

CW 500 Club

How organisations are sharing IT services to beat the downturn

By Bill Goodwin

Businesses, charities and local authorities are looking to cut their overheads by sharing their IT infrastructure, CIOs at Computer Weekly's 500 Club heard last week.

Successful collaborations bring together organisations with similar cultures, shared IT suppliers, and a similar appetite for risk, leading IT practitioners told the group.

Nick Roberts, IT business change manager at Surrey County Council, said that government spending cuts are persuading local authorities to abandon their reluctance to collaborate. "If you look at the next three years under the public spending round, we are looking over a precipice," he said.

Many local authorities were bringing their IT departments together under a single CIO, Roberts revealed. "It is happening all over the place. You get a CIO who retires and the CEO says I am not going to replace him. I am going to look at neighbouring local authorities to see if they can 'two-hat'," he told the meeting.

"Frankly it has taken something pretty extreme to persuade some of the politicians to come out of their group-think and to take a different approach," he said.

Council consortia

Surrey County Council, for example, is taking part in Surrey First, a consortium of 12 Surrey local authorities with Surrey police. Created earlier this year, the consortium aims to develop shared datacentres, networks, and desktop support services.

Another project, SW7 brings together seven local authorities across south-west England. They have a joint spending power of £3.25bn and 5.4 million customers. One of its projects is to develop a property management system in the cloud, providing a standard shared package for all local authorities in the region.

"The CEOs understand we need to do this stuff. There is real potential to take the cost out of the business. They understand what it means and how to finance it," Roberts said.

John Bovill is group IT director of Aurora Fashions, the women's fashion retailer which owns the Karen Millen, Coast, Warehouse and Oasis brands. Aurora, a UK-based retailer, has scored a first by pooling its resources with shirt-maker Thomas Pink to develop a common internet store platform

The fashion industry is going through a lean time, said Bovill, with IT budgets shrinking from 1.3% of gross turnover to 1.1%. "We don't have a huge pot of money to spend. The logical answer is to collaborate," he said.

The platform aims to give customers a better experience when they shop online. It gives Aurora a single view of customers, and gives customers more flexibility. They can order goods online and then collect them from a store, or return stock to any branch, for example.

"Where it is bringing together channels, you have better interactive experience, and you see increased sales. It is early days yet, but we have seen higher volume e-business," he said.

The first of Aurora's four brands went live in September, with the final brand due to go live next year. Thomas Pink, meanwhile, has rolled the technology to its 40 stores internationally.



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Computer Weekly 500 Club speakers

Nick Roberts, IT business change manager at Surrey County Council
John Bovill, group IT director of Aurora Fashions
Sarah Winmill, head of IS services at the V&A

The Computer Weekly 500 Club

The Computer Weekly 500 Club is an exclusive IT leadership networking group that brings together the UK's top IT decision-makers. Members of the club have access to an extensive range of benefits, including monthly face-to-face networking events with high-level speakers discussing matters relevant to an IT management audience, as well as the opportunity to meet peers to share experiences and expand their personal network, enhance their knowledge and further develop their careers.

But it can be more difficult for charities to share IT infrastructure than for the private and public sector, Sarah Winmill, head of IS services at the Victoria and Albert museum, told the group.

The V&A has been holding discussions with the Science Museum and the Natural History museum on sharing IT infrastructure. Although the museums share a common heating service, and other services, sharing IT has proved more difficult. “We are a retailer. We have our own X-ray machine and a forge. We are a very strange blended operation. You would expect the other museums would be quite similar in their needs. But they are not.”

“The Natural History museum spends time cataloguing thousands of beetles. It’s very different for cataloguing a Rodin. While the Science Museum has to worry about storing radio-active materials,” she told the group.

The museums are able to share training, best practice, and network connections, but so far the collaboration is on the periphery, rather than at the core of their IT operations.

Charities shared successes

Where charities have successfully pooled their IT operations, it is often because of the work of two or three “heroic individuals” who push to make it happen, she said. For example two aid charities, pooled their resources to create a joint out-of-hours IT helpdesk. Neither charity could afford the helpdesk from its own funds, but together they were able to pay an off-shore outsourcer to provide the service.

In another successful example, some 32 charities collaborated to fund NetHope, which specialises in providing services to areas hit by natural disasters. It was able to provide communications links within 48 hours of the earthquake striking Haiti in early 2010.

Not all collaborations work so well, however, Winmill told the group. The NSPCC, the Alzheimer’s Society, the Children’s Society and others won plaudits when they created a shared services centre. “It was a shining example, won awards, and was said to have cut costs. But in the past few years the NSPCC has moved its contract to Northgate (a supplier). So it appears not to have delivered what they needed,” she said.

“When we looked beneath the surface, they created something that worked for now. But the question was how do you innovate and plan for future needs ?”

And politically there are difficult hurdles for charities to overcome, said Winmill. “Charities have always been judged on how much they spend on administration. What has been added to that is the idea of identity and branding. That is very important because we are asking people to donate money.”

“If I have even a hint that an organisation I am supporting is using some of my funding to support another organisation I don’t support through shared services, that’s a problem. It’s a real monkey on the back of charities.”

Cultural convergence

Bovill said Aurora’s collaboration with Thomas Pink worked because the two organisations shared similar cultures. “If you have a similar outlook and similar values you can really make good things happen,” he said.

The two companies shared elements of their supply chain for their clothes and some of their IT suppliers. But the differences between the two organisations were also important. “Thomas Pink has very different clients to us. It needs different things. It thought of things we hadn’t thought of, which were very helpful to us,” he said.

Roberts said different views of risk, taken by otherwise similar local authorities can make it difficult to collaborate on IT projects. The key to local authorities working together is trust, he said. “You can argue we need a framework to see that if we share services, and it does not work, there is an escalation process up to the CEO. But frankly if it gets that far, the relationship is damaged, and we would just walk away.”

Winmill, at the V&A, said there were signs that charities were becoming less risk-averse about sharing their infrastructure. “The risk appetite has changed, from people saying we must do it ourselves, to looking for people with a similar risk appetite,” she said.



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For example, the RSPCA and the WWF are using each other's datacentres to provide emergency disaster recovery facilities, rather than buy in services from a specialist supplier. The collaboration is zero cost, said Winmill. She is looking for similar collaborations for the V&A museum.

Collaboration, innovation and cost efficiency

Sarah Burnett, public sector analyst at Ovum

Although the speakers were from different sectors their organisations had all benefited from collaborative working one way or another. Each had some interesting observations to share: Sarah Winmill of the V&A found that organisations went for collaborative working where it was easy to do so and that often meant on the periphery of the business not the core. She said that collaborative working typically addressed today's needs of organisations. It did not result in innovation for the future.



I found Winmill's comments very interesting but I am more optimistic about innovation coming from collaboration. It is easy to get started with processes that are simple eg sharing the telephone answering function, but from these simple beginnings could come more advanced shared services based on new and innovative ideas.

The public sector is already going through something of a collaborative working maturity journey. Public bodies have been sharing basic operations such as telephone answering and payroll for sometime already. Some are moving on to more complex and new approaches to service delivery by implementing service hubs such as those offered by Total Place where public services from diverse organisations are delivered through a single location – a hub.

There is more to come. The drive to share services as a means of lowering costs has been given a massive boost by the recent Government Spending Review and the budget cuts that were announced in October. Nick Roberts of Surrey County Council talked about the imperative to implement more shared services to achieve the requisite budget cuts.

The cost cutting pressures on the sector mean that the appetite for risk-taking has to change and that is already pushing the sector into sharing resources that it would not have done in the past eg neighbouring councils sharing CIOs. In Surrey further collaborative activity is expected around procurement and the sharing of software applications.

Roberts mentioned sharing line of business applications and that tied in to the work that John Bovill of Aurora was doing with Thomas Pink, another retailer. Economic pressures have led the two retailers to share a store platform to achieve not only economies of scale but also to gain an integrated view of customers and better service.

From my perspective the focus of a lot of collaborative work is on external partners and yet there are plenty of cost savings that could be achieved by harmonising processes, sharing resources and doing away with duplicated work inside organisations. Some global companies have realised substantial savings by standardising and sharing enterprise software systems such as business intelligence internally by consolidating their skills and resources into shared centres of excellence.

Whether collaboration happens externally or internally the challenges are the same; to get the governance and the processes right to ensure success and to avoid introducing over-engineered processes and thus new bottlenecks into operations.

Finally, a colleague of mine once wrote that to achieve collaboration you need gardening skills to nurture it and let it grow. I could not agree more.