

# Surrey County Council redefines core processes to adapt to tighter budgets and steeper demands.

## Overview

### ■ Challenge

Surrey County Council had a 21st century vision of transformation from a traditional service-centric authority, to one with customers at its heart. But this would require broad procedural, cultural and infrastructure changes

### ■ Why become an On Demand Business?

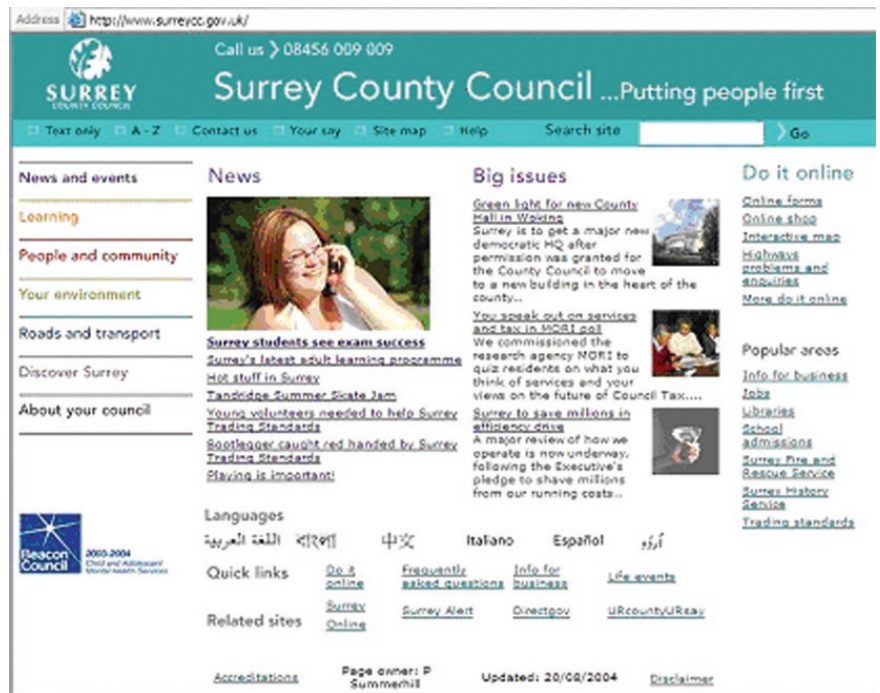
To achieve this transformation, the Council needed to redesign its key business processes, implement a standardised and more flexible solution and define a new funding model to support the transformation

### ■ Solution

The Council and IBM signed a 10 year business transformation partnership, which would help the Council realise savings by streamlining processes to enable reinvestment in front line services. It will use SAP to consolidate HR, payroll, finance and procurement on a flexible IBM-hosted infrastructure

### ■ Key benefits

- More than £50 million in operating cost reductions expected over the next 10 years
- Standardised processes drive major increases in productivity, allowing staff to spend more time on core tasks



The fifth largest council in the United Kingdom, Surrey County Council has an annual budget of £884 million and manages some 550 properties, including 420 schools.

Like many local authorities in the United Kingdom, Surrey County Council [www.surreycc.gov.uk](http://www.surreycc.gov.uk) faced an increasingly tumultuous operating environment. With funding pressures intensifying, the Council faced the challenge of meeting steadily rising expectations among its key target groups – citizens and the business community – both in terms of the quantity and quality of the services it provided. The Council was not only called upon to do more and do it better, but also to do it with a leaner budget.

*“Our initiative is about changing the way we do things to achieve long-term and sustainable savings. By doing this, we will be able to permanently release resources that until now have been tied up in support services and redirect them to much improved front line services.”*

– Paul Coen, Chief Executive, Surrey County Council

### On Demand Business Benefits

- The Council expects to reduce operating costs by more than £50 million over the next 10 years
- Standardised processes drive major increased in productivity, allowing staff to spend more time on core tasks
- Common, integrated Enterprise Resource Planning (ERP) platform enables the Council to optimise its workforce planning
- Employing managed infrastructure and application services enables the Council to respond rapidly to systems issues while minimising upfront expenditures
- Common shared services platform improves resiliency across the enterprise

*“Too much time of these highly qualified, highly trained specialists had been spent doing the wrong kind of tasks.”*

*– Debbie Ellis, Director of Customer and Staff Relations, Surrey County Council*

To adapt to these unfolding changes, the Council needed to become more flexible and efficient as an organisation, which in turn would make it more responsive to the evolving needs of its stakeholders. But with the Council's organisation and infrastructure growing more complex, such a transformation was much easier said than done. A collection of several departments whose responsibilities run the gamut from schools, libraries and childcare to waste and transportation services, the Council had grown incrementally to more than 24,000 employees, a budget of nearly £900 million and a served population of more than one million citizens. As each department developed its own systems and processes, the Council eventually became an inflexible patchwork of disparate systems supporting inefficient, non-standard processes. In cases where systems and processes were integrated, the use of non-standard integration techniques meant that as the Council grew, so did the complexity of its infrastructure – paralysing its ability to adapt. Over time, as citizens and businesses began clamouring for new and better services, the Council faced an increasing challenge to respond.

### The road to adaptability

Surrey County Council realised that to adapt to its more demanding environment, the first thing it needed to do was to re-orient its processes to make itself more responsive to citizens and businesses. To achieve this, the Council created a strategy known as “People First” under which business processes would be standardised and organised around citizens' needs – a stark contrast to the service-centred process silos that had developed up to that point. The goal was to create a seamless, streamlined user experience by redesigning processes and integrating them end-to-end. Conversely, the plan would also improve operational efficiency by providing staff with a single view of each citizen interacting with the Council. In an environment where 10 departments could view a case in 10 different ways, the People First initiative sought to eliminate the waste and inconvenience of departmental overlap. Even more important, the initiative would prevent cases from ‘falling through the cracks,’ a critically important goal given the Council's role as a provider of social services.

In addition to redesigned processes, the solution also required a common application platform on which to deploy them. Under the plan, the disparate platforms running across the enterprise would be replaced with a single shared-services infrastructure that would be leveraged by all units. By simplifying the Council's applications infrastructure, the plan would facilitate the end-to-end integration necessary to create a customer-centric experience. To define the

specific elements of its plan, the Council selected IBM Business Consulting Services on the basis of its track record in the area of complex business transformation. Working closely with Council staff, the IBM team focused on the realities that lay at the heart of its business problem – the need to do more with less, and the fact that its highly trained staff was its most important asset as an organisation. Combining these factors, the IBM team developed a two-pronged strategy. First, it would transform the most basic day-to-day processes – such as procurement, budgeting and reporting – to improve their efficiency. By lessening the burden posed by these non-core tasks, the Council could more efficiently capture the professional value of its staff, and deliver better performance and more value to its customers.

### **Optimising the workforce through more, and better, information**

While improving efficiency was the linchpin strategy, it was equally critical that the Council be able to measure these gains and feed them back into its long-term resource planning. But until that point, the Council's disjointed systems, and complete lack of an HR system, rendered it impossible to generate this dynamic view of its staff resources. To enable their long term resource planning, IBM recommended the deployment of an enterprisewide ERP system, specifying the mySAP Business Suite. Having laid out the broad outline of its plan, the team then focused on the specific elements of the solution that would need to be tailored to the Council's business requirements. First and most basic was the need to determine the best way to transform the tangle of department level practices into the right mix of standardised processes. To accomplish this, IBM conducted a series of workshops involving more than 200 Council staff members in which processes were mapped and redefined, from the bottom-up, based on best practices. Integration was another key challenge. While the Council's standardisation efforts would result in the decommissioning of many systems, a number of critical core systems would remain. In a manner similar to its business process evaluation, IBM worked with the Council's front line and technical staff to 'deconstruct' its applications infrastructure to identify these core legacy systems, and then integrate them into the new architecture.

### **Resources on demand, on a budget**

The final question related to infrastructure. While clearly rejecting the highly decentralised model that had prevailed, the Council boiled the choice down to building and managing a new centralised system internally versus outsourcing to IBM. Ultimately, the decision turned on the Council's desire to minimise costs

## **Key components**

### *Software*

- IBM Tivoli Storage Manager
- IBM DB2 Universal Database
- mySAP Enterprise Portal
- mySAP Business Intelligence
- mySAP Marketplace
- mySAP R/3 Enterprise

### *Servers*

- IBM @server pSeries
- IBM @server xSeries

### *Services*

- IBM Business Consulting Services - Strategy and Change Services
- IBM Global Services - e-business Hosting Services
- IBM Global Services - Application Management Services

*“IBM had done this level of re-engineering before. It had the track record we were looking for and the depth and flexibility as an organisation to get us there.”*

*– Debbie Ellis*

while enabling the speedy, flexible response to customer needs as they arise. "Whether we needed to bring new services to our customers or address ongoing requirements like upgrades, it was clear that we were going to need on demand access to IT resources to make it happen fast," says Debbie Ellis, Director of Customer and Staff Relations. "We knew we would struggle to marshal that level of expertise in-house, so we turned to IBM to put all the pieces together for us." To gain this flexibility, the Council chose IBM Global Services - e-business Hosting and IBM Global Services - Application Management Services to jointly host, manage and support the SAP solution, as well as to provide managed storage services on demand. Located in the IBM e-business Hosting Centre in Warwick, the solution runs on a cluster of @server xSeries and pSeries servers. IBM DB2 Universal Database performs storage for the SAP environment, while IBM Tivoli Storage Manager is used for backup and recovery.

By standardising its core systems and processes – HR, procurement, property and finance – the Council expects to achieve a quantum increase in the productivity of Council staff. By spending less time on non-core tasks like ordering supplies,

specialists can devote more of their time delivering value to the public – effectively doing more with less. This result is also seen in the Council's ability to respond to citizens' demand for new services faster and more cost-effectively. Service quality is also on the rise. In addition to efficiency improvements, cost reductions will also be driven by the Council's use of IBM hosted services, which sharply reduced the need for upfront capital expenditures as well as ongoing hardware and software support costs. All told, the Council expects to achieve cost savings of over £50 million over the next decade. "The efficiencies and cost savings unleashed by the solution make us better able to adapt to a more demanding, dynamic and budget constrained operating environment, as well as deliver more value to our stakeholders," says Debbie Ellis. "By helping us to fundamentally change the way we do business, IBM has proven to be an invaluable team mate."

#### **For more information**

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