



International Council for Information Technology  
in Government Administration



# Consolidation in Finland

Arja Terho  
counsellor  
State IT Management Unit  
Ministry of Finance

ICA 40th Conference  
WHOLE OF GOVERNMENT - FILLING THE HOLES  
10-14 September 2006  
Guadalajara, Jalisco Mexico C.P. 45050



# Characteristics of Finnish Public Sector

- population 5.2 million
- EU member state for 10 years
  - EU presidency July –Dec 2006
  - currency euro (€) since 2002
- 13 ministries and 120 agencies under ministries
- 431 municipalities with high autonomy





# Strengths

- Long tradition in openness of administration
- Citizens trust government
- Shared national databases,
  - People
    - Since 1985 Population Census automatically from existing databases
  - Real Estate
  - Companies and corporations
  - Registered vehicles
- Citizens' readiness to use technology



# Challenges

- **Productivity**
  - Aging population
  - Retiring personnel
- **Changing customer needs and expectations**
- **Globalization, EU-integration**
- **Maintaining services in all parts of country**
- **Maintaining services in all circumstances**



## Quickly increasing old-age dependency ratio

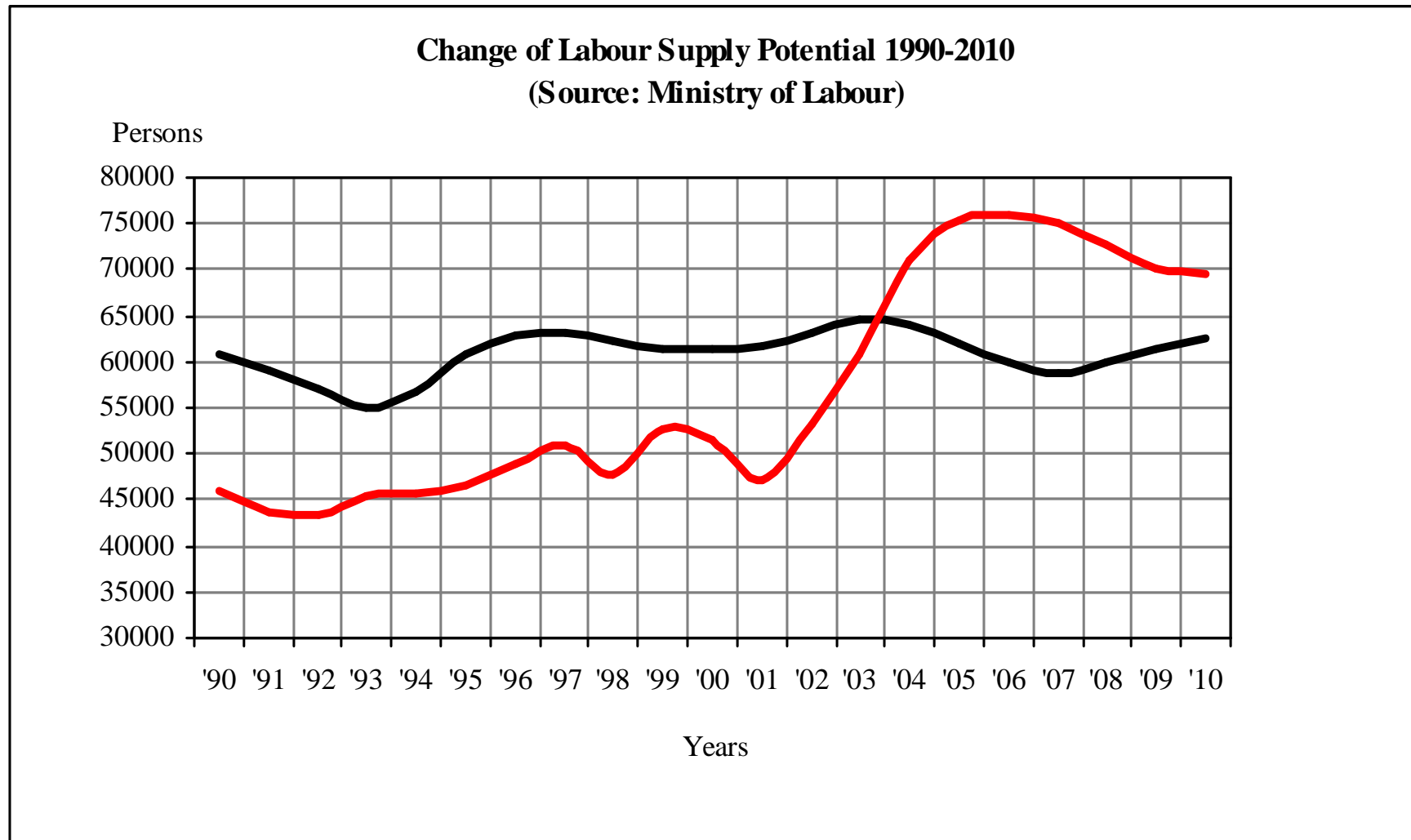
percentage of citizens over 65-years of age of working age population (20-64 years)

	2004	2025	Change 2004-2025
<b>Belgium</b>	26,1	36,5	10,4
<b>Denmark</b>	22,5	33,8	11,3
<b>Germany</b>	26,8	39,3	12,5
<b>Greece</b>	26,4	35,5	9,1
<b>Spain</b>	24,6	33,6	9,0
<b>France</b>	25,2	36,9	11,7
<b>Ireland</b>	16,4	25,2	8,8
<b>Italy</b>	28,9	39,7	10,8
<b>Luxemburg</b>	21	27,7	6,7
<b>Netherlands</b>	20,5	32,5	12,0
<b>Austria</b>	22,8	34,5	11,7
<b>Portugal</b>	24,9	34,7	9,8
<b><i>Finland</i></b>	<b>23,3</b>	<b>41,4</b>	<b>18,1</b>
<b>Sweden</b>	26,4	36,5	10,1
<b>Great Britain</b>	24,3	33,2	8,9
<b>EU-15</b>	25,5	36,3	10,8
<b>EU-25</b>	24,5	35,7	11,2



# Change of Labour Supply

(red: exit p.a., black: incoming p.a.)





# Consolidating Financial and Personnel Management Services

- **Government Budget Framework Decision 2006-2009**  
"Government emphasizes **quick rationalization of support services**, joint use of resources and agencies concentration on their core functions."
- **Government Budget Framework Decision 2007-2011**  
"**Five financial and personnel management services centers** shall be founded to state government including the ones already founded. These service centers shall form a service center network, which operates with harmonized procedures."



# Consolidating Financial and Personnel Management Services

- The processes of the service centers have been harmonized
- Starting 2008 the service centers shall have common IT-systems
- Already centrally procured IT-systems:
  - travel management
  - paperless purchase invoice management



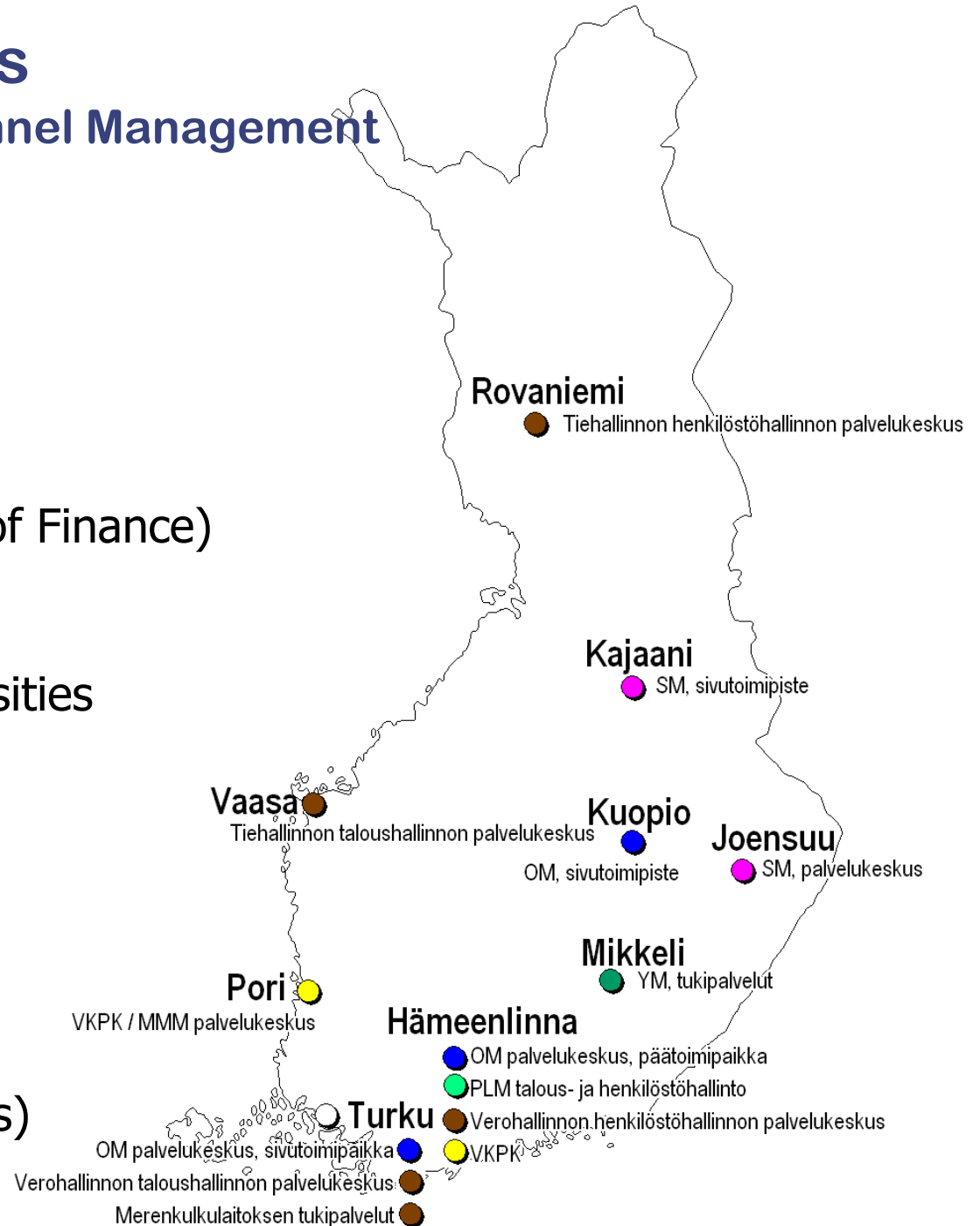
# Service centers

## Financial and Personnel Management

- Ministry of Justice
  - Ministry of Interior
  - State Treasury (Ministry of Finance)
  - Ministry of Defense
- Service Center for Universities

- Ministry of Environment  
(Service Unit)
- Earlier Service Centers  
(Agency Specific Solutions)

Ministry of Finance, Finland





# Volume of IT in State Administration 2005

<b>Agencies</b>	<b>128</b>	
<b>Sites</b>	<b>2 606</b>	
<b>Personnel</b>	<b>120 000</b>	
<b>IT-personnel</b>	<b>4 000</b>	<b>3 % of all personnel</b>
<b>IT-investments and expenses</b>	<b>648 M€</b>	<b>+ 9 %</b>
<b>-% of state budget</b>	<b>1.6 %</b>	
<b>-services</b>	<b>212 M€</b>	<b>+ 13 %</b>
<b>-personnel</b>	<b>107 M€</b>	<b>+ 9 %</b>
<b>-communication</b>	<b>63 M€</b>	<b>+ 21 %</b>
<b>-hardware</b>	<b>180 M€</b>	<b>- 9 %</b>
<b>Workstations</b>	<b>172 000</b>	



# Current situation in State IT

- Decentralized
- Recommendations
- National shared databases
- Shared services
  - Citizen portal [suomi.fi](http://suomi.fi)
    - includes electronic for service [lomake.fi](http://lomake.fi)
  - Enterprise portal [yritys-suomi.fi](http://yritys-suomi.fi)
  - Collection of data from enterprises and organisations [tyvi.fi](http://tyvi.fi)
  - Online identification and payments [vetuma.fi](http://vetuma.fi)
- Examples of good practices:
  - Tax proposal
  - Job-watch service for unemployed



# What is being done in-house and what is outsourced?

	Distribution of In-house IT service production %	Distribution of Outsourced services %
Basic IT services	41,1	28,0
IT services for support functions	8,9	3,8
IT services for core functions	29,7	62,8
Other IT management	20,3	5,4
	100,0	100,0



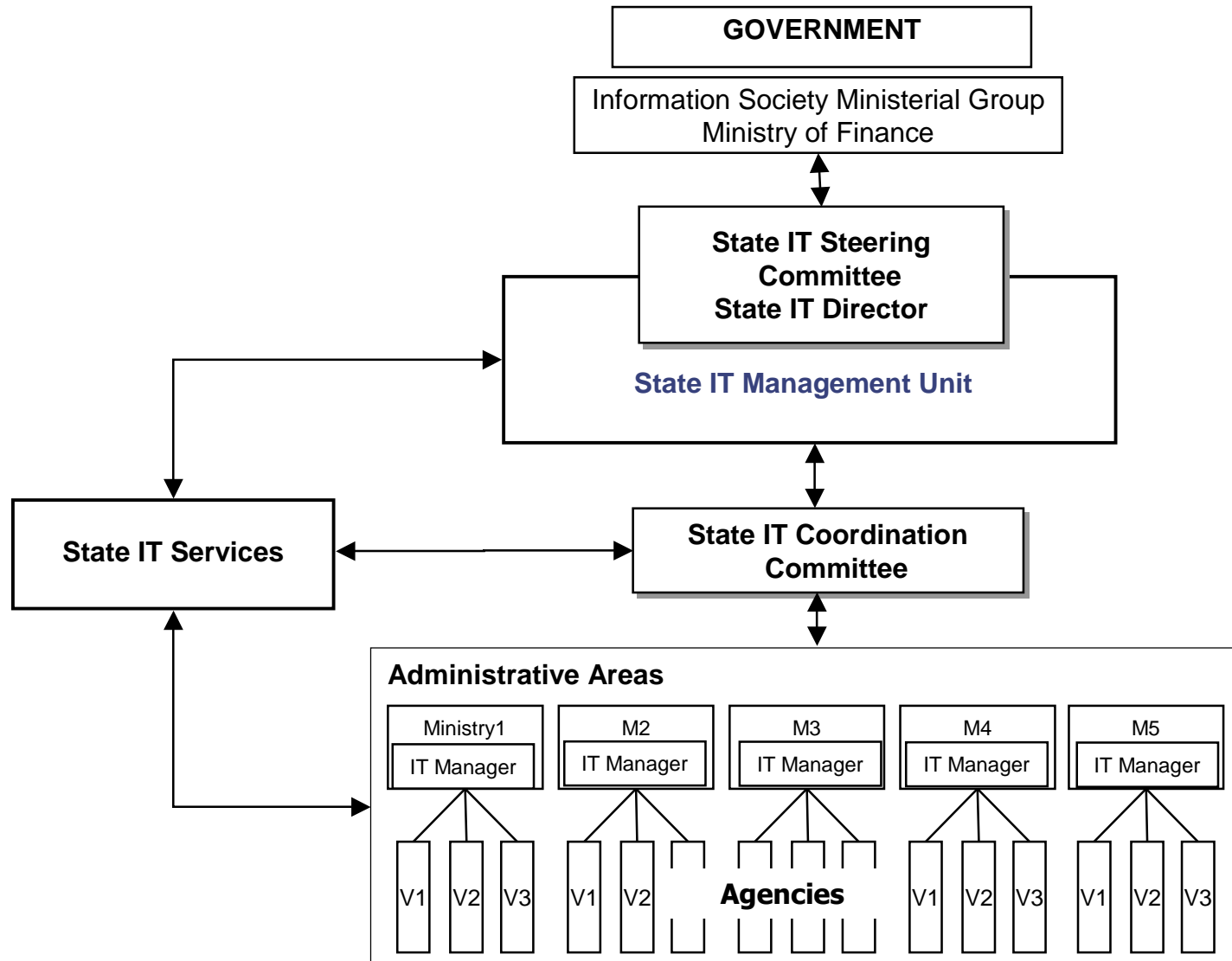
# Future Guidelines for State IT

(drafted by a working group 2004 )

- **More centralized IT governance**
- **Harmonized IT infrastructure and shared services for common systems in all ministries and agencies**
- **Interoperability**
- **Common architecture and methods**
- **Information security and contingency planning**
- **Agencies responsible for their own agency specific systems.**



# State IT Governance





## **Actions in 2005-2006**

- **The Appointment of State IT Director (3/2005)**
- **Start-up of State IT Management function (4/2005)**
- **Feasibility studies of shared IT services (4-12/2006)**
- **Financial and project portfolio management (2006)**
- **Working group evaluating the need for Law on State IT Management (2006 )**
- **State IT Strategy:**
  - Government Policy Decision on Development of State IT (15.6.2006)**



# State IT Strategy

## Government Policy Decision on Development of State IT

- **Drafted 2005**
- **Consultation Feb 2006**
- **Revision work spring 2006**
- **Government Policy Decision on Development of State IT 15.6.2006**



# Strategic targets of government IT

## **Satisfied customers, flexible services**

Information on government and on the way it functions is available.

Governmental services are customer-centric and cover all administrative branches.

## **Efficient, secure, connected government**

IT supports and enables raising the productivity of government, cross-sectoral processes and structural changes.

IT –environment is harmonized and IT- systems interoperate on technical and semantic level.

Government IT is cost-effective and centrally managed.

IT service level and high information security level is guaranteed in all circumstances.

Basic IT –services are produced centrally.

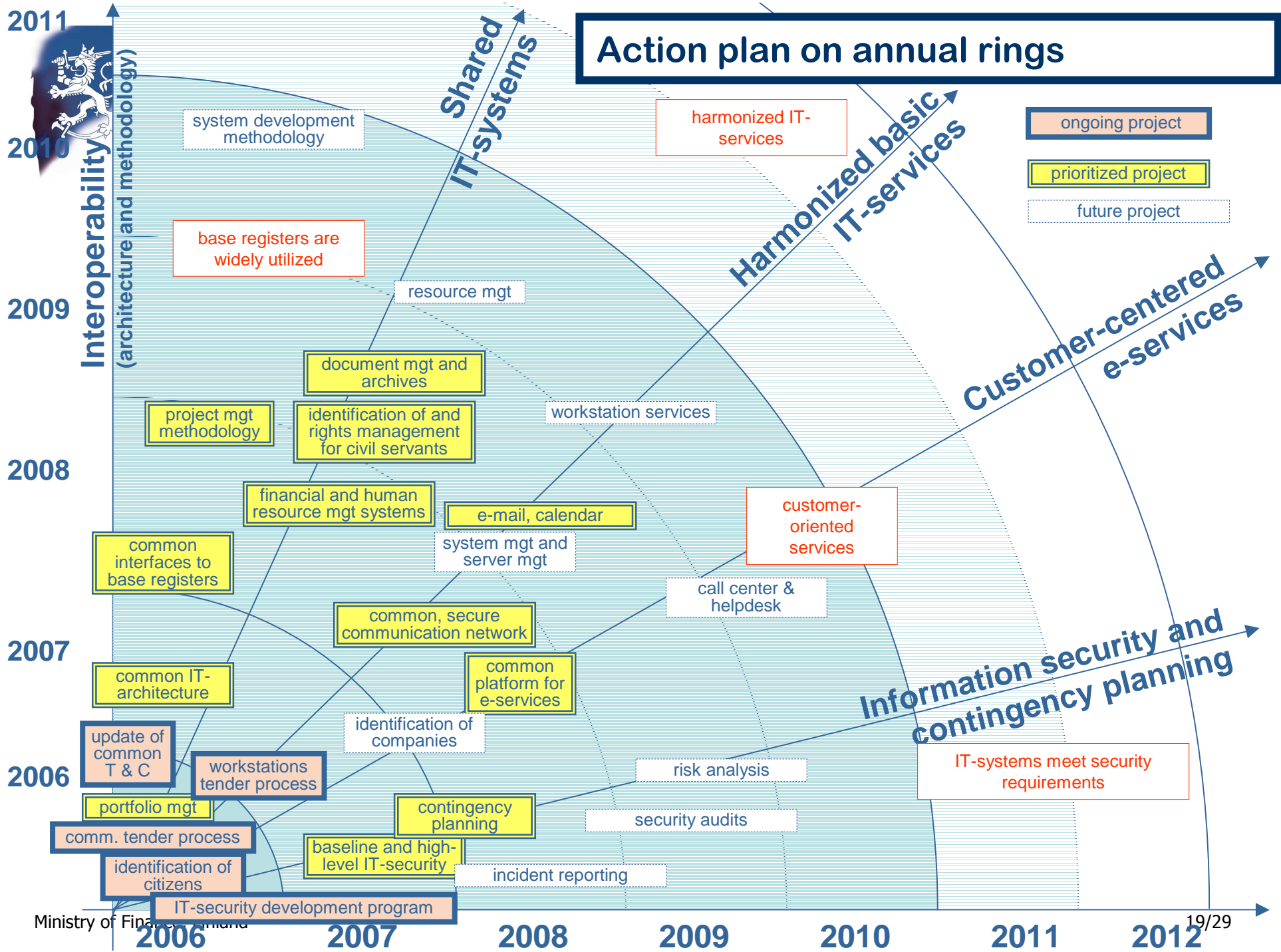
The quality and quantity of government IT- capability combined to knowledge on government processes is sufficient and focused on defined areas of development.



# From challenges to actions

Challenges	Strategic targets	Development programs	Prioritized projects
<p>Changing customer needs and expectations</p> <p>Transparent and trustworthy government</p> <p>Globalization EU-integration</p> <p>Productivity</p> <p>Aging population Retiring personnel</p> <p>Maintaining services in all parts of country</p> <p>Maintaining services in all circumstances</p>	<p><b>Satisfied customers, flexible services</b></p> <p><b>Efficient, secure, connected government</b></p>	<p>Customer-centric e-services</p> <p>Interoperability</p> <p>Shared IT-systems</p> <p>Harmonized basic IT- services</p> <p>Information security and contingency planning</p>	<p>Identification of citizens and businesses Common platform for e-services</p> <p>Common IT- architecture Common interfaces to national databases</p> <p>Financial and human resource management systems</p> <p>Document management and archives</p> <p>Identification and rights management for civil servants</p> <p>Common, shared, secure communication network</p> <p>E-mail, calendar</p> <p>Baseline and high-level IT- security Contingency planning</p> <p>Portfolio management</p>

# Action plan on annual rings



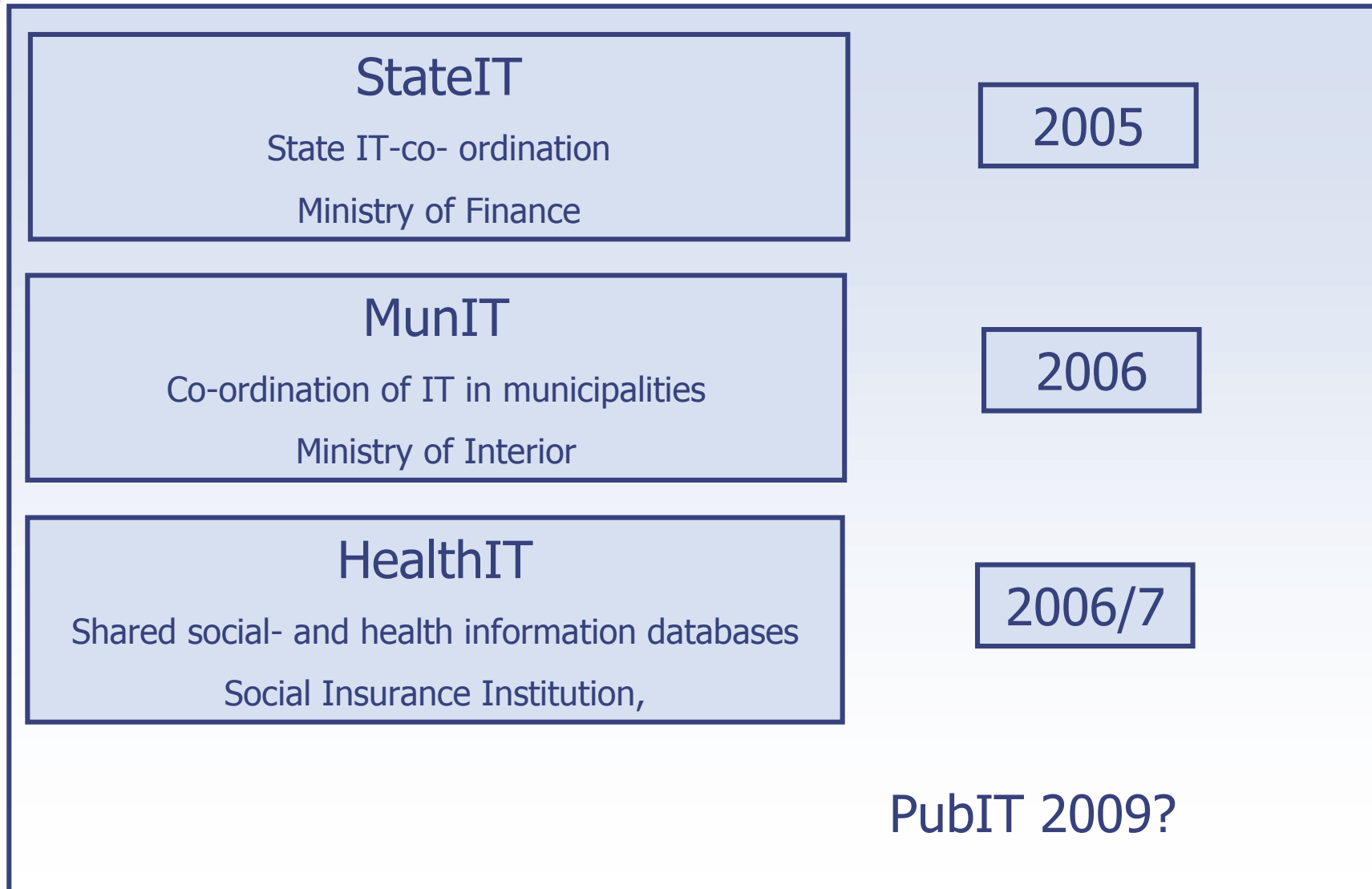


# Is new legislation needed?

- **law on openness of government, revised 2005**
  - IT- systems of State agencies must comply with technical requirements for interoperability and security
  - State agencies must offer their e-services in a joint customer service environment
    - ...if regulated in a decree
- **budget law and decree, revised in 2006**
  - State agencies must use joint procurement contracts negotiated by state central procurement unit
    - list includes hardware as well as software and services prioritized in IT-strategy
      - ...if Ministry of Finance orders to do so
      - ...if an agency has no special reason to do otherwise



# Co-ordination with municipalities





**I**nternational **C**ouncil for Information Technology  
in Government **A**dministration



**Thank you!**

**ICA 40th Conference**  
**WHOLE OF GOVERNMENT - FILLING THE HOLES**  
**10-14 September 2006**  
**Guadalajara, Jalisco Mexico C.P. 45050**