

Despite misperceptions and low self esteem, public sector leads private sector in managing IT contracts, says survey

Submitted by: Pleon

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Traditional misperceptions in danger of stifling sector collaboration that will drive innovation, warns Steria

4 November 2003 - Public sector organisations suffer from low self-esteem and negative external perceptions, yet are ahead of their private sector counterparts when it comes to managing IT outsourcing contracts. This is according to new research conducted by Benchmark on behalf of Steria, the IT services provider that examined outsourcing trends in the public and private sectors.

The study reveals that 49 per cent of the private sector organisations surveyed see the public sector as risk averse and non-innovative, whilst 42 per cent view it as lethargic. However, the research also shows that the public sector takes a more holistic approach to business and places greater importance on factors such as customer satisfaction than does the private sector.

The danger, warns Steria, is that these misperceptions discourage the two sectors from sharing ideas, best practice and even staff, which will stifle future innovation and development if left unchallenged. Given that there is much the sectors can learn from each other, decisive action needs to be taken to encourage better collaboration between the two.

"What's needed is an improved understanding by both sectors of the vast range of benefits they can bring to one other, and a platform to enable the sharing of ideas and best practice," says John Torrie, CEO, Steria UK. "Traditional misperceptions hinder such cooperation, and it's time for the myths to be dispelled."

Roger Cox, vice president, Gartner Research, says: "We see the public sector increasingly focused on developing the combination of people, skills and systems that's needed to bind together an organisations' activity in order to make outsourcing projects work effectively – what Gartner has dubbed 'corporate glue'. By exchanging and developing best practice with the private sector, both parties stand to benefit and help each other to remain profitable and attractive to customers."

Perceptions and Misperceptions...

The research reveals that stereotypes are rife between the two sectors. Those associated with the public sector tend to be negative, with private sector organisations seeing its employees as non-innovative, lethargic, badly-dressed and laid-back. More alarmingly, the public sector seems to concur with this view of itself, with 65 per cent of employees seeing themselves as risk-averse and 32 per cent as non-innovative.

In stark contrast, both sectors' views of the private sector are more dynamic, with 85 per cent of private sector employees seeing themselves as profit-focused and two thirds as innovative. Similarly, the public sector considers its private sector counterparts as profit-focused (87 per cent), innovative (36 per cent) and well-dressed (36 per cent).

The concern is how these stereotypes impact recruitment, where the potential to exchange skills between sectors is at its highest. Two-thirds of the public sector consider themselves inclined to recruit from across the divide, but 44 per cent of private sector organisations would not recruit from the public sector.

Other key findings of the research include:

- Public sector organisations are more than twice as likely as the private sector to conduct a formal review of the benefits of external service provision (ESP) – 46 per cent versus 21 per cent.
- The public sector is more likely than the private sector to apply ESP, more widely, particularly in back office functions (78 per cent public sector versus 45 per cent private) and web applications (69 per cent versus 40 per cent).
- Both sectors feel they are customer focused, although neither views the other as such. 58 per cent of public sector organisations select customer satisfaction as a benchmark when measuring the success of ESP, yet the private sector rates this as one of the measures the public sector would be least likely to use.

John Torrie, CEO, Steria UK says: “Steria has years of experience of working with organisations from both sectors, and has found that although different in many ways, the public and private sectors share many similarities and common goals, which makes it critically important for the two to collaborate further.”

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Notes to editors:

- Survey conducted by Benchmark Research on behalf of Steria Limited during the Summer of 2003.
- Results based on one hundred structured telephone interviews conducted with organisations using external service providers for IT applications. The interviews were split equally between public sector organisations and private sector firms.
- These results are from the first half of a two part report. The second half of the research is due for publication in November 2003.

About Steria Limited (www.steria.co.uk)

Steria in the UK delivers a full services portfolio, combining consulting, systems integration and managed services, with a focus on major business areas including the public sector, finance and transport. Steria employs more than 1,500 people in the UK.

About Steria (www.steria.com)

With 2002 revenue of 1.018bn Euros and over 8000 employees, Steria is one of the top ten IT services companies in Europe. Present in 12 countries worldwide, the Group is positioned as an end-to-end IT services partner thanks to the mastery of its three core businesses: consulting, systems integration and managed services.

Its acknowledged expertise in managing large-scale projects and its range of industrialised solutions in Europe enable Steria to offer its customers a reliable service with commitment to cost and risk control. The Group has strong sector-based expertise in the Public sector, Banking and Insurance, Industry/Utilities/Transport and Telecommunications markets.

Created in 1969, the Steria group is a pioneer in employee shareholding, with nearly 30% of its capital being held by employees.

Steria is listed on the Premier Marché of the Paris Stock Exchange and in the SBF 120 index.

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