

PUBLIC SECTOR FUTURE PODCAST – EPISODE 9 -- Lessons from Denmark: Moving Operations to Cloud

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OLIVIA NEAL

Hello, and welcome to Public Sector Future. This is a show for anyone who cares about using digital approaches in the public sector to deliver better outcomes. I'm your host, Olivia Neal, and together, we explore stories from around the world where public servants have been successful at delivering change. We meet the people behind the stories, hear those firsthand experiences and their lessons learned. Throughout the series we discuss technology and trends as well as the cultural aspects of making change happen. I'm joined today from Denmark, by Maria Hald. Maria currently leads Microsoft's public sector team in Denmark. and before she joined the company last year, she spent 20 years in the Danish public sector.

Today, we're going to talk about one of her roles within the ministry of finance. Maria was responsible for running a shared service center, running enterprise resource planning, human resources, and payroll for all central government agencies in Denmark. She led transformation of this from a traditional way of operating to a cloud-based approach. We're going to explore how she did this, the challenges she faced and the outcomes of the work.

Maria, welcome to the show.

MARIA HALD

Hi, Olivia, and thank you so much for inviting me.

OLIVIA NEAL:

Thank you for being here and sharing the depth of your experience with us. Could we start by understanding a little bit more about the context that you were working in? Could you tell us a little bit more about your organization, about the government of Denmark?

MARIA HALD:

Yes, absolutely. So up until a year ago I worked for an agency under the Ministry of Finance in Denmark. And there are a few agencies under the Ministry of Finance and the one I worked for is called the Agency for Public Finance and Management. And so just maybe a bit of background on what's the purpose of that organization?

In general, we tend to think of the Ministry of Finance in Denmark as the part of the government that supports the government in pursuing sound economic policies. And at the same time also ensuring innovation and efficiency in the public sector. It's an ongoing prerequisite for the work of the public sector that the resources used for administration and management are minimized, And this is obviously

in focus to make sure that all tasks handled in the public sector and all the organizations, need to be as efficient as they can be while at the same time facilitating and creating the maximum output of value to the citizens of Denmark.

And maybe to leave you with a few numbers on the size of a country like Denmark. So Denmark is obviously geographically part of Scandinavia and quite a small country with a total population of 5.8 million people with a very large in comparison public sector, actually. A few numbers for you, central government, which includes a few of the large cultural institutions in Denmark and also part of the educational system in Denmark. has a total of 185,000 full-time employees. And this is out of a total of 775,000 employees in public sector in Denmark in total. This means that the public sector is actually almost a third of the total labor market in Denmark.

To understand the public sector has a substantial size in a welfare state as the Danish one,

OLIVIA NEAL: I think that's interesting, really useful context. So, so the public sector is a third of the labor markets and the role and the organization that you were in was really focused on how you make the operations of that public sector efficient, effective, and thinking about innovation as well. And I think that's an interesting parallel because often when we think about ministries for finance, you don't often think of the word innovation with them. So what was the what was the challenge that you were facing in your role? What were you looking to address?

MARIA HALD: Right. we were looking for initiatives to make sure that we had a more data-driven government in general. As I said before, Denmark is built on a substantial welfare state and to understand what that means also, is that one of the largest cost drivers in the public sector in Denmark is the cost of labor. another thing to factor in is that in Denmark, and as I think in many Western countries, we are facing an increasing demographic challenge to our welfare state and to our welfare model. So we have a larger part of the population that are aging and fewer younger people entering the labor market.

For example part of the demographic challenge is also understanding and being able to predict who in our organizations are leaving to, to enjoy their retirement and to prepare the organization for this in due time. The case I wanted to share with you was that an international study done by the Ministry of Finance a few years ago showed that all the central agencies under the government didn't actually have a structured approach on how to process and store information regarding employees. They did have a payroll system obviously, but they didn't have any a system of record to hold information about employees and to manage organizational data.

OLIVIA NEAL:

Without having that central system, there wasn't the ability for the government to really have a view of what are those trends, who is going to be leaving? How do we prepare, how do we make sure we've got the right talent coming in?

MARIA HALD:

Exactly. Yeah. It made even the most basic questions hard to answer.

So if the management of an agency wanted to know, how many employees are we? Of our employees, which are of what level of seniority, what kind of job roles do we have? How many on what level, in what role, these were super difficult questions to answer because it had to be manually handled every time. And there were not a very high level of data quality and possibility to compare across agency to benchmark agencies. So if you were curious on how's my agency doing in terms of this and that compared to the other agency, very poor data quality. Another thing we wanted to address was in Europe we've worked on increasing data protection and privacy, right?

In 2018, we implemented the GDPR regulations coming out of the EU. And this also puts a higher standard and requirements on how to both process and store data in a safe and compliant way. When it's personal data on your employees this was hard to do when you didn't have a system of record, then it was stored in all kinds of places, and not a very easy way to keep things compliant.

OLIVIA NEAL:

Okay. So you had a situation where the data on the employees existed, but it was very fragmented. It was held differently by different departments. There wasn't the ability to share, to be interoperable, to draw insights from it. And it was very difficult to comply with incoming privacy legislation. So what did you do next? How did you look at what the different options where it comes to some kind of decision?

MARIA HALD:

Yeah, exactly. That, sums up the problem very nicely. So we set out to procure a new digital platform for handling HR data,. And we did a large analysis to uncover, first of all, the business needs. So what are we looking for and how can we find a system of record that would work well with our payroll system, for example. We went to talk to a lot of people working in HR in different agencies to have their input into what were the business needs.

Then we conducted a market research phase and a market dialogue when we invited different suppliers of solutions, for HR data to come talk with us and to come show us inspiration on how to procure. And eventually we did drive a formal tendering process under the EU rules. And we ended up procuring a standard system. a system that we bought as a SAS solution. So software as a service solution and a solution that ran on public cloud.

OLIVIA NEAL:

Interesting. And was that a, was that a challenge saying to different departments we're going to be moving this data into the public cloud? Did you face any, any opposition on that?

MARIA HALD:

Yeah, we did absolutely. First and foremost, a lot of questions, obviously. We all come from an on-premise world, right. And it's new to move to cloud. So the question of continuing like an on-prem solution, or work it or moving to a public cloud was definitely part of the big questions about this about this solutions. We were facing a regulation in this area where we had to take into account both the prerequisites set up by the GDPR on an EU level. And then also we have a national legislation in Denmark, also addressing privacy issues.

Part of my experience was that I was faced with a lot of questions from the Ministry of Justice who has the authority on evaluating whether a public cloud can be used for large infrastructure projects in the public sector. They challenged me on, had I secured all these prerequisites and had I taken into account the requirements for security and compliance. And I felt very comfortable that I had checked all this out as part of my tendering process, but still I was faced with a challenge. And there was a concrete evaluation on whether after I actually had procured this this new system of record that they told me, you know, but we will have to reevaluate and you will have to come and tell us could this actually run in a public cloud or did I have to pull back the application and run it on prem?

And this was a very intense negotiation or discussion you might say with the regulatory body. And I think I was faced with a very concrete challenge that I could, and my contract allowed me to pull back the application and run it. On-Prem only, I thought it was the less good opportunity I would. So I went to fight to be allowed to run my application in a public cloud. Part of that was obviously the cost because I knew that if I had to take it home and run it on-prem in location in Denmark it would drive up additional costs. And I also knew that there was a risk that I wouldn't have feature parity. There was a risk that I would be lacking on updates and security patches and so forth.

So I was really fighting very hard to be allowed to keep this a solution in the public cloud. And actually it ended up in a very concrete discussion with the authorities where I was trying to push back on, their ask of me to consider on-prem. And I challenged them to the point where I asked them, so tell me exactly what is it that you're trying to protect? What is it that worries you about taking this application to the public cloud? And they told me that part of their worry was that they were afraid that if this solution would be hacked, then information about the organization of the different agencies might be compromised.

And that really challenged me because I thought, you know, well guys, honestly, did you ever visit any of these agencies that are now onboarding to this system? Did you ever visit their web pages? Because usually, they on their own kind of expose their organization, right? So they have organizational charts, the chart very enriched with all departments, sometimes even names of head of departments and so on and so forth. So I was really challenging them back, you know, do you really want me to push this application back on prem driving up costs to protect a piece of information that's already public? I think I got to a point where they agreed, well, let's go home and reconsider. Maybe, that's not proportionate to the need for protection. And they ended up allowing me to, bring the application into public cloud.

OLIVIA NEAL:

That sounds like that took a lot of resiliency on your part. And you were very tenacious in those arguments. You knew you had two options, you'd identified the benefits of the move to public cloud. And particularly the benefits around the improved security of getting in that direction. But you had to really push back against those internal challenges, which were operating in the system against you. And it sounds like what you did was really get right down to the root causes of what is it that they were trying to protect and then counter those very specific arguments. But I think that can be quite a lonely position to be in sometimes, when you're in a public sector and you're trying to do the right thing where

you're trying to be efficient with taxpayer money to get the best possible solution, and it can feel often like the system is holding you back.

And I feel that from talking to a lot of public servants. Did you have any allies, how did you keep your momentum going and your morale up?

MARIA HALD:

Yeah, fortunately I had a lot of allies, but you're absolutely right. And it does sometimes feel like a bit of a lonely ride. I think it's very important that I mean people that are fighting for a cause are also hard to mess with, right? So I was really dedicated to this and I had a great team. I had a team of 150 people, all of them working on obviously many different applications, but still a lot of knowledge in my organization and a lot of analytical power also to support me and to support my arguments.

But it is sometimes a lonely thing. And I think also it forced me to reflect also on a more on a higher level on how, do we build public sector in general, not only in Denmark, but everywhere where we also reward innovation, right. And innovative mindset, because I guess the easiest thing would have been just to accept and to not have the hustle and to say, all right, well, it's not my money. You know, maybe up to 30% in extra cost to bring the application back on premise, you know, my hands are tied. You know, the, the regulatory body says I have to. And so the easy thing would be not to take the fight, but born and raised in Ministry of Finance and actually with these very deep rooted values of let's fight for bringing efficiency and letting that be the core of how we run business in the Danish public sector.

I think this is something that really spurred me on also, I knew I was fighting for a just cause so I think that that's, that's important. And I think that we need to be we need to be very alert on how to make it worth it for civil servants to take those fights. And also, obviously it's not easy it's often a trade off between risk and value, and all I'm fighting for is let's make that trade off proportionate to the things that we want to protect.

OLIVIA NEAL:

I think that's a really interesting point in that proportionality and the judgments that are made as well, because one of the things that I felt often in the public service was that the incentivization was to really quantify the risks of change. And there was very little time spent on how do we quantify the risk of staying the same and therefore you miss those future benefits. And you put a lot of time and effort into thinking, okay, what if we do this and something happens? but not so much time goes into what if we stay the same, what are we exposed to? The world around us has changed. So staying in the same position doesn't mean that our risks are the same, that they were 10 years ago. Our risks are different now. We may miss out on better security, better value, better speed of innovation. And that is a real imbalance in a lot of systems, I think in the moment.

MARIA HALD:

Absolutely. One of my favorite topics that the missing out on calculating the risk is in staying with the status quo actually absolutely agree. I think, another thing I'm also struggling with in conversations is

that, usually when we drive up draw up business cases for transformational business cases, right. To going from old legacy solutions on prem to new modernized apps in cloud.

So I'm also faced a lot of the time with arguments that with cloud, it's super expensive,. And then I always ask people to show me, show me line by line on the cost side. Did you factor in all the costs of your current run? Because this is where often people forget that when we price cloud services, we have priced also reinvestments we've priced the cost of keeping up a very high level of security. And often when we look at the cost side of the current run of on-prem legacy systems there is not the same factoring in of reinvestment needing to be done, recoding simply absolutely needing to be done. Patching and updating security and so on and so forth.

And this makes it not a level playing field. And often cloud also unlocks the potential to rethink the way applications work in a whole new way of also storing data, working with data, computing on the run, and so on.

OLIVIA NEAL:

And I find it interesting that you're reflecting on your experiences in the Danish government. And when I think about the government of Denmark, it is one of the countries which has taken some really bold steps and has a lot of recognition internationally in terms of having introduced some things which have helped the government move forward, whether that be a digital identity system that goes across public and private sector, whether that be investing time and thinking about how to implement better data programs, how to do joined up journeys for citizens as they deal with government. Were there any of those pieces or any of that direction, which was coming from the Agency for Digitization and from the central government that helped you in your company?

MARIA HALD:

Yes, absolutely. I mean, we can never neglect the very important groundbreaking infrastructural investments that was driven by the Agency for Digitization. So they are also part of the ministry of finance. And we were very, very close colleagues, and this was where I went a lot of the time to find allies and colleagues actually they helped me a lot and their perspectives also on cloud computing and enabling guidance on how to, not, whether you should, but actually how to work more clearly with cloud. But what I could really wish for is maybe even a clear political stand here because we've seen this across Europe that we've succeeded to speed up the transformational journeys for public sector when there is a clear political vision and political commitment to driving digitization.

I think across a lot of the other ministries have really recognized the value of those investments made in the Danish digital infrastructure, because they have carried us through the pandemic on a very high level. I mean, we've not suffered the same blows as many of our neighboring countries, even in Europe to our economy, to our labor market and so on. So we were carrying through quite nicely because we've been enabled by these infrastructure investments done over the last 15, 20 years. And I think the political level, are really recognizing, that this is a substantial value and that they do want to continue the ambitious strategy for driving digitization and trend digital transformation in Denmark.

Public Sector Future podcast
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Guest Interview: Maria Hald
Transcript

So they have promised, and I know that they're working on collecting input right now. So the Danish government has promised to set out a new multi-year national strategy. So Danish public sector digital transformation sometime during the end of this year. it's going to be very, very exciting to see the level of political commitment also to this.

OLIVIA NEAL:

Oh, that will be, yes. I think definitely one to watch out for.

[Music]

OLIVIA NEAL:

So you convinced, the justice department, the other teams that this is the sensible approach that is safe, secure, and the right way to go. You completed the procurements. You got the system and you then had to start implementing this.

So you were moving from a situation where you have different departments and agencies with their own systems, with their individual control into one central system. Could you tell us a bit about how did you tackle that rollout? I'm sure there must've been some scaling issues, some cultural issues that you were needing to address.

MARIA HALD:

Absolutely. And this was a big part of the implementation process was also talking about standardization. And I don't really like that word because it sounds like you're hurting somebody, right? You you're squeezing them into boxes, but the truth of it was that we were actually pulling together all the heads of the HR departments across the agencies, across the different ministries and engaging them actively in finding a common level.

And so really try to engage on a user level to our stakeholders, really trying to engage them in the way we set up the system for them to work in one of the things I found that looking back that was proved to be really valuable was that with every agency, as part of our pre implementation plan, we worked out a business value assessment before we started implementing. this was a very useful tool in driving the conversations also as part of our implementation. And also after implementing to remind them, what did you set out to gain from this? And now, what is it you need to do to realize also this value?

OLIVIA NEAL:

And you mentioned that, and you mentioned having more consistent data available, and the value that that could drive, what would the types of things that you could do with that data that you weren't able to do before?

MARIA HALD:

I think two very important things. First, we could create new business intelligence, as I said, so we could service the management level better with the monthly reporting on lots of different KPIs just giving them like an x-ray of their organization. Both in this exact second. So how does your organization look like, but also how is your organization developing over time?

And I think another very important thing was it also enabled us to offer self service, both to managers and employees. So not only did we support the managers with preset dashboards, we also supported them with a system of record that they could access. but also serving our employees with the possibility to look up a lot of their own data. And I think this was creating instant value. Again also transparency and a sense of safety in a way, to know these are the type of information that the organization has on me to have clarity on that. What are the types of information that my employer is actually collecting and storing on me? So I think that gives trust in an organization.

OLIVIA NEAL:

Yeah, I think so. I think it really does. And I think as you described those things, that ability for a system, not just to benefit the management of an organization, but to benefit the individuals, by creating that transparency, giving that clarity, having both views of that is really important. And as you talk about these benefits, and I think we can all imagine the types of systems that these are. It seems so obvious. It seems like, of course, that should exist.

Of course, we should all have these things, but the process to get to, where you ended up the combination of all the existing different types of data, the standardization that had to happen, as well as the technical aspects. I mean, that is a huge project and process that you went through. And I know that there are people in many other public service organizations around the world who are going through similar transformation. So I think your lessons on this are really interesting. And I wonder whether from the experience of having done all of this, what would your most important lessons be for other people who were looking at similar types of projects?

MARIA HALD:

I think returning to a few of my points before, I think fight for the business value when you are faced with concerns and objections to driving innovation or standardization, remember to always fight for the business value.

That's my experience that using standard solutions running on public cloud will really get you far along for it for a much less budget than if you had to build applications from the bottom up. So I think that's really, a great learning. And take on those types of projects. They are often less risky than building applications from the bottom up. And there are more easy to run afterwards because other people than your specific organization are also using the same application. So you're going to be a larger population, a whole market often to drive continuous innovation in those solutions and building new functionalities all the time.

OLIVIA NEAL: Great. Thank you. And I think, you know, your tenacity in driving this forward, that resilience that you had and the allies that you found within the government really sounded like they were important as well and helping you take this forward. So I think it sounds that you had really

excellent results. So thank you for sharing those with us. I have one final question, which is something that we ask all of our guests on this show. We want to recognize and celebrate the work of public servants around the world, are there any teams or any countries who you think are doing really interesting at the moment who you are looking to for, for inspiration and ideas?

MARIA HALD:

Yes, absolutely. I think I've built my career on stealing with pride. So yes, right now I am envious and hoping to copy my good colleagues in Norway. Norway has decided to build a national health and analytics platform. The purpose of the platform is to simplify access to health data and also facilitate advanced analytics across different health registries source data, health records, and other sources of health information. And I really love the tagline of, of the project because they're putting it in one simple phrase, they're saying their aim is to go from 17 months to 17 minutes, that time allowed to access health data in Norway.

Right. So, this is something that I would really love for the public sector in Denmark, to look at as a great example of how to drive innovation and at the same time, unlocking a very valuable data resource and namely the health data actually collected, especially in the Nordic countries, we have a very substantial registry of health data on all citizens. And this should benefit the citizens, right? We should be able to drive innovation and more value on these data.

OLIVIA NEAL:

Okay. That sounds that's fantastic. There is a lot here for people to take away and be inspired by. Thank you so much, Maria, for spending the time with us.

MARIA HALD:

Thank you. Olivia, my pleasure.

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OLIVIA NEAL

Thank you to our guest Maria Hald and thank you to you for joining me today on Public Sector. Future, our goal is for you to learn something new and be inspired to think differently about your own journey. If you enjoyed today's episode and what's help other people find it, please share rate and review the show. It really does help people find new shows like this one, check out our show page for links to all of what was discussed today and visit the Public Sector Center of Expertise at [wwps.microsoft.com](https://www.microsoft.com). Please do reach out, send your questions and feedback. You can find me on Twitter @LivNeal or on LinkedIn, or you can email us at ask@microsoft.com. Thank you for listening and see you next time.

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