

Society of Information Technology Management Data

Introduction

1. The 2008 survey of SOCITM, a professional association for IT managers working in the public sector, lists the software installed in over 200 local authorities and a small proportion of housing associations. This note summarizes the results¹ and compares the installed base in 2008 with that in 2003.
2. The results for revenue and benefits applications show that:
 - (a) Local authorities tended to use the same supplier for all the main revenue and benefits applications.
 - (b) Northgate/Anite, Capita and IBS supplied benefits software to over 90 per cent of those responding.
 - (c) Customers switched supplier at a slower rate than they replaced software.
 - (d) Revenue and benefits systems were about six years old on average and were replaced at about the same as they were installed.
 - (e) However, IBS software tended to be newer: over 75 per cent of its software had been installed within six years.
3. Compared with revenue and benefits software, the supply of housing management software has been less concentrated and has been replaced less frequently although there has been a greater tendency to switch supplier.

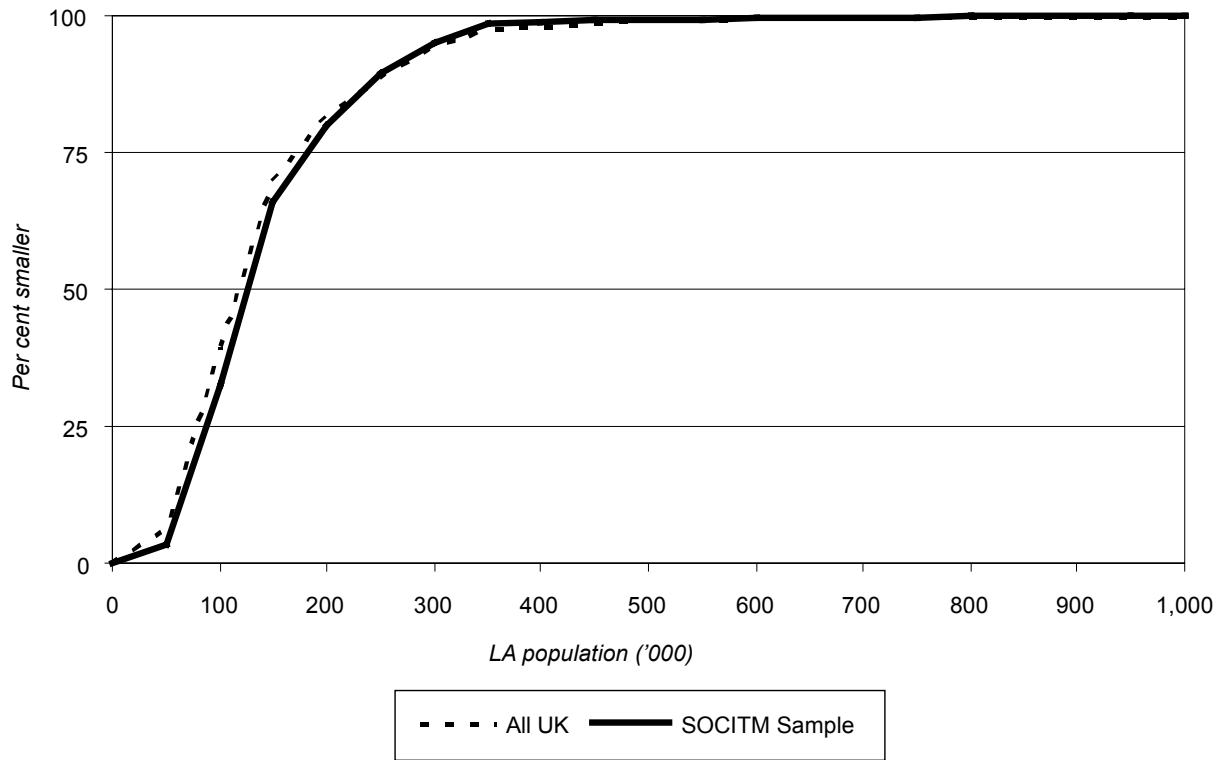
SOCITM

4. The Society of Information Technology Management (SOCITM) is a professional association for IT managers working in the public sector, including local authorities, housing associations, the police and fire services. It also includes managers and consultants from IT companies supplying the public sector.
5. SOCITM has maintained a database of the software installed within most local authorities and a small proportion of housing associations by regularly surveying these organizations. Figure 1 shows that the population size of local authorities responding to the SOCITM survey closely follows that of all local authorities in the UK.

¹The survey lists factual details about software installations and opinions about suppliers' performance. This note does not discuss the latter.

FIGURE 1

**Comparison of SOCTIM sample with all local authorities
by size of population**

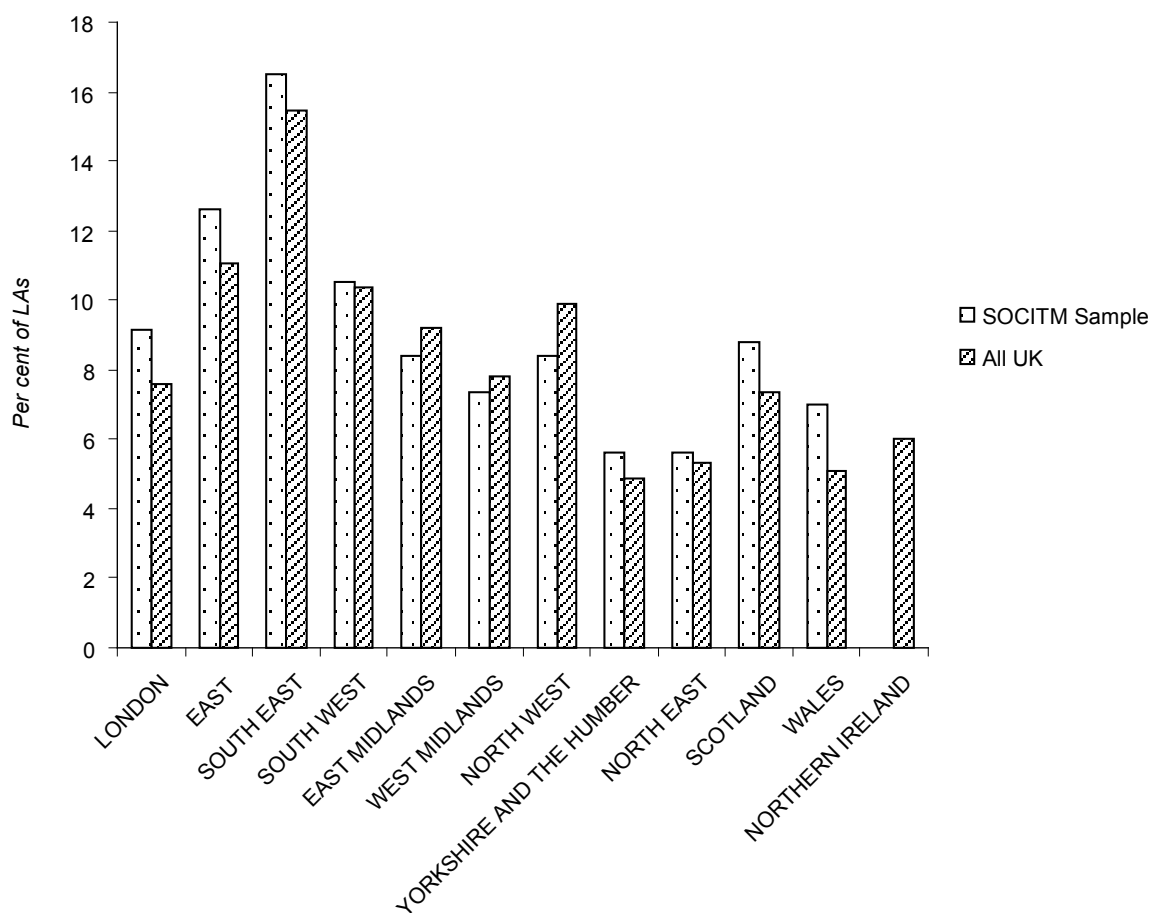


Source: CC analysis of SOCITM Application Software Index 2008.

6. Figure 2 shows that the regional location of responding local authorities closely follows that of local authorities in Great Britain, but it does not include Northern Ireland.

FIGURE 2

Comparison of SOCTIM sample with all local authorities by UK region



Source: CC analysis of SOCITM Application Software Index 2008.

7. Respondents have brought their entries in the database up to date by replying to SOCITM's annual survey, although not all have replied each year. SOCITM has recorded the year of each response and discarded responses that were more than three years old. It has published, in its annual *Application Software Index*, extracts from this database. We analyse relevant extracts in what follows.

Revenues and benefits software

8. SOCITM distinguished between software that supported the administration of:
 - (a) housing and council tax benefits;
 - (b) the collection of council tax; and
 - (c) the collection of business rates.

9. Table 1 shows the number of local authorities supplied by different companies. Northgate or Anite supplied benefits software to 135 out of 284 local authorities, while Capita and IBS supplied 81 and 44 respectively, so that these companies supplied benefits software to over 90 per cent of responding authorities.

TABLE 1 **Local authority benefits software suppliers**

<i>Benefits software supplier</i>	<i>Count</i>	<i>%</i>
Northgate/Anite	135	48
Capita/Academy	81	29
IBS	44	15
Civica	14	5
In-house	4	1
Other suppliers/solutions	6	2
Total	284	100

Source: CC analysis of SOCITM Application Software Index 2008.

10. Table 2 shows that software from the same supplier dealt with housing and council tax benefits (hereafter, 'benefits') and the administration of council tax for almost all local authorities.

TABLE 3 **Local authorities' software suppliers for council tax and benefits software applications**

<i>Council tax software supplier</i>	<i>Benefits software supplier</i>						<i>per cent</i>
	<i>Northgate/Anite</i>	<i>Capita/Academy</i>	<i>IBS</i>	<i>Civica</i>	<i>In-house</i>	<i>Other supplier</i>	<i>All</i>
Northgate/Anite	[X]	[X]	[X]	[X]	[X]	[X]	47
Capita/Academy	[X]	[X]	[X]	[X]	[X]	[X]	28
IBS	[X]	[X]	[X]	[X]	[X]	[X]	15
Civica	[X]	[X]	[X]	[X]	[X]	[X]	5
In-house	[X]	[X]	[X]	[X]	[X]	[X]	2
Other solutions	[X]	[X]	[X]	[X]	[X]	[X]	2
Total	100	100	100	100	100	100	100
<i>Base count</i>	134	81	43	14	4	6	282

Source: CC analysis of SOCITM Application Software Index 2008.

11. Table 3 shows that the same supplier provided software for business rates and benefits for almost all local authorities² with supply concentrated within Northgate, Capita and IBS. Moreover, the benefits software was more likely to be newer than the other software.

TABLE 4 **Local authorities' software suppliers for business rates and benefits software applications**

<i>Business rates software supplier</i>	<i>Benefits software supplier</i>						<i>per cent</i>
	<i>Northgate/Anite</i>	<i>Capita/Academy</i>	<i>IBS</i>	<i>Civica</i>	<i>In-house</i>	<i>Other supplier</i>	<i>All</i>
Northgate/Anite	[X]	[X]	[X]	[X]	[X]	[X]	45
Capita/Academy	[X]	[X]	[X]	[X]	[X]	[X]	28
IBS	[X]	[X]	[X]	[X]	[X]	[X]	15
Civica	[X]	[X]	[X]	[X]	[X]	[X]	7
In-house	[X]	[X]	[X]	[X]	[X]	[X]	3
Other suppliers	[X]	[X]	[X]	[X]	[X]	[X]	2
Total	100	100	100	100	100	100	100
<i>Base count</i>	133	80	44	14	4	6	281

Source: CC analysis of SOCITM Application Software Index 2008.

²Differences between the base counts in each table arise because not all respondents answered every question.

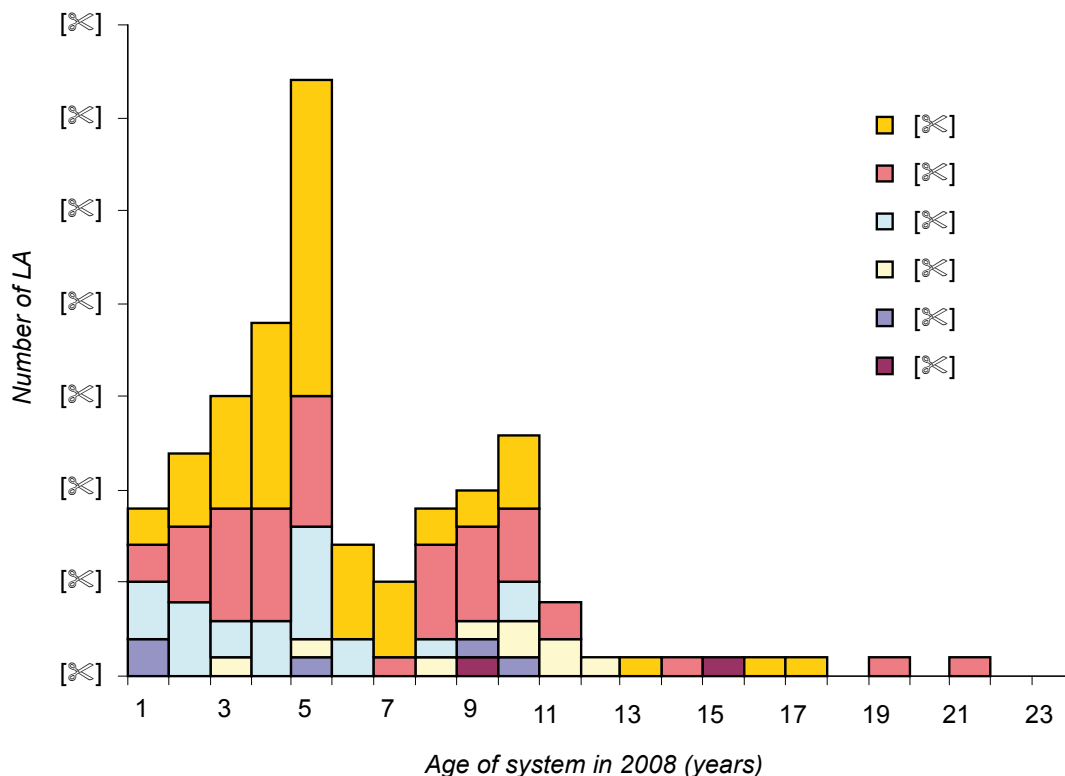
12. Since more respondents reported their supplier of benefits software than reported their suppliers for council tax or business rates software, we analyse in detail the benefits software.

Installed software base—administration of housing and council tax benefits

13. Figure 3 shows the age distribution of the currently installed benefits software, reflecting the importance of Northgate, Capita and to a lesser extent IBS and Civica.

FIGURE 3

Age distribution of housing and council tax benefits software

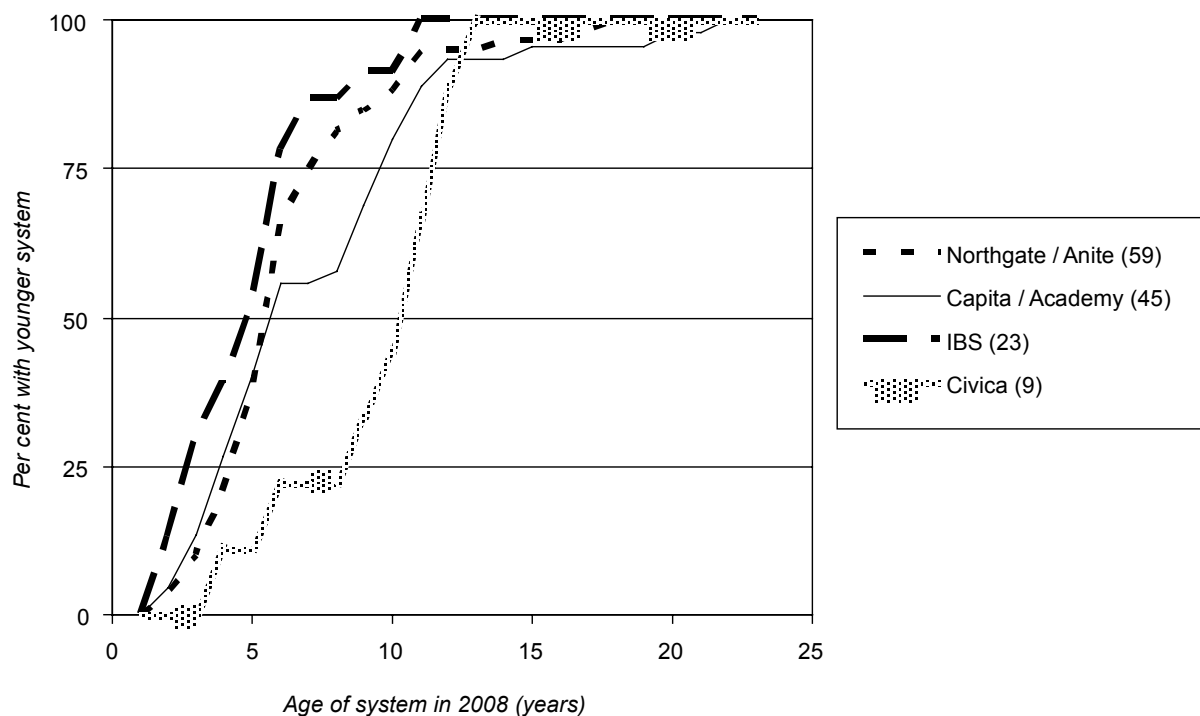


Source: CC analysis of SOCITM Application Software Index 2008.

14. Figure 4 is a cumulative frequency chart that focuses on the age of Northgate, Capita, IBS and Civica installed software. The figure shows that, for 50 per cent of the local authorities who responded in 2008, those supplied by Northgate and Capita had software that was installed within five years of the survey. Capita had more old installations; in particular it had 20 per cent of installations older than nine years. The median age of IBS software was five years, similar to that of Northgate and Capita, but over 75 per cent of its software had been installed within six years. Finally, the small number of Civica installations were typically about ten years old.

FIGURE 4

Cumulative age distribution of housing and council tax benefits software by suppliers of interest



Source: CC analysis of SOCITM Application Software Index 2008.

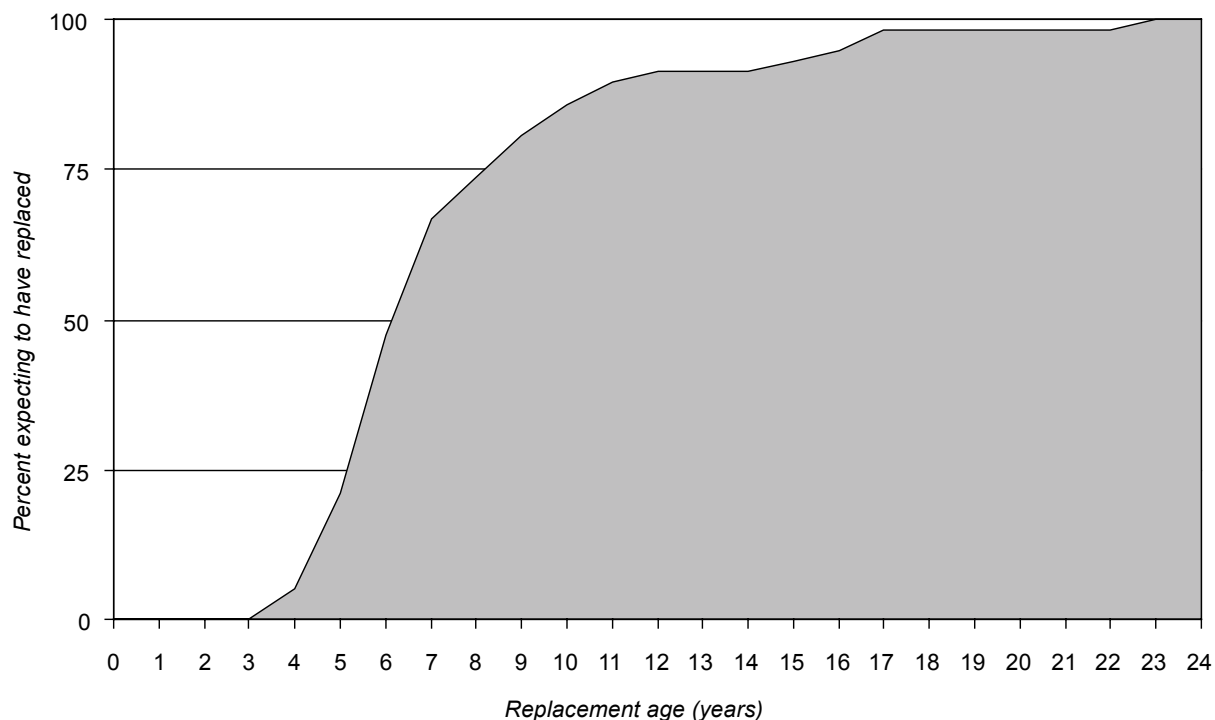
Note: Figures in parentheses are numbers responding.

Replacement age of software—administration of housing and council tax benefits

15. The SOCITM survey shows that revenue and benefits software has reached maturity in its product life cycle because the rate at which it is replaced equals the rate at which it is installed. We can see this by inspection of the charts below.
16. Figure 5 summarizes the expected age at replacement of benefits software. It suggests that half the respondents expected to have their systems replaced after six years, although one-quarter expected their systems to be over eight years' old before replacement.

FIGURE 5

Cumulative replacement age distribution of housing and council tax benefits software



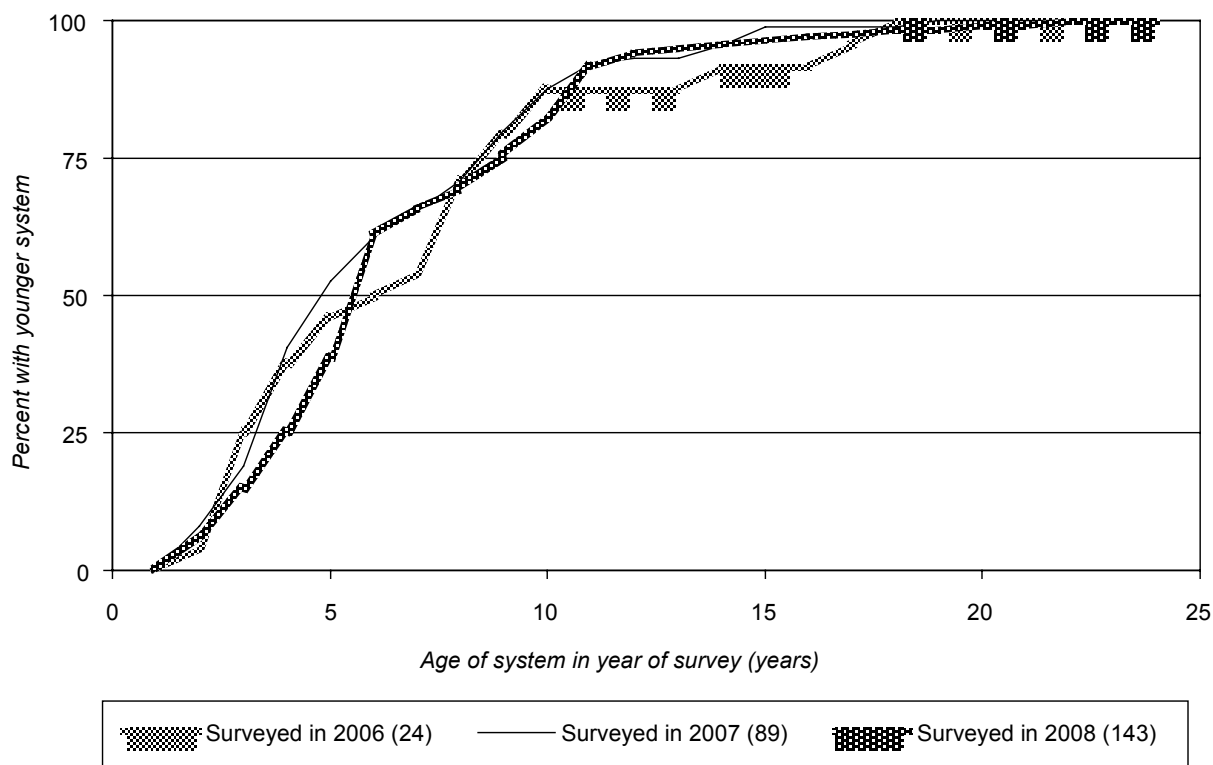
Source: CC analysis of SOCITM Application Software Index 2008.

Note: Respondents' estimates of the dates of replacement; results refer to responses between 2006–2008.

17. Figure 6 may be compared with Figure 5. Both charts draw on responses made between 2006 and 2008. Figure 6 shows the age of the installed base in the year when respondents replied to the survey. It suggests that half the respondents had systems that were six years of age, and the age distribution was similar for each year surveyed. Taken together, these two charts show that the average age at which software has been replaced is equal to the average age of installations, which is stable, so that the rates of software replacement and installation are in equilibrium.

FIGURE 6

Cumulative age distribution of housing and council tax benefits software by year of survey



Source: CC analysis of SOCITM Application Software Index 2008.
 Note: Figures in parentheses are numbers responding.

Switching suppliers of software—administration of housing and council tax benefits

18. We compared the 2008 SOCITM survey responses to a similar survey conducted in 2003. We looked at the suppliers reported in 2003 and those reported in 2008 by the same local authorities. Table 4 shows (in the base count row) the number of these local authorities using housing management software from each supplier in 2003. The table also shows the percentages of these customers by their current supplier. [X]. Overall, considering Northgate and Anite as an entity, 29 per cent of customers switched supplier, which corresponds to an average rate of 6 per cent a year. If this pattern were replicated over all local authorities, about 24 authorities would be switching supplier each year. Another way of interpreting this result is that the authorities surveyed have retained their suppliers for about 17 years on average but have replaced their software every six years on average, suggesting that customers do not tend to replace suppliers at the same rate as they replace software.³

³The turnover period corresponding to a rate of 6 per cent a year is about 17 years and since the average life time of software was shown to be about six years, the time to replace suppliers is greater than that to replace software.

TABLE 4 Changes in supplier of benefits software between 2003 and 2008

per cent

<i>Current supplier</i>	<i>Previous supplier</i>							<i>All</i>
	<i>Northgate</i>	<i>Anite</i>	<i>Capita</i>	<i>IBS</i>	<i>Civica</i>	<i>In-house</i>	<i>Other supplier</i>	
Northgate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	41
Anite	[X]	[X]	[X]	[X]	[X]	[X]	[X]	8
Capita	[X]	[X]	[X]	[X]	[X]	[X]	[X]	29
IBS	[X]	[X]	[X]	[X]	[X]	[X]	[X]	14
Civica	[X]	[X]	[X]	[X]	[X]	[X]	[X]	5
In-house	[X]	[X]	[X]	[X]	[X]	[X]	[X]	1
Other supplier	[X]	[X]	[X]	[X]	[X]	[X]	[X]	2
Total	100	100	100	100	100	100	100	100
<i>Base count</i>	86	37	38	14	14	23	12	224

Source: CC analysis of SOCITM Application Software Index 2003 and 2008.

Note: percentages based on low base counts should be interpreted with caution when making inferences to the wider population of customers.

19. Although it we have estimated the average time to replace software and supplier, it may not be the case that replacement occurs at a steady rate. It is likely that the need to replace systems is driven by technological and legislative developments that build up pressure for change leading to waves of replacement activity.

Housing management software

20. The SOCITM survey contained information, collected in 2006 to 2008, on the housing stock management systems used by local authorities. It also had more limited information on the integrated housing management systems of housing associations; this was data on 35 housing associations collected in 2006 or 2007. As we shall show, compared with revenue and benefits software, the supply of housing management software is less concentrated; it tends to be replaced less frequently and there is a greater tendency to switch supplier.
21. Table 5 shows the distribution of suppliers across the respondents to the SOCITM survey. The table shows a less concentrated distribution of suppliers than for revenue and benefits software. It also identifies other suppliers that have a material share, such as Orchard and Aareon.

TABLE 5 Local authority housing stock management software suppliers

<i>Supplier</i>	<i>count</i>	<i>%</i>
Northgate/Anite	82	38
Capita/Academy	26	12
IBS	15	7
Civica	18	8
Orchard	30	14
Aareon	9	4
In-house	15	7
Other suppliers/solutions	23	11
Total	218	100

Source: CC analysis of SOCITM Application Software Index 2008.

22. We compared the suppliers of housing stock management software with those supplying benefits software. Table 6 shows the percentages by housing software supplier of those using a particular benefits software supplier. The table shows that

where the benefits management supplier is Northgate, Capita or IBS it is relatively more likely that these will also supply housing management software.⁴

TABLE 6 Local authority housing stock management software suppliers and local authority benefits software suppliers

Housing software supplier	Benefits software supplier						per cent
	Northgate/ Anite	Capita	IBS	Civica	In-house	Other suppliers*	All
Northgate/Anite	48	[X]	24	[X]	[X]	[X]	38
Capita/Academy	[X]	23	[X]	[X]	[X]	[X]	12
IBS	[X]	[X]	21	[X]	[X]	[X]	7
Civica	[X]	[X]	[X]	11	[X]	[X]	8
Orchard	[X]	[X]	[X]	[X]	[X]	[X]	14
Aareon	[X]	[X]	[X]	[X]	[X]	[X]	4
In-house	[X]	[X]	[X]	[X]	38	[X]	7
Other suppliers/solutions	[X]	[X]	[X]	[X]	[X]	14	11
Total	100	100	100	100	100	100	100
Base count	104	57	33	9	8	7	218

Source: CC analysis of SOCITM Application Software Index 2008.

*But not Orchard or Aareon.

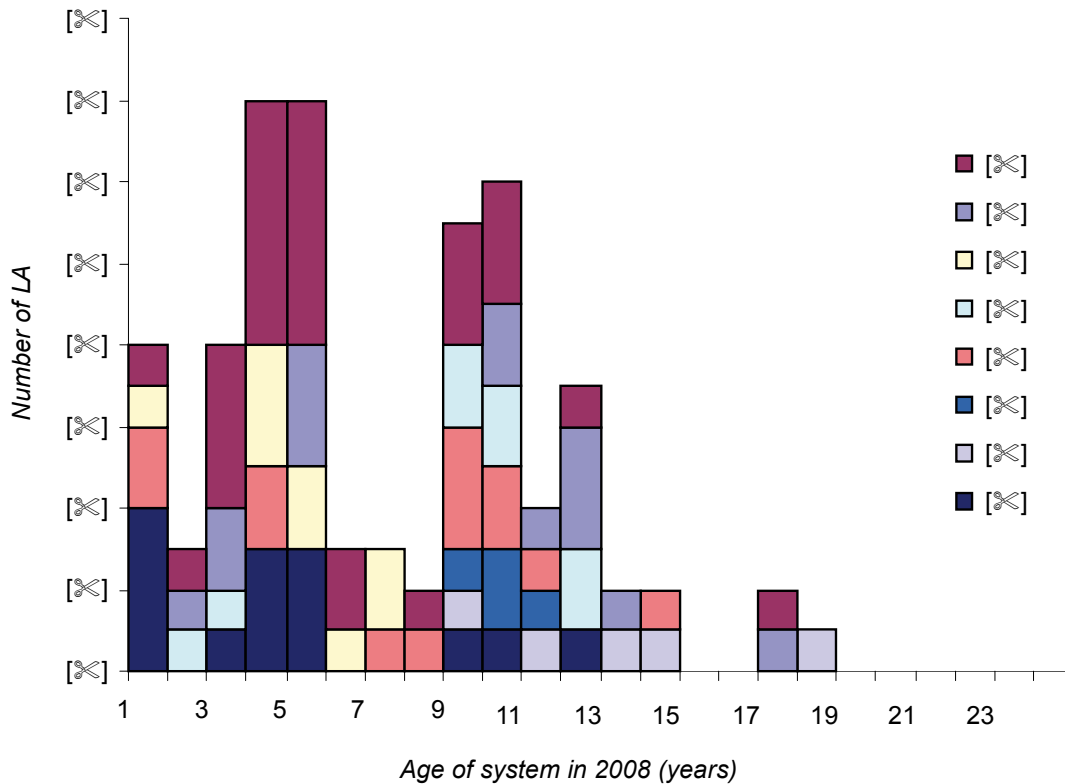
Installed software base—housing stock management

23. Figure 7 shows the age distribution of the housing stock management software installed in local authorities. The picture shows more variation in supplier than for revenue and benefits. It also shows that in-house solutions tend to be relatively old.

⁴That is, the proportion adopting the benefits software supplier for housing software is greater than the overall proportion adopting that housing software supplier.

FIGURE 7

Age distribution of housing stock management software among local authorities

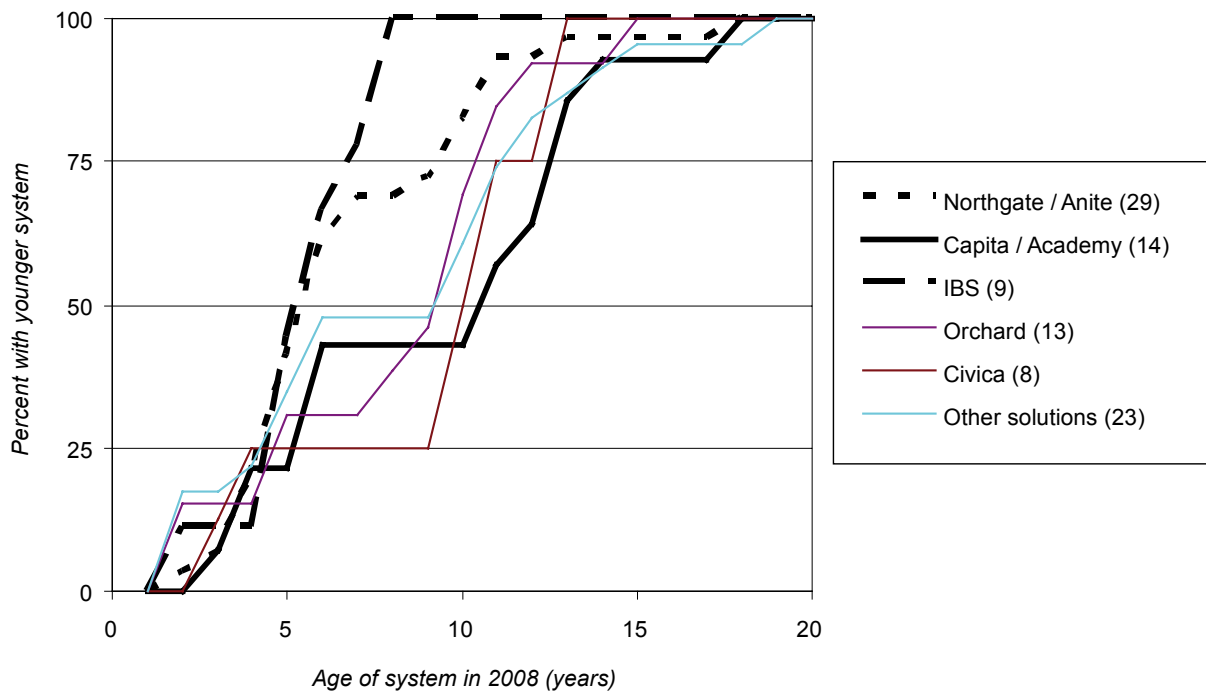


Source: CC analysis of SOCITM Application Software Index 2008.

24. Figure 8 is a cumulative frequency chart that focuses on the age of Northgate, Capita, IBS and Orchard installed housing management software. The figure shows that, for 50 per cent of the local authorities who responded in 2008, those supplied by Northgate and IBS had software that was installed within five years of the survey (ie the median age was five years). Northgate had more old housing management software installations than did IBS: the figure shows that Northgate had 25 per cent of installations older than nine years. In contrast the median age of Capita and Orchard installations was 10 to 11 years.

FIGURE 8

Cumulative age distribution of housing stock management software by certain suppliers of interest



Source: CC analysis of SOCITM Application Software Index 2008.

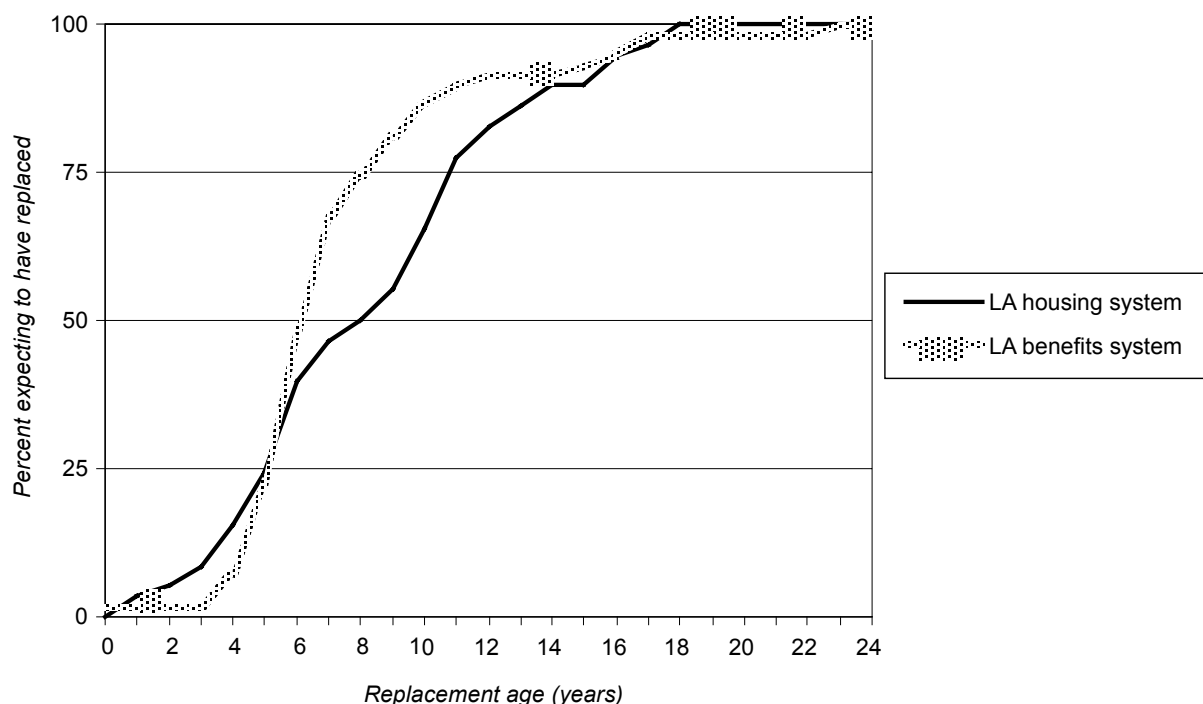
Note: Figures in parentheses are numbers responding.

Replacement age of software—housing stock management

25. Figure 9 compares the expected age at replacement of housing stock management software with that for benefits software. It suggests that half the respondents expected to have their housing systems replaced after eight years compared with the median expectation of six years for benefits software.

FIGURE 9

Cumulative replacement age distributions of housing stock and benefits management software



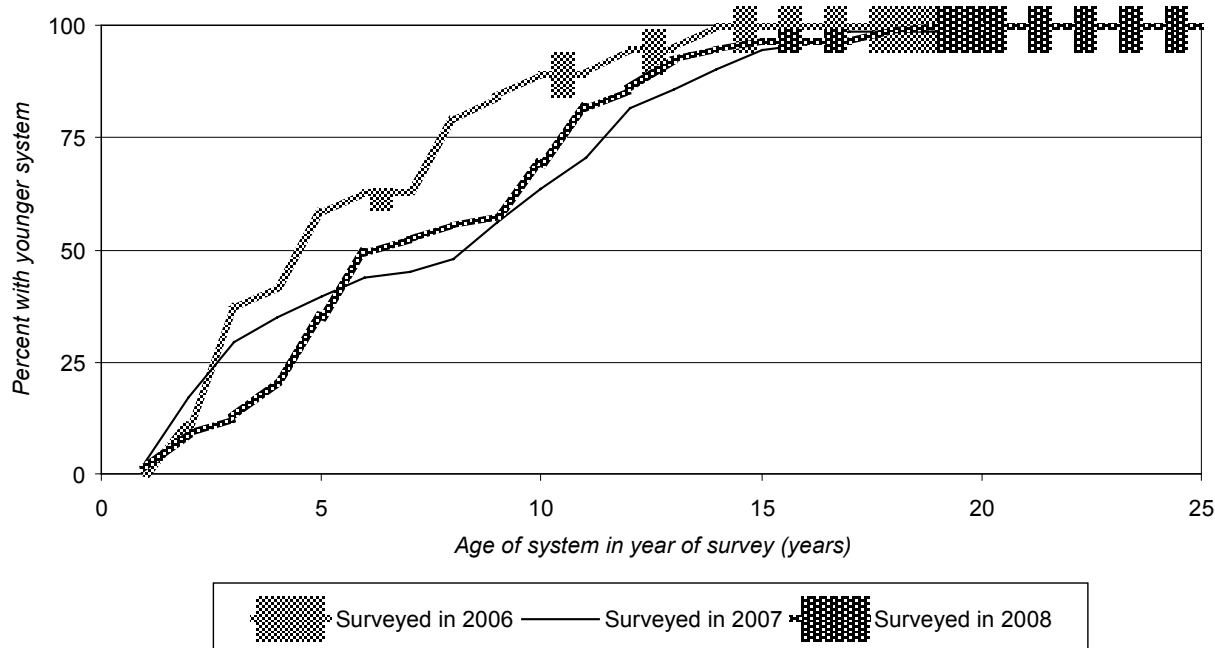
Source: CC analysis of SOCITM Application Software Index 2008.

Note: Respondents' estimates of the dates of replacement; results refer to responses between 2006–2008.

26. Figure 10 shows the age of the installed base of housing stock management software in the year when respondents replied to the survey. It shows that those responding in 2006 reported younger systems than those responding in 2007 or 2008, but those responding in 2007 reported a similar age distribution to those responding in 2008. The more recent respondents reported median ages between seven to eight years. Taken together with Figure 9, the two charts show that the average age at which housing management software is currently replaced by local authorities is similar to the average age of installations, suggesting that the rates of software replacement and installation have come into equilibrium, as noted above for revenue and benefits software.

FIGURE 10

Cumulative age distributions of housing stock management software by year of survey



Source: CC analysis of SOCITM Application Software Index 2008.

Note: Figures in parentheses are numbers responding.

Switching suppliers of software—housing stock management

27. Table 7 compares the responses by the same local authorities to the 2003 and 2008 SOCITM surveys. The base count row shows the number of these local authorities using housing stock management software from each supplier in 2003. The table also shows the percentages of these customers by their current supplier, although these percentages are based on low base counts and so they should be interpreted with caution [✂].

28. Overall, considering Northgate and Anite as an entity, 38 per cent of customers switched supplier. This corresponds to an average rate of 8 per cent a year and if this pattern were replicated over all local authorities 31 would be switching supplier each year. Thus, the surveyed authorities have retained their suppliers for about 13 years on average and have or intend to replace their software every eight years on average. Thus local authorities have not replaced housing management software suppliers at the same rate as they have replaced housing management software but there has been a greater turnover of suppliers than has been the case for revenue and benefits software.

TABLE 7 Changes in supplier of housing stock management software between 2003 and 2008

Current supplier	Previous supplier										All	
	Northgate	Anite	Capita	IBS	Orchard	Comino	Aareon	MIS	In-house	Other		
Northgate	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	29
Anite	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	6
Capita	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	13
IBS	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	8
Orchard	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	11
Civica/ Comino	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	12
Aareon	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	5
MIS	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	1
In-house	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	6
Other solution	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	8
Total	100	100	100	100	100	100	100	100	100	100	100	
Base count	39	1	16	7	15	25	2	2	30	19	156	

Source: CC analysis of SOCITM Application Software Index 2003 and 2008.

Notes:

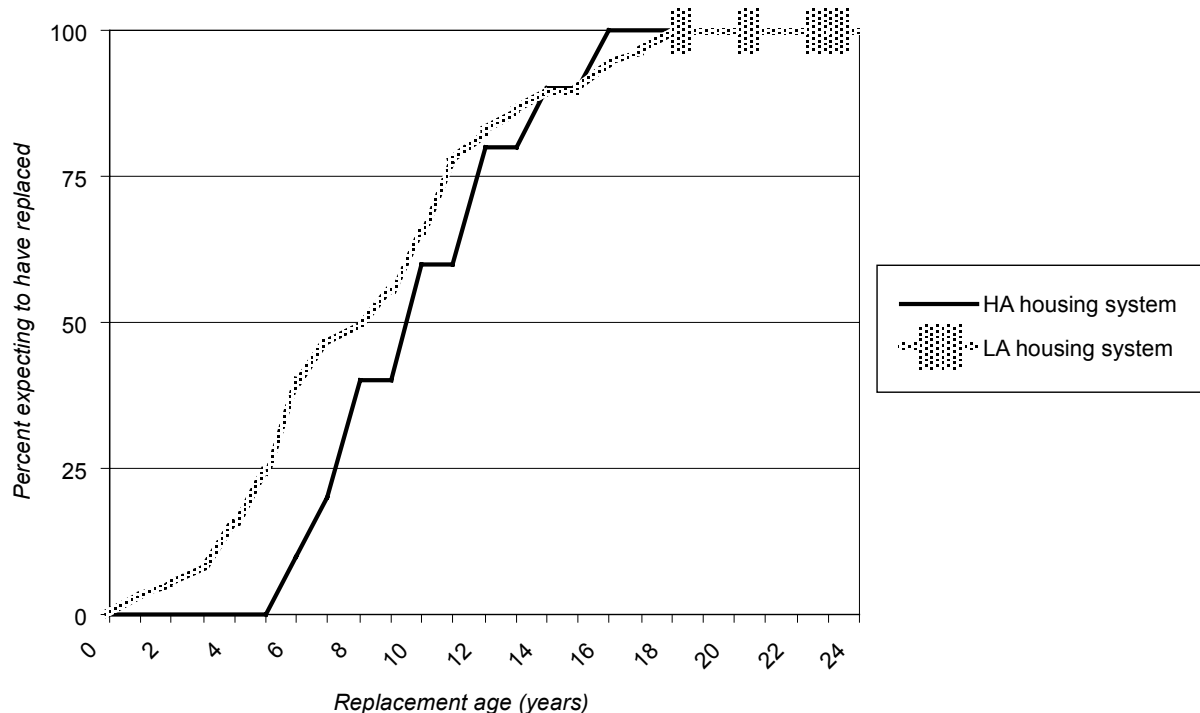
1. Percentages based on low base counts should be interpreted with caution when making inferences to the wider population of customers.
2. Northgate and Anite have merged; Civica acquired Comino.

Replacement age of software—housing associations' housing management systems

29. The SOCITM report had information on the integrated housing management systems for 35 housing associations collected in 2006 or 2007. Figure 11 compares the expected age at replacement of local authority housing management software with that for housing associations. It suggests that half the housing association respondents expected to keep their existing housing systems longer than did local authorities; the former had a median replacement age of nine and a half years compared with eight years for the latter. However, this was only a small proportion of all housing associations.

FIGURE 11

Cumulative replacement age distributions of housing stock and benefits management software



Source: CC analysis of SOCITM Application Software Index 2008.

Note: Respondents' estimates of the dates of replacement; results refer to responses between 2006–2008.

Summary

30. We have analysed the 2008 survey of SOCITM, a professional association for IT managers working in the public sector. The survey lists the software installed in over 200 local authorities and a small proportion of housing associations. Authorities tended to use the same supplier for the main revenue and benefits applications. The survey shows that Northgate/Anite supplied benefits software to 134 out of 282 local authorities, while Capita and IBS supplied 81 and 43 of these authorities, so that these three supplied benefits software to over 90 per cent of those responding.
31. The median age of installed software supplied by Northgate and Capita was five years but Capita had 20 per cent of installations older than nine years. The median age of IBS software was also five years but over 75 per cent of its software had been installed within six years.
32. Overall, the rate at which revenue and benefits software has been replaced is about the same as the rate at which it has been installed and systems are about six years old on average. However, customers do tend to stay with the same revenue and benefits software supplier.
33. Finally, compared with revenue and benefits software, the supply of housing management software has been less concentrated and has been replaced less frequently although there has been a greater tendency to switch supplier.