August 2017

A CIO'S GUIDE TO BREXIT
How to prepare for the unknown

We know Brexit will affect IT products and services for many organisations, and for some of these the impacts will be significant, driving the need for strategic changes, financial planning and re-evaluation of existing transformation plans. This white paper highlights the key questions that IT leadership teams will be asking in the run up to Brexit, and provides a three-step approach for managing the impact.

There is a lot already written about the implications of Brexit and while the specific details are likely to remain unknown until late 2018, and very probably well beyond, the broad impact areas are sufficiently clear for organisations to start their preparations now. Indeed, developing a more detailed understanding of Brexit's impact on your organisation will be critical if you are to make informed decisions on upcoming transformational change, create realistic financial plans, contain costs and rapidly leverage the opportunities that will be presented.
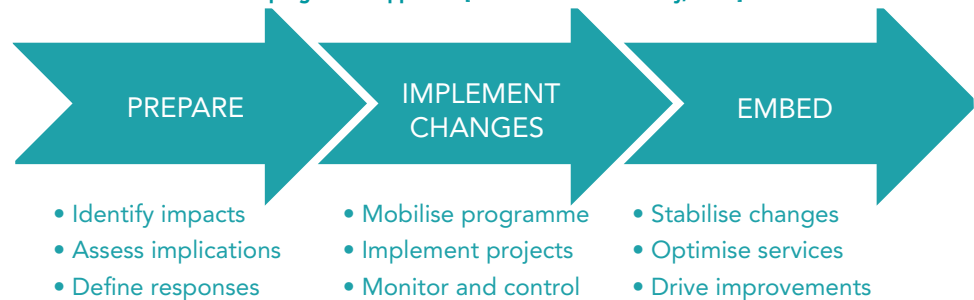
The looming prospect of change will create uncertainty within your IT workforce, in both those directly employed and in those delivering services via third parties. With the possibility of Brexit driving the need for relocation of IT teams and capabilities, you must make sure you secure and retain the talent you need, where you need it. Recognising and managing the impact of Brexit on geographically distributed IT teams to maintain operational stability and implement change must be a key element of your organisation's plans. As we have all learned, changes involving people are often the hardest to implement, carry significant risk and take time.

We recommend all organisations mobilise a small multi-disciplinary taskforce to start their Brexit planning with the objective of completing a 'Prepare' phase within the next six months (see Figure 1).

Typical questions IT leaders are asking about Brexit

- What will the impacts of Brexit be on our business and how will this translate into additional IT requirements?

- What changes to legislation, tariffs and taxation will apply to the IT products and IT services we procure and provide?

- Will there be new regulations we must comply with and will our existing EU regulatory compliance continue?

- What changes will be made to the employment legislation for our UK and EU-based teams?

- What changes will our IT service providers need to make and how will these be reflected in our commercial relationships?

- What are the likely impacts on our data policies, IT security, cloud services and data centre locations?

- How can I minimise the impacts and maximise any opportunities presented?

- How long will my business have to implement any changes needed?

- Is there really anything of value we can do now when the specifics of any changes are currently unknown?

Figure 1: Illustrative overall Brexit programme approach [Source: Mason Advisory, 2017]

PREPARE → IMPLEMENT CHANGES → EMBED

- Identify impacts
- Assess implications
- Define responses

- Mobilise programme
- Implement projects
- Monitor and control

- Stabilise changes
- Optimise services
- Drive improvements

Organisations should start their Brexit programmes now and focus on the identification and assessment of the likely impacts against several Brexit scenarios

Prepare

The prepare phase should identify areas of exposure to Brexit and assess these against a number of Brexit scenarios. This will enable you to define your responses for each scenario and develop outline plans for the changes that are likely to be required. With these you will be able to assess the impact on the current IT strategy and highlight the Brexit risks for in-flight or planned change so you can make informed decisions regarding whether to continue, re-plan or stop. We suggest the key activities and outcomes of your prepare phase should include those outlined below.

- Prepare a full inventory of anticipated Brexit impacts on your IT operating model, including: commercial arrangements for supplying and procuring IT products and services (inter-company, inter-group and external); provision of IT products and services from geographically distributed workforce teams; workforce citizenship; IT-related regulations; and sector-specific regulatory compliance, audit and reporting.
- Undertake an assessment of each affected component of your operating model against different Brexit scenarios to determine the level of impact, as well as any strategic implications. Where appropriate this should pull out key trigger conditions that would drive different mitigation responses.
- Define and get executive agreement for your high-level responses to the Brexit scenarios along with outline terms of reference, milestone plans, commercial models, business implications and risk profiles.
- Assess in-flight change initiatives against the Brexit scenarios to make informed risk-based decisions.
- Assess and refresh your IT strategy against the Brexit scenarios and business plans.

The potential change of the economics of geographic locations for service provision, along with the ability to attract and retain a workforce with the capabilities and skills required may drive a change in strategy and operating model

We would anticipate that you may well have 'no regrets' activities that can move straight into the 'Implement changes' phase before the full Brexit implications are known, for instance, renewal of upcoming commercial contracts may well need a different approach.
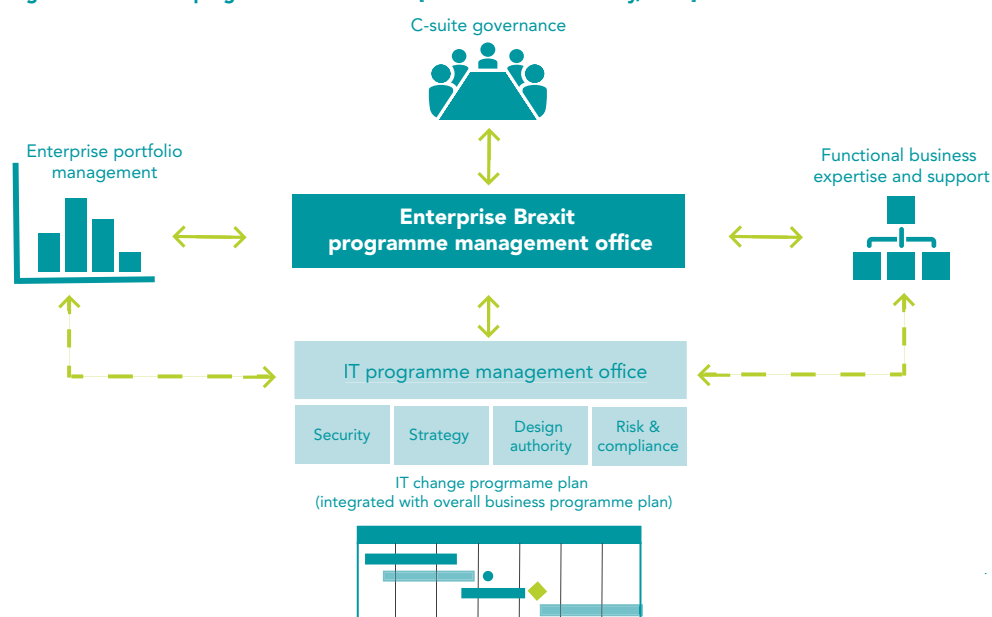
Implement changes

While the prepare phase can be conducted with more of a taskforce approach, once you move into the implement phase you should establish robust programme and project management disciplines along with a fully functioning programme office, appoint an experienced programme director with C-suite support, and agree board-level sponsorship. The IT implementation should, of course, be an integral component of an organisation-wide Brexit programme.

Understanding of your organisation's exposure to Brexit will be critical if you are to make informed decisions on upcoming transformational change, create realistic financial plans, contain costs, and make the most of opportunities that will be presented

Where the impacts are far reaching, your Brexit programme could consume all available resources, and then some, with key skills being difficult to secure and retain. Being ahead of the game, understanding your scope, planning initiatives, setting a clear direction and bringing 'no regrets' work up front will be essential if you are to avoid wrestling what could be a real bear of a change programme that is fraught with risk. Don't let the bear sneak up on you, be prepared and use the results of the prepare phase to develop your outline plans and identify how they will be delivered. You will most likely have multiple projects delivering the individual changes required and we would expect these to be mobilised in line with the terms of reference and trigger conditions developed during the prepare phase. Of course, with the Brexit negotiations likely to

take a number of twists and turns, refreshing and revalidating these will form a key part of the ongoing programme (see Figure 2).

Other than the need to maintain a state of readiness in what may be an uncertain and volatile time, we foresee the implement phase as following a typical programme approach of initiating, delivering and closing projects that will implement the individual changes required. Clearly close integration with

Figure 2: Illustrative programme environment [Source: Mason Advisory, 2017]

C-suite governance

Enterprise portfolio management

Enterprise Brexit programme management office

Functional business expertise and support

IT programme management office

| Security | Strategy | Design authority | Risk & compliance |

IT change progrmame plan
(integrated with overall business programme plan)

your enterprise portfolio management function will be essential to manage dependencies, prioritise resources, provide visibility of the overall change landscape and the associated business risk profile. There is general recognition that there will be a period of transition following on from March 2019, although this transition period is likely to include further key negotiations covering trading arrangements with EU and non-EU countries. In other words, your Brexit programme will need to operate for a number of years.

Embed

Embedding the people, process and technology changes affecting business and IT services should be a key part of your Brexit programme and indeed will play a crucial part in minimising operational impacts, reducing costs and maximising benefits. This usually requires three distinct activities.

- **Stabilise**. This activity should be included within the programme scope and will focus on the monitoring, control and interventions needed to ensure that the changed processes, functions and systems consistently perform within the required operational performance metrics.
- **Optimise**. The purpose of this activity is to drive incremental improvement of the changed processes, functions and systems through formal performance analysis and the application of tools, such as Lean and Six Sigma.
- **Improve**. This activity will look to drive step change improvements through significant re-work of the processes, functions and systems. Typically, these improvements will be driven through a new project or release and as such may, or may not, be included within your core Brexit programme.

Follow the three-phase strategy – prepare, implement, embed – and you won't get mauled by the Brexit bear.

It is likely that 'no regrets' activities can and should be mobilised before the full implications of Brexit are known

Co-ordination of business and IT change will be critical, and we strongly recommend that IT implementation activities are fully integrated into your enterprise Brexit programme

About Mason Advisory

A simple approach to complex challenges: Mason Advisory is an IT consultancy that does things differently. We're experts in IT who match technology know-how with commercial and business sense.

Businesses come to us because we solve complex business challenges through intelligent use of IT. We're here to help clients set their strategy and then deliver on those decisions.

And because we're independent, you know you can have confidence that our conclusions meet your needs. For 20 years, organisations of all sizes have trusted our consultants to deliver IT with an impact.

Contact us

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