

AUDIT

Audit of the impact of digitalisation projects on IT operating costs

Federal Office of Information Technology, Systems and Telecommunication

KEY FACTS

Achieving a good cost/benefit ratio is second only to efficiency gains in terms of the priorities for ICT projects. However, there is a trade-off between the hoped-for savings, which normally go hand in hand with the digitalisation of business processes, and rising development and operating costs. The existing IT infrastructures and systems must be continuously checked and expanded, so that the more complex system architectures can be built and operated, and the ever-increasing data volume managed.

This has a direct impact on service procurers' current and future development and operating costs. The state financial statements show rising IT costs; in 2023, these amounted to around CHF 1.6 billion.

The Swiss Federal Audit Office (SFAO) audited the Federal Office of Information Technology, Systems and Telecommunication (FOITT) as service provider, and also looked at selected service procurers, to assess whether ICT operating costs in digitalisation projects are stated, traceable and influenceable.

In the selected case studies, the reasons for the rising costs are understandable. In most cases, the increase in IT operating costs stems from changes to the technical infrastructure and the growing data volume. The fact that further developments in IT systems and new digitalisation projects have a significant impact on federal IT costs is not sufficiently taken into account.

There is as yet no transparency on the growth of IT costs.

Changes to legislation, new tasks or advances in the quality of state services result in changes to existing processes, IT applications and infrastructures. The ongoing digitalisation of processes brings an increase in data, which in turn brings extra IT operating costs, which must be borne by the service procurer.

In the audited sample of service level agreements, provisional operating costs are not always explicitly stated. For developments to be implemented cost-effectively, their impact on IT operating costs must be estimated beforehand. Otherwise, there is a risk that the most cost-efficient variant will not be selected. The SFAO recommends that the Digital Transformation and ICT Steering Sector (DTI) of the Federal Chancellery (FCh) define federally applicable rules for estimating the provisional IT operating costs for digital projects. Service procurers should perform this estimate together with the relevant service provider for all digital projects, and before the project implementation stage.

The dispatch guidelines contain binding rules for the structure and formal design of dispatches. The FCh's guidelines require that dispatches on new projects contain detailed information on the direct cost increase or saving for the Confederation. The SFAO found that estimates of the impact of such projects on federal IT operating costs do not always exist. As a result, Parliament is missing an important tool for assessing new digitalisation projects. It is therefore recommended that the FCh modify the content of the dispatch guidelines, so as to ensure that the impact of digitalisation projects on federal IT operating costs is transparently stated in all dispatches.

Legacy systems cause high IT operating costs, and must be replaced

The FOITT is seeking to automate and standardise the provision and operation of infrastructure, in order to reduce operating costs, among other things. With legacy systems – outdated but still used computer software and/or hardware – in particular, there is potential for cost savings.

This has already been recognised; in response to a decision by the Digital Transformation Council, the GS-FDF, together with the FCh's DTI and the Federal Finance Administration, has been instructed to draw up proposals for a binding migration plan for legacy systems at the Federal Administration. The SFAO therefore did not make a recommendation in this regard.