



Inland Revenue

## Business Transformation Programme

### Business Solution Blueprint – Technology Change and Operations

**Senior Responsible Owner:**

**Prepared by:**

**Date:**



## About this Document

This deliverable is part of the high level design for the Business Transformation Programme and describes:

- The definition of the future state Information, Communication and Technology (ICT) organisation and operating model
- The definition of the enabling processes required to support the New Services Platform (NSP)
- An enabling ICT sourcing strategy
- Service level and operating level agreements and the enabling contracts.

This deliverable will be an input to detailed design for the Technology and Enterprise Integration of the Business Transformation Programme.

## Document Control

<b>File Name and Path</b>	M:\CORP\11 Change\BT\PMO\03 Doc Repository\Design Phase 2015\T&AI\D010-HD BSB Tech Chng and Operations\D010-HD BSB - Technology Change Operations V1.00 FINAL - 20150828.docx
<b>Contact Person</b>	
<b>Status</b>	FINAL
<b>Template Version</b>	0.04
<b>BT UiD</b>	10825

## Document Review History

No	Date	Change Description	Contact
V0.10	03/04/2015	Initial content added to template	
V0.11	08/05/2015	Extra detail added	
V0.12	12/06/2015	Extra detail added	
V0.13	15/06/2015	Sections revamped to match model	
V0.14	15/06/2015	Multiple edits and content contributions	
-	-		
V0.20	22/06/2015		
V0.21	24/06/2015	Moved appendix to separate document	
V0.22	25/06/2015	Various edits from feedback and readability	
V0.23	25/06/2015	Various edits from feedback and readability	
V0.24	25/06/2015	Various edits from feedback and readability	
V0.26	26/06/2015	Feedback edits	
V0.27	29/06/2015	Various edits from feedback and readability	
V0.28	10/07/2015	Work stream QA review	
V0.29	15/07/2015	Revision of Executive Summary	
V0.30	17/07/2015	Wording check for initiatives, comments re Version 2	
V0.31	20/07/2015	Proof reading edits	
V0.95	22/07/2015	Incorporate feedback from F-DIF and IS-BOF review workshop.	



No	Date	Change Description	Contact
V0.95	22/07/2015	ESS Blueprint team review feedback	
V0.96	23/072015	Feedback from	
V0.97	03/08/2015	Feedback post 'endorse in principle from IS-BOF'	
V0.98	10/08/2015	Feedback from	
V1.00	28/08/2015	Feedback from the PMO noted. Final released to the Programme Director for formal approval	



## Document Signoff

Narrative describing what is being approved / endorsed.

Formal Review Area	Name	Signature	Date
Responsible person			
Accountable Person			
The following people have supported the development of this document:			
The following people and groups have been consulted:	IR CTO IS BOF BT Programme Foundation Design Integration Forum (FDIF)		
The following people and groups have been informed of the development and completion of this document.	DIF Organisation Design Council BT PMO		



---

## 1 Executive Summary

IR for the Future (IR4TF) will require a significant enhancement to IR digital channel and intelligence capabilities to enable the customer to engage using a channel of their choice in the easiest way possible.

While the current Information and Communications Technology (ICT) systems and teams have served IR /well for the past 25 years, the needs of IR's stakeholders have changed and IR has built a compelling case for change that will deliver substantial benefits.

It is important that we adopt modern technologies and work practices to deliver the future capabilities. However, we must also preserve the current systems and capabilities whilst they are required, proactively manage co-existence with the new systems and manage our change risk.

To address the adoption required above a new ICT Target Operating Model, based on the COBIT framework, will be implemented. Also developed as part of this document is a new ICT sourcing strategy, together with a decision framework, that will identify how ICT will apply the required capabilities of the new model.

ICT's current Change, Improve, Run model places focus on building and running bespoke mainframe solutions. This sees heavy reliance on internal delivery for application development and operations.

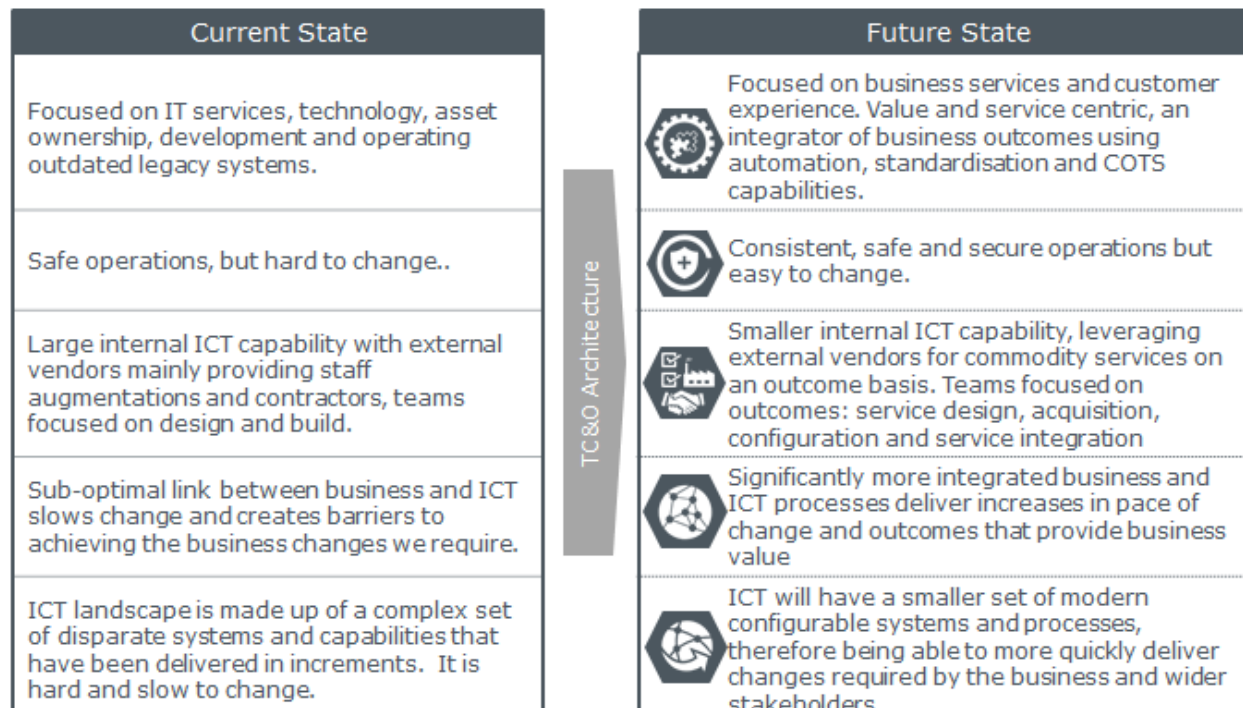
The new ICT operating model is focussed on how ICT serves their customers (internal and external) and will be based on core capabilities of 'Advise and Plan', 'Design and Acquire', and 'Operate' and underpinned by 'Shared Capabilities'.

This operating model, along with the new sourcing strategy and decision framework (see Section **Error! Reference source not found.**), will see focus shift to keeping strategy, governance, design and service/vendor management provided by IR resources. It will also provide a framework to identify candidates for those commodity services that can be more readily provided by a well-managed vendor community, subject to these services being fit for purpose, cost effectively and able to be provided in a timely manner.

As the New Zealand Government's primary source of income, tax and entitlements, services must not be disrupted by this transition from current to future processes and systems.



The following shows the transition of how we manage our ICT environment.



This Blueprint defines a new ICT Target Operating Model and capabilities that will deliver the future state.

### 1.1 TC&O Blueprint Context and Work plan

The TC&O Blueprint is being developed in two phases:

Version 1.0 (July 2015) - Defines the end state ICT Target Operating Model and required ICT capabilities (**this Blueprint version**).

Version 2.0 (December 2015) – Will define the interim states through BT Stages 1-4, the ICT capability uplifts and key initiatives to implement the ICT Target Operating Model and the organisation functional design.

The ICT Target Operating Model and capabilities defined in this Blueprint have taken input from a number of sources to ensure alignment with other areas in IR, addresses current issues (where appropriate), uses best practice, has relevance to IR and is future focused. The inputs include:

- BT documents - including IR TOM, business case, other Blueprints and Key Design Decisions
- ICT Strategy and previous ICT assessments - ICT Strategic Plan and assessments of capability, processes, maturity and requirements
- Current state ICT Operating Model and pain points
- Industry frameworks and best practice – detailed review and assessment of ICT frameworks and best practice to adopt the most appropriate and relevant to IR. Apply the frameworks to ensure alignment and coverage of the end to end ICT Target Operating Model.



The diagram below shows the case for change, inputs used and how they were collated.

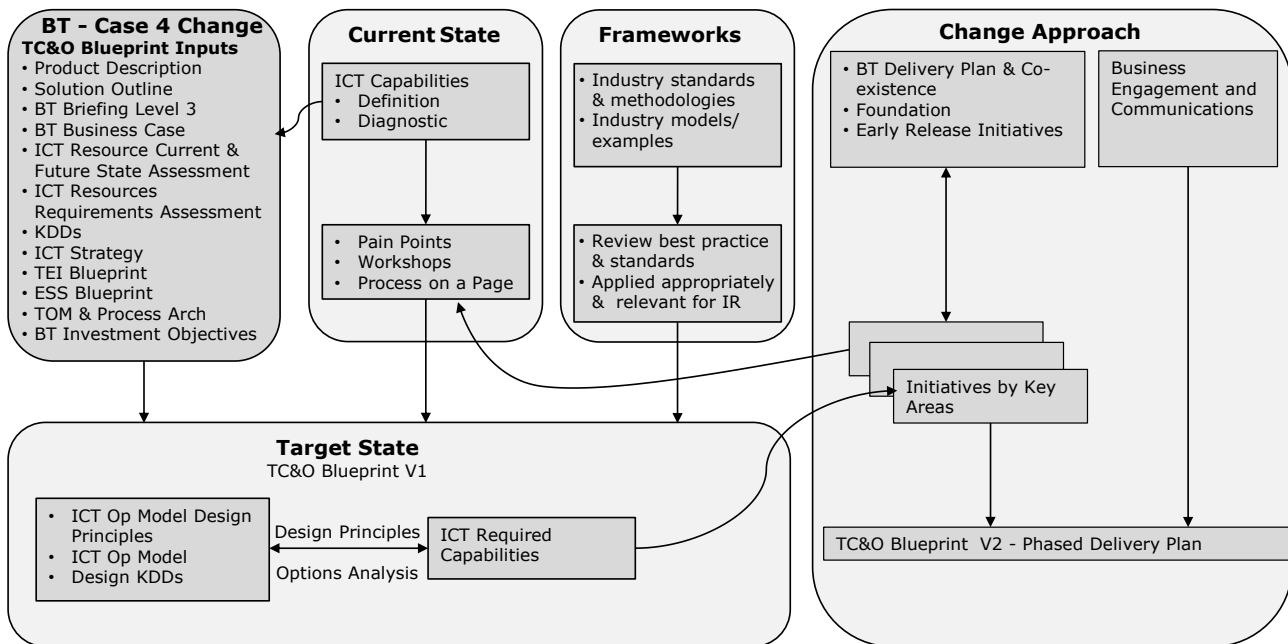


Figure 1 – TC&O Blueprint context and work plan

## 1.2 New ICT Target Operating Model Objectives

### Customer experienced focused with seamless business and ICT capability

- IR for the future will be “digital first” and “intelligence-led”, both of which will be enabled to a large extent by ICT capability. The ICT Target Operating Model will ensure ICT is an active partner in business service design and strategy.
- Customer engagement is a key focus of the new ICT Operating Model. The Business Transformation Customer Engagement value chains help drive the design of the ICT Target Operating Model. At every stage in the customer engagement lifecycle the ICT Target Operating Model has interlocking services that will supply the right capability at the right time.
- The ICT Target Operating Model will provide an integrated approach to planning and change processes, allowing cross-business teams to collaborate on customer centric outcomes without compromising the need for safe and secure ICT operations.

### Consistent, safe and secure operations

- IR provides most of the revenue that government needs to fund its programmes. In addition IR collects and distributes social support programme payments enabling people to participate in society and provides the government with policy advice.
- The ICT Target Operating Model, organisation and New Service Platform will improve IR’s consistent, safe and secure delivery of ICT operations to ensure IR’s critical services are available and able to be changed when required.



- IR's critical services will not be adversely affected by the delivery of new capability and the transition from heritage.

### **End-to-End (E2E) business outcome focused ICT**

- ICT will be more business outcome focused through its culture, processes and systems. Measures of performance and success will be business-aligned and both ICT and the business will share a common understanding of the required outcomes that deliver value to our customers and stakeholders.
- ICT will engage and integrate with key business strategy, planning and investment processes to ensure upfront alignment and understanding. ICT will be IR's internal solution integrator for creating new ICT capability to deliver agreed business outcomes.

### **Delivering better ICT, faster**

- ICT is central to achieving the IR goal of a faster, more agile organisation. In order to deliver faster change we are simplifying the ICT landscape, improving our integration capabilities, consolidating applications where appropriate and designing new working practices.
- The technology and applications that make up the new core ICT platform will be capable of being configured and changed quickly and the ICT Target Operating Model will ensure IR effectively and efficiently leverages that capability.
- To capture the value of digital technology, an innovative service design and delivery approach will be adopted. In addition to the traditional "waterfall" delivery method, a more agile, iterative method will be used to deliver faster, more flexible ICT capability.

## **1.3 Key changes to the ICT Operating Model**

### **A multi-modal operating model**

IR ICT must be able to operate in a more complex environment due to Business Transformation with the following objectives:

1. a continuing requirement to operate the existing systems without failure or service degradation until they are no longer required
2. a requirement to implement the New Services Platform (NSP), using new iterative design methodologies and operate it at the required levels of service from day one for Core Stage 1
3. a requirement to ensure the co-existence of the current (Heritage) and the new systems during the transition between them, and
4. a requirement to implement foundational capabilities, new digital platforms and the associated people / process changes to deliver on IR's digital-first future vision.

The ICT Target Operating Model will have an enhanced ability to deliver different speeds of change dependent on the systems and risk profile involved in the change.

This will be done through "method adaptation" where pre-defined, different length paths for each mode of operation are chosen through the Solution Delivery Life Cycle (SDLC) and ICT





governance frameworks at the time of project initiation. This proven model (Information redacted) of multi-modal operation will be elaborated in Version 2 of this blueprint.

This change is key to delivering both the "Delivering better ICT, faster" and "Consistent, safe and secure operations" ICT Target Operating Model objectives.

### **Manage outcomes and integrate services**

ICT will manage service outcomes, with heavy preference towards aggregation and integration of services rather than building and operating IT components.

### **Clear alignment to international best practice ICT and Project Management frameworks**

[Information redacted]

*KDD#227 Recognition and adoption of global methodologies in IR - [Information redacted] as a reference framework*

The KDD has been endorsed by IS-BOF (19/06/15) and TADC (10/07/15) for IR's adoption of [Information redacted] as a reference framework for end to end best practice ICT Operating Model for IR.

*KDD#258 Recognition and adoption of global methodologies in IR.*

The KDD has been endorsed by F-DIF (14/07/15) and IS-BOF (31/07/15) for IR's adoption of key global methodologies as reference frameworks for the establishment of IR's ICT TOM. These are to guide IT service management, project management and security to visibly sanction their widespread use and to more quickly deliver a detailed, durable, end-to-end best practice ICT Operating Model for IR.

This change is key to achieving and continuing the "Delivering better ICT, faster", "E2E business outcome focused ICT" and "Seamless business and ICT capability" ICT Target Operating Model objectives.

### **Significant proactive engagement in business strategy and planning processes**

By acknowledging the need to align the IR ICT Target Operating Model with international frameworks, a subsequent impact is the increased amount of business and IT engagement they require. [Information redacted] specifically calls out the necessity for significant levels of ICT engagement in the business strategy and financial planning processes. The point of these engagements in the formative business processes is:

- To understand clearly the business outcomes and ensure ICT performance measures align with targeted benefits
- To ensure that ICT innovation and technology advances are leveraged into strategy and business planning so as to make best use of those opportunities



- To provide insight into the impacts on ICT of certain strategy and financial planning ideas before they are committed to.

This increased level of collaboration will need to be discussed and agreed with the relevant IR Stakeholders to agree the approach, engagement points and processes. This will be completed within Version 2 of this Blueprint.

### **Implementation of a new ICT Sourcing Strategy**

The ICT sourcing model supports the ICT Target Operating Model by providing the strategy for obtaining the required ICT capabilities.

- Inland Revenue's ICT strategy has the overarching principle that IR will obtain required capabilities on the basis of rent or buy before build.
- Further, ICT technology and associated services will be sourced on an "as-a-service" basis from external providers as the preferred sourcing approach where the services are fit for purpose, cost effective, of the required maturity, supported by suitable SLA's, and have the governance and design authority services to ensure that they meet stakeholder requirements.
- The strategy for sourcing external capability will move to a preferred model where ICT services are contracted on an outcome basis, rather than Inland Revenue buying service inputs and acting as an aggregator of external and internal inputs.

When considering the sourcing strategy, maintaining Inland Revenue's core IP and knowledge is a key determining factor in determining which capabilities should be retained internally and which could be sourced externally.

Inland Revenue's strategy, as defined in ICT Strategy & Roadmaps (2014), is to only retain capabilities that have knowledge (intellectual property) that is important or unique to Inland Revenue.

### **1.4 Immediate action**

With the ICT Target Operating Model now defined and an understanding of the current state, pain points and required future features known, IR will establish capability that will enable the new ICT Target Operating Model across three areas:

- **Evolve the BT Method** to create our required Design and Acquire capabilities
  - With support from FAST, IR will define an end-to-end agile delivery capability
  - IR will ensure the BT Method and supporting capabilities enable Multi-Modal delivery and the capabilities to manage system integration across both the BT Programme and Heritage areas
  - IR will define the complete suite of processes, roles and responsibilities and required tooling and support the required change management and training needs
  - This activity will be owned by BT in consultation with the impacted pan IR teams and delivered to support the programmes critical path
- **Initiate the NSP Operate detailed design** phase in parallel and in conjunction with the TC&O Blueprint Version 2 work



- Within the next six months IR will define, acquire and have ready non-production environments for the CORE Stage 1 programme
  - The NSP Operate function will be capable of supporting "Service Transition" activities in 2016 and production support for Core Stage 1 targets at their go-live date
  - A detailed design phase will produce the capability creation plan for people, processes and tools and will deliver a detailed implementation plan
  - This work will occur between August-November 2015 and will be managed by the NSP Director.
- **Complete the TC&O Blueprint Version 2** scope which includes the interim organisational deployment of the ICT functions to enable the four release Stages of transformation
    - Align with the ESS Blueprint - A number of the capability improvements cannot be turned into initiatives without engagement and support within the ESS Blueprint team
      - Examples include Finance and HR capability uplift. Engagement and agreement with the ESS team on how to progress will be required and should be managed as part of the V2 scope
    - Align with the Organisation Design Stream - These activities will need to occur in alignment with the Organisation Design approach and will be led by the TC&O Blueprint business owner
    - This work will occur between August-December 2015 and will be managed by the NSP Director.

The timing noted for the implementation of these initiatives recognises that some are essential foundation enabling capabilities required to support the NSP.

The next version of this Blueprint will bring more detail to the capability initiatives, implementation plan, interim states and interim ICT functional deployment.

