

# Assessment by the Danish Council for IT Projects

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Digitisation and IT ranked high on the list of priorities in the coalition agreement of November 2016. Some of the areas mentioned are improved utilisation of big data, use of robotics and the importance of a digital infrastructure within sectors such as education, employment, private business and agriculture.

The Danish Council for IT Projects is particularly interested in the government's plan to launch a new strategy for more professional IT management within the central government. The aim of the strategy is not only to professionalise IT projects, but also professional operation and maintenance of government ICT systems. Professionalization of IT projects has been the focal point of the IT Project Council's work since it was established in 2011. The Danish Council for IT Projects looks forward to contributing to a government ICT strategy.

## **ICT strategy**

With outset in the coalition agreement adopted in November 2016, the government has launched a number of initiatives to address the challenges and problems which came to light in the evaluation of activities by the Danish Council for IT Projects and the government's own financial review. One key element is to develop a government ICT strategy which, among other things, will focus on how the central government can improve prioritisation of IT expenditures and IT activities and how it can ensure reliable operation of critical ICT systems. The strategy will also address how to improve follow-up on critical national infrastructure projects.

The Council considers that the strategy should address the following themes with regard to large-scale government IT projects. Firstly, on the basis of experience with the existing model, the strategy should consider how follow-up on government IT projects can be improved. The Danish Council for IT Projects recommends that the strategy ensures that the Council's efforts target projects with the greatest need. This could be by differentiating the Council's advisory services for the projects and by involving the Council at an earlier stage in the projects. This would allow the authorities better opportunity to follow the recommendations of the Council prior to establishing the scope and framework of a project. In addition to targeting efforts, the Council also wishes that the strategy will contribute to a frame of reference for the Council's risk assessments, e.g. by working on an architecture framework for the central government.

A second important theme for the strategy is support for increasing levels of experience of project managers, project owners and steering committee members at senior management level in the central government. Given the limited resources and IT competencies, and the frequent changes of staff, perhaps

projects should be prioritised on the basis of common goals, e.g. for citizen service centres, the condition of systems or whole-of-government infrastructure. Furthermore, the strategy could also consider how best to equip government managers to lead large-scale IT projects.

Thirdly, following the Council's work on a code of conduct for good customer-supplier collaboration, it would be relevant to examine how a new governance model could support the authorities in their collaboration with IT suppliers and help the authorities to avoid dependency on only a few suppliers.

These themes can be addressed in different ways and using different tools. E.g. a new governance model could be established in which the Danish Council for IT Projects has more frequent contact with the largest and more high-risk projects. Such a model should also provide better support for the authorities which utilise agile methods in IT projects.

### **Code of conduct for good customer-supplier collaboration**

In October 2016, the Danish Council for IT Projects presented a code of conduct for good customer-supplier collaboration. The code of conduct was developed in cooperation with a number of government authorities, IT suppliers and the IT sector associations. The Danish Council for IT Projects would like to acknowledge the open and honest dialogue between all the parties involved. This is reflected in the final results and the positive way in which the code of conduct was received.

The code of conduct contains a number of specific recommendations, as well as advice on how to promote good collaboration between authorities and suppliers in IT projects. Among other things, the code of conduct proposes that senior management of both parties generate a culture that promotes good collaboration. During work on the code of conduct, three recommendations in particular were highlighted as being essential to good customer-supplier collaboration. These were:

1. Both project and collaboration should be anchored in senior management
2. More focus on early and sustained dialogue on collaboration and the project
3. Issues and risk analyses should be shared throughout the entire lifespan of the project

The Danish Council for IT Projects welcomes the positive feedback on the code of conduct from IT sector associations, IT suppliers and the authorities. Workshops on the code of conduct are being held for employees at IT suppliers, and the recommendations in the code of conduct will be incorporated into tender and project materials, etc. The Council is aware that the code of conduct is being discussed with regard to the new Act on Tendering Procedures, in connection

with outsourced IT operations and in the context of how to ensure project maturity at both the customer and supplier.

In 2017, the Danish Council for IT Projects will continue its work towards active application of the code of conduct in government IT projects. It is relevant to discuss good customer-supplier collaboration in connection with the upcoming risk assessments. In October 2017, the Council will evaluate the code of conduct.

### **IT projects in the IT Project Council's portfolio**

Since the previous status report, much media attention has focused on public IT projects. The Danish Council for IT Projects would like to put more perspective on the current situation with regard to government IT projects.

The allocation of red and to a certain extent yellow traffic lights indicates that a number of projects are facing problems. These problems should be taken seriously by management leaders at authorities and suppliers in order to ensure that projects move forward. However, the ratio between red, yellow and green traffic lights, respectively, also shows that far from all government IT projects are in difficulties. Furthermore, many completed projects are expected to generate both financial and qualitative benefits for the authorities. However, the Council is aware that both the public and private sectors are facing challenges with regard to completing IT projects. Some of these challenges are common to both sectors, while other challenges are unique to the public sector.

E.g. the objective of several projects in the Council's portfolio is to digitise legislation; often from the EU. The time-consuming legislative process presents a challenge in the context of planning and managing IT projects. In one case, a project was delayed due to a one-year long delay in legislative work by the EU. This project will probably not be able to make up for the lost time or mitigate the delay.

Furthermore, in the experience of the Danish Council for IT Projects, authorities are aware of the risks, and they attempt to mitigate these risks as much as possible, e.g. by procuring standard systems. However, the needs of the public sector are often extremely specialised and therefore no standard systems exist which can meet these needs without significant adjustment and adaptation. These challenges require retention and cultivation of strong competences within government authorities, more active management of the IT portfolio, as well as better supplier and contract management.

### **Red and yellow traffic lights**

Two projects were allocated red traffic lights in the status report. The two projects were *eKapital* from the Central Customs and Tax Administration (SKAT) and *Projekt Tidsstyring* from the Danish Defence Personnel Organisation. During autumn 2016, an important milestone for *eKapital* was to launch a test of the

solution for the business community. However, at the end of January 2017, the project had not yet reached this milestone. Moreover, the project has been even further delayed due to expiry of the existing framework agreement. Overall, the project now assesses that the schedule and budget need to be replanned. The project has not informed the Council of the expected duration of the delay or of any possible budget overruns, which the Council finds unfortunate. The Danish Council for IT Projects gave the project a red traffic light on the basis of the information provided.

*Projekt Tidsstyring* has reported that the schedule is under pressure due to challenges in development, particularly with regard to the planning tools and the "frontend" solutions. The Danish Defence Personnel Organisation has outlined two possible scenarios. One option is to continue with a reduced scope and a delay of 6-7 months. The other option is based on greater organisational involvement and a potential adjustment of scope. This will probably involve shutting down the project and starting a new project. The Council considers it prudent to stop and reassess the project on the basis of the issues that have emerged. By assigning a red traffic light, the Council has also expressed its concern about the challenges facing the project; a project which has already been replanned once before.

Six projects received yellow traffic lights: *HR-projektet*, *RejsUd* and the *Fallesstatsligt Budgetsystem* from the Agency for the Modernisation of Public Administration, *Implementering af EU-fiskeireform i Danmark* from the Danish AgriFish Agency, *NemVirksomhed* from the Central Customs and Tax Administration and *Grunddataprogrammet* from the Agency for Digitisation. The basis for the allocation of the yellow traffic lights is explained in the report.

### **Replanning and additional financing**

A total of 13 out of 22 projects in the portfolio have been replanned or have received additional financing due to schedule delays, changes in scope or an increase in costs. Replanning and additional financing mean that projects are given a new baseline and the traffic lights have been allocated on the basis of the new plan and the new financial framework. When a project receives a new baseline, the Council expects the authority to carry out the changes necessary to ensure that the new plan works.

The Council considers that replanning can be a necessary and appropriate action if the foundation of a project changes. As the baseline of a project is determined prior to entering into a contract, there will be a level of uncertainty arising from estimates. This was the case for two of the replanned projects in the past six months. The schedules of these projects were extended in order to minimise risks during the implementation phase. In contrast, a project can also be replanned because it is in difficulty. Therefore, the number of incidents of replanning in

conjunction with the reasons for such replanning should shed perspective on the 13 green-light projects in the portfolio.

### **Completed and closed projects**

In addition to the active projects in the portfolio, the report also examines data from five completed projects. Four of these projects were completed without significant problems, although the *Styrelsernes Fælles Datafølgeseddel* project (from the Danish National Police etc.) was replanned. The other projects were *Brugerportalsinitiativ på Folkeskoleområdet* (from National Agency for It and Learning), *Automatisk nummerpladegenkendelse* (from the Danish National Police) and *Udskiftning af borger.dk's CMS* (from the Agency for Digitisation). The Danish Council for IT Projects would like to congratulate the authorities on their management of the projects and encourages them to ensure follow-up of benefit realisation.

Two additional projects were closed due to major changes to the scope of the projects or dependencies on other tasks or IT systems at the public authority. The projects concerned were *Integreret Personaleaktivitetssystem* (from Danish Defence Personnel Organisation) and *POL-DAM* (from Danish National Police).

In both cases, the Council agrees with the assessment of the authorities that the best solution was to close the projects rather than continue under unfavourable conditions or with the wrong scope. The Danish Council for IT Projects regards postponing the project *Integreret Personaleaktivitetssystem* until the implementation of the SAP upgrade as a reasonable decision. However, the Council also feels that this obstacle should have been identified during the analysis phase of the project. The Council sees great value in the closing meetings at the end of projects and looks forward to future meetings.

The Danish Council for IT Projects.