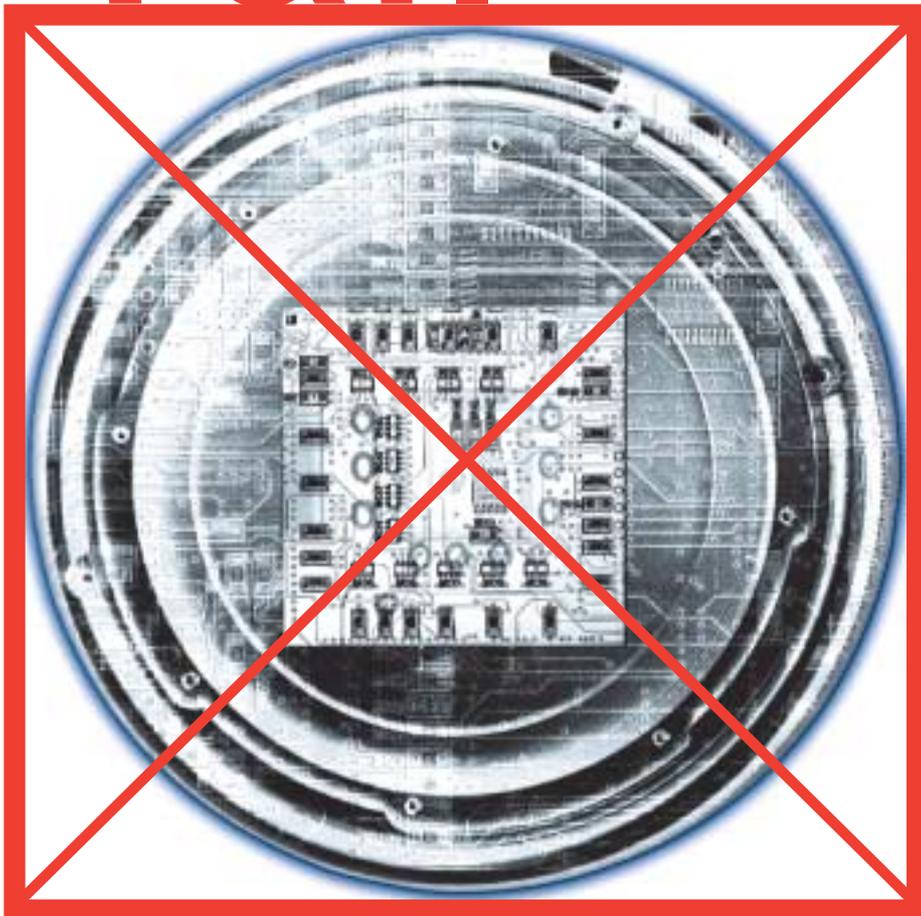


# Why IT projects fail

Governments increasingly depend on the use of IT. Rapid technological development (for example, web based technology) provides opportunities to revolutionise the way in which Government deals with citizens and businesses and to make savings in the cost of delivering services. But heavy reliance on IT can also result in unacceptable levels of disruption if the introduction of a system is delayed or does not work as intended.



We analysed the lessons learned from more than 25 IT projects carried out in the United Kingdom during the 1990s. In each case the implementation resulted in delay, confusion, inconvenience to the citizen, and in many cases poor value for money for the taxpayer. From this work we identified the main causes of project failures in UK Government, their impact, and project and risk management issues.

The U.K. experience

The UK Government began computerising in the 1950s, but the way in which IT has been procured has changed significantly since then, particularly during the last two decades. Despite these changes, failures in delivery of IT projects continue to arise. These problems are not unique to Government, but when public sectors projects are not delivered on time, citizens lose out as both taxpayers and customers because additional expenditure is required to rectify problems and the achievement of anticipated benefits is deferred.

These shortcomings can be widespread and have many adverse impacts. Our analysis identified six broad headings under which the outcomes of IT project failures arise:

Impacts on the citizen:

- impacts on pensioners and welfare benefit recipients;
- impacts on those seeking travel documents (e.g. passports);
- delays in providing compensation under government schemes;
- adverse effects on hospital care.

Impacts on the use of public funds:

- funds wasted when projects have been abandoned;
- delays or deficiencies leading to compensation being paid out;

- costs of maintaining old systems longer than expected;
- write-off of overpayments;
- increased levels of error;
- inefficient working arrangements for staff;
- reduction in anticipated savings.

Impacts on the ability to manage:

- reliability of information systems;
- limitations on the flexibility of systems;
- systems not centralised;
- lack of an effective IT strategy;
- difficulty in accessing information.

Impacts on financial management:

- ability to produce accounts;
- reliability of payments and recording;
- need to produce data by other means/rely on other less reliable means of working.

Impacts on business development:

- de-scoping of service;
- disruption of service to other organisations;
- limiting ability to simplify practices;
- build up of work backlogs;
- delays and disruption of business processes;
- absence of automated services.

Impacts on achievement of anticipated benefits:

- delays in achieving benefits of new system;
- failure to receive service anticipated;
- increase in expected life span of existing systems.

This analysis enabled us to identify a number of management practices which, if properly applied, ought to reduce significantly the risk of IT project failure.

## Suggestions for improving the delivery of Government IT projects:

### 1. The inception and design of projects

Business change

A key factor is that delivery of IT projects must be set in the context of delivering business change. Many projects have failed because delivery of IT systems has been seen as an end in itself rather than part of a wider process to meet overall business objectives.

Business development skills need to be strengthened to support the management of business change projects and to enable informed decisions, both before the initiation of a project and throughout its life. Managing business change requires the production and maintenance of a business case for total change, not just the introduction of a new IT system.

Modular and Incremental development

Large and ambitious projects carry a high risk of failing to meet all or some of their goals. Breaking projects into smaller more manageable components can reduce this risk.

### 2. Managing projects

#### Leadership and Responsibility

Effective business change programmes and projects require active and visible leadership from the top. Some projects have suffered because of a lack of active ownership. Overall responsibility should be vested in a single, responsible and visible individual who is provided with information-sharing mechanisms and



practical guidance on the nature of the role and the tasks involved.

#### Project management

Failures to recognise the need for specific project management skills results in ineffective management and has been a contributing factor in the failure of some projects. Formal project management methodologies should be more widely adopted, key staff on major projects should undertake appropriate project management training, and mentoring should be available.

The relative difficulty of projects must be assessed against the abilities of project managers, and abilities could be supplemented by managers from the private sector.

#### Risk management

An appreciation of business risk management at all levels in an organisation helps to ensure that the impact of a project is fully understood and monitored throughout its life. To ensure it is effective, there must be procedures in place for upward reporting to the appropriate level.

### 3. Relationships with suppliers

#### Procurement and supplier relationships

Increased dependence on IT to deliver business objectives raises the importance of effective IT procurement. Mechanisms that encourage more mature co-operation between client and supplier can have a significant impact on project success. Scrutiny of supplier plans throughout the procurement process is important in ensuring that objectives are delivered, and action must be taken by suppliers to help improve performance. Actively managing market intelligence can help improve procurement decisions.

#### People and Skills

Both purchasers and suppliers need to enhance skills in procurement and management of IT at a time when global

demand for these skills is escalating and widespread skills shortages are predicted. A key requirement is to identify and measure the core skills necessary and provide rapid ways of developing and acquiring what is missing.

### 4. Learning Lessons

Many projects have been carried out without an awareness of what is happening, or has already happened elsewhere. Peer review systems can spread this knowledge and ensure that new initiatives have the benefits of experience as they go ahead. Mechanisms are needed to ensure that best practice and good advice are readily available and easy to use.

### 5. Realising benefits

Projects can only be regarded as successful if the intended benefits are realised and there are weaknesses in the systems used for ensuring that benefits are delivered and tracked. Projects should include formal processes to determine the benefits of projects and review progress on realising them.

#### About the Author



**Steve Doughty** is the UK NAO's Director of IT, and is the Editor of into IT,

This article is an edited version of a paper that

Steve presented at the IT Audit Conference in Slovenia - the full version may be downloaded from the INTOSAI EDP web site ([www.nao.gov.uk/intosai/edp/pubindex.html](http://www.nao.gov.uk/intosai/edp/pubindex.html)).