

CWU Alternative Proposals to Outsourcing End User Computing Services and Jobs

Introduction

Following the CWU National Office notification to the Fair Work Commission of a dispute and subsequent conciliation conference on 27 April 2015 in relation to Australia Post's proposed outsourcing of End User Computing (EUC) Services the parties agreed that 3 employees (2 CWU and 1 CPSU) would be released from operational duty in EUC to develop an alternative proposal with the union which meets Post's key objectives.

Australia Post agreed to provide the union with further information regarding the *key objectives* of outsourcing EUC Services to assist with the development of an alternative proposal. Unfortunately the further information that was provided added nothing to what had already been said about the *key objectives*. A copy of the further information is attached. Australia Post also refused to provide a copy of the proposal to Fujitsu or information on the cost of the wasted money to manage the outsourced service provider and the expected savings from outsourcing, save to say that following the FWC notification Post advised that savings are somewhere between 5 to 8 million dollars.

On the key objectives

The *key objectives* of EUC outsourcing are addressed below:

1. *Business choice and transparency – confirmed pricing for particular service options, to meet the varying demands of the business.*

Lack of information makes it difficult to address this key objective. For example it is not clear how IT/EUC currently charges the business units for services. The business units probably pay licensing costs and service charges etc. How will this be any different with Fujitsu? How will Fujitsu charge for services compared to how EUC services are charged? EUC services and their costs are matters that are currently unilaterally determined by management. Problems with *choice* and *transparency* stem from managers wanting to maintain control of their own areas rather than problems with the services provided by EUC per se. Fujitsu will only do the work for which a ticket has been raised. EUC technicians do additional work whilst on site. None of this has been factored into the outsourcing costs.

An alternative proposal to outsourcing EUC Services is to introduce a tiered system of services based on user-pay principles. Essentially business units would access various levels of services, product, response time etc and be charged accordingly. The business units that wanted the top service would pay a higher rate than those that had more time for services to be provided or those that wanted to bring their costs down. A tiered system based on user-pays would make services and their costs more transparent for the business units.

Cost savings could be made by reducing the number of managers. Management are already top heavy but under the proposed new structure 15 new band 5 positions will be created to manage the contract. What is the cost of this wasted money? EUC technicians are self motivated, work autonomously and are able to prioritise their own workload. They don't need a manager in every state to monitor them. One of the Band 5 positions in the proposed new structure could monitor the Post technicians' workloads through the appropriate Service Now queues.

2. *Scalability – the ability to add resources (including personnel, assets and services) quickly in response to project and ongoing business requirements, and remove those resources quickly if the demand subsides (with the corresponding reduction in cost)*

Lack of information makes it difficult to address this key objective. The claim that Post cannot scale up and scale down does not ring true with current practice. At the moment Post has a base-load of permanent staff. But fixed term employees and contractors have always been brought in as required.

For example, in Queensland, Post is currently utilising 2 contractors to assist with the rollout of the MyND fleet. The processes and efficiencies could be improved. The Senior Management Team (SMT) inflexibility in signing off contracts and slow internal HR and contract management procedures could be improved.

The contractors that were used for the MyND project have previously worked for Post on many different projects over a period of approximately 8 years. While they were available for an immediate start the SMT, HR and contract management team took an inordinate time to complete the paperwork, thereby delaying the start date of the project.

There are also between 6-10 contractors working on EUC Projects and Business As Usual (BAU) in Headquarters and Victoria. Once these works have been completed the contracts are scaled back. This has been happening for years. It gives the business the option to scale up and down as needed.

Currently Post technicians are told by the SMT to forgo BAU activity to complete the FlexiPOS and MyND projects. The Post technicians work faster because they are specialised in postal matters. They fix the problems often left by contractors who don't have postal system knowledge and are there when the system falls over.

Notwithstanding the above, if management want to reduce the base-load of permanent staff then why not re-negotiate that as an alternative to outsourcing all EUC services and jobs? Retaining a nucleus of Post technicians makes sense. To do otherwise will lead to poorer response times and less qualified people making service calls etc.

This alternative response would secure cost savings while avoiding some of the potential problems associated with outsourcing such as, poor response times and loss of years of experience, local knowledge, local contacts and familiarity with each office, outlet and postal centre.

3. *Access to new technology – the ability to identify new technology offerings to improve service quality and user experience*

Lack of information makes it difficult to address this key objective. Perceived problems arise from not well thought out management promises to other business units. For example, management made promises to the business units that when they order new equipment it will be delivered and installed in 5 business days. How was this ever going to work when there is no stock and turnaround times of suppliers are out of EUC Services' control? EUC Services don't have store stock like we did in the past. Fujitsu will face the same roadblocks with IT security, other IT Units and account managers.

EUC Services have absorbed work previously undertaken by the *national data comms team* with no additional resourcing or training following the deal with Telstra that was signed off by the SMT and handed to Telstra to manage.

Claire Bourke, General Manager, Service Integration and Operations has told EUC staff that the Telstra contract is far from effective, yet continues to spruik to key business stake holders that the ITNT project and Telstra contract are far better than the previous contract and that ITD has rolled out a far superior network.

Meanwhile EUC technicians are still working to resolve unmanaged equipment that was meant to be replaced during the ITNT project as well as engaging in weekly meetings with service delivery managers from the voice and data team to resolve outstanding issues.

An alternative response is to store stock for core business needs and address inefficient management contract practices.

Another possible response is introduce the use of leasing agreements with hardware vendors, thereby gaining access to new technologies more quickly while avoiding the poorer quality in goods and services that are provided through outsourcing.

4. *Speed to market – the ability to deliver new services and enhancements quickly, through the concept, business/value case, implementation and run phases.*

Lack of information makes it difficult to address this key objective. At the moment Australia Post has people who are specialised in postal matters. How could Post get people better than this in an outsourcing arrangement with Fujitsu?

Australia Post has a loyal and committed workforce. The Post technicians are on call 24 hours a day. The technicians on call rate is minimal – 7 ½% of the hourly rate Monday to Friday and 10% on weekends. The Post technicians know the local issues and intricacies of every site. The real benefits to the business of this knowledge cannot be overstated. Are Fujitsu going to provide 24 hour service? At what cost? At what response time? Clearly they do not have the benefit of local skills and knowledge. Timeframes will suffer in regards to SLAs and restoring critical systems.

When a refit or refurbishment is delayed EUC technicians will do whatever needs to happen to ensure that the facility will be open on time. What happens if the Fujitsu technician arrives and the site can't let the site work proceed? EUC technicians attend at a later time at no additional cost to the facility. How will Fujitsu manage these interface and co-ordination problems? It is inconceivable that Fujitsu will be able to operate in the same manner? The outsourcer will end up contracting this part of the work to another provider. Will the contractors have the appropriate Australia Post OH&S training? Post will be responsible for any incidents that happen on sites. Issues will take much longer to resolve and staff won't have the skills and knowledge. This will be a disaster especially for Post's critical systems.

An alternative proposal is to keep a baseline of core staff because there are always going to be faults and problems with integration of new equipment and systems. Post is always going to need a core of permanent technicians for BAU work and to assist with the installation and maintenance of new products and services. One possible response is to have a flying squad of Post technicians who are co-located at other centres such as, mail, parcel or delivery centres, thereby ensuring that there is back up while avoiding some of the potential problems when Fujitsu can't fix the problems.

Major upgrading for projects, overhauls of the IT system or software releases are currently not EUC functions. These functions are normally undertaken by another IT group. The technicians help out as required.

An alternative proposal is to realign EUC Services with other IT groups so that design, testing and maintenance of new equipment and services are owned by the whole group. This has the advantage of efficiency gains from a potentially multi-skilled workforce with huge skill sets.

On the consultation

The consultation with workers and their union has been a farce. The slideshows and Q&A sessions are just box ticking exercises. When workers have raised operational issues they are brushed off with "that will be Fujitsu's problem". Why are the questions asked by staff not published in the FAQs? Why are all meetings in small groups? Staff have said that they feel intimidated to speak up in these small groups. As well they don't know what questions are being asked in these groups and they are not published on SharePoint site.

The union and its members have a right under the Post EA to influence the decision before it is made. But no copies of the proposal to Fujitsu or costing models have been provided. How can we compare? Why wasn't EUC audited and compared to Fujitsu by an independent third party? Why has Post not investigated and reported back on why Victoria Police are no longer using Fujitsu for their EUC work? It is allegedly common knowledge that a number of organisations have had IT problems with Fujitsu.

Post has not listened to any feedback from staff because the decision to outsource has already been made. The consultation is simply window dressing and tokenism. If the CWU had not notified a dispute in the FWC we would not have had the opportunity to put an alternative proposal.

Conclusion

We submit that outsourcing doesn't work. It costs more. It leads to poorer service delivery. There may be short term gains but after awhile the organisation will end up with a two tiered system where to keep the current level of service the organisation has to pay a premium otherwise you get poorer response times and less qualified people.

Australia Post's decision to outsource EUC Services is just not well thought out.

The alternative proposals put by workers and their union should be trialled for 12 months so that Post can get some data and a proper understanding of the role of technicians.

If you don't know what is being done by the technicians then it leads to an inevitable conclusion to adopt the proposals of the technicians and get proper costings etc.

The decision to outsource should be rejected. Post should go back to the drawing board and examine which parts can be outsourced and what must be kept because they are critical systems and have critical response times.