Report of the UMUCU IT Outsourcing Working Group

This document sets out concerns raised by the University of Manchester UCU branch about the current proposals for outsourcing IT Services at the University. Some are of a general nature and some, especially in sections 5 and 6, are more specific. Furthermore, we recognise that evidence is lacking and that some may arise from misunderstandings, or may reflect temporary adjustment problems. However, all are raised with the best of intentions and reflect genuine concerns held by the many IT staff who feel they are currently being ignored.

The main areas of concern are set out in detail below, but can be summarised as follows:

1. We are very concerned about the scale of the proposals and the apparent lack of strategic planning that has gone into formulating them and assessing the risks involved.
2. We are concerned that outsourcing does not offer the incentives and flexibility required by a large HE institution, where the demands are far more varied than in many commercial organisations.
3. As a consequence, we are concerned that the University, which in the past has been a major innovator in computing and IT, risks losing the comparative advantage it has in these fields.
4. We also have grave doubts about the ability of the University under the outsourced model to continue to fully participate in shared services, such as Jisc, and collaborate with other academic institutions as key staff leave to go to institutions where they can make fuller use of their expertise.
5. We are concerned about reported management issues in IT Services relating, in particular, to matrix management, the disbanding of Faculty Support Teams and the new Support Centre, all of which can be expected to worsen as more experienced staff leave.
6. In addition to the lack of risk assessment relating to the business case for outsourcing, we are concerned that the lack of strategic planning and the University's increasing reliance on outside contractors is exposing it to unacceptable data security risks.

1. Scale, planning and business case

According to the Prior Information Notice (PIN) issued by the University, the budget for outsourcing is between £50m and £100m over 3-4 years, i.e. around £12.5m to £25m per year. £12.5m is the equivalent of 200 people at £50K. We know the sum of the salaries of those who are leaving under ERVS is substantially less than this, which raises concern that the University is planning to threaten more permanent IT staff with redundancy. In fact, the upper limit of £25m per year for outsourcing would represent a complete removal of all IT expertise at the University. The above figures do not include VAT so we are losing additional 20% effort by outsourcing staff.

We also note that the first PIN issued by the University stated that the budget would be between £50m and £150m over 5 years; the upper limit was reduced by £50m just a couple of weeks later. This suggests planning has been less than thorough, otherwise how could £50m be so easily dispensed with? The University has not shared a detailed business case for outsourcing with stakeholders. As pointed out by the campus trade unions in the letter sent to the SLT, Senate and Board of Governors in September, at a minimum such a business case should include data on current and projected IT costs per member of staff and per student, the costs of the University's IT Services compared with other Russell Group universities, and an assessment of the management capability of the University's IT Services department to implement a change programme of this scale. However, to our knowledge, no detailed analysis of this kind exists.

Similarly, the invitation to potential suppliers to present proposals does not commit the University to giving contracts to suppliers, yet already staff are being lost. Given the contractual dangers of

outsourcing where the expectations of the providers and the consumers can be very different, it is critical to have a very good idea about both the University's requirements and the capabilities of potential suppliers for meeting them in good time. If the strategy was comprehensive and there was conviction that all work packages really could be outsourced, then perhaps redundancies could be made without a loss in service delivery: as the packages began to be delivered by contractors, the jobs of existing staff would become redundant. But not the other way around as is happening now, with staff leaving before outsourcing contracts are in place.

What is happening at present is that expertise and effort is being lost in critical areas, either directly via ERVS or indirectly by disillusionment and concern with the current direction of IT services. Even if it became commonly accepted that some degree of outsourcing was desirable in certain areas, the transition would need to be much more carefully planned and managed than appears to be the case.

2. Going the "extra mile"

Outsourced delivery means working to strict service-level agreements (SLA), which means outside companies can come back repeatedly and claim that particular work lies outside the scope of the service they are contractually obliged to provide. The experience of our members in IT services indicates that unanticipated exigencies often occur that require working and innovating beyond what is usually expected. However, outside contractors working to an SLA cannot be expected to have the same level of "going the extra mile" commitment and obligation to the University. There is a perception amongst our members in ITS that any rigidity that exists in the University's current IT Systems can be traced back to the misapprehension of previous IT Directors that a university's IT can be streamlined in the same way as in, for example, a bank. However, the nature of university IT support is very different from that of most commercial organisations – principally because University staff and students require IT support as a flexible tool for knowledge discovery and collaboration both within and outwith the University.

We therefore propose a consultation exercise be conducted with current colleagues in IT and with representative samplings of the views and needs of academic and research staff and students. Our own consultations with UCU members in IT Services reveals a flexibility and enthusiasm and willingness to go the "extra mile"; it is for this reason that many work for less money in the University than they could command in the wider IT market. We propose that IT management strategies should encourage and develop such enthusiasm and expertise. Much more serious consideration should be given to changing the University IT model *from the inside* to make it more responsive and flexible. This flexibility is likely to be much more difficult to achieve with outside companies and contractors who have no commitment to the goals and ethos of the University and who are working to a commercial model based on SLAs. A paper on how to achieve such an IT transformation in a University context has been published by the University of Memphis: http://www.educause.edu/library/resources/achieving-alignment-through-strategic-information-technology-management-university-memphis
Given the ambition of the University of Manchester to compete with elite Universities in an international context, such strategic planning is essential.

3. Innovation, intellectual capital and lack of consultation

IT as an infrastructure is increasingly being treated as a commodity, like catering or cleaning services. This is a grave error that fails to recognise the critical role IT plays in both research and education in the HE sector in the 21st century. IT in a university is, and should continue to be, tightly bound with innovation. In previous years, the University of Manchester had Internet mapping 18 months before any commercial company. In fact, such was the success of networking

and internet capacity in the late 1990s that a member of staff took the ideas developed here, left the University and made a considerable fortune applying them elsewhere.

It is also noteworthy that staff from University IT were active in the Open Source software movement long before it was the conventional wisdom to do so. The first distribution of the Open Source Linux Operating system was made available internationally by a member of IT staff who was working in System and later Web Support. At the time (early 1990s) this activity was not supported or sanctioned by the management since the received wisdom was that the closed source Windows operating system would be the only operating system considered for University teaching and research. Linux is now a multi-billion dollar operating system that powers most of the data centres in the world. This illustrates that powerful ideas in IT, capable of giving Manchester academics a competitive advantage, can come from the non-managerial levels of the IT staff.

IT staff have also collaborated with Manchester academics to pioneer new methods of collaborative learning (e.g. the MAGIC consortium for remote teaching in Mathematics) and research. The UK e-Science programme from 2001-2011 featured collaboration between academic schools and IT services and resulted in an e-Science programme worth £25 million. The software and skills developed in this programme have continued to give Manchester an edge in Data Science – for example, in the Information Management Group.

Such collaborations would not develop with external contractors funded by outsourced contracts, unless there was a strong in-house store of expertise and talent to make the bridge. We agree there is a need to think strategically about IT, including finding the balance between outsourced and in-house support. However at present IT staff feel that a vision is being imposed without any real stakeholder consultation of the kind described in the University of Memphis paper cited above.

4. Shared services and collaboration with academic partners

The University is currently able to obtain discounts on software and hardware through increasing its collective bargaining power and resources by collaborating with other academic institutions and organisations that support academia, such as with CHEST/Eduserve and Jisc. For example, Jisc is providing networking capacity and cloud solutions that fulfil the special requirements of academics, while the University help-line support outside normal hours is provided by another academic institution through a call centre in Northumbria. However, extensive outsourcing will inevitably lead to depleted IT in-house functionality as staff leave to go to institutions where they can make fuller use of their expertise, reducing the University's ability to participate fully in such collaborations, since it is highly unlikely that outside contractors would be able to share services with the above-mentioned institutions. Therefore, we would like to know if the full repercussions of outsourcing for such shared services and collaborations with other academic institutions have been seriously thought through.

5. Emerging management problems

We report below a series of specific problems that appear to be emerging in IT Services. While we recognise that some of the implied criticisms may arise from misunderstandings, or may reflect temporary adjustment problems, these matters are, as we said in the preamble, being raised with the best of intentions and reflect genuine concerns of the many IT staff who currently feel their concerns are being ignored, and are offered in an attempt to forestall problems before it is too late to deal with them.

First, our members report that the SFIA (Skills Framework for the Information Age) framework is not working. The purpose of SFIA is to develop a broad range of skills and capabilities in the IT

workforce. In other institutions, implementation of SFIA has recognised that individuals have skills across a number of SFIA areas and has helped staff to better see which skills they need to strengthen in order to develop their careers. This helps both individual staff and the institution. However, this is not how SFIA is being used at the University of Manchester. Instead, it is being used merely to create pools of staff who can be made redundant; virtually everyone was shoehorned into a single SFIA area (multiple areas, but one per person), thus reducing the apparent skill level of individuals and making it difficult for them to move into new areas.

Similarly, matrix management is not working consistently due to lack of communication between "staff managers" and "assignment managers". Apparently, senior management in IT Services have verbally acknowledged that this is a problem, and primarily due to some staff managers and some assignment managers not taking on the documented set of responsibilities as they should have done. For example, some assignment managers failed to provide performance information to staff managers when requested for input to the PDR process, despite this being a requirement of their role.

Partly as a result of the above management failings and coupled with the departure of staff, work assignments end up being new duties, which staff are expected to carry out in addition to their existing duties, leading to untenable workloads. This was a particular problem with the disbanding of the Faculty Support Teams.

We are also told that, in the view of many experienced IT staff, the new Support Centre arrangements are not fit for purpose. Hundreds of requests are outstanding and user experience is demonstrably declining. From an end-user perspective, data entered to support requests via Landesk quite often goes missing. This includes data entered that would help support staff deal with requests in a timely manner and emails sent via Landesk.

Similarly, requests for assistance with eLearning used to be automatically re-directed to Faculty eLearning Teams, but now they must be manually triaged before forwarding to the relevant team, which means it can take several working days for a request to reach the team. As a result, academic staff are finding it increasingly necessary to chase up requests with phone calls, or to use alternative means of reaching the eLearning team, such as Outlook.

Specialist teams are disappearing before contract teams replace them and without adequate handover. For example, the Desktop Application and Delivery team, responsible for vital work supporting the desktops used by students and staff will be severely cut within the next month or two and it is not at all clear who will continue the work. This team has in the past been able to develop solutions when commercial products were unable to fulfil requirements. A lack of staff makes it seem inevitable that it will no longer be possible to fulfil short-notice requests to IT Services.

In an effort to alleviate some of the above problems, we understand that IT Services is hiring 'knowledge transfer consultants', who are tasked with ensuring the knowledge of those leaving is passed on to those taking on the responsibilities. The model seems to involve existing staff giving training/seminars to those taking over, with those taking over writing the documentation, which makes sense as those taking over tend to write more as they know less. However, what does not make sense is that the consultants have been brought in before some of the 'new' service supporters have been hired.

6. Security and risk assessment

The 2015 annual survey of CIOs of North American academic institutions suggests that the proposed University model is very different from general practice in the US. Whereas the

outsourcing project at the University is reducing staffing levels, the report finds that in North American universities, although growth of cloud computing is resulting in changing job roles, it is not significantly impacting staffing levels. Similarly, in the UK, our understanding is that most universities are maintaining or increasing staff and only a minority are expecting to reduce staff. The CIO survey is available at:
http://results.chronicle.com/LP=1097?elqTrackId=D15D48D84AC9F2FA1699F442F8889637&elq=161d486377eb4accaaa1e21c9e1f8d52&elqCampaignId=1367&elqaid=6399&elqat=1.

The University IT Senior Management could argue that they are trailblazing a new model. However, undertaking significant numbers of redundancies before actual outsourcing and Cloud deployment are underway incurs huge risks, as highlighted by the Change Freeze whilst online examinations take place edict issued recently by IT Services. Therefore, we find the apparent lack of risk management planning regarding such risks deeply worrying, especially as our members in IT Services are reporting a number of areas where the risk of security breaches appears to be increasing. As far as we know, no breaches have occurred as yet, but we are nevertheless concerned that an overwhelming desire by some to push ahead with outsourcing means potential risks are being ignored or downplayed.

For example, shifting work from specialist teams to the Support Centre has led to access rights being given to individuals who have little knowledge of the possible impact of what they are doing. This potentially compromises the security of confidential data, including some shared areas in MHS that contain personal patient information – Service Desk staff have the ability to give anyone in the University access to that data. Access control was previously restricted to the Faculty Support Teams, who knew and understood the nature of the data stored, but this is no longer the case as the Teams have, as noted above, been disbanded.

A second example relates to the Microsoft Dynamics CRM implementation, which does not use central authentication or account control and is therefore a security risk. Moving the content to a system that does use central authentication in the future will not only be a lengthy and costly exercise but also increase risk.

The final and perhaps most serious example of potential security problems relates to the increased use of contractors within IT Services. Most data security breaches do not arise from external hackers but from internal sources, whether deliberately by disgruntled or rogue employees or as a result of poor training and carelessness:
http://www.computerworlduk.com/news/it-management/internal-staff-still-pose-biggest-security-risk-3360651/
http://www.cio.com/article/2872517/data-breach/6-biggest-business-security-risks-and-how-you-can-fight-back.html
http://www.ibtimes.co.uk/rogue-employees-biggest-threat-information-security-1448250

Our members report to us that the majority, if not all, of contractors are extremely able and have brought dynamism and new ideas to the service. However, the rapid turnover of contractors – even before full outsourcing is underway – is resulting in new contractors not getting appropriate information security training. It has been reported to us, for example, that some of the new Service Desk contractors have not yet been through proper IT security training and that, in any case, the University recruitment procedure doesn't seem to ask or research whether potential contractors have been involved in cyber crime. The risks that a lack of proper training and security clearance procedures for contractors could lead to a serious data breach are enormous and do not seem to have been considered by the University.

Conclusion

The problems other organisations have had when they outsourced their IT Services are well-documented. We noted in our letter to Senate and the Board of Governors in September that AstraZeneca, General Motors and DVLA have all experienced costly failures with IT outsourcing and had to bring them back in-house. Cornwall Council is another recent example: in 2013 it signed a ten-year contract with BT worth £160m, but in December it had to fight BT in the High Court in order to end the contract after only two years after BT failed to meet the guarantees it had provided when signing the deal. (http://www.bbc.co.uk/news/uk-england-cornwall-34120656)

Amongst UK universities, Durham outsourced key management information processes including finance, student enrolment, HR and space management systems to Unysis in 1998. However, in November last year the university announced that it was not going to renew its contract with Unysis and instead was going to bring these services back under university control (https://www.dur.ac.uk/dialogue/july10/its/). We have also heard from colleagues that the email system at Leeds University has become extremely slow, to the point of being unusable, following its transfer to servers in Dublin.

Given these well-known problems with outsourcing elsewhere and the more local problems enumerated above, our members on the academic side do not feel a proper sounding of their concerns was taken before the proposals for outsourcing were set in motion and key staff induced to take voluntary severance and leave the University. In addition, our members in IT Services have serious concerns about what is already happening to the service; in particular, IT staff are leaving without adequate procedures being put in place to ensure the service has sufficient manpower and expertise to continue functioning at the high levels expected and required by the University.

Staff departures and inadequate planning and management are already compromising IT Services, which can only worsen with further disruption as more key staff depart over the next three months. In addition to those induced to leave under the recent s188 process, a number of other experienced IT staff have left or will be leaving the University to get jobs elsewhere because they are disillusioned with the direction University IT is going in and wish to work for an institution where they feel their expertise is truly valued. This has already led to a worrying loss of local knowledge and expertise that can only get worse.

Outsourcing can also be expected to have a negative impact on collegiality. Although the University needs to be efficient and responsive to changes in technology and expectations of staff and students, many IT staff also have close working relationships with teaching and research staff. This goes beyond the narrow, business contractual relationship typical of outsourcing; it is the foundation of the concept of "going the extra mile" promoted by the University. Our members have serious concerns that outsourcing IT will profoundly change and undermine collegiality in the University.

Finally, it seems very strange to us that a university that claims to be a world class research institution does not seem to take any notice of its own research. In addition to the above evidence regarding Durham, AstraZeneca etc., the recent book, "What a waste: outsourcing and how it goes wrong", which is partly authored by leading researchers in AMBS and was launched at an event at the University on 25th November, raises serious concerns and warnings about the consequences of outsourcing. As noted in Private Eye (21 August 2015 issue), it would be ironic if the University were capable of warning against the dangers of outsourcing elsewhere, whilst simultaneously engaging in a massive exercise for which there is no clear business case, which does not appear to have been properly risk-assessed, and for which the concerns of those who will be affected (nearly everybody who works for the University) have not yet been taken into sufficient consideration.

Addenda to UMUCU IT Outsourcing Working Group Report

A number of additional concerns have come to light since the main report was written. As in that report, we would like to emphasise that some if not all of what follows may arise from misunderstandings or reflect temporary adjustment problems. Nevertheless, we feel it important to raise these matters as they reflect the genuine concerns of our members in IT Services.

1. Problems with Landesk continue

We are told that there have been numerous implementation failures and that these arise largely because, instead of providing a version of Landesk that was heavily customized to fit end-users needs, the ITLT instead chose to reject the results of the end-user requirement gathering exercise and provide an "out of the box" version. This version has substituted generic "ticket" types in place of the categories suggested by end-users in the requirement gathering exercise, leading to user frustration and resistance when Landesk was adopted. In addition, the training for front-line analysts provided by the outsourcing company (Syzgal) has not helped, because it is based on previous implementations of Landesk elsewhere, not on the specific needs of the University identified in the requirement gathering exercise. Efforts are being made to sort out these problems, but at additional cost to the University.

2. Exam Testing Tool development and ongoing costs

We have been given details of an example of where outsourcing has led to a significant increase in upfront and ongoing costs of a relatively small application. An "Exam Testing Tool" for Blackboard, which tests everything between a user in Manchester and the Blackboard server in Amsterdam when a student takes an exam on Blackboard that contributes to their degree, was previously developed internally at an estimated cost of around £30k. However, the same tool has now been outsourced to a company called TTP (The Test People) at an initial cost of £90k plus on-going annual maintenance costs of £8.5k. Thus, outsourcing has led to a trebling, at least, in cost to the University. Such increased costs are, we are told, typical of outsourcing and part of the reason why it has failed in other organisations, both private and public (e.g. AstraZeneca, General Motors, Cornwall Council, Durham University), and been reversed.

3. Excessive reliance on and lack of managerial control of contractors

We are concerned about the increased reliance on, and what some see as lack of oversight of, a large number of contractors (agency workers and consultants) in particular parts of IT Services.

There are nearly 400 staff in IT Services, including around 65 contractors. However, most of these contractors are concentrated in one division, Projects, where 42 out of 74 staff are consultants or agency workers. This compares with the next largest concentration, in Service Delivery and Infrastructure, where 19 out of 125 staff are contractors. (The numbers cited are based on the most recent information available but may not be 100% accurate as the IT structure is not 'static', with people leaving or moving around. They are drawn from a spreadsheet, available to all IT staff, listing "who reports to who", and are based upon reporting lines following the Assignment Managers rather than Staff Managers, as this person is the day-to-day manager and likely to be most influential over culture and day-to-day activities.)

In addition, there are a number of areas in Projects where groups of contractors are themselves managed by a contractor – in one case, 15 contractors are line managed by another contractor. Contractors are also line managing established members of staff, and some of the more highly placed contractors have been given roles where they have considerable influence on decision

making outside Projects; for example, the 'Director of Future IT' and a new 'Head of Development' – both contractors – have roles that give them significant levels of influence over Service Delivery and Infrastructure.

On the whole, most of these contractors are, we are told, very good and have brought new ideas and vitality into IT Services. However, some University staff also complain that the contractors they work alongside are lightly managed and appear to be able to spend time on Rightmove and Facebook while they themselves are massively overworked, having to cover their own work plus that of colleagues who have been coerced into taking Voluntary Severance. We acknowledge that such reports may not be fair, but they are evidence of the resentments and divisions, inimical to collegiality, that outsourcing can engender. Moreover, even if the above behaviour does not take place or is exaggerated, a situation where contractors manage contractors (or contractors and permanent staff) and have power over what happens elsewhere in IT Services does not seem to be consistent with claims that under a "phased sourcing" arrangement the University would maintain managerial control of staff and services bought in from outside.