HE Shared Services Forum

Agility in shared services and outsourcing

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Local Authority and education collaborating – building the impetus for local economic growth.

Neville Cannon

Programme Director for ICT Shared Services

nsa
neil stewart associates

PREDICTION IS HARD

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GPO-(BT)-Vision-of-the-Future[www.savevid.com].mp4

UNIVERSITY CHALLENGE(S)

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Edgeless
International
Open
Inclusive
Community
Green

AUDIENCE PARTICIPATION

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1. Does the economy, where you live, matter to you?

2. Do you believe that your organisation has a role in providing wealth through jobs to your local economy?

3. Do your students benefit from having local work placements?

4. Is it easier for you to attract students if the area you are located is doing well?

THE CASE FOR CHANGE

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- …more significant savings are potentially available from reengineering the local public sector as a whole. The costliest and most intractable public service issues are almost without exception a responsibility shared among a number of local agencies, but those agencies share little else; neither budgets, staff, plans, objectives or customer information….

- …Intuitively, bringing more services of this kind together at local level with a collective budget and strategy would save money, both now and in the future, through focussing on demand.

Source: Funding outlook for councils from 2010/11 to 2019/20: Preliminary modelling, Local Government Association, June 2012 www.local.gov.uk

Local Government Association

LET'S START WITH A DEFINITION

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The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.

Source: http://web.worldbank.org/

WHY SHARE SERVICES?

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IT'S NOT ROCKET SCIENCE

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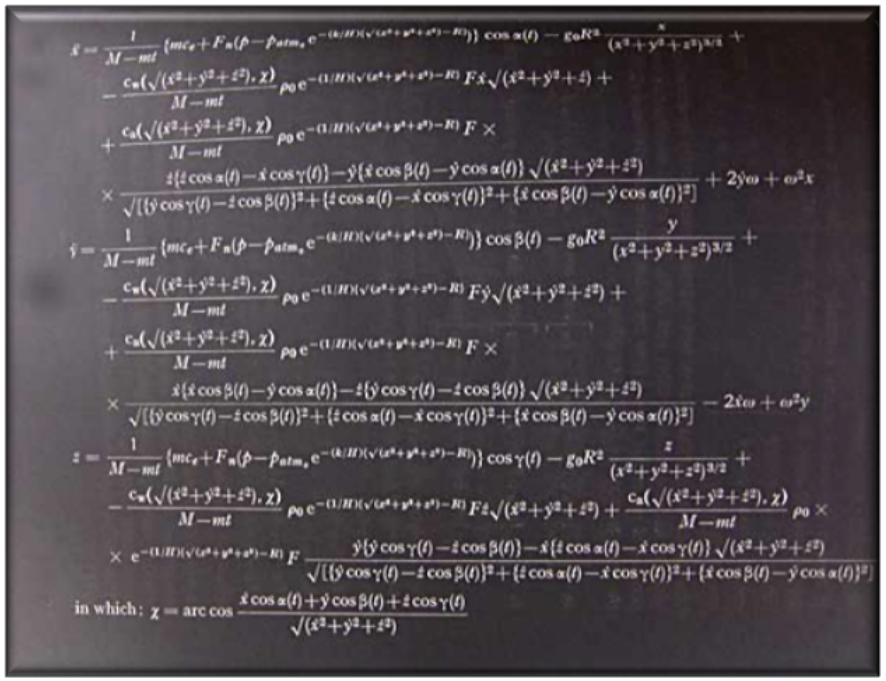
We know what needs to be done, but often are unable to bring all the pieces together



NEED SOMETHING MORE

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WHAT WOULD YOU DO?

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7 Km

=

16

years

STRATEGIC NATIONAL CORRIDORS FOR ENGLAND

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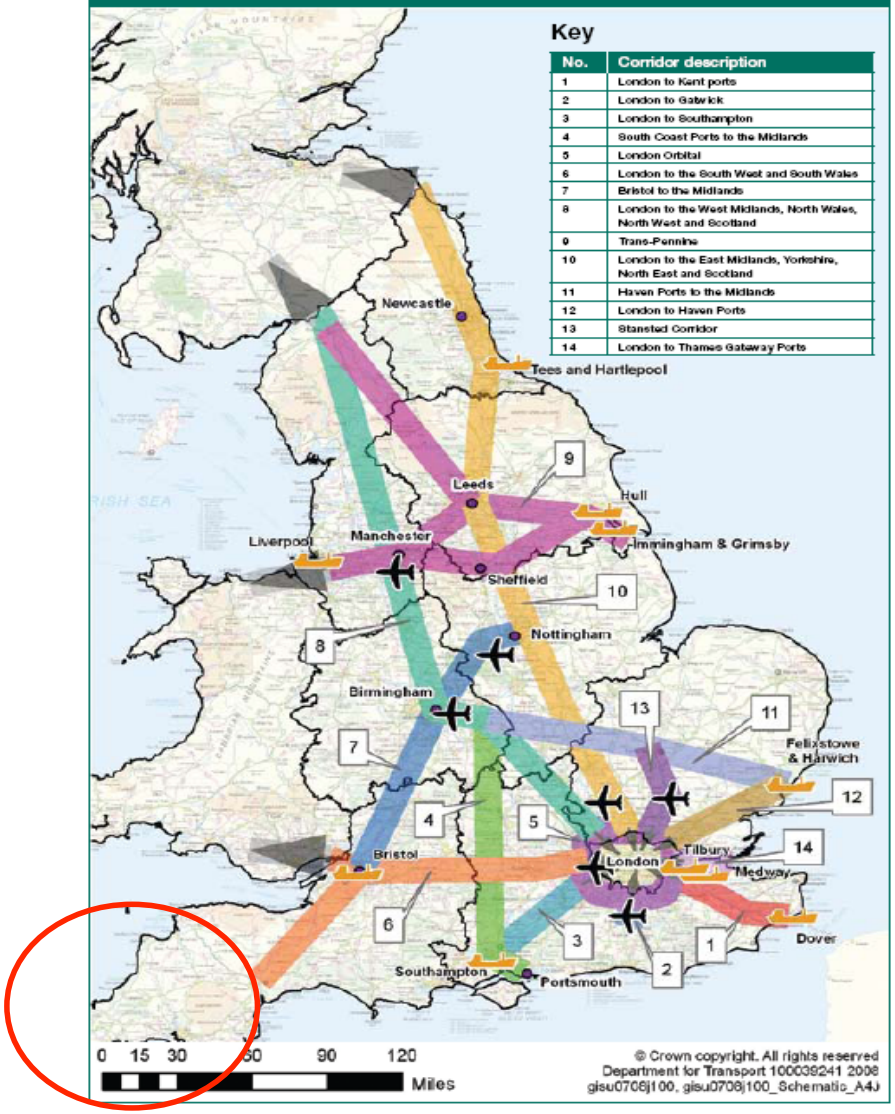
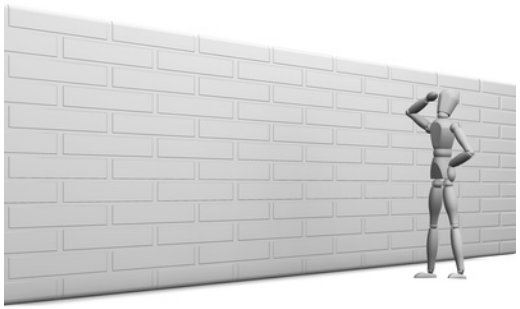
Figure 4.1 Strategic National Corridors



No.	Corridor description
1	London to Kent ports
2	London to Gatwick
3	London to Southampton
4	South Coast Ports to the Midlands
5	London Orbital
6	London to the South West and South Wales
7	Bristol to the Midlands
8	London to the West Midlands, North Wales, North West and Scotland
9	Trans-Pennine
10	London to the East Midlands, Yorkshire, North East and Scotland
11	Haven Ports to the Midlands
12	London to Haven Ports
13	Stansted Corridor
14	London to Thames Gateway Ports



BENCHMARKING OF ROAD AND RAIL CONNECTIVITY (English cities outside London)

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Cities outside of London ranked in order of population	Connected to the Strategic National Corridor	Fastest proposed Journey Time (minutes) to & from London after HS2 and electrifiction	Ranking of Vulnerability out of 324	Cities outside of London ranked in order of population	Connected to the Strategic National Corridor	Fastest proposed Journey Time (minutes) to & from London after HS2 and electrifiction	Ranking of Vulnerability out of 324
Birmingham	Y	49	234	Wolverhampton	Y	75	304
Leeds	Y	80	187	Southampton	Y	76	230
Sheffield	Y	75	266	Portsmouth	Y	99	291
Bradford	Y	109	279	York	Y	113	156
Manchester	Y	73	217	Peterborough	Y	53	220
Liverpool	Y	97	287	Lancaster	Y	135	224
Bristol	Y	77	167	Oxford	Y	50	171
Wakefield	Y	105	268	Preston	Y	108	262
Coventry	Y	57	243	St Albans	Y	19	2
Leicester	Y	53	302	Norwich	N	104	190
Nottingham	Y	55	275	Chester	N	105	168
Newcastle upon Tyne	Y	157	259	Cambridge	Y	123	122
Sunderland	Y	188	308	Salisbury	N	89	79
Kingston upon Hull	Y	146	320	Exeter	Y	123	203
PLYMOUTH	**N**	**192**	**309**	Gloucester	Y	113	218
Brighton and Hove	N	60	140	Chichester	N	88	57
Derby	Y	60	267	Winchester	Y	58	29
Stoke on Trent	Y	65	322	Carlisle	Y	166	233

ROAD TO IMPROVED OUTCOMES

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- Improved joint working
- Holistic view of the city and its people
- New collaborative ventures – Big Society – Big data?
- Integrated commissioning and planning?
- Evidenced based decision making
- Reduced costs – prioritised spend

VESTED INTERESTS

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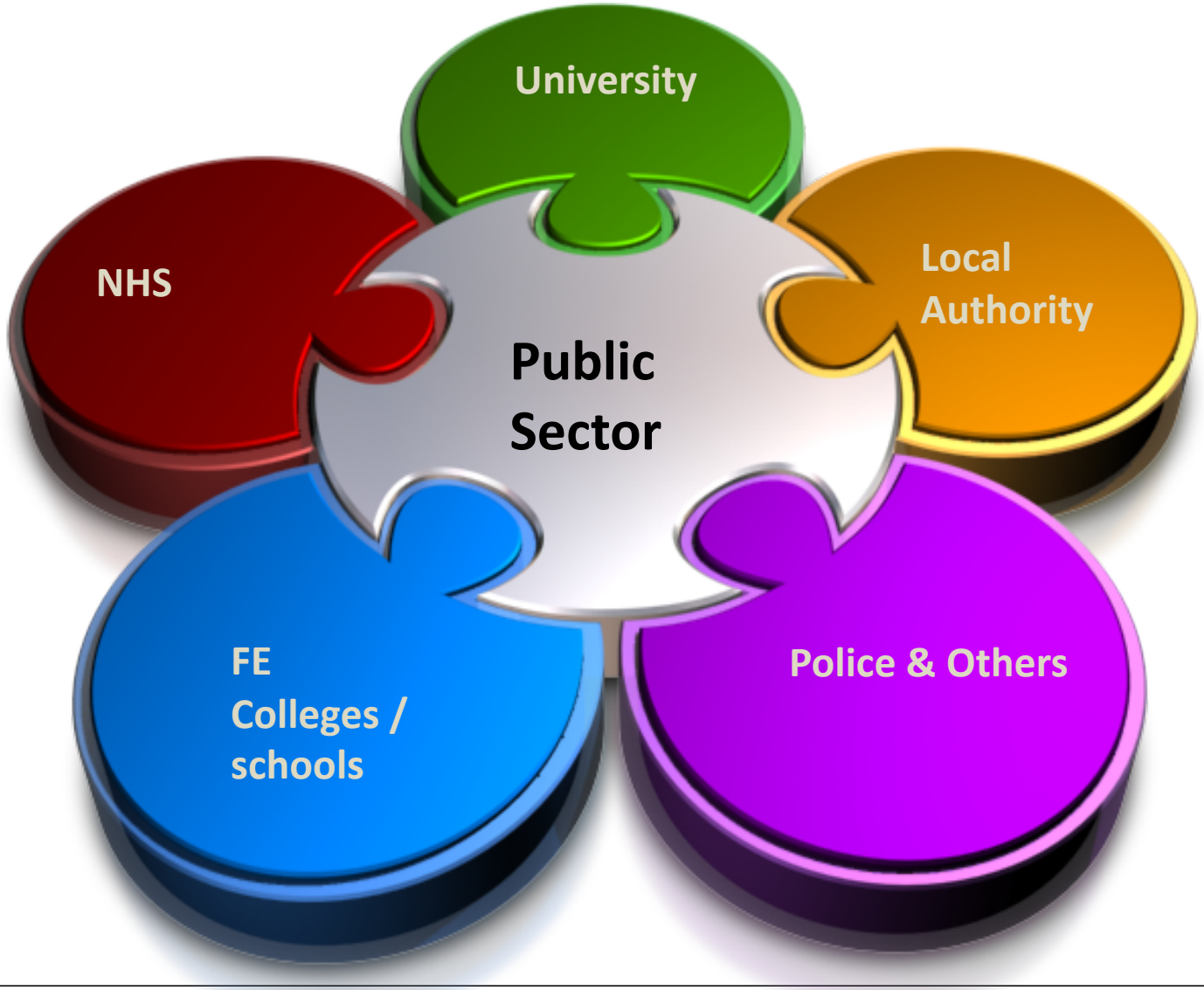

GEOGRAPHIC V's SECTOR

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Local Authority	University
▪Other LA's	▪ Other universities
▪NHS / Police	▪ Academia / Research
▪Public Sector	▪ Public Sector
▪Economic development	▪ Jobs for students
▪Cost savings	▪ Cost savings

HELASS, SO WHAT COULD WE DO?

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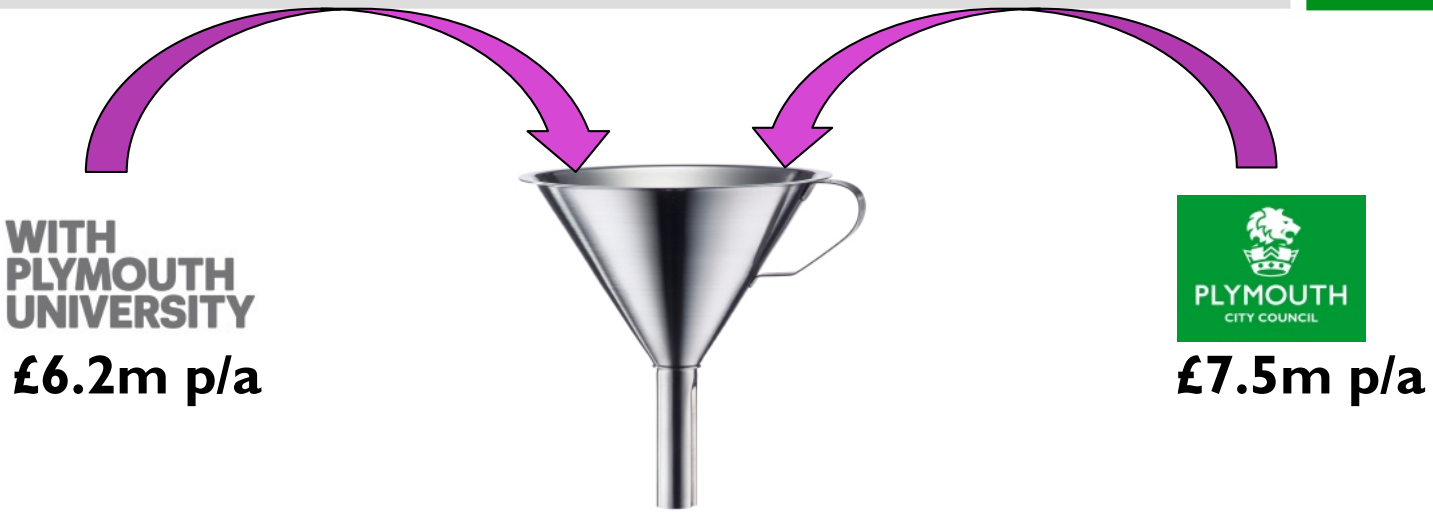
Description	Cat	Met	Impact	Cost	Time	Risk	SCORE	Comment
Fully merged ICT organisations under one entity (e.g. JV)	O	Y	9	4	4	3	20	Complementary peaks'n'troughs & multiple synergies
Shared DR/BCP plans & facilities	B	Y	9	8	8	8	29	Reciprocal arrangements
Shared Technical Services organisation	O	Y	9	7	9	6	33	base/commodity level infrastructure support
Shared Service Desk organisation	O	Y	9	8	7	9	35	peaks'n'troughs synergies, single repository, cross-skilling
Shared Operational organisation	O	Y	9	7	9	8	33	Monitor & alert function
Shared Application Support organisation	O	Y	6	4	5	3	18	bespoke / niche issues?
Shared GreenIT strategy	B	Y	9	8	9	8	34	WIP -> x-ref other reference contracts & thought leadership
Common Microsoft platform strategy	T	N	9	7	6	6	34	CRM Dynamics, Sharepoint, etc.
Common information / Knowledge Management platform	I	N	6	8	7	6	27	Shared knowlledge and enabler for merged functions
Shared data-centre facilities	T	Y	9	5	6	5	25	x-ref NC email
Shared Office facilities	B	Y	7	3	3	4	17	Enabler for fully merged functions
Shared Plymouth wide network (or network subset)	T	Y	7	5	4	4	20	x-ref NC observation at 21/10 workshop
Shared HR/Payroll systems	A	Y	9	5	5	6	25	Move away from SAP in PCC?
Shared Finance System(s)	A	Y	5	4	4	3	16	Not a business imperative or even aspiration?
Share other Corporate Applications	A	Y	7	5	4	3	19	eMail, FM, Expenses, Time Management, etc.
Shared Service Management function	O	Y	6	5	5	6	22	Tools, processes & people
Shared ICT procurement function	B	Y	6	8	7	7	28	Economies of scale
Sharing ICT best-practice & experience	B	N	9	9	9	9	32	Knowledge sharing forum
External delivery entity (e.g. JV)	B	N	9	5	4	4	22	UoP & PCC staff seconded in (x-Ref ACCESS)
Shared simplification, standardisation & automation pgm	B	N	8	5	6	7	26	Remove/reduce bespoke and over-complex components
Shared ITIL environment	B	Y	6	6	7	8	27	Common processes (subset of other entries)
Shared Hardware (Server) estate	T	Y	6	5	5	7	23	Vmware, common strategic supplier, etc.
Shared Hardware (Desktop) model / estate	T	Y	7	7	8	8	29	Common base build(s), common roll-out tools & processes, common support structure
Shared Enterprise Architecture (EA) Framework	B	N	8	4	4	7	23	Common strategic vision, strategy & components
Shared Outsourcing contracts & providers	B	Y	8	7	3	6	24	Joint procurement strategy
Shared Print Facility	O	Y	7	6	5	6	24	Physical print room & shared print plan (economies of scale)
Joint (ICT) commoditisation programme	B	N	8	5	5	5	23	Reduce bespoke, niche, specialist, etc.
Shared Centralised Remote Geographic Support	O	Y	5	5	4	7	21	Remove local on-site (departmental) presence
Plymouth Outsourcing Model Co-Operative	B	N	5	4	4	2	15	Mimic outsourcer (shared) models
Shared Utility Computing Model	T	N	7	5	5	6	23	PAYG models (peaks'n'troughs synergies again)
Shared Storage Model	T	Y	5	5	4	4	18	CDP model
Shared Cloud Computing Model	T	N	8	5	3	4	20	Future development, technology not yet mature enough?
Plymouth Common Delivery Platform	B	N	8	3	4	5	20	hw, sw, people, processes, etc.
Shared Web Presence	T	Y	6	5	5	5	21	Internet, intranet, extranet
Shared E2E Service Management toolset	T	Y	7	5	5	6	23	IBM, CA, BMC, HP, HEAT, Hornbill, etc.
Shared mobile working initiative	B	Y	4	7	5	5	21	Mobile workers
Shared home-working initiative	B	Y	4	7	5	5	21	Release office space?
Shared Document Production Facility	B	Y	6	5	5	7	23	UoP capability
Shared Application Development Centre	A	Y	4	4	3	4	15	Mainly packages but some bespoke development
Shared Resource Pool (SFIA / standard job definitions)	B	Y	6	9	7	8	30	For ease of cross-skilling and industry standardisation
Increased self service and remote support	B	Y	7	6	6	8	27	Remove stove pipes of support
Shared Training function	B	Y	6	8	7	8	29	Share trainers, courses, costs, facilities, etc.
Joint contract (re)negotiation strategy	B	Y	6	8	8	8	30	Re-assess & re-align selected/all existing ICT related contracts
Joint SaaS strategy	A	Y	6	7	5	7	25	Utility/on-demand applications
Technology reuse/cascade across UoP & PCC (&beyond?)	T	Y	5	8	7	7	27	Extend to citizens at EOL?
Joint Service Catalogue	B	N	6	8	7	8	29	"Buy" services from most cost-effective provider
Commodity ICT / skills assessment programme	B	N	4	8	8	8	28	Kellogs Technology programme
ICT Convergence Model	B	N	8	5	5	5	23	3 year programme?
Uniques identification and isolation	B	N	8	8	8	8	32	What MUST remain isolated within UoP & PCC?
Initial/on-going secondment model	O	N	5	8	8	8	29	Initial trial to iron out contraints & obstacles
Joint paper/hardcopy elimination programme	T	Y	7	6	4	7	24	Reduce paper trail (x-ref Green Agenda)
ICT enabled property portfolio rationalisation programme	B	Y	8	4	4	4	20	Glasgow ACCESS model
Joint Capacity Planning / Management / Reuse Programme	T	N	5	8	7	8	28	Shared Capacity models (peaks'n'troughs)
Plymouth eLearning/Training Programme/Platform	B	N	6	5	5	5	21	X-ref 42
Shared Offshore Model	B	Y	8	6	6	3	23	Back office functions only
Shared hardware maintenance contract(s)	T	Y	6	8	8	6	28	Rolled-up maintenance into single provider
Unit-Costing Benchmark Framework	B	N	7	8	7	8	30	On-going unit cost measurement & continuous (internal) benchmark
Joint Service Portfolio Approach	B	N	7	8	7	8	30	Service Catalogue (x-ref 46) is an output of this
Jointly provisioned Extended Service Hours	B	Y	8	6	6	7	27	16x6, 24x5, or as agreed

- **Impact**
- **Cost**
- **Time**
- **Risk**

TANGIBLE BENEFITS



Total current joint annual ICT in scope spend = £13.7m

Theoretical annual fully Shared Service cost saving = **£1.7m**

But……the sum of the parts MAY be greater than £1.7m?

SS1+SS2……..+SSn > £1.7m p/a?

DOES IT MATTER WHERE I LIVE?

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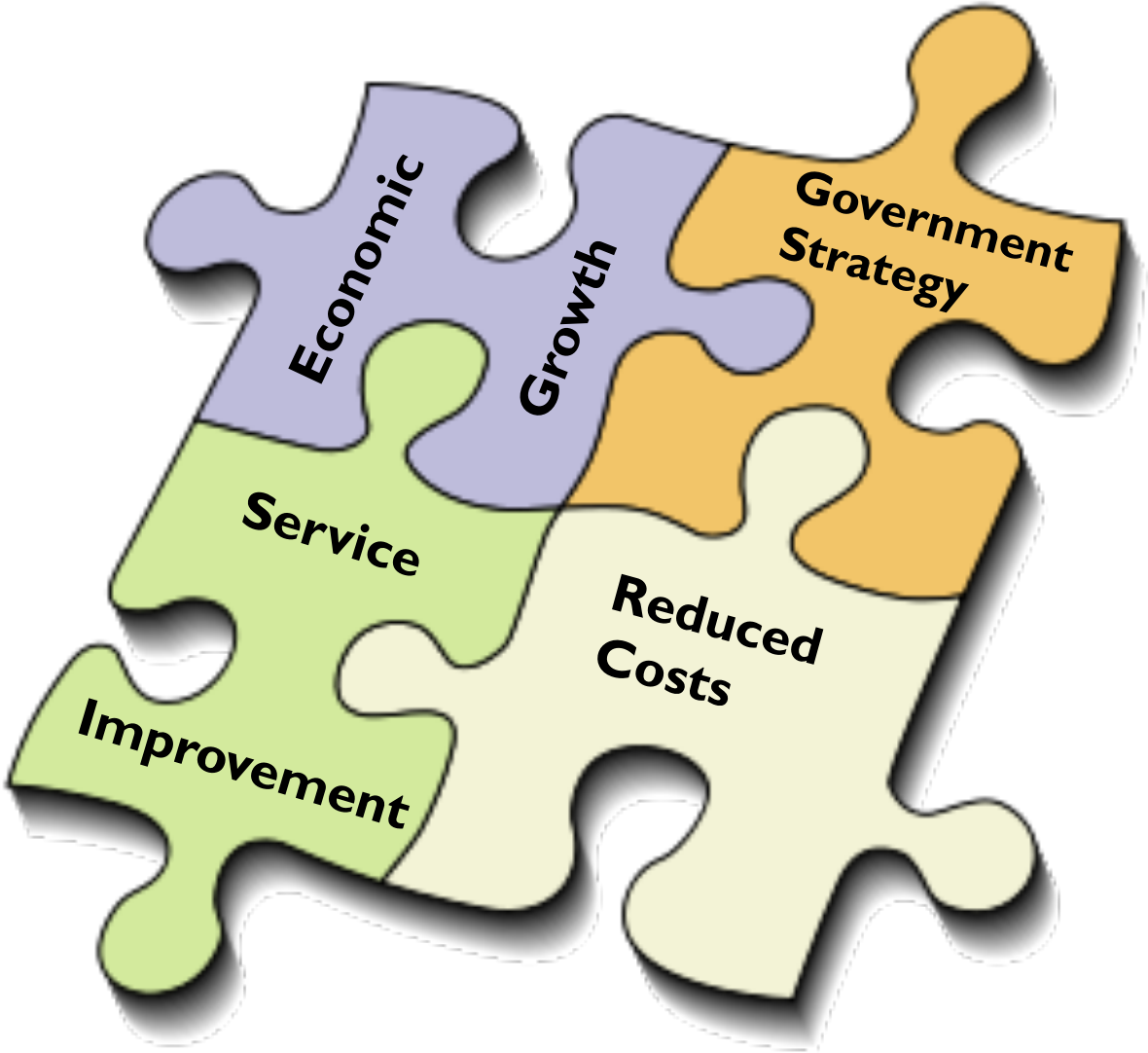
What do we want?

- Reduced health inequalities
- Economic growth - jobs
- A well educated, growing population
- Cost savings

INSPIRATION…

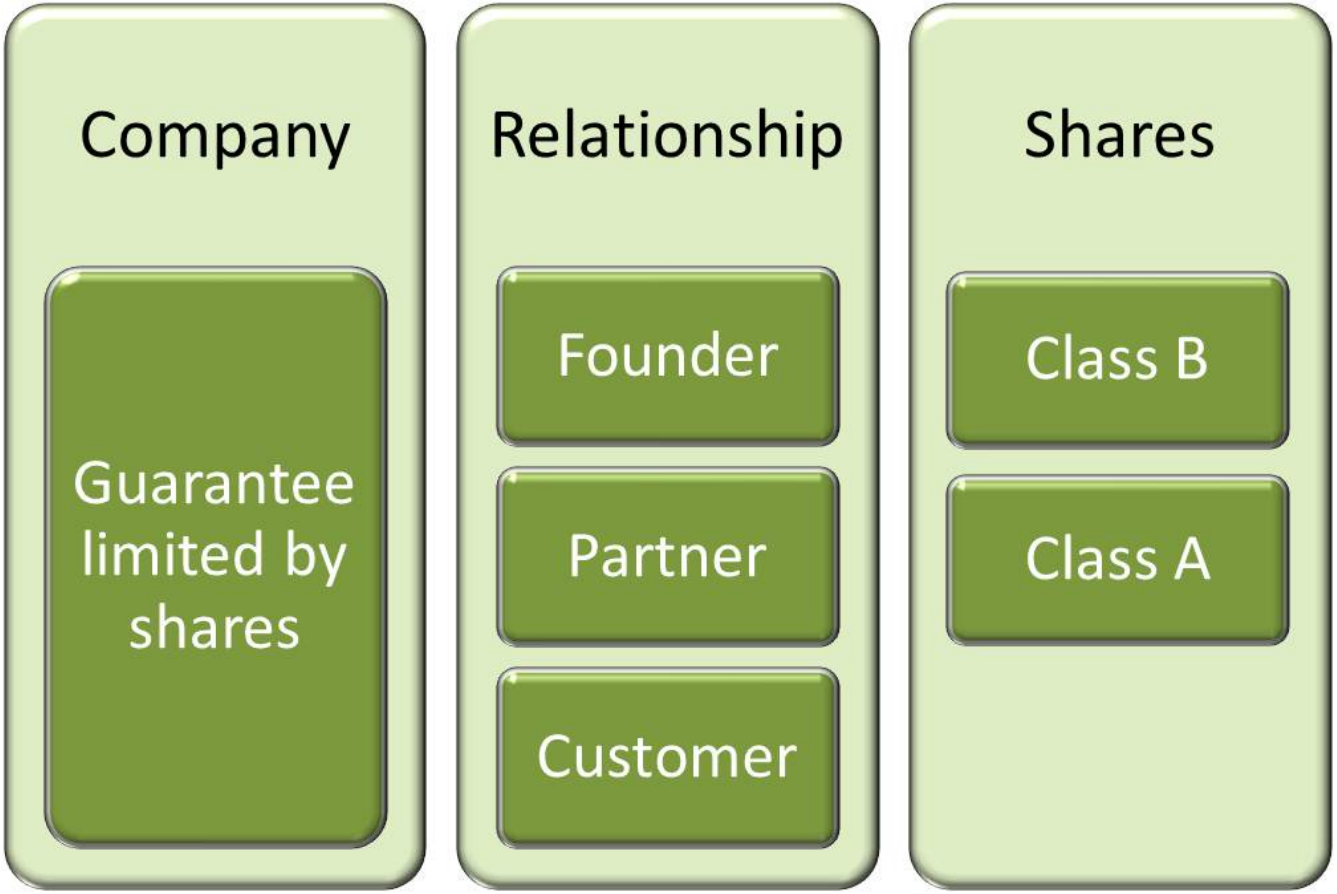
What do you see?

POTENTIAL GAINS

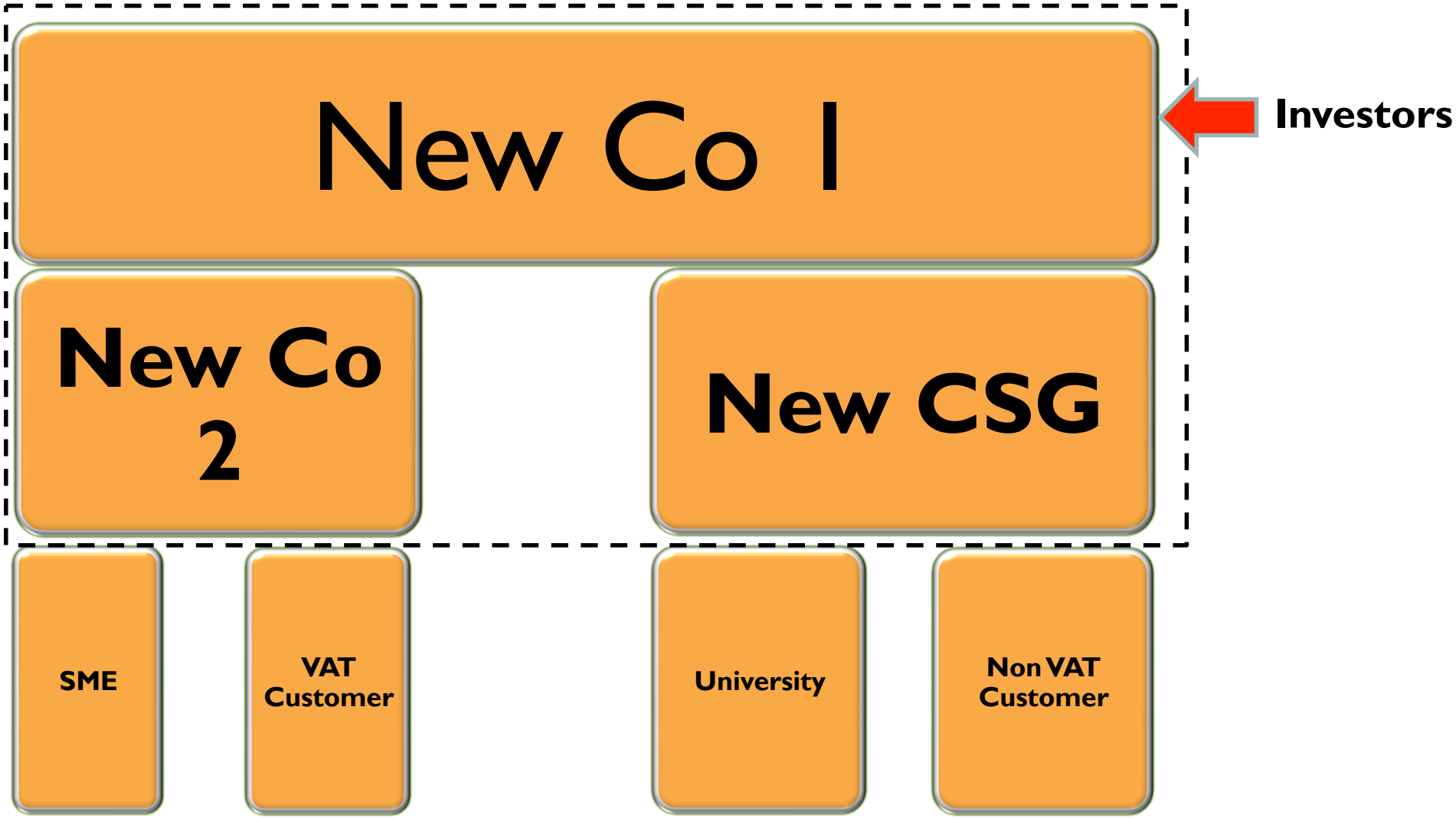


- High GVA jobs
- Support for local businesses
- Consolidated assets
- Streamlined Mgt.
- Improved joined-up working
- Work placements for students
- Community engagement

MODEL


Company
Guarantee limited by shares
Relationship
Founder
Partner
Customer
Shares
Class B
Class A

COMPANY STRUCTURE



RISKS AND ISSUES

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ISSUES

Cuts

Strategic Choices

TRANSITIONAL RISKS

- Start up costs
- Political resistance
- Lack of buy-in
- Job losses
- VAT
- Pensions
- Control
- Funding – cash flow
- Contractual terms
- Inability to agree shape

OPERATIONAL CONCERNS

What if…?

Can I get what I want?

SHARED SERVICE BENEFITS

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Financial

- Reduced per user costs
- Capital saving
- Dividend payback
- Regions economy

Change Mgt.

- Operating model
- Commercial minded
- Flexibility
- Risk transfer/ reduction

Operational

- 24x7 operation
- Social/ 3rd sector
- Larger skill pool
- Project management

"These initial benefits are typically driven rapidly with strong top-down leadership"

Source LGA report August 2012: Services shared: costs spared?

THE PRIZE

There will undoubtedly have been any number of ‘doubters’ or those saying ‘yes but…’ and despite them great things have been achieved

SUMMARY

- For what purpose
- Buy-in
- Persevere
- Model
- Company structure
- Risks and issues
- Benefits

GUIDANCE IS AVAILABLE

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www.socitm.net

Planning the routes
Pocket guide 5

socitm

Planting the flag:
Shared services

October 2012

THANK YOU
ANY QUESTIONS

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