



SITA **GOVTECH** 2010

Government Technology: Two Key Perspectives for the New Decade

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Government Technology

- ▶ UK-based Independent Advisor in the transformation of technology outsourcing by new business models based on the direct sourcing of IT & business process services, including through the agency of 'the Cloud'.
- ▶ Advising South Africa's leading IT company Gijima, in partnership with consultants Melrose Atteridge.
- ▶ Advising the UK Government's 'G-Cloud & Apps Store' initiative.
- ▶ Former Group CIO of the international chemical company ICI (1993-1999). Board member of Intellect (UK association for the IT, Telecoms and Electronics industries).



The Full Title of this Address!

The Full Title of this Address is:

Government Technology: Delivering Cost Efficiency, Delighting the Citizen, Boosting the National Talent Pool and Raising the Competitiveness of the South African 'Shore'

The shorter and more focused version is:

Two Key Perspectives for the New Decade

Please accept the longer title as the Agenda for the shorter!



- ▶ We are all in the Services Business now
- ▶ Value Creation and Delivery are now rooted in Service Delivery.



We are all in the Services Business now

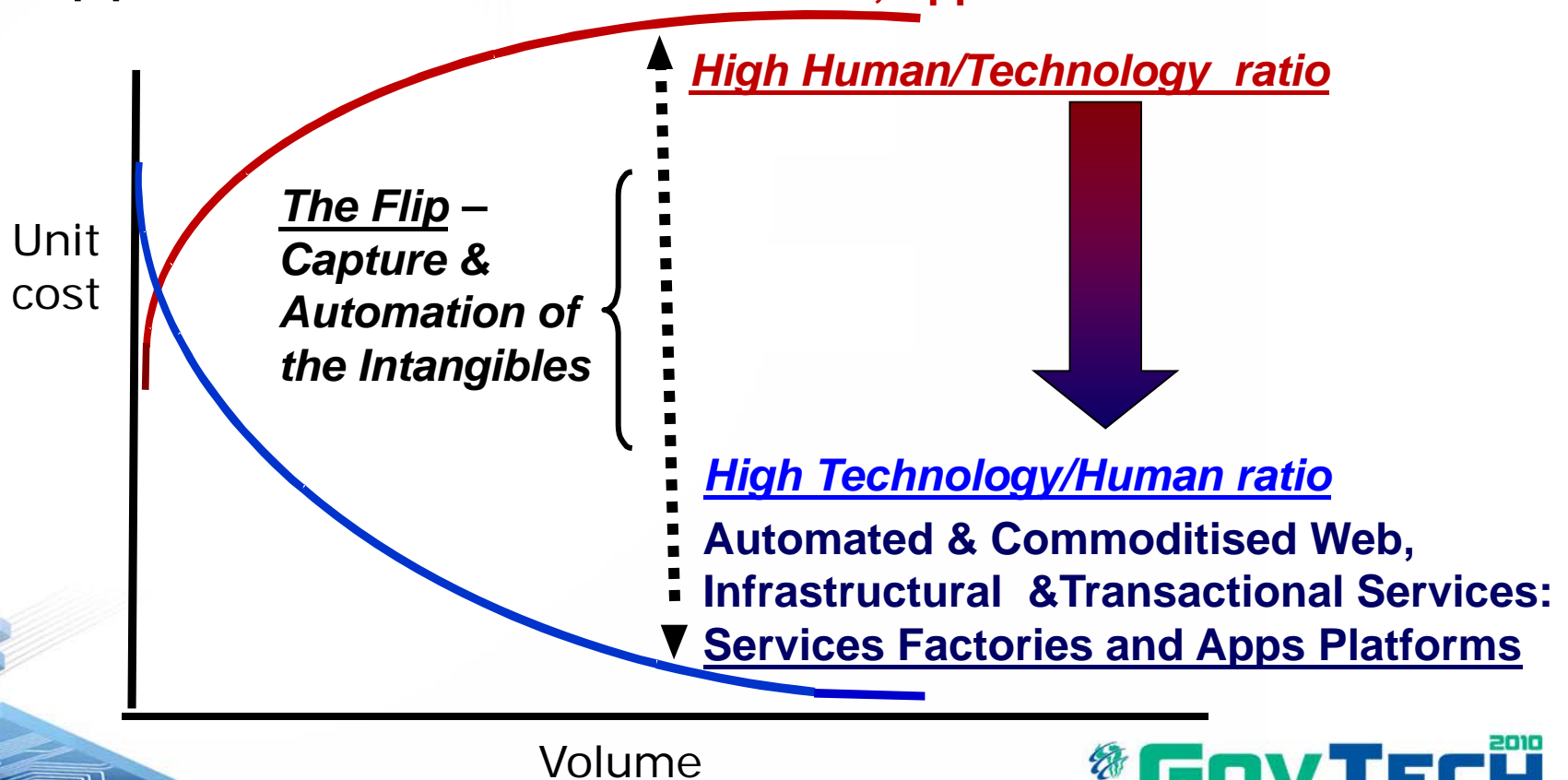


- ▶ One key technological development of the last decade has been *virtualisation*.
 - Enables step changes in the economics & operational optimisation, in real time, of data centres & networks:
 - Underwrites *Service Oriented Architectures (SOA)* enabling design & operation of more flexible & agile business systems.
- ▶ Amazon, Google & others have exploited virtualisation to innovate the low cost production & delivery of *business processes as consumer services* over the Web.
- ▶ This has established *new business models* in technology services, based on very high productivity Services Factories, and exploiting 'Services/Apps Platforms'.



Services Factories and Apps Platforms

**Enterprise IT; 'Pure Play', Call Centre
& Classic IT Services Firms; Specialist
Services, Apps & SaaS Firms**



We are all in the Services Business now

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And the new market place called 'the Cloud'

*A Competitive & Global
Market Place of Discrete &
Directly Sourceable
(Technology-Enabled)
Business & Consumer
Services Available On-
Demand and Paid For As Used*



UK Government's 'G-Cloud & Apps Store' initiative

- ▶ Objective is to take £3.5bn out of a £16.0bn ICT spend
- ▶ Currently served by >130 data centres: game plan to consolidate & migrate to ~10 world class data centres
- ▶ Parallel Public Sector Network (PSN) initiative
- ▶ Concept of an on-line 'Applications Store' accessible in the G-Cloud that provides access to competitively priced services for all Government Departments over the networks.
- ▶ Developed under the former Labour administration, it is being implemented by the new LibCom partnership.



UK Government's 'G-Cloud & Apps Store' initiative - Issues

- ▶ Security? High security G-Cloud to be used for most Government requirements for services? Or prime public sourcing from Public Clouds, with G-Cloud for Defence etc.?
- ▶ Standardise? Challenge to Government to '*standardise to commoditise*' generic requirements such as payroll.
- ▶ Competition? Government to renegotiate existing contracts with long established suppliers or directly source competitive services off the Web from new generation suppliers?
- ▶ Smaller Enterprises? Can the Apps Store be designed to enfranchise smaller, more innovative enterprises?



Un-resolved agenda: how to secure *Business Assurance*...

Security
Continuity
Contractual Protections
Regulatory Compliance
Legal Compliance
IP Protection

.....along the length of a *virtual services supply chain*



Services: *SI* and the role of the (*Out*)Sourcing Partner

- ▶ *SI as Systems Integration*: transformation of legacy technical architectures into Service Oriented Architectures (SOA) to access the new commerce in technology services
- ▶ *SI as Service Integration*: assembly and alignment of directly sourced technology services with key performance objectives
- ▶ The Government's Value Agenda requires a professional focus on reliable *Availability*, on *Service Experience*, on *Total Cost of Ownership*, and on security & *Risk* management: the vital A, SE, TCO & R agenda*!

* Acknowledgement to JC Van Niekerk, Gijima

Value Creation and Delivery are now rooted in Service Delivery

The Services Value Equation

Delivering Cost Efficiency

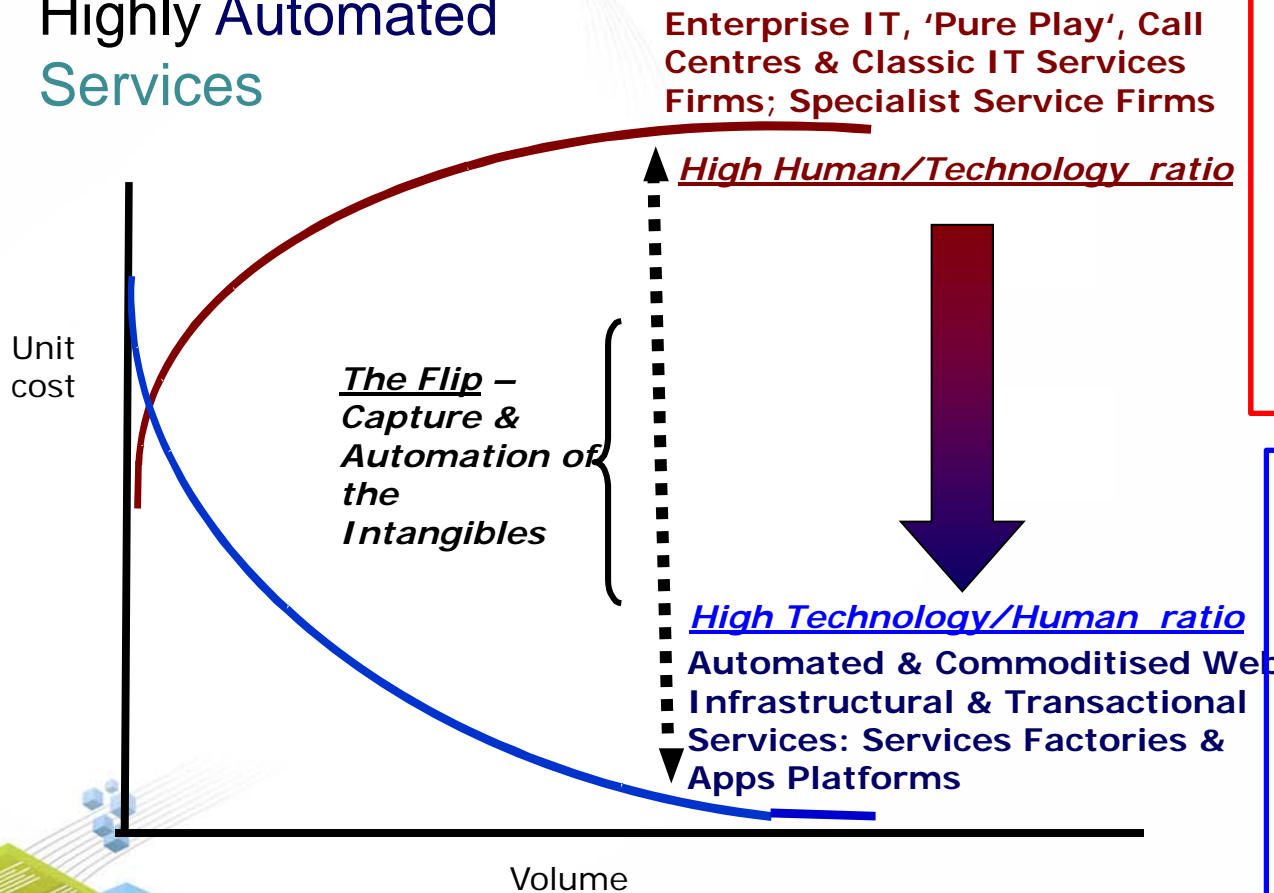
Delighting the Citizen

Boosting the National Talent Pool

The Competitiveness of the South African 'Shore'



People Intensive vs. Highly Automated Services



Focus: delivering high application specificity: Specialty end-application-aligned services

Highly tuned to specific end-market requirements; Requires deep domain knowledge + strong partnership orientation & capabilities

INTIMACY TEST

Focus: making technology 'sweat the assets' (high utilisation, reliability, security & flexibility):

Commodity manufacturing skills plus service orientation & capabilities

MANUFACTURING TEST



Government Technology: *The Service Value Equation*

- ▶ The *Service Value Equation** incorporates delivery of reliable *Availability* [‘always on’] & ‘fit for user purpose’ *Service Experience* with controlled & minimised life cycle costs (*TCO*) plus effective security & *Risk* management
- ▶ The *Services Factory* delivers high reliability & ‘agility’ with low operational costs – and more effective security.
- ▶ The *Services/Apps Platform* facilitates the speedy design & implementation of ‘fit for user purpose’ services – and enables ease of re-use of existing software where possible (further controlling & minimising life cycle costs/*TCO*).

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Government Technology: *Delivering Cost Efficiency*

- ▶ By 'standardising & automating' those technology services whose requirements are generic across Government: desk top, payroll, common accounting systems.....
- ▶ By sourcing infrastructural service requirements (data storage, processing, networking) as commoditised/utility services: high efficiency Government ops ('Government Cloud') or externally sourced ('Public Cloud') or a blend.
- ▶ Through utility web hosting & apps platforms to support delivery of citizen services on-line wherever possible



Government Technology: *Delighting the Citizen*

- ▶ Expectation of services: reliable, 'fit for user purpose', responsive, simple to use, and that protect personal privacy.
- ▶ Services Factory delivers reliability, responsiveness, and core security.
- ▶ Services/Apps Platform allows a focus of professional resource into effective *service design* ('fit for user purpose', simple to use, protective of personal privacy')
- ▶ Professional resource can also be re-assigned away back office & service production (highly automated) and onto front line services where the human contribution is better valued



Government Technology: *Boosting the National Talent Pool*

- ▶ South Africa recognises a skills shortage in many key technology areas – but also has a talent surplus in the call centre services space that is fuelling a growing export trade
- ▶ A split in the commerce of technology services between business models that pass the *manufacturing* test, and those that pass the *intimacy* test influences the nature of the skills that will be in demand in the future. The *intimacy* test fuels requirements for deep domain experience: operations of contemporary government are one such key domain.
- ▶ *SI as Service Integration* also demands domain experience.



Government Technology: *The Competitiveness of the South African 'Shore'*

- ▶ The growth in 'Offshoring' is simply one dimension of the growth in international trade in (technology) services.
- ▶ Offshoring *from* South Africa may appear to lose South African jobs: but may also increase the competitiveness of local businesses & secure more local employment than lost.
- ▶ New international t'com cabling opens South Africa to accelerated trade development in technology services – providing t'com costs are internationally competitive
- ▶ Key also that costs of wider infrastructural services (data processing etc) are internationally competitive.



The move of the ICT industry to the *services business model*, pioneered in consumer services markets, has great potential to raise the efficiency and effectiveness of South African Government operations – while also sharply lowering costs.

How the Government works to absorb and exploit this fundamental & transformational development will also influence the way that the competitiveness of the South African ‘shore’ in the international trade in technology-based services develops in the future.





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Thank You

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