

# **IT-Service Centers: The Backbone of Public Service Networks**

Service Networks as an Approach for Local IT-Service  
Delivery

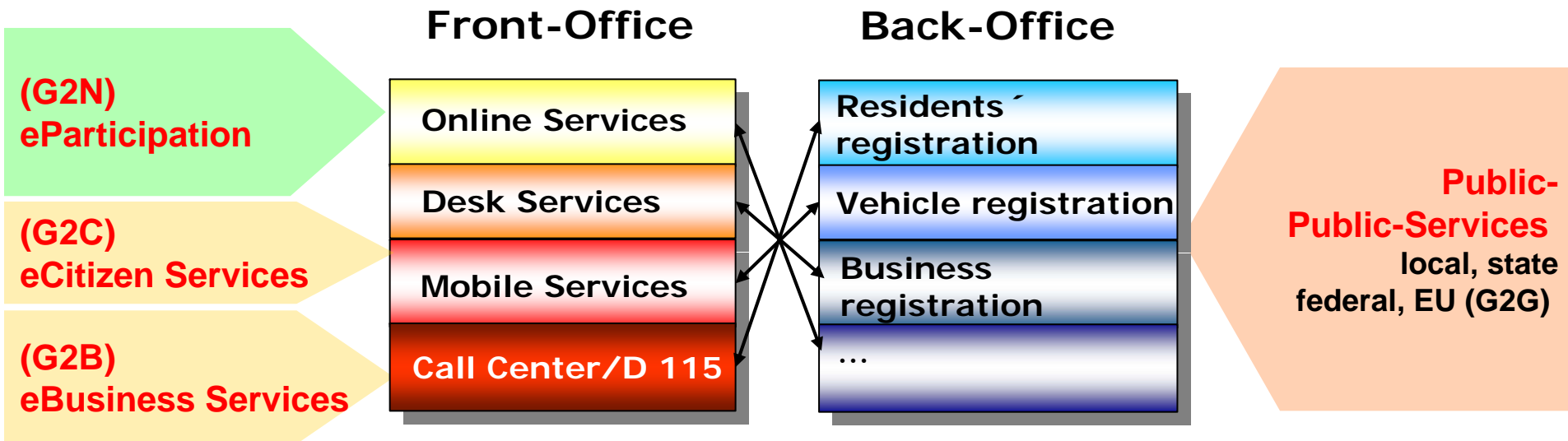
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KDN – Dachverband kommunaler IT-Dienstleister NRW

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# A New Administrative Architecture

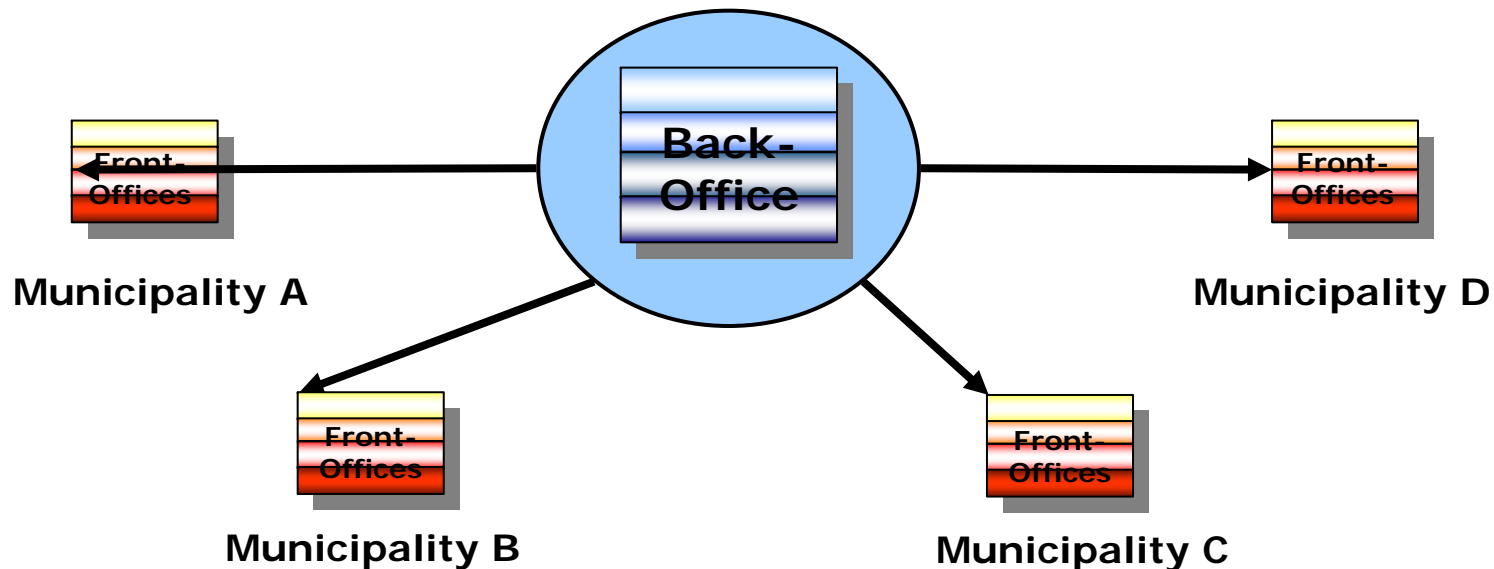


## Benefits for citizens:

- One-stop-shop: regardless of responsibilities
- Free choice of access to public services
- Integration of Back-Office-Services into the Front-Office

## Benefits for the Administration:

- specialization between „distribution“ (customer relationship management) and „production“
- service-oriented process architecture (SOPA)
- externalizing Back-Office-Processes in a shared service center



## **Opportunities for Local ICT-Service Providers:**

*No shared public service center without ICT!*

*The Front-/Back-Office Architecture can be applied to the organization of IT-Services.*

*Therefore:*

*ICT-service providers are forerunners for shared public service centers because they construct a basic infrastructure of shared IT-services!*

## Restrictions for Cooperation between local ICT-Providers

- local self-government
- legal restrictions at state and federal level:
  - prohibition of commercial activities (e.g. § 107 GO NW)
  - no corporations under the legal form of private law (e.g. § 108 GO NW)
- EU-regulations on public procurement: competitive tenders for cooperation between administrative authorities
- exceptions: empowering by law; inhouse-property

*A Way to Legal Cooperation:*



**Umbrella Organization of Local ICT-Service  
Providers in North Rhine-Westphalia**

***Shared IT-Services  
as an Inhouse-Activitiy  
in a „Virtual“ ICT-provider Network Organization***

# KDN – Dachverband kommunaler IT-Dienstleister in NRW

– founded in 2004 as a public corporation („Zweckverband“)

– 13 members

- 9 cities
- 2 corporations of municipalities and counties
- 1 county
- 1 corporation of local authorities (Landschaftsverband Rheinland)

– approx. 5 mio. inhabitants in NRW\*

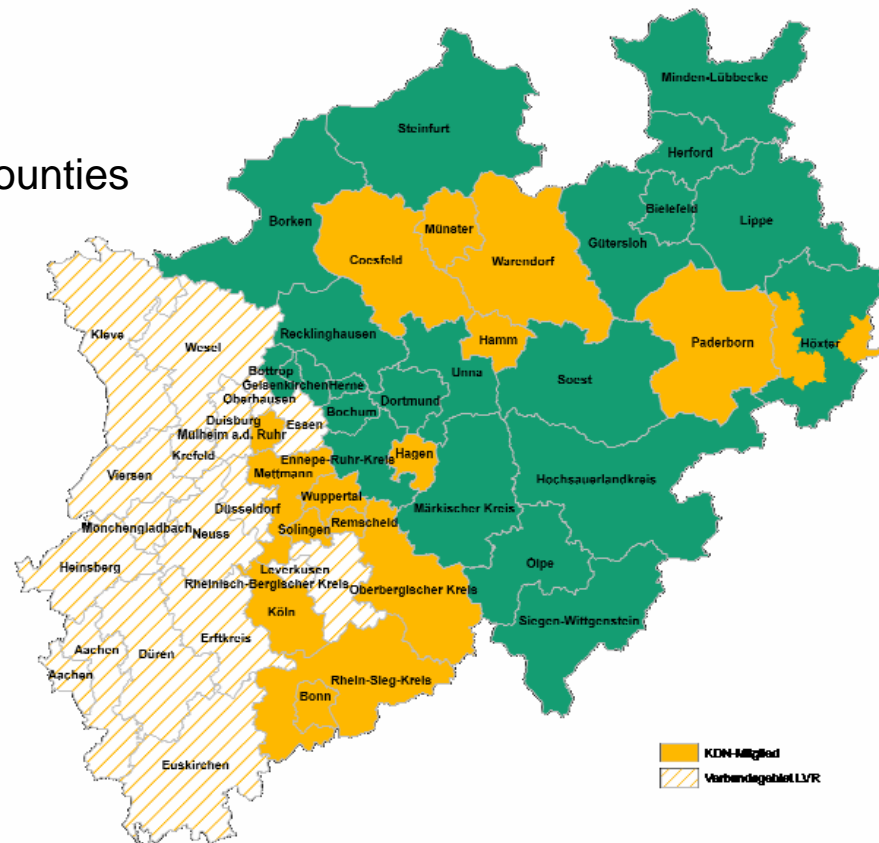
– members´ turnover: 180 Mio. €

– members´ employees: 1.400

– PC-workplaces: approx. 50.000

– KDN turnover : 8.7 mio. €

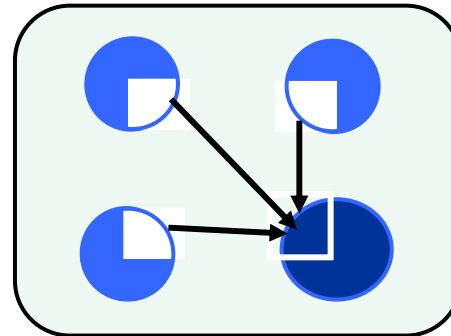
– KDN employees : 3



\* excluding Landschaftsverband Rheinland

## Development of Business Activities (1)

### Competence Center („many among themselves“)



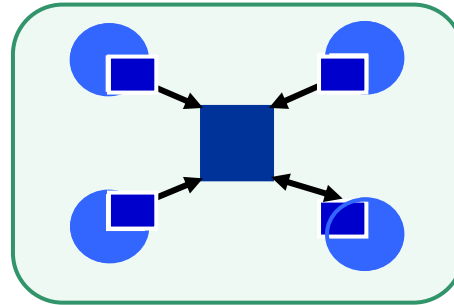
exchange of ICT-  
services between  
members

- procurement of hardware, software, and services by a SSC member as supplier
- operation and maintenance by a SSC member as supplier
- demand and use of services by the SSC members as customers
- service-level agreements and charging between supplier and customer

**KDN as an „Inhouse-Broker“ !**

## Development of Business Activities (2)

### Shared IT-Service Center („one for all“)



delegation of tasks and  
delivery of services in  
an autonomous  
corporate service  
center

- procurement of hardware, software, and services by the SSC
- operation and maintenance by the SSC, commissioning members
- demand and use of services by the SSC members as customers
- service-level agreements and charging between supplier and customer in the SSC

**The SSC as „autonomous provider“!**

# Levels of Cooperation

## Shared Public Services

### Administration Processes

Cross sectional tasks  
Administrative tasks

## Shared Application Services

### Operation of Applications

Procurement, administration and maintenance

## Shared IT-Infrastructure Services

### Operation of the IT-Infrastructure

Provision of shared network facilities and basic IT-infrastructure systems

# Shared IT-Services by the KDN

## Shared IT-Infrastructure Services

- mainframe
- 2-sites server platform (incl. SAN, Backup, DBMS, systems management)
- 2-sites long-term archive storage
- print services

„Virtual“  
computing center

Basic  
IT-infrastructure

## Shared Application Services

- SAP NKF
- SAP Human Resources
- Application packages for public administration (employment and social security, vehicle registration, housing benefits, business registration, geographical information systems ...)

ERP-systems  
public applications

# Economic success factors (1)

## – Legal capacity

- *SSC as autonomous legal and economic subject*
- *members´ influence on corporate policy*

## – Communal procurement by the SSC

- *Advanced strategies*
- *Process advantages in tendering procedures*
- *Economies of scale*
- *(Pre-) financing of shared resources*
- *Definite ownership*

## – Openness and accountability of business activities

- *SCC as principal and provider*
- *„Fair“ task sharing: „give and take“*

## Economic success factor (2)

- **Full cost pricing, transparency in pricing**
  - *Costs of procurement and amortisation*
  - *Personnel expenditures and general expenses (including refunds for member services)*
  - *Costs for the network: apportionment relative to use*
- **Lean business**
  - *Lean management (in part additional)*
  - *Commissioning of members*
- **No obligation to affiliate or use, but: convincement by quality and price!**

# Operational Success Factors

- **Use of members' operating sites**
  - *Computing centers*
  
- **Operation services by members**
  - *Personal identification with the SSC*
  - *Gains by service provision*
  
- **Supplemental offerings**
  - *High availability, security, long-time archives*
  - *Development of new services*
  
- **Opportunity for multi-client capability in the shared infrastructure**
  - *Administration and maintenance of application packages*
  
- **Participation and impact on business organisation**

# Members' Benefits as Success Factor

- **Strengthening of the members**
  - *Members as sole contact for their customers*
  - *Opportunities for specialization and professionalization in service provision for the SSC*
  - *Enlargement of the range of services offered to their customers*
  
- **No re-location of employees**
  - *Job enlargement, career opportunities*
  
- **Noticeable effects on economic efficiency**
  - *Cash flow*
  - *Easing of administrative processes*

**The Future of  
Local ICT-Service Providers  
are  
Shared IT-Service Centres !**

**By creating shared IT-service centres, local IT-service providers enable the local government to network!**

**Thus, they are the backbone of public service networks !**



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