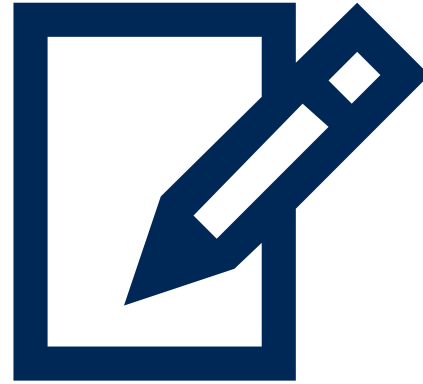


# **ECHA**

## **IT Benchmark**

Management report – Publication excerpt  
2<sup>nd</sup> July 2019

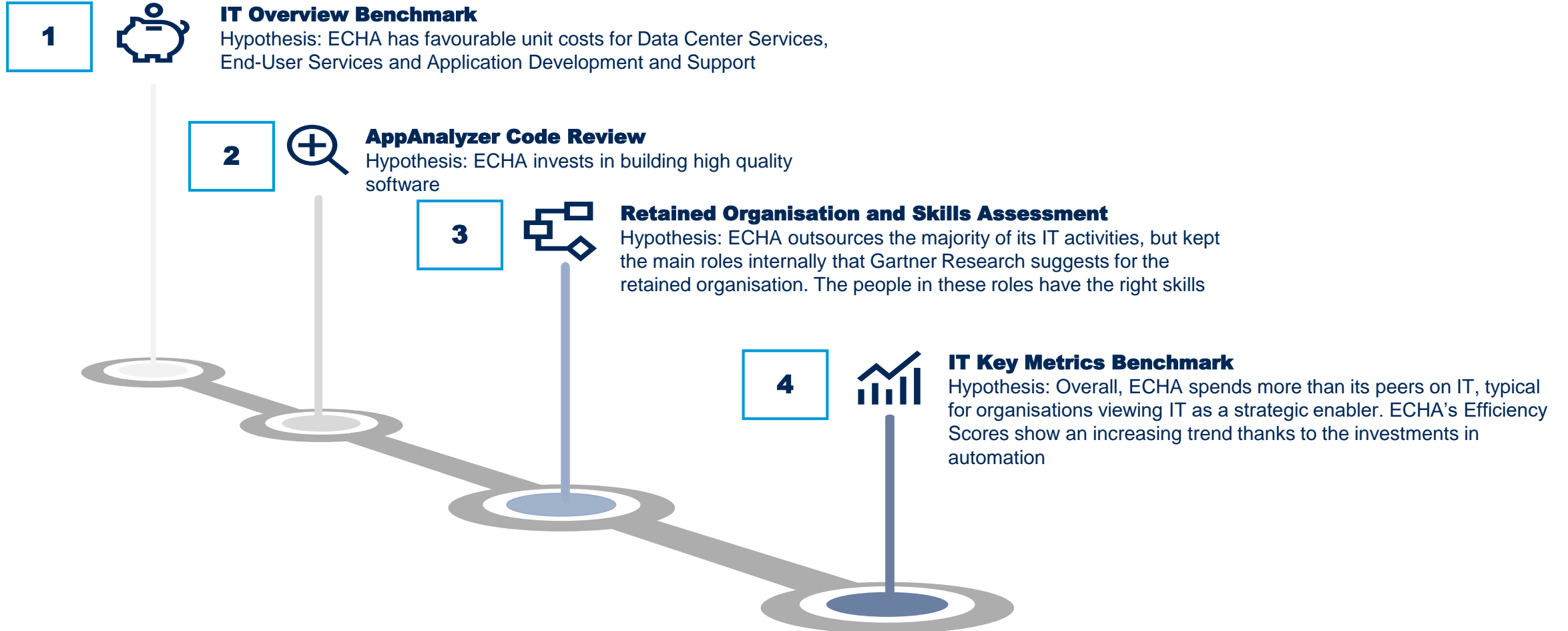


# Executive Summary

# **ECHA has been challenged for spending more on IT than other EU Agencies, and has initiated this benchmark to learn where it can improve**

- In a recent study, **ECHA has been challenged for spending more on IT than other agencies**. However, it did not **provide sufficient evidence and analysis or concrete recommendations for ECHA to act on**.
- Therefore, **ECHA wants to learn in which areas it can improve**
- As a consequence, ECHA has requested Gartner to conduct a **comprehensive benchmark** of its IT activities and **provide actionable recommendations**. The questions that will need to be answered, include:
  - Does ECHA spend more on IT than similar agencies, and in which areas?
  - Is the quality of ECHA's IT services adequate?
  - Does ECHA IT outsource too much, or does the retained organisation have the right people with the right skills?
- This document describes how **Gartner applied its benchmarking methodologies to investigate a number of hypotheses**, and presents the **resulting findings, conclusions and recommendations**.

# Gartner applied a holistic benchmark methodology to test a number of hypotheses in order to arrive at logical conclusions and recommendations



# In summary, ECHA IT is performing with above average quality for money, and is following best practice boundaries to outsourcing while retaining competence

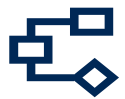
## Benchmark findings



The IT Overview Benchmark showed that **ECHA IT is run cost-effectively**



For ECHA's specific legislation requirements, no software package solution alternatives exist: **custom development is the only option. Productivity and quality** of Application Development are **excellent**



ECHA is **outsourcing to the maximum** degree for non-business critical activities, without going too far: the **roles that Gartner advises** to keep internally are **retained**. The **average competence maturity** is **above peer average**.



ECHA's **IT Budget is decreasing** while the **portfolio to maintain grows**, leaving **less room for development**.

## Recommendations

If ECHA wants to save costs (e.g. for DaaS and Application Development), **standard and fit for purpose requirements** should be the ambition, as ECHA applied when accepting the market standard for IaaS services

While ECHA could try to **save on quality**, but Gartner **advises against this as it would have an adverse effect on the business efficiency**

Investigate in which domains **insourcing might be desirable from a continuity perspective**

Invest in **digital dexterity of the business**, and continue to invest in **architectural skills**

For each new legislation an **assessment of Total Cost of Ownership** and **Risks** will have to be performed to understand the need for additional (recurring) budget



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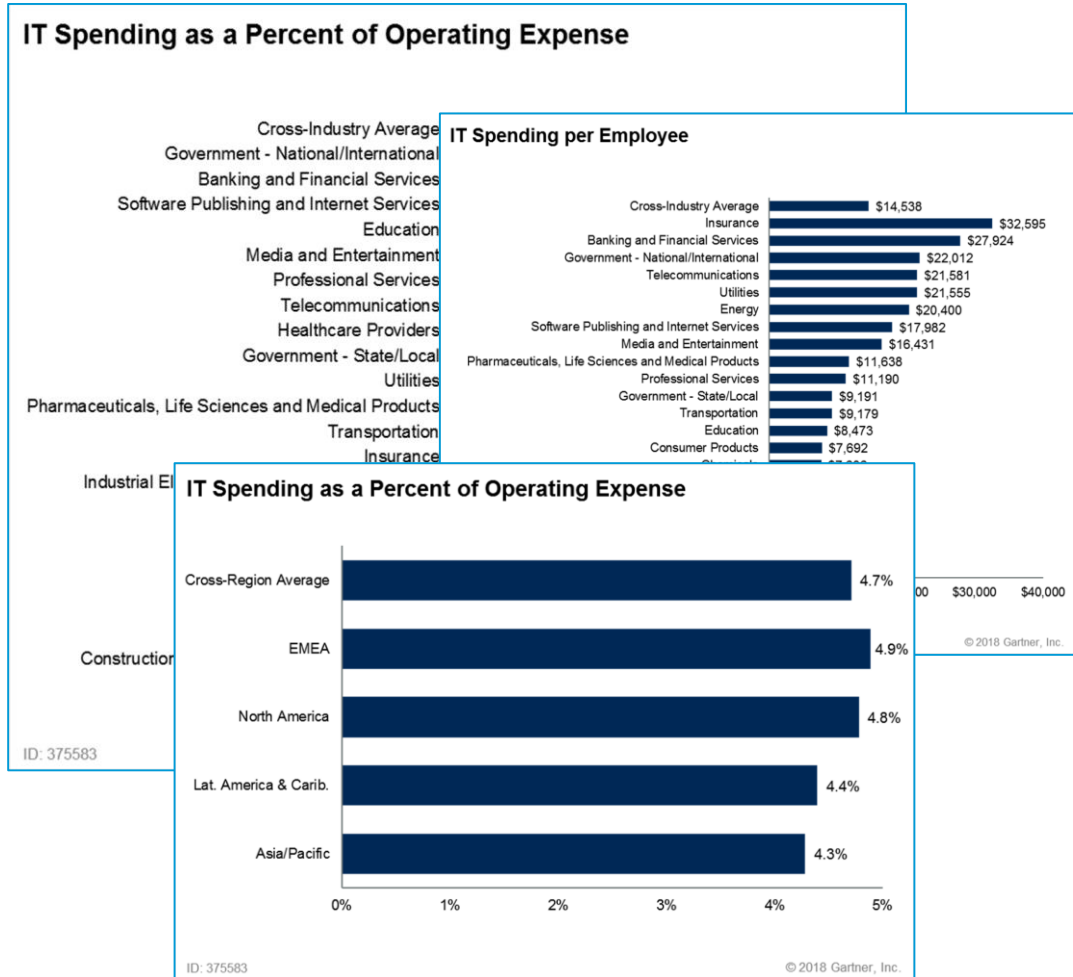


## IT Key Metrics Benchmark

# Hypothesis 4 – “ECHA spends more than its peers on IT, typical for organisations viewing IT as a strategic enabler. Efficiency Scores show an increasing trend because of automation investments”

To investigate this hypothesis, Gartner has performed an **IT Key Metrics Benchmark**.

- Gartner’s IT Key Metrics research contains **enterprise-level IT spending and staffing metrics**, as well as business productivity ratios for 21 vertical industries, collected throughout 2018 from a global audience.
- The Gartner benchmarking methodology enables an authoritative analysis of IT performance and compares it with the IT performance of similar enterprises. Similar could mean constructing a peer group (directly from the Key Metrics Database) that will include institutions from the public or international sector including European institutions and agencies. Similar could also mean constructing a peer group with less traditional organisations viewing IT as a strategic enabler.
- Gartner has analysed the results in relation to ECHA’s efficiency trends.

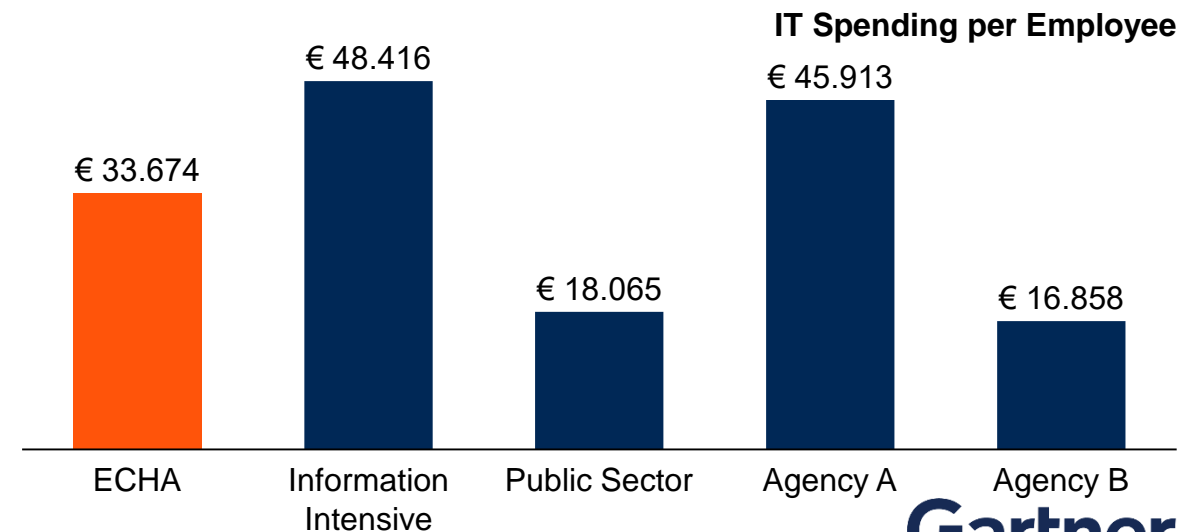
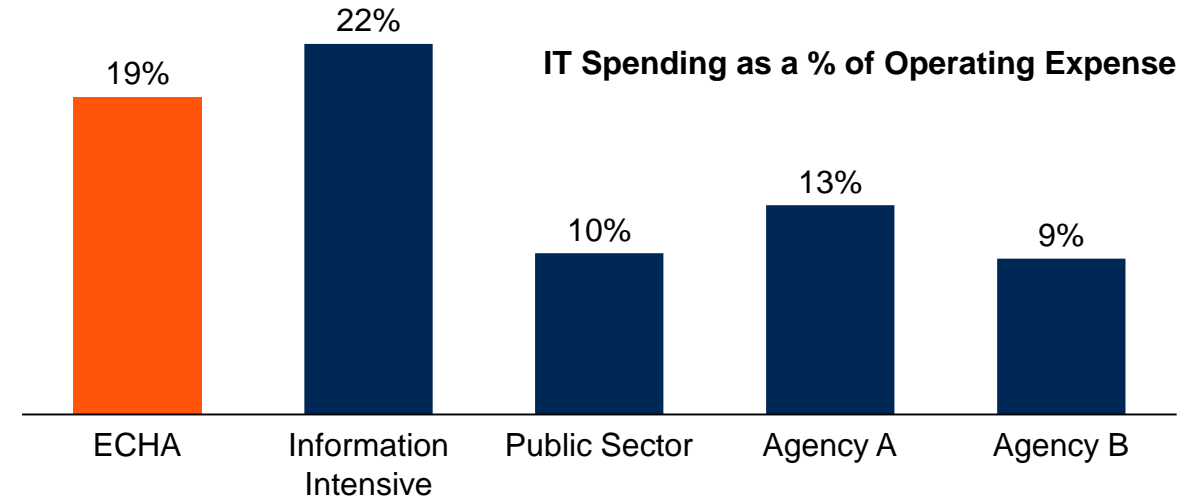


# ECHA's IT Spending as a percentage of Operating Expense is higher than that of selected EU Agencies and Public Sector average



IT Key Metrics Benchmark

- Comparing 2017 IT Spending as a percentage of Operating Expense, ECHA spends almost twice as much as more traditional peers from the public sector. Typically, organizations with a greater level of IT investment relative to operating expense view IT as a strategic enabler, and this can improve business performance and productivity levels.
- Similarly, ECHA's 2017 IT Spending per Employee is 86% above traditional peers'. An increase in IT spending per employee is often viewed as a negative trend. However, in ECHA's case a lack of increase of additional employees when workload/business volumes grew resulted in a higher value.
- ECHA is more comparable to peers from industries with the highest level of IT spending per employee, which are those that typically tend to be the most information-intensive, and include insurance, banking and financial services and public sector organisations with activities in regulatory environments of high complexity .



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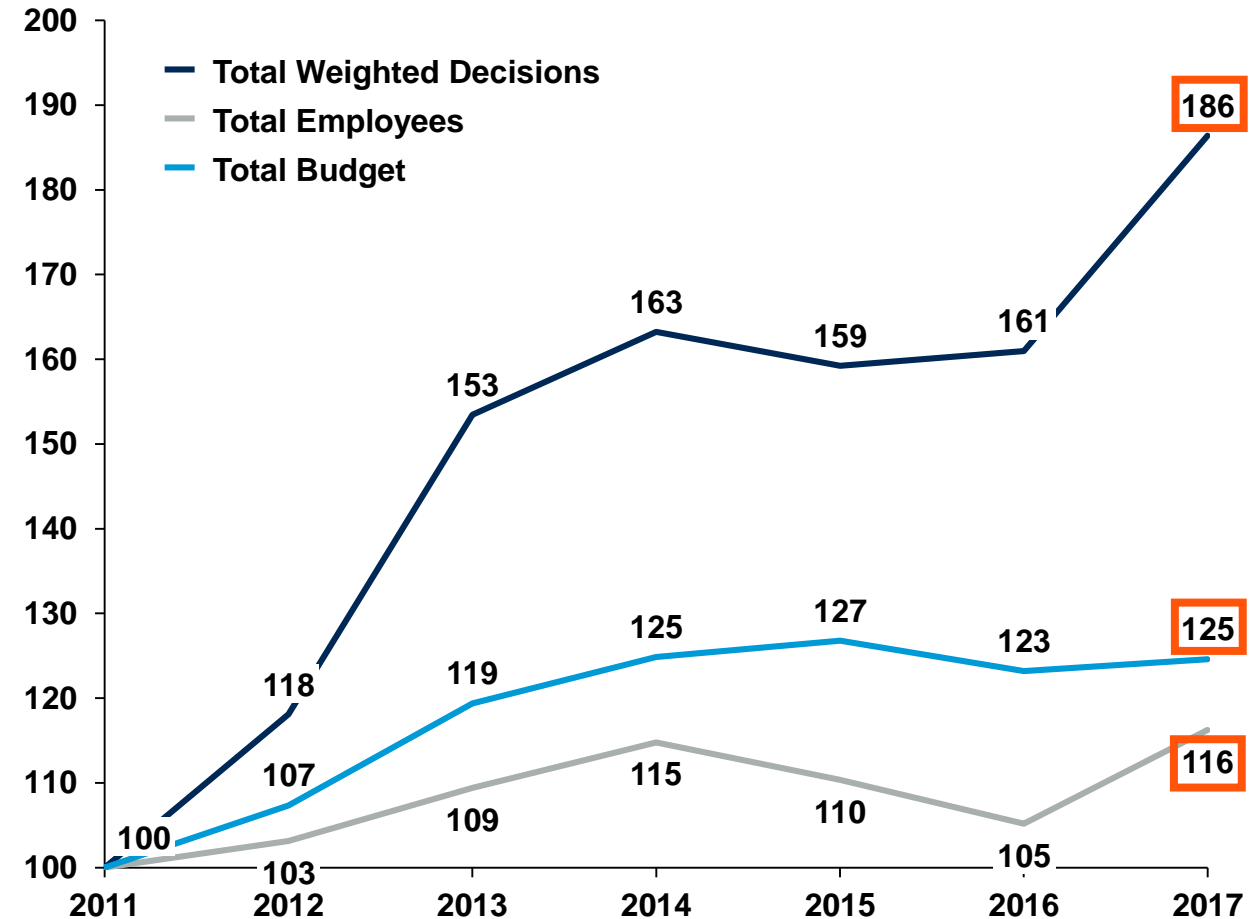
# Between 2011 and 2017, ECHA's workload has gone up by 86% while total budget increased by only 25% and number of staff by only 16% - thanks to investing in automation



IT Key Metrics Benchmark

- ECHA has invested significantly in IT for the past 7 years, which seems to have been a smart choice: their workload has gone up by 86% while their total budget increased by only 25% and their number of staff by only 16%.
- Based on this, Gartner estimates that theoretically ECHA has saved between 42M€ and 54M€ in 2017 alone (depending on selecting either the budget or the staff numbers as a baseline for calculation).
- If the increased workload would have been absorbed through employee numbers increase rather than through automation, ECHA would have needed a staff of approximately 1000 FTEs instead of 630

ECHA's growth of activities, # employees and total budget (2011-2017), normalized (2011 = 100%)

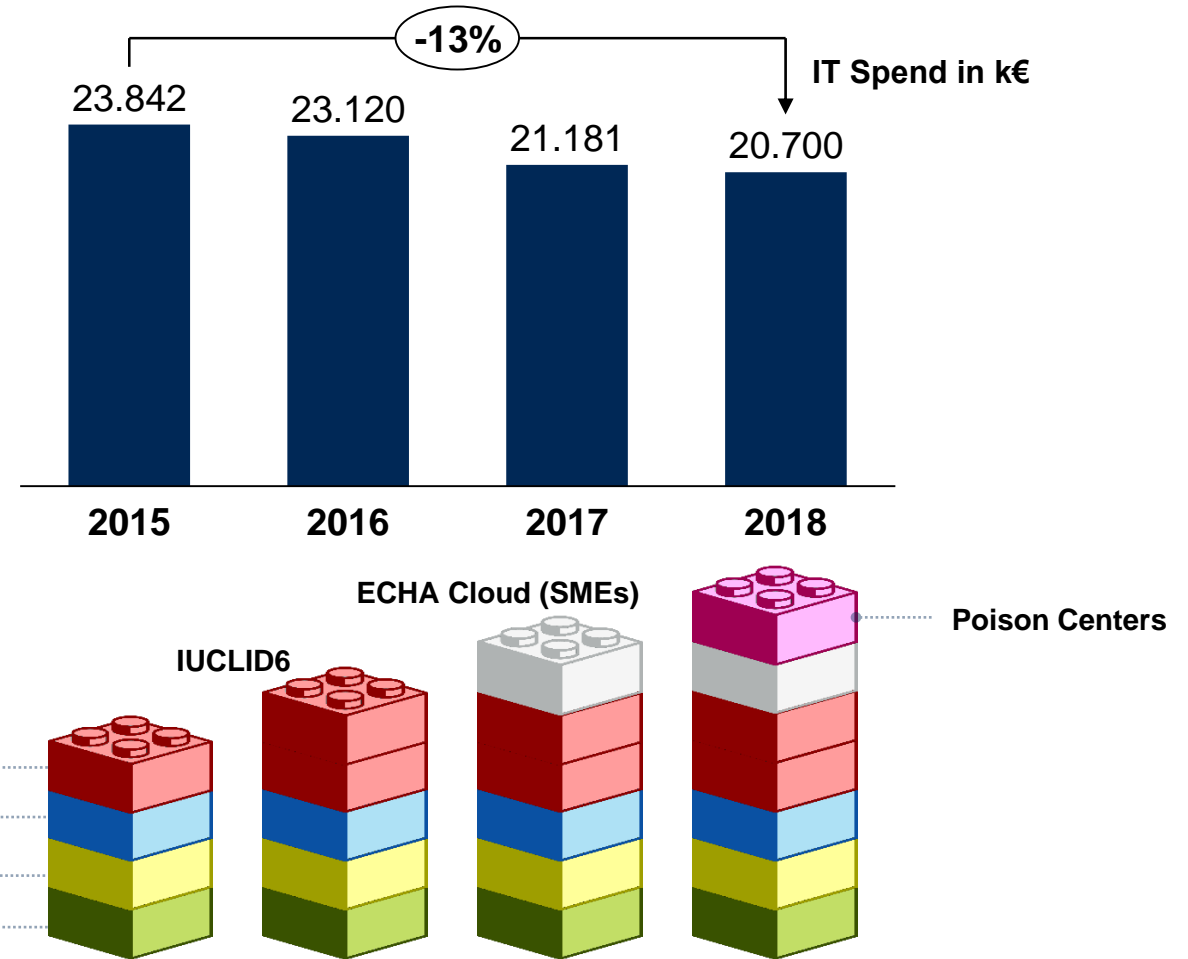


# While having to build and support additional legislations' environments, ECHA's Total IT Spend has dropped 13% from the 2015 peak



IT Key Metrics Benchmark

- From the 2015 peak of € 23.842k, ECHA's IT Spend has dropped with 3.142k to € 20.700k, a 13% decrease
- Bottom Line – spending more on IT is sometimes necessary in spurts due to initiatives, demands of the business or one-time events
- The fact that ECHA has achieved the efficiencies noted should be regarded as a proof of following the right strategy even though IT Spend as a % of OpEx is higher than the average of more traditional peers.
- Over the years new legislations entered into force for which ECHA had to develop custom applications since no package solutions are available. Once implemented, these applications need to be maintained.



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