



PERSPECTIVE

Survey: Public Sector Attitudes to Cloud and Shared Services in the Czech Republic

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IN THIS PERSPECTIVE

This perspective features an in-depth discussion on shared services in the Czech Republic. Two core IT services agencies, the Czech Post and the Treasury Services Center, are joining forces to launch a government-focused shared services center with ambitious long-term goals related to the harmonizing of IT systems, improved return on investment, and the potential impact on government agencies. It also includes a short survey of Czech government IT professionals, which examines attitudes toward cloud-based shared services and the degree to which they foresee their organizations adopting cloud-based services.

Share Services: Not Quite a New Form of Governance

While the consent of the governed is essential for representative democracy, it is not always required for an IT implementation. But it can help. To effectively launch an ambitious initiative such as a shared services center, knowing the hopes and fears of the professionals that it will most likely impact can go a long way toward ensuring not just buy-in, but enthusiasm for its products and services. Knowing the hopes and fears of potential clients is also useful for planning.

In the Czech Republic, two key government agencies are joining forces to develop a shared services center. The first is the Czech Post's IT services arm. Already an active player as a software and services provider in the government arena, Czech Post has a large team of developers and specialists able to deliver a wide range of applications and application-related services to public-sector entities. The second is the Treasury Services Center. Once part of the State Printing Office, the Treasury Services Center specializes in infrastructure and platform services. Though Czech Post and the Treasury Services Center have some overlap in their portfolios, for the most part, the two are solid complements.

(Finally) a Proactive Reaction to an Enduring Issue

The move to join the two is part of a larger strategy to rein in excessive government ICT spending. Though corruption is partially to blame, despite a few high-profile scandals, it is not the problem it used to be when it comes to public-sector IT budgets. More important is poor scrutiny of contracts, which often provide far more than what may be needed and can be riddled with hidden costs. Another problem is siloed planning and spending, which prevents the government from taking advantage of standardization and resulting economies of scale. A third issue is ownership and upgrades. Many of the larger contracts for Czech government entities restrict upgrades or changes to the IT provider, limiting the degree to which salaried developers can tinker with the machine.

Such issues can be addressed readily by a shared services center. By establishing clear processes for vendor and contract scrutiny and offering the same services available commercially at competitive price points, a state-owned center can reduce waste while ensuring a better solution fit. It can also contribute to greater standardization across government bodies. Of course, it is hard. The complexities of running a center that can provide a full range of IT services aimed at all layers of government are immense. This is one reason shared services in some countries focus on a

single solution (e.g., the ePUAP Web platform in Poland). As the center is developed, we can expect a few false starts as user feedback and first attempts are refined into best practices. That is to be expected and even welcomed, as it will lead to process refinement and higher-quality service.

Do Not Touch My Applications!

Government bodies are likely to lose some autonomy, especially if (or, more likely, when) center use is eventually mandated by policy. In the Czech Republic, public procurement law currently allows for a tender exemption within a government body. The Ministry of Finance can order IT products and services from the Treasury Services Center. The Ministry of the Interior can order from Czech Post, which falls under its jurisdiction. Agencies within the Ministry of Agriculture, however, cannot order directly from Czech Post. Rather, those agencies must post a public tender and Czech Post must bid on it just like any other IT supplier. Given that the shared services concept is still fairly fresh, it will take a while for policy to catch up. But it will, at some point. Assuming the political winds do not blow things too far off course, it is likely to start with a horizontal exception to procurement requirements, followed by incremental mandates of use, beginning with a core set of services.

This is where the hopes and fears of potential clients come in. Loss of autonomy can mean a lock-in to products that do not quite fit your needs. It can remove transparency related to security. Or it can end up costing far more than anyone expected. A true shared services center (as opposed to a centralized IT delivery team) should put customers first. It surveys them, interviews them, and collaborates with them to create service-level agreements (SLAs) and omnichannel contact points to ensure superior service.

Working with Triada, the organizers of ISSS (the leading conference for IT in the public sector in the Czech Republic), IDC has taken the first step. We have conducted a short survey of government IT professionals to assess their hopes and fears with regard to shared services. At some point, the center will need to adopt cloud-based solutions, as exceptional customer service, scalability, costs, standardization, and fast deployment are (or will be) core value propositions. Therefore, we framed the survey in terms of cloud, which also allowed us to include questions on the percentage of IT budgets directed toward cloud-based solutions.

Key findings:

- **Halfway there – in terms of attitude.** As far as a centralized resource center goes, 56% of survey respondents believe the central government should take an active role in delivering low-cost or no-cost services. The current plan for creating the Czech government shared services center includes a mandate that it provides solutions at the "lowest fair market price". How exactly this price will be determined is under debate, as naming the value of a customized or custom developed solution is extremely complicated, especially given the unique needs of many agencies. Nevertheless, the number is 3% higher than that given in the 2014 ISSS survey, which includes the same question, suggesting growing support for the idea.
- **Old habits will die hard.** Most government agencies have systems in place that are working well enough. They could be faster, have better interfaces, and expand the number of functions for back-office work and eservices delivery. This is why most agencies also have some sort of deployment and development schedule in place, if not an outright plan or strategy for transformation. Given that current systems and plans are still largely about traditional IT, it should come as little surprise that the main shared services or cloud-based services that appeal to Czech government users begin with infrastructure as a service (IaaS) and move up the stack to platform as a service (PaaS) and software as a service (SaaS), with training and education also being important.

- **But old habits will die.** Actually, they are already dying. According to the survey, around 17% of government IT spending is directed toward public or private-cloud based services. In the next 12-24 months, this number should jump to around 26%. Moreover, when it comes to using a government-owned shared services center, Czech government IT professionals have named cost reduction, faster implementation and modernization, and simplification of IT architectures as the top reasons for deploying cloud-based solutions – all of which reflect the primary gains one can expect from cloud. Moreover, these three reasons for using cloud reflect the top IT priorities of improving service to citizens, reducing costs, and aligning IT with organizational strategy.
- **Fear of mismatched solutions trumps security.** The top concern about using a government-owned firm delivering cloud-based shared services is being locked into a solution that does not fit the client's needs. The related area of slow service response ranked third. When considered together, these two concerns point to a more general legitimate concern, as vendor lock-in is an all too common occurrence for traditional IT as well. Security still ranked second, reflecting the common fear of cloud and the relinquishing some local control.

Survey Results

Methodology

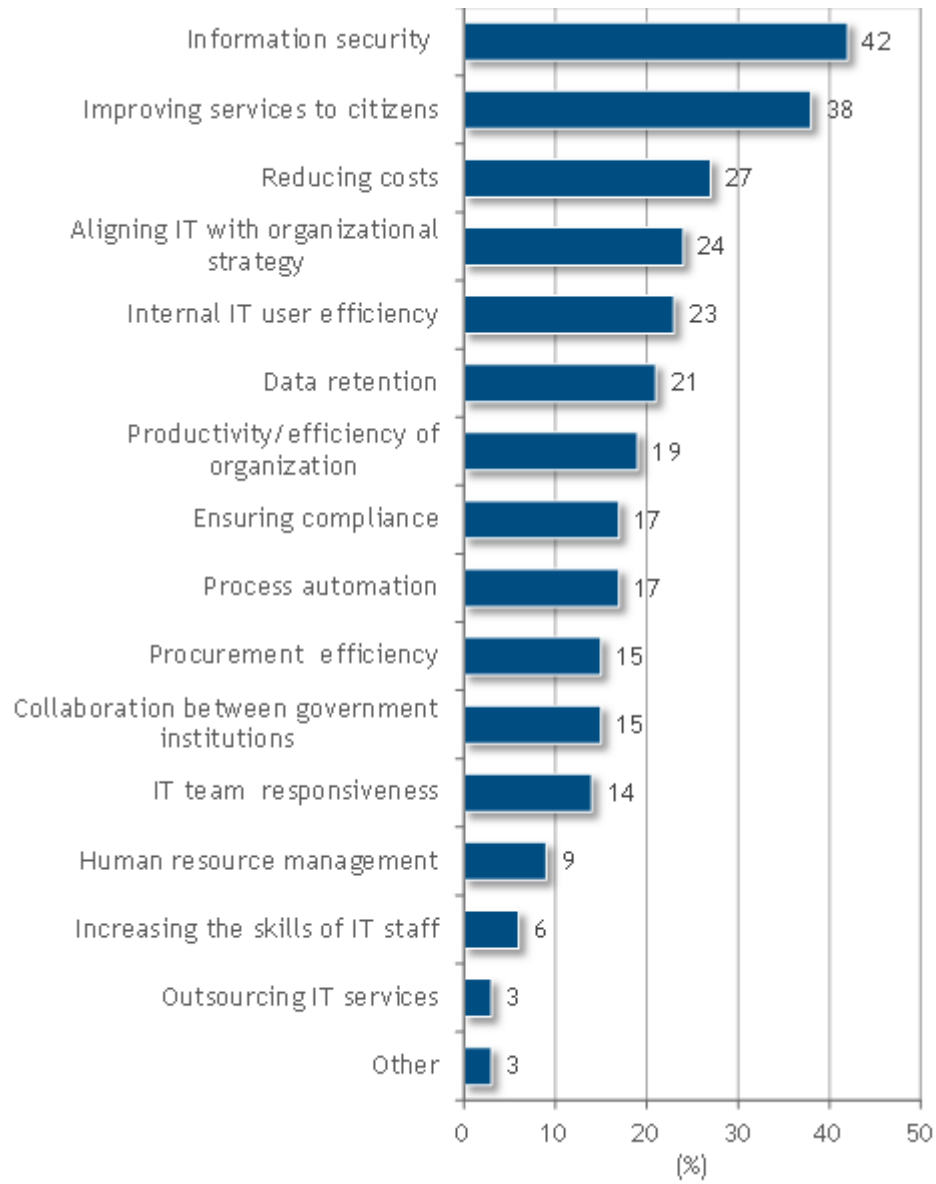
The survey was conducted online from March 30 through April 10, 2015. On behalf of Triada, organizers of the annual ISSS 2015 IT in government conference, IDC sent invitations to the 2015 event participants. The majority of the participants are IT professionals. Only those who completed the survey's eleven fixed-response questions were included. As a survey of the event's participants, it is highly representative. Of the 635 government workers contacted (more than 1,200 attended the event), 117 participated. Moreover, it is in line with anecdotal evidence gathered through meetings with Czech government IT professionals.

The results

FIGURE 1

IT Priorities for 2015

Q. What are the top three IT priorities within your organization for 2015?



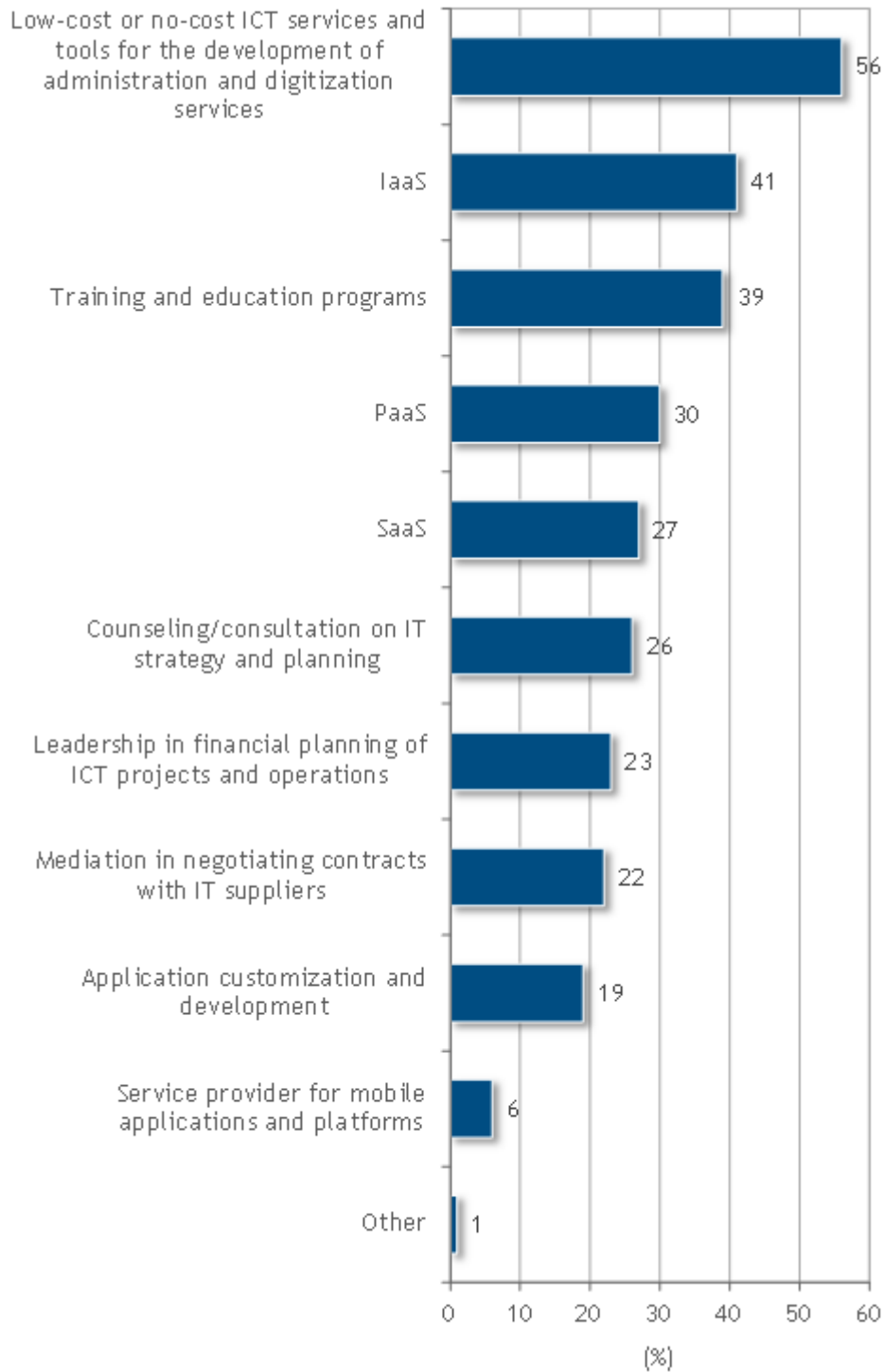
Notes: N = 117

Source: IDC, 2015

FIGURE 2

Government Role in Centralized IT Resources

Q. With regard to centralized IT resources, what role do you think the central government should take? Select the three most important.



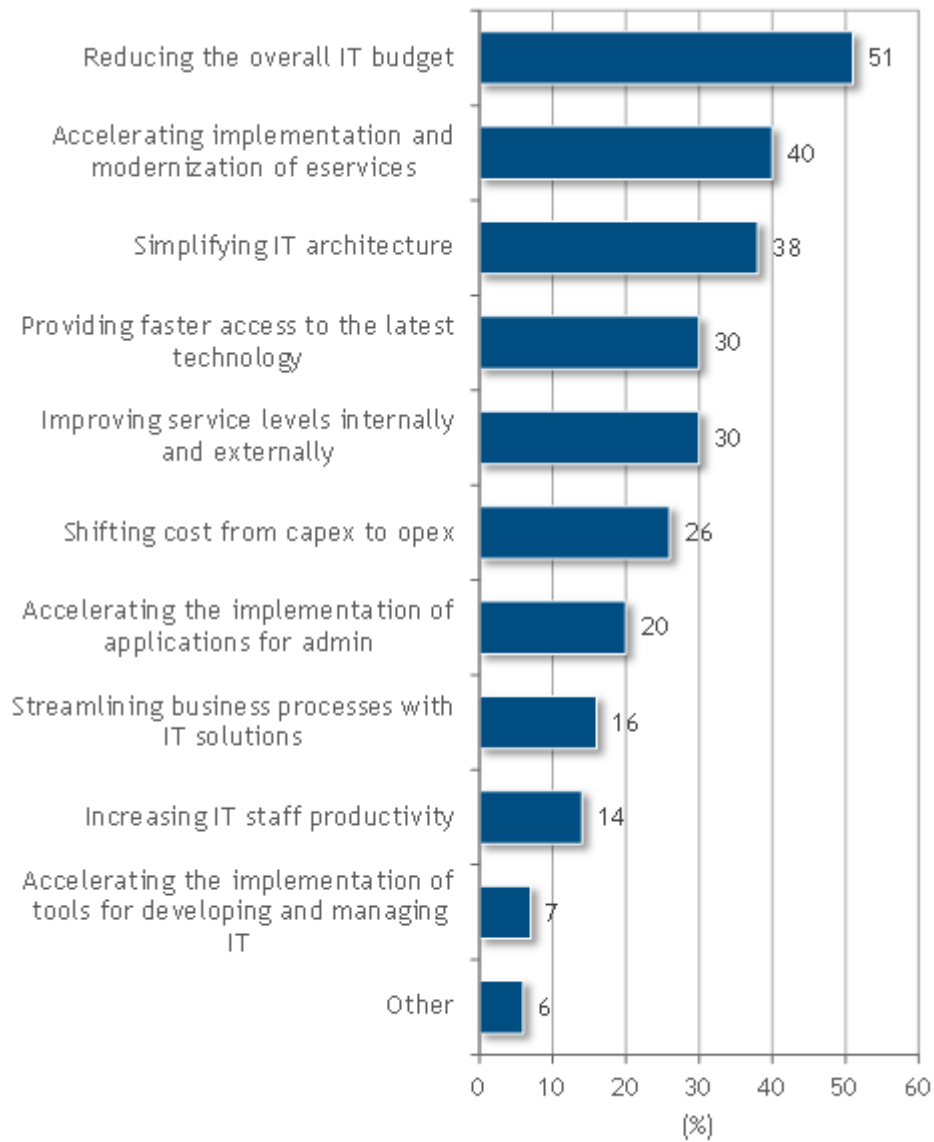
Notes: N = 117

Source: IDC, 2015

FIGURE 3

Primary Reasons for Moving to Cloud-Based Services

Q. *What would be your primary reasons for moving to public or private cloud-based services? Please select three.*



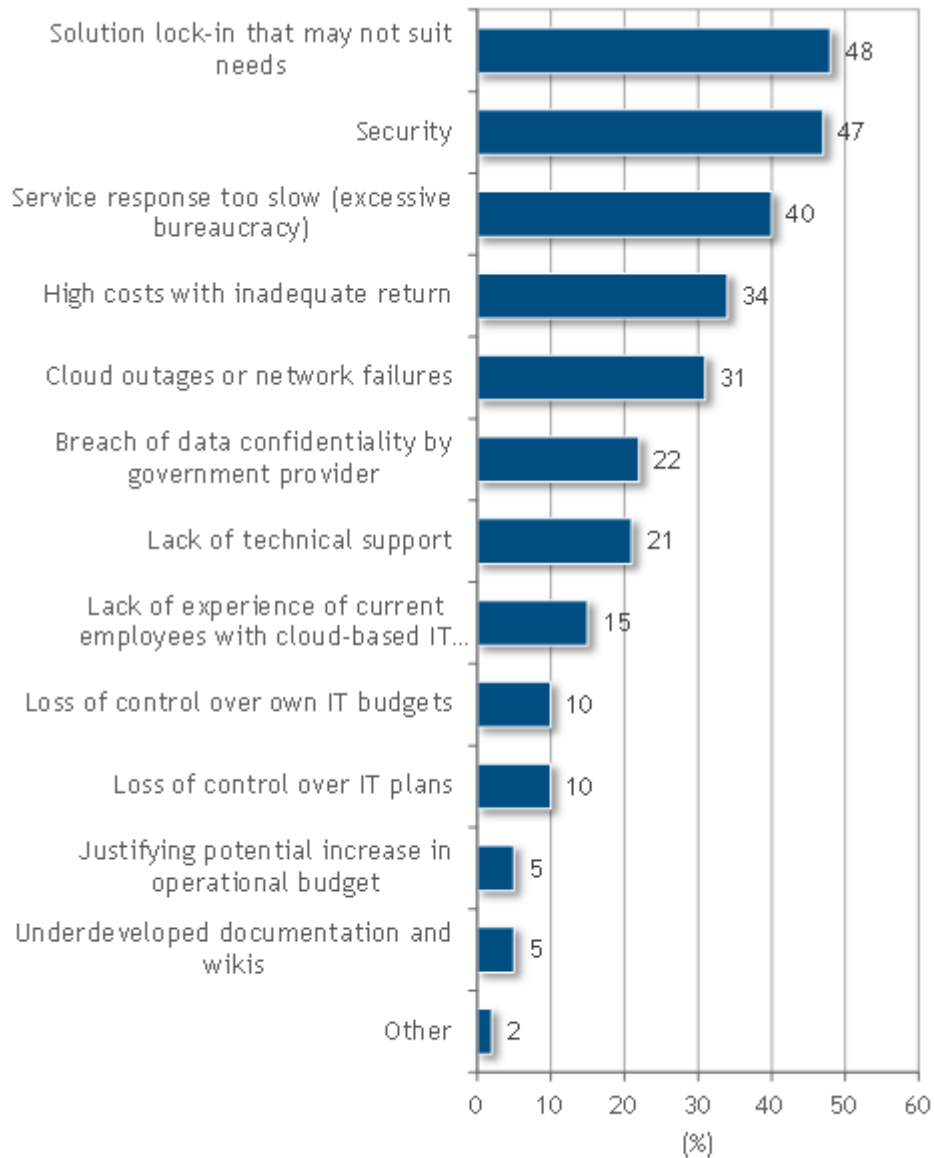
Notes: N = 117

Source: IDC, 2015

FIGURE 4

Main Fears Relating to Government-Run Private Cloud

Q. Thinking about government-run private cloud only, what are your main fears about using those services? Select three.



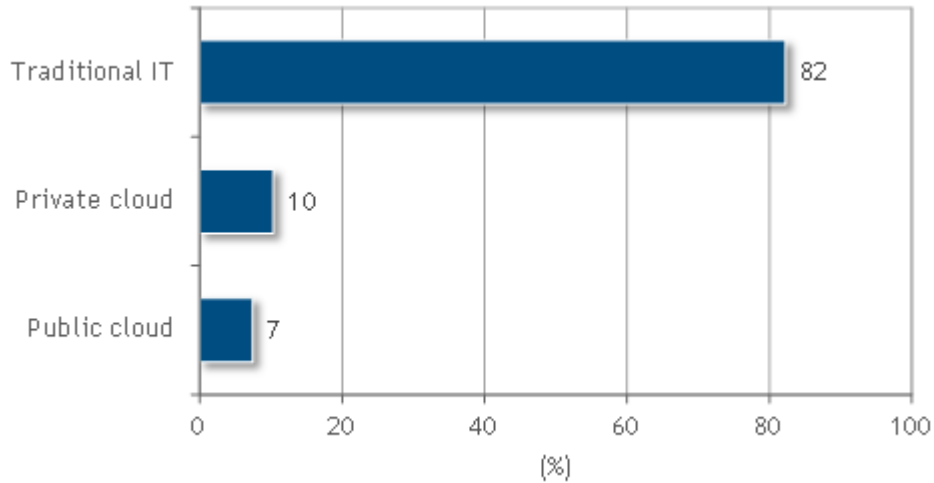
Notes: N = 117

Source: IDC, 2015

FIGURE 5

Percentage of Current Budget Estimated for IT

Q. Please estimate what percentage of your organization's current total annual IT budget (both CAPEX and OPEX) will be allocated to each of the following areas:

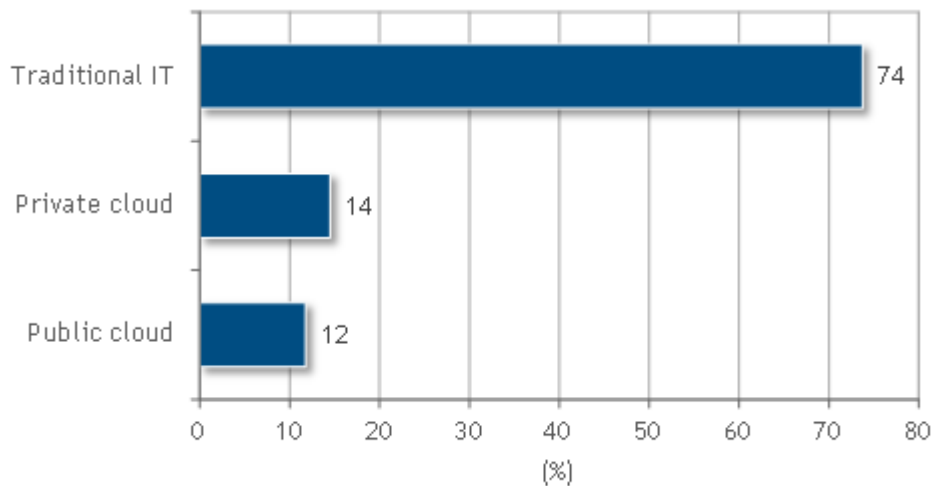


Notes: N = 117
Source: IDC, 2015

FIGURE 6

Percentage of Budget Estimated for IT in Next Two Years

Q. In the next 12-24 months, what percentage of your organization's total annual IT budget (including CAPEX and OPEX, server, storage, applications, middleware, networking, and services) will be allocated to each of the following areas?

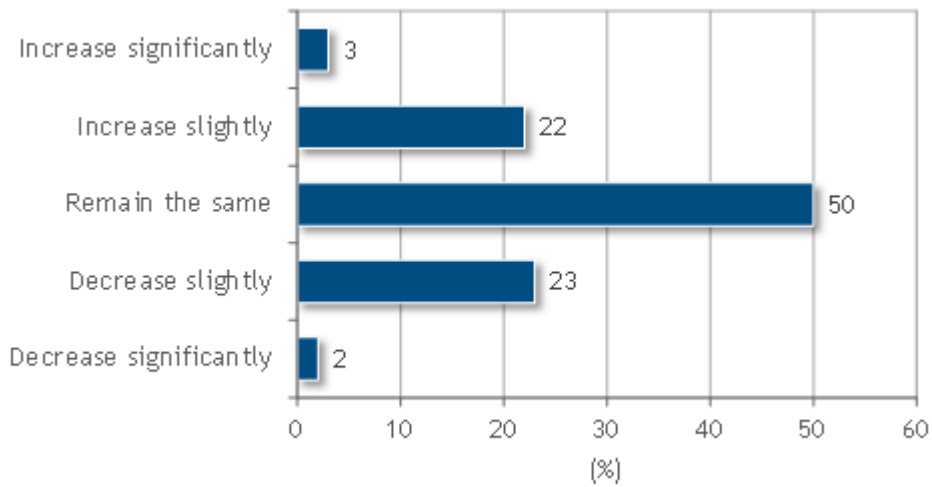


Notes: N = 117
Source: IDC, 2015

FIGURE 7

IT Budget Plans for 2015

Q. Compared with 2014, which of the following is likely to apply to your IT budget in 2015?



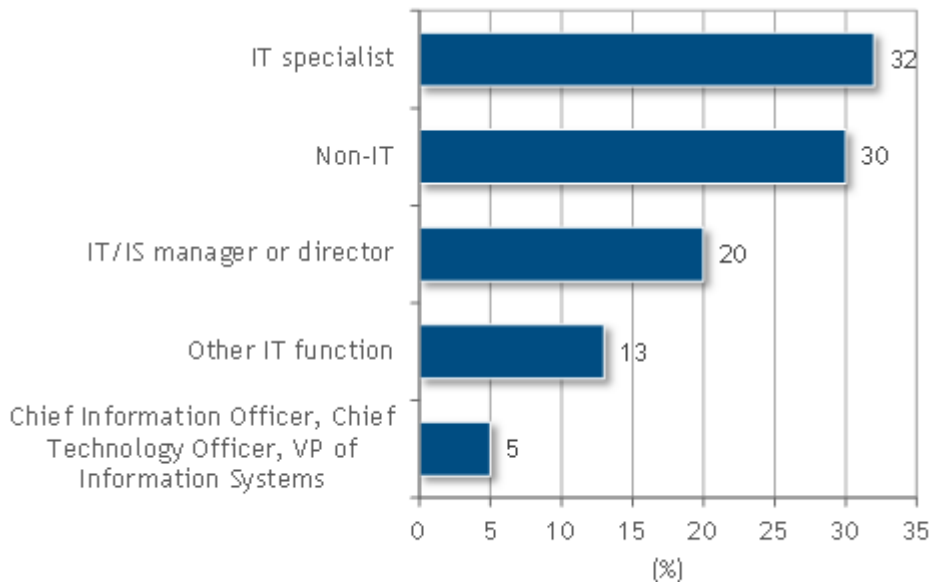
Notes: N = 117

Source: IDC, 2015

FIGURE 8

Position in the Organization

Q. Which of the following best describes your role?



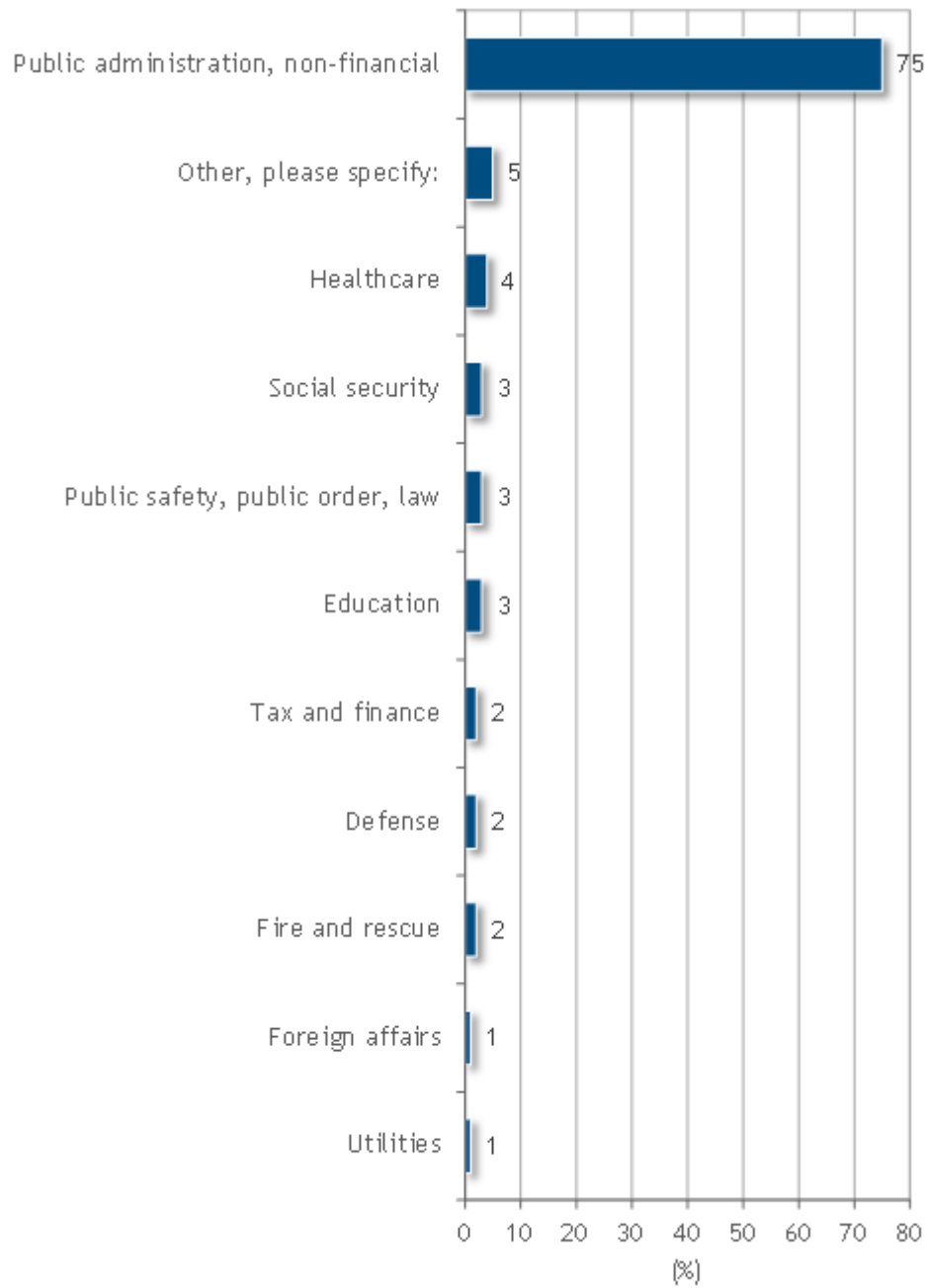
Notes: N = 117

Source: IDC, 2015

FIGURE 9

Sector of Key Activity

Q. What sector is most representative of your organization's principal activity?



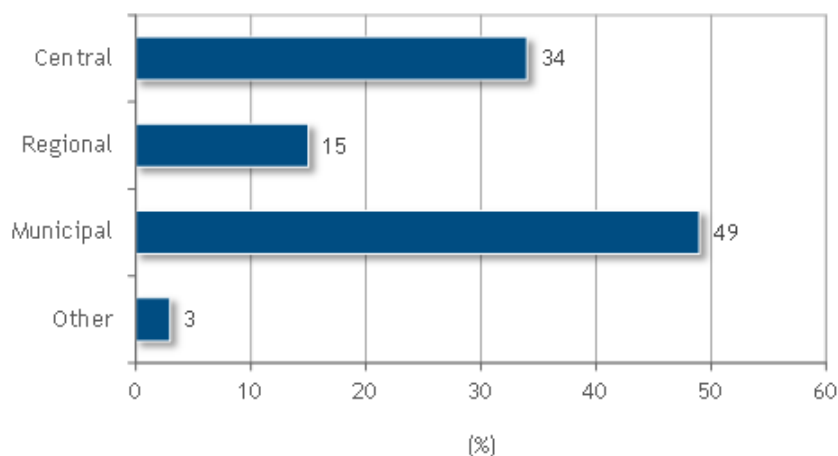
Notes: N = 117

Source: IDC, 2015

FIGURE 10

Government Level

Q. *At what level of government is your organization?*



Notes: N = 117

Source: IDC, 2015

Essential Guidance

The survey results suggest that the Czech Post and the Treasury Services Center need to package their value proposition to potential clients in a manner that clearly reflects their hopes and fears. While technical (and probably staffing) challenges will arise, the main challenge is likely to occur in term of user buy-in. IDC therefore suggests:

- **A broader and deeper survey.** To fully grasp how potential customers view the possibilities (and perhaps the imposition) of a shared services center, a greater sample size is needed and additional questions should be asked of both IT and non-IT professionals. Key question areas should address: what currently works, why things work, features and functions that make things work, what does not work, why it does not work, features and functions that are needed, the effectiveness of the solution, solutions that will be needed, and where the money goes. Such a survey would also serve as an important PR move in that it would demonstrate directly that the administrators of the new shared services center are interested in understanding the needs of their constituents.
- **Talking to people.** The center's owners need to seek out key IT and non-IT decision makers, influencers, project managers, and heavy IT users. Structured interview guides will allow for a more open discussion, and center representatives will be able to discover information, attitudes, ways of thinking, and issues unavailable through fixed-reply questions.
- **Making security and flexibility central to value propositions.** Although cloud-based services are increasingly considered as secure as, or more secure than, traditional IT systems, it is hard to shake old prejudices. There is also a legitimate fear of being forced to adopt a solution or being given a slightly tweaked solution that does not work but locks in an organization. In addition to ensuring that online and hardcopy collateral are exquisitely presented, the shared services center should also consider a roadshow that includes a mix of presentations and question-and-answer sessions with city, regional, and central government agencies. And it should launch a helpline explicitly dedicated to fielding questions before sales calls begin.

LEARN MORE

Related Research

- *Business Strategy: Weather Report: Clouds Are Forming Where Spending Is Low in the CEE Government Sector* (IDC #EGI09X, March 2015)
- *Cloud Vendors Request Changes to U.K. G-Cloud Store* (IDC #lcUK24649614, January 2014)
- *IDC MaturityScope: Citizen Experience* (IDC #GITS04X, April 2015)
- *Perspective: Western Europe – The 2015 Government Sector Outlook* (IDC #GITS51X, January 2015)

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