

Prove IT >>

The Disciplines of Harvesting Value from Public Sector Information Technology

From the Center for Digital Government Signature Series with the support of Hyland Software, NIC, Nokia, and SAP

CENTER FOR DIGITAL GOVERNMENT
www.cdggov.com



The Discipline of Harvesting Value from Public Sector Information Technology



Paul W. Taylor | Chief Strategy Officer
[Check Against Delivery]

Enamored with these...



Or with romantic images ...



But what counts is in here...



Did We Forget Something?

To everything - turn, turn, turn
There is a season - turn, turn, turn
And a time for every purpose under heaven

A time to plant, a time to reap ...

A time to gain, a time to lose

A time to rend, a time to sew ...

A time to laugh, a time to weep

- *The Byrds*

The Basics: Inherent IT DNA

- ✓ Implement new
 - ✓ Trade labor
 - ✓ Re-engineer processes
 - ✓ Achieve efficiencies
 - ✓ Do more with equal or less
 - ✓ Improve service
 - ✓ Balance
 - ✓ Fulfill
 - ✓ Change
- FAILURE TO HARVEST**
- without a shared understanding of the scope

Back into the Field



*“You work until
its done.”*

Finishing What We Started

- Sowing the Right Stuff the Right Way
- Ensuring a Productive Growing Season
- Harvesting All the Crops/ Slaughtering even the Sacred Cows

Hard Earned Common Sense



“There is nothing so useless as doing efficiently that which should not be done at all.”

- Peter F. Drucker

Nature Abhors a Vacuum



ALIGNMENT IS NECESSARY BUT NOT SUFFICIENT

- ✓ Farm implements and chemicals do not align themselves with the natural order, they change it
- ✓ Automation does not align itself with conventional practices and policies, it makes them obsolete

Hard Earned Common Sense



“Automation increases probability but decreases possibility.”

- Lewis Mumford

Hard Earned Common Sense

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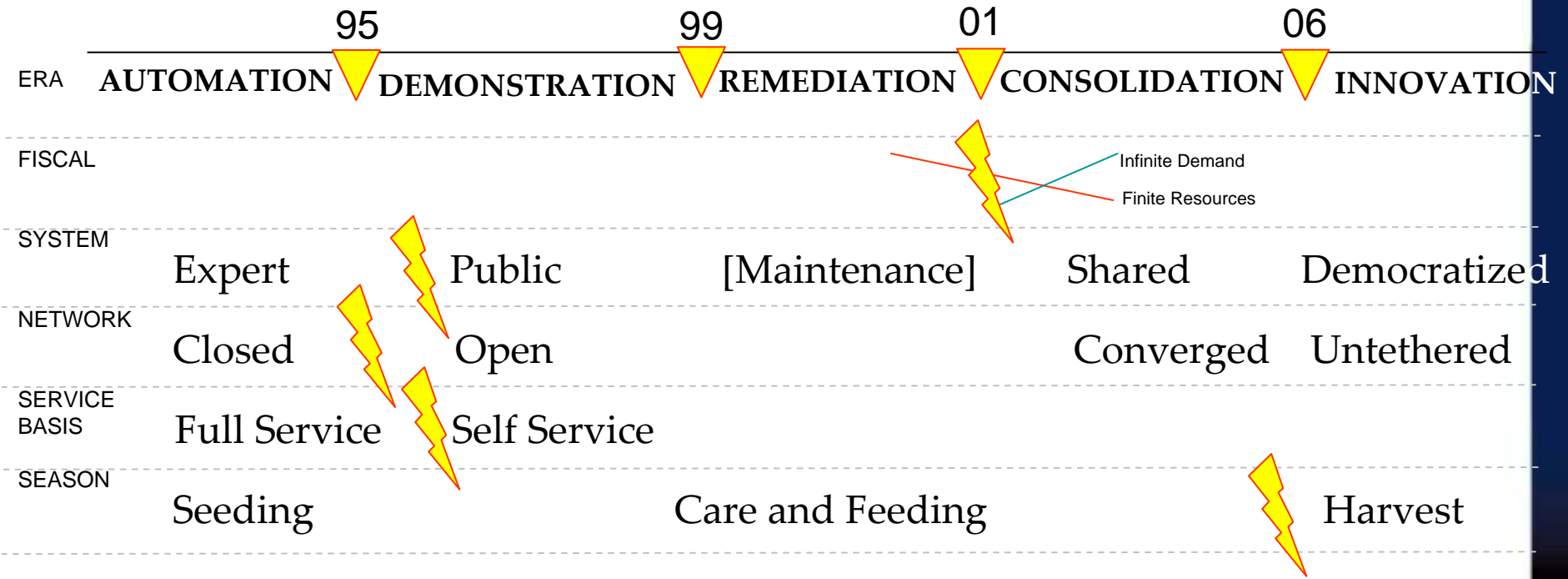


“The mighty doors of change swing on the tiny hinges of discipline.”

*- Ken Wendle, Co-founder/Past President,
IT Service Management Forum (itSMF) USA*

Government Modernization

The Journey since "Semi Automation"



Fallacy of the Green Field

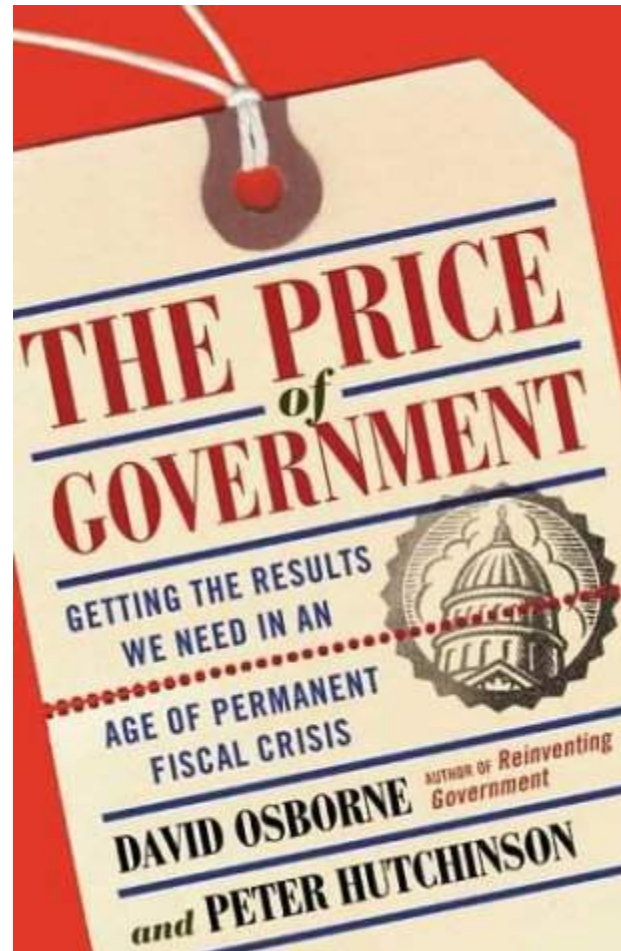
“Permanent Fiscal Crisis” = Forced Austerity

A Story of Structural Problems and Cyclical Recoveries

- ✓ Revenue systems deficient
- ✓ Record growth in costs and spending

Medicaid ...

- Accounts for 22% of state spending
- Will consume >75% of new state revenue in 10 states by 2009
- Will exceed Social Security by 2024



Domestic

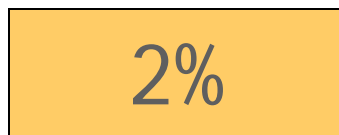
- “Permanent tax revolt”
- “Starve government” strategy

International

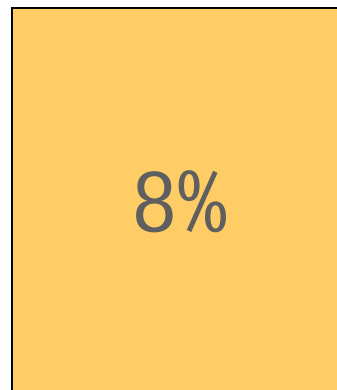
- Economic competition and globalization undermining US tax base

Deep Reform, Big Results

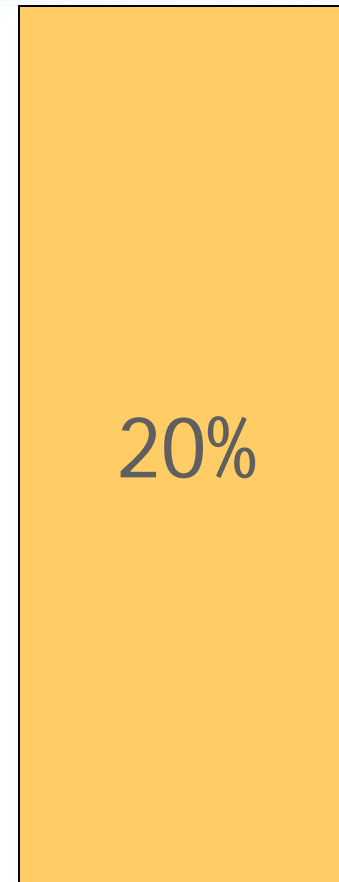
And the multiplier effect of
IT and process modernization
when done together



IT Modernization
Alone



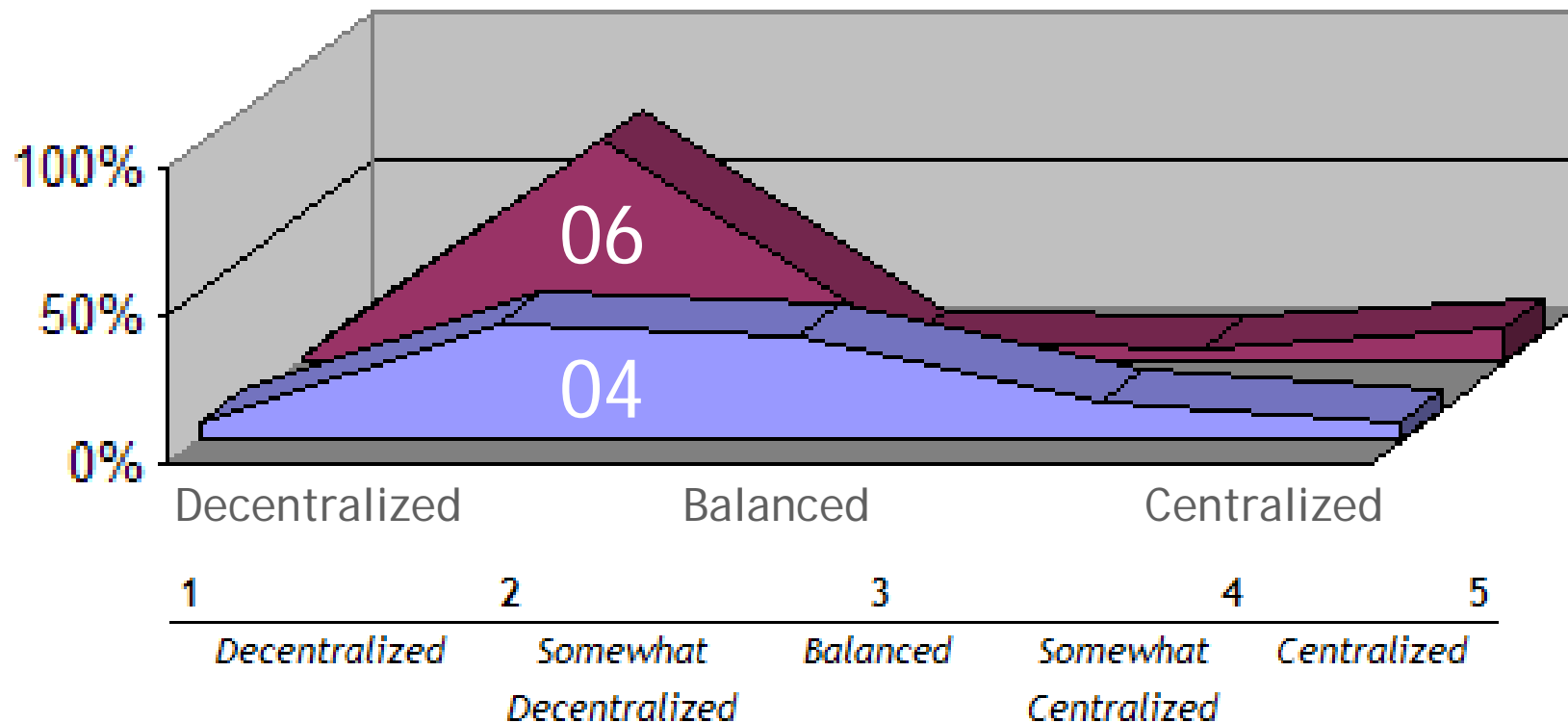
Improving
Management
Practices *Alone*



Done Together

Source: McKinsey, 2005

IT (De)Centralization



2006

2004

2%

6%

75%

40%

7%

35%

5%

13%

11%

6%

Points of Failure

- Leadership and sponsorship
 - Pioneer, leader, manager, caretaker, maintainer, destroyer, anti-leader, or clueless fool?
 - Do they get IT?
 - Do they get the new IT?
 - Clarity, alignment, and commitment
 - Consequences

Points of Failure

- Communication
- Escalation paths for problem resolution
- Policy change time frames and responsiveness
- No single point of accountability
- Siloed money, reporting lines, and governance

Points of Failure

- Misalignment
- No human change strategy
- Application acquisition or development
- Legal
- Paperwork
- Procurement
- Project management

Points of Failure

- Time and money misestimated
- We Bees
- Turf Protectors
- Passive aggressive yes wait killers
- Committees
- Privacy or security issue
- Bad publicity

Points of Failure

- Digitizing a bad or broken process
- Forcing process changes from the technology side
- Engineering and technology blindness
- Leadership changes
- Invisible or lagging benefits

Points of Failure

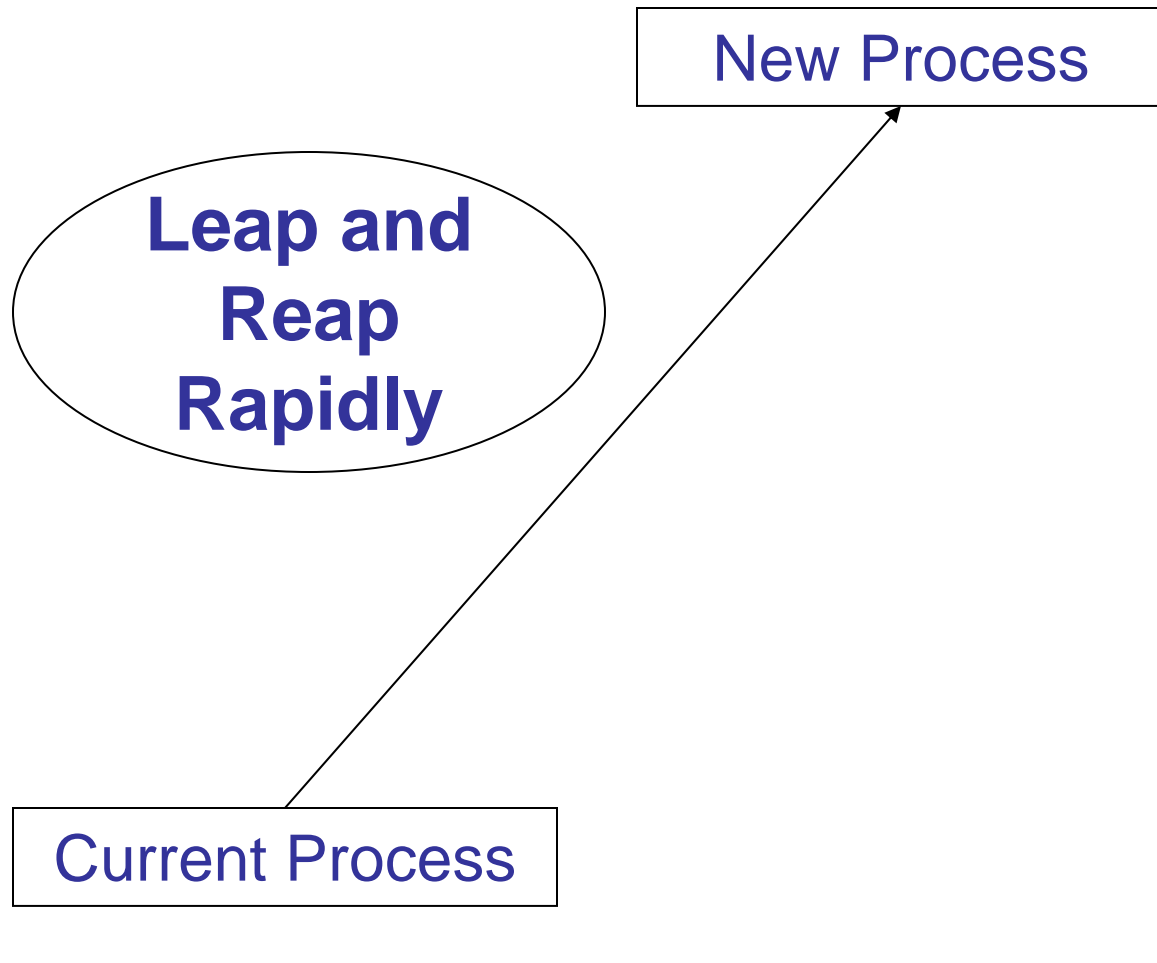
- Shortchanging training time or resources
- Three P's and a T
 - People
 - Policy
 - Process
 - Tools
- They forget a P somewhere

Realizing Value: The Obvious

High Value



Low Value



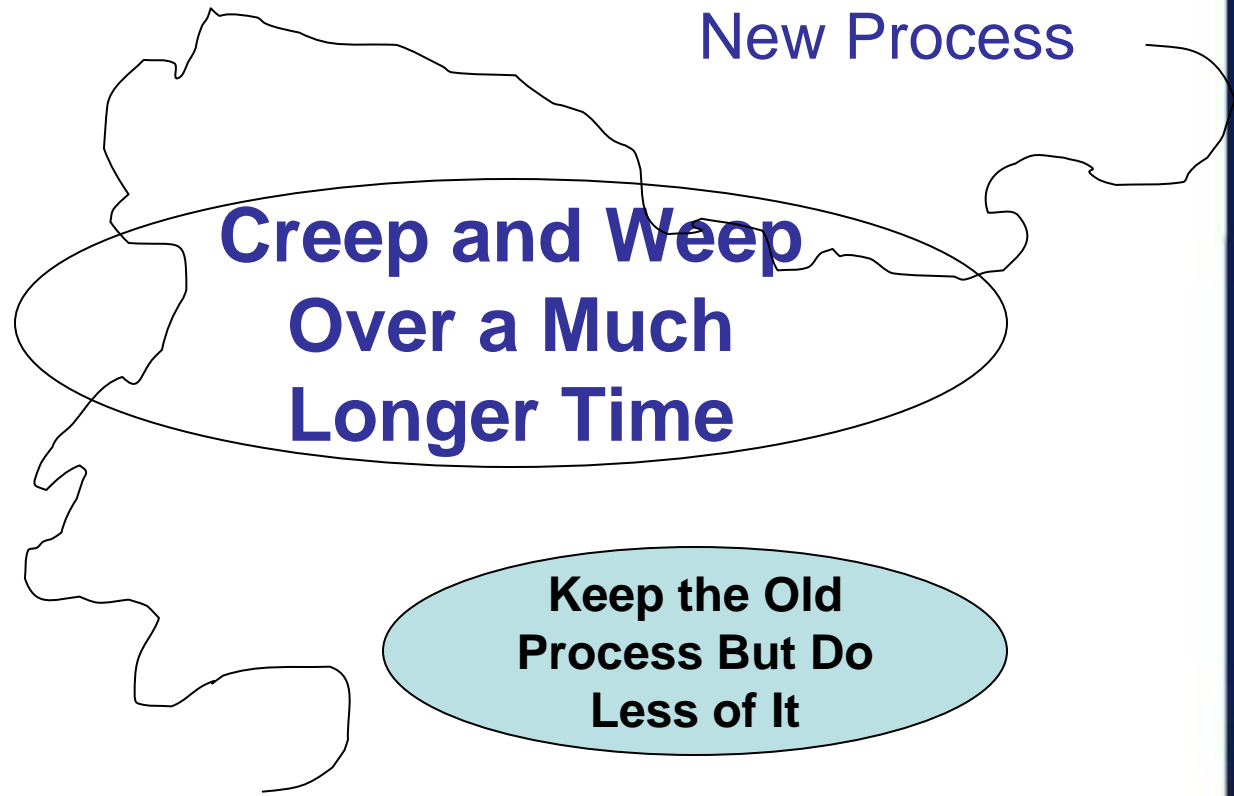
High Cost

Low Cost

Realizing Value: The Other Way

High Value

New Process



Current Process → Current Process

Low Value

High Cost

Low Cost

The Prove IT Process



- ✓ Gather
- ✓ Determine Benefits
- ✓ Determine Costs
- ✓ Prioritize
- ✓ Choose
- ✓ Oversee
- ✓ Track Value
- ✓ Report Value
- ✓ Redirect Value/ Reprioritize Priorities
- ✓ Monitor Performance

The Prove IT Process

Gather

Build a portfolio of IT programs, projects and proposals that are worth managing:

- ✓ Pre-procurement Ideas (for pursuing new opportunities)
- ✓ Trans Capability Requests (for enterprise, multi-agency or cross jurisdictional collaborative initiatives)
- ✓ Project Proposals (for agency-specific business needs)
- ✓ Pain Points (for fixing aging broken applications or things that never worked)

through a five-step analysis that encourages a broad view of subsequent investments as adding value to the entire portfolio rather than just solving a single problem:

- ✓ Step 1: Define the Problem
- ✓ Step 2: Evaluate Existing Systems
- ✓ Step 3: Identify Alternatives
- ✓ Step 4: Articulate Specific, Measurable Objectives
- ✓ Step 5: Run the Numbers



The Prove IT Process

Determine Benefits



- ✓ **Constituent Benefits:** Objectives that are directly intended to benefit citizens, businesses, other government organizations, or employees.
- ✓ **Social Benefits (externalities):** Objectives that inadvertently benefit society as a whole.
- ✓ **Internal Financial Benefits:** Objectives that positively impact a government's financial condition (as measured by traditional ROI analysis).
- ✓ **Internal Non-Financial Benefits:** Objectives that enable a government to enhance service delivery.
- ✓ **Strategic Organizational Benefits:** Objectives that enable the government to fulfill its mission or strategic goals.

The Prove IT Process

Determine Costs



- ✓ The rules for accounting for costs are well known but that has not translated into systems that track costs well or disciplines in using them.
- ✓ Determining costs may not be rocket science except in the need for attention to detail.
- ✓ Budget and accounting systems share some of the blame because they can be too rigid to track the expenses of projects that, by definition, are pretty fluid affairs.
- ✓ Personnel systems do not track who spends their time on what. Inventory systems cannot necessarily show an agency everything that it owns or what it should know about those assets.
- ✓ Often, these systems cannot isolate operational costs and, if they are not known, such costs are not built into cost project estimates.
- ✓ System rigidity is compounded by data entry problems that usually reflect human frustration or neglect.

The Prove IT Process

Prioritize



- *Stop* - Things that can be discontinued (Too often the thing government forgets to do);
- *Reduce* - Things to continue but do less of each;
- *Maintain* - Provide the resources to keep as is;
- *Redirect* - The right thing, just not the right way anymore;
- *Combine* - Keep doing things which are similar, but do them together.
- *Increase* - Its okay, but do more of it.
- *Redesign* - Rethink the process and the methods and redeploy.
- *New* - Things that are brand new, you are not doing, and that cannot come from any of the things you are doing.

The Prove IT Process

Choose

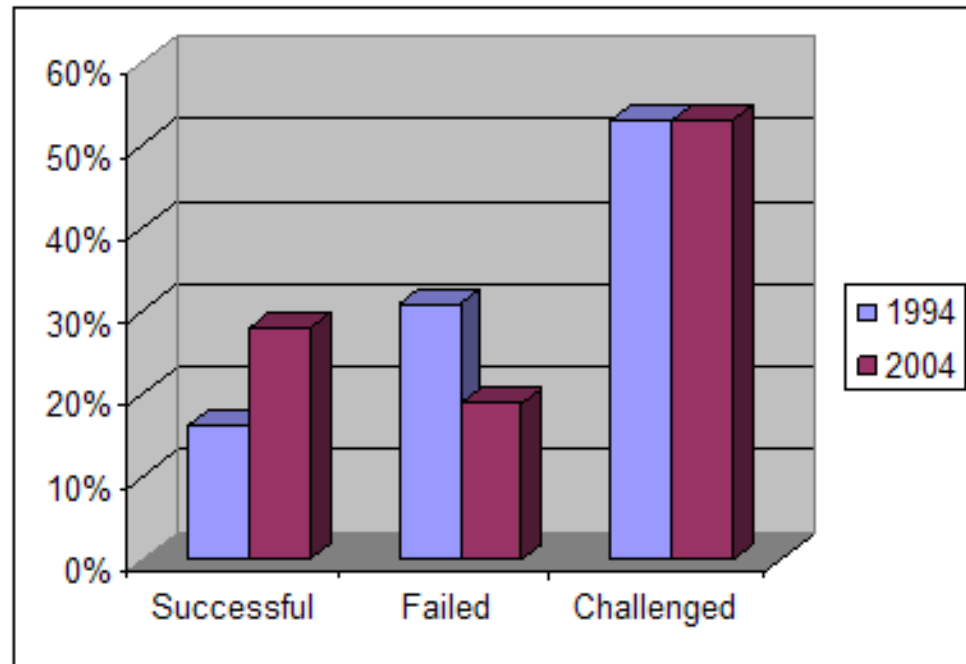


Digging out from all the paper and policies, it seems that there are four important tests that support consistently sound decisions:

- ✓ What projects will give you the greatest good for the greatest number?
- ✓ As for those persons or entities that your politicians and society value, which projects will give you the greatest good for :
 - For very important persons (kids, teachers, cops, nurses, etc.)?
 - For very important businesses and entities?
 - For very important agencies and jurisdictions?
- ✓ But for the project, will the benefit occur? (Echoing the Washington Portfolio's nil consequences, there is no other way this is going to get done unless this technology, fund, pool or activity takes it on and does it.)
- ✓ Does the process lead to results which are supported and supportable?

The Prove IT Process

Oversee



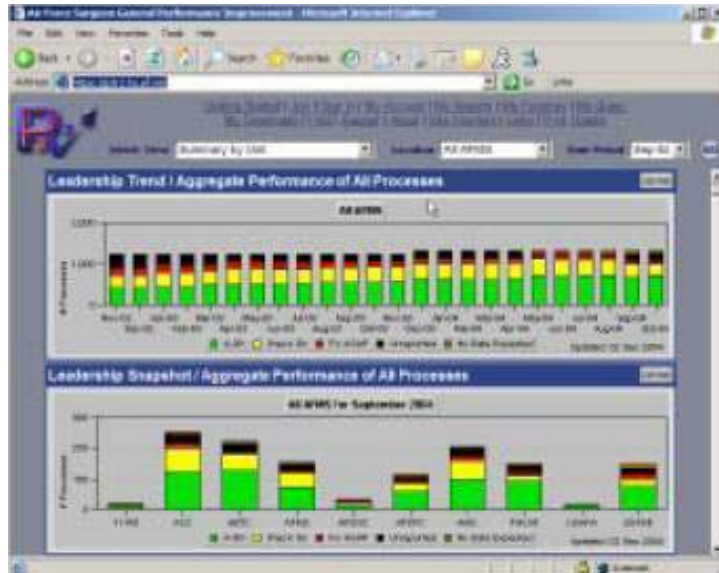
IT project success metrics over a decade
Source: The Standish Group, 2005

IT PROJECT SCHEDULE AND COST METRICS OVER A DECADE		
	1994	2004
Time Overruns	164%	84%
Cost Overruns	180%	56%

Source: The Standish Group, 2005

The Prove IT Process

Data Visualization and Dashboards



The Air Force Medical Services use performance dashboards like this one to monitor and hold accountable more than 80 clinics on their adherence to mandated performance targets.

Track and Report Value

Focus on the goals. Don't be distracted by the graphics or the technology - focus on the results needed by your organization and end-users.

Know your data. The hardest part of "data visualization" is preparing the data.

Understand the process. How does data get into the system? How does the data get compiled into usable form – and how often is it updated? When do the graphics get generated? Who will use the system? Who verifies the results? How do users actually use the system?

Don't buy features you don't need. Features that do not contribute to the goal are often costly and unneeded. Aim for product flexibility, not features.

Make relevant, understandable graphics. The graphic should allow the viewer to quickly see what a table of data cannot show at a glance.

Keep the graphics in context. How does the user get related information? Should the graphic show both historical and recent information?

Take an incremental approach. Avoid Big Bangs and the attendant legacy attributes of being hard and

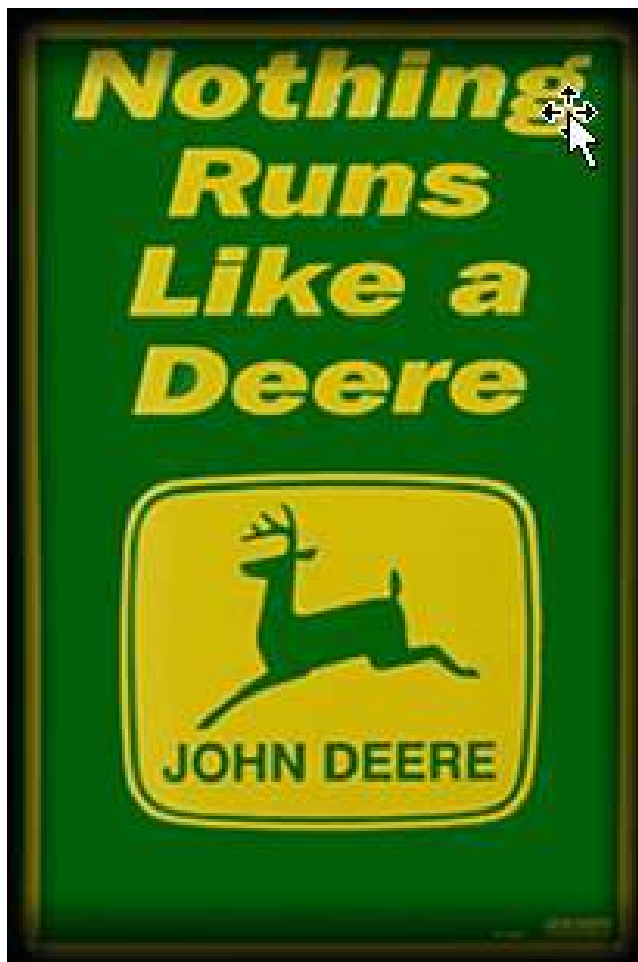
expensive to change.

Performance Management

- ✓ There are 8 key questions for measuring and managing performance
- 1. What are your objectives?
- 2. What is observable about your objectives?
- 3. How can you turn what is observable into data?
- 4. Is such data available or acquirable?
- 5. What are the relevant relationships or formulas between the data elements?
- 6. What is the minimum and optimum value of the metric formula?
- 7. Is the value achieved?
- 8. Did the achievement of the value actually contribute to the objective?

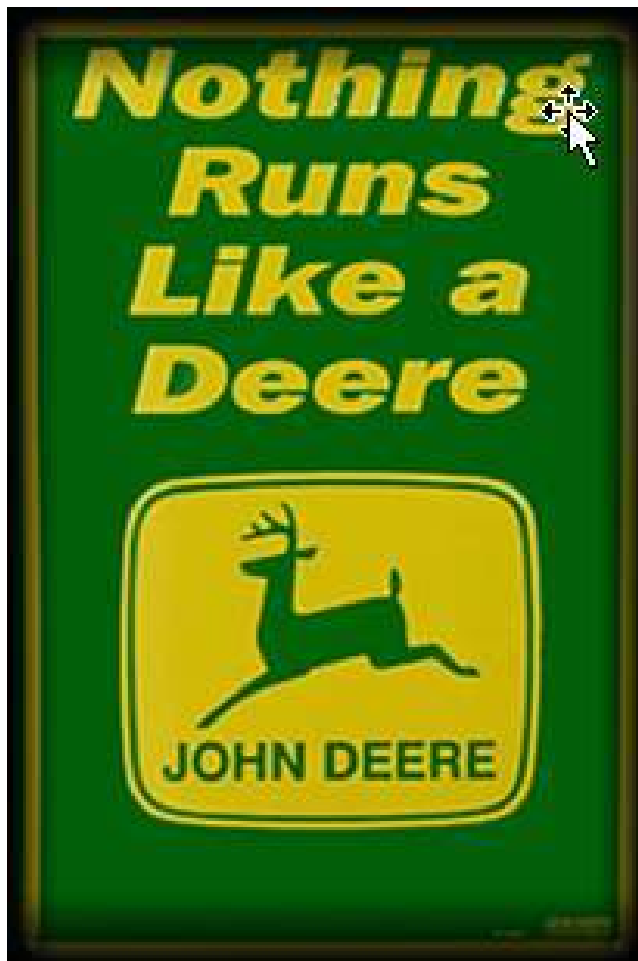


Hinges of Discipline



Six Sigma
Lean Six Sigma (LSS)
ISO 9000
Business Process Management
Business Process Reengineering
Business Process Outsourcing
Total Quality Management
Zoom
Statistical Process Control
Value Engineering **

Hinges of Discipline



- x Scope
- x Schedule
- x Budget
- ✓ Method

A Nod to Demming

Six Sigma goes after the defect through several steps before attempting a solution.

Six Sigma approach called **DMAIC**:

Define

Measure

Analyze

Improve

Control

Six Sigma in the Marketplace

Manufacturing

- Asea-Brown-Boveri
- IBM-UK
- AT&T
- Lockheed Martin
- Bombardier
- Motorola
- Eli Lilly
- Raytheon
- Foxboro
- Seagate
- General Electric
- Texas Instruments
- Honeywell / Allied Signal
- Johnson & Johnson

Services

- All State Insurance
- Capital One Services
- Amazon.com
- J. P. Morgan Chase
- American Express
- Merrill Lynch
- Bank of America

- Bankers Life and Insurance
- United Health Group

Business Process Reengineering



Reduced restocking time
from 6 weeks to 36 hours



Assembly time down to 4
minutes



Sales up \$2.5 billion

The Great Granary Tour

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Disciplined Consolidation

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The Coast Guard saved \$100 million over two years through improved Business Process management which required consolidation of multiple systems into a single Core Accounting System.

A Billion Among Friends?

The screenshot shows the GSA website with the following elements:

- GSA U.S. General Services Administration** logo and header.
- Navigation menu: HOME, BUILDINGS, PRODUCTS, SERVICES, TECHNOLOGY, POLICY, ABOUT GSA.
- Breadcrumb: Home > About GSA > Organization > Federal Technology Service
- Federal Technology Service Overview** section header.
- Text: "A GSA reorganization plan anticipates consolidation of the Federal Technology Service (FTS) and Federal Supply Service (FSS) into a single new organization, the Federal Acquisition Service (FAS). Relevant information will move to a Federal Acquisition Service (FAS)." (Note: The text in the image is partially obscured by the overlay).
- Left sidebar menu:
 - Federal Technology Service
 - Overview
 - Center for Smart Card Solutions
 - Innovative Business Solutions
 - Office of Acquisition

On May 12, 2007, the General Services Administration formally transferred about 4,000 employees of the former Federal Technology Service and Federal Supply Service into its new Federal Acquisition Service (FAS).

Mission Critical Six Sigma

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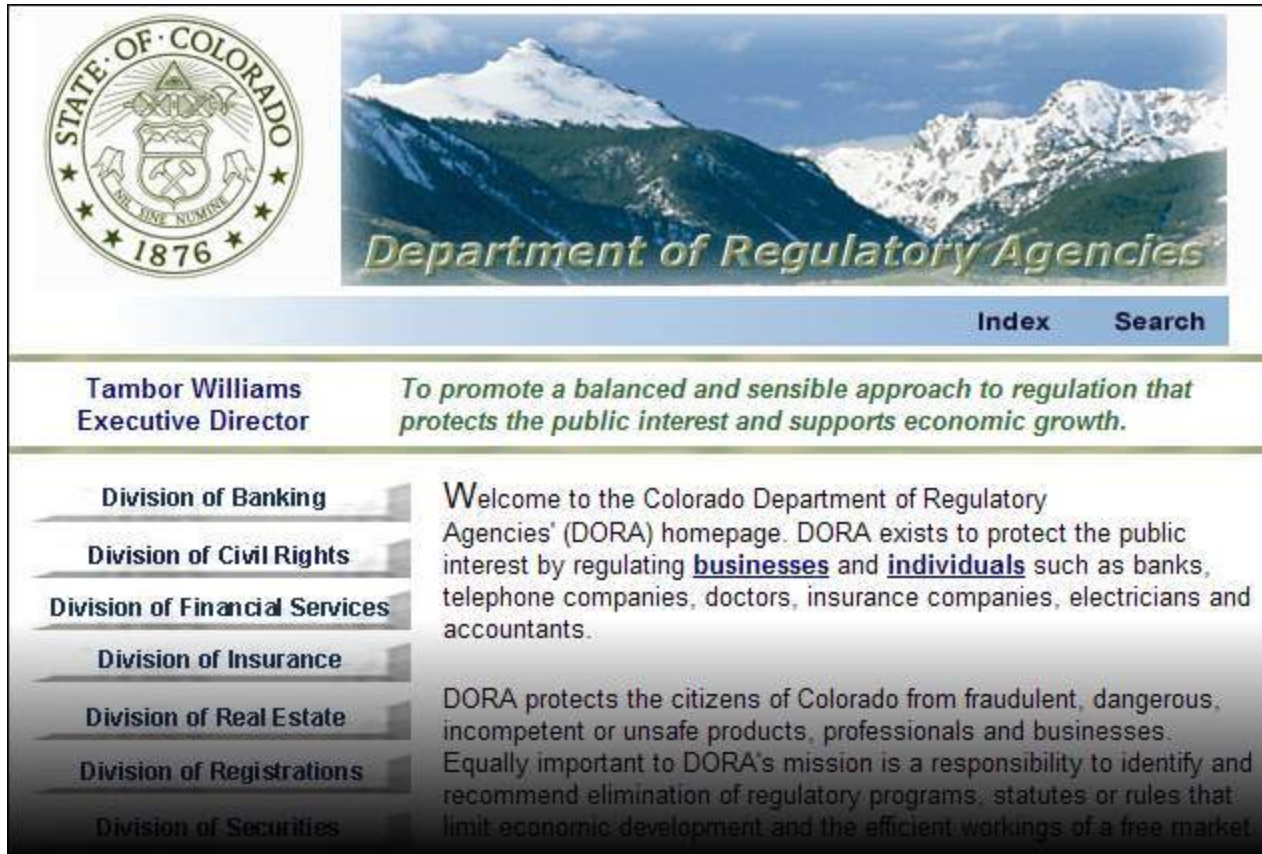




Naval Sea Systems saved the Command \$200 million in a single year



The Army Materiel Command saved \$110 million from their Lean Six Sigma initiative

Rocky Mountain BPR



 
Department of Regulatory Agencies
[Index](#) [Search](#)

Tambor Williams
Executive Director

To promote a balanced and sensible approach to regulation that protects the public interest and supports economic growth.

Division of Banking
Division of Civil Rights
Division of Financial Services
Division of Insurance
Division of Real Estate
Division of Registrations
Division of Securities

Welcome to the Colorado Department of Regulatory Agencies' (DORA) homepage. DORA exists to protect the public interest by regulating **businesses** and **individuals** such as banks, telephone companies, doctors, insurance companies, electricians and accountants.

DORA protects the citizens of Colorado from fraudulent, dangerous, incompetent or unsafe products, professionals and businesses. Equally important to DORA's mission is a responsibility to identify and recommend elimination of regulatory programs, statutes or rules that limit economic development and the efficient workings of a free market.

Colorado Department of Regulatory Agencies, Division of Registrations realized one-time savings of over \$1.1 million with an annual ongoing savings of \$116,000.

BUSINESS PROCESS

Management

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Home Residents Visitors Business City Hall Education News & TV Jobs A to Z Staff

The City of NORFOLK

About Norfolk City Services Norfolk Home Pages Search go

Monday, 06-26-2006

Department of Planning and Community Development

The City of Norfolk, VA has automated the construction permit process to allow an increase of 18,000 permits a year with no added personnel

Current Planning

- Change of Zoning Application
- Conditional Change of Zoning Application
- Special Exception Application
- Adult Use Special Exception Application -- ABC-On Premises
- Adult Use Special Exception Application -- ABC-Off Premises
- Zoning Ordinance Text Amendment Application
- Street Closure Application
- Special Exception Nonstandard Lot
- Design Review Application -- click here for instructions and information.
- Board of Zoning Appeals Application
- Buildable Lot Verification Request Form
- Site Plan Review -- Instructions are included. If you would like to read entire ordinance as it applies to site plan, please visit our City Code. Go to Appendix A, Chapter 26. For a description of common mistakes, click here.

Lean Six Sigma

Monroe County Sheriff's Office



Metric	October		November		December	
	Actual	Expected	Actual	Expected	Actual	Expected
Customers	#	#	#	#	#	#
Documents Downloaded	#	#	#	#	#	#
Service Level Agreement	Days	Days	Days	Days	Days	Days
Backlog in Records Management	#	#	#	#	#	#

The Challenges:

- Improve quality of service to the community
- Free deputies from paperwork so they can spend more time on law enforcement
- Eliminate backlog of thousands of records and months of data entry

The Solution:

- Lean Six Sigma consulting engagement
- Digitized and streamlined accident report process in Records Management Division
- Web-based document access system
- Integrated existing customer systems

The Results:

- *Reduced cost of filing an accident report by more than 70%*
- *Dramatically reduced cycle time for delivering a report to insurance companies*
- *Reduced the time deputies spend on accident reports by more than 80%*
- *Created new revenue stream by being able to charge insurance companies for accident reports*

Matters of Life and Death

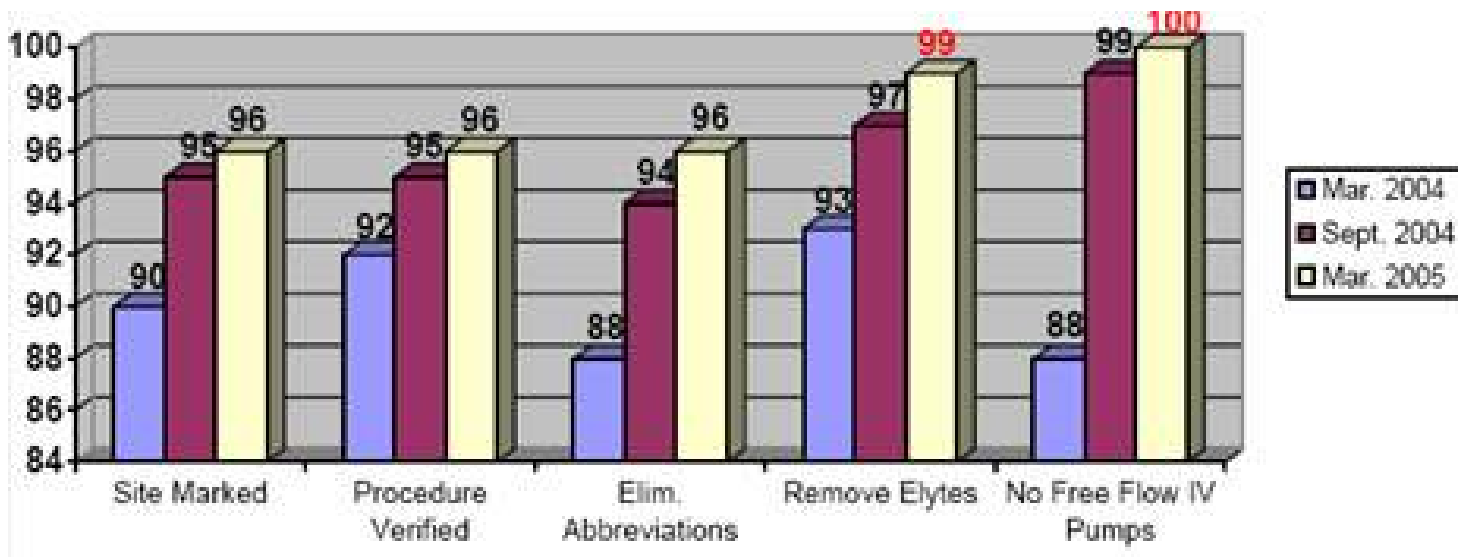
CHECKPoint™ Wisconsin Hospitals Accountable for Quality

Home WHA.org Press Room Contact Us Employer Toolkit

Search

Wisconsin hospitals are committed to sharing information about the quality and safety of the health care services that they deliver in their communities. CheckPoint provides reliable data on 14 interventions that

QUALITY



Civic Six Sigma

City of Fort Wayne, Indiana
Graham Richard - Mayor

Monday, June 2006

Home

- Home
- Public Safety
- Public Works
- City Utilities
- Community Development
- Finance and Administration
- Mayor's Office
- Parks & Recreation
- City Clerk
- City Council
- Boards and Commissions

Current News

City, County to Partner to Develop Efficiency Strategies

City of Fort Wayne and Allen County leaders today announced they will work together on a plan to develop greater efficiencies in their respective development permitting departments.

The city and county have received a grant from the Foellinger Foundation to conduct a study of the development permitting departments. Development permitting affects all aspects of growth and economic development within the community. Development permitting consists of processes for zoning, platting and site plan routing needed to develop residential, commercial and industrial land.

Read more...

City Announces Renaissance Pointe Plan **City Receives Another Positive Ruling on Southtown Case**

Mayor Graham Richard

Contact the Mayor's Action Team

Online Services

- Pay Utility Bill Online
- Book a Rec Activity

The City of Fort Wayne, Indiana's Six Sigma program has produced total savings of \$10 million in six years, while:

- ✓ Reducing the time to fill a pothole from 4 days to 4 hours
- ✓ Reducing late trash pick-up by 50%
- ✓ Lowering the crime rate to record levels

Harvest in the Heartland



- ✓ The Alcoholic Beverages Division increased revenues 22 percent, which provided an additional \$360,000 for substance abuse programs.
- ✓ The Department of Human Services helped boost Medicaid funding to schools, from \$4.26 million in fiscal 2003 to \$5.35 million in fiscal 2004.
- ✓ The Iowa Veterans Home generated an additional \$361,778 and completed phase one of a three-phase electronic documentation project.
- ✓ The Department of Revenue saved \$683,705 in interest payments and collected \$633,705 from audits.
- ✓ The Department of Natural Resources hired 15 full-time employees and generated \$76,500 through a new timber/lumber sales program.
- ✓ The Department of Corrections exceeded its goal to increase the use of women inmate labor on projects by 50 percent.

7.7m

Harvest in the Heartland



- ✓ Economic Development—increased contracts closed from 13 per year to 14 per month.
- ✓ Public Health—redesigned a 5-page form into 2 pages. Created a web-based license renewal system that delights customers. Reduced turn-around from 3 weeks to 1 day.
- ✓ Iowa Finance Authority—the 3-month backlog steadily decreased to now just 7-days - and more improvements are planned. Processed 65 more certificates each week.
- ✓ Iowa Veterans' Home—dropped the incident report turn-around-time from 54 days to 2 days. During the first meeting, the team discovered 1 signature not 7 is required.
- ✓ Woodward Residential Facility—clients now have daily access, versus only one day a month, to an accurate personal bank account balance.
- ✓ Human Services—Child Support Services increased the number of cases examined by 60 more per week
- ✓ Iowa Commission for Civil Rights—increased the number of investigations completed by 65%, now finishing over 40 investigations each month.

Sourcing the Enterprise

	Consolidated	Hosted by State	Hosted or Provided by Third Party	Plans underway To transfer to 3 rd Party in next 24 months
Service Management <i>Including provisioning and performance monitoring; maintaining quality of service, ensuring resiliency; data centers & server hosting environment</i>	9% (4)	75% (33)	7% (3)	2% (1)
Knowledge Resource Mgmt <i>Including content management, business process automation, directory services, registries and repositories and digital archive</i>	18% (8)	57% (25)	23% (10)	2% (1)
Transport Management <i>Including local area network services; wide area network/ backbone service; message queuing, filtering, metering, routing and monitoring</i>	11% (5)	82% (36)	5% (2)	2% (1)
Security Services <i>Including identity management, encryption, access control, authentication and single sign-on, security infrastructure and defenses</i>	16% (7)	73% (32)	7% (3)	5% (2)

Business Process Outsourcing

BPO Expenditures in 2004 = \$131 Billion



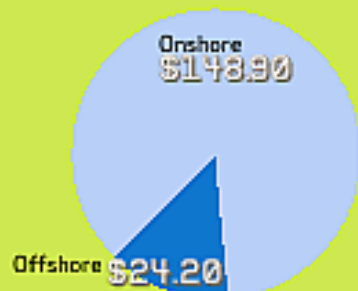
SOURCE: GARTNER RESEARCH

OFFSHORING CURRENTLY ACCOUNTS FOR 1%
OF BUSINESS PROCESS OUTSOURCING...

The City of Riverside, CA awarded a one-year \$5.5 million contract to deliver IT services to support the city's infrastructure, applications and business objectives.

San Diego County Board of Supervisors awarded a seven-year, \$667 million deal from the to manage the county's IT and telecom services, including the data center, help desk, desktops, network, applications and cross-functional IT and telecom services (and displaced incumbent).

BPO Expenditures in 2007 = \$173 Billion



SOURCE: GARTNER RESEARCH

... BUT IT IS A FAST-GROWING SEGMENT
OF THE OUTSOURCING MOVEMENT.

The Commonwealth of Virginia awarded a 10-year BPO contract valued at about \$2 billion to transform, improve and run the IT infrastructure used by state agencies to deliver services to citizens.

Get it right the next time



Service New Brunswick was born in the mid-1990s at the intersection of the knowledge economy, economic vitality and sustainability.

Stopped building applications, and started building transactions.

Adopted Functional Architectural Frameworks that accept the fact that systems across government are not integrated and won't be for some time.

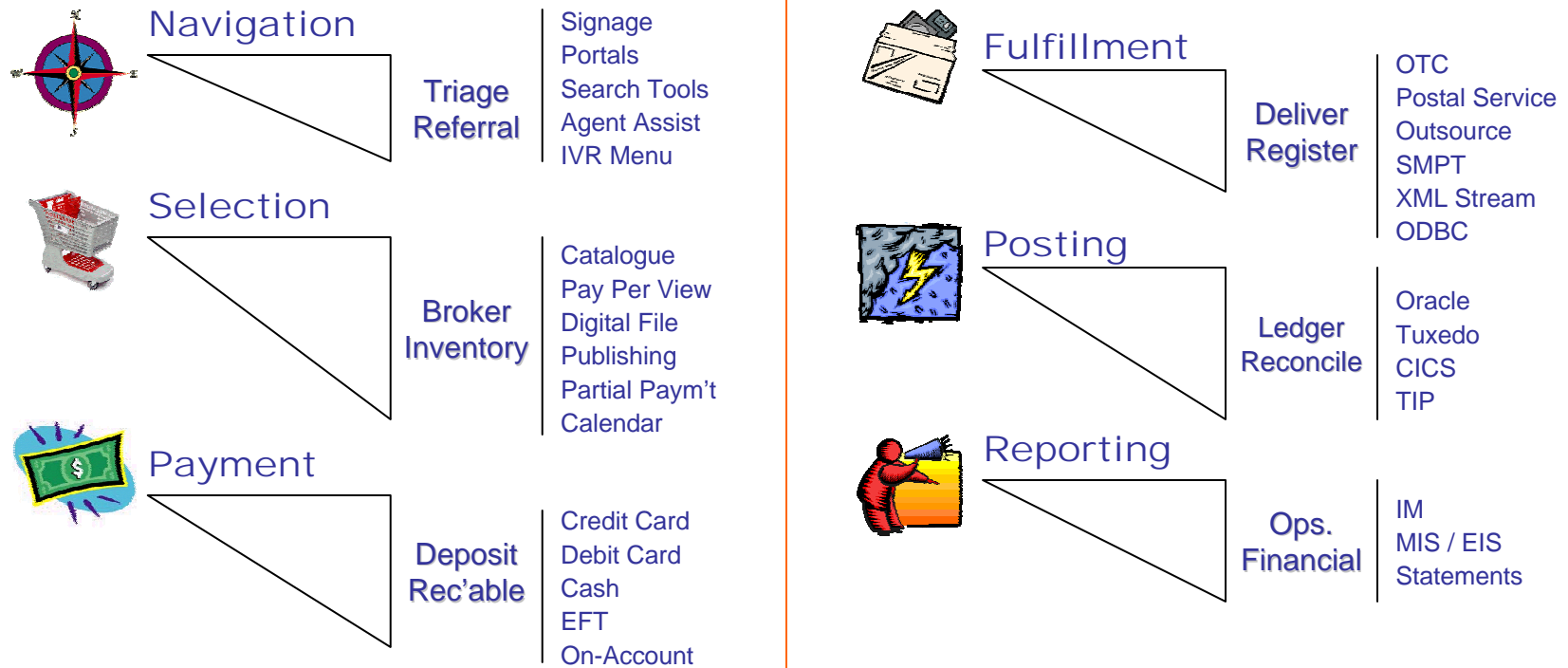
Framework supports consistent multi-channel (web, phone, joint service centers) delivery of services on behalf of all provincial and municipal government entities.

LESSON LEARNED: Software is not meant to be written, modified and maintained as much as it is to be EXERCISED...

Get it right the next time



Government Transaction Framework®



Source: CGI Single-Window Government Lab, Fredericton, New Brunswick, Canada

Get it right the next time



DATELINE: NEW BRUNSWICK, CANADA SERVICE NEW BRUNSWICK

- Processes 4 million transaction each year across 16 provincial departments and 60+ municipalities
- Hundreds of transaction types, 42% of all transactions handled through electronic channels
- User satisfaction at 92%
- Financial benefit estimated at \$140 Million annually



DATELINE: SUFFOLK, UNITED KINGDOM JOINED TOGETHER

- 500 transaction types now supported by software framework originated in New Brunswick
- Common data supports Internet portal platform, call center and one-stop over the counter service center
- Public private partnership among Suffolk County Council, Mid Suffolk district Council, BT and CGI.
- Suffolk is saving an average of 20% in delivery costs for each of the services across all three channels.

Get it right the next time



The Long View

- Championed by then Premier Frank McKenna who saw it as a once-in-a-generation moment of opportunity.
- Set the tone early and often by quoting Lord Rutherford:

“We have no money...
so we must think.”

Reward comes after the Harvest



Contact Data



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