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ICT Investment Management

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Today’s Presentation

1. Context and Background
2. ICT Investment Management Policies
3. Next Steps
PART 1: Context and Background

“I have yet to see any problem, however complicated, which, when you looked at it in the right way, did not become still more complicated” (Paul Anderson)
ICT Investment Management

Value for Money ICT enabled investments that:

• Deliver benefits
• On time
• Within budget
Commonwealth Investment in ICT (FMA Act Agencies)

- Total ICT Expenditure some $4.4B (2008/09)
- Total ICT FTE about 15,200 (internal and external)
- 333,000 desktop devices (PCs, laptops, thin clients)
- 14,000 servers
While investments in ICT can deliver:

- Productivity improvements
- Improved services to citizens
- Efficiencies (savings)
ICT Investment Performance II

ICT Investment performance has been variable:

• Not clear if benefits realised
• Cost blow-outs
• Late delivery
ICT Investment Governance

Varying whole of Government approaches:

- ADP/IDC
- JCPAA
- IT Acquisition Councils
Current ICT Investment Framework

- Major component of the 2006 e-Government Strategy
- ICT Two Pass Review Process
- ICT Reform Program: Review of the Australian Government’s Use of Information and Communication Technology
ICT Investment Management: Best Practice I

Robust Investment Case (Business Case):
- Benefits
- Cost
- Risk
ICT Investment Management: Best Practice II

Delivery capability:

• Skills
• Governance
• Maturity of process
ICT Investment Management: Best Practice III

Evaluating investment outcomes:
- Post-implementation reviews

Investment drivers and trends:
- Metrics
ICT Investment Management Policies

- Robust business cases (ICT Two Pass)
- Addressing capability gaps (Agency Capability Initiative)
- Measuring performance (Benchmarking)
PART 2: ICT Investment Management Policies

“Technology: No Place for Wimps”
(Scott Adams)
ICT Two Pass Review Process I

- Commenced June 2008
- Business cases
- Provide Cabinet with better information to support decision making on major investments in ICT-enabled proposals
ICT Two Pass Review Process II

- Covers ICT Enabled Projects
- Overall proposal cost of at least $30M; and
- at least $10M ICT cost; and
- high risk
- 36 business cases from 22 portfolios to date, covering about $10B of proposed ICT investments
ICT Two Pass Review Process III

- **First pass**: involves an approach to government for in-principle approval to refine options for final approval.

- **Second pass**: involves the presentation of a detailed and fully costed business case to government for final approval to proceed to the implementation/acquisition stage.
Review of ICT Two Pass

Agencies need:

• more assistance and training in preparing ICT Two Pass Business Cases
• more clarity on the relationship between other review mechanisms and ICT Two Pass
• More clarity on the level of detail required in a first pass business case
Agency Capability Initiative I

- Key element of ICT Reform Program
- Commenced in 2009
- Improve agencies’ capability to commission, manage and realise benefits from ICT investments
Agency Capability Initiative II

- Agencies assessed against Portfolio, Programme and Project Management Maturity Model (P3M3)
- Develop Capability Improvement Plans
- Capability assessment included in ICT Two Pass Review process
Benchmarking I

- Key element of ICT Reform Program
- Commenced in 2009
- Developed set of common efficiency and effectiveness metrics
- Facilitate better use of ICT and regular benchmarking
Benchmarking II

- Better information on ICT cost structures
- Over 100 agencies benchmarked annually
- Data collected against service towers
- Currently reviewing benchmarking arrangements
Custodian of Best Practice
Benefits Realisation

- Established in 2009
- Centrelink as lead agency
- Establish and promote better practice in benefits management in ICT investment to assist other agencies
Other Elements of the Framework

- Gateway process
- Governance: Secretaries’ ICT Governance Board
- Investment principles, e.g. re-use (COTS/GOTS)
- Strategic Reviews, e.g. shared services
PART 3: Next Steps

“The most exciting breakthroughs of the 21st century will not occur because of technology but because of an expanding concept of what it means to be human”

(John Naisbitt)
ICT Investment Outlook

Increasing complexity:

- e-Government
- Cross agency policy drivers
- Increasing Connectedness
Increasing e-Government Focus I

*Interacting with Government* Report (December 2008)

- 5 years ago: preferred contact with Government: overwhelmingly personal (face to face)
- Internet most preferred way of interacting with Government, for the last 3 years
- In the last report, people’s last contact with Government: 38% internet, 32% in person, 30% telephone
Increasing e-Government Focus II

Significant e-Government transformations, by Commonwealth agencies:

• Investment in e-Health

• Australian Government Online Service Point
  - australia.gov.au
Increasing e-Government Focus III

- **APS Reform: *Ahead of the Game***
  - Blueprint for Reform of Australian Government Administration (March 2010)

- **Deliver Better Services for Citizens**
  - Systematic evaluation of how services are delivered (citizen perspective)

- **Create More Open Government**
  - Citizen input to policy and service design
An ICT Investment Framework that:

- Supports best practice in agencies
- Enables a greater evidentiary approach to investment management and policy
- Provides guidance to agencies on whole of government investment priorities
An ICT Investment Framework that:

- Facilitates cross-agency investments
- Promotes cross-jurisdictional co-operation
- Supports a portfolio management approach
- Balances rigour with agility
- Improves Investment Outcomes
Enhancing the ICT Investment Framework by:

- Greater use of methods such as Investment Logic Mapping
- Promoting agency ICT strategic investment planning
- Greater use of cost estimating tools and cost model databases
Enhancing the ICT Investment Framework by:

- Building agency investment management capability
- Promoting the role of architecture in directing investments
- Improving ICT investment data management in Finance
Thank You

“Technology is way of organising the universe so that man doesn’t have to experience it”

(Max Frisch)