REPORT ON
IT RUNAWAY SYSTEMS

TELEPHONE SURVEY
FOR KPMG MANAGEMENT CONSULTING

Prepared for KPMG Management Consulting
by Strategys
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## 1.0   INTRODUCTION

KPMG Management Consulting run the successful Runaway Systems Management Practice for organisations that experience problems with computer systems that fail to fulfil their objectives.

The development of and reliance on computer technology within organisations has grown immensely since the early 1980s.  In 1989 KPMG Management Consulting commissioned an independent piece of market research which highlighted the plights of many larger companies who had experienced 'Runaways'.

The market situation since 1989 has seen another rapid growth of computer power.  It is not only the largest organisations that rely more and more on computers to help run their businesses, medium-sized and small companies now integrate their systems in the race to improve competitive edge and efficiency.

KPMG needed to find out whether there has been an increase or decrease in the incidence of 'Runaways', and whether organisations have learnt the lessons of five years ago of planning to install and implement complex computer systems.

**The primary purpose of this research is to use the information gained to help promote the Systems Implementation and Delivery capabilities of the practice; as well as the IT Risk Management Services.**

The following is a report on the findings of the 1994 study on 'Runaways'.

## 2.0   OBJECTIVES

The objectives of this research were:

1.   To establish the incidence of Runaways in the market sectors for retail, manufacturing, finance and government organisations.

2.   To find out what people understand by the term Runaway.

3.   To understand the problems of installing of new computer systems.

4.   To try to establish how Runaways arise in different organisations.

5.   To find out what project managers blame for the occurrence of Runaways.

6.   To discover how respondents aim to avoid Runaway situations in the future.

7.   To find out how Runaways affect organisations - in terms of time and/or money lost or other ramifications.

8.   To discover how likely consultancy help will be asked for in future projects.

9.   To find out if Runaways are considered unavoidable in the future.

10.  To give KPMG an understanding of what points to stress to potential clients of their systems management expertise.

## 3.0   METHOD

KPMG Management Consulting conducted a telephone survey of UK businesses in 1989 to measure the incidence of Runaway computer systems.  The 1994 survey was designed to maintain comparisons where appropriate with the 1989 survey.

The sample was drawn from four different types of organisation:  Retail industry, manufacturing industry, the finance industry and government bodies.  An initial letter was sent out by KPMG to a defined list (of over 1200 organisations) and this list was used as the basis for the telephone market research.

The breakdown was as follows:

| | |
|---|---|
| Retail Industry | 404 |
| Finance Industry | 251 |
| Manufacturing Industry | 300 |
| Government bodies | 263 |

The companies sampled under the industry headings were the largest companies identified in their sectors.

The IT market has been heavily researched in the past decade.  As new products come on to the market the IT managers of major UK businesses are the key targets for constant and intensive market research.  As a result many companies now adopt a no interview policy.  Obviously this makes the job of testing new ideas difficult for those involved in this market.  However, Strategys persevered and achieved interviews with 120 respondents.  The aim of achieving 160 completed interviews was not achieved and has proved to be an over-ambitious target in the current climate.  Clearly there is greater "fear of failure" in the market place, and companies and organisations are less willing to share their problems in an open manner.

The fieldwork relating to this report took place between 17 October 1994 and 4 November 1994.  The findings for this research are analysed in terms of qualitative feedback of what respondents believe contributes to a Runaway and what they feel can be done to avoid them in the future.  This is then incorporated into a statistical analysis of Runaways in British organisations.

## 4.0   INTERIM TOPLINE RESULTS

There was a filter question on the survey which only permitted organisations who in the past five years had developed computer systems with a budget of £350,000[1] or more. This filter screened out a large number of potential interviews.

All respondents were required to have sufficient knowledge to talk about Runaways that may have occurred during the past five years. If the interviewee had been with the organisation for less than one year he or she was screened out and another interview was sought with an appropriate employee if possible.

Analysis for this report is based upon 120 completed interviews (almost exactly 10% of the sample), where 46 respondents claimed never to have experienced a Runaway situation. These respondents did not go on to complete the questionnaire, because it was designed to ask respondents about Runaway situations they *had* encountered. The 74 full interviews and 46 part interviews were divided up among the sectors interviewed as follows:

| Experienced a Runaway | | | | Did not experience a Runaway | | |
|---|---|---|---|---|---|---|
| No. | Industry | Approx (%) | | No. | Industry | Approx (%) |
| 31 | government | (42%) | | 16 | government | (35%) |
| 25 | manufacturing | (34%) | | 13 | manufacturing | (29%) |
| 13 | financial | (17%) | | 10 | financial | (21%) |
| 5 | retail | (7%) | | 7 | retail | (15%) |
| --- | | ------- | | --- | | ------- |
| 74 | | (100%) | | 46 | | (100%) |

**Q2.** Respondents were asked to define what a Runaway system meant to them. Almost half, 48%, said that it meant a system that overran its budget or produced escalating costs. 39% defined Runaways as systems that were out of control. 35% described them as systems that exceeded time scales. 23% claimed never to have heard of the term.

It is interesting to observe that although cost seems to be a more popular definition of Runaways with respondents, in reality, time overruns are more likely consequences of Runaways. 66 (89%) respondents claimed that time overruns had been a Runaway problem, and 46 (62%) respondents experienced cost overruns as a Runaway problem.

**Q3.** When asked the question about whether Runaways were a problem in their industry, the financial and government organisations were more aware of these type of problems, closely followed by the retail sector and the least likely sector to be aware of these problems in general was manufacturing industry.

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[1] This figure was adapted during the progress of the survey.

## 4.1 Causes of Runaways and how to avoid them

**Q4**. Respondents were asked to give their opinions on how Runaways came about and what should be done to avoid them in the future.

Several explanations were given as to why things went wrong, and they fell into distinct categories:

1. Outside suppliers

2. Internal staff

3. Mergers and takeovers

4. Lack of planning

5. Lack of management

6. Over-ambitious use of technology

7. Loose costings and timings

8. Politics

Opinions were offered on how to avoid Runaways in the future. Again advice was based mainly on why things went wrong in the first place:

1. Vetting outside suppliers for reliability and knowledge

2. Good briefing of internal IT team and end users

3. Building in failsafes and risk analysis on complicated jobs with evaluation of phase levels

4. Tight plans and schedules to evaluate along the critical path

5. Involvement of management at appropriate levels, making them responsible for the progress of the scheme

6. To ensure that the technology used is appropriate and tested for the job to which it is to be put

7. To spend time and effort on the details of costs and time schedules.

8. To build in contingencies for political or policy changes.

## 4.2 Statistical analysis of topline results

**Q5.** The sample was asked how many projects with an initial budget of £350,000[2] or more or took ten man years or more, had started up in the past five years.

| | |
|---|---|
| 6% | claimed they had not had any |
| 18% | only one |
| 18% | two |
| 7% | three, and |
| 51% | four or more |
| 2% | did not know |

When asked how many had been completed successfully:

| | |
|---|---|
| 22% | said none |
| 24% | one only |
| 16% | two |
| 6% | three |
| 32% | four or more |
| 1% | did not know |

When asked how many had run into a Runaway situation:

| | |
|---|---|
| 40% | said none |
| 25% | said one |
| 12% | said two |
| 5% | claimed three |
| 16% | four or more |
| 3% | did not know |

**Q6.** The most likely Runaway situations to arise were:

| | % |
|---|---|
| Faults and bugs after completion of project | 58 |
| 30% over time budget | 55 |
| Revisions leading to more costs | 51 |
| Difficult to control | 51 |
| Ineffective external suppliers | 50 |
| Project team encountered crises | 39 |
| Not what the user expected | 36 |
| 30% over costs budget | 31 |
| Ineffective consultants | 23 |
| Damaged business/sales | 14 |
| Overran for no obvious reason | 10 |
| Resulted in litigation | 2 |

Although respondents defined Runaways in terms of cost escalation, this is not necessarily what they experienced in their situations. It appears that poor timing and system inaccuracies were the most likely outcomes. Obviously these findings do have repercussions on costs.

Also the more Runaways experienced the more frequently all these problems were reported.

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2 This figure was adapted during the progress of the survey.

**Q7**.  Respondents were asked what their expectations for the future frequency of Runaways in their companies would be.

8%      expected to see an increase
12%     expected no change
43 %    were looking for a decrease in frequency
38%     of the total sample had not experienced a Runaway in their company

**Q8**.  The areas of business in which Runaways occurred were diverse and often had to synchronise remote sites which had been running autonomous systems.

**Q9**.  The software used often had an impact on whether a project became a Runaway.  Not surprisingly 47% of Runaways used a mixture of bespoke and packaged software.  22% used packaged software only and 24% used bespoke only.

**Q10**.  The respondents were asked what made the project different from usual.  The sort of complications that arose are highlighted in the discussion on causes of Runaways in section 4.3.2.

**Q11**.  The teams on Runaway projects were mainly comprised of Internal IT staff, usually between 10% and 80%.  There was rather less of a presence of internal end users on the team.  31% had none and over half had 10% or less end users involved.

45% had no external suppliers on the team, and around one third used external suppliers in a minority role on the team.

61% did not use external consultants on the specific Runaway project, but 34% had used them in a minor role.

**Q12**.  Over half the sample, 55%, said they had not used any risk analysis on the Runaway project.  38% said they had.

**Q13**.  Of those who had used risk analysis during the Runaway project half had revisited it during the course of implementation and half had not.

**Q14**.  The risk analysis had proved important in preventing Runaway problems for one third of the sample who employed it, but two-thirds did not experience this.

**Q15**.  Respondents were asked what development methodologies had been used on the Runaway project.  18% had used SSADM, but none had used LSDM.  14% had not used any development methodology.  One third had used the company's own methodology, and another third had used no established methodology.

**Q16**.  The development methodology used on the project was mentioned as:

Prince:             9% used it in part and 4% used it throughput the project.
Company's own:  32% used this for part and 28% used this throughout the project
Other:              24% used another unnamed methodology in part and 18 % all the time
38% did not use any established methodology.

**Q17.** The project's initial budget was:

|  | % |
|---|---|
| Under £100,000 | 20 |
| £100,000- £250K | 26 |
| £250K-500K | 19 |
| £500K-£1M | 16 |
| £1M-£2M | 7 |
| £2M-£3M | 1 |
| £3M-£4M | 1 |
| £4M+ | 4 |
| Don't know | 5 |

**Q18.** Respondents who had experienced Runaways were asked whether the project had overrun in terms of cost, and, if so, by how much. 62% found there was a cost overrun. One fifth had overrun by over 50% of budget, while others had experienced a more modest excess:

| Under 10% | 3 people |
|---|---|
| 10-20% | 8 people |
| 21-30% | 7 people |
| 31-40% | 1 person |
| 41-50% | 5 people |

They were asked to rate the seriousness of the overrun and the mean score for this was 5.67 out of a possible 10. This indicates it was not an irretrievable disaster, but it was a definite drawback.

**Q21.** The time span of the projects varied according to their complexity.

|  | % |
|---|---|
| Less than 10 man months | 23 |
| 11-18 man months | 19 |
| 19-24 man months | 11 |
| Over 2 and up to 3 man years | 14 |
| Over 3 and up to 4 man years | 1 |
| Over 4 and up to 5 man years | 1 |
| Over 5 man years | 24 |

**Q22.** Far more projects overran on time than on cost. 89% of the sample who had experienced Runaways had timing problems. In fact, only 9% claimed they had not suffered from this.

When compared to those who had suffered from cost overruns, nearly all those with time penalties also suffered money penalties, 93%.

**Q23.** The length of time it overran varied according to the complexity of the project:

|  | % |
|---|---|
| Less than 10 months | 38 |
| 11-18 months | 26 |
| 19-24 months | 11 |
| Over 2 and up to 3 years | 9 |
| Over 3 and up to 4 years | 3 |
| Over 4 and up to 5 years | 2 |
| Over 5 years | 12 |

**Q24.** The seriousness of the time overrun was more pronounced for those charged with implementing the system. A mean score of 6.5 out of a possible 10 highlights that it did cause problems for the organisation with quite serious ramifications.

**Q25a.** The respondents were asked what specific problems they had experienced as a result of the Runaway.

|  | % |
|---|---|
| Difficult to control | 69 |
| Revisions leading to extra costs | 68 |
| Faults/bugs arose after end of project | 51 |
| Ineffective external suppliers | 47 |
| Not what the user expected | 39 |
| Damaged business/sales | 28 |
| Ineffective consultants | 16 |
| Overran for no obvious reason | 7 |
| Resulted in litigation | 4 |
| Other | 14 |

**Q25b.** The seriousness of these problems is reflected in the mean scores attributed to these occurrences:

|  | Mean Score |
|---|---|
| Ineffective external suppliers | 7.09 |
| Difficult to control | 6.78 |
| Ineffective consultants | 6.58 |
| Not what the user expected | 5.90 |
| Resulted in litigation | 5.67 |
| Revisions leading to extra costs | 5.58 |
| Other | 5.40 |
| Damaged business/sales | 5.33 |
| Faults/bugs arose after end of project | 4.84 |
| Overran for no obvious reason | 4.00 |

This shows that badly selected external suppliers and consultants can cause huge problems for the organisation experiencing a Runaway. It may just be a reflection that it is easier to blame someone else, but this finding indicates that resentment for such external people can be enormous.

This also indicates that lack of careful planning probably caused many of these problems. Although litigation was the recourse of only a tiny minority, the ramifications for the business were serious.

**Q26.** The question as to when the symptoms of the Runaway started to appear further explores the theory that poor planning and monitoring were the major reasons for a Runaway situation to arise.

Runaway problems started to appear:

|  | % |
|---|---|
| During development | 53 |
| During testing | 34 |
| In the initial planning | 23 |
| After implementation | 22 |

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**Q27.** Respondents were asked how these problems came to light:

|  | % |
|---|---|
| Through the project team | 72 |
| Through user dissatisfaction with the finished project | 28 |
| Budget overrun noticed at senior level | 19 |
| Through internal or external auditors | 16 |
| Other | 8 |

**Q28.** Respondents were asked which of the following factors caused the Runaway problem:

|  | % |
|---|---|
| Project objectives not fully specified | 51 |
| Bad planning and estimating | 49 |
| Used technology new to the organisation | 45 |
| Inadequate project management methodology | 42 |
| Not enough senior staff on project team | 42 |
| Poor performance by suppliers of software/hardware | 42 |
| Wrong person managing the project | 35 |
| Inadequate software development methodology | 35 |
| The project was too ambitious | 34 |
| Wrong staffing on project team | 34 |
| Poor communication between project personnel | 32 |
| Top management were unaware of project problems | 30 |
| Inadequate training of system users | 27 |
| Poorly defined contract with suppliers | 20 |
| Poor performance by project management consultants[3] | 19 |
| Used the wrong hardware/software | 16 |
| Poorly defined contract with project management consultants | 12 |
| Other | 5 |

**Q29.** Asked which of the following remedies were tried to deal with the Runaway problems, the respondents replied:

|  | % |
|---|---|
| More time | 81 |
| Better project management procedures | 55 |
| More people | 54 |
| More money | 43 |
| Pressure on suppliers by withholding payment | 38 |
| Reduction in scope of project | 27 |
| New outside help | 26 |
| Better development methodologies | 22 |
| Pressure on suppliers by threat of litigation | 20 |
| Changing technology used in the project | 12 |
| Abandoning the project | 9 |
| Other | 9 |

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[3] By industry sector

| | | |
|---|---|---|
| Manufacturing | 3 respondents | (12% of Manufacturing or 21% of total) |
| Financial | 3 respondents | (23% of Financial or 21% of total) |
| Retail | 1 respondent | (20% of Retail or 7% of total) |
| Government | 7 respondents | (23% of Government or 50% of total) |

**Q30.** When asked what happened to their organisation as a result of the Runaway, respondents replied:

|  | % |
|---|---|
| Lost time | 85 |
| Reduced morale | 73 |
| Lost money | 51 |
| Reduced customer satisfaction | 42 |
| Contractual disputes with consultants/suppliers | 24 |
| Lost sales | 16 |
| Other | 15 |

The loss of time and morale in a highly motivated team can be devastating for an organisation. The company worries about the money side, but the lack of team spirit and loss of job satisfaction by employees can be equally harmful to an organisation.

**Q31a.** The measures companies are planning to take to avoid Runaways in the future is discussed fully in section 4.3.2.

**Q31b.** The respondents intend to implement the following avoidance measures in future:

|  | % |
|---|---|
| Improved project management | 84 |
| Feasibility study | 82 |
| More user involvement | 66 |
| Using outside advice | 55 |
| None of these | 4 |

**Q32.** The sample is divided as to whether they would consider using external project management consultants on similar projects in the future:

47% said yes and 51% said no. The rest did not know.

**Q34a.** The demographics of the sample who had experienced a Runaway was as follows:

| Number of employees | % |
|---|---|
| Under 100 | 38 |
| 100-249 | 14 |
| 250-499 | 11 |
| 500-999 | 8 |
| 1000-4999 | 19 |
| 5000+ | 11 |

| Turnover | % |
|---|---|
| Up to £5M | 23 |
| £6-20M | 11 |
| £21-50M | 14 |
| £51-100M | 8 |
| £101-299M | 16 |
| £300M+ | 18 |
| Don't know | 11 |

| IT department's annual development budget | % |
|---|---|
| Under £100,000 | 16 |
| £100,000-250,000 | 19 |
| £250,000-500,000 | 19 |
| £500,000-1M | 18 |
| £1M+ | 26 |
| Don't know | 3 |

| Industry Type | % |
|---|---|
| Government | 42 |
| Manufacturing | 34 |
| Retail | 7 |
| Finance | 18 |

| Respondent Type | % |
|---|---|
| IT manager | 20 |
| Finance director | 12 |
| Other | 68 |

## 4.3 Verbatim quotes on causes of Runaways and how to avoid them

The respondents' explanations of what goes wrong and how they plan to avoid these problems in the future, reveals just how many things can and do go wrong. Even with hindsight respondents are still unaware of what else can go wrong in the future. Their knowledge is often limited to historical events or hearsay from colleagues. They may not be prepared for the hazards the new technologies bring. Some respondents acknowledge this, and expect to make more use of outside expertise.

A minority expect Runaways to increase in the future. They realise that advances in technology are often beyond the scope of those charged with implementing it in organisations.

### 4.3.1 Things that go wrong:

Respondents often blamed a number of factors for creating their Runaway situation.

### Software:

"It was our first project with an outside software house. Normally we make our own software ourselves."

"It was the first project in which we used packaged software rather than bespoke. There was no difference in personnel."

"Firstly the package was imposed from outside rather than chosen from inside. The original package was unsuitable and had to be modified to a large degree. There were difficulties obtaining budgetary sanctions, and the accounts department had recently moved to decentralised offices and had changed personnel."

"It was using new technology. The software wasn't adequate, we kept having to change it."

"The software supplier of the package was new. There was another factor - the migration from mainframe computer to mid-range computer."

"We went from an in-house system to packaged system."

### Hardware:

"The problem was experimental hardware."

"The hardware cost had escalated."

### External personnel:

"We used external consultants to handle the project management during a time of change of management and business structure."

"We see the people who are leading as more important than the tools."

"You need strong project management."

"The project overlooked stock control."

"We used a new external supplier."

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"Too many people were involved with our software suppliers."

"We used a new database technology and relied on external consultants to apply a complex package plus bespoke front ends. The first supplier we selected failed to deliver the software solution."

## Too many sites - communication problems:

"Procedure problems arose when we merged sites into a single way of working. Communication wasn't good."

"We had merged with four other companies and were working with a different management team. There were geographical problems. Our head office changed with the merger. We're in the south, our head office is now in Birmingham."

## Internal personnel problems:

"There was a huge turnover in the sales and marketing staff. In the end the original plan delivered the wrong system for the end users. Their needs had changed."

"The departmental project team lacked experience, and we had bad planning."

"There was a change in the IT personnel. Also the end users didn't give clear specifications."

## Political problems:

"We had to adopt new regulations, but they weren't clear."

"The political involvement was the problem."

## The technology was too new and too many people involved in the implementation:

"Our problems were the change in the technology and the change in project control. We had multi-suppliers and it was a pilot situation for the technology."

"It was a very new type of technology."

"It was to be the first system to be devolved out through the whole company. So we didn't have one unique user. We had about ten all with different ideas. Fifty per cent of the application had already been developed by another company. We bought the source code from them, and amended it to our particular needs."

"We had new technology, new equipment, new suppliers, a new network and totally new procedures."

"Our users' aspirations were greater than the technology could deliver. It was a technically new environment."

"We underestimated the complexity of the job. We needed a better methodology, better development tools and less optimistic estimating."

## 4.3.2 How respondents planned to avoid Runaways in the future:

Bad experiences in the past are not necessarily the best indicators of how to plan for future projects.

### Project Management:

"We intend to use better project management and system methodologies. We intend to use Prince and SSADM. We wont allow users on the development team."

"We are going to employ more rigorous project management."

"We are going to use better project managing and have tighter control. There has to be the right management for the project, the right people, and they have to cover all expectations."

"I think better project management is the short answer. There has to be a serious commitment at senior level in the organisation. You also have to take advantage of emerging technologies and have an adequate budget."

"The (Runaway) problem is getting smaller. It's not as much a problem as it was four or five years ago. I think it's because we have new project management tools and case tools now."

"Runaways have been with us for a long time, and appear to affect every organisation!"

"Really we see the people who are leading the project as more important than the tools!"

"You have to introduce new project management methodologies. Recognised ones like SSADM. And have a better user defined functional specification. I think you have to have an increased user ownership of the project."

"We'll have better project management, greater user involvement and greater use of external technical consultants."

"You need proper systems analysis methodologies. We'll use Prince for project planning and the introduction of standards."

### Avoidance actions:

"We'll carry on the same as before to avoid Runaway problems. But there are situations which put a project under pressure, you have to avoid these threats."

"Each project has different people involved. The software has been used before."

"User commitment was the single biggest problem. The shortage of information technology people was the other problem."

"Limit the size of the project. Nine months maximum for duration. They should manage the scope, modularise it. They should have the customer involved in the development."

"The biggest area was personnel and getting finance people to fully understand what was going on."

## Specifications and monitoring systems:

"We will define specifications more clearly, and look at it system by system. Then we'll do step by step monitoring and testing of each system."

"We will try to specify the scope of the system better, and try to avoid additions or enhancements until the project is complete. We involve users as much as we can at every stage, and we prototype any screen system prior to any serious development."

"We define requirements and break them down into discrete phases. Then we deliver a phase at a time. You also have to enforce more rigorously the Prince methodology. IT project management control can't be interrupted. The project team were changing things mid flow. So now all changes are formally documented."

"You have to make absolutely sure that users and technical staff know the scope of the project. The scope can only be changed formally. A lack of planning leads to a lack of control."

"Start small and then make it bigger. I've known people try to start big, and then it gets out of control. My advice to anyone is to work your way up from the start."

"You need better communication. Better control of projects with a closer control of the scope is what we aim for now. We have also implemented improved development of project management methodologies."

"We will carry out more analysis next time. We'll make sure we know exactly what the user wants with a detailed feasibility study."

"We have had one bad experience and have learned enough for it not to be repeated!"

"The situation was identified right from the beginning, after only two weeks."

"You could limit the size of the project. Give it a nine month maximum duration, and then they could manage the scope and modularise it. They should have the customer involved in the development."

"You have to fix the scope of the development and ensure that risk analysis is performed at all stages. Also make the team accountable for expenditure and give realistic time frames."

"You have to have rigid control specifications from the users."

"We need to be tighter on the project. You need a close liaison with the customer, and also keep stepping the project in the right direction."

"The objectives of the system should be clearly defined at the outset. The resources needed to produce and implement it should be fully understood. And there should be milestones for every step of the development. These should be checked as appropriate, and remedial action taken when the milestones have been missed. The systems should be signed off when the original system scope has been completed."

"You should make certain that the specifications are absolutely correct in the first place."

"Watch out for scope creep! And you should obviously start out with a good idea of what the budget is. Have regular review meetings with management. And make sure you recognise people's skills."

"At review meetings people must be prepared to change course."

"With regular review meetings you can establish as early as possible potential Runaways. If you get things sorted out at the beginning of a project rather than halfway through, you are less likely to have problems."

"We have to be very clear on the objectives and keep it tightly aligned with business objectives."

"Put in proper project management - decide what you're going to do and stick with it. That's basically all you need."

"With more preplanning on project design, with division into increments of delivery, this avoids a Big Bang situation."

## Contracts:

"We'll get senior management to be proactive in the project scope, and make sure there is more risk analysis before the project commences. And we'll have fixed price contracts!"

"We would just be a little more careful in our dealings with outside suppliers."

"I'd have a commitment to a contract, and make users responsible for high prices."

"We shall write the contracts better, and deal with more professional companies. I'd make sure the project management methodology was used properly and manage all projects ourselves."

## Training:

We'd ensure better user training, which is like a user education prototype assignment of analysis. So we could work closer with the end user."

"We'd work closer with the software suppliers at the planning stage, and allow more time for training."

"I'd train the IT committee to understand and evaluate projects."

"If the user ignores advice, there's not a lot we can do. We have introduced corporate controls on project approvals." ,

## Costings:

"We have two committees of counsellors who simulate projects on a cost basis."

"We need better project management and estimating techniques. We have to try harder to get the user commitment and user personnel on the project team."

"We have to be far more focussed towards users. We should treat them as customers. Charge them and give them tight budgets."

"We will introduce strict budgetary controls, and a clear definition of the business issues."

"There should be a clearly defined contract between the user and IT. It should make clear the scope and define all parts of the cost clearly. There should be a statement of benefits and it should be signed by IT and the user."

"The biggest problem area was getting the finance people to fully understand what was going on!"

## Senior management involvement:

"We have learnt lessons. The bit that was most effective was the involvement of senior management."

"When the company was being taken over no-one was actually allocated the problem."

"Senior management must also take responsibility for some of the problems."

# Politics:

"The main reasons for Runaways in this department are late changes in local government legislation."

## The impact of technological change:

"Technology is developing faster than the skill of the developers."

"Use the latest development tools."

## Use outside consultants:

"We may need management consultants to help set up proper user interface procedures and budget controls for end users."

"We employ professionals."

"You can defer quite a bit. We use third party suppliers."

## There is little you can do to avoid Runaways:

"It's a fact of life in a changing environment!"

Comment:

These comments highlight the confusion that still exists about what to do to avoid Runaways. It is difficult to keep up to date with all changes affecting IT. The speed of change now makes it difficult for people working inside organisations to understand the ramifications for their industry.

KPMG have a specific role to play in helping organisations through cyclical upheavals in IT management systems. People think they have learnt all the lessons because they have suffered Runaways in the past , but the truth is that with new technology comes new problems and management challenges.

# LETTER TO SURVEY POPULATION

Dear Named Person

### Runaway Computer Systems - A Business Issue for the 1990's

At the beginning of the 1990's KPMG Management Consulting conducted research into the scope and causes of what we define as Runaway Systems. The research brought to light highly interesting results, 62% of all companies experience a runaway system, that is a system that is significantly over budget or behind time schedules. Another significant finding was that the root cause was rarely technical. The research established this phenomenon as a major business issue. The findings of the research were published in the definitive report - Runaway Computer Systems.

Continuing our commitment in this field, KPMG Management Consulting is updating the research to find out what has changed since the beginning of this decade. In the next two weeks research teams will be contacting many significant companies such as your own. Your willingness to participate in this research would be greatly appreciated.

The telephone interview will be as brief as possible. In return KPMG Management Consulting will commit to provide you with a copy of the research findings and keep you informed of events focusing on this issue. We very much hope that you will contribute to the discussion and understanding of this important topic.

If you would like a copy of the report or any other information about this subject, please contact William Hands.