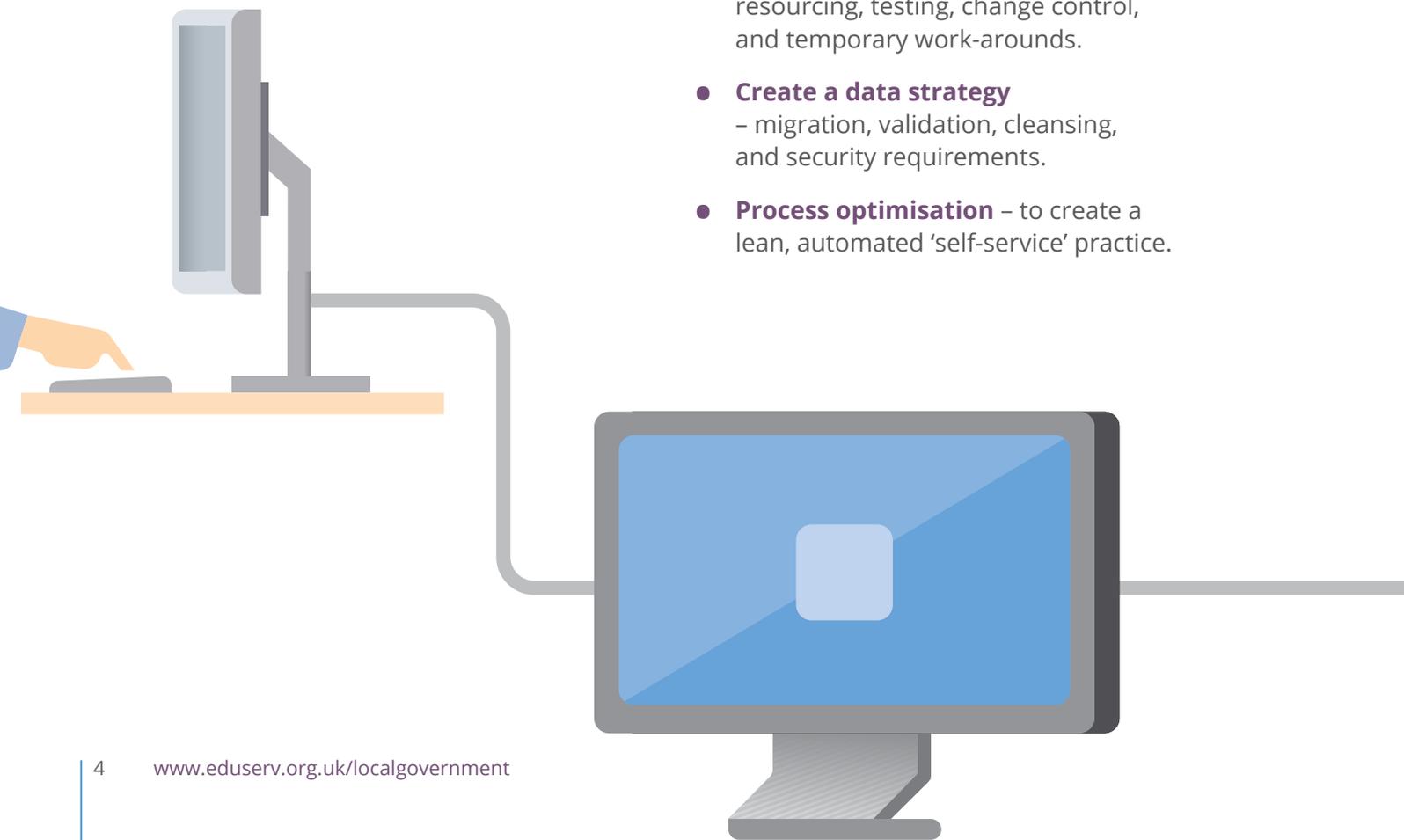
There are three key areas for IT planning in a shared programme:

People

- **Retain IT skills and capacity** – this is needed for the shared service programme, as well as for the existing operational IT support to the business.
- **Identify new skills** – to support the revised infrastructure with technical training and access to support.
- **Establish access and security requirements** – this will support flexible working and data sharing.

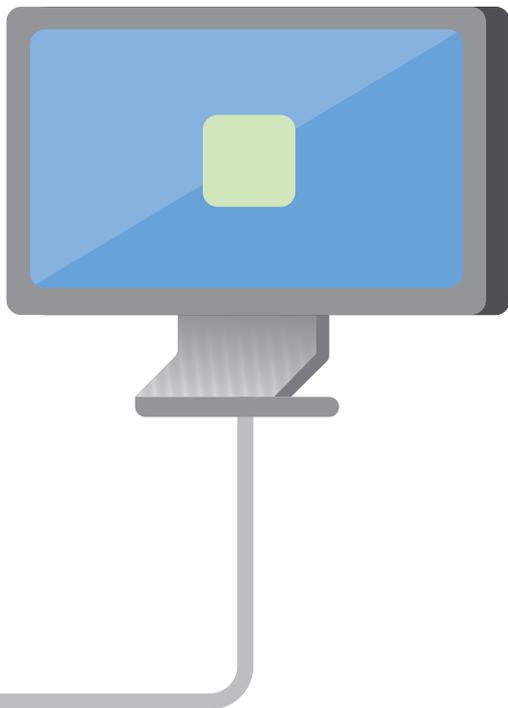
Process

- **Identify systems to share** – establish system interdependencies, and which IT infrastructures and corporate systems to retain, integrate or dispose of.
- **Establish IT costs and benefits** – estimate and monitor costs.
- **Renegotiate IT contracts** – to realign current external IT provision.
- **Review IT risk control** – identify the impact, likelihood, tracking and reporting of IT risks.
- **Plan the technology programme for shared services** – including resourcing, testing, change control, and temporary work-arounds.
- **Create a data strategy** – migration, validation, cleansing, and security requirements.
- **Process optimisation** – to create a lean, automated 'self-service' practice.



Politics

- **Protect local political priorities**
– balance IT resources and design models to allow for differences.
- **Support the business case**
– highlight cost savings from sharing IT cost structures.
- **Reassure your workforce** – discuss the effect on jobs, the business, roles and responsibilities.



To manage these issues, it is good practice to have a strong IT lead involved early in the programme, who can understand and contribute to the overall planning and leadership.

In a modern business, technology also creates team cohesion. Using the same tools, such as the same email address book, common technology for mobile and flexible working, and undertaking joint IT procurement – all help people to feel part of a common cause.

But that makes it sound easy – it isn't! Many shared services fail and it's not just because of a clash of culture or an unwillingness to change. Often IT is to blame, either as a barrier to change or because it cannot provide the new, more commercially-focused technology needed for a shared service operating model.

What are the benefits?

Sharing services is an IT opportunity. A shared service programme can be the perfect time to improve your current IT systems and processes:

- **Upgrade technology** – to integrate across partners, acquiring newer tools which increase staff productivity (such as cloud).
- **Change IT governance** – to give IT more flexibility to respond and perform.
- **Manage risk** – to review areas such as security (e.g. bring your own device), as the dependence on IT grows.
- **Gain access to a broader IT skills base** – to solve technical problems and reduce risk in IT operation and projects.
- **Improve IT processes and methods** – to support IT convergence, including improved prioritisation, agile development methods and sharing outputs across the partners.
- **Increase IT capacity** – to use economies of scale by pooling IT investment.
- **Reduce costs of IT ownership** – by sharing IT resources for developments, IT compliance such as Public Services Network (PSN), contracts, infrastructure upgrades, and cloud services.

What are the areas to consider?

Typical IT elements considered in any shared service programme will include:

- **Underlying IT infrastructure** – networks, telephony, video conferencing, security and data processing capacity.
- **IT disaster recovery** – including business continuity services.
- **IT technical and business support** – service desks, internal and (consolidated) external application support.
- **Common 'core' IT systems** – email and office tools can readily be shared and based on a common IT architecture with no 'tactical divergence'.
- **IT procurement** – enabling all procurement practice to be standardised, and all IT tenders to cover all partners.
- **Convergence of major IT projects and plans** – this will avoid overlap, competition for resources and conflict of strategic priorities with existing 'inflight' projects in partner organisations.
- **Joint IT workforce plans** – allowing IT skills to be shared, coupled with better demand management for scarce IT resources.

Opportunities for rationalising business-specific (line of business) applications, should be considered where service areas have chosen to collaborate. This can yield even greater savings in software licencing and IT support costs. But in any event, by sharing core IT infrastructure, policies and strategic ambition, IT will not be a future barrier if the shared service expands.

Where to start?



1 Audit your current situation

A good starting point is to create a complete inventory of software licences, hardware and IT service contracts in each of the partner organisations; identifying their technical dependencies and contractual terms. This will detect IT risks. It will also prioritise future work to rationalise, create an IT software portfolio to support the shared service, and provide an opportunity to consider subsequent actions such as retire, renew, retender or replace software assets.

2 Standardise your practices

Establish the same principles and practices of IT operation, such as ISO standards, methods for testing, change management, performance management and reporting. This can include IT policies in areas such as information sharing, data security, disaster recovery and PSN compliance. There is unlikely to be a strong reason why these need to be divergent across different public services such as local councils (although police and military will have some differences).

3 Work together

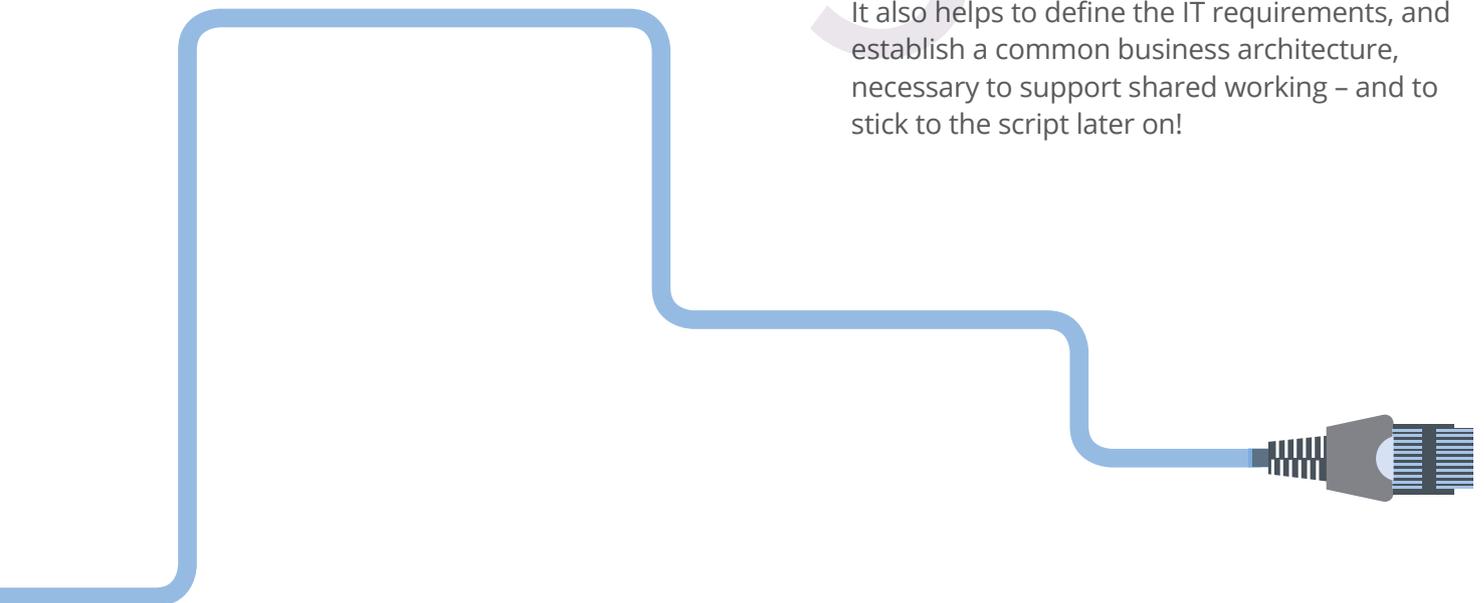
For the shared service programme itself, the IT elements will need to be commissioned and run jointly, with pooled and dedicated IT resources from each partner organisation. This will almost certainly force a review of IT roles, responsibilities and activities, to avoid the pressure to increase the size of the IT teams to support shared working.

4 Map your business structure

Enterprise architecture (EA) has become more widely used as an approach to understanding the business 'frame' on which an organisation operates. This model shows the connection between areas such as technology, information flows, business processes, operational structures and customer service functions. Whilst not advocating an EA approach to shared services, the concept does give some common discipline to identify what is 'in scope' for a shared service programme.

5 Maintain a disciplined approach

Discipline will be needed to contain the pressure for tailored and unique IT solutions, and to resist service areas trying to 'opt out' of sharing. It also helps to define the IT requirements, and establish a common business architecture, necessary to support shared working – and to stick to the script later on!



Consider a single IT strategy

Most councils in the UK could have the same IT strategy. They all have common components in their IT plans, such as, cloud, mobile, social media, data analytics, web exploitation, system rationalisation, and security. The only differences lie in the implementation plans, which are determined by:

- Appetite for risk, innovation and IT spend levels.
- Local priorities, demographics, geographic and tier position.
- Existing IT investment base, efficiency, insourcing and outsourcing, service contracts.

Where two public bodies want to share services, they should begin by defining a new single IT strategy, which:

- Consolidates the things to be shared.
- Creates the necessary common IT platform to support sharing.
- Separates the things where differences are important.

Priority should be given to practical IT initiatives which deliver real savings and benefits quickly, and demonstrate a responsive IT service and an understanding of digital demands.

Common strategic IT themes, with core technology components that can be shared, yet allow local choice and determination, are shown as examples in the table on the right.

Use the cloud

We've all heard a lot about cloud services – how we all use them at home, how cloud can reduce IT costs, and how IT people are nervous about the security risks associated with it. The truth is somewhere in the middle. But cloud services can offer real value for shared services because they are designed to be:

- **Quick and easy to deploy** – you can easily adopt new sharable IT tools.
- **Scalable (both up and down)** – you don't need to be able to predict exactly how much service you will use, or when. You pay only for what you use.
- **'Neutral'** – it can be a battle to decide whose systems to use in a shared service.
- **Temporary or transitional** – you can use cloud services on a temporary basis for a new shared service, deferring a decision about a more permanent solution.

For these reasons, cloud IT can play an important role in a shared service programme. This means of course, understanding and managing the risk associated with cloud services, for example:

- **Security** – you need a clear specification for the level of security required, for the nature of the services to be shared.
- **Data handling** – you need to know where the data will 'sit' and how you can get it back when you need it.
- **Access** – you need to know how cloud services will be accessed and integrated. It is important not to end up with a costly and complex patchwork of cloud services to support and maintain.

Examples of common strategic IT themes

Common strategic theme	Examples of shared IT component	Examples of local IT autonomy
Customer insight and analytics	Tools and methods for data capture, data analysis and system integration. Understanding the customer journey where services or geographies overlap.	Prioritisation of customer service and the type of response for non-shared local services.
Digital literacy	Ensuring that the workforce is equipped with the necessary digital awareness and skills, through learning and development support.	How this is delivered in practice locally.
Procurement and managing suppliers	Using joint procurement methods and supplier consolidation, central management of contracts, use of G-Cloud and cloud generally.	Choice about the technology actually procured and how widely it is deployed.
Web platforms and social media	Sharing web tools and content management software.	How the website looks, branding and design features reflecting local needs and differences.
Collaboration tools	Using the same tools that allow teams to work together – diary integration, meeting scheduling, secure sharing of files, web-conferencing.	How and when these are actually used in practice.
Mobile and flexible working	Adopting common policies and standards for mobile and flexible working – e.g. for security, support, PSN compliance.	Which devices are provided, to whom and when.
Systems and infrastructure	Common systems such as enterprise resource planning (ERP), document management, email, desktop computing, geographic information systems (GIS) and web services.	Local 'line of business' solutions and 'apps' for specific and unique requirements.
Data and information management	A common approach to data handling, sharing, cleansing, validation, linkage, retention policies.	Determining who has access to what data and for what purpose.

Share the IT

The IT itself is a strong candidate for sharing. IT is rarely a political issue in terms of who provides it, as long as it works, delivers good value, and responds to changing needs. It can be outsourced, insourced, shared or sold to others.

Yet there are relatively few shared IT services, for a number of reasons:

- **Legacy IT** – making sharing and integration hard and expensive.
- **Outsourcing** – organisations may be locked into specific IT arrangements.
- **Vested interests** – often of IT leaders, understandably proud of their past achievements.
- **Fear of losing control of IT strategy** – an anxiety that the ‘other’ partner will take control of the IT priorities.

It is often the Head of IT who is nervous about shared services – loss of autonomy or even their jobs. But if there is a willingness to join up the IT governance in support of each partner organisation, there are many benefits to sharing IT. This includes protecting future jobs and demonstrating the value IT can bring to public services:

- Sharing IT assets and skills base.
- Reducing IT risk through common approaches, for example security and disaster recovery.
- Short-circuiting development time and effort by adopting a partner’s best practice.
- Reducing dependency on the private sector for scarce skills.
- Using and supporting common, commoditised IT products and services.

An initial step is to take an objective view about how IT currently operates at each partner organisation, along with an inventory of all IT assets and service contracts. This will help to establish the priorities from sharing IT services, such as:

- **Enhanced IT alignment, with business need** – prioritisation and responsiveness.
- **Better value and control of the IT asset base and costs** – software, hardware estate, contracts.
- **Readiness for digital** – ability to adopt new technologies, greater agility in development, modern IT operational practices, better response to the customer/citizen need.
- **A more flexible IT team** – able to adapt quickly when new methods or systems are required.
- **IT strategy and governance improvements** – for efficient and effective running of IT services, including the benchmarking of IT quality, costs and project delivery.
- **Improved satisfaction and measurable performance** – demonstrating value from IT delivery.

Objectivity and trust is needed if IT teams are to do this assessment themselves. It may be advisable to seek a third party facilitator with no vested interests to prepare the ground and to assess IT performance in each organisation. Existing benchmarks are helpful in this, if they exist, and are objective and current.

Conclusion

At a recent Eduserv workshop, local authority transformation leaders confirmed the advantage of creating shared local public service 'hubs' to bring together multiple services. The leaders also agreed that shared services are about more than just reducing cost, but that financial drivers are a main incentive and IT is a major challenge.

Today's public sector depends heavily on IT systems for transactional processing, communications, administration and customer service delivery. A shared service programme will therefore inevitably require careful design of a shared and flexible IT architecture to support it – infrastructure, systems and data.

Pressure to collaborate and to share is only going to grow. Councils in particular are designing digital services which work across traditional organisation boundaries, and central government is committed to devolving power to local services which will mean new service boundaries. IT is arguably becoming the highest risk and highest value area in a shared service project and will certainly be one of the biggest and most complex work streams.

Private sector experience in mergers and acquisitions demonstrate the importance of IT as a risk and an opportunity, and the public sector can learn from this. To handle these IT risks in shared services and to maximise the value IT can bring, it is advisable to have a strong IT lead involved early in a shared service programme.

It is also an ideal moment to consider the benefits of new IT methods and approaches, such as cloud solutions, creating neutral, flexible and jointly owned IT platforms which allow teams to work together.

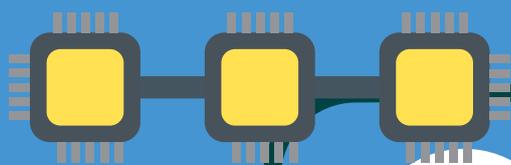
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The Local Government Executive Briefing Programme provides independent opinion on the role of digital transformation in ensuring the future of public services.

Through engagement with local government leaders, it provides research-based reports, topical debate and insight for business and digital leaders.

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Get in touch

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