

# Implementation of a System and Service Integration Model at HMRC

**Supporting the  
introduction of  
competition and  
reducing the risk in  
moving to a multi-  
vendor estate**

## **The Situation**

HM Revenue & Customs (HMRC) was created through merger of the Inland Revenue and HM Customs & Excise, creating one of the largest IT infrastructures in the country. Since 2004, Capgemini has worked with HMRC to deliver the majority of their IT through the Aspire contract, which is a collaboration of major providers and an Ecosystem of around 450 partners.

HMRC reviewed their IT sourcing strategy and decided that they wanted to introduce a multi-vendor sourcing model. This was to support the re-procurement of their main IT supplier in 2017, the Government's austerity spending targets and their requirements for the introduction of both SMEs (Small and Medium Enterprises) and smaller, more flexible contracts. This enables the introduction of competition, shorter length contracts, use of more commodity services as well as the introduction of innovation through SMEs. This approach has led to the requirement for a System and Service Integrator (SSI) to integrate and orchestrate these new vendors into their current IT estate and provide a joined up IT service for their business.

## The Solution

In 2012, HMRC and Capgemini opened this contract to enable competition, supporting austerity spending targets and government requirements for smaller, more flexible contracts. HMRC also wanted to reduce the risk for IT re-procurement by 2017 in line with the Government ICT Strategy by introducing a 3rd generation multi-sourced integrator (MSI) model within the current contract. This would de-risk the introduction of new suppliers onto the estate, help shape HMRC's long term IT sourcing approach by establishing a multi-vendor estate and also enable the preparation and restructuring of their IT organization to support this new way of operating.

## The Results

Under the current Aspire contract, Capgemini has divided services into a 'client side' System and Service Integrator, and delivery towers with governance and ethical walls to demonstrate independence, supporting HMRC to contract directly with vendors for services across the estate.

The implementation is being carried out in phases, initially focusing on providing the services to support competition. Competition and the introduction of new suppliers enabled HMRC to take advantage of G-Cloud procurement using SMEs directly, in addition to procurement through the Aspire Ecosystem. This is helping HMRC to work closely with Cabinet Office, supporting their objective for Government to spend 25% of their ICT budget with SMEs.

HMRC expects that the business case will deliver multi-year benefits over 5 years, without impacting operations. Specifically it will:

- Reduce IT running costs by over £200 million
- Introduce competition to lower costs within a multi-supplier model
- Better exploit innovation, and use more SME suppliers.

The final phase of the implementation takes place as new suppliers join the estate and will cover the full 'run services'. This SSI implementation has enabled HMRC to lay foundations now, for a successful contract re-procurement in 2017 with the SSI providing the functions that orchestrate individual elements of the end to end IT service. The SSI will support the safe landing of new vendors and services into the IT estate. This allows standardised and commodity services to be procured, delivered by multiple suppliers making it easier for HMRC to take advantage of Government shared services.

## How HMRC and Capgemini Work Together

HMRC's ethos is to work collaboratively with delivery partners. Over the past few years, focus has been on delivery excellence through the Aspire contract; HMRC's strategy has now moved from service quality to business transformation to enable it to meet its new targets. In conjunction with Capgemini providing the SSI, HMRC has introduced a multi-source model. The new SSI function extends this partnership ethos to a multi-source model, creating a level playing field for all suppliers.

HMRC was open with Capgemini, identifying their post 2017 approach was for a multi-source model. The two organizations worked together to re-shape their way of operating from a prime contractor model to a multi-source model. HMRC and Capgemini collaborated throughout the SSI design and transition to successfully implement the changes across one of the largest IT estates in Europe without impacting the delivery to the business of our joint operational KPIs. The transition to the multi-supplier model has been phased to protect delivery of reliable services to the business.

HMRC and Capgemini's joint design team put the vision for SSI into practice, working together to manage the complex transition. Using a core design team, together we refined the model, drawing on HMRC and Capgemini's experience within other organisations. Joint working included joint governance, communications and design workshops with specialists from both organisations. We adopted other industry and in-house models, then adapted them to ensure that they met our overall objectives and controlled the design through joint governance boards.

The SSI implementation changes the roles of HMRC and Capgemini. Consequently, HMRC has introduced a capability programme leading to 2017 re-building broader commercial skills, focusing on better business requirements and introducing new skills appropriate to the modern commoditized IT market place. Capgemini has re-shaped its Service Management organisation and worked to ensure that the staff understands the new roles and ways of operating required in a 'client side' role. Managing behavioural change has been important for both HMRC and Capgemini as both organizations have had to change their roles and way of working whilst still operating under the same contract.

The phased SSI transition delivered successful KPI achievement including implementation with no impact on live operations and client side support enabling early competitions. Further phases will support the run operations as new suppliers join the estate.

HMRC and Capgemini have:

- Created a consistent end to end SSI model including the SSI providing client side support from project inception and sourcing strategy through to implementation and operation.
- Demonstrated how an existing complex prime contractor model can be re-shaped in-flight into a multi-supplier model de-risking the re-procurement in 2017.

And all this has been done without impacting the live operation.

## About Capgemini

With more than 130,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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**HM Revenue  
& Customs**

HM Revenue & Customs (HMRC) collects tax and duties to make sure money is available to fund the UK's public services and makes payments to over seven million families, providing targeted financial support. Capgemini is HMRC's partner for IT and related services delivered through the Aspire contract. Capgemini is prime contractor for Aspire, and manages key partners and HMRC's Ecosystem of preferred suppliers.

For more information, please visit:  
[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

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