How to complete UNITAS
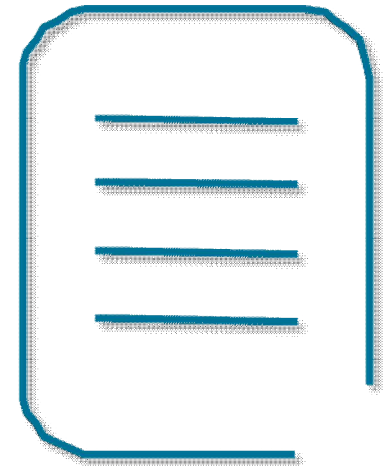## (inspiration from the UK)

Ian Pretty

ITAPA, October 2012

People matter, results count.

Content

- Creating HM Revenue & Customs

- Lessons Learned and Observations

- 3+1 recommendations for UNITAS

Creating HM Revenue & Customs

I will base my recommendations on examples of 2 UK mergers that I was directly involved in

Inland Revenue + Contributions Agency

1. When: 1998-99
2. What:
   1. **Inland Revenue** – UK Tax Agency responsible for direct taxation and staff numbers of 45,000
   2. **Contributions Agency** – UK Social Insurance Agency responsible for social insurance payments and staff number of 9,000
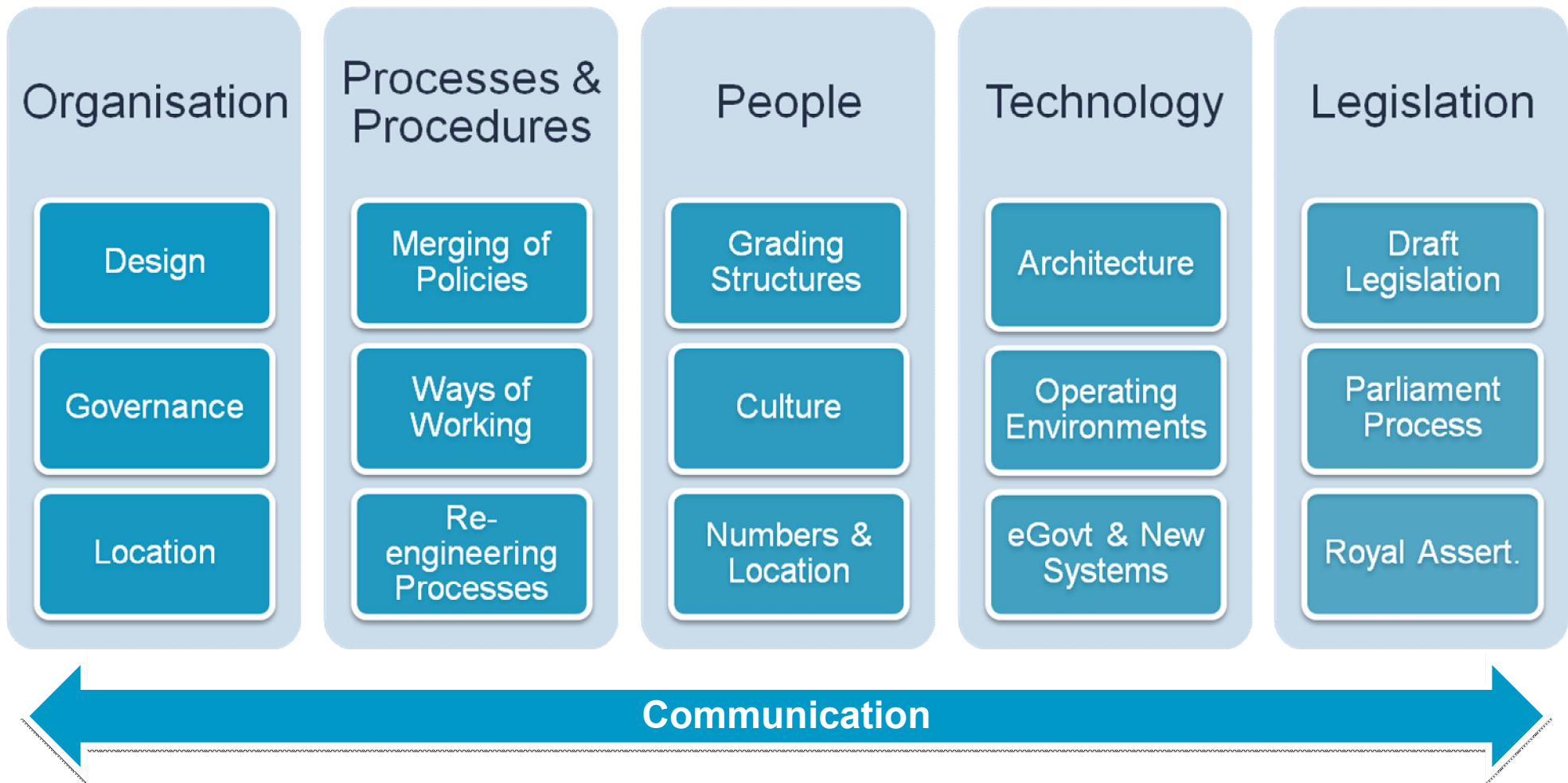
Inland Revenue + Customs & Excise

1. When: 2004-05
2. What:
   1. **Inland Revenue** – UK Tax Agency responsible for direct taxation and staff numbers of 80,000
   2. **Customs and Excise** – responsible for VAT, Border control, customs and duties and staff number of 20,000
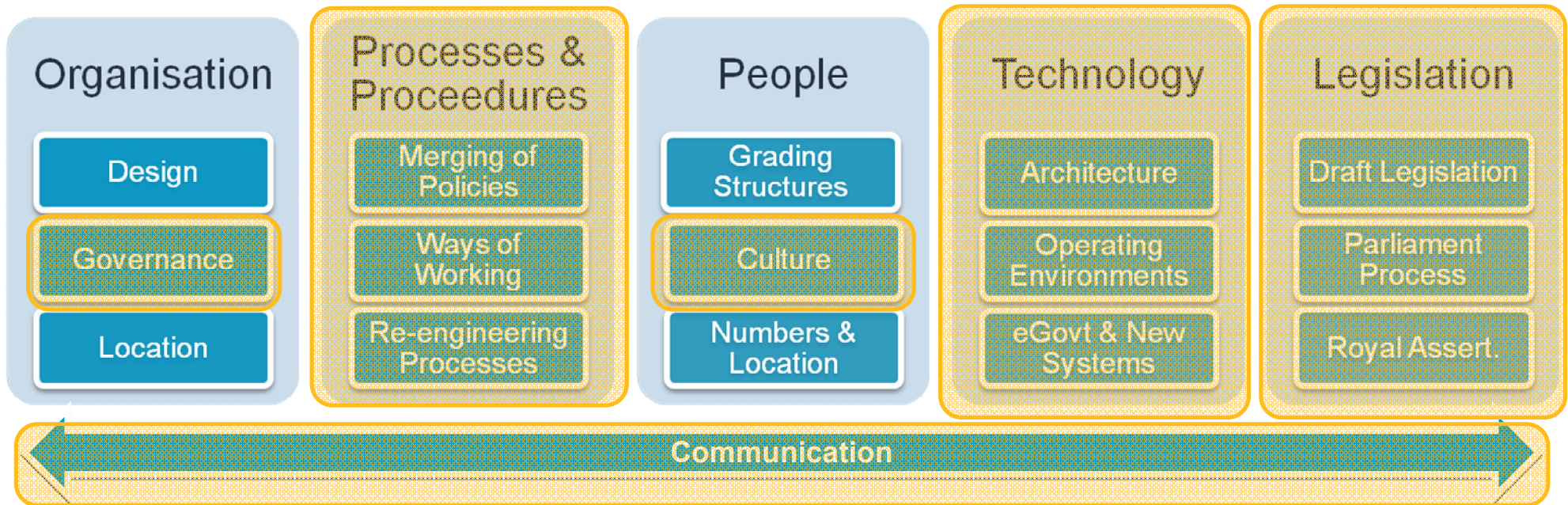
Scope of both mergers is comparable to the UNITAS program

Organisation	Processes & Procedures	People	Technology	Legislation
Design	Merging of Policies	Grading Structures	Architecture	Draft Legislation
Governance	Ways of Working	Culture	Operating Environments	Parliament Process
Location	Re-engineering Processes	Numbers & Location	eGovt & New Systems	Royal Assert.

Communication

5

Lessons learned and observations

Experiences from the UK tax, customs and social insurance mergers

Organisation	Processes & Proceedures	People	Technology	Legislation
Design	Merging of Policies	Grading Structures	Architecture	Draft Legislation
Governance	Ways of Working	Culture	Operating Environments	Parliament Process
Location	Re-engineering Processes	Numbers & Location	eGovt & New Systems	Royal Assert.

Communication

Some of the key Issues that must be addressed:
1. What parts to integrate and what parts not to integrate.
2. How to use the merger to bring about change.
3. How to ensure that you keep flexibility so you can fine tune and adapt.
4. The timetable for merger can be long – both mergers I was involved in took 12 months to prepare and a further 12-18 months to integrate after the merger had taken place.

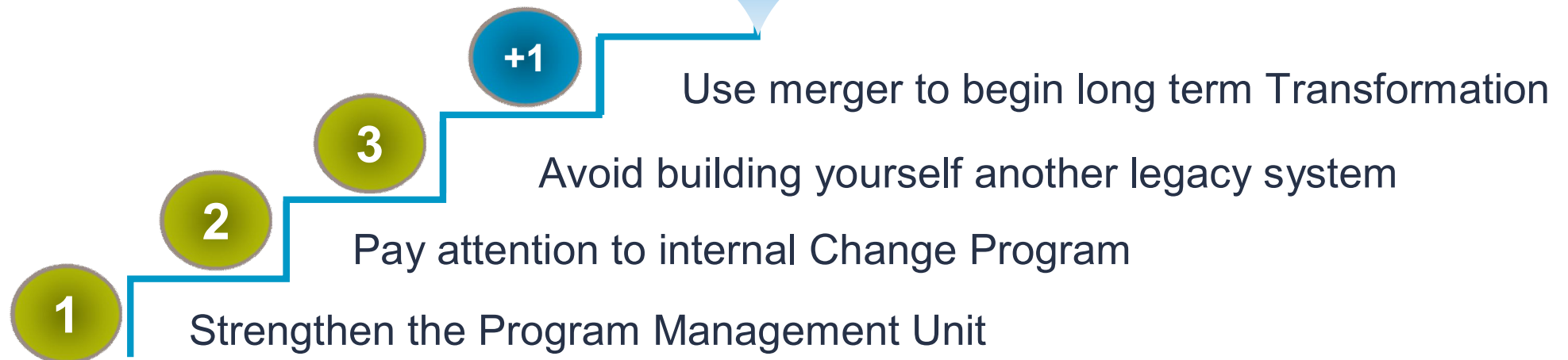# Transformation of the operating model requires phased approach providing enough time to embrace the change

Adopt
12 months

Adapt
18 months

Transform
5 years

Preparation

Transition

Taking over Services & People

Communicate the change externally

Address the new culture of the organization

Focus on understanding what we have taken on

Ad-hoc integration

Start Adapt

Deliver for Customers, Staff, Shareholders

Implement Industry standard processes

Standardize platform

Streamline Day to Day operations

Make project delivery more predictable

Identify early transformation opportunities

Strategic integration to external environment

Improve Service to citizens

Introduce more self-service

Switch off redundant systems

Drive cost savings

Service and project delivery 'normal' now

Leverage Ecosystem of suppliers to drive innovation

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3+1 recommendations for UNITAS

Let me share with you 3+1 recommendations for UNITAS program based on the experience in the UK and from transformations in the Public Sector

*Successful Transformation requires **leadership** from the politicians and the leadership of the Tax Agency; it also needs **positive buy-in** from Agency employees; it needs to be **understood by the citizen** and it needs Technology that enables the organization to continue to make further changes in years ahead*

+1 — Use merger to begin long term Transformation

3 — Avoid building yourself another legacy system

2 — Pay attention to internal Change Program

1 — Strengthen the Program Management Unit

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"Strengthen the Program Management Unit"

Our Observations

- Program Management in Public Sector is often reduced to Program Monitoring
- Delivery of UNITAS would requires app. 30-35 resources across all Ministries involved
- True value of PgMO comes with empowerment to pro-actively manage the program

Recommendations for UNITAS

- Strengthen the **Program Management Unit**

- Ministry of Finance and FS SR need **drive the transformation** (no-one else will)

- Ministry of Finance and FS SR need to **empower** the Program Management Unit to be in lead of that transformation

"Pay enough attention to internal Change Program"

Our Observations

- Progress is faster when driven bottom up
- Merger brings Emotional, Political and Rational pushback
- People need to believe in the future and you need 'quick wins' to support the words

> "The main challenge is to create a culture of people who believe that this is do-able and something they can deliver…"
>
> *David Varney*
> *HMRC Chairman (2005-2006)*

Recommendations for UNITAS

- Implement internal **Change Program** emphasizing:
  - Cultural change
  - Internal Communication
  - Stakeholder Management (leadership, change agents, change resistants)
  - Quick Wins and their communication
- Develop **training program** to ensure seamless transition without disturbance to BaU

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"Avoid building yourself another legacy system"

3

Our Observations

- 2 step merger requires clear view of the end state enterprise architecture to govern the development and integration work
- Several projects are running in parallel at the moment
- Integration of SAP platform to legacy proved to be the biggest challenge in HMRC

Recommendations for UNITAS

- Establish **Enterprise Architecture Governance** unit as part of PgMO and define Enterprise Architecture Roadmap
- Review **interfaces** into legacy; expect high integration effort
- Be clear in understanding the **future requirements** that impact your today's efforts
- Understand the **future technology** (e.g. Cloud) and how it impacts your future IT service model

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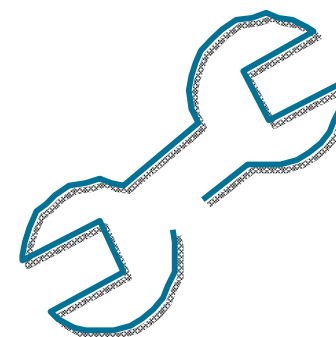
# "Use the merger as an opportunity to begin long term Transformation journey"

+1

Our Observations

- For HMRC, merger was just a beginning phase of longer Transformation
- HMRC applied phased approach to Transformation (Adopt, Adapt, Transform)
- Most of effort, but also most of the value is in the post-merger integration

Recommendations for UNITAS

- Use the merger as opportunity to **embrace Transformation** into Business as Usual

- Collaboratively with other Ministries
  - Develop shared "**Vision of FS SR in 2020**" to energize the Transformation
  - Design your **Transformation map** (Adopt, Adapt, Transform) to get you to the Vision
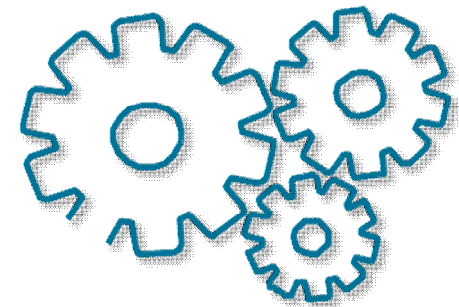
Thank you!
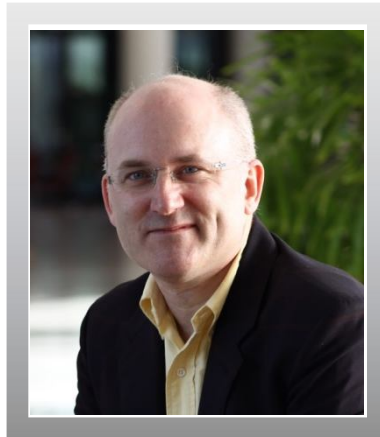
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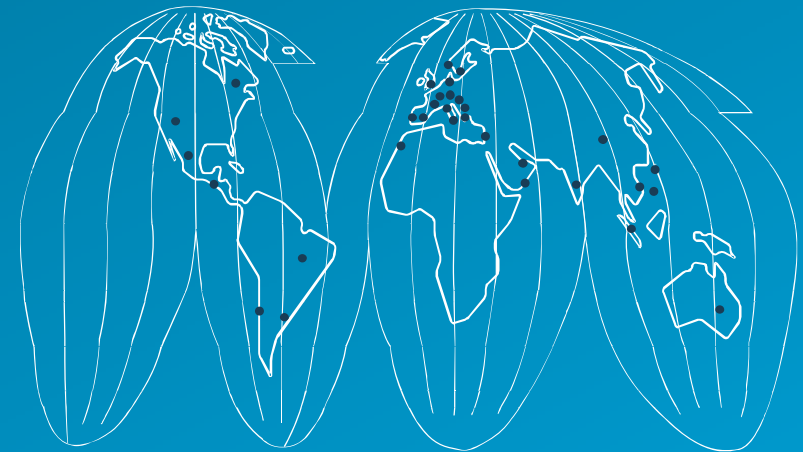
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