



# True costs and cake

17 May 2016

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# Adapta Consulting

We are:

- A specialist information systems consultancy
- We only work with membership organisations, charities, associations, trusts and others in the NfP sector
- We are completely supplier-independent
- Our consultants have held senior positions in a broad range of different organisations
- Our advice and guidance is based on practical experience gained over many years.

# Programme

14.00 **Arrival and welcome**

Welcome to the event, introductions and overview of the agenda for the afternoon.

14:15 **The true cost of IT procurement and implementation**

Iain Pritchard, Adapta Consulting

14:30 **Case study**

Alexis Chapman and Jo Knowles

**Break**

15:45 **Discussion and feedback**

A round table discussion and feedback.


16.30 - **Review and close**

17.00 Iain Pritchard – Adapta Consulting

# Facts, Feelings and Fantasies

# Some facts..

- Licence / subscription fees
  - are typically less than 20% of the total set-up costs ; and
  - are typically less than 10% of the likely 5-year costs
- Moore's law (and the fantasy of future-proofing)
- Hofstetter's law
- Technology has become so complex that no-one knows any more how it all works
- Most people don't know what they want until they see what they could have
- Facts contribute less than 5% to most decision-making

The image shows the dark silhouettes of a man and a woman in profile, facing each other. They are holding wine glasses and clinking them together. The background is a soft, warm glow from a sunset or sunrise, with a gradient from light yellow to orange. Two purple speech bubbles are overlaid on the image, one above the woman and one above the man.

Our software  
will do  
anything you  
can dream of

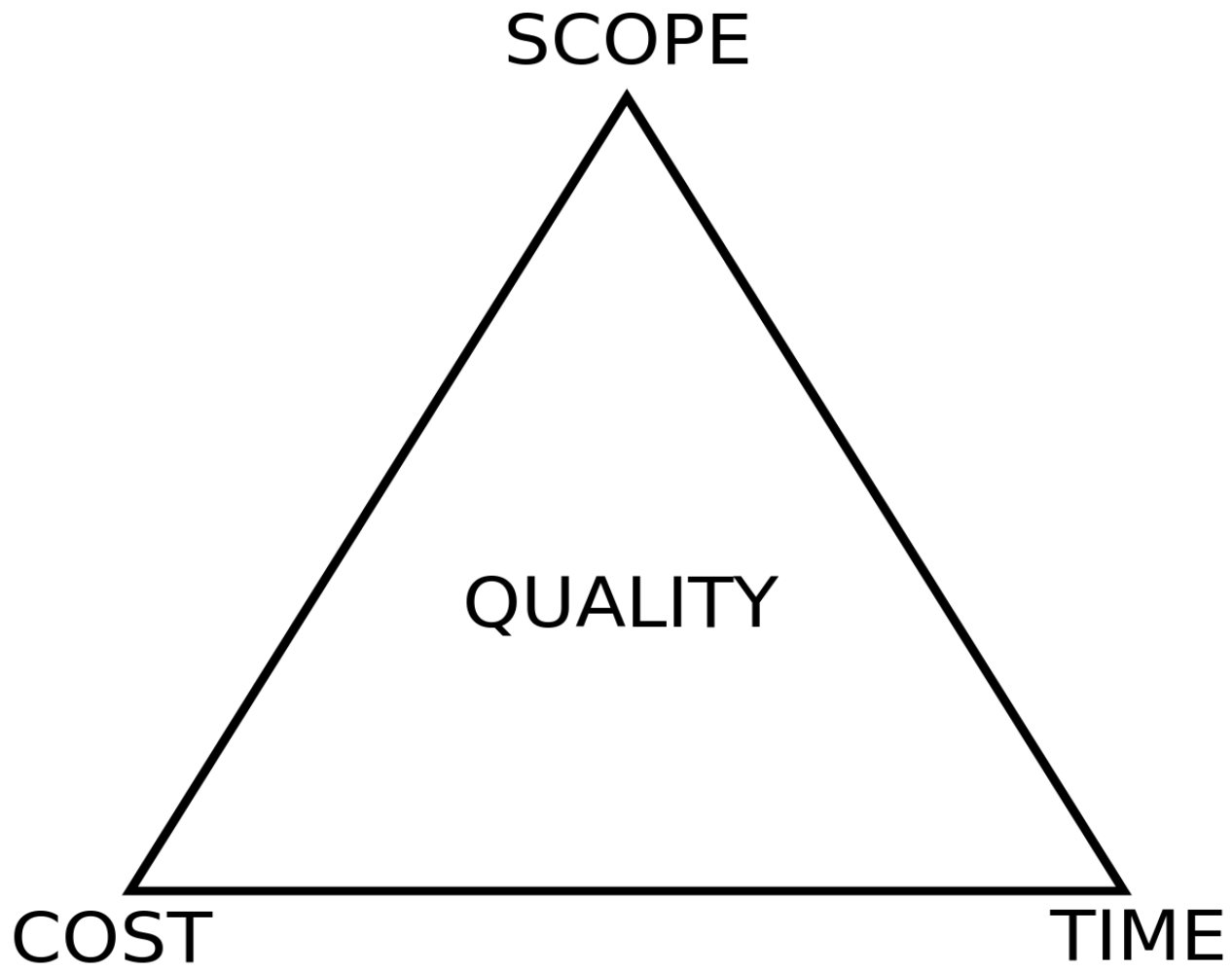
Yes, your  
software is  
going to do  
everything I  
dream of

# True Costs

Alexis Chapman and Jo Knowles



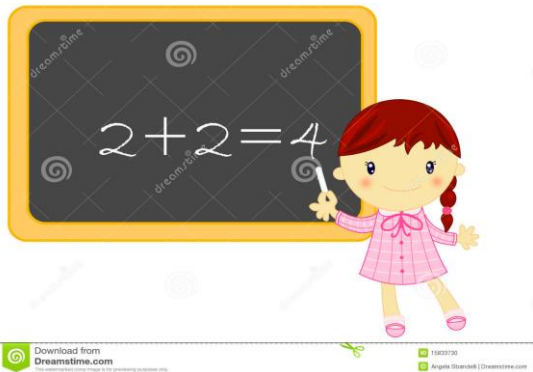
# True Costs





# True Costs

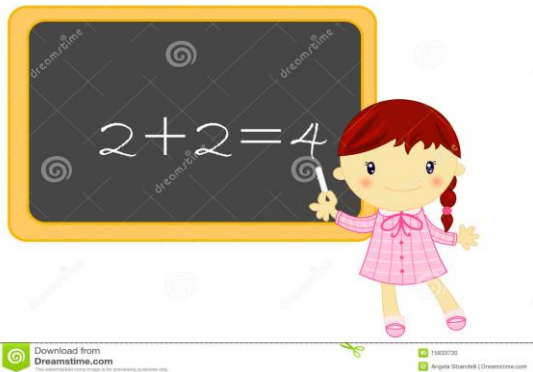
True Cost =  
Ambition X People X Complexity



# True Costs

True Cost =

**Ambition** X People X Complexity



# True Costs

## Technology Rules

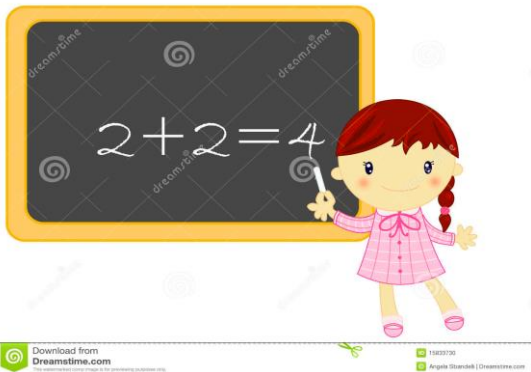
- Example:
  - IT infrastructure to connect the whole UK organisation, not just central and regional offices
  - Highly visible problem, papers written, committees discussed, reaching decision point -> £1m investment and £1m pa operating costs
  - Me – new arrival, first time with the IT brief, what do I know?
- Focused on business benefits for the scale of the investment
- Top notch technology, long-term arrangement
- Not clear about what was not included – assumptions made about desktop equipment, office software/common email, user support for implementation/help desk – existing and new
- My dilemma - to cancel or not to cancel – what are the implications...
- 6 month pause – alternative solution identified, co-sourcing arrangement – same investment, more delivered...

# True Costs

- **Technology Rules – learnings...**
- Baptism of fire!
- Critical importance of the business case – it matters
  - what are the benefits?
  - Full evaluation of costs
- Avoid the technology of the moment... solutions going in search of a problem...
- Focus on the people aspects – how will users get the best out of it, include costs for that
- Have the courage to pull a project and rethink - cost in credibility terms in the short term but long term can work out.. fall out, confidence, keeping key players at the table..
- Key staff may not feel able to continue BUT organization is bigger than that... perspective matters...

# True Costs

True Cost =  
Ambition X People X **Complexity**



# True Costs

## Project management really matters...

- Example:
  - Creative organisation, back office investment bottom of the list
  - Finance system had to be upgrade – no longer supported, 2/3 clients, chart of accounts, trading sub, reporting
  - Purchases had been made – software, hardware
  - Twice attempted implementation and failed....
  - Me – interim maternity cover, project added to my list as ‘almost ready to go’, shouldn’t be too big a job
- Rather than leap back in... pause to consider what caused the failure to implement
- Brought in some external support for independent perspective
- Concluded purchased the right solution – wholly inadequate allocation of resource to implement
- Reconfirmed the scope (e.g. left in purchase ordering, electronic authorisation), secured the money to buy project management resource, clarity about finance & non-finance resource needed
- Allowed ourselves 6 months to implement – clear timetable
- Now I felt ready....

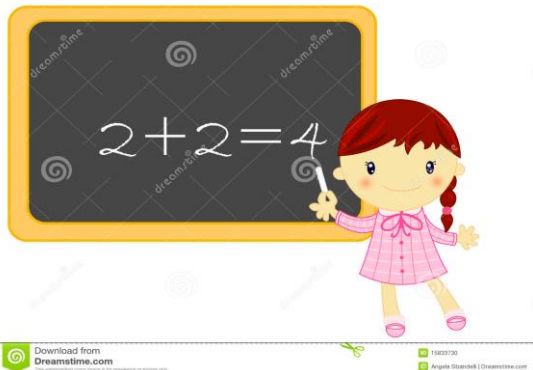
# True Costs

- **Project management really matters...**
- Package choice was valid – project costs not scoped, resource not dedicated..
- Pressure builds to do something prompting risk of ill judged action
- Risks of not sizing things up brutally honestly escalate as time goes on - overview of costs for project as a whole, scope of work required, deadline becomes a measure of success..
- PMO – critical determinate of success...

# True Costs

True Cost =

**Ambition** X People X **Complexity**





# True Costs

## Is your supplier a partner in getting you over the line in one piece?

- Does my supplier understand me?
- Was I not clear in the tender document?
- Didn't we spend forever in the "discovery phase"?
- Why didn't he tell me ('supplier') that this would be hard?  
*A transaction or partnership...*
- Example one – it's all out of the box with a bit of development to stick it together – how hard can it be
- Example two – Of course it can do that... *and make tea too* once you are committed, there is no going back!

# True Costs

## **Is your supplier a partner in getting you over the line in one piece?**

- Have you pinned it all down at the outset? Be clear about really matters..
- Is compromise a failing?
- Work with supplier not against them...
- Taking a break
- First date?

£££...

## What are the costs to be considered?

- £ - technology
- £ - project management...
  - equip the project manager, allocate key staff and backfill
- £ - less visible indirect costs..
  - getting key players on board in the first place
  - engaging users with business case, benefits, testing, training, implementing, complaining..
  - build in flexibility / contingency

# Impact on people/the team

## What will it cost you in the organisation to deliver? Credibility or political capital ?

- Can you get close enough to acknowledgement of the problems to have the realistic starting position? What will it take to get colleagues to this place? It can be unattractive to paint a real picture...
- Cautious about 'overselling' benefits as it may be impossible to meet expectations...
- Can you get to a place where you can under promise and over deliver?



Challenges in consensus driven organisations – NHS, timesheets and accountability..

# True Costs

- The questions this all raises:
  - How well do we understand what we are doing right now..?
  - What can we realistically afford - financially and organisationally?
  - Can we manage our ambitions?
  - How can we tell how ready we are?

**Questions and  
thoughts?**

# Discussion and feedback



# Review and close

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