

Defra cuts costs and gains flexibility

Improving service levels with IBM

Overview

Business challenge

Defra wanted to improve the alignment of outsourced IT services to business demand, to enhance the transparency of pricing, and to put itself in a better position to exploit the efficiencies of central technology initiatives.

Solution

IBM helped Defra create the IT Delivery Refresh (ITDR) contract — an upgrade to the 2004 e-enabling contract. ITDR covers practically all aspects of information services delivery, including infrastructure, support, application maintenance and development, and strategic advice.

Defra – the Department for Environment, Food and Rural Affairs – makes policy and legislation across a broad set of areas including the natural environment; sustainable development; food, farming and fisheries; animal health and welfare; environmental protection and pollution control; and rural communities and issues.

The majority of Defra's aims are delivered by its network of delivery partners which includes Executive Agencies, Non Departmental Public Bodies (NDPBs) and organisations such as the National Park Authorities. Defra's largest public bodies are the Environment Agency, Natural England and the Rural Payments Agency.

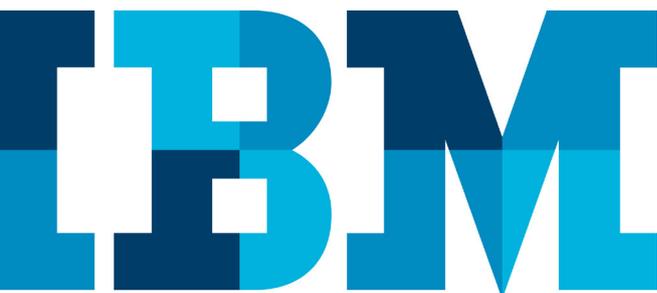
In 2004, Defra signed a major strategic outsourcing contract – called e-enabling – with IBM, covering both business-as-usual (BAU) IT service delivery and transformational projects. Following significant changes in the organisation, Defra wanted to flexibly match service provision to changing patterns of demand, and to introduce more transparent and granular pricing.

Equally, new budgetary challenges had emerged: the 2007 Comprehensive Spending Review required Defra to cut its spending, and subsequent guidance from central government has increased the targeted savings.

To achieve the targeted reduction in annual expenditure, and to support its objectives around greater flexibility and granularity, Defra worked with IBM to transform the existing outsourcing arrangements. This included major internal realignments, a complete overhaul of pricing mechanisms, the introduction of a new governance structure, and the creation of a single point of ownership for each of the core activities, with consistent processes and templates across all lines of business.

A fresh, collaborative approach

Defra and IBM signed the eight-year, £600m ITDR contract in February 2010. The contract is designed to foster closer collaboration and to enable the steady consolidation of systems – with corresponding cost reductions for all Agencies.



Business Benefits

- Greater flexibility and transparency, with more granular pricing
 - Ability to flex services up or down in response to changing requirements
 - Delivered second-lowest cost for desktops and laptops of all government departments
 - Rationalised end user software catalogue from over 1,000 to 359 items, and cut the printer estate by 50 percent
 - Rationalised business application software catalogue from 1,352 to 277 hosted items
 - Enabled secure remote access for most users, supporting more flexible working
 - Enabled the adoption of a standard way of delivering Windows applications using virtualised infrastructure. This is expected to reduce application hosting costs by 44.9 percent (£13.3m) and application support by 32.8 percent (£3m) over the life of the contract
 - Rationalised the printer estate and implemented a pay-per-print model expected to deliver £5 million savings
 - Implemented capacity management and predictive modelling based on business drivers to reduce risk of service outages
 - Implemented self-help and knowledge-base queries to reduce support costs
 - Deployed intrusion protection devices to increase protection from cyber attacks
 - Implemented workflows to improve the efficiency of hardware and software ordering by the business
-

IBM helped Defra to introduce a federated governance structure that provides an Intelligent Customer Function (ICF) both centrally within Defra and locally within the Agencies. The central Defra team manages the overall contract and relationship with IBM, while the local ICF manages the day-to-day operational and project-specific relationships with IBM. Beneath these top-level teams sit five functional groups; this governance structure is mirrored in IBM.

Stephen Dines, Deputy CIO of the Defra Group says, “The new governance structure is working well, and has brought with it an increase in collaboration across Defra, stronger relationships, greater transparency and an increased openness, resulting in greater capacity to resolve issues when they arise. Costs and pricing are becoming more transparent, and when a problem does arise, Defra and IBM work together to solve it.

He adds, “Business-as-usual services are running well under the ITDR contract, and we are seeing heightened responsiveness from IBM in addressing faults, outages and Major Incidents. There is a clear willingness from IBM to make this about the relationship, rather than about the clauses in the contract, and that is really helping us to make improvements.”

Business improvement projects

Throughout the life of the e-enabling contract, IBM has delivered projects and provided advice to many areas of the Defra network, as well as helping Defra to evolve the network itself. For example, business-focused projects have been delivered in financial management, human resources, operational and performance management, strategy, and business analytics. Soon after the ITDR contract was signed in 2010, IBM ran an innovation project with the Department, bringing together senior Defra stakeholders with business representatives and IBM subject matter experts to collaborate on a range of business issues.

IBM also continues to deliver a wide range of ICT applications across the Defra network, many of which generate benefits through greater use of eChannels. These include, for example, Defra Farming Online, provision of a noise-mapping service, and projects to drive efficiencies by rationalising the range of applications the Department uses. In addition, a joint study with Defra on the carbon impact of ICT services has been published.

Tangible financial outcomes

ITDR continues to deliver on the overall promise of IT services outsourcing, helping Defra to balance the efficiency and cost benefits of standardised shared services with the need for local flexibility and service customisation. The ability to flex services – and associated expenditure – supports Defra’s strategic imperative to match contract outputs to business demand.

As part of the ITDR, IBM now offers three tiers of application support to Defra: gold, silver and bronze. To reduce expenditure, Defra has chosen to migrate some applications down the tiers – a degree of flexibility that was not possible in e-enabling.

Solution Components

Services

- IBM Global Business Services®
 - IBM Global Technology Services®
-

“Our close collaboration with IBM gives us confidence that we’ll identify further opportunities to save costs and improve service levels in the coming years.”

— Stephen Dines, Deputy CIO, Defra Group.

The contract offers cumulative savings. For example, the adoption of a standard way of delivering Windows applications using virtualised infrastructure is expected to reduce application hosting costs by 44.9 percent (£13.3m) and application support by 32.8 percent (£3m) over the life of the contract.

The contract renegotiation included a major transformation programme to enable Defra to take advantage of right-sizing as a means to reduce costs. IBM introduced more elements of user self-service, more flexibility around document-printing options, and more efficiency in the delivery of IT support.

The single largest change was in configuration management, where improved inventories enabled reductions in the total number of software licences required and very significant rationalisation of the business application software catalogue itself. This previously contained 1,352 hosted applications, whereas it now has just 277, representing a major reduction in cost and complexity.

With reduced costs for software and support, Defra has one of the lowest cost for desktops and laptops of all government departments¹.

Excellence and evolution in support

Despite the cost savings, service levels have not suffered. A recent survey of end-user satisfaction revealed the best results yet for the outsourcing programme, showing a year-on-year improvement in total service satisfaction of 25 percent. Equally, although the project work has shifted from a handful of large strategic projects to a large number of smaller, more tactical projects, consistent on-time delivery remains a key benefit of the IBM outsourcing contract.

IBM is achieving excellent results in BAU support, hitting all SLAs for the past 12 months across hardware, software, configuration management and security. End-to-end application service availability metrics have also been introduced to help minimise business impact on end users. As part of continuous improvement, IBM continues to work closely with Defra to reach a better understanding of the true business impact of service outages. This insight feeds into the service improvement programme.

Stephen Dines concludes: “We’ve had a great year working with IBM on the upgraded ITDR contract. This has included improvements in a number of different areas. For example, in security, we’ve deployed event-monitoring software to 180 servers to detect and react to threats, and successfully blocked more than 20,000 high-risk attacks using new network intrusion-protection devices.

“More significantly for the business, we’ve mapped each business application to the infrastructure and software components it uses, enabling accurate costing models by application, and improved ongoing management.

¹ see: network.civilservice.gov.uk/pg/special_report/csw/read/621727/special-report-how-efficient-is-your-department

“Meanwhile, the consolidation of the printer estate is expected to deliver more than £5 million in savings over the life of the contract, and it will also help us in achieving our targets around carbon and energy savings. Finally, our close collaboration with IBM gives us confidence that we’ll identify further opportunities to save costs and improve service levels in the coming years.”

For more information

To learn more about IBM business and technology services, contact your IBM sales representative or visit: ibm.com/technologyservices



© Copyright IBM Corporation 2012

IBM United Kingdom Limited
PO Box 41
North Harbour
Portsmouth
Hampshire
PO6 3AU

Produced in the United Kingdom
July 2012

IBM, the IBM logo, ibm.com, Global Business Services and Global Technology Services are trademarks of International Business Machines Corporation, registered in many jurisdictions worldwide. A current list of other IBM trademarks is available on the Web at “Copyright and trademark information” at <http://www.ibm.com/legal/copytrade.shtml>.

Other company, product or service names may be trademarks, or service marks of others.

References in this publication to IBM products, programs or services do not imply that IBM intends to make these available in all countries in which IBM operates. Any reference to an IBM product, program or service is not intended to imply that only IBM’s product, program or service may be used. Any functionally equivalent product, program or service may be used instead.

All customer examples cited represent how some customers have used IBM products and the results they may have achieved. Actual environmental costs and performance characteristics will vary depending on individual customer configurations and conditions.

IBM hardware products are manufactured from new parts, or new and used parts. In some cases, the hardware product may not be new and may have been previously installed. Regardless, IBM warranty terms apply.

This publication is for general guidance only.

Photographs may show design models.



Please Recycle