

Transformational Government

Meeting the Challenge



Fujitsu welcomes the pan-government IT strategy set out in *Transformational Government Enabled by Technology*. It sets out in clear and unambiguous terms a government-wide commitment to achieve transformational efficiencies in both customer service and internal operations, underpinned by long-overdue recognition of the importance of IT professionals to both. This paper is our response.

In our paper *Staying in Focus* submitted in June 2005 in response to the request for input to the preparation of *Transformational Government*, we argued for the centrality of the citizen; the efficiencies to be gained from shared services; and the importance of a consistent approach to information management and sharing. We are naturally delighted to see the key role played by all three in the strategy.

Transformational Government also rightly recognises the importance of decisive action to lay foundations for the longer term. Our response concentrates on this aspect, because we believe that the position established during that period will determine the degree of success of the whole strategy. We start by raising some general points that we believe to be important in this connexion, followed by specific comments on each of the three main threads of *Transformational Government*.

We look forward to working with colleagues from both public and private sectors on the implementation of *Transformational Government*. Please do not hesitate to contact us if you have questions on any aspect of our response.

Creating early evidence of progress "on the ground"

The strategy lays out a number of clear commitments; achieving these will require significant behavioural change by both government and suppliers. For the strategy to retain credibility, we believe that it is important that decisive and visible action be taken on each commitment during the next 24 months, creating evidence "on the ground" and demonstrating that such behavioural change is in progress. Such actions could include the following.

- Create the role of Customer Group Director, and prove that it can facilitate a strong and reliable customer voice that has actually made a difference both to policies and the services that deliver them.
- Set up the Common Infrastructure Board immediately. Deliver an initial roadmap and timetable by the end of 2006, with a programme plan for 2007.

- Monitor existing and new infrastructure spend; and begin reporting on central government's infrastructure portfolio as a whole.
- Set initial standards and practices for information management by April 2007, and begin to enforce them.
- Start rationalisation of web and call-centre services by actually closing down some operations and transferring their service, if necessary enforced by funding transfers.
- Establish and begin to implement the IT Competency Framework by end 2006. Have the Government IT Academy in full operation by April 2007.

The key role of suppliers in catalysing change

We have said that change by suppliers is needed too. However, suppliers necessarily respond to the environment created for them by government. This arises in the main not from central initiatives such as *Transformational Government*, but "at the coalface", in the actions taken by managers during procurements and the delivery of the resulting contracts.

There is perhaps no easy solution to this problem within government. But there is considerable latent potential for suppliers, involved day-to-day with their government customers in development and delivery of IT strategy and systems, to catalyse some of the changes required. Some of the practices criticised in the strategy are caused or exacerbated by an understandable reluctance on the part of suppliers to challenge inappropriate behaviour that may nevertheless result in good business for them.

For example OGC has identified the need, ahead of formal procurement, to gain access to the experience and innovation of organisations with the capability to be very much more than suppliers, but implementation of this is at best tentative.

It's clear that on the ground government is still uncertain about how to tap into private-sector innovation in an effective yet fair way. For the supplier, it is often still the case that simply meeting the procurement formalities and achieving "ticks in the boxes" is a winning strategy.

Also, past experience tends to show that the impact of initiatives such as *Transformational Government* is considerably weakened when transmitted through the layers of management within government organisations. Indeed at this point it is likely that the majority of "coalface" managers are unaware that it exists!

Changing this will require supplier behaviour to change. This has already been recognised in the BuyIT shared services work, but the principle is far more widely applicable. The necessary general principles are already set out in the IT Supplier Code of Best Practice, which Fujitsu supports fully. But we believe that the speed and depth of change laid out by *Transformational Government* will require a targeted programme to enable and support key supplier staff in acting as catalysts and change agents.

Fujitsu believes that it is in the long-term interest of prudent supplier-partners to work with government to find ways of driving the outcomes envisaged by *Transformational Government* from key partnership relationships. We would very much welcome further dialogue with a view to agreeing specific joint action on this front.

Continually monitoring key risks

Critical risks must be broadly and continually monitored. Signs of them beginning to crystallise would be precursors of failure for the strategy and would warrant immediate high-level action. The ones identified in the Regulatory Impact assessment (though there may be others) are:

- Will implementation feasibility actually constrain policymaking? At anything above a negligible level of incidence, this risks the effectiveness of (and benefits from) the IT strategy as a whole, as well as materially increasing

the implementation risk of individual policies.

- Is there the continuing will, sufficiently widely spread and at a senior enough level, to execute the strategy?
- This is “another initiative from the centre”: will spending departments and agencies follow it?

The importance of Portfolio Thinking

Transformational Government rightly places much emphasis on sharing and standards. Separately, it notes the importance of managing government's technology-enabled programmes as a portfolio. We believe these insights need to be brought together.

A properly constructed portfolio-based monitoring system:

- shows clearly the risks, benefits, and dependencies of individual programmes, including enabling programmes such as those promulgating standards or creating infrastructure
- allows investment to be dynamically directed towards areas of greatest benefit and away from low-value projects
- highlights those programmes with high relative business risk, perhaps because of the number of delivery points or the degree of change being effected
- subjects all programmes to a uniform and rigorous yardstick, independently of specific local measures or targets.

Our experience is that a benefits-focussed approach works best; we map initiatives through to desired outcomes/benefits using a proprietary method (ResultsChain) developed from our experience on many complex programmes. This identifies the real value of projects and provides clear rationale for prioritisation. We would be keen to share this experience with you as you devise your Portfolio Management approach.

Citizen-centric systems

We completely agree that services need to be designed around citizens and businesses. The discussion in *Transformational Government* accurately identifies many of the leading issues, such as the overlapping nature of customer groups and the urgent need for more actionable information regarding expectations. The issue is not the objective but the means by which it can be achieved.

In this section we therefore give an example of recent Fujitsu work in government that, we believe, indicates the road all government service providers will need to travel in order to be able to construct such systems. We then indicate some of the insights that we believe are provided by looking at the approach of leading commercial organisations.

A road to transformed services

Fujitsu was recently asked by the Executive Team of a very large department to undertake a short strategic review to (a) identify what emerging needs of the citizen might materialise within the next ten to fifteen years, and (b) examine how these might affect current structures, processes and performance measures. At a high level, the conclusions were:

- Citizen needs will evolve rapidly between 2005 and 2020. Citizens will have higher expectations but will also require more external support during times of stress.
- The highest value will be derived from customer interactions; new organisational models will focus on these rather than products or services. Monolithic organisations addressing all components of the value chain will no longer be responsive to customer need.
- The department will require new competencies to respond to changes, and its range of offers will also need to expand to suit future needs.

- There are transformational implications in all areas of business: product design, risk management, channels and intermediaries, production systems, IT infrastructure ...

These conclusions show that, in the context of creating an effective and valuable service centred on its users' needs, it is more important to concentrate on the effect it has (or is perceived to have) through actual experience, rather than on how it is to be put together. The components from which it is constructed – ie business process, information, technology platforms and people – then act as enablers or access mechanisms. There needs to be a clear strategy to develop suitable components and to articulate the linkages between them, but the focus is on the experience of service transactions.

Characteristics of a transformational business

In light of the above, a “transformational service business” could be described as one that :

- understands the required service experience well enough to be able to create it;
- has a development process – a “factory floor”, if you will – that can relatively quickly adapt and assemble available “components” (both in-house and bought-in) to create a new service; and
- applies evidence-based realism to assess (and if necessary modify) the result.

Thus, such a business – say, Google, or Amazon – is continually adapting the services it offers to fit the needs of its customers, albeit based on a (necessarily) more slowly changing basis of platforms, skills, and information. These businesses, though young, have some similarities with government in that they use vast data repositories, including both personal and product information, to deliver a wide range of individually-tailored services. Their product development processes are strongly customer-

centric, in some cases creating products originally suggested by customers.

We note that collaboration with leading businesses of this type is proposed. We think it is possible to go further, and would suggest examining:

- how these businesses take new service propositions from concept to delivery
- how they reach decisions about future requirements for the more slow-moving base of platforms, skills, and information
- what governance methods they apply to those processes.

We believe that such an exercise – in which we would be happy to collaborate – would yield valuable insights into the practicalities of constructing customer-centred services.

Shared Services

Fujitsu believes strongly that achieving the shared services objectives set out in *Transformational Government* would both improve effectiveness and realise substantial cash savings. These benefits will not be achieved in the same way or at the same time across the UK public sector, and so the proposed varied set of sector-specific strategies is appropriate.

In our view, however, it will be essential to show that the very significant resistance and blockers, which exist in all sectors, are being tackled and overcome on the ground. Without real evidence of early achievement the programme risks grinding to a halt. *Transformational Government* recognises this to some extent, but does not explain clearly how it will be achieved.

Shared services offer both local and central government bodies the opportunity to realise efficiency savings across government by taking advantage of each others assets, operations, processes and infrastructure. The current focus in central government is corporate support (eg HR, Finance, and Procurement); in local

government the move is towards geographic coalitions that can provide economies of scale and impose proven good practice.

The growing opportunity in shared services is to extend shared service to client side processes (eg providing the citizen a single means of proving identity to all government bodies) and ensuring the infrastructure and support required are common to both local and central government.

Shared Services are not just a tool for the back office. Transactional shared services aid the transformational government agenda by providing practical tools to extend the reach of joined-up government and provide the citizen with a uniform and excellent experience of government service.

Overcoming resistance

In both cases, the main blocker appears to be the “culture of control”. Our experience on the ground with many central and local government customers is that desire for detailed control and “being in charge of the supplier” often still trumps both service and efficiency considerations.

A combination of carrots, sticks, and strong facilitative guidance will be needed to ensure that pathfinder projects have the opportunity to demonstrate that this cultural barrier is being demolished. In shared services, this might include financial incentives for early adopters; fast-track facilitation of innovative commercial arrangements; standardised principles for cross-charging and benchmarking. Clearing the ground on such matters centrally and early on, in partnership with the considerable expertise of the private sector, would be an enormous help in achieving early success.

Suppliers’ roles and behaviours

Via their relationships and contacts in UK government, suppliers can play an important role in this aspect of achieving the aims of *Transformational Government*, equally, an environment that promotes unhelpful supplier

behaviour would be counterproductive. Sometimes, it seems as if suppliers and customers unwittingly conspire to bring out the worst in each other. Creating the culture of citizen-focussed realism that can break this cycle will require significant effort from both of us, but nothing else will generate the services that UK citizens require and deserve.

We would therefore encourage the central teams to work with Fujitsu and other suppliers to find ways to support and reward the behaviours required of both public servants and their own staff, complementing the “catalyst” role mentioned earlier.

No supplier can work alone in this environment. The shared services programme must be based on consortia and partnerships; these will need to be flexible, varying from one project to another, and commercially innovative. Suppliers must be prepared to work together, pass work from one to another, share expertise, and manage demand for scarce resources. Fujitsu believes that government should require a wholehearted commitment to this way of working from all its suppliers.

Sharing and re-use

Fujitsu believes that the more complex and individual the IT, the less likely it is to meet its objectives. Indeed, “IT failures” are really only a symptom; repeatable uniform processes, and a culture that puts service and efficiency first, are what will make a real difference to business outcomes.

Fully realising the shared services vision will require combining a community approach to the creation and use of assets with toughness and tenacity in undertaking the cultural change required to gain maximum value from them. Properly applied, these principles lead naturally to the use of proven, repeatable and redeployable IT solutions. Fujitsu has a leading role in this approach, and we believe it needs to be adopted more widely, most particularly in application implementation.

Professionalism

Fujitsu agrees that a more professional approach to managing and implementing IT-enabled change must be central to the *Transformational Government* agenda. Thus we are pleased to see the emphasis on professionalism, and also the rounded view taken, addressing all aspects from governance through leadership and co-ordination to on-the-ground delivery capability.

As mentioned in our earlier *Staying in Focus* submission, we believe that a critical success factor for the strategy is the creation of an environment conducive to successful delivery. Whilst the strong emphasis on putting in place better mechanisms, tools and training provides an important foundation for improved professionalism, we believe that significant behavioural change is needed in both government and suppliers. We would welcome more explicit recognition, both of this as a requirement, and of the identification of initiatives designed to promote it.

Leadership and governance

Buy-in and active support of the *Transformational Government* agenda from senior politicians and officials will be critical if it is to succeed. We welcome the proposal to introduce mechanisms described to provide better governance, and will engage proactively with you to contribute to these mechanisms where appropriate.

However, there is little reference to the need to change leadership and management behaviour. At senior level we would welcome the provision of coaching for SROs in their critical role as creators of an environment in which major change programmes can succeed¹. Lower down, programme success is usually significantly affected by the attitude of middle managers. As noted earlier, at this level we believe that driving behaviour change from the supply side as well as down the management chain would be helpful.

¹ We understand that this is in fact being considered.

Portfolio Management

In our introduction we noted the importance of gaining better visibility of the portfolio of government projects and programmes as a whole. Such information is however of no value if not acted on. Portfolio Management must be used as a tool to support appropriate and timely intervention, rather than a “tick in the box” monitoring activity justifying what is already being done. In particular, the existence of already-established budgets should not be a reason to ignore warnings that reallocation of resource would be appropriate.

IT profession in government

We support the objectives here too, but note that this is one of the more challenging aspects of the programme – how to change the longstanding cultural prejudice favouring policy over implementation, and its consequence that IT roles are not seen as a good basis for entry into the Senior Civil Service. An earlier OGC effort to create a structured and managed IT career path seems to have met with limited success. Perhaps the reasons for this need to be understood and openly acknowledged, so that the current effort has greater credibility.

This is an area in which the IT industry can be particularly helpful. Fujitsu Services is already proactively engaged in the IT Academy project; we would be keen to explore other ways of engaging, such as work shadowing and secondment.

Project Delivery

In this area OGC has already made significant efforts, such as Gateway Reviews, Managing Successful Projects/Programmes, and Delivery Toolkit; we assume that this progress will be built upon.

However, e-GU will face the same issue as OGC – no matter how good the tools, they are only effective if people adopt them and use them well. Time and again we see programmes viewing their challenges as unique, requiring one-off solutions. This may be appropriate in a policy environment, but it is no way to run IT and business change programmes. We would welcome a more overt recognition of this issue, with proposals for how the more widespread adoption of best practice will be achieved. Our own experience with similar issues within Fujitsu has been that the only effective solution is mandatory application of standard process, with sanctions for non-compliance and limited scope for special pleading.

Supplier Management

As mentioned in our earlier *Staying in Focus* submission, we believe that successful execution of the strategy requires a relationship of mutuality and cooperation between Government and IT suppliers. Only such a context can give rise to the innovation and mutual flexibility required to address the problems laid out in *Transformational Government*. Our experience is that, despite the efforts of OGC (eg through the Code Of Best Practice), the “traditional” approach to procurement continues to stifle innovation and flexibility with over-specified contracts incorporating legalistic SLAs, rather than seeking mature relationships built on mutual trust and respect.

Transformational Government makes useful proposals to achieve better visibility of supplier performance, and we take no issue with the need for that. However, we believe it is secondary to the need for changes in behavioural and attitude on both sides, especially at the “working” level.

We would welcome a shift in perspective and emphasis from “supplier management” to “Government-supplier relationship”. We would welcome further discussion on how this might be achieved, perhaps for example using the medium of the IT Academy to bring together mid-level practitioners from both sides to examine their own behaviour in realistic scenarios.

Innovation

The background document prepared by the Strategy Project Team in support of *Transformational Government* observes that some consistently innovative organisations focus not on innovation as such, but on clear outcomes supported by the right organisational cultures, rewards and methods. We believe that government should do the same, rather than attempt to micro-manage the injection of “innovation sparkle” into public sector projects. If the objectives are clear, and the incentives and relationships are right, the private sector will provide ample innovation.

Fujitsu’s own annual R&D spend, for example, is some €1.7 billion, and some programmes (eg *Triole* for IT infrastructure optimisation, and *Macroscope* for IT-enabled business change) directly align with both the requirements and approach of *Transformational Government*. We would also refer back to our earlier comments on the innovation in product development of companies like Amazon and Google. We would be delighted to work with the CIO Council to develop ways of facilitating the wider application of private-sector innovation in government at all stages of the contract lifecycle.