

# State Treasury, Finland

Reducing administrative costs by 20% through Kieku program.

## ABOUT THE STATE TREASURY

The State Treasury is a multidisciplinary government agency with 550 employees. It produces internal corporate services for central government (such as financial, personnel administration and IT services), administers state funds and loans and is responsible for the government's central bookkeeping. The State Treasury also grants compensations for military injury, crime damage and accident and administers state guarantees for loans as well as interest subsidies.

## WHAT THE STATE TREASURY NEEDED

The Treasury wanted:

- Common operating processes across government organizations, with clearly-defined roles and responsibilities for the agencies and shared service centers
- A common IT system to simplify and automate financial and HR administration
- Improved productivity and quality of services
- Improved job satisfaction.

The Finnish government recognized as early as 2004 that an aging population would lead to a significant reduction in the available workforce. The emergence of new technologies and new service models meant that centralization and standardization were the natural way forward for efficient, quality services run by fewer people.

The need to increase productivity was and remains the basis of the ongoing Kieku program. The natural attrition of government personnel is 17,300 in 2011-2016, of which over 15,700 are employees who retire. Two-thirds of the 17,300 jobs will be filled, which means that approximately 11,200 people need to be recruited. Activities to increase productivity are needed in order to maintain the quality of government services in spite of a reduction of some 6,000 employees.

To reach this ambitious goal, the Treasury wanted to introduce shared services that would ensure consistent quality and lower running costs. Previously, each agency or department had run its own system.

## THE CHALLENGE

- Scale – handling the information needs of some 70 agencies and departments and testing thousands of connections and processes.
- Complex integration – many different contractual agreements in the public sector; for example, some staff have fixed hours and salary, while others work on time-based contracts and bonus payments.
- Cultural change – government agencies had to adapt to new ways of working and a downward shift in decision-making.

## CASE STUDY

### GOVERNMENT

Central and federal government

### KIEKU

The State Treasury's Kieku program has developed joint processes for government financial and HR administration, as well as an information system supporting these. Kieku will be implemented in ministries and agencies between 2012 and 2016.

With a budget of €120 million, Kieku is the largest public sector IT project of its kind in Finland.

*"CGI's experience of Government Finance and HR solutions, their willingness to develop and execute services and their commitment to the (Kieku) program were crucial factors when choosing CGI."*

**Mikko Kangaspunta**, Head of Division,  
State Treasury, Finland

## OUR ANSWER

The State Treasury chose us in 2008 to be its Kieku implementation partner, based on our expertise, ability to work with others and costing. We were familiar with existing processes – many Finnish government departments and agencies used CGI financial, payroll and HR systems. This was a real bonus in smoothing the transition to a shared service. Our long expertise in SAP was also crucial.

Joint responsibility for implementation was assured through participation in the Kieku Steering Group. At operational level, we worked closely with the State Treasury to analyze more than 1,500 requirements for the system. We also took part in workshops with personnel at existing service centers, government offices and the State Treasury to define financial and HR administration processes and critical features of the Kieku system, and co-ordinating and running multiple sub-projects.

The difficulties created by mixed personnel contracts and working patterns were resolved by using our own locally developed software for most aspects of HR. We also created a self-service module for government staff.

Data is entered only once, preserving the direct link to the originator. The information can then be re-used in different parts of the system. Data include:

- Financial – accounts receivable/payable, financial accounting
- HR – personnel master data, compensation and benefits, HR administration, skills and time management.

We work in a joint team with the State Treasury and service center experts for the phased roll-out of the Kieku system to the central service center for state financial and HR operations.

## Kieku implementations

We completed the definitions phase by August 2009 and began implementing the Kieku system, with extensive testing in spring and summer 2010. The complexities of the project meant that around 100 CGI professionals worked alongside State Treasury staff.

The Finnish central government sector is now anticipating a 20% reduction in administration costs, greater efficiency and better job satisfaction. The common financial and personnel administration processes and the Kieku information system have now been adopted within four agencies (Migri, the Emergency Services College, the Academy of Finland and the State Treasury). Processes and the Kieku-system will go live in the remaining offices over the next few years. Around 70,000 public sector employees will use the Kieku-system, including 3,000 professional financial and HR staff.

For more information, please contact us at [government@cgi.com](mailto:government@cgi.com) or visit [www.cgi.com/government](http://www.cgi.com/government).

## KEY BENEFITS

- Expected 20% savings in administration costs
- Services 100% standardized – much improved efficiency
- HR experts in individual departments no longer isolated – service center personnel support them, increasing job satisfaction
- Personnel empowerment through self-service HR

*“Open and honest communication, early reaction to challenges and their speedy resolution laid the basis for successful cooperation.”*

**Mikko Kangaspunta**, Head of Division, State Treasury