

RUNAWAY PROJECTS

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Terms for Runaways

- Failure
- Incomplete
- Collapse, challenges
- Room for improvement
- Gaps
- Incomplete projects
- Failing forward
- Prioritization
- Learning space
- Risk taking culture
- Delays

Are Runaways Really a Problem?

Hard to say/ No!	Yes!
<p>The end result that matters. If there is a small delay in time or money is not a big deal.</p>	<p>We had an agreement, a tender. Any variation / delays from what is agreed is a problem. We loose control on how and much of tax payers' money is spent</p>
<p>Developers are like artists. They can't work under an excel-regime</p>	<p>Public sector IT project must like any other public sector activity be part of public sector management fiscal control mechanisms.</p>
<p>There needs to a culture that embrace and encourage failures. If not, people will be afraid of acting and we are back to a way of working that no one wants</p>	<p>Public sector has to be a risk aversive organization. If you want a risk-taking culture, the activity should be carried out by private companies / in the "free" market</p>
<p>We should not talk too much about runaways. Actually we shouldn't talk about them at all. Instead we should talk about the success only, share them. There will always be failures and problems. There is no failure free IT-system in public or private sector. The media is already talking too much about the failures. That is a biased and fake-news approach and this makes it difficult for public sector to get the right people.</p>	<p>We need to talk more about the runaways in order to find mitigation strategies to help minimize the risk that future projects will be runaway projects.</p>

The Danish Common Tax Recovery IT-System (EFI)

The EFI-case is among the THE
Danish top candidate for an IT
project in the public sector that failed
on all accounts: TIME, BUDGET,
CONTENT

Yet, it continued. And continued. It
was like a cat with nine lives. For
three he plays, for three he strays
and for the last three he stays



Lives = 9

The story of EFI is a story of

- Clash between visions of centralization and complexity of simple tasks
- When and who says stop
- Big bang project
- Warning signals that were not acted upon

The Tax Agency

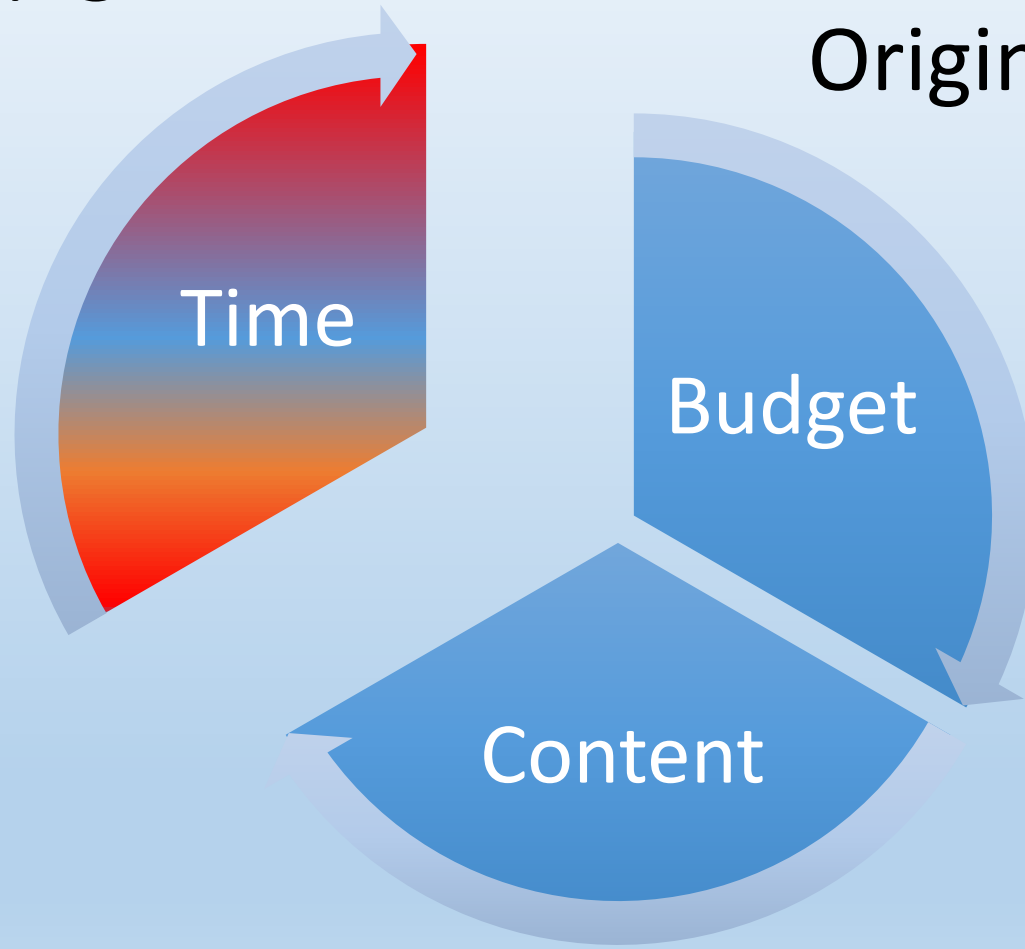
- Monopoly
- Front runner in technology uptake
- Plentiful legacy systems
- Collection of money and transfer of these to state and local levels of government
- Ongoing transfer – current accounts
- Public tendering regulations

The Common Tax Recovery IT- System

- Digital collection of debt
- Sending invoices + reminders
- Centralizing the debt collection from other public agencies and firing the bailiffs
- 400 different types of debt. For each type of debt, up to 600 different rules could apply
- Avoiding point-to-point integration (before more than 100 different systems).
- Public tendering - Waterfall model -monolit

TIME SPENT on system modernization (phase I +II) factor 3+

- Est. 2.5 years
- Development time 8.5 years + 2 years before closure

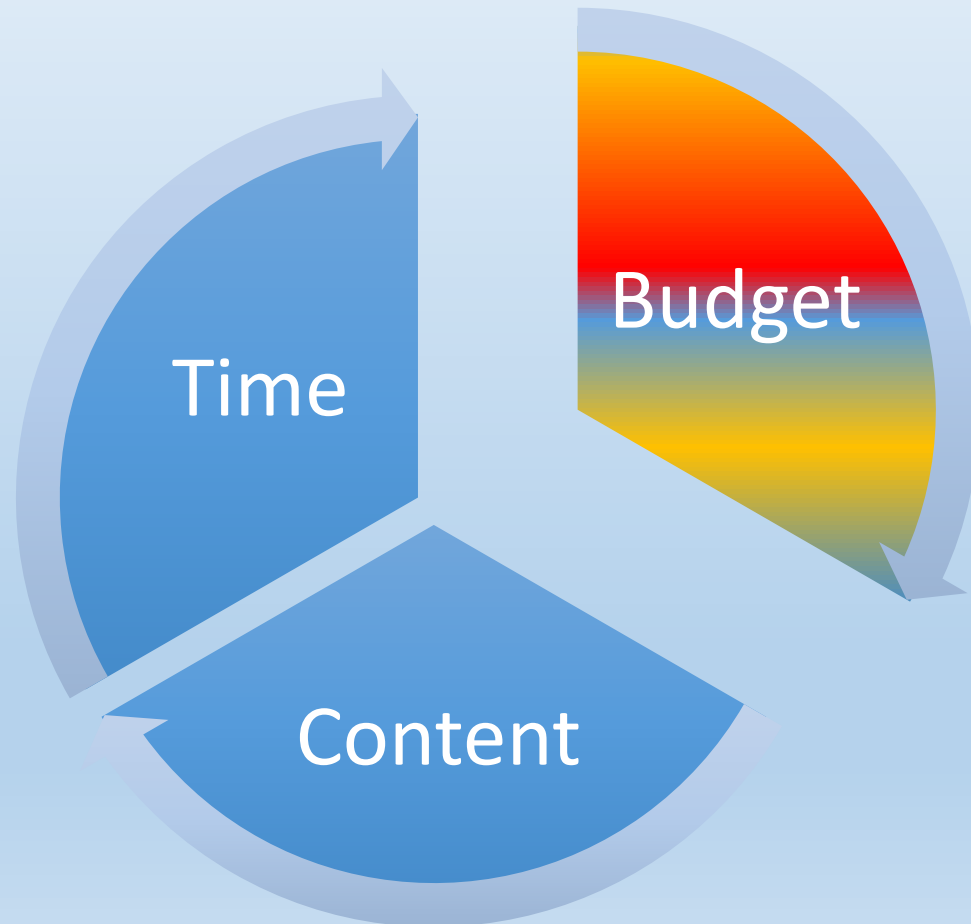


Original plan: 31 months

Delay before deployment (2013): 56 months

Delay after gradual implementation: 15+ months

BUDGET overspend with a factor 3+ (extreme conservative estimate), factor 10+ (still conservative estimate)



COSTS (phase I+II)

Budget costs 500 m DKK

Total direct cost 1,500 m DKK

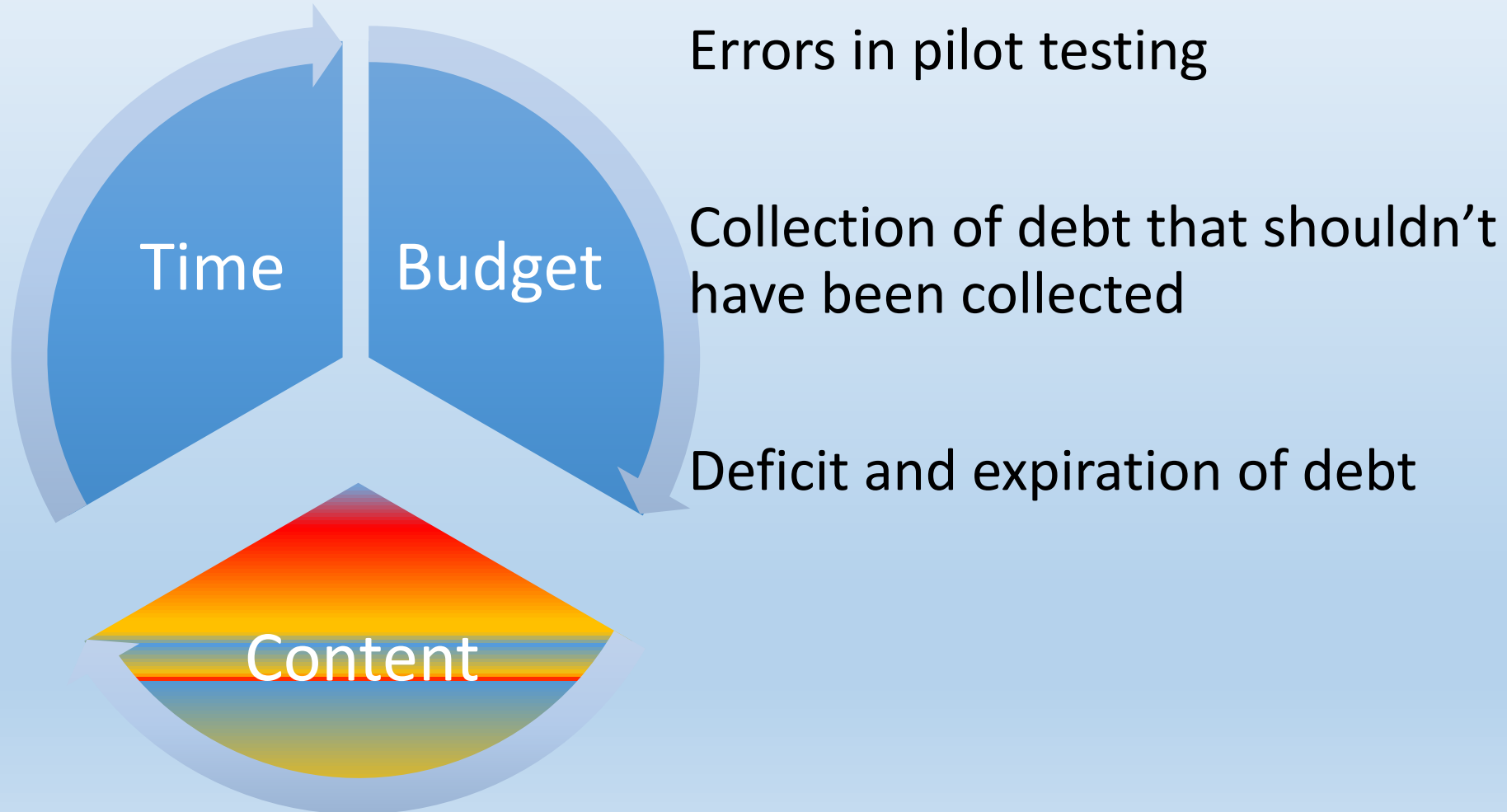
BENEFITS:

300 bailiffs savings 120 M DKK /year REALIZED

COLLECTION STOPPED:

increased debt to estimated 70+ billion DKK

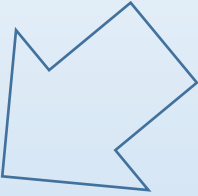
CONTENT



NOW WE SHIFT THE SCENE FROM
HOW THE EFI PROJECT FAILED TO
EXPLORE WHY IT FAILED

275 – 100 municipalities

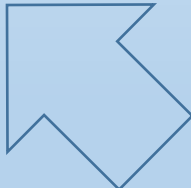
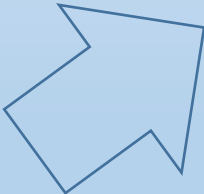
SKAT (TAX)



SKAT (TAX)

2005 – 12,000 employees

2015 – about 7,000 employees



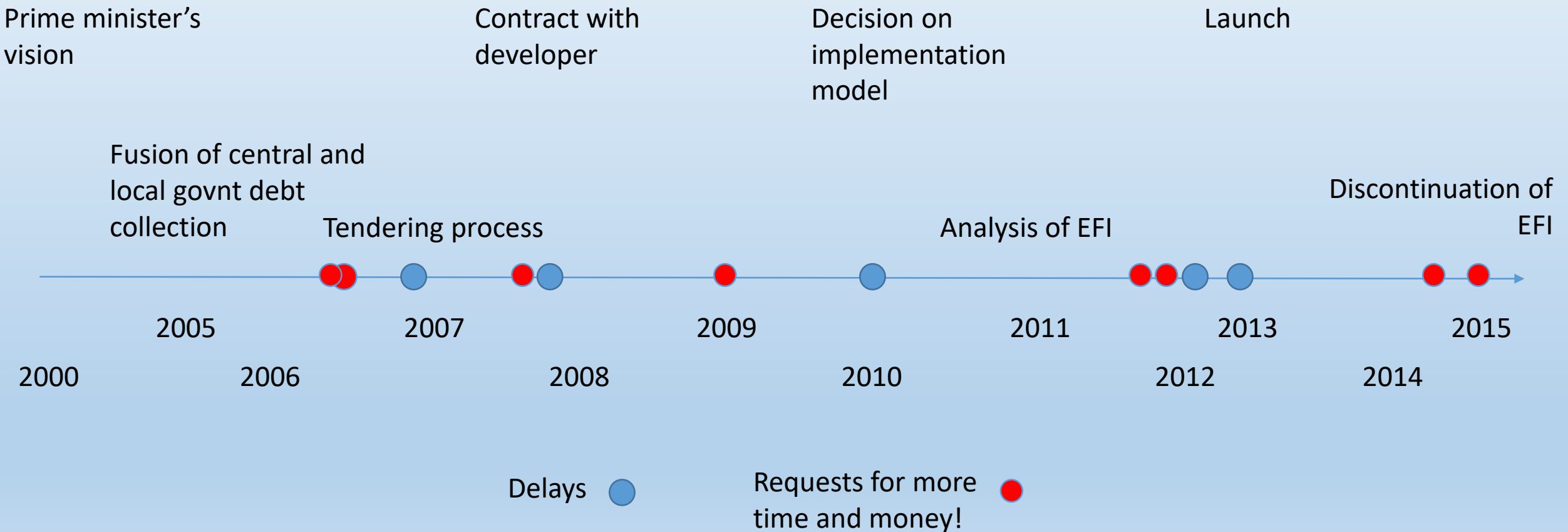
Police

Public owned utilities
(electricity)

Shifting ministers AND vision "owner" of EFI not part of the organization

Kristian Jensen (V)	2004-10
Troels Lund Poulsen (V)	2010-11
Peter Christensen (V)	2011
Thor Möger Pedersen (SF)	2011-12
Holger K. Nielsen (SF)	2012-13
Jonas Dahl (SF)	2013-14
Morten Østergaard (RV)	2014
Benny Engelbrecht (S)	2014-15
<u>Karsten Lauritzen.</u> (V)	2015-

A long line of delay and request for more money – nobody pushed the STOP button!



Management and control mechanisms



(The Danish Council for ICT (Statens IT Projektråd), Agency for Digitisation, Ministry of Finance)

Nobody!
(from the formal institutions)
ever questioned that EFi will
make it

Questions about the progress (Samrådsspørgsmål Akt 186, Akt. 151 June 1, 2006)

“When the effects of re-planning, including the deferred commissioning of the new systems, are as extensive as the case is, it is fundamentally due to the fact that there are some very strong business cases. In other words, the consequences are significant, which means that there are very healthy projects that are unfortunately delayed. The effect is not changed - the efficiency goals are intact.”

Source. <https://www.ft.dk/samling/20072/aktstykke/Aktstk.186/spm/1/svar/562656/581095.pdf>

Ministers response to questions in Parliament Committee, November 21, 2013

”Now it's actually starting to run. I think we should be happy that it is. After many years of trying, it's actually running now”

” And as I'm at all informed, it's going to be satisfying according to what you'd expect with such a big new project. I think that, in turn, we should be happy instead of painting the fog on the wall”

Summer greetings from the EFI project team

July 10, 2014

It is now almost a year since one Common Recovery System (EFI) went into the air. There have been challenges along the way, and of course it will always be when large IT systems go into the air.

Looking ahead with the project's glasses, we have been well ahead in this year, and many functionalities are now running in a sensible operating environment, but we will continue to need further operational demand and preparation of EFI functionality before we are fully in place.

The constructive dialogue between creditors and SKAT is a very important element when it comes to getting EFI fully in line and we have given status in EFI on a number of cooperation forums. It will be too extensive to come all the way around here. This status is therefore intended to highlight some of the areas in which we are working on the project right now.

Ministers response to questions in Parliament Committee, December 17, 2014

"Today there is hardly any doubt that this should have been thought in a completely different way from the very beginning in 2005. But there's nothing to do about it now,"

"However, I would like to emphasize that it is not the whole EFI that is not running. In fact, 450 million is recovered. DKK every month via EFI already, "says the Minister of Taxation. "

Director for Tax, July 2016

“The extent of data coding and law enforcement problems did not appear in the status reports I received from the organization.”

I assume that the project management, the director and the subdirector were fully aware of all the details of the project. It was their job. “

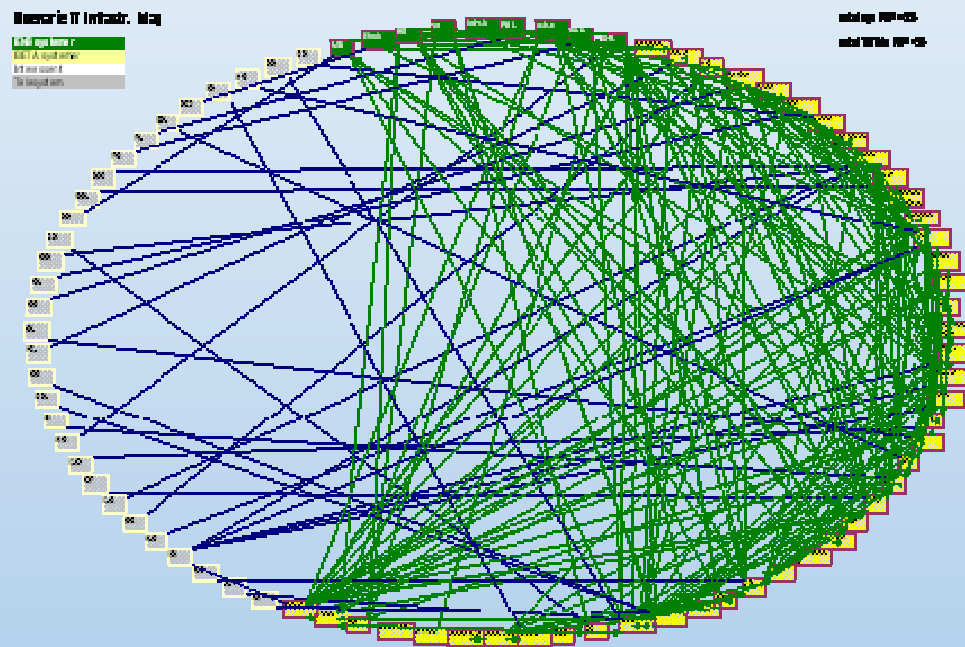
Source. Interview with Jesper Rønnow in BT, July 16 2015. <https://www.bt.dk/danmark/skandallesag-koster-statskassen-14-milliarder-skats-topchef-var-advaret-igen-og-ige>

Counterproductive bonus systems?

	2013	2014
Jesper Rønnow, head of agency	100,000	100,000
Erling Andersen, head of debt collection	95,000	35,000
Jan Topp Rasmussen, IT manager	75,000	55,000

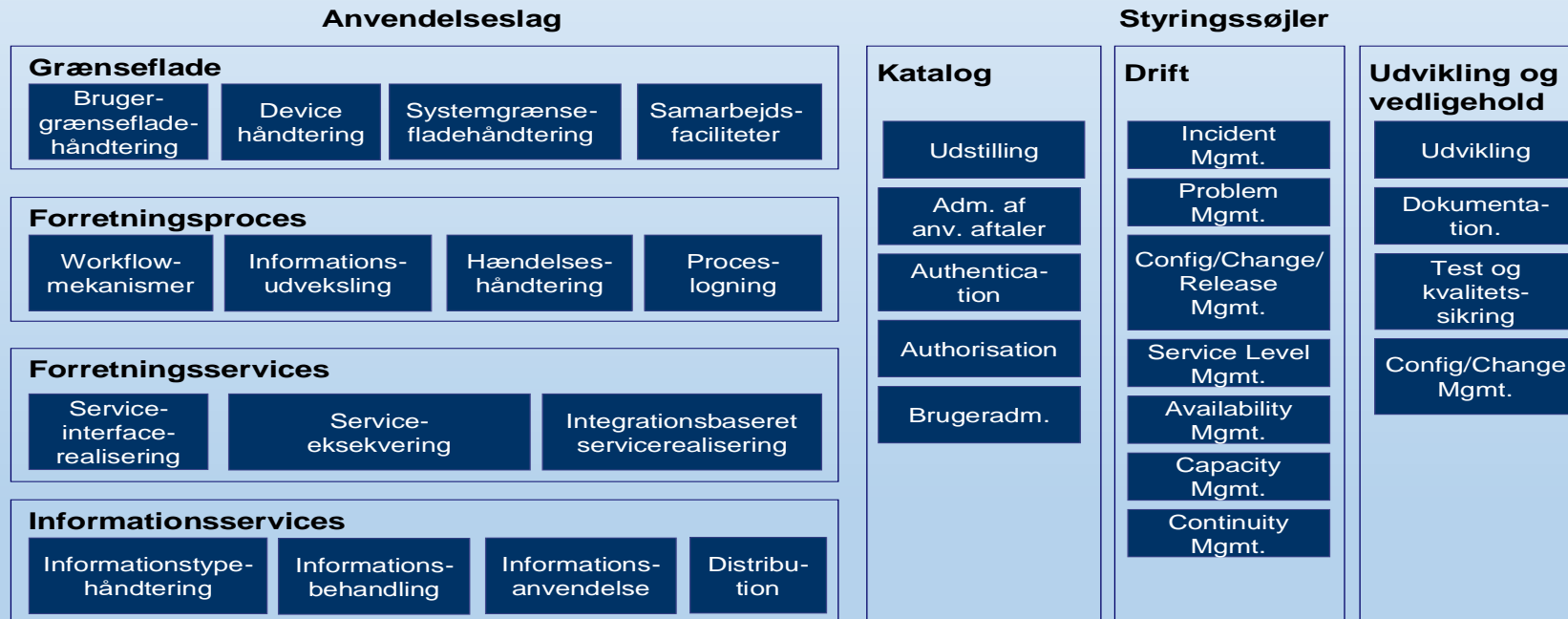
Big bang / star wars project

System (hard links) prior to EFI



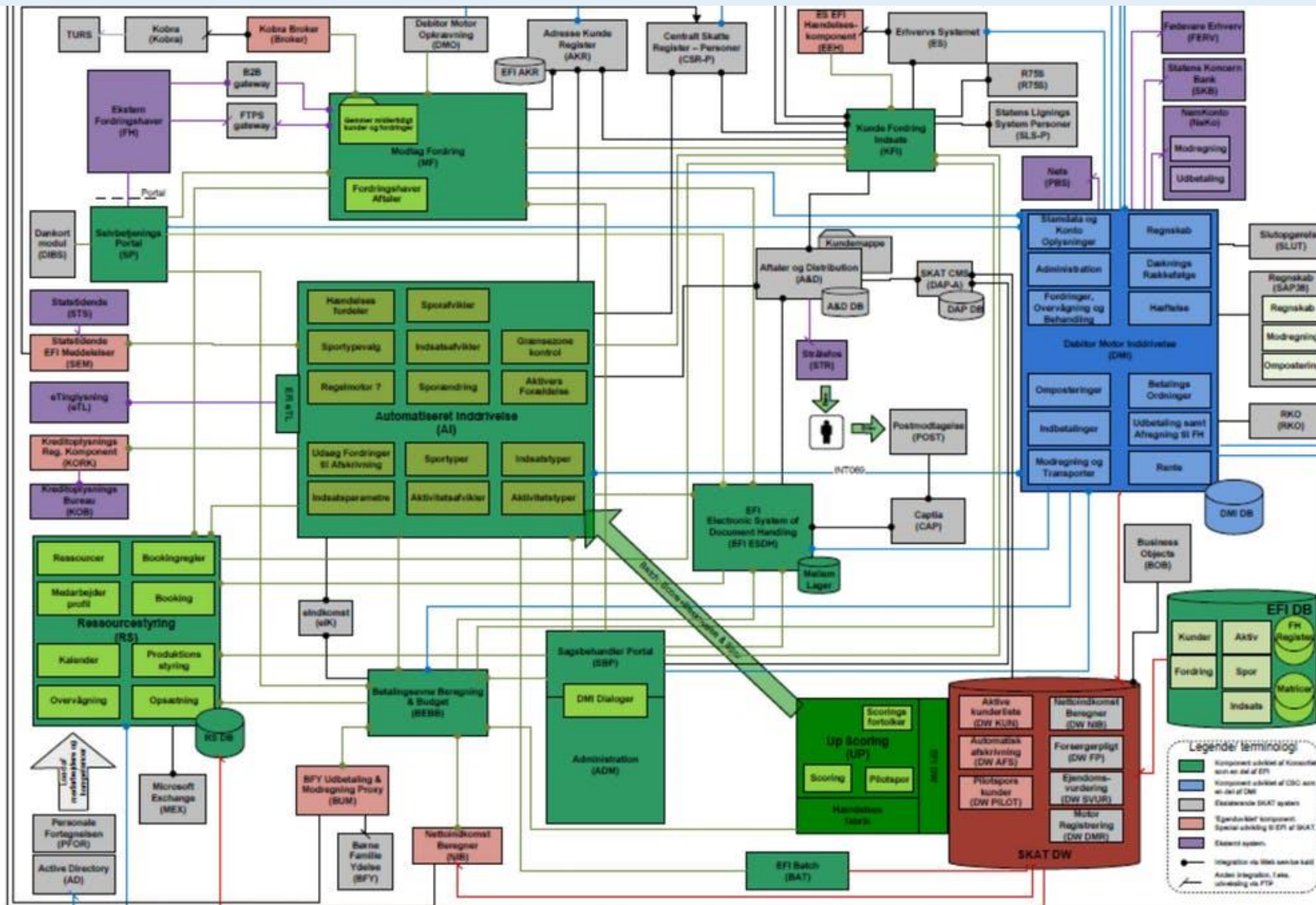
Figur 1 Integrationer mellem systemer i den eksisterende systemportefølje

Reference architecture



Figur 4 Referencemodellens arkitektoniske lag og søjler

System architecture



What happened at "system/ outside" level

- Political ambitions versus political realism
- Lack of ongoing political attention to take pro-active measure
- Legacy systems
- Recruitment (downsized / outsourced)
- Tendering process requirements

What happened at project level

1. Too many formal control mechanisms, too few informal mechanisms
2. Management lacking knowledge about the collection of debt
3. Vision owner not part of the organisation and shifting hats (eight different ministers during the EFI development)
4. The Tax administration had been frontrunners and a lot of merit/ image as being successful in delivering IT
5. Warning signals ignored
6. Nobody ever questioned that they will make it
7. Two companies involved in parallel development (CSC and KMD) – with very different approaches
8. Closure of existing channels before IT systems worked – stressing the organization
9. Star wars type of project (few people, if any, could understand what they were building, underestimation of the efforts it would take to fulfill requirement specifications)
10. Counterproductive bonus system for managers

QUESTIONS?