Positioning for Success in Complex Implementations

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Key Issues identified from HRIMS review Based on a review of relevant documents and a limited number of interviews, the key issues affecting the success of the HRIMS implementation were as follows:

- Overall governance of the activity from options consideration to implementation was deficient; the business owner responsible for the service outcome was not engaged, assumptions were made but not challenged about the ongoing suitability of the Chris21 product; roles and responsibilities (owner, user, supplier) were unclear and there was no single person accountable for delivery.
- The scope of the original 2005 Chris21 project implementation included all the expected elements of a Human Capital Management system (such as was sought through HRIMS) but the short implementation window and post-release quality issues resulted in Phase 2 scope (value-add components) being deferred
- The ACT Audit Office report of 2008 was critical of the rushed nature of the implementation but also noted heavy customisation of the Chris21 commercial software by the Territory agencies
- Several feasibility studies into a new HR system were conducted between 2011 and 2017, the last of which discarded any option that would have updated and/or expanded the Chris21 functionality to the broader Human Capital functions sought by the Territory.

Key issues (continued)

- The Business Case that went forward for Budget consideration was not complete in that a detailed understanding of the current state and design for a future state were still in progress
 - Some degree of process standardisation across Directorates was foreseen but not completed before the decision to proceed with a new system;
 - And hence the cost estimates and implementation timetable were overly optimistic.
- Implementation of the HRIMS project was adversely affected by:
 - The lack of a clear Business Owner and an identified Senior Responsible Official, the latter accountable for the implementation;
 - The Systems Integrator did not use ACT Government reporting systems and therefore no single source of truth existed about implementation status and progress;
 - There was not a "single team" view of the tasks to be done and roles and responsibilities were unclear. For example, the ACT Government owned a number of the systems to be integrated



Overview

- Against the background of the HRIMS experience, this paper sets down key steps to be undertaken in reviewing existing ICT and delivery systems, developing options where needed for future state operations, and governing project implementation and change management. The objective is to reduce risk factors that could take an implementation off-track and provide for structured and considered decision making on system change and reform.
- The concepts and ideas below are framed around a product lifecycle, beginning with setting strategic objectives and concluding with transition to Business-As-Usual operations.
- The slides below work sequentially through this wheel with attention to the roles of the Business Owner (responsible for the service outcome), System Owner where separate, ICT Services and System Users.

Set Strategic Objectives



- Business and ICT systems need to be planned and delivered in support of an overall business strategy. This requires active co-operation between strategic ICT advisors such as the Chief Digital Officer and system architects, business owners of the service outcomes, business owners of delivery systems (where different) and the users of those systems.
 - Joint work to outline key business requirements involving all of these areas is crucial and may require iteration to align business and ICT architecture and design requirements
 - The existing "Guiding Best Practice Design and Delivery" document from the Digital, Data and Technology Solutions Group will assist here.
 - Business owners need to be represented at a sufficiently senior level to drive change within their functions and work with a strategic, not operational, focus.
 - Users need to be encouraged to engage with and support new strategic directions rather than seeking to maintain the status quo. This includes a strong focus on using "off the shelf" software and avoiding customisation as a way of preserving existing ways of working. Identifying potential change obstacles can begin even from this stage.
- Increasingly, service delivery systems are being designed using principles such as digital first, a commitment to citizen-centred design, implementing best of breed systems and processes and reducing the total cost of ownership through partnering and "as a service" arrangements.
- The challenges presented by the HRIMS project were not unique to complex ICT projects. On the one hand for a strategic HRMS platform that spans payroll, attendance, rostering and human capital elements, important strategic design principles include system-wide integration, support for self-service solutions, support for mobile access and reduced costs of operation, all of which require a significant business change process. On the other hand the diversity of the workplace and the wide range of work arrangements terms and conditions meant that a one size fits all approach was not viable. Substantial work was required up front to identify realistic options and scope the project accordingly.



Define the Problem – Establish the Desired Outcome and Success Factors

- Against the background of the overall business and ICT strategic objectives, ask the question: What is the service outcome we are trying to achieve through this business system?
- Next, assess how the current state of a system performs in meeting that outcome. This is a Current State assessment, or in other words, a definition of the problem statement that any new system or process needs to address. For example, does the current HR system allow the development and deployment of digital self-service methods and processes in support of a Digital First strategy?
- The Current State assessment needs to establish whether the existing system can meet the future state outcomes that have been defined. If the current state assessment determines that the existing system is not fit for purpose going forward, a case for change can be made. However, avoid simply asserting the current system cannot be made fit for purpose with future objectives without detailed investigation.
- Where there is an embedded third-party partner, the assessment needs to include a preferred procurement pathway i.e., continue with current vendor by way of upgrade or go to market to refresh the service offering. Documenting this decision and the reasons behind it are crucial.
- In setting out the preferred outcome, it is also vitally important to show what success would look like. This helps shape the benefits management assessment for any change, an important part of implementation.



Develop Future Options

- Based on the problem statement/desired outcome work above, options can be identified for the future delivery of the target service, across the full suite of possibilities ie continue with current state, upgrade existing service offer, look for "best of breed" services that can be integrated to form a service suite, or move to a fully integrated service offering, possibly through a commercial partner.
- Work done at this stage must integrate and reflect the views of business owners, system owners, system users and ICT services to ensure that advice put forward for decision is robust and reliable.
- For each option identified, there needs to be sufficient understanding of the development and implementation timings to help a decision maker in choosing which options might be further developed for final consideration.
 For example, if a current system is assessed as end of life, a decision maker can discard a "do nothing" option from those approved for more detailed assessment.
- At this stage, a simple matrix that shows how an option performs against strategic objectives and what the likely cost and implementation window might be will allow decision makers to see where further examination of key options might achieve the best outcomes.
- Early advice also needs to estimate the effort that could be required to move from current ways of working to the proposed new ways. Current state process maps will be useful here to drive business optimisation and to standardise, where appropriate, any divergent business processes that have evolved across business units. If not done at this point, such maps become essential in the Business Case phase.
- Decision makers might agree to advance only some of the options ahead to further development such a decision would be a First Pass decision. Any option(s) left out at this stage must not be further developed.



Business Case

- In the Business Case phase, endorsed options are more fully developed, on a consistent basis, to allow decision makers to assess each option for best fit.
- Each option must show clearly how it addresses the problem statement identified above. That includes showing how it meets the strategic objectives governing the activity, what the implementation path and timetable is, and how the option would be supported going forward.
- Options should be assessed for costs and benefits against the strategic objectives. Benefits include on-Budget and off-Budget benefits. While implementation costs are relatively easy to identify, offsets are often harder to find and business areas are generally reluctant to offer up offsets ahead of demonstrated performance. Nevertheless, offsets should be identified and presented for consideration.
- Examples of the non-financial benefits that could be identified include benefits to citizens from improved or streamlined processes, quality improvements and broader economic benefits outside the agency in question.
- Each option agreed for further development must be costed for on-Budget impacts on a comparable basis so that decision makers can be confident in the advice being considered.
 Factors to consider in developing the financial impacts include:



Business Case (continued)

- Implementation costs, including software development costs (internal), licensing costs (external software), integration costs, testing, infrastructure and hardware costs or Infrastructure-as-a-service licensing in lieu of hardware;
- Savings that are expected to accrue from a new system for example, reduced staff processing time from a self-service module; reduced costs from retirement of the existing legacy system;
- Ongoing costs of ownership, including licensing, support and upgrades, administrative effort compared to current processes.
- Overall, costs and benefits of each option need to be brought together in a way that allows for both comparison across options and for clear assessment of those costs and benefits compared to the current state. Net present value analysis should be used to derive consistent, present-day costs and benefits for options with differing time profiles and costs for implementation.
- A robust Business Case will support confidence in decision making by decision makers. The consideration of the options and the decision to proceed forms the Second Pass decision point.
- For long and complex projects, consideration should be given to a tranched approach to funding and implementation, with gate posts set out that allow progress and success to be demonstrated ahead of further funding decisions.



Implementation Phase

- Once a decision is made about the preferred option, the project moves into the implementation phase. This is the point at which the project could be put out to tender.
- Any implementation must have an identified Senior Responsible Official (SRO) that is, the person who has authority, accountability and responsibility for the implementation. The SRO should be nominated from the business owner or ICT Services. In the latter case, great care must be taken to ensure that the scope of delivery is locked down, and that a regular governance forum is briefed on project progress, issues and risks. Such a governance forum must also be the decision point for any scope variation
- Other roles include Users of the system or process.
- For ICT implementations, choices include Waterfall development methods, use of the Scaled Agile Framework, or a hybrid of the two. An early decision on the approach here is critical to project establishment and approach.
- Waterfall implementations need very accurate User Requirements, which implies heavy up-front involvement by experienced users with assistance from ICT business analysts to capture those requirements. Such work also needs to be guided by operating principles, for example, enforcing standardised business processes, where appropriate, if these do not currently exist. Once these requirements have been gathered, there needs to be strong governance around change control so that the scope of what is being delivered remains stable. Shifting scope and user requirements add time, cost and risk to large implementations.



Implementation Phase (continued)

- Agile processes are more iterative and this implies an ongoing need for access to subject matter experts to guide discovery and co-design activities as the implementation moves through the various Epics (3 to 6 months) and Sprints (2 to 3 week activities focused on components of an Epic). Even Agile projects though need a clear view of what is intended to be delivered, otherwise there is a risk that the full project budget is spent but critical functionality is not delivered.
- Both approaches also need user involvement in testing, particularly User Acceptance Testing (UAT) where system outputs, screen flows and processes are reviewed for operational effectiveness.
- If there is a third-party delivery partner, it is the responsibility of the SRO to ensure that such partners are integrated into and form part of the one delivery team. A third-party partner can provide reporting to the governing Board but should not be a formal member of it for probity reasons.
- Customisation of third-party "off the shelf" software must be avoided if at all possible. Customisation creates legacy debt that can only be serviced by further investment as software upgrades become available from the supplier.
- For complex and/or higher cost implementations, a dedicated (i.e. full-time) SRO may be warranted for some or all of the project implementation period.
- Where implementation is being managed through a centralised/shared function, accountability and reporting must be to the Business Owner and their relevant Minister.



Delivering Best Value

- Although a focus on achieving value is part of project planning during many phases, it is worth drawing out its key role in ensuring that the best value from an investment is achieved.
- Delivering best value has a number of important elements:
 - Identification of affected stakeholders that are critical to the success of the implementation;
 - Mapping of key change steps across the project timeline and incorporation of these into the project planning as milestones in their own right
 - Articulating the key steps for project success that must all be achieved before full benefits can be realised. For example, a new payroll system that is based on a self-service model requires both a well-functioning ICT platform <u>and</u> trained and motivated staff to engage with and use that platform.
 - Setting out the transition strategy for any new system for example, a new payroll system might have a parallel cutover period with the existing system to provide assurance about accuracy; a payroll implementation could progress from the more simple Directorates to the more complex in terms of pay and conditions inside a defined overall transition window.
- Attention to these change factors is essential if the project is to deliver successfully and for end users to embrace and commit to new ways of working.



Transition to Business as Usual

- Once the change has been successfully implemented, the transition to Business as Usual (BAU) can be initiated.
- The BAU phase will include active management of any requirements backlog, serviced through either ICT maintenance budgets or Agile Devops methods; it will also include the formal retirement of any superceded systems, once data migration is complete and the old systems are no longer needed.
- BAU also requires that the business owner of the functionality that has been developed, or the IT Services area, take responsibility for the ongoing relationship with any third-party partners eg software licensing arrangements that were entered into as part of the implementation. Ensuring that the ACT Government gets best value from these commercial relationships is a key responsibility for the Business Owner of the new system(s).
- Where software licensing includes regular upgrades, the business owner or the IT Services area as appropriate must ensure that these are implemented so that system users continue to have a contemporary experience using the developed and implemented systems. With increasing moves to cloud-based software deployment, migration to a new version of software will be faster than for upgrades at client premises, provided that there has not been significant customisation of the software in the original deployment.