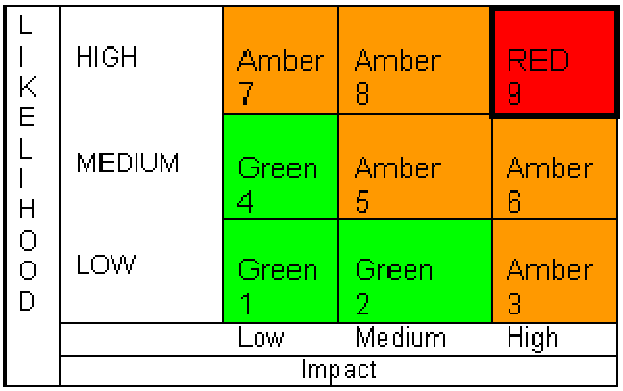
APPENDIX D

Risk Assessment



Core Systems

Impact – High
Likelihood – Low
Final Risk Rating 3 LOW

The risks associated with the consolidation of a core system are always considerable as essentially, a core system is used in every area of the authority. However, quite often the very nature of core systems act as some mitigation for this, as there is limited market and comprehensive understanding.

The typical risks associated with such consolidations include:

1. Complexity of specification
   A core system is used by everyone within the authority. Therefore, when considering the specification for any consolidation work this represents a considerable undertaking. The core system specification will be a complex document, derived from the needs of multiple users and many service areas. Many iterations of the specification will be undertaken before a final requirements document can be completed but the risks of this being incorrect are reduced and many people will have been involved in its production.
2. Lack of Opportunity
   Due to the scale, complexity and small market presence for some core systems, the opportunity to consolidate simply might not exist.

Strategic Systems

Impact – High (as typically this will impact front line services)
Likelihood – Medium/High (depending on the complexity, age and scope of the system)
Final Risk Rating 6- 8 MEDIUM

The risks associated with the consolidation of a strategic system are actually more serious than those of a core system as typically, a strategic system will be used to deliver a set number of operations in any given area. Typically, these will be associated in front line service delivery or will support the delivery of a front line system.

The typical risks associated with such consolidations include:

1. Complexity of specification
   A strategic system is used by limited audience within the authority. Therefore, when considering the specification for any consolidation work this represents a very significant undertaking.

   Specification of a strategic system will create a complex document, derived from the needs of multiple users and many service areas, but also considering the fine details of operation, interaction, interfaces, etc. Many iterations of the specification will be undertaken before a final requirements document can be completed but the risks of this being incorrect are actually very high, as fewer people will typically know the complete operations of a strategic system and these users will typically not be familiar with articulating their needs.

2. Resistance to Change
   Users of strategic systems will typically be very familiar with their operation and will be comfortable with what they do. Strategic systems will also have embedded themselves within departments and methods of working may have been adapted around the system to inadvertently fit with its requirements.

   If a consolidation of a system is forced upon a user, resistance to that will be considerable. This may also affect the production of the specification document as users become unwilling to communicate their needs and undermine the process.

3. Over Commitment
   Consolidation of many systems with fewer, larger suppliers also places the authority at greater risk of not achieving best value, in terms of both cost and quality.

   Many strategic systems were chosen due to their unique place within the market at the time. Whilst many other suppliers may have produced similar products in the years following, typically, market dominance always remains with a leading supplier. Forcing consolidation of software to a particular provider for the wrong reasons may actually leave the authority with an inferior system which in the longer term, actually costs more as staff have to find ways of working around its shortcomings.

   In addition, consolidation on a single supplier also leaves the provider in a position to exploit the authority, as they know the complexity and labour required to move away from their product increases exponentially in relation to the number of operations undertaken. Effectively, consolidating on fewer suppliers for larger strategic systems actually leaves the Council in a vulnerable position and threatens the effectiveness of any future movements.

4. **Time & Resource**
   Due to the scale, complexity and maturity of many strategic systems, it is likely that any procurement process will favour the incumbent supplier. This is due to the costs in terms of time, resource, infrastructure, interdependencies associated with implementing a replacement system.

Local Systems

Impact – Low
Likelihood - Low
Final Risk Rating 1 LOW

The risks associated with the consolidation of a local system are considerably less than that of any other system type. Typically, local systems will have a very limited expert user base that is very proficient in the operation and use of that system. Whilst local systems may support strategic systems or feed information to other areas, they can typically work in isolation, making any change manageable and potentially very effective.

The typical risks associated with such consolidations include:

1. Lack of presence in the marketplace
   Local systems are typically niche applications that meet a very specific need of a particular department. Because of this, there simply may not be the number of suppliers in the market place to meet that need and make an effective consolidation exercise possible.

2. Resistance to Change
   Users of local systems will typically be very familiar with their operation and will be comfortable with what they do.

   If a consolidation of a system is forced upon a user, resistance to that will be very considerable as the user will know their system is only of limited value/scope and may question the value of change.

3. Poorly Executed Change
   There is the risk that when a smaller system is consolidated, the full needs of the user may not be considered as there is a desire to make their application part of a larger operation. In doing this, there is a risk that the end product may not be suitable for use, resulting in greater cost and project failure.