

Is IT a Business Plan Enabler or Catalyst?

**A Presentation by
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Should IT drive HAs' Business Plans OR vice versa?

AGENDA

- **Background to the Dichotomy**
- **Business Planning Process**
- **Key Business Plan Drivers**
- **The Risk Perspective**
- **So, what is the answer?**

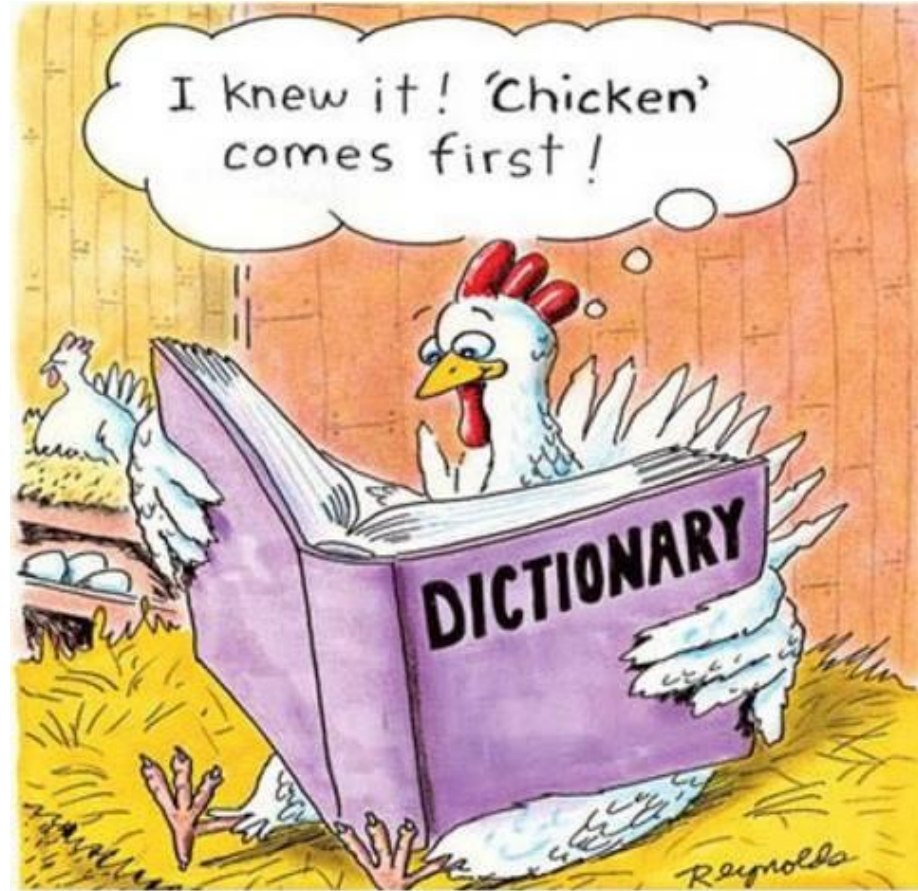


Real-Life Story

- **Integrated Accounting & Management system**
- **Untried in the UK**
- **Direct Link to HA's Bank**
- **Glitch**
- **Cash Flow Problems**
- **Financial Reporting Problems**



Background to the Dichotomy



Background to the Dichotomy

- **IT is critical to the functioning of any business**
- **IT involves large sums of money in the long-term**
- **IT is highly technical and**
- **IT can be complex**
- **Business Planning is driven by the high expenditure functions**
- **Business Plans deal with areas of strategic importance**



Business Planning Process

- **Step 1: Board kicks off with an Away Day**
- **Step 2: Senior Managers Agree the Priorities**
- **Step 3: FD formulates the Key Assumptions**
- **Step 4: Financial Modelling of 30 Year Plan**
- **Step 5: Board approval**



Key Business Plan Drivers

- **Its all about the big spenders**

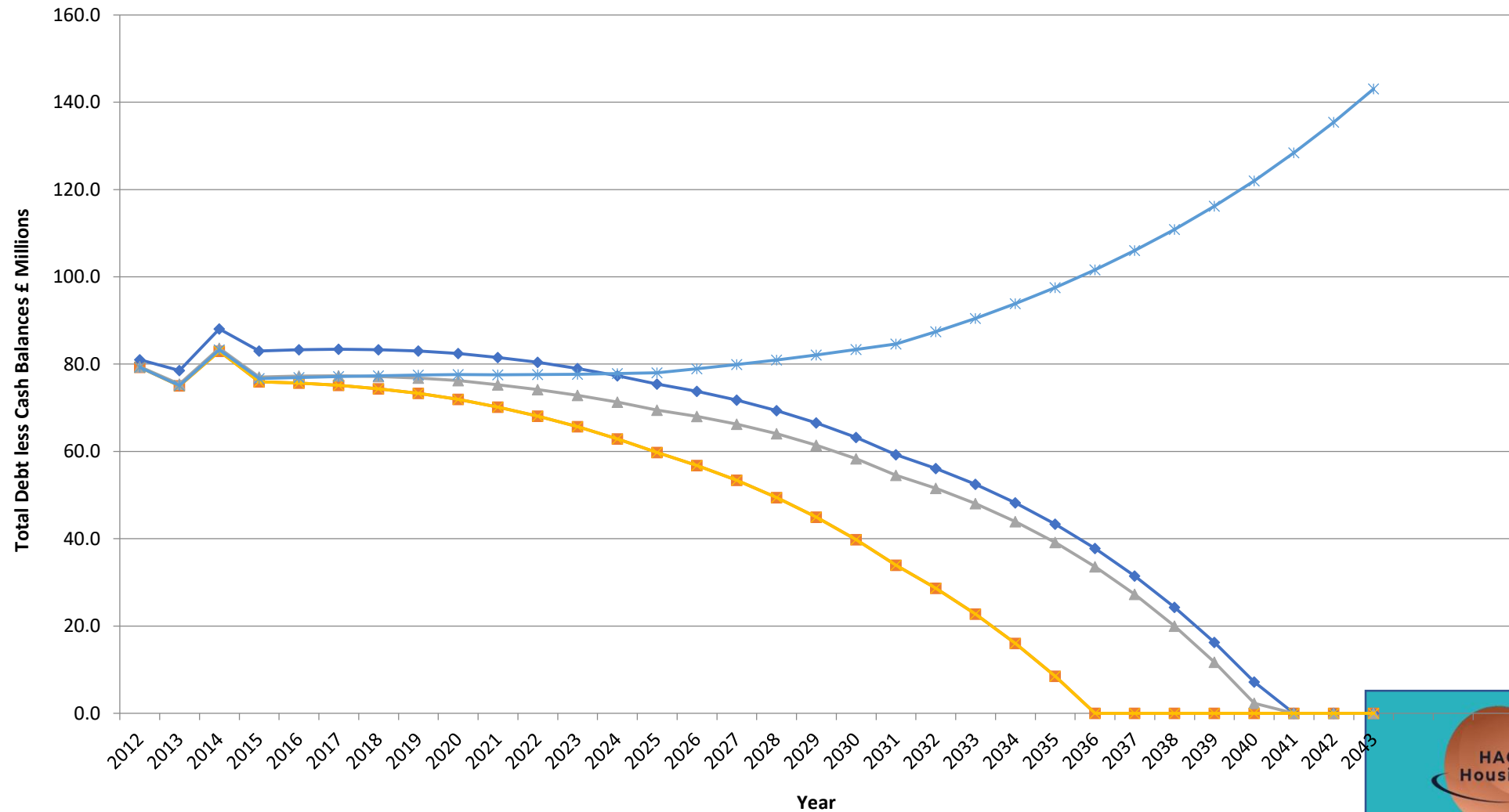


The Traditional Big Spenders

- **Development**
- **Maintenance & Major Repairs**



PROJECTED NET BORROWING



Net Borrowing - Base

1% real interest rate increase from year 2 onwards

Rent setting based on CPI rather than RPI (1% assumed)

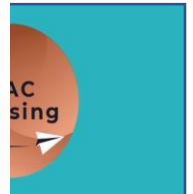
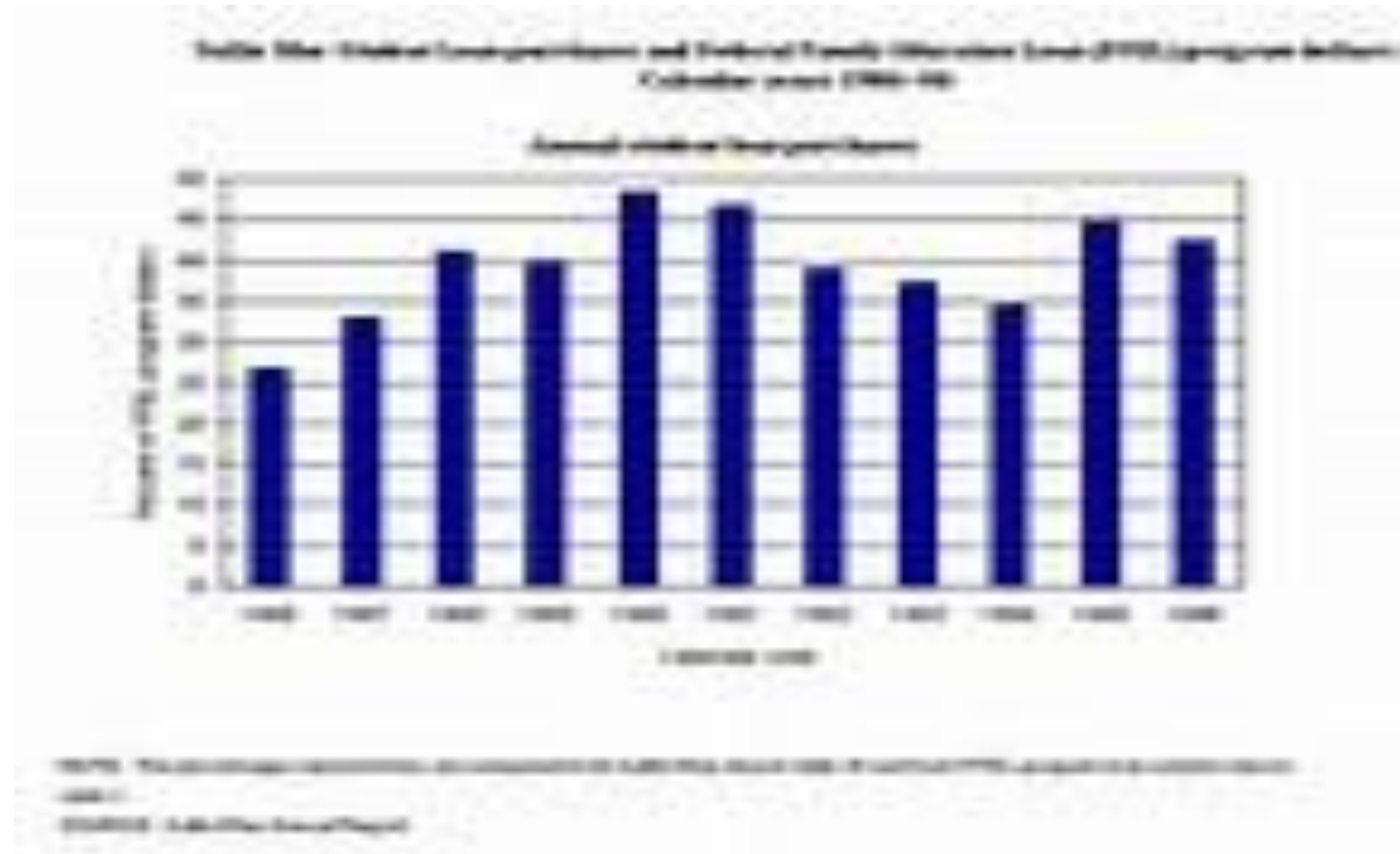
Build for Sale proceeds reduce by 10%

Voids and bad debts increase to 8%

HAC Housing Consultancy

HAC
Housing

Example of Major Works Spend Profile



The Risk Perspective

- **Business Plans are vulnerable to:**
 - **Development Programme errors**
 - **Unforeseen External Headwinds**
- **Failure of IT has become an existential risk:**
 - **Poor implementation of major IT system**
 - **Implementation of the wrong system**



IT, The New Kid On The Block



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IT Costs in HAs

- **In the past ten years, IT costs have soared beyond all recognition.**
- **Reasons:**
 - **Pressures to deliver VfM**
 - **Increasing demands from residents**
 - **Replacement of legacy systems**



Data: The New Oil!

Then



Today



Housing Technology : 2018

- 98% planning some form of Transformation Programme
- 90% are either '**early adopters**' or '**early majority**'
- 61% are either '**digital fashionistas**' or '****digirati**'

BUT

- 89% currently have less than 40% of their customer transactions completed **online**.

SOURCE: Altair



Housing Technology : 2025

- Over 75% expect to be utilising:
 - smart devices,
 - chat bots,
 - offsite manufacturing,
 - big data and apps
- Over 50% see an opportunity for AI.

SOURCE: Altair



Brave New World

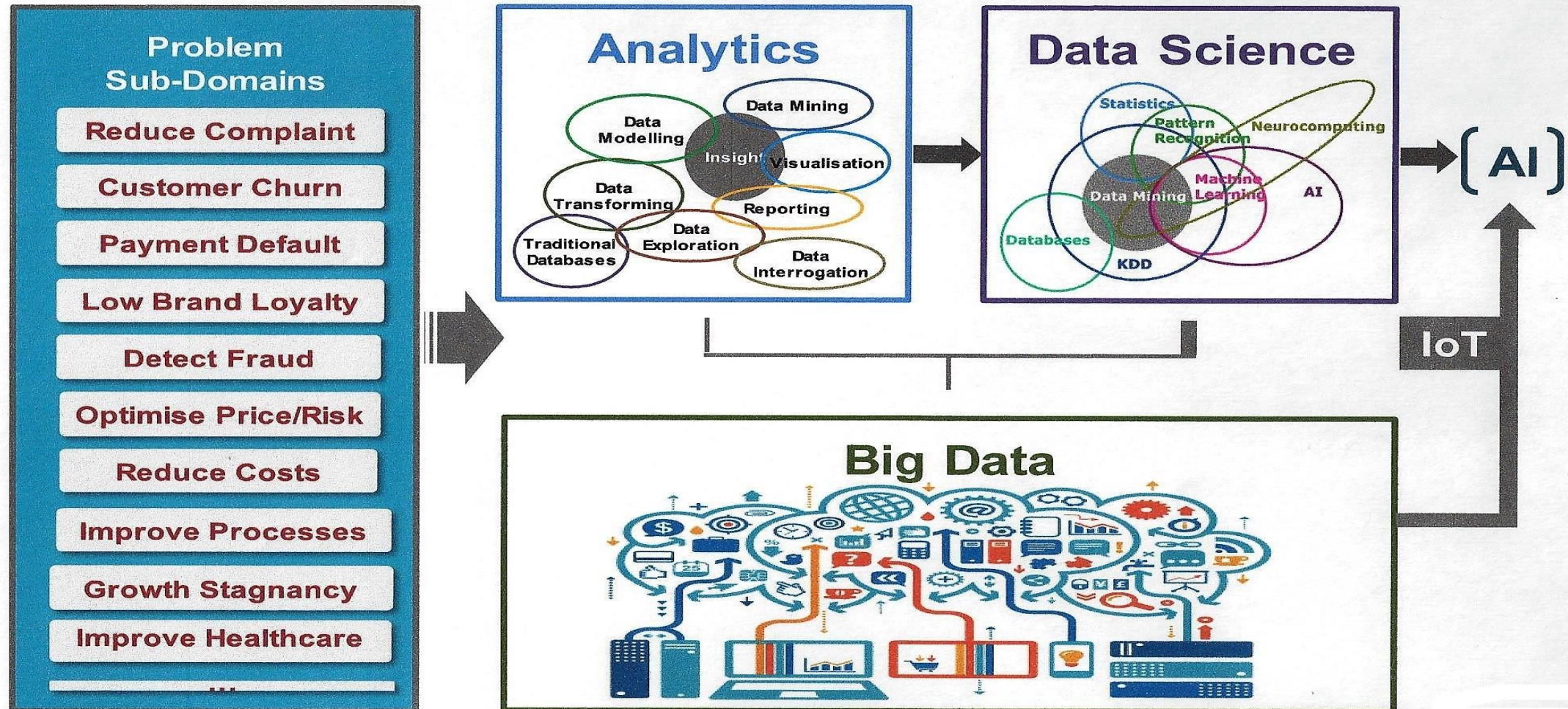


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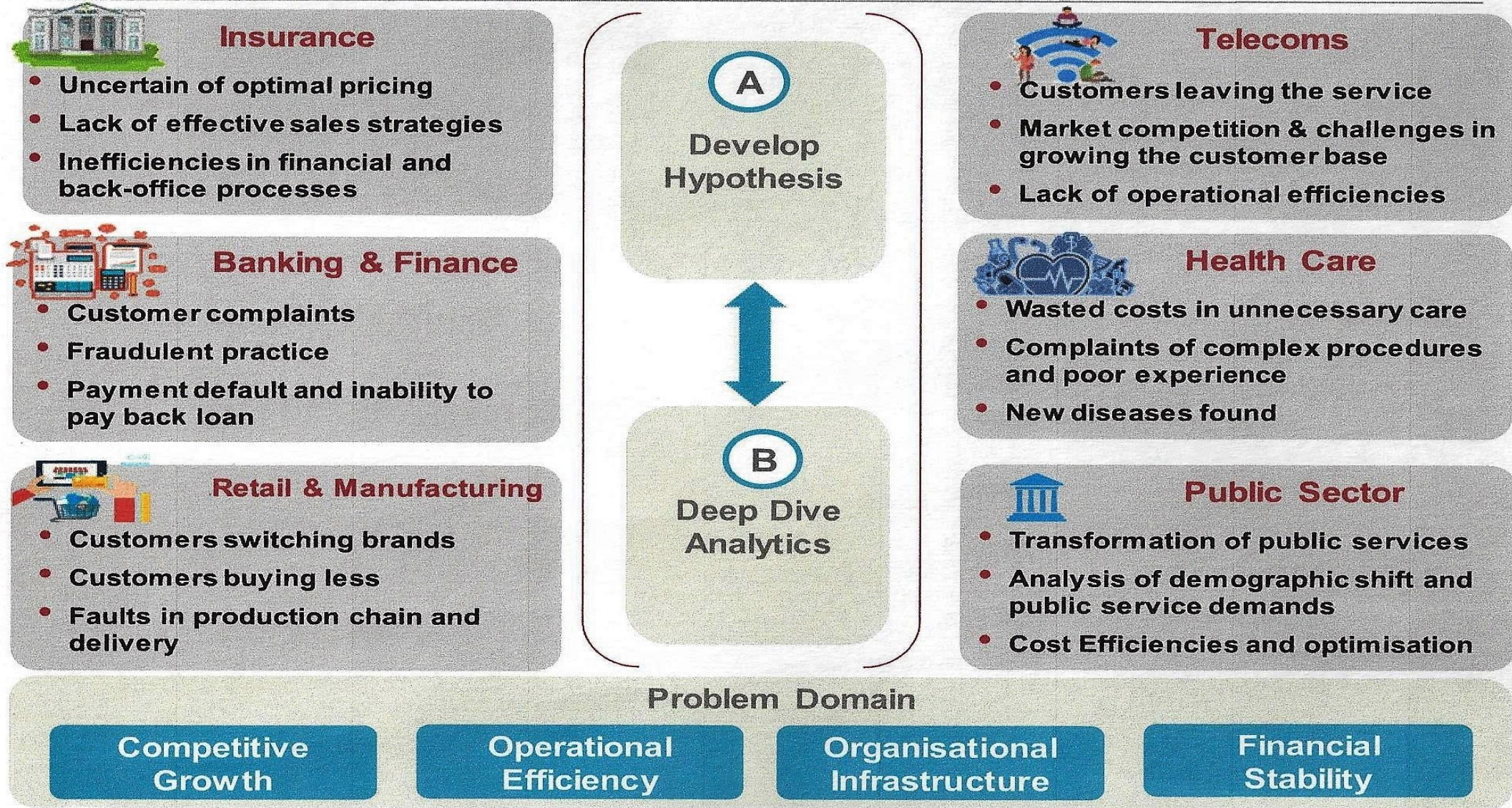
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Big Data Underpins Analytics and Data Science, enabling business to answer ANY Question they need answered



Analytics helps organisations solve the most complex problems



So, What's the Answer?

- **A lot depends on the level of IT representation**
- **Often IT representation is missing on the Board**
- **Often the FD produces the Business Plan and has greater influence**
- **BUT**



This is equally deadly!



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Q & A

