

A Catastrophe in Governance of ICT Australian Customs Integrated Cargo System

An Infonomics White Paper
(Executive Summary Extract)



Mark Toomey

Why did this ambitious initiative to re-engineer the business of import and export processing cause a massive furore?

What can organisations learn from the experience?



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Note to readers

This paper was developed solely through reference to public domain information about the ongoing development of the Australian Customs Service Cargo Management Re-engineering initiative. All of the information referenced here was published in the national press, from mid 2003 to the date of the paper. No information was sought from, or provided by Australian Customs Service or any of its personnel or associated organisations.

The intended purpose of this paper is to promote debate in the community, particularly among senior ranks of public and private sector organisations, regarding the need for, and apparent lack of effective corporate governance of information and communication technology. By drawing on the obvious problems that occurred when the Imports system was deployed, the paper aims to sharply focus its readers on the need to ask straight-forward questions throughout an IT investment initiative, and not wait until D-day to know whether success has prevailed.

Mark Toomey 2 November, 2005.

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The Executive Summary – and why you should read this paper...

On 12th October 2005, after more than three years of development, the Australian Customs Service Cargo Management Re-engineering Project entered a critical phase – commissioning of the new Integrated Cargo System Imports Module. Over the subsequent fortnight Australia's cargo ports ground to a halt. Fourteen days after it went live, Customs notified the industry that the prior system would continue to operate "indefinitely".

Australian Standard AS8015:2005, Corporate Governance of Information and Communication Technology was developed to promote effective, efficient and acceptable use of ICT in all organisations. It guides Directors on governing the use (including deployment of new projects) of ICT.

The extensive press coverage makes it quite clear that the deployment of the Import module of the Integrated Cargo Systems Project was neither effective, efficient, nor acceptable. The situation indicated a significant failure in corporate governance of ICT.

In this paper, Infonomics traces the press coverage of the CMR project from early reports of trouble in November 2003, discussing aspects of the project governance system that should have been in place and working to ensure project success. Our intent is not to be judgemental about what has happened with CMR, but rather to guide stakeholders in all ICT enabled initiatives regarding ways in which they might increase their certainty of success. The discussion points include:

- *A fundamental governance theme for major initiatives is to ensure that all facets of change are planned and delivered – including the change that needed to be made by external stakeholders. Plans should suit the organisation (which sometimes includes an entire industry) and should include particular reference to human factors, to ensure that an entire system of change is delivered, rather than merely a technology project.*
- *For many old, established systems, much detail of business processes is buried in poorly documented code, or even "folk lore", and the people who understood how things work have moved on. There is significant risk in trying to recreate, or rediscover the intellectual property.*

- *Key performance indicators should be established at the outset for both business change and technology aspects of projects. The KPIs should be designed to give confidence that good practice is being followed, and that satisfactory progress is being made in the achievement of the project's objectives. Schedule and budget are important KPIs, but they are not sufficient.*
- *The governance regime must ensure that all stakeholders are properly represented and engaged in the process, and that all voices are heard.*
- *In massive initiatives involving multiple vendors, governance mechanisms and contractual frameworks must promote conditions where all parties can work effectively to the achievement of the overall project intent.*
- *Ensure that progress is measured in terms of "proximity to goal". It is not the work that has been done that is critically important – it is the work that has yet to be done. The goal should be expressed as a set of clear objectives, and the effort remaining to achieve each should be tracked. If the effort to achieve goals is increasing, it may be necessary to reconsider whether the goals are really attainable at a reasonable cost.*
- *Performance goals should be expressed using business KPIs that have been cross-checked to ensure that they set reasonable targets, and performance reports should denote the actual measured performance of the system. KPIs should define "sustained peak" and "transient peak" performance requirements.*
- *If performance testing is conducted on a scaled-down basis, there should be proof that the system would scale up to the required volume without reaching limits that could not be resolved without re-engineering.*
- *Massive change projects tend to completely absorb organisations. Governance processes should ensure that primary questions of importance are asked well before any competing initiative takes on a significant and inappropriately distracting profile.*

Good governance of major IT enabled business change projects reduces risk and maximises value. Are you confident that your organisation's IT Governance is effective enough to ensure that your projects will not experience the problems of Cargo Management Reengineering?

Lessons about IT Governance are hard to learn – and they keep coming

Lessons in history: Get the timing right – or pay the premium for risk

Lessons in history: Don't persist in the face of unsolvable problems.

Australian Customs Integrated Cargo System: A Catastrophe in Governance of ICT

The Objective of ICS

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A Catastrophe in IT Governance is available for purchase as hard copy or as a downloadable e-book, in PDF format.

Find it at: www.infonomics.com.au