The technology dimension of amalgamations

Following the election of the McGowan Government in March 2017, a sweeping program of public sector renewal is underway. In May this year, State Government agencies were amalgamated as phase one of the Machinery of Government changes, reduced from 41 to 25. Concurrently, a number of reviews (Commission of Audit, Sustainable Health Review and Service Priority Review) were commissioned to drive public sector reform.

All of the reform and review work to date has recognised the importance of technology in delivering public sector renewal. The Service Priority Review Interim Report, released in August 2017, highlights that technology will play a central role in enabling the sector to do its job more efficiently, and in delivering better services through digital transformation.

In the current economic climate, the report also highlighted that the upfront investment needed for transformation will likely need to be funded through revised priorities, rather than new sources of funding. Consequently, it must be a priority to unlock the financial benefits of these administrative changes, to create opportunities to invest in digital government transformation.

For the State Government agencies established from 1 July, the path to successful technology integration will need to balance early value creation with sustained benefits of reform. Following on from our series on the people dimensions of reform, this article identifies the critical success factors for technology integration.
Unlocking value from technology

Five focus areas for a value-oriented technology integration program

Machinery of Government reform presents a range of opportunities to create value, but also exacerbates the challenge of having a large backlog of work with limited capacity to deliver. We identify five important focus areas for navigating successful agency integration and transformation.

1. Sourcing
Tangible savings can be found by reviewing, rationalising and renegotiating existing contracts, which can help to build senior stakeholder support for the broader technology integration program, while generating funding for the required investment.

Sourcing presents an opportunity for all agencies to unlock better value for money, taking advantage of recent market shifts that have led to a more competitive supplier landscape, including growing customer expectations from technology services, the convergence of infrastructure and applications service offerings and increased automation of service delivery.

2. Technology Strategy
A technology strategy must be developed to reflect the new business strategy and priorities. The strategy will clarify the business role of technology in the new agency, its strategic choices and what needs to be done to translate these choices into value. Just as importantly, an effective technology strategy provides clarity about what IT will and will not do.

Consistent with the interim findings of the Service Priority Review, we expect three particular priorities to be elevated in the current context:
• Customer-centric service integration
• Digitising service delivery
• Data sharing beyond agency borders.

3. Operating Model
A critical design decision is how to integrate existing technology teams into the right configuration to support the new agency, and to deliver the new technology strategy. There are four broad approaches to consider:

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<tr>
<th>Approach</th>
<th>Description</th>
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<td>Co-existence</td>
<td>Leave existing teams to function as before, with minimal changes to integrate leadership and reporting.</td>
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<tr>
<td>Absorption</td>
<td>Select one team as the basis for the future operating model, absorbing the capabilities of the other team(s) into it.</td>
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<tr>
<td>Best of breed</td>
<td>Construct the new operating model from the best elements and ways of working from the original team(s).</td>
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<tr>
<td>Renewal</td>
<td>Conduct a full re-design, creating a new operating model to ideally suit the needs of the new agency.</td>
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4. Enterprise Architecture

It is critical that a layer-by-layer review of the existing technology stack be conducted to identify opportunities for integration and savings. While the highest value opportunities typically take time to deliver, opportunities for tactical solutions should be explored in parallel to deliver early value while longer term integration work proceeds.

The approach to migrating from current architectures to the integrated, target state architecture should consider the different drivers and opportunities for each layer of the technology stack.

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<tr>
<th>Technology Stack Layer</th>
<th>Rationalisation</th>
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<td>Engagement</td>
<td>Public facing engagement channels must be updated as the highest priority to make real the new agency’s identity for customers and other stakeholders. An important longer term opportunity is the integration of service delivery, underpinned by a single view of the customer.</td>
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<tr>
<td>Business Applications</td>
<td>Typically, agencies retain the majority of business applications post amalgamation as business processes must continue to be performed.</td>
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<tr>
<td>Core Applications</td>
<td>This is the layer where it may be possible to realise significant savings in the longer term by rationalising duplicate core systems (e.g. Finance, HR and Payroll).</td>
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<tr>
<td>Infrastructure</td>
<td>As with core applications, it may be possible to achieve significant savings by rationalising and modernising infrastructure, while also pursuing opportunities to simplify infrastructure management by migrating to GovNext services.</td>
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5. Cyber Security

Finally, the Machinery of Government reforms provide agencies with an opportunity to strengthen their management of technical risk and resilience, addressing concerns raised by the Office of the Auditor General and aligning with current policies and standards.

A three-pronged approach is required including:

- **Protection** of critical assets against known and emerging threats
- **Vigilance** through threat intelligence and situation awareness to anticipate and identify harmful behaviour
- **Resilience** through an ability to minimise impact and recover when incidents do occur.
Keys to achieving results

In our experience, many organisations are now moving away from large scale, waterfall change programs towards more agile ‘minimum viable transformations’. Large scale programs rarely have the perfect knowledge and execution required to deliver the right outcomes in a timely fashion, and historical challenges with these programs leave decision makers wary of approving significant funding requests.

We believe there are three keys to achieving results:

**Customer centred**
Develop service blueprints\(^1\) to identify which elements of the customer journey you need to focus on to provide integrated and optimised services, and to translate what this means for roles, processes and technology. Use this approach to demonstrate traceability between strategy and your investment program.

**Insight driven**
Inform and prioritise your integration program with a quantitative understanding of cost to serve. Look for the most significant and impactful opportunities for process streamlining and automation, shifting customers to low cost channels, and IT asset rationalisation.

**Iterative delivery**
Accelerate time to value by breaking up the integration program into multiple releases, each with measurable outcomes that help to build future support. Look for opportunities to deliver tactical improvements quickly while longer term changes take effect, considering contemporary technologies such as Robotic Process Automation and Application Platforms as a Service.

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\(^1\) Deloitte’s innovation practice, Doblin, describes how service blueprinting can work in this context here: https://www.doblin.com/our-thinking/using-service-blueprinting-to-bridge-the-gap-between-strategy-and-implementation
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