



# A CASE FOR A CLOSER PUBLIC-PRIVATE PARTNERSHIP

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## A Case for a closer public-private partnership

A discussion dinner was held on the 20th of April, sponsored by Software AG and attended by senior executives from across the public sector including central departments, education, estates, and healthcare. The event's title was 'A Case for a Closer Public-Private Partnership'. The session was introduced by [Steve McReavy](#), Director of Government at Software AG, and moderated by [Roger Camrass](#), Research Director of CIONET International.

### The context for the discussion

The history of public-private partnerships across government has a mixed record in the UK and elsewhere. Private vendors have not met public sector expectations or provided full value to UK taxpayers. In many cases, complexities of the procurement process and lack of trust on both sides have inhibited a fruitful, long-term collaboration.

Steve McReavy of Software AG introduced the event by highlighting the need for more effective processes to enable the private sector to engage with public services. He recognised that some of the historic supplier cartels were beginning to break up, enabling smaller, more nimble companies to compete for business, primarily through G-Cloud. However, in his experience, more could be done to foster collaboration.

Steve stressed that now is the time to improve the buying process and overcome any disjoints between intended results and actual outcomes. Government institutions and their partners must improve their understanding of current and future states to harness the full power of digital technologies.



## Is the government able to express its needs clearly?

Delegates from various parts of the civil service admitted that the government often needs to express its needs clearly. This may be partly due to the lack of understanding of digital technologies amongst career civil servants who are rotated through their jobs regularly and thus have little opportunity to acquire specialist knowledge. In the words of one delegate 'generalists are favoured over specialists. There is also a distinct lack of coordination between similar customers such as universities or NHS trusts about areas of commonality such as back-office systems and processes.

The feeling in the room was that each department considers itself to be 'special' and thus unable to exploit common solutions offered by software vendors. Steve stressed that up to 80% of requirements are common amongst similar institutions such as local authorities and hospitals, with just 20% making them 'special'. This could lead to substantial savings if departments were to accept common solutions. The irony here is that government claims to be short of investment resources despite frequently duplicating spend on customised software.

## Adopting common procurement processes

Despite historic efforts by the Cabinet Office to create common procurement templates, little has been achieved in exploiting the economies of scale offered by hundreds of local authorities, city councils, NHS trusts, and others across the government. This is in stark contrast to private corporations which have imposed strong guidelines on software standards and vendor policies to exploit economies of scale.

Although departments meet to discuss areas of commonality such as shared services, there is little evidence that they adopt similar purchasing practices. Such an omission can play into the hands of some vendors who seek to gain from the fragmentation of public services and their desire for 'special' solutions. Cabinet Office does foster close relationships with around twenty strategic IT vendors, but this does not always lead to common solutions. A stronger Public-Private Partnership would help to fill the current gap and maximise investment value. One delegate mentioned the Ministry of Defence as an example of best practice in knowledge sharing and collaboration.



## Dancing to the quarterly tune

Many of the public service vendors are US-based. This encourages a short-term approach to satisfy customer needs based on quarterly sales targets and related incentives. In contrast, the government operates on five-year cycles. Given the need for a more strategic approach to procurement across the government, vendors need to take a stake in longer-term outcomes along with their customers. The move away from software licences to annual subscriptions is helping to improve alignment but there is still a long way to go.

Delegates voiced concern about the lack of trust between vendors and public services customers. Again, this is partly due to the quarterly business cycles amongst US companies who are constantly seeking new revenue targets.



## Adopting new partnership approaches

There was much enthusiasm for a joint approach to software development where selected parties could participate in a 'proof of concept' (PoC). Given the reality of eighty percent commonality between government agencies within healthcare, education, and local government, the potential for substantial cost savings appeared to be compelling. One delegate suggested that the PoC should take the form of a joint investment, with each party holding equity in future sales. This would incentivise customers to come forward in new areas of digital solutions.

Vendors could also be instrumental in helping customers to develop common specifications as well as monitoring value delivery through the life cycle. In both these respects, partnerships would reduce initial investment across the government and increase value. Such partnerships are common within commercial organisations that are keen to maximise returns from their investments.

Roger Camrass mentioned the transformation of the Pension Service. The time to process a pension was reduced from six weeks to 20 minutes, with a staff reduction of more than 50% across the department. Six IT vendors took part in a collaborative programme to achieve these remarkable outcomes.

## Where should the government go next?

Given the constant pressure on investment and the need for productivity improvements fostered by information technology, a closer partnership between customers and vendors could yield much-needed value in the mid-term. Delegates agreed with Software AG that new approaches could help bridge the gap. These include:

- Harmonisation of requirements and procurement processes between common institutions such as universities and healthcare trusts
- Increased standardisation of solutions enabled by open APIs and shared 'software as a service' or SaaS platforms.
- Creation of Centres of Excellence (CofE) to foster knowledge sharing and shared software development. These could be co-sponsored by departments and vendors.
- Longer-term partnerships based on value delivery and equity sharing derived from collaborative solutions.

Software AG welcomes the opportunity to discuss the outcome of this event and the ways in which it has developed trusting partnerships across UK government.



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A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over forty five years helping corporations harness the power of new technologies such as cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a graduate of Cambridge University and MIT, and a visiting professor at the University of Surrey.

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