

**REPLY BY THE MINISTER OF THE TREASURY AND RESOURCES
DEPARTMENT TO QUESTIONS ASKED PURSUANT TO RULE 6 OF THE RULES
OF PROCEDURE BY DEPUTY LAURIE QUERIPEL**

Question 1

Clearly significant problems have been experienced and are continuing to be experienced in regard to the implementation and ongoing function of SAP.

I realise that Deputy Gillson has already submitted a number of rule 6 questions to States departments in relation to SAP. However, I do not feel that the following questions directly duplicate Deputy Gillsons and that the answers should provide additional and useful information. If, in your opinion, there is, on occasion, some crossover, please refer me to the answers given to Deputy Gillson, but only in the event of clear duplication.

If other governments and organisations around the world have attempted to implement and indeed are running SAP, were their experiences noted and were they consulted in regard to the cost, efficiency, effectiveness and limitations of the system?

Answer

There are problems with the SAP/STSC project as I made very clear in my Statement to the States in May. However, these are not only to do with the function of SAP (for which most but not all of the functionality is fine) but rather the organisation's and other stakeholders' need to substantially change the way they are working as part of the wider SAP/ STSC project. It is important to remember that this project is not simply about implementing new software, but implementing a fundamental reorganisation of the way we work and the software supports that. Your questions in isolation do not recognise the full scope of what we are trying to achieve and I would refer you to my statement made in the States May meeting which gives a fuller explanation.

Many organisations around the world have successfully implemented SAP, including our own. SAP claim some 238,000 customers including both private and public sector bodies covering the globe. The States of Guernsey have been running SAP for over a decade. This project has been about enhancing our usage of a system we already had and implementing new functionality to better improve our back office processes. In the evaluation stage, a number of organisations were contacted about their implementation experiences and we recruited an experienced Director of the Shared Transaction Service Centre from a UK local government authority who have implemented SAP and a shared service centre. Additionally, we have staff who have worked with the SAP system in other organisations. Of course, we had our own experiences to draw on too, having implemented substantial parts of SAP over a decade ago.

Question 2

Bearing in mind the extra staff time and resources that have been utilised in relation to SAP, has the £7.9 million figure and the estimated 6,000 man hours been exceeded and if so by how much?

Answer

The project is within budget. The estimate of 6000 man hours was just that, an estimate, and under current project methodology in the States this was not tracked as it was not chargeable to the project.

Question 3

If the figures have been exceeded are they expected to escalate further and to what extent?

Answer

The project is currently forecast to be within budget.

Question 4

If SAP does eventually prove to be the correct system for the States of Guernsey but has exceeded its estimated implementation/operational costs will the States appointed independent advisors and consultants bear any liability?

Answer

We know SAP is suitable, as we have had much of it for over a decade and the vast majority of the system is working well. The real issue is not SAP, but the organisation's ability to change the way it works to deliver improved value to the taxpayer and improved business controls to protect taxpayers' funds. The whole project has seen a substantial reorganisation and implementation. SAP has proven perfectly suitable to some of our needs for over a decade and the additional functionality is already proving effective. It is not SAP that will be the problem, but a willingness of the States' organisation, Staff and Politicians, to recognise that we need to embrace new and better ways of working to safe guard public funds.

Question 5

If SAP reveals itself to be unsuitable what contingency plans are in place and would any liability lie with the independent consultants who advised on, and recommended the purchase and deployment of the system?

Answer

See answer to question 4. The States decided on the project, not external consultants, so there can be no liability due for choosing to go with SAP and implementing the Shared Transaction Service Centre for maximising efficiency in the back office functions across the organisation. It was entirely a States decision. There are no contingency plans to revert back to the old ways of working.

Question 6

Has political scrutiny of this process been sufficient and have the political members of Treasury and Resources received comprehensive and regular briefings (including costs, extra costs, and anticipated extra costs) in regard to SAP and the problems being experienced in the implementation and ongoing operation of the system?

Answer

The T&R Board has had regular updates on progress and especially since go-live. This has included full updates on the project, including what is going well and what is not. A member of the T&R Board has always been on the project board. Oversight has been appropriate.

Question 7

Are some staff having to go through, for the second time within a year, a SAP 'in scope out of scope' assessment of their positions, if so, are there any indications that this is having a detrimental effect on staff motivation and morale?

Answer

No, but some staff who may have been in scope for potential redundancy for the reorganisation required for the Shared Transaction Service Centre and SAP implementation may possibly be in scope for any future organisation reviews, but nothing is planned at this stage.

Date of Receipt of the Question: 14th June 2013

Date of Reply: 28th June 2013