

# IBM and UK Driver and Vehicle Licensing Agency put innovation at the heart of business transformation.

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## Overview

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■ **The Challenge**

*To e-enable existing services, and position Driver and Vehicle Licensing Agency (DVLA) to respond to new challenges from Government*

■ **The Solution**

*To transform the business and operating model, responding to the Government's modernisation agenda. Secondly, to identify and deliver new services as part of a long term vision for change through 'innovative' thinking, high quality policy proposals and efficient funding streams*

■ **The Benefit**

*To deliver e-enablement of Government priorities for vehicles and drivers, deliver a business which is creative and responsive to new opportunities across transport and beyond, while maintaining the highest standards for efficiency, accuracy and service.*

**DVLA: UK Government leader in modernisation**

With a 2003 – 2004 operating budget of £324 million, 40 locations and 5,800 employees, the DVLA is the largest executive agency in the UK Department for Transport (DfT), accounting for 40 percent of the department's staff. DVLA's primary responsibilities are the issue, maintenance and enforcement of driver and vehicle records, and the collection of vehicle excise duty (VED). These responsibilities are fulfilled almost entirely through the maintenance and application of accurate registers of driver and vehicle information, making DVLA fundamentally a data management business. The Agency maintains 39.5 million driver records and 31.9 million vehicle records, carries out 200 million transactions per year, and collects £4.6 billion of VED revenue, with additional £609 million revenue from other business.

Given the focus of the Agency's work, and its close relationship with individual customers (drivers and vehicle keepers), the Prime Minister has assigned two of ten key targets for realisation of e-government to DVLA; e-enablement of driver licensing and e-enablement of vehicle licensing.

**IBM at DVLA: Transformation partner**

In order to achieve its modernisation targets, and to transform the Agency's way of doing business, DVLA signed a 10-year Business Transformation Outsourcing (BTO) contract with IBM. The contract established a joint-working organisation within the Agency to provide a wide-range of business-critical and long-term development services to DVLA, including: IT outsourcing and data management; business strategy development support; IT strategy and technical architecture design; estates and facilities strategic management; change programme management; people and organisation development; culture change; and innovation services.

*“IBM’s approach is to work closely with DVLA groups, providing the tools and techniques we need for generating ideas”*

– Lynn Watts, DVLA Policy Manager, Development Centre Project

Through joint working, the DVLA – IBM partnership will not only transform the nature of the Agency’s operating model and organisation in an on-demand environment, but also produce joint business propositions and new business models for providing services to the UK public and other customers. The partnership puts IBM together with DVLA on the front lines of the Government’s evolving service delivery agenda.

#### **BTO at DVLA: The innovation challenge**

Even before signing a formal contract, DVLA and IBM realised that the Government’s modernisation agenda, together with the Agency’s aspirations for identifying and delivering new services as part of e-Government, called for an extraordinarily ambitious change programme – one that could not be achieved incrementally. In response to this challenge, IBM made ‘innovation’ fundamental to its bid for the BTO work at DVLA.

For the partnership, ‘innovation’ means two things: first, ‘innovating the strategy,’ by proactively identifying new ways for the Agency to add value to its customers; and second, ‘innovating delivery’ by moving quickly and efficiently to exploit those business opportunities. The role of IBM is to introduce into DVLA new ways and means for challenging its strategy and its role as a government service provider, as well as helping the DVLA establish ways and means for improving capability to deliver its services to customers and obligations to the public.

#### **Innovation at DVLA: Process, people and ideas playground**

Both aspects of innovation will be given a strong boost forward with integration of three key elements of innovation work: a ‘new propositions’ process; people development and facilitation services and a cutting-edge ‘Innovation Centre’, which form one part of a DVLA Development Centre, housing staff training and development services.

*“There is a good working relationship between the IBM Business Consulting Services team on this project and their DVLA counterparts.”*

– Lynn Watts, DVLA Policy Manager, Development Centre Project

The ‘new propositions’ process is a stage-gate process for new business development that will govern prioritisation and resource allocation for development of raw ideas, evolved ‘concepts,’ feasibility work, business cases and projects themselves. This single process will apply ‘light-touch’ decision criteria on the front end, to encourage a large funnel of new ideas, supported by innovation services. Further down the new proposition funnel, criteria will become more stringent, as prioritisation and resource decisions become more business critical, and will involve governance by other parts of the organisation, including the Executive Board.

“Two projects have already progressed this far, and we are working on several others, some of which have possibilities beyond DVLA and the UK,” advised Lynn Watts, Policy Manager for the Development Centre Project. The next steps are to realise and sustain those propositions that are fully viable, ensuring that they progress to fruition faster and more robustly than would otherwise have been the case. Conversely, the process allows the innovation team to retire any propositions that do not meet expectations earlier, so less time and resource is spent on work that is ultimately unproductive.

The innovation centre is a ‘hothouse’ environment for business development, where agency staff will create, evaluate and implement new business propositions more quickly and robustly than ever before, learning and developing their own capabilities in the process.

“IBM’s approach is to work closely with DVLA groups, providing the tools and techniques we need for generating ideas”, said Lynn. Applying IBM technology and methods together with DVLA knowledge and objectives, Agency teams will improve the quality and delivery speed of new propositions and new business.

The first stage of the Development Project was to produce the business case for the Development Centre buildings, and to design the service delivery. Both propositions were accepted by DVLA. The specialist IBM team had developed an estates strategy for the Agency that was used to evaluate the best location and procurement strategy for the Development Centre. The IBM team also led the negotiations with the developer to acquire the buildings. Building work is in progress on the single-storey Innovation facility and a three-storey learning and development facility. IBM is already providing innovation services, with a view to handling this work over progressively to its client some four years into the overall project when skills transfer has been completed.

In the final stage of the process, the emphasis is on ensuring that the necessary technical expertise is available to facilitate delivery and to provide support for the implementation plan. “It is also important that we harvest benefits and lessons learnt so that they may be re-applied to further projects and in other relevant areas of our business, aiding continuous improvement,” Lynn added.

“There is a good working relationship between the IBM Business Consulting Services team on this project and their DVLA counterparts, including the DVLA Innovation Services Work stream and a Development Centre Project Board. We are gaining much valuable experience from this work and look forward to taking over the work fully as soon as skills transfer is completed,” Lynn Watts concluded.

#### **For more information**

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