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Written evidence to Public Administration Select Committee (PASC) inquiry – Subject: Public Procurement
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Openforum Europe – As an organisation that has limited hands on knowledge of all the areas of government procurement we are targeting our response on Information Technology (IT) matters of which we have 10 years experience. We are working towards eliminating lock in to propriety IT standards to allow interoperability of government computer systems throughout Europe and highlighting discriminatory practise in IT procurement with the intention to reduce the cost of ownership of the government IT portfolio.

1) Summary
1. This submission focuses on the procurement of software and related services on which the British Government is almost totally dependent. The Government's IT procurement policy should aim to improve the delivery of services to the citizen in cost effective manner, not just to “spend less money overall”. (PROC 20).

2. The Civil Service Reform Plan sets out the need to move to a “digital civil service” - digital by default in skills, style and how citizens use services to interact with government. Following on from that, the Government Digital Strategy was published in November 2012. It set out a clear vision for digital services so straightforward and convenient that all those who can use them prefer to do so. These services would be more efficient and cost-effective, delivering on the government’s Efficiency and Reform agenda.

3. The UK government has now published, probably the most robust and substantiated set of open standards principles worldwide (for which they should be given credit), but the only value is if they can and are being implemented in practice. This is now reinforced by the Digital by Default Service Standard - which clearly states the role of open source and open standards.

4. The Cabinet Office set out a procurement transparency agenda:
   ◦ all new central government ICT contracts over the value of £10,000 to be published in full online from July 2010
   ◦ all new central government tender documents for contracts over £10,000 to be published on a single website from September 2010, with this information to be made available to the public free of charge
   ◦ new items of central government spending over £25,000 to be published online from November 2010
   ◦ all new central government contracts to be published in full from January 2011

5. These actions were intended to drive down significantly the £16bn (estimated) it spends on IT each year. This was to be achieved by moving away from the small number of System Integrators (SIs) estimated to be providing 80% of Government IT utilising Open Software and the new digital channels G cloud services.

6. It should be recognised that the IT systems of local government and other public services as well as supporting organisations are very closely tied into the IT Strategy of central government departments. The embedding of proprietary software stacks into departmental IT services makes it very difficult for related organisations and the general public to adopt alternative, lower cost solutions.

7. We observe, however, that these policy areas are taking much longer to implement than first envisaged as a result of a number of factors – current suppliers fighting back, lack of key skills and inertia. This is not just a procurement issue but one that extends deep into the IT organisations demonstrating a lack common purpose. How do we get this back on track, strong leadership, clear IT strategy and open standards based architecture for government services?
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2) Current Government Policy

1. The current policy as outlined in Government Digital Strategy is a major step forward setting a clear strategy for digital services, for example clarifying where to use software as a service, or when to use open source software should be used “Use open source software in preference to proprietary or closed source alternatives, in particular for operating systems, networking software, Web servers, databases and programming languages. Problems which are rare, or specific to a domain may be best answered by using software as a service, or by installing proprietary software.” But for added future proofing, take care to mitigate the risk of lock-in to a single supplier by ensuring open standards are available for interfaces.

3) Implementation in Practice

1. We see sporadic adoption of current and previous Government Strategies with a general failure to understand when and how to adopt these strategies. Alongside of this the current small number of IT Systems Integrators (SIs) account for the majority of IT spend by Government. One of the major current blockers observed is the offering of discounted contract renewal terms – this may achieve the short term action of reducing costs but will contribute nothing to the transformation to digital services.

2. We would question the level of practical buy in at individual Departmental level, and have observed examples of recent purchases which would seem at least entirely contrary to the objectives stated in the core strategies set.

3. We have often raised the issues of culture and skills in the past. I quote Mike Bracken from his cabinet office blog - “As we move away from a large procurement approach to technology and become adept at commissioning and co-delivering digital public services our capability profile needs to change technically, and culturally. In the last few months, in GDS and in other departments, we are hiring and commissioning roles including:
   ▪ data scientists
   ▪ information architects
   ▪ technical architects
   ▪ product managers
   ▪ service managers
   ▪ software engineer
   ▪ designers of all types
   ▪ user researchers
   ▪ delivery and test managers

4. The procurement process still appears to be blocking progress with the perceived inability for Government Procurement Services to handle embedding of The Open Standards Principles in the contractual processes and the risk adverse approach taken by the Government Legal Services when dealing with Digital Services and Open Source contracts, addressing unlimited liability, warranties and guarantees. It is vital that Service Design Manual set the direction with the move to agile, cloud digital services – hence there needs to be a similar transformation at both the departmental level and within GPS

5. The growing interconnectedness of IT technologies and the move to Digital Services means that government systems need to be designed in a more flexible manner with interoperability considerations clearly in mind. Open Standards enable government applications to be reduce lock-in, reduce cost etc.

4) Ways Forward

1. We fully support the new Strategies and Policies of the Cabinet office (now GDS), but the key as always
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will be in the implementation with mechanisms in place to judge improvements care must be taken not to rely solely on financial targets but to able to set and monitor improvements in all these areas.

2. We do recognise that these fundamental changes will take time and more importantly strong leadership.

- **Culture** – each IT group works independently, believing their requirements are unique, looking for bespoke services not commodity. Rapid scaling and innovation investment are not shared between departments. It is not only an IT issue. The civil service in general need to comprehend the capability of IT in delivering Government services effectively and understand the impact of rapidly developing technologies on such services as well as on the expectation of the citizen.

- **Legacy contracts** – framework agreements and dependency on Systems Integrators (SIs) make status quo the easy option. Licensing usually over-specified based on needs of few not majority. Major bodies including the UK Government find it structurally easier to deal with the major corporates.

- **Financial targets** – existing System Integrator (SI) suppliers will make cuts and meet spending review target but this will not deliver transformation of public services.

- **Debunking the perceived risks and myths** -
  ① Adopting Digital Services or Open Source Software seen as non-mainstream and high risk owing to a lack of vendor funded marketing.
  ② There is a perception that existing ICT infrastructure based on conventionally licensed technology will interoperate better with technology from the same supplier, which tends to favour pre-selection of conventionally licensed solutions.
  ③ Few public sector case studies on open source software as opposed to conventionally licensed technology make assessment difficult.
  ④ Many believe that if an issue arises in relation to interoperating components, a single supplier is better placed to resolve than multiple suppliers, favouring monolithic project tenders.
  ⑤ Concerns exist about user resistance to Digital Services and Open Source Software solutions which are perceived as unfamiliar when they impact the desktop.
  ⑥ Managers assume that support skills not available.
  ⑦ Legal issues are little understood (indemnities, warranties) with potential patent infringements seen as barrier.

- **Network effects** - (e.g. training, mutual support between IT departments, legacy technology skill sets of contractors, knowledge of end-users) favour incumbent solutions, which are typically proprietary. The benefit of digital services and open source software dynamic and network effects not clearly understood (improves sharing of knowledge, support, and even code between ICT departments with similar requirements). These effects are not specified as part of the procurement process nor recognised in TCO valuations.

- **Inertia** – No comeback if procurement legislation/guidelines are not followed. The only way to challenge the status quo is for a supplier to sue the government: this is not going to happen. It's easier to prepare and manage a tender for a monolithic project, as opposed to a number of smaller interoperable projects with the same overall functionality. Suppliers including confidentiality clauses within contracts hide details of response limiting comparisons.

3. What should be the objectives of IT public procurement process

1. **Deliver services to the citizen in a cost effective and timely manner**
2. **Support UK PLC** – Encourage the development of the software industry.

3. **Published and transparent** – objectives and restrictions clearly open for public inspection and compliant with EU legislation.

4. **Open Standards and technology neutral** – neither brands nor vendor-based specifications; future proofing through interoperability opening the opportunity for innovation.

5. **Business or Development Model Neutral** – equally open to business, not-for-profit and community approaches. Leverage new entrepreneurial approaches to deliver savings.

6. **Open Projects** – separating out the design, build and run stages with appropriate granularity to increase number of potential respondents, creates SME friendly tenders.

7. **Audit** – Internal/Government audits challenge costs but seem ill equipped to challenge compliance with open policies or judge the potential of over-specification, network effects or neutrality.

4. **Benefits to be accrued from this Approach**

   Adopt Digital Services and Open Standards based solutions (inc. use of Open Source) should extend savings well beyond single figure targets enabling a wider range of suppliers to compete for tenders, increasing competition (and benefiting SMEs).

   Project success will be less ultimately dependent on one supplier, increased granularity, clearer breakpoints in staged contracts and the use of open standards will increase flexibility, both during the implementation phase of the project, and during its operational phase and will improve the ability to upgrade the project in the future in phased stages, rather than a big bang.

   Digital Services and Open Source Software should deliver immediate licensing reductions, with additional set up and support costs. However the key savings are longer term – reduction in ongoing costs freeing up more project funds, greater flexibility and reduction in total cost of ownership. In particular far lower barriers to exit and early termination of under performing projects and to scaling up successful projects.

5) **Conclusions**

We see much good in the direction set by the Digital by Default strategy, but the devil will be in the detail of implementation. To achieve the strategy these issues must be addressed:

- **Contracts** -
  - To ensure a level playing field, confidentiality clauses should be abolished from public sector contracts.
  - Systems Integrators (SIs) should also adhere to the Open Standards Principles as implemented by Cabinet Office.
  - Put in place framework contracts that let companies compete on capabilities, these Framework agreements should be part of and overall contract strategy.
  - Ensure risk is appropriately and fairly proportioned to achieve the overall best value for public expenditure. In particular for open source software solutions unlimited liability, warranties and guarantees should be properly assessed and mitigated to ensure they are not barriers to small companies and innovative projects.
  - Distinguish clearly between supported and unsupported software applications.

- **Education/Skills** -
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- IT Procurement is a key specialised function requiring people who understand the issues and have the ability to engage with business and the IT industry and Open Standards, interoperability, and structuring open tenders that encourage competition and access by SME's.
- Business Analysis is often missing resulting in modular procurement rather than staged procurement – separating out the design, build and run stages. Tenders should be appropriately granular, and all interfaces should be open standards.
- The new Digital Services Strategy has set the agenda now every depart and IT group need to be educated.
- All these services function within the overall political and civil service cultures. Informed understanding of the potentiality of the Open Standards Principles in the long term development of successful flexible IT is essential.

The creation of the Major Projects Leadership Academy and the Commissioning Academy are particularly welcome as part of the commitment of the Civil Service Reform Plan. It is hoped that the special role of software and the importance to the Open Standards Principles to the flexible functioning of Government will be properly recognised and incorporate into the curricula.

○ Standards based Digital Services
  - The Open Standards consultation and analysis provided rigorous evidence of the benefits. The next phase is to move beyond the strategy and establish clear guidelines on what standards in what scenarios are to be used.

○ Ensuring Compliance/Delivery
  - Publish all IT tenders and responses – enabling external oversight allowing benchmarking of projects and monitoring the use of brands, standards and proprietary technology in public tenders.
  - More Audits – No. Establish a process for external challenge to compliance – external audit or competition bodies should be empowered to challenge openness of tenders independently of the supplier community.

Note:
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