



Concept Symposium 2018

Governing Megaprojects – Why, What and How

Governing a Mega IT-project for the Norwegian Department of Social Security (NAV)

NAV is the short name for the Norwegian Labour and Welfare Administration. NAV employs 19 000 people and administers a third of the national budget through schemes such as unemployment benefit, work assessment allowance, sickness benefit, pensions, child benefit and cash-for-care benefit.

NAV was established in 2006 as a result of the Norwegian Labour and Welfare Act (NAV-reform), bringing together three existing agencies. IT-related challenges related to this merging of agencies were well known at the time and considerable investments were expected to reach reform-goals.

In 2010 NAV presented their plans for the project "NAV ICT-modernisation". At the time it was described as the largest public IT investment in Norway, and also the first IT-project to be subject to the Norwegian scheme for quality assurance of major public investments (the QA scheme).

The project developed to be a 3.3 billion NOK program by 2012 with a planned 6 years of execution. The program has faced major challenges and overruns, but also managed to deliver results and benefits. Together with typical project challenges the program has adapted to live with emergent methods such as agile development and new approaches to IT-management.

The presentation will tell the story from the perspective of the quality assurance team and how the QA scheme has been tailored and contributed to important aspects of governance of this mega IT-project.



Øyvind Tendal

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The Concept Symposia on Project Governance

The Norwegian Ministry of Finance and the Concept Research Program hosts every second year a symposium on project Governance. Project governance, in brief, is concerned about investments and their outcome and long-term effects. In view of the problem at hand, the aim is to ensure that the best conceptual solution is chosen, that resources are used efficiently and anticipated effects realized. Resource persons from ministries, governmental agencies, academia, international organizations, and industry are invited. In order to facilitate professional exchange and direct communication between participants, the number of individuals is restricted. The aim is to initiate further international cooperation and research on important issues related to project governance.

<https://www.ntnu.edu/concept/concept-symposium>



Governing a Mega IT-project for the Norwegian Department of Social Security (NAV)

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Stavanger 07.09.2018

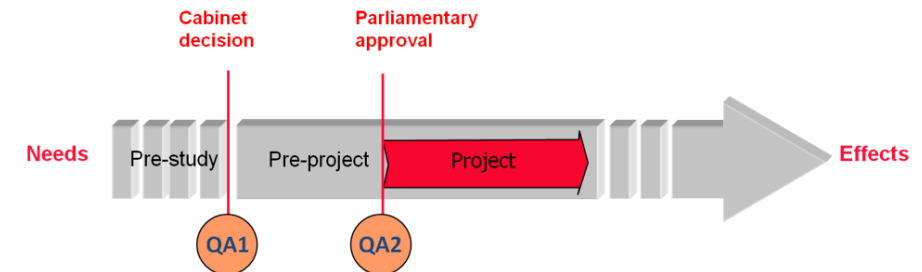
Øyvind Tendal

Introduction

- Norwegian Labour and Welfare Administration (NAV) was established by the Norwegian Labour and Welfare Act (NAV-reform) in 2006
- Considerable IT-investments expected to reach reform-goals
- Proposed plans for a multi-billion NOK ICT-modernisation project with a planned duration of 6 years (starting 2010)
- First IT-project subject to QA1 according to Government QA scheme
- Programme for ICT-modernization with three sequential projects approved (2011) governed by a tailored QA-scheme
- Ups and downs – but despite these the Program has proven viable for further investment
- The 3rd and final project up for Parliamentary approval this autumn



- 19 000 employees
- 1/3 of annual State budget
- 60 services
- 300 systems
- 550 organisational units
- 20 million letters pr year



The Norwegian scheme for quality assurance of major public investments (the QA scheme)

Main topics

- Pre-study and the development of the programme definition
- The governance regime in action
- Looking back with the benefit of hindsight

Disclaimer: This has been and is a large and complex program of projects. Some of the detail in this presentation has been simplified to enable more effective communication.

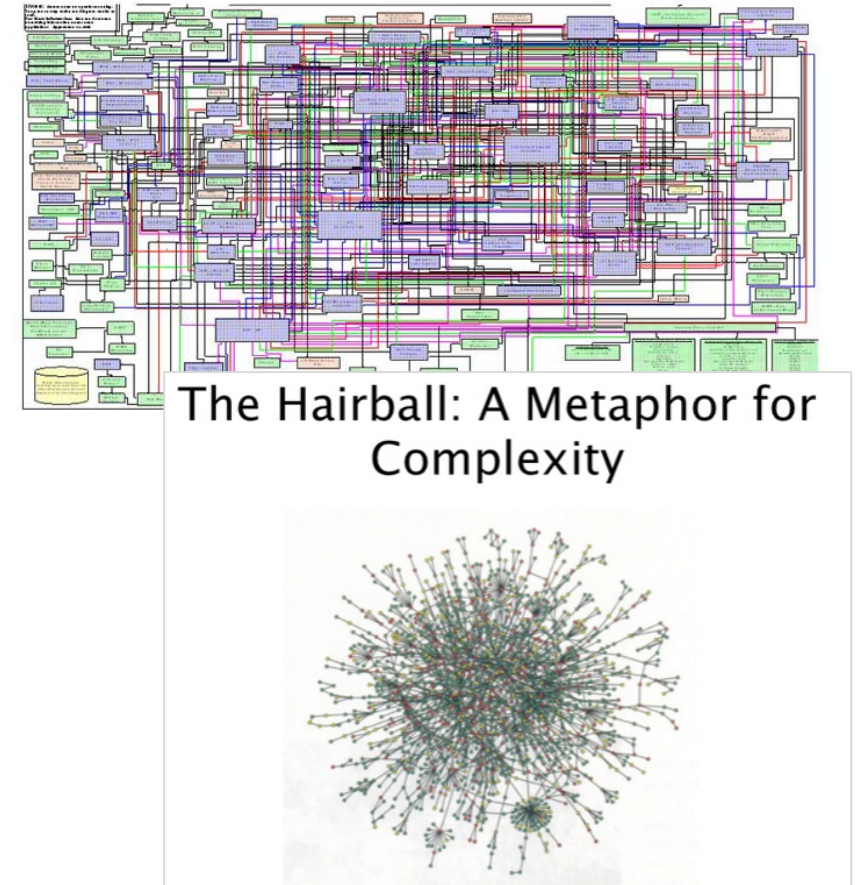


Pre-study and the development of the programme definition

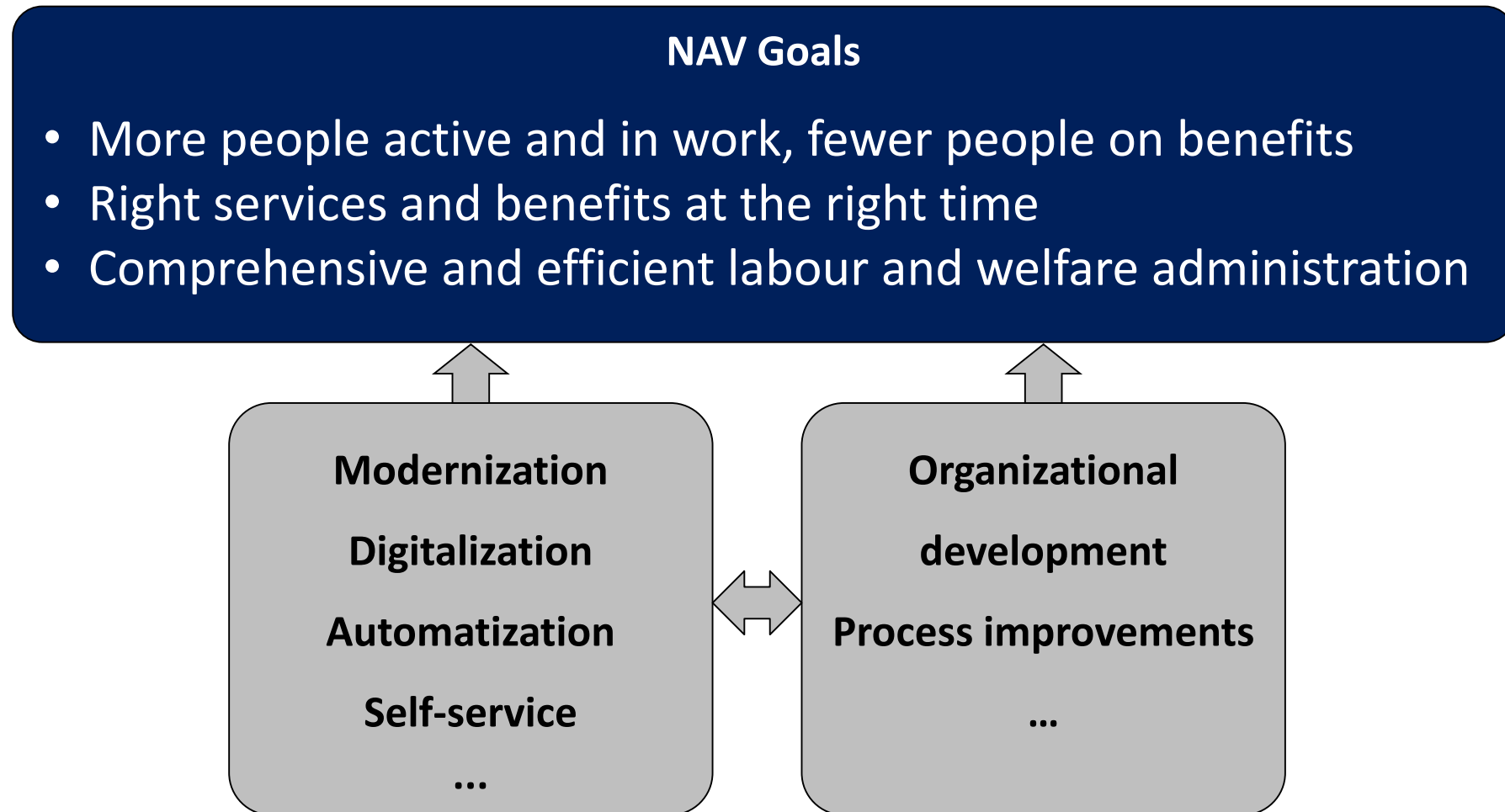
Pre-study phase and QA1

The problem (2010)

- Significant obstacle to the implementation of political policy changes
- Non-compliance with government finance regime and regulations
- IT a bottle neck in organisational, process & service optimization

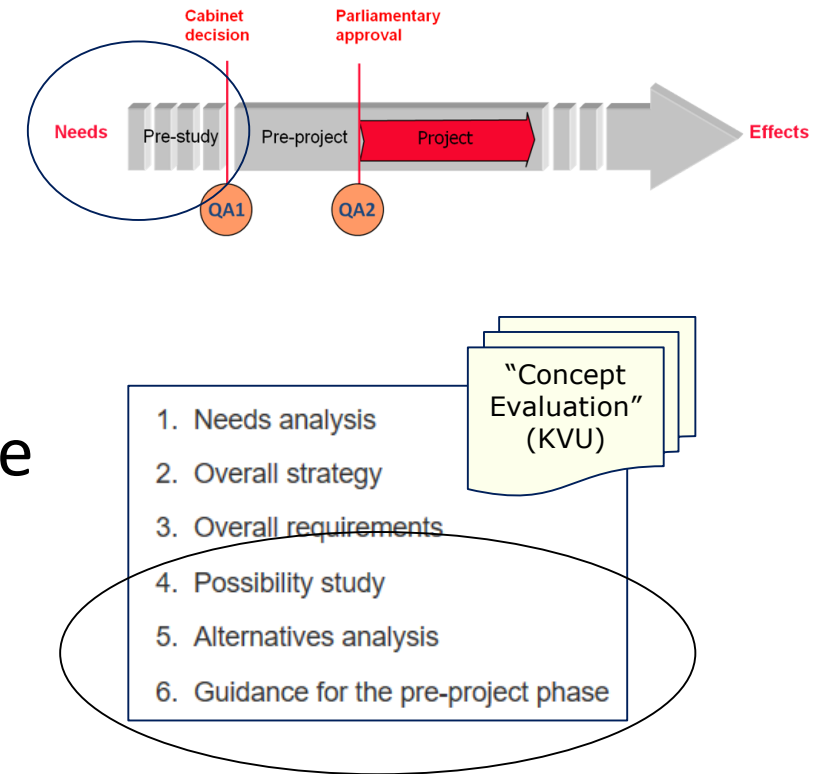


Achieve NAV-reform goals and expected benefits through “ICT-Modernization”



Alternatives and proposed project (Pre-Study)

- Build new, inhouse development
- Two alternatives, both 4+ billion NOK
- Execution strategy and project governance regime main difference (6 or 9 years)
- Proposed Modernization through one major parliamentary investment approval (6 years)



In this context the term “project governance” refers to the processes, systems and regulations that society (the financing party) must have in place to ensure that projects are successful

IT-modernization is the continuous evolution of an organisation's existing application and infrastructure, with the goal of aligning IT with the organisation's ever shifting business strategies

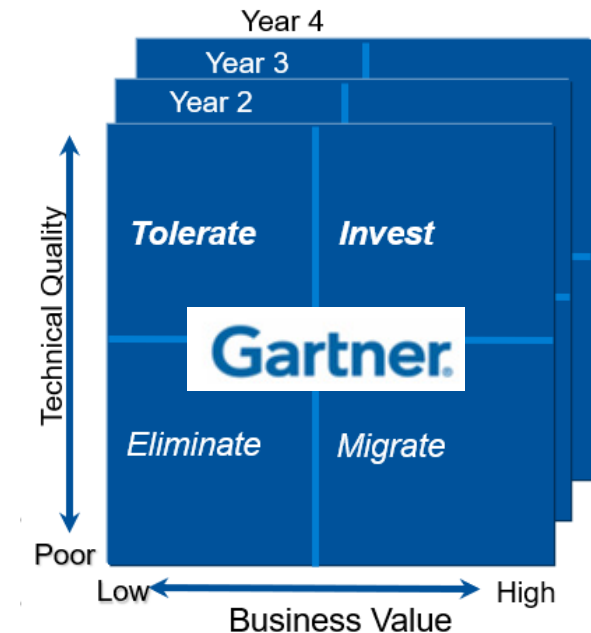
Needs and goals recognized – still pre-study raised big questions

- “Build new” approach to modernizing a large portfolio of systems?
- What constitutes a concept? And how to approach a useful possibility study?
- Approach to large scale transformation and change?
- QA of a project or a large organisations ability to change?



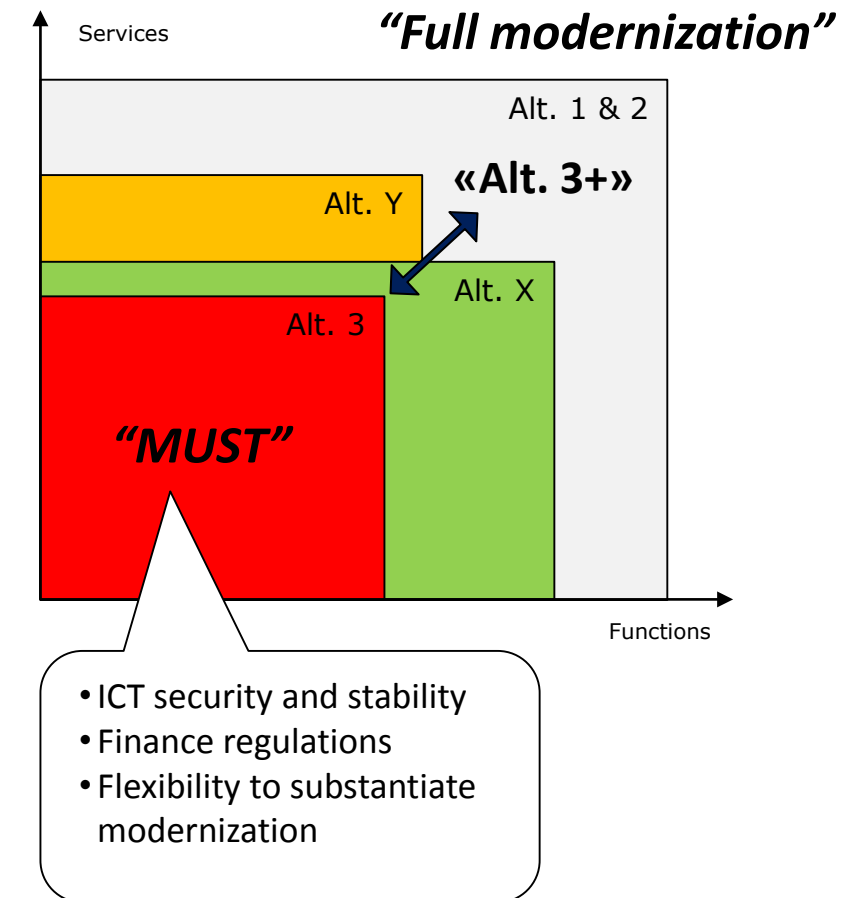
Quality assurance and 15 months of maturing a Programme (QA1)

- Revised overall requirements
- Revised approach to modernizing a complex and constant evolving portfolio of systems
- Revised possibility study and alternative analyses to identify and analyse different levels of ambition
- Six alternatives developed and analysed
- Revised benefit-cost analysis



Main recommendations QA1

- Flexible scope – “Alternative 3+”
- «Design to cost»: 3.3 billion NOK
- Programme with a staged realisation of objectives and benefits by a partly overlapping sequence of projects, each with a maximum duration of 2 years
- Limited intensity / speed to an achievable level by restricting budget to 550 million NOK / year (equal to 220 FTE)
- Tailored QA-scheme to govern a high risk transformation
- Strong emphasis on governance of transformation and benefit realization

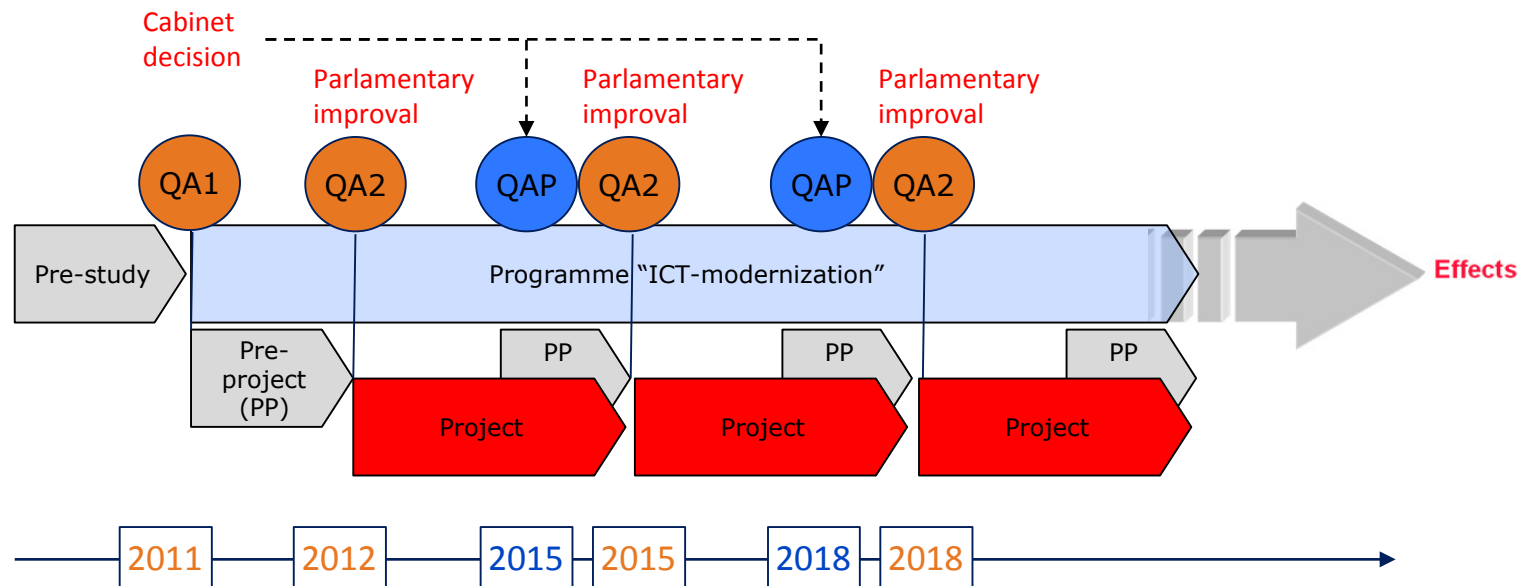




The Governance Regime in Action

Pre-study phase and QA1

Tailored Governance Scheme

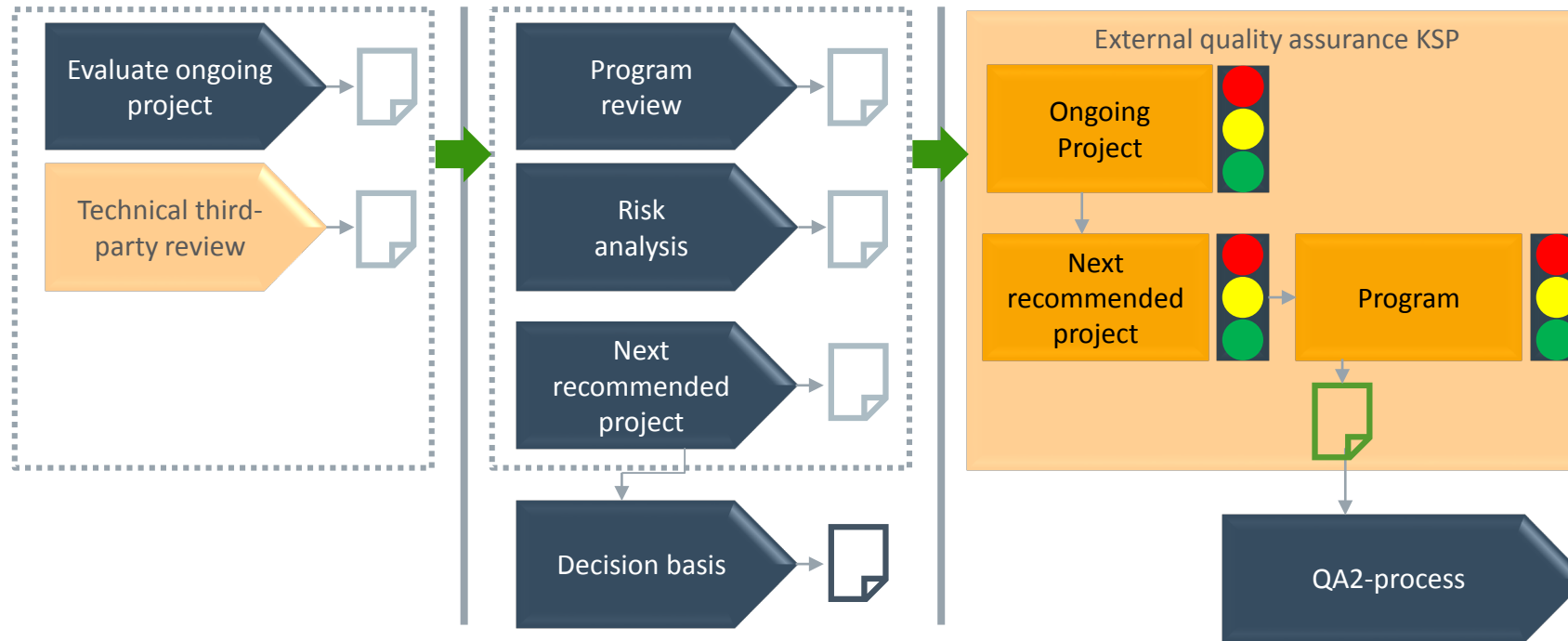


Programme governance through “QAP” gate, process & appraisal documents

Main purpose was to strengthen financing party (society) ability to execute effective governance of a process of transformation that required:

- Clear end goal and flexibility on how to get there
- Predictable funding and holistic approach
- Proof of value and staged funding
- Speed and controllable risk

“QAP” – Programme governance gate review

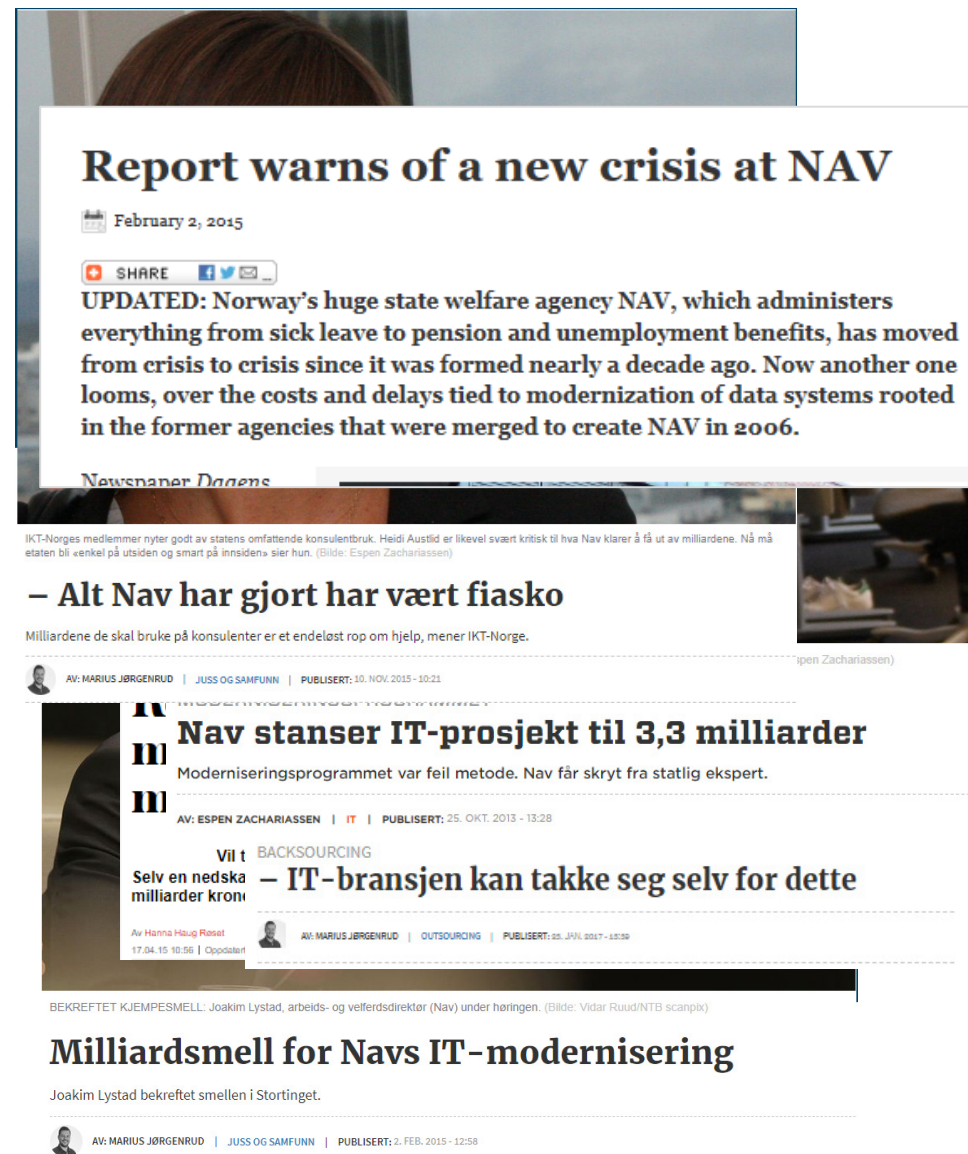


- Status and results
- Strategic alignment
- Business case
- Next step
- “QAP”

All set and ready to go..."Project 1"

- A lot of promising work at NAV
- Passed QA2 and parliamentary approval
- Development of new platform failed – several hundred million NOK work assumed wasted
- Program stopped – then reorganized
- Reform-driven solution delivered on time and within revised budgets, but not according to long term strategy for modernization
- "Mega-project" challenges and risks had occurred

Project 1 in the news...



Report warns of a new crisis at NAV

February 2, 2015

SHARE

UPDATED: Norway's huge state welfare agency NAV, which administers everything from sick leave to pension and unemployment benefits, has moved from crisis to crisis since it was formed nearly a decade ago. Now another one looms, over the costs and delays tied to modernization of data systems rooted in the former agencies that were merged to create NAV in 2006.

Nye Meninger

IKT-Norges medlemmer nyter godt av statens omfattende konsulentbruk. Heidi Austlid er likevel svært kritisk til hva Nav klarer å få ut av milliardene. Nå må staten bli «enkel på utsiden og smart på insiden» sier hun. (Bilde: Espen Zachariassen)

– Alt Nav har gjort har vært fiasko

Milliardene de skal bruke på konsulenter er et endeløst rop om hjelp, mener IKT-Norge.

AV: MARIUS JØRGENRUD | JUSS OG SAMFUNN | PUBLISERT: 10. NOV. 2015 - 10:21

Nav stanser IT-prosjekt til 3,3 milliarder

Moderniseringsprogrammet var feil metode. Nav får skryt fra statlig ekspert.

AV: ESPEN ZACHARIASSEN | IT | PUBLISERT: 25. OKT. 2013 - 13:28

Vil t selv en nedskutt milliarder kroner – IT-bransjen kan takke seg selv for dette

AV: HANNA HAUG ROSETT | 17.04.15 10:56 | Oppdatert

AV: MARIUS JØRGENRUD | OUTSOURCING | PUBLISERT: 25. JAN. 2017 - 18:58

BEKREFTET KJEMPESMELL: Joakim Lystad, arbeids- og velferdsdirektør (Nav) under høringen. (Bilde: Vidar Ruud/NTB scanpix)

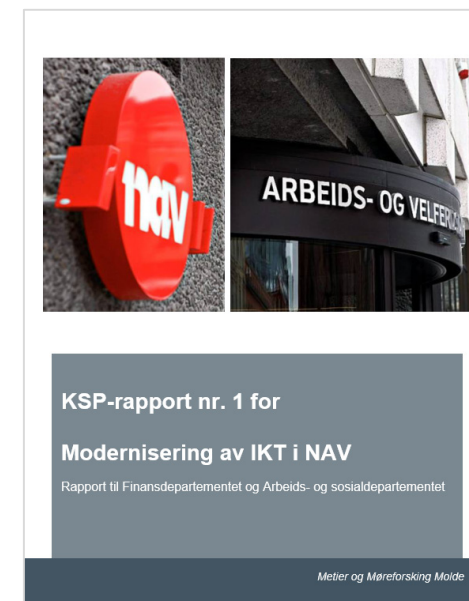
Milliardsmell for Navs IT-modernisering

Joakim Lystad bekreftet smellen i Stortinget.

AV: MARIUS JØRGENRUD | JUSS OG SAMFUNN | PUBLISERT: 2. FEB. 2015 - 12:58

QAP put to the test – recommends to continue the programme

- Major deviations from both QA1 and QA2 Project 1 put programme at risk
- All risks occurred had been identified and addressed in QA-processes
- Revised alternatives analysis with scenarios for further modernization, including full stop
- Programme still valid, business case still acceptable, track-record better than reputation (after all)
- 3,3 billion NOK “design to cost” under pressure, recommendations from QA1 remained unchanged
- Successful execution of Project 2 and benefit realization highly critical



Status today: Project 2 successful and programme promising

- QAP-2 and QA2 of Project 3 passed (spring 2018)
- Project 2 on target, outputs in operation
- Strong program- and project organisation
- Governance, change and benefit management in operation
- NAVs reputation and attractiveness improved
- Technology, organisation and culture towards more agile and continuous development (DevOps)
- Value driven processes
- NAV ICT-Modernization looks promising....



Still a risky endeavour facing both “mega-project” and “going agile” challenges

A decorative pattern of light gray hexagons arranged in a honeycomb-like structure, covering the top half of the slide.

Looking back with the benefit of hindsight

QA-Scheme

“Where there is major change there will be complexity and risks” (MSP®)

- ✓ Conflicting priorities and goals
- ✓ Continuous top management support
- ✓ Strong forces pushing forward
- ✓ Number of stakeholders and public interest
- ✓ Internal and external changes (needs, strategy, technology, methodology etc)
- ✓ Effectiveness of governance and management systems
- ✓ Own organisations capacity and ability to deliver and change



The QA-scheme and its contribution to controlling risk and creating value to society

- Clear requirements and expectations
- Promotes commitment and accountability
- Strengthen strategic planning, preparation and organizational readiness
- Strengthen transparency and pro-active governance
- Helps project/programmes to do what is necessary
- Stimulates organisational development



Looking ahead

- Large investments in digitalization of public sector needs governance
- Value of QA-scheme is questioned – still assurance is a best practice that should be highly valued by decision makers
- Value of projects is questioned – could “NAV ICT modernization” be the last IT-project above 750 million NOK?
- Need for a revised QA-scheme based on new best practices
- Programmes to start with...



Questions?

