Mergers between housing associations are increasingly common but the information technology issues involved can make the difference between failure and success.

Historically, where the merger has been between two organisations of differing sizes, the smaller one has adopted the IT systems used by the larger one. Where the difference in size is significant, especially where the smaller one is very small, this is even more likely to be the case. After all, a housing association with several thousand units is unlikely to change systems to match those of another with a couple of hundred units.

However, more mergers are now taking place between organisations of very similar size or where the smaller association already has thousands of units itself. This, combined with the improvements in technology means that while the relative size of the parties continues to be important it is no longer the only consideration to be taken into account.

The strategic direction of the merged organisation will play a key role in determining the IT requirements. Will the new organisation, post-merger, be a single, corporate body or will it be a confederation of autonomous organisations each with their own identity?

The traditional route of having a single IT system can help to reinforce corporate identity and underpin the use of consistent policies and procedures throughout. Modern housing management and finance systems are geared up to cope with group structures and can reflect the complex arrangements that may exist. However, improvements in technologies such as data warehousing, call centres and workflow now mean that it is possible to adapt and link multiple systems so that group members can retain their own systems and independence.

Opting for the single system option will inevitably mean that one of the parties will have to undergo a full system implementation with all the system design and training issues this entails. Implementing a new system isn’t easy at the best of times. But a merger brings the added dimension that not only data but also policies and procedures will need to be reviewed across both organisations to ensure that both are behaving consistently and that the system will be able to produce meaningful reports.

In the longer term such a review should be seen as a benefit, as it can promote the use of best practice but with mergers the time available is often restricted and this can put additional pressure on staff.

The alternative to a single system is to consider using a data warehouse with a powerful reporting tool which will mean that both parties can continue to use their own existing systems and stick to their own policies and procedures. Call centre products can be introduced across more than one system to give a common front end which will appear seamless to staff whichever underlying system they are using.

Plain and simple

This will also mean that most staff will not need to understand the whole system or even several different systems, in order to access the information they need to do their jobs. By adapting workflow principles different policies and procedures can be embedded in the software for the individual organisations so that staff are guided through processes and don’t have to remember all the different variations that may exist. This type of implementation will tend to affect fewer, more senior and technical staff and be concentrated on data and reporting issues. The added benefit is that end users will not generally require more than very basic training.

Where a stock transfer is proposed these methods could allow a consortium arrangement to be developed which would allow an association to continue to use their own systems but with secure links into the local authority systems as required. There are relatively few housing management systems suppliers and as they are common across both housing associations and local authorities and are generally ‘open’ systems there is no evidence that this would not be technically possible.

The costs involved will be an important part of any merger, and with IT costs typically being about 5 per cent
of turnover for most RSLs, the relative costs of the different approaches will need to be considered.

The implementation of a single system will produce much higher up front costs. Not only will additional software and licences need to be purchased from your supplier but there are also the costs of implementation, project management and training services.

There will, in addition, be the internal costs of releasing appropriate staff to work on designing and implementing the system and to attend training. Temporary staff will also be required to provide cover for or assist those staff involved in the implementation process.

These initial costs will be far lower where multiple systems are retained. It will be necessary to purchase software, licences and services from suppliers but the internal costs will be less as fewer staff will be involved.

In the case of ongoing costs the situation will be reversed. The annual maintenance cost of IT systems is often a percentage based on the cost of the software so where two or more systems are in use the annual maintenance charges will inevitably be higher than for a single system. Licences can also be charged on an annual basis for some systems and where multiple systems are in use additional licences may be required where users need to access more than one system.

**Re-assessing IT needs**

As well as the maintenance charges payable for running the various systems there will be the costs of internal support.

Where multiple systems are in use there will be a greater requirement for technical IT staff to provide support for users and to carry out systems administration. This will mean additional IT staff will need to be employed and they may require greater levels of knowledge and skill if they are expected to support more than one system. There may be a need for additional hardware, such as servers, to run the different systems and network links may also need to be increased if they are to accommodate multiple systems.

The historic level of investment in IT by the parties involved will also be relevant. Where one organisation has invested far more, either financially or in organisational commitment, than the other organisation there will be a reluctance to write off that investment and change systems.

Similarly, the age and functionality of the respective systems will be important. If one party has recently implemented an up to date system and is using much of the available functionality they are not likely to be willing to trade down to using an older system which provides less. The greater the disparity between the different systems the more it makes sense to move all parts of the organisation onto the most modern of the systems in use. It may not be cost-effective or practical to invest in data warehousing, where one or more of the underlying systems is practically obsolete, however much existing staff want to keep it.

While data warehousing and call centre technology may go a long way to assist in linking multiple systems there will still be a need for interfaces to transfer data on a regular basis. For example, the upload of rent payment details from the bank or housing benefit and the transfer of information from the housing management system into the finance system.

Interfaces are never cheap to develop and can be tricky to maintain so it is advisable to keep them to a minimum. Where multiple systems are proposed there will be larger numbers of interfaces needed which will add to the costs of running the systems. There will also be a greater possibility of potential IT black holes where interfaces don’t work and each supplier blames the other for the failure.

**Staff consultation vital**

Even if all these issues can be resolved it will be important to consider what staff want. They may be stuck with a system that does not meet their needs, and would welcome the chance to ditch it and implement a new one.

Alternatively they may be very reluctant to move away from a system with which they are familiar especially when a merger is likely to impose other significant changes to their work environment.

The improvements in technology mean far more options are now available and it is no longer imperative for all members of a group structure to use the same underlying IT systems.

Suppliers are more familiar with dealing with the complexities involved with mergers and the setting up of new group structures and their systems are gradually becoming more able to cope with these demands.

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