HMRC's IT Transformation programme
exceeds its annualised £161m savings target

Decommissioning, standardisation, and new equipment delivered at no additional cost to HMRC

The Situation

HM Revenue & Customs (HMRC) was created through merger of the Inland Revenue and HM Customs & Excise, creating one of the largest IT infrastructures in the country. Their existing technology was linked up and new systems introduced to meet new operational and business requirements, but maintenance costs for stabilising old technology and managing interdependencies left little IT budget for further change. HMRC needed a smaller, cheaper, more modern IT estate, but did not have the investment budget normally required to deliver a large transformation programme.

The Solution

HMRC and Capgemini devised an innovative transformation programme, known as Aurora, to be paid for by re-cycling savings from the removal of old software and equipment. During two and a half years, Capgemini delivered 111 separate projects, ranging from removing servers through to large scale application and infrastructure transformation to bring in standardised systems with common industry components, decommission systems coming to the end of their life and invest in modern, more flexible technologies to better meet HMRC's needs.

The Result

The Aurora programme transformed HMRC's IT estate, without capital investment. It yielded some impressive results and paved the way for continuing IT transformation. The running cost savings target of £161m a year was exceeded, and HMRC has reduced its CO_2 footprint by 4,000 tonnes. This was achieved through removing 16,707 surplus desktops, switching off 65 applications, decommissioning 1,954 servers, and merging major systems to reduce complexity and overheads. Modern equipment, funded by re-investing some of the savings resulting from decommissioning, included 4,000 new printers and 25,000 new desktop PCs.

How HMRC and Capgemini work together

The majority of HMRC's IT is outsourced to Capgemini through the Aspire contract, which has built-in cost reduction and output-based pricing focused on business value. Following the creation of HMRC in 2005, Capgemini helped the new Department join up legacy systems, add new systems such as tax portals, and make improvements, such as giving all staff the same finance, HR and desktop services. While economies of scale and standardised service management reduced unit costs, this did not address fundamental complexities and overall expenditure increased.

As a result, in 2009 HMRC and Capgemini reviewed the existing IT and business requirements and how to pay for change projects to reduce running costs. This led to the Aspire contract being revised to enable Capgemini to make up-front investment in a 300-strong Aurora transformation team and commit to deliver significantly lower running costs from 2011/12.

This solution offered an innovative commercial model. It funded decommissioning and transformation by reinvesting initial cost savings back into the IT transformation programme. This made it possible to improve HMRC's IT estate without making any capital investments. With UK Government austerity measures biting hard, this practical solution sets a precedent for public sector technology change programmes.

The 30-month Aurora programme was very much a collaborative effort. It involved HMRC's IT management, Capgemini's Aspire partners, particularly its core infrastructure partner, and the business owners of IT earmarked for decommissioning. Capgemini delivered the transformation, removing hardware and software, handling linkages with other systems, transferring data to other existing or new IT systems, and introducing more efficient processes and tools.

Around 70% of the savings projects were identified before the programme started and Capgemini took the bold decision to underwrite the remaining savings, believing that there were additional opportunities to drive down costs. Capgemini launched a suggestion scheme for users and IT staff to propose changes based on intimate knowledge of systems that were initially out of scope because they supported critical functions. The new ideas were instrumental in initiating projects to deliver additional savings ranging from £20k to £1m a year.

A joint HMRC and Capgemini programme board of senior stakeholders was empowered to make rapid decisions, and Capgemini and key partner staff had personal objectives. These factors were crucial to the success of the transformation programme.

Employee engagement in change was also vital to the success of Aurora. Project teams worked closely with HMRC business and operations staff closest to the IT systems being changed. This ensured subject matter experts and those most affected were involved in project delivery and demonstrated significant personal commitment to deliver savings and maintain continuity of live services. The engagement with HMRC business units to move data off under-utilised technology helped cement the cost savings ethos and today they are able to see how much their IT actually costs.

The Aurora programme enabled the next step in HMRC's IT strategy to simplify its estate around key applications and streamlined operations. Both Aurora and this broader IT Transformation Programme were a first for an outsourcing partnership in the government sector. IT partners were fully focused on delivering business benefit and proactively looked for ways to switch off the infrastructure they were paid to support.

Aurora delivered the IT clean-up HMRC had wanted since it was created. Individual estates were large and complex, and while joining up IT had helped the new department's operations, IT modernisation to meet future requirements left legacy applications behind, and piecemeal decommissioning did not have sufficient governance or support. By contrast, Aurora spanned the entire HMRC and IT partner organisation with a single objective to deliver savings.

The Aurora programme reduced IT running costs at the same time as delivering other big technology-enabled business change projects. This strengthened HMRC's confidence that IT can be used to innovate without impacting the critical operations funding UK public services.

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The Group reported 2013 global revenues of EUR 10.3 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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HM Revenue & Customs

HM Revenue & Customs (HMRC) collects tax and duties to make sure money is available to fund the UK's public services and makes payments to over seven million families, providing targeted financial support. Capgemini is HMRC's partner for IT and related services delivered through the Aspire contract. Capgemini is prime contractor for Aspire, and manages key partners and HMRC's Ecosystem of preferred suppliers.

For more information, please visit:
www.hmrc.gov.uk

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