

Professional Institutes Forum Lancashire It's an E Thing

The role of ICT in transforming business processes Jane Scott Paul, Chief Executive, AAT

INTRODUCTION

I'm going to talk to you about the transformation journey that that the AAT (Association of Accounting Technicians) embarked on nearly 6 years ago. This is a practical case-study which I hope will strike a chord.

THE AAT

To put my remarks in context, you need to know something about the AAT and what we do. Whilst the type of organisation and what we do may be very different from what you do in your business, I think there are some common lessons.

The AAT's a professional body dedicated to the education, training, development and support of accounting technicians.

The AAT was founded in 1980 by four of the UK's chartered accountancy bodies to provide a qualification and a membership body for staff working in the accounting function in all sizes and types of organisations in all sectors of the economy. We have an overall membership of 120,000 made up of 46,000 full and fellow members and 74,000 students and affiliates.

We have a turnover of £18M and a staff of 150 operating from our office in the City of London.

- We award over 30,000 nationally accredited qualifications in accounting and payroll a year,
- we accredit and monitor over 500 training providers that offer the qualifications,
- we provide membership services and continuing professional development,
- and we license and regulate just under 3,000 members in practice.

AAT is a company limited by guarantee and a registered charity.

The AAT is funded entirely from the fees and subscriptions of the membership.

THE JOURNEY

Six years ago, we embarked on a transformation journey. Our journey was characterised by fear of the unknown and the knowledge that failure would be costly and risky for a not-for-profit organisation.

So why did we bother? I suppose, because we perceived the risks of not going forward as greater than the risks of staying as we were. We faced increasing competition, we weren't reaching all the potential users of the services we offer, we wanted to grow, and we wanted to improve services whilst controlling costs.

Six years isn't very long ago but looking back on where we were then compared with now it was the dark ages. The speed of change in this area is breathtaking which is why developing a forward strategy is essential.

THE NEED FOR AN ICT STRATEGY

We launched our first website in 1996 – little more than an on-line brochure. We used e mail and the usual business software and processes. But by 2004, while we were conscious of the rapid advances in ICT, we didn't understand their potential for a professional body in the 21st Century. We were all buying books on Amazon and booking flights on-line. The increasing availability of high speed broadband was making internet activity much faster. The development of search engines made navigating the web easier. The cost of hardware and software were coming down.

We recognised the limitations of our existing on-line presence. As organisations with limited resources, all Third Sector organisations have a problem. Our stakeholders won't look at our website and say "this is a great website for a charity", they say "why can't the AAT website be as good as iTunes".

We decided we needed an ICT Strategy for the medium term (3-5 years). We also knew we needed help. So we searched for consultants who could:

- help us do some blue-sky thinking,
- show us where we needed to go
- and give us a route map to get there.

There was no shortage of companies offering to help. We had a veritable beauty parade pitching for the business from the big boys to smaller niche consultancies.

They were utterly hopeless. They confidently told us what we needed to do in jargon that we couldn't understand, and didn't seem interested in anything we had to say about our organisation or business goals.

Rather despondent and frustrated and about to go back to the drawing board, we agreed to see one last company: Indigo Blue. They were refreshing, they listened to us, we could understand what they were saying. They explained how they would scope an initial high level plan but that this would need to evolve over time to accommodate changes in the business, customer expectations and technology. That made sense to us. The plan would create a flexible framework for longer term developments.

So we commissioned Indigo Blue to draft an ICT Strategy for our Council (our Board of Directors) to consider.

We gave them some quite testing constraints: the strategy had to:

- keep us ahead of customer expectations (we were concerned by how fast these change)
- be cost effective (limited resources)
- work with our existing database (a recent investment that we weren't prepared to scrap)
- be future proof – (we didn't want to do the IT equivalent of backing Betamax)
- and it couldn't fail – we had to get it right. (Every time a high profile IT procurement project failure hit the headlines, I had sleepless nights).

ICT STRATEGY BECOMES BUSINESS TRANSFORMATION

(When I read Indigo Blue's report I had a real feeling of excitement – a Eureka moment – it helped me see clearly what we had to do, previously we had been in a fog of indecision.)

What was evident immediately was that this strategy wasn't something that could be handed over to our IT team to implement. To fulfil its potential, it had to involve the whole of the organisation.

So what started as an ICT Strategy became a Business Transformation Strategy which involved Council, all the senior management team and all the staff. We created a Business Transformation Team headed by a newly created additional post of Director of Business Transformation, and made up of staff seconded from within the organisation.

It turned out that the Director of Business Transformation, and his team were critical to the success of the implementation. This hand-picked team from across the organisation understood all the business processes we were transforming and knew how to involve, enthuse and get buy in from their colleagues.

One of my personal challenges is being accountable to a board that consists of 34 accountants. It's a tribute to the power of the vision that Indigo Blue helped us create that our very grounded and prudent Council members bought into the strategy wholeheartedly. They agreed to allocate an initial £400,000 (a figure plucked from the back of an envelope) for the first, 18 month phase of implementation without having a detailed breakdown of how the money would be spent. (Although if this is making you feel anxious, we did make a Council oversight group part of the implementation plan to monitor and report on projects and expenditure)

SO WHAT WAS THE STRATEGY?

Our Business Transformation Strategy was based on the assumption that the Internet would continue to become pervasive within society. This assumption was prescient. In 2004, 8 million households in the UK had broadband by 2007 this had doubled to 16 million and in 2008, 56% of households had a broadband connection. In 2004 there was £65.8 billion in e-commerce trade and by 2007 this had risen to £163 billion and it has gone up even more since then.

Our strategy was to take advantage of this to automate business processes to provide self-service, on-line services and payment facilities for members and training providers. The advantage was that this would significantly reduce the volume of routine transaction processing done by AAT cutting costs and potentially freeing up staff to provide better quality and higher value advice and support to our stakeholders. This meant the website had to become interactive and members would need individual accounts.

DID IT WORK?

This overall plan made eminent sense but there were implementation challenges.

How could we lure people to use the on-line services?

How could an office that was open from 9 to 5 support 24/7 web access?

How could we encourage people to do their own administration?

Well, we had to tempt people in by giving them things they wanted. Not surprisingly, student members were early adopters – not just because they are younger than the average member – but because we gave them something they really, really wanted – the option of receiving examination results on line. They could only get their results if they created a MyAAT account. The first time this service was available, it tested our systems to the limit as tens of thousands of students logged onto the website on the stroke of midnight, on results day. This highlighted the need for web-site stability 24/7.

Another early enticement for student members was to offer them access to past papers and examiners' reports (which we had previously published and sold) on line, free of charge.

At the time our net annual income from the sale of past papers was £26,000 but less than 6% of students taking AAT exams bought this material. We decided it was worth sacrificing the income to advance business transformation.

And it worked, the take up of this service was immediate and it grew rapidly. In the last twelve months alone, we have had over half a million unique visits to the past papers pages.

Once people start to find things on the website that they want, they return and usage builds up rapidly.

94% of student members now have a my AAT account

Our more senior Full and Fellow Members were a tougher nut to crack (that may be generational), there wasn't one single thing that we could find to attract them to use the website in large numbers. But by providing a range of services, their usage has grown. And we have seen a surge in the last year or two since our voluntary continuing professional development requirements became mandatory for all members. We have created a CPD Interactive area with a range of accessible CPD resources. This area with over 90 blogs, podcasts and vodcasts had over 41,000 hits in the first half of 2009, double the number for the whole of 2008. About one in three full and fellow members are regularly engaging with our on line CPD materials. So we now have the capacity to reach more people in more ways and our members have a wider range of services to use at times that suit them.

74% of full and fellow members have a myAAT account.

Once people have a MyAAT account they seem surprisingly willing to keep their own records up to date (30,000 address changes were made on line in 2008), enter for exams, renew their membership on line and make other payments on line.

For example, of our 68,000 exam entries for the June 2009 sitting, 94% were made on-line. This has reduced a large amount of transaction processing as well as giving people real-time information about their entry.

We've also used on-line services to improve our support to the accredited training centres that offer the AAT qualifications.

ADDITIONAL ASPECTS OF BUSINESS TRANSFORMATION

Because of the need for resilience of the on-line services, business transformation investment covered:

- The hosting of servers off-site in a data centre with dual links to the office providing for continuity of operations and disaster recovery.
- Significant increases in processing capacity to manage the increase and the peaks in on-line activity (happily this is getting cheaper and cheaper).

We benefited from this hosting arrangement when we relocated from our old offices in Clerkenwell to new premises in the City of London in 2007. The move was completed over a single weekend with a minimal amount of scheduled down time. We have also tested our disaster recovery capacity in a simulation making use of 30 workstations we rent in a site in North London. We were amazed by the ease and efficiency with which we were up and running.

Over and above the IT infrastructure and website developments, business transformation included a commitment to customer centricity ensuring not only that we provide great customer service but that we listen to what our customers want and need and work to provide it. The engagement of our membership on line has increased our customer insight. For example, comments made by student members in the online forums about exam papers are fed back to the examination panels.

WHERE TO NEXT?

Our strategy of putting the website at the centre of what we do has given us a solid and tested foundation for the next stage of our journey (at the moment we're really only at Base Camp). We are embracing the potential of Web 2.0, social networking and virtual worlds to expand what we provide on line and to enable our membership to become an active on-line community. We are tweeting. The building blocks are already in place

We've just launched a new website which for the first time puts a lot of content behind a log in. This means we can deliver tailored content for the individual when they log on reducing the time people spend finding what they want. The response has been positive.

We are getting to grips with the impact of mobile and handheld connectivity, games consoles as well as looking at the implications of Cloud computing.

The next stage of our on-line investment is to develop and implement an e-learning and e-assessment strategy. With a Council and senior team who are by and large Digital immigrants, we are striving to understand the expectations of the generation of digital natives and we are aiming to create content delivered in a way that they want and expect and that's integrated with other aspects of their lives.

I often feel my age when I drop in on our student discussion forums. I nod encouragingly at threads like "Looking for help with Unit 6 costing ..." This attracted 199 replies with lots of helpful advice.

But just below is a lively discussion prompted by the post "What nibbles do you absolutely have to have to help you with revision – or is it just me?" Within a very short time there were 16 replies including "cigarettes, whisky and wild women" (which challenges the stereotype of the accountant!)

So, we're beguiled by the potential of user-generated content. What is its application for a professional body? What if, as Clay Shirky argues in "Here Comes Everybody", YouTube, Facebook, Flickr, Twitter and blogging give people the power to organise without organisations. Does that make us redundant? What if we can harness these tools to empower our community to help themselves? Can we ensure our continuing relevance and build value by offering our members a way of navigating this new world? I don't know the answer but we must be bold and brave and find out.

And it works: over the period our Business Transformation Strategy, our revenue has grown by 35% and our overall membership numbers have grown by 15%.

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