IMPLEMENTATION GUIDE

A practical guide to moving legacy IT into Crown Hosting

How public sector organisations can move legacy IT out of inefficient on-premises facilities and into Crown Hosting. It covers the case for action, the policy context, an outcome-based approach, a four-phase migration framework and the governance to deliver it.

£150m

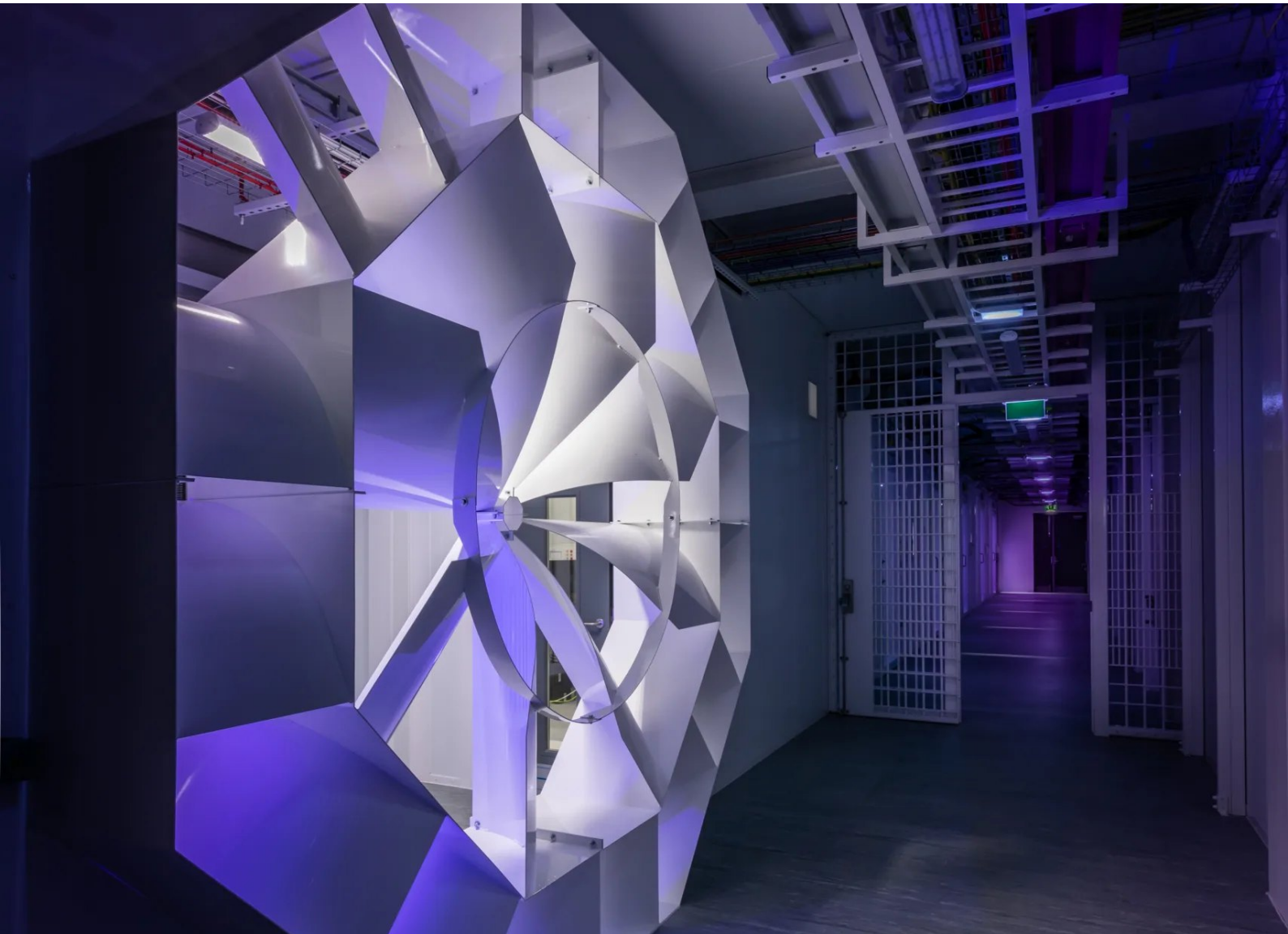
Saved each year by DWP after moving its estate into Crown Hosting

9 months

For DWP to pay back its £108 million investment

75%

Typical reduction in electricity use for IT relocated from inefficient facilities



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01

WHY THIS MATTERS

Legacy IT is one of the largest sources of risk and cost in public sector technology. Much of it still runs in on-premises facilities that cost more to operate, use more energy and are harder to secure than a modern data centre.

The State of digital government review, published in January 2025, found that on average around 28% of central government organisations' technology estates are classified as legacy. Government spent around £6.6bn on legacy ('heritage') IT in 2023, according to TechMarketView, and Gartner estimates that organisations spend around 12% of overall ICT cost on data centre operations. On that basis, we estimate public sector spend on data centres hosting legacy IT at around £790m a year.

Moving that IT into efficient, shared colocation facilities releases savings that organisations can redirect to frontline priorities. It also reduces risk and energy use, and gives organisations the visibility of their estate they need to modernise.

WHAT MOVING TO CROWN HOSTING DELIVERS

Lower operating cost

Previous Crown Hosting customers have typically reduced their operational data centre costs to less than a third of what they were.

Lower energy use

Electricity consumption typically falls by 75% for IT relocated from inefficient facilities.

Fast payback

DWP recovered its £108 million investment in around nine months and saves around £150 million a year.

Control and visibility

Organisations own and understand their infrastructure again, which is the starting point for any further transformation.

02

THE CASE FOR ACTION

Moving legacy IT into Crown Hosting supports government priorities on public finances, growth, net zero and national resilience.

Release savings for public services

Colocation reduces data centre operating costs by sharing power, cooling and network infrastructure. The savings can be redirected to frontline priorities.

Support economic growth

Modern public sector digital infrastructure enables faster, more reliable services for people and businesses, and underpins the adoption of AI and data analytics.

Cut energy use and carbon

Crown Hosting facilities use direct air, indirect air and chilled water cooling, and typically reduce electricity consumption by 75% compared with legacy systems.

Complement Cloud First

Most cloud decisions are made workload by workload. Relocating to colocation is a faster, lower-risk first step that builds understanding of your estate and generates savings to fund the journey.

Strengthen security and resilience

Stringent access controls, layered redundancy in power, cooling and connectivity, 24/7 monitoring and geographically separate sites support robust disaster recovery.

Tackle inefficiency in contracts

Outsourced IT contracts often rely on data centres that are less efficient than Crown Hosting. Contract extension points and re-competes are the moment to review them.

03

POLICY CONTEXT

Government policy is consistent on hosting. Organisations should evaluate cloud first, never build their own data centres, and manage legacy IT as a strategic risk.

POLICY	WHAT IT MEANS FOR HOSTING
Cloud First policy (updated April 2025)	Organisations must consider and fully evaluate cloud solutions before any other option. Crown Hosting is listed in the policy's related guidance on GOV.UK.
GOV.UK Service Manual	"You must never build your own data centre." Where you cannot use a cloud provider, for example because of contractual or complex technical constraints, the manual points to Crown Hosting.
Legacy IT Risk Assessment Framework (2023)	Departments assess their legacy systems against a common set of risk categories and plan remediation for those rated highest risk.
A blueprint for modern digital government (January 2025)	Sets out government's long-term plan for digital, including stronger shared foundations and infrastructure.
Critical National Infrastructure designation (September 2024)	Data centres were designated as Critical National Infrastructure, recognising their role in national security and resilience.
Greening Government Commitments	Departments must reduce the environmental impact of ICT, including through energy-efficient data centres and reporting on measures such as PUE.

> "Despite 25 years of government strategies and countless attempts to deliver digital business change successfully, [there is] a consistent pattern of underperformance."
>
> National Audit Office, The challenges in implementing digital change, July 2021

CROWN HOSTING'S ROLE

Crown Hosting helps relocate systems that cannot move to public cloud immediately, and reduces the risk to some of government's most critical operations and data.

04

WHAT SUCCESS LOOKS LIKE

The aim is to modernise, secure and optimise the government's legacy IT estate, creating savings for public services, accelerating progress to net zero and enabling faster digital transformation.

OUTCOME	HOW IT IS MEASURED
1. Reduced cost	A significant reduction in IT infrastructure and operational costs, measured as cost savings by financial year.
2. Better service delivery, reliability and resilience	Higher satisfaction with digital services, more reliable IT systems and greater resilience, measured through quarterly KPIs.
3. Reduced carbon and sustainable operations	Lower energy consumption and carbon emissions from IT, measured through energy consumption and PUE by financial year.
4. Faster digital transformation and innovation	A clearer view of the legacy estate and more new digital services, measured through IT asset inventories and services launched.
5. Transparency, accountability and compliance	A clear picture of legacy IT and its data, with better reporting on procurement, spending and usage through Annual Reports and Accounts.

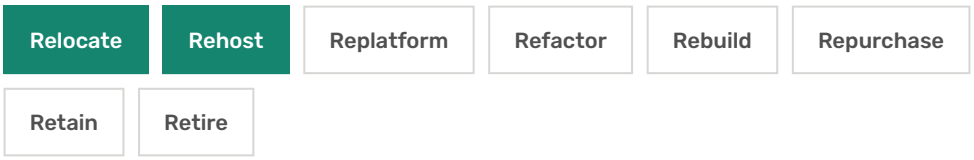
Annex B sets out the critical success factors, KPIs and targets for each outcome.

05

AN OUTCOME-BASED APPROACH

Every organisation is at a different point on its cloud journey, and most have applications at every point. The right route for each workload depends on the maturity of the application and the skills and resources available to change it.

Gartner first set out the routes from traditional hosting to cloud in 2010. The list has grown since, but two remain the most accessible.



Replatforming makes small optimisations to benefit from the cloud model, such as switching to a managed database service. Refactoring redesigns applications to use cloud-native features. Both are more invasive, and the savings from relocating help pay for them.

OUR RECOMMENDATION

Our recommendation is to relocate to Crown Hosting and carry out a full or partial rehost to private cloud. This maximises operational savings for a small capital cost that can be recovered in-year. It is quick and low risk, and it gives operational control back to the organisation, often where corporate knowledge has been lost. That knowledge then informs the next steps.

Under a third

What previous customers typically pay to run their data centre operations after moving, releasing around two thirds to spend in other ways, including further modernisation.

DWP took this route. It began its transformation in 2016, completed the move into Crown Hosting in 2018 and saves around £150 million a year. It now delivers 70% of its services from cloud, with 30% in Crown Hosting.

06

A FOUR-PHASE MIGRATION FRAMEWORK

Data centre migrations typically follow four phases: discovery, planning, execution and operation. Run with agile sprints, the framework is thorough and flexible, and it keeps delivery moving.

The key principles are to automate as much as possible, collaborate closely, use continuous integration and deployment pipelines for testing and deployment, and provide continuous feedback.

PHASE 1
Discovery
6 weeks

Initial assessment
2 weeks

Data collection
2 weeks

Analysis and reporting
2 weeks

OUTCOMES

- Inventory of IT assets
- Critical systems identified
- Cost of current operation
- Findings and recommendations

PHASE 2
Planning
10 weeks

Cost-benefit analysis
2 weeks

Technical requirements
3 weeks

Migration strategy
3 weeks

Risk management
1 week

Communications plan
1 week

OUTCOMES

- Financial roadmap and ROI
- Technical specification
- Migration plan in waves
- Risk and communications plans

PHASE 3
Execution
Set by scope

Migration waves
Delivered in sprints

Validation
After each wave

OUTCOMES

- Phased migration with minimal disruption
- Completion reports from automated deployments
- Post-migration validation reports

PHASE 4
Operate
Ongoing

Continuous operation
Evergreen, DevOps

Cloud options
Assessed in sprints

OUTCOMES

- Monitoring and maintenance plans
- Continuous improvement plan
- Capacity and scalability plans
- Compliance reporting

DISCOVERY AND PLANNING SPRINTS

Phases 1 and 2 take around 16 weeks. Execution then runs in controlled waves, and the operate phase is also the point to assess cloud migration options.

SPRINT	DURATION	OBJECTIVE AND OUTCOME
1. Initial assessment	2 weeks	Inventory existing data centres, computer rooms and storage using automated tooling. Identify critical systems and applications and evaluate current performance.
2. Data collection	2 weeks	Calculate the cost of current data centre operations and security, using templates and checklists for complete data.
3. Analysis and reporting	2 weeks	Identify gaps and inefficiencies, and make recommendations in a detailed assessment report.
4. Cost-benefit analysis	2 weeks	Compare the cost of maintaining current data centres with moving to Crown Hosting. Produce a budget plan including contract-related costs, a financial roadmap and potential savings and ROI.
5. Technical requirements	3 weeks	Define the technical specification for the new environment, with assurance of compatibility and future scalability.
6. Migration strategy	3 weeks	Create a phased migration plan in waves, with a critical path, milestones, dependencies and assigned responsibilities.
7. Risk management	1 week	Assess potential challenges and agree mitigations in a risk management plan.
8. Communications plan	1 week	Create a communication strategy, templates and schedules to keep stakeholders informed and engaged.

07

INCENTIVES FOR ACTION

The financial benefits are clear. These measures would help central government turn them into action across departments.

Ring-fenced migration budgets

Allocate specific capital and resource budgets for legacy IT migration, with a use it or lose it rule that moves unused funds to departments actively migrating.

Take the benefit up front

Assess the potential financial benefit to each department and set targets in-year and across the Spending Review cycle.

Evidence-based decisions

Require delivery model assessments and should-cost models in line with the Sourcing Playbook. Crown Hosting provides ROI and total cost of ownership models to support them.

Performance and accountability

Introduce KPIs tied to the outcomes, include them in senior performance objectives and report progress publicly through Annual Reports and Accounts.

Transparency

Enforce policies on decommissioning outdated systems, set clear transition deadlines and stop renewals of expensive, inefficient data centre contracts, monitored through a comply or explain regime.

The right support

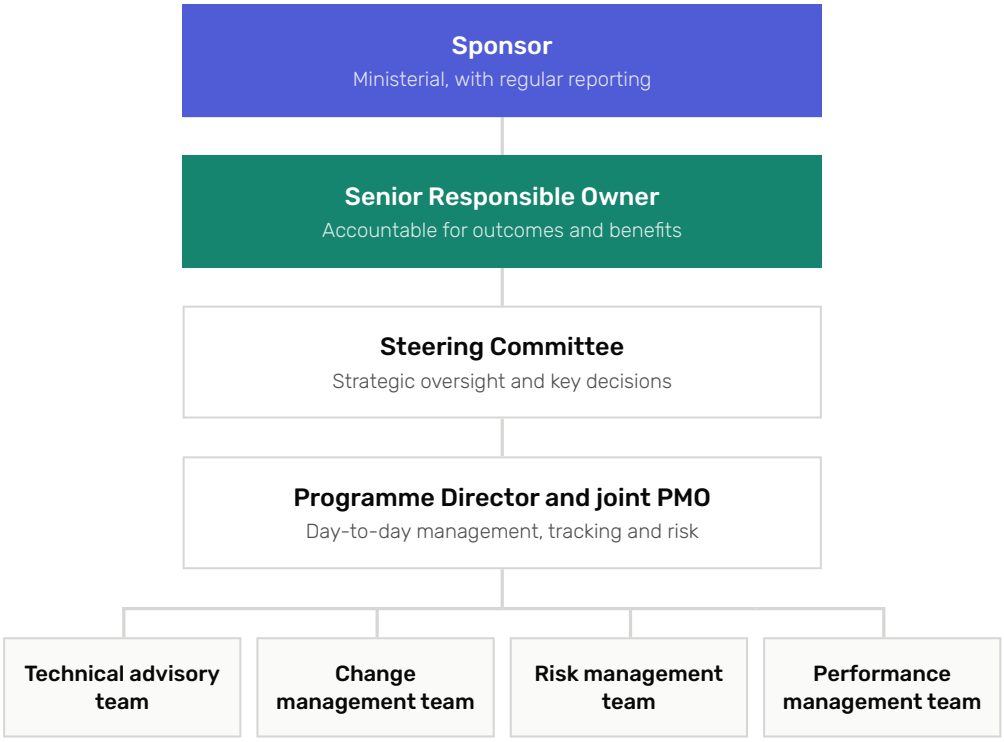
Invest in skills for IT teams, and set up a joint programme management office where Crown Hosting and experienced departments advise on planning and delivery.

08
GOVERNANCE

Strong leadership is essential. A cross-government migration programme needs clear accountability, effective management and alignment with best practice from the Infrastructure and Projects Authority (IPA) and the National Audit Office (NAO).

There are two ways to deliver it. The first is a dedicated programme built on IPA and NAO best practice. The second is a Government Legacy IT Modernisation Agency, modelled on the Government Property Agency, taking a cross-government view of the legacy IT estate.

Either option needs a Sponsoring Body, a Sponsor and a Senior Responsible Owner (SRO). Given the scale of financial benefit, HM Treasury is well suited as Sponsoring Body, with a ministerial Sponsor and regular reporting. The SRO chairs a Steering Committee that includes government's digital leadership, senior departmental representatives, HM Treasury, the IPA, the NAO and Crown Hosting.



Crown Hosting is agnostic to the managed service provider or cloud provider involved in each migration, so they can be part of the joint teams. Annex C sets out a suggested RACI matrix and governance rhythm.

09

KEY RECOMMENDATIONS

1	**Consolidate legacy IT in Crown Hosting**	■ The larger the capacity used, the greater the absolute savings and net benefit. ■ Performance is strongest where organisations mobilise, migrate and invest within two years.
2	**Account for savings up front**	■ Assess the financial benefit to each department and set targets in-year and across the Spending Review cycle.
3	**Establish a Government Legacy IT Modernisation Agency**	■ Modelled on the Government Property Agency, with a cross-government view of the legacy estate.
4	**Create a central programme team**	■ Coordinate departmental migrations at pace, and monitor and report IT spending. ■ Improve understanding of total public sector IT cost to identify further savings.
5	**Move to public cloud where possible, and Crown Hosting where not**	■ Promote digital transformation that maximises efficiency, savings, sustainability and security.

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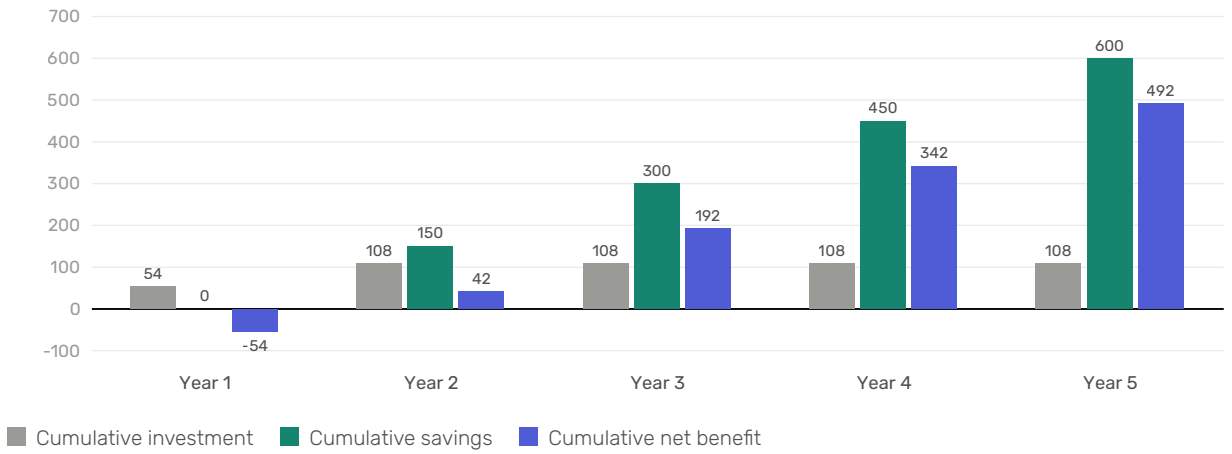
MODELLING THE OPPORTUNITY

DWP's declared investment and savings give a real-world basis for estimating what wider adoption could deliver.

DWP invested £108 million over two years to move its legacy IT into Crown Hosting and declared operating savings of £150 million a year. Over five years that is £600 million of savings, a net benefit of £492 million, a return on investment of 456% and a multiple on invested capital of 5.6x. Private equity investors typically look for a return of 20 to 25% and a multiple of 2 to 3x over similar periods.

DWP: cumulative investment, savings and net benefit (£m)

Five years from the start of migration



SCALING THE DWP RESULTS

Applying the same investment and savings profile to larger volumes of public sector capacity gives the scenarios below. The base scenarios assume migration and investment within two years and no savings in the first year. Spreading the same investment over four years is assumed to reduce savings by 20%, so organisations that commit and invest earlier see stronger returns.

SCENARIO	INVESTMENT	SAVINGS	NET BENEFIT	ROI	MOIC
DWP actual (2.3MW)	£0.108bn	£0.6bn	£0.492bn	456%	5.6x
24MW, invested over 2 years	£1.08bn	£6bn	£4.92bn	456%	5.6x
48MW, invested over 2 years	£2.16bn	£12bn	£9.84bn	456%	5.6x
48MW, invested over 4 years	£2.16bn	£9.6bn	£7.44bn	344%	4.4x

Crown Hosting modelling, first published August 2024. Five-year cumulative figures. Illustrative only, based on DWP's declared investment and savings. ROI is net benefit divided by investment; MOIC is total savings divided by investment. Increasing, decreasing and mixed investment profiles over four years all produce the same five-year result.

B

OUTCOMES, KPIS AND TARGETS

The critical success factors, benefits, KPIs and targets for each of the five outcomes.

OUTCOME	SUCCESS FACTOR	BENEFIT	KPI	TARGET
1. Reduced cost	Cost saving	Significant reduction in IT infrastructure and operational costs	£ saved	Depends on scenario and investment profile
2. Service delivery and resilience	Service satisfaction	Higher user satisfaction with government digital services	CSAT survey	CSAT score above 75%
	System availability	Reduced downtime and improved service continuity	IT service uptime	99.9% to 99.99%
3. Reduced carbon	Energy efficiency	Reduced energy consumption and carbon emissions from IT	% reduction in energy use	75% reduction in overall energy consumption
	Sustainability compliance	Achieve PUE standards	PUE rating	1.4 or lower within the next financial year
4. Digital transformation	Digital adoption	Deploy new digital services and applications	New digital services launched	Increase of more than 10% a year
	IT readiness	Better understanding of existing IT assets for cloud migration	IT asset management	Inventory for all migrated IT services
5. Transparency and compliance	Transparency	Better reporting on procurement, spending and usage	Accuracy and frequency of ICT reports	Full compliance with reporting standards within 12 months
	Accountability	Compliance with procurement and IT usage standards	Compliance with procurement standards	Full compliance within 12 months
	Environmental technology	Implement environmentally sound technology solutions	Sustainable solutions implemented	More than 10% more within 12 months

C

CONTROL MEASURES

A suggested RACI matrix for the outcomes and benefits, and a governance rhythm for the programme.

R Responsible A Accountable C Consulted I Informed

OUTCOME	BENEFIT	SPONSOR	SRO	STEERING	DIRECTOR	PMO
1. Reduced cost	Significant reduction in IT infrastructure and operational costs	A	R	C	I	I
2. Service delivery and resilience	Higher user satisfaction with government digital services	A	R	A	I	I
	Reduced downtime and improved service continuity	I	A	C	R	I
3. Reduced carbon	Reduced energy consumption and carbon emissions from IT	A	R	C	I	I
	Achieve Power Usage Effectiveness (PUE) standards	I	A	C	R	I
4. Digital transformation	Deploy new digital services and applications	C	A	R	I	I
	Better understanding of existing IT assets for cloud migration	I	A	C	R	I
5. Transparency and compliance	Improve reporting on procurement, spending and usage	I	A	C	R	I
	Compliance with government procurement and IT usage standards	C	A	R	I	I
	Implement environmentally sound technology solutions	C	A	R	I	I

GOVERNANCE RHYTHM

FORUM	FREQUENCY	ATTENDEES	PURPOSE
Sponsor review	Monthly	Sponsor, SRO, Steering Committee members	High-level oversight, strategic direction and resolution of escalated issues.
Steering Committee	Monthly	SRO (chair) and Steering Committee members	Progress reviews, key decisions, risk mitigation and resource allocation.
Programme management office	Weekly	Programme Director, project, risk and change managers	Day-to-day coordination, progress tracking, and risk and issue management.
Sprint planning and review	Start and end of each sprint	Project managers and team leads	Plan upcoming sprints, review completed ones and adjust plans.
Technical advisory review	Every two weeks	Technical team leads, PMO	Technical guidance, requirements and resolution of technical issues.
Change management review	Every two weeks	Change management team, PMO	Change processes, stakeholder engagement and tracking the impact of change.
Risk management review	Every two weeks	Risk management team, PMO	Updated risk register, mitigations and risk status reports.
Performance management review	Monthly	Performance management team, PMO	Performance metrics against programme goals.
Stakeholder communication review	Monthly	Departmental representatives, communications, PMO	Stakeholder updates, feedback and communication plan adjustments.
Phase gate review	End of each phase	SRO, Steering Committee, PMO	Confirm phase completion and readiness for the next phase.

CASE STUDY · CENTRAL GOVERNMENT

Department for Work and Pensions

DWP is recognised as one of the best examples of moving government services to public cloud, and Crown Hosting was the first step.

£150m
Saved each year, according to DWP

9 months
To pay back an investment of £108 million

70%
Of DWP services now delivered from cloud, with the other 30% in Crown Hosting

THE CHALLENGE

DWP is the UK's biggest public service department, responsible for welfare, pensions and child maintenance. Its infrastructure hosts 163 front-line and payment systems that make payments of more than £217 billion a year to over 20 million people.

In 2016, DWP began a transformation to 'dramatically improve the efficiency with which DWP handles its data', moving towards public cloud. A one-step move of its back-office systems and data to public cloud would have massively increased costs without the anticipated benefits. The applications, data and culture needed remediation first.

THE APPROACH

The remediation had three steps: understand in depth how the back-office systems and their data depended on each other; modernise skills and refactor, replace or deduplicate applications and data; then migrate to public cloud.

The first step, and part of the second, was achieved by 2018 by relocating all of DWP's data and applications to a consolidated IT infrastructure within Crown Hosting data centres. Taking the infrastructure back in-house ended a cycle of outsourced IT contracts and gave DWP ownership of its services.

THE OUTCOME

- ✓ Around £150 million saved each year, recovering the £108 million investment in around nine months.
- ✓ Savings reinvested in training, helping the team become more self-sufficient.
- ✓ DWP now owns and controls its services and is firmly aligned to the Cloud First policy, with 70% of services delivered from cloud.

Read the full case study at crownhostingdc.co.uk

IN THEIR WORDS

> "When working with Crown Hosting, it becomes your data centre, your data, your equipment, your assets, your applications and that puts us (as the customer) in a position of strength."
>
> Bryan Nelson, Lead Transformation Manager for Hybrid Cloud Services, DWP

KEY TERMS

Colocation data centre

A facility providing controlled, managed data centre space for client-owned server, storage and network equipment. The supplier provides a suitable physical environment; the client usually installs, runs and supports its own infrastructure. Crown Hosting serves the public sector only.

Legacy technology

IT infrastructure, systems, hardware and related processes that are end of life, out of supplier support, impossible to update, no longer cost-effective or above the acceptable risk threshold.

On-premises hosting

Housing an organisation's IT infrastructure within its own premises, such as a server room or its own data centre.

Private cloud

Cloud computing used by a single organisation. It may be owned by that organisation or provided by a supplier.

Public cloud

Cloud computing shared among many unrelated organisations and provided by third-party providers.

Power Usage Effectiveness (PUE)

A measure of data centre energy efficiency: total facility energy divided by the energy used by IT equipment. A PUE of 1.0 would mean no energy used for cooling, lighting or other overheads.

TALK TO US

Get in touch

To find out how Crown Hosting can support your migration programme, or to request ROI and total cost of ownership modelling for your estate, speak to our team.

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- Legacy IT Modernisation Guide
- Sustainability Overview
- Public sector buyer's guide and guide for providers
- Case studies from across the public sector