

Initial planning for the new federal accounting and budgeting system began in the IT Directorate of the Ministry of Finance in 1997. The then head of the IT and Organization of Accounting and Payment Transactions division, Stephan Csoka, had envisioned a new federal accounting and budgeting system based on modern accounting system and budgeting concepts. The vision was for a complete redesign of the way the federal government did accounting and budgeting. This vision was translated into the two following goals:

Use of standard software with appropriate user interfaces.

Complete redesign of the budgeting, budget-execution, and bookkeeping processes as an integral part of an organizational workflow.

Csoka believed that an enterprise resource planning (ERP) solution could enable this vision. Such a system could improve and standardize government budgeting and accounting processes. It could also provide a way to unify the multiple and disparate IT capabilities that had emerged among ministries in the last decade. The division conducted a study to assess current ERP software against the Ministry's requirements for a new accounting and budgeting system. The feasibility study results showed that SAP was the best solution among available ERP options. However, the feasibility study did identify the need for SAP to issue a new release of its ERP software that addressed several requirements of the Austrian government in order to implement the standardized accounting and budgeting process throughout the federal government.

Mobilizing Support and Resources

With the results of the feasibility study in hand, Csoka and members of his team approached the Minister of Finance and the State Secretary in the Ministry of Finance to gain political support for moving forward with the project. According to Christian Ihle, "We knew we'd need the political support because of the substantial amount of funding it required and the long term impact it would have on all the federal ministries. Once we saw it was possible to achieve our goals with an ERP software package, we showed the State Secretary what we needed to do. He knew the value of information and therefore we didn't really have a problem."

In 1998, the project team, which consisted of the Ministry of Finance IT Directorate instructed by the Minister of Finance and the State Secretary, moved to secure support for the project at the ministerial level. Securing the political support of the 12 ministers enabled the Ministry of Finance team to gain access to the individual ministries and begin working with their bookkeeping units for an integrated system rollout.(8) The project team was also able to rely on the Council of Ministers to help them settle the many disputes between the Ministry of Finance and the individual ministries that would arise throughout the project. In Christian Ihle's terms, "We needed it to get our 'back free.' To go into all of the ministries, we needed this kind of support. It was important to feel free to work the ministries."

Though the project had support at the Council of Ministers level, the individual ministries resisted paying for the project out of their own budgets. So the Ministry of Finance decided to finance the ERP implementation. With the financial arrangement in place, the project team could proceed to offer tenders, one for software and hardware, the other for project development support. The Ministry of Finance had no experience with such a large project at the beginning of the tender. According to Erich Albrechtowitz, application manager in the Ministry of Finance in charge of the ERP project budget, "This was a very challenging step for us. We didn't have the power within the Ministry of Finance itself to implement the software on our own." For the support tender, the project team sought a lead contractor with consulting and ERP experience. They chose Siemens Business Services for its expertise in both consulting and with SAP ERP implementation.

Developing a Technology and Organizational Strategy

The new federal accounting and budgeting system was both a governmentwide reform project and a series of cultural and organizational change projects in the ministries. Even with the legal mandate for consolidation, it would still require an operational strategy to bring the many bookkeeping units into one Federal Bookkeeping Agency. The project team chose to use the ERP implementation to first achieve the necessary technical and process consolidations. That provided a foundation for the physical and organizational consolidations that generated the savings and other benefits. In this way, the technology framework in the SAP ERP software provided one of the enabling mechanism for the system changes. The overall success of the process required other policy, management, and organizational strategies as well.

Project Structure and Management

Project management involved both high level executive attention and a day-to-day operational structure. The high level executive engagement was through a steering committee with representatives from the Federal Chancellery, the Office of the Minister of Finance, the Ministry of Finance IT and budget directorates and internal audit office, the Federal audit office, the Federal Computer Center, SAP Austria, and Siemens Business Services. Operational management was the responsibility of a smaller project team comprised of representatives from the Ministry of Finance IT and budget directorates and Siemens Business Services. They were responsible for overall project management to include budgeting, controlling, and rollout.

Technological Solution

The earlier feasibility study showed that an ERP based on SAP software was the only available solution that could cover 85-90% of the Ministry of Finance's requirements for the new system. The new system would have to serve all 12 ministries in the federal government. According to Erich Albrechtowitz, "It's very difficult to develop a single software solution that meets all the needs of the 12 ministries. However, you can provide them with a standard." The SAP ERP software provided that standard. In 1998, SAP delivered the new release with the special features for government budgeting, called Industry Solution Public Sector (ISPS) – now called EAPS. This release contained the needed accounting and budgeting standards for the new accounting and budgeting process for the federal government.

Development and User Support Solution

An implementation as complex as this ERP project required substantial support capability for development and training activities. Part of this capability was based in the Federal Computing Center (FCC). This Center, created as part of government "corporatizing" decisions, was created in the mid 1990s in response to governmentwide frustration with public sector IT units that lacked the flexibility and skills to adapt to the rapidly changing IT environment. Without the constraints of government salary and personnel restrictions, the FCC could attract a pool of IT professionals that could offer the techniques and solutions the government needed to meet technology changes and service demands. The FCC began with about 400 employees whose salaries were more competitive with the private sector IT market than the public sector. The FCC has grown to approximately 1,500 employees.

To support the ERP implementation, the Ministry of Finance worked with the FCC to create a Customer Competence Center (CCC) staffed with personnel trained and certified by SAP. Cost effective management of a government wide IT innovation such as this, based on a new technical solution, with thousands of users spread out across multiple government boundaries, would require the personnel and skill only the FCC model could provide. According to Christian Ihle, "The CCC was a focal point of our project. It gives us today an independence and flexibility that we previously did not have."

The benefits of the CCC are clear and significant. According to Ernst Steiner, Head of Department, Customer Competence Center, "Through the CCC the government saves 50% on the cost of SAP software licenses. Moreover, by relying on the CCC not only as a help desk for system problems but also as a resource for other project development, the federal government is reaping considerable savings compared to what it would have to pay external consultants for the same services." Further savings result from the CCC staff's familiarity with Austrian government operations and work with the ministries and other government organizations on a daily basis. This reduced the need to bring external consultants up to speed on the special features of the government. According to Christian Ihle, "The CCC knows who we are, what we want, and how we work."

Prototyping with the Ministries

Prototyping played an important role in the overall implementation process. The particular prototyping strategy used by the project team balanced the need for standardized processes versus the need to fit the system to diverse ministry situations. To do so, the project team adhered to two principles:

It is not necessary to analyze the old processes in detail. Rather, it is much more effective to create smart and slim standard processes.

People dealing daily with the "old" process should not be involved before the newly designed "standard processes" can be offered.

The principles, according to Christian Ihle, meant that, "We consciously excluded users from the initial creative design step, but let them participate in a second step of evaluation and fine design. This guaranteed full creativity

for the design step and full usability for the results.” They were able to work within the project team for the first step due to the teams of expertise with government accounting. The lead contractor from Siemens Business Services and key member of the project team, Mr. Sturm Reinhold, had extensive experience working with the Austrian National Bank and helping to privatize an Austrian telecommunications company. In addition, Mr. Reinhold had over 28 years of experience working with SAP.

The Ministry of Social Security, Generations, and Consumer Protection was integrated into the project to test and refine the newly designed best practice process. This partnership began the prototyping phase of the project. It is important to note that this ministry was not randomly chosen to participate in the prototype. The project team found that employees in this ministry were open to change and modernizing their organization.

Throughout this prototyping phase of the project, the Ministry of Finance and Siemens representatives held structured meetings with members of the prototype ministry to test and refine the work and data processes and test new roles and new work place definitions. According to Heinz Weber, head of the bookkeeping office in the Ministry of Social Security, Generations, and Consumer Protection, “We showed the project team how we did the work previously. Next, they showed us how we could do it in the new software environment. We tested it and proved that their design processes could be realized in practice.” According to Sturm Reinhold, “At this phase in the project, we were able to create a prototype of the new accounting and budgeting system, which was more than a technical prototype. It was a comprehensive prototype for reinventing the organization.”

As a result of the prototype work, the project team defined 10-12 working roles for the accounting and budget process. These typical working roles would now become the standard for the whole Republic. Based on the best practice process, the team was able to take a lot of different work functions previously executed by a number of different people and integrate many of these functions; executed by fewer people. The project team was now prepared to offer these new processes supported by the IT system to the rest of the ministries.

Making the Case to Stakeholders

The importance of the internal value of the project was evident in the way the project team made the case to senior political leaders. They focused on how the new federal accounting and budgeting system would support the administration’s government reform efforts. They emphasized how the ERP system, along with the consolidation of bookkeeping agencies and the creation of both the Federal Bookkeeping agency and the FCC’s Customer Competence Center, would bring hard financial savings and a streamlined accounting and budgeting process to the federal government. However, once political support was secured, the case needed to be made to the government employees that would be directly affected by the new system as the users. This included bookkeepers and management that would be the consumers of the information provided by the new system. Project success hinged in large part on this group of stakeholders, based on their ability and willingness to use the system. According to Christian Ihle, “You must not create servants but experts. The people must feel that they are worth working there as experts; they are asked, they are contacted, and there is good communication and respect. This is the way you can achieve higher performance in every organization.”

The Implementation

The comprehensive prototyping completed in 1999 provided a model for the rollout process. Based on that approach, the project team began the rollout process in 2000 and completed it in June of 2004. In preparation for this phase of the work, the project team created rollout groups for each of the ministries. The rollout groups applied a modified version of the prototype approach in which each user group in the ministries could be taught the system and the new processes.

As the rollout groups moved into the other ministries, their approach was supported by the fact that the best practice process for accounting and budgeting and the ERP system had been essentially given the stamp of approval by the Ministry of Social Security, Generations, and Consumer Protection. That prototype demonstrated to the other ministries that the new system could work. According to Christian Ihle, “We had to give them a system that the users felt supported the processes related to their responsibilities, showing that they could benefit in some way from using the system and processes that we had developed.” Throughout the rollout, the first prototype success was used as an example in the other ministries, and users from the prototype ministry were used to train users in the other ministries.

Accepting the new accounting and budgeting standards in the base system was a potential issue in all ministries. In some cases, processes were modified because the ministries had fixed rules, some of which were tied to legal

mandates. However, based on the rollout team's process modeling approach, users were usually able to see the efficiency potential in new processes. Examples from the prototype provided visual examples showing the time, money, and personnel resources that could be saved using the new process. According to Christian Ihle, "We trained roles; we didn't train SAP experts. Therefore, it was a very action-focused training and system."

Another aspect to the rollout was a series of "road shows" where a team from the Ministry of Finance went throughout the country to the capital towns and we invited all the opinion leaders from the federal organizations there and informed them about the project, the schedule and the milestones." Based on the work during the prototyping, the project team had real results and experiences to share. The road show gave government employees and managers the opportunity to ask questions and express their concerns about how the new system would impact their jobs and became a big success for the project. According to Ihle, they had to make an effort to spread the good news because, "Bad news is able to destroy a project and good news doesn't travel as fast as bad news. It was a very important task to inform the users and the opinion leaders at the right time before we implemented the system."

(8) In the Republic of Austria the Council of Ministers forms the cabinet in the executive branch. The members are chosen by the president on the advice of the chancellor. For more information on the Austrian government please see **Republic of Austria: Public Administration Profile**, The United Nations, Division for Public Administration and Development Management, Department of Economic and Social Affairs, May 2006. <http://unpan1.un.org/intradoc/groups/public/documents/UN/UNPAN023301.pdf>