

Transformation Programme Enables Next Step in HMRC's IT Strategy

HM Revenue & Customs IT services contract with Capgemini is simplifying the technology estate, delivering a virtualised infrastructure service and reducing its carbon footprint

The Situation

HM Revenue & Customs (HMRC) IT infrastructure originally supported the separate Inland Revenue and HM Customs & Excise organisations. When the departments merged to become HMRC, joining up the IT helped the new department operate in a unified way. But stabilising the old technology, managing interdependencies, and adding new systems to this already complex environment meant overall IT expenditure increased. Capgemini is now working with HMRC to simplify the IT estate to contribute to their overall operational cost reduction target.

The Solution

HMRC and Capgemini revised the Aspire IT services contract in October 2009, enabling an IT transformation programme which is paid for by re-cycling savings delivered before March 2011.

This transformation includes projects to decommission, resize and standardise infrastructure and applications, and a new standardised virtualised infrastructure service.

The Result

The transformation is delivering the Aspire contract savings commitment of £110 million a year from 2011/12. Over 11,000 desktop PCs, 60 applications and 1,500 servers are being removed and a virtualised infrastructure has been introduced, simplifying HMRC's IT and reducing carbon footprint. This standardisation creates the foundation for HMRC's strategy to move around 600 Core applications onto just 13 strategic machines.

How HMRC and Capgemini Work Together

Capgemini is HMRC's IT partner delivering technology that underpins payments and tax and duties which fund the UK. Services are delivered through the Aspire contract which has built-in cost reduction and output-based pricing focused on business value. It was created for the Inland Revenue in 2004, and then expanded to deliver more services to more customers following merger with HM Customs and Excise making HMRC's IT infrastructure one of the biggest in the UK.

HMRC, working with Capgemini, joined up the legacy systems, added new systems such as tax portals, and made improvements, such as giving all staff the same finance, HR and desktop services. While economies of scale and standardised service management reduced unit costs, this did not address fundamental complexities and overall expenditure increased.

To address this HMRC and Capgemini reviewed current IT and business requirements and how to pay for change projects to reduce running costs. As a result the Aspire contract was revised to enable Capgemini to make up-front investment in a 300-strong transformation team, and commit to deliver lower running costs from 2011/12. This solution funds the decommissioning and transformation by reinvesting initial cost savings back into the programme.

Programme delivery is a collaboration with HMRC's IT management, Capgemini's Aspire partners, particularly core infrastructure partner Fujitsu, and the business owners of IT earmarked for decommissioning. Capgemini is delivering the transformation, removing hardware and software, handling linkages with other systems, transferring data to other existing or new IT systems, and introducing more efficient processes and tools. Fujitsu implemented a new virtualised infrastructure shared service supported by a central service

management organisation. Virtual servers on a common platform enable service charges by usage for hardware, operating system, and (optional) application superstructure software; and for processing power and memory.

Around 70% of the savings projects were identified before the contract was signed and Capgemini took the bold decision to underwrite the remaining savings, believing that there were additional opportunities to drive down costs. They launched a suggestion scheme for users and IT staff

to propose changes based on intimate knowledge of systems that were initially out of scope because they supported critical functions. The new ideas were instrumental in initiating projects to deliver savings which range from £20k to £1m a year.

The transformation programme enables the next step in HMRC's IT strategy to simplify the estate around 13 key application machines and streamlined operations. A roadmap is being designed to optimise and consolidate assets over the next 3-5 years.



About Capgemini and the Collaborative Business Experience™

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30

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countries, Capgemini reported 2009 global revenues of EUR 8.4 billion and employs over 100,000 people worldwide.

Capgemini Outsourcing Services (OS) draws on the expertise of more than 28,000 employees to manage, innovate and improve the IT systems and business processes of its clients. Capgemini OS offers a full spectrum of services including Applications Outsourcing, Infrastructure Outsourcing, Business Process Outsourcing and Transformational Outsourcing.

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Approved by
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In collaboration with



HM Revenue & Customs (HMRC) is the UK's tax agency, collecting £435 billion in 2009/10 and making payments to over 6 million families. The scale of HMRC's work requires IT which is as large and complex as many of today's global companies with worldwide operations.

Capgemini is HMRC's IT services partner and prime contractor for the Aspire contract, delivering services and managing a collaboration of major IT providers, including core subcontractors and Ecosystem partners. Capgemini runs the IT that underpins HMRC's operations and delivers projects to build the new IT that supports new legislation and improves efficiency and customer service.