

IT LEGACY CONTRACT DISAGGREGATION

The clock is ticking fast. Time is running out.

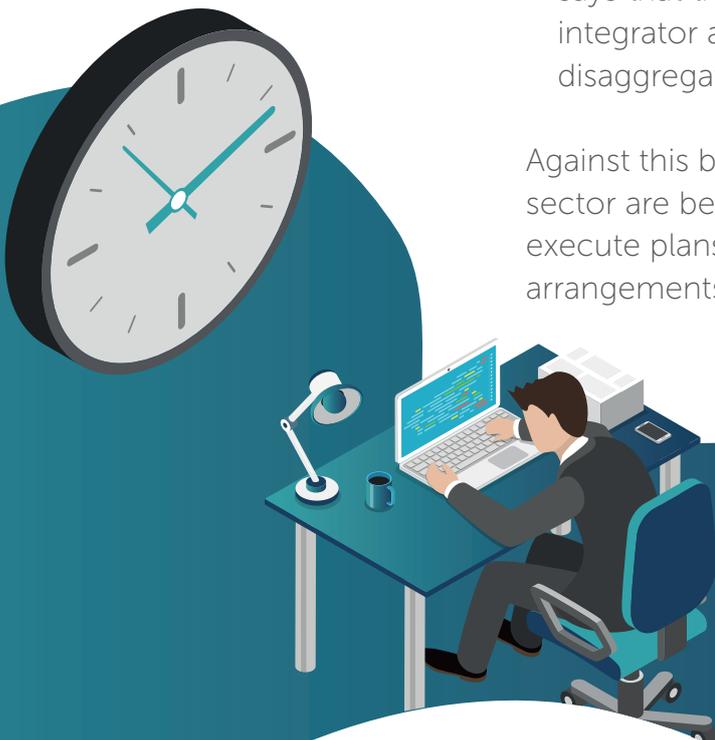
The government has stated that its aim is to complete disaggregation from large single supplier and multi-year IT contracts by 2020.

That being the case where is the clamour? Where is the activity driving this change at a pace that is capable of achieving the target? Who, indeed, is doing what?

In short, difficulty and vested self-interest from suppliers combined with uncertainty are combining to wreck the process with inertia.

- Difficulty in disentangling contracts, technology, processes and responsibility.
- The interest of the very people that might provide help, guidance and innovation being vested in farming the money they view as annuity revenues that require little additional sales effort.
- Uncertainty when even the government's own guidance says that there is risk in taking on the role of the systems integrator and that the skills might not exist to manage a disaggregated modelⁱ.

Against this background IT functions across the public sector are being asked to face up to the challenge and execute plans to dismantle their complex outsourcing arrangements with large systems integration companies.



Forget El Dorado; Go and Seek Nirvana

Computing, technology, ICT, call it what you want. Its progress is not linear in nature. It is cyclical. Centralise - decentralise. Bespoke - off-the-shelf. In-house - hosted. The point is that in many cases the ink on the contracts to engage large organisations to be responsible over the long term for key areas of departmental IT delivery was barely dry before the idea was pooh-poohed. Re-use and flexibility became the bywords. Will that last forever? Maybe, who knows.

You've managed the change over the last ten years to reduce cost and continue delivering solid, dependable, IT services. You've managed this through a single point of responsibility with a single identifiable cost. In short, you've managed the implementation of a cost-justified outsourced contract. Now you need to see that as the enemy and see it off.

The point: Yesterday's vision of perfection does not match up to tomorrow's expectation. As well as disaggregating long term, single supplier, contracts it is necessary to disengage from the philosophy that led to them. Having reached El Dorado you find it's a different state of mind that is needed. Engage with people who are keen to help you find it.

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So Why Isn't My Supplier Helping Me?

One of the pieces of advice from the government is to engage with current suppliers to enlist their ideas on transitioning to the new world. Yes, of course, sounds like a good idea. After all, these are the people to whom the current applications and operations have been outsourced. Outside of the department's own strategic thinking resources, these are the people who have the deepest understanding of what you are doing and how you are doing it now. It might be argued that, in some areas of operation, they have a more in-depth understanding than the departmental staff.

Surely it's obvious that this won't lead to a blissful transition though. When these large expiring IT contracts (LECs) were created a diverse team of professionals worked very hard for your suppliers.

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 Have you mobilised the support you need to help you understand where the legal shackles exist and how to unlock them?

It's easy to focus on the keen enthusiastic sales person who listed the benefits and detailed to you the precise cost savings that the department would achieve over an 'n' year contract. Behind this person was a team of accountants and lawyers working on every revision of the proposal to ensure that they made sufficient profit out of you to keep their management, and ultimately their shareholders, happy. They also put safeguards in to stop the contract from being exited before those profits could be realised.

The point: your incumbent suppliers have a value that they are now expecting to farm from you and a legal team to help keep it that way.



So Why Else Isn't My Supplier Helping Me?

Part two of the friendly supplier myth lies in the area of engaging future support. Government guidanceⁱⁱ states, "Incumbent suppliers need to see the opportunity to potentially become future suppliers, in order to ensure full cooperation throughout the exit process". To get behind this you need to think like a sales person. Sales people are paid simply on the amount of profit that they make out of you. As previously discussed, every sales manager down the chain of command from country manager to the sales person themselves knows precisely the value of your current contract. They will be attuned to anything that helps them increase that value. They will work hard to cost-justify any increase in that value. It is highly likely that there will be no inclination to take any proactive step to help you reduce that value.

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Now this might seem obvious. It is obvious. The reason to raise it is that actually, sales people can be a very handy resource in looking to make change happen. They will not necessarily take the direct route. Sales people will look for an angle or an opportunity to make themselves stand out that you might not have thought of. In short, engaging with sales people can, in itself, be consultative in nature.

The point: If you are losing the enthusiasm and ideas from one direction it might be a good idea to engage with others. In other words, **disaggregation doesn't mean that you have to go it alone and become the single source for great ideas.** Disaggregation encourages engagement with smaller and more diverse suppliers to. To them you are an even bigger deal. They may put their best people on your case. Engage fully and enthusiastically with them. Treat them fairly.



You're Not Alone

Honey I Sacked the Resource: One of the areas that suppliers of LECs will have stressed in their sales engagement with you is the cost savings that arise from staff. These will have been reiterated as the gift that keeps giving. Not only do you reduce the cost and overhead today but you reduce the liability in the future. As well as operational staff with technical skills it is quite likely that project management staff, innovators and leaders will have been managed out of the department as part of the contract implementation .

The idea of this document is not to beat up sales people. Indeed, as already stated, they can be a positive force for good. In managing the contract implementation, it is likely that they will have offered assistance to managing, 'unneeded', staff out of the department. This will have had the benefit, to them, of helping demonstrate to financial managers in the department that the savings were real. At the same time, it will have led to the position that you rely on them to continue to supply those staff; exactly the position you are in.

You are not alone. Nobody at any time let alone at times of austerity, well maybe just possibly in nascent post-austerity, can afford to keep expensive resources.

The point: You may not have the staff you need. The skills you once had may not be knocking around in El Dorado.

Those skills are available as short-term resource in specialist organisations outside of the big IT companies. Those skills can be recruited.



I Never Had the Resource in the First Place

As well as the skills that may have been lost, maybe under TUPE or maybe natural wastage, there will be skills that government departments never had. In the Government guidance the executive summary saysⁱⁱⁱ, **“Disaggregation is complex, in reality it typically takes longer than anticipated (up to 4 years), is resource intensive and needs to be well planned and executed ensuring, as a minimum, the following activities are present:” ... “Understanding the risk attached to being the systems integrator (on the service management side as well as on the commercial side) and resourcing the role (s) of the integrator appropriately”**

It hardly needs saying that the skills needed to run a systems integrator are not the same as those required to develop, deliver and manage shareable IT services to a government department.

The question perhaps should be, ‘to what extent do you want to, or should you, attempt to replicate the skills necessary to run a systems integrator within a government department?’ You don’t need to. The point: Engage with a systems integrator who is capable of, and willing to, hire you the skills for however long the transition takes.



Da Capo, Vested Self- Interest and Confusion

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 The Point: Of course there is no silver bullet. No set of words is going to make this sound like a walk in the park. Having an organisation that sees it the same way as you that is available to discuss the issues with may be a first step of that walk and one that may well be worth having.

Brexit: this is not a political point but as incidental background music to the transition to disaggregation, I bet it hasn't helped.

The point: The world doesn't stop to give you an ideal set of circumstances under which you can make a smooth and orderly transition. Getting help to maintain momentum might help free you up to react to tactical situations.

As central government generalisations go, "Disaggregation is complex", is perhaps one of the least contentious. It also runs the risk of being Rumsfeldian^{iv} in its anticipation of time to deliver. Yes, maybe up to four years is a reasonable estimate given all the known knowns and all the known unknowns. What happens when the unknown unknowns come into play is a different matter.

Added to this the uncertainty over availability of resources and even known lack of resources the task gets harder. When this is compounded with multiple contracts to disaggregate, and given that services must continue to be delivered in the meanwhile, it is no wonder that it is a daunting task.



METHODS

Methods is a specialist IT transition organisation that thinks the way that you do about LEC disaggregation. Moreover it is an organisation without a vested interest that just might have a few of the missing skills that you need to make disaggregation a success.

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