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CORPORATE BROCHURE

Collective
bargaining

Developing new IT systems is fraught with danger at the best of times; but as Alan Swaby learns, when you harness the power of 98 different customers, you become a force for change

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ot all are tainted, by any means, but in the UK a large number of IT projects for government departments or other public bodies are either long overdue, way over budget or both. As such, the sheer size of a commissioning agency is no guarantee of success—so it's no bad thing to take a look at how it is being done successfully in a different arena.

"In practice," says Thomas Christiansen, chief market officer for KOMBIT in Denmark, "it's not all that surprising. Few public organisations can either work quickly enough or have the necessary skills in house to get an IT system up and running in a commercially acceptable timescale."

It works in a way not dissimilar to the British PPP (public private partnerships) system in the sense that KOMBIT carries the risk associated with the development of any IT package and only once the system is up and running do the municipalities start to pay for it. However, before any development work starts, KOMBIT must sell the idea to a sufficient number of municipalities to justify starting the project. In this way, both parties have a degree of protection. The municipalities don't carry financial or performance risks but KOMBIT knows that having bankrolled its development, the IT system will have a sufficiently large number of users to make it profitable. "We focus on systems having the widest possible potential," says Christiansen. "This way we can pull together all the buying power of the municipalities and extract the maximum benefit for tax payers."

By employing a permanent body of 85 top IT professionals who can be supplemented by contract personnel with specific experience and knowledge of the territory involved, KOMBIT is able to draw up the specifications and parameters against which the country's largest suppliers can then bid.

But while KOMBIT works exclusively for the public sector, it does so very much wearing a private hat. "When dealing with public departments," says Christiansen, "the IT industry is occasionally guilty of complacency and has become notorious for slippages and cost overruns. There is a notion that suppliers can get away with almost anything and that bad service or performance will always be given

a second chance: after all, it's only public money, isn't it! We take quite an opposite view. Last year, after a number of warnings, we had to fire one contractor and settle for damages. Using our emergency bidding powers, we quickly found another contractor and had the job running six months later."

In fact, working quickly is a key element in KOMBIT's approach. "In general," says Christiansen, "large projects are often finitely developed over a two or three year period by which time technology could have changed if not the objectives of the system itself. We endeavour to have a version running within 12 months. It may need subsequent adjustment in version 2, but we find these short sprints are more effective than trying to get everything right in the first instance."

Part of the sprinting process is to have a palette of component parts that don't need to be developed from scratch every time. "An application form, for example," says Christiansen, "is something that occurs time and again. Bolting components together like this cuts the cost and time of development. We aim to standardise systems as much as possible and in so doing, increase compatibility between municipalities."

It might just also open the door to business from outside of the country. Already there is a regular stream of visitors to KOMBIT to see how it is negotiating the minefield of developing IT for public bodies. Not that KOMBIT has the time—even if its constitution allowed it—to take on similar roles outside Denmark. But it's happy to pass on its experience and way of doing things.

It's been a hectic two years for KOMBIT. The dual roles of building a new business while coping with far more work than originally anticipated has meant some late nights. Nor has it been easy juggling the differing priorities of private, municipal and state

KOMBIT should know. It has a unique role in Denmark—in fact Christiansen knows of no other similar organisation anywhere in the world. Its job is to act as intermediary between all of Denmark's 98 municipalities and commercial suppliers of IT systems. A somewhat similar role had previously been held by KMD, a company once owned by the municipalities but which had grown organically to the point it breached government regulations on the amount of

external business it was able to carry out.

You can't help thinking that in other countries the solution might have been to change the law but the vagaries of Danish legislation opened the door for KOMBIT and a different skew on how things should be done. "KMD had simply been too successful," says Christiansen, "so it was sold commercially with half the proceeds going back to the original municipal investors and the other half financing the creation of KOMBIT."

government inputs—all of which have a vested interest in how KOMBIT works and interrelates with its paymasters.

"It's true," says Christiansen, "that despite the many decades of experience in the IT world that the management team brought to KOMBIT, we still underestimated the amount and the nature of the work that would be needed to pull this type of business together. At first, there was some scepticism within municipalities, which had grown reliant on the previous relationship they'd had with KMD, as to whether or not we could fill its shoes. Now, though, with the experience of the past two years, municipalities are seeing the benefit of a more open and competitive situation and are more accepting of the move we're making from monopoly to open competition." www.kombit.dk BE