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## **The Gershon Review - An Analysis by Suzanne Roche\***

Many people questioned the incoming Rudd government's appointment of Sir Peter Gershon to head a review of government ICT procurement. Now that the review has been completed and the government has endorsed his recommendations, many are still wondering if Peter Gershon's review will have any discernible impact; particularly as government priorities have changed markedly in recent months.

However Gershon's appointment - and his recommendations - need to be seen in the context of the emerging force of the digital economy. And in this context his recommendations are very significant.

Tony Blair's election as British Prime Minister marked the beginning of a period of major investment in the reform of UK government services using information technology to an unprecedented degree. The creation of the post of E-Envoy for government on-line services within the office of the Deputy Prime Minister, the initiation of major reforms within the new portfolio of Work and Pensions and the initiation of a massive program of health service reforms, of which ICT has been a major component, are all Blair initiatives. This emphasis on the use of ICT to achieve national policy goals has continued under Gordon Brown, with the release earlier this year of the 'Digital Britain' interim report – which is part of a program designed to put Britain at the head of the emerging global digital revolution.

In many ways the Blair government's recognition of the power of ICT to change how government services are delivered has had ramifications around the world, extending to both Australia and the USA – where there are many parallels in Barack Obama's embracing of ICT and the digital economy.

In this context the Rudd Government's appointment of Gershon in early 2008 was particularly insightful. Gershon's early career was in ICT and he has held senior roles in industry and in government. In 2000, following a review of UK government purchasing, he was appointed to head the newly formed Office of Government Commerce, with a mandate to cut costs and improve procurement practices. In 2003, having exceeded the government's savings targets, Gershon was appointed to lead a UK government-wide efficiency review – resulting in forecast savings of £20 billion and forecast reductions of 80,000 civil service jobs.

So Gershon's appointment by the Rudd government opened up the possibility of wide ranging reform of government ICT procurement and, with that, improvements in efficiency and the exploitation of ICT to deliver government programs.

Looked at in isolation, Gershon's recommendations to the Australian government, which were publicly released in October last year, seem a little tame. In fact, Gershon's most widely discussed recommendation, to increase public service ICT positions and to reduce the use of industry contractors – so soon after the tumultuous ICT outsourcing changes had finally settled down - was seen by many in industry as misguided, and by many public servants as impractical.

However, there is a wider context. Gershon also commented quite critically, on the excessive government ICT spending directed towards maintaining existing systems and the limited investment

in new systems. Gershon recommended that spending on existing systems should be wound back significantly and redirected into new, improved systems with stronger central coordination of investment projects. Gershon also commented on the opportunity to channel new investment into 'green' IT initiatives.

These recommendations have been enthusiastically embraced by the federal government and have immediately been reflected in initiatives ranging from the investment in computers for schools, whole-of-government software licence negotiations with Microsoft and others and in the National Broadband Network tendering process. We can look forward to seeing elements of Gershon in future initiatives such as the AGIMO government on line service point (AGOSP) and in the next generation of investments for social services delivery systems.

From an ICT industry point of view, the Gershon recommendations, in context, herald the beginning of a period of stronger, more centralised management of ICT investment proposals and projects. After the Access Card debacle, in the closing days of the Howard government, this is something that is to be applauded. The adoption of processes such as Gateway Reviews and Two-Pass approval systems do represent additional overheads and potentially increase project lead times, but they also reduce risk and improve transparency.

Given the emphasis placed on ICT in the digital economy and the importance of ICT skills to deliver on current initiatives, the ICT industry in Australia need have no fear for its future, although the acquisition of new skills to keep pace with government requirements will continue to challenge all ICT firms.

Gershon also gave significant weight to the need to encourage innovation – a theme being echoed in two other Rudd government reviews; the review of innovation led by Terry Cutler and Stephen Conroy's exploration of Australia's digital economy policy settings. I am delighted to see the growing recognition of innovation as a national focus area, particularly in combination with the focus on education and the digital economy.

As one of the industry sceptics, when I first learned of Peter Gershon's appointment, I am pleased that his report, in combination with a range of other federal and state government initiatives has brought a focus to the power of ICT to enable innovation and to improve the delivery of government services. The opportunity to heed this advice and implement it now rests with all of us. Let us hope that in a few years it will be our ICT people who are sought out to advise the governments of other countries on how we achieved our world leading reforms.

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