

Does your organization have the risk appetite for strategic transformation?

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Today's Presenters



Dale Jablonsky

*Assistant Executive Officer, Information Technology Services Branch
CalPERS*

- Oversees the Fund's Information Technology Services Branch and provides policy, strategic and long range information technology direction for the Fund.
- He oversees a 600-member information technology staff, as well as the CalPERS Data Center – a full-functioning computer facility.
- Responsible for recommending information technology policy for CalPERS programs, operations and services, and provides consultation and advice to CalPERS Board of Administration and Executive Staff.
- Oversees CalPERS \$500 million, six-year legacy modernization initiative to develop a consolidated information technology platform.
- Mr. Jablonsky came to CalPERS with more than 25 years of experience in information technology at the Employment Development Department (EDD), where he served as Chief Information Officer and Deputy Director over the EDD IT Branch.
- Attended the University of Nevada, Reno and CSU, Sacramento with a concentration in Business Administration and Management Information Science.

Today's Presenters



Kristen Miller

*Principal, Technology & Systems Integration
Deloitte Consulting*

- Kristen is a Principal in Deloitte Consulting's State Government Practice.
- She has worked in the Technology industry for over 17 years, serving public sector agencies at the State and Local level within Health and Human Services, General Government Operations, Tax and Revenue and Public Safety segments.
- For five years, Kristen worked for the Governor of Pennsylvania in various positions including the State CIO.
- She has worked with State governments on a range of issues including IT Strategy and Operations, Governance, Systems Development and Implementation, Cyber Security, and Shared Services / IT Consolidation.
- Kristen received her Masters of Public Administration from the Maxwell School of Citizenship and Public Affairs. She has been a member of the National Association of State CIOs since 2004.

Session Objectives

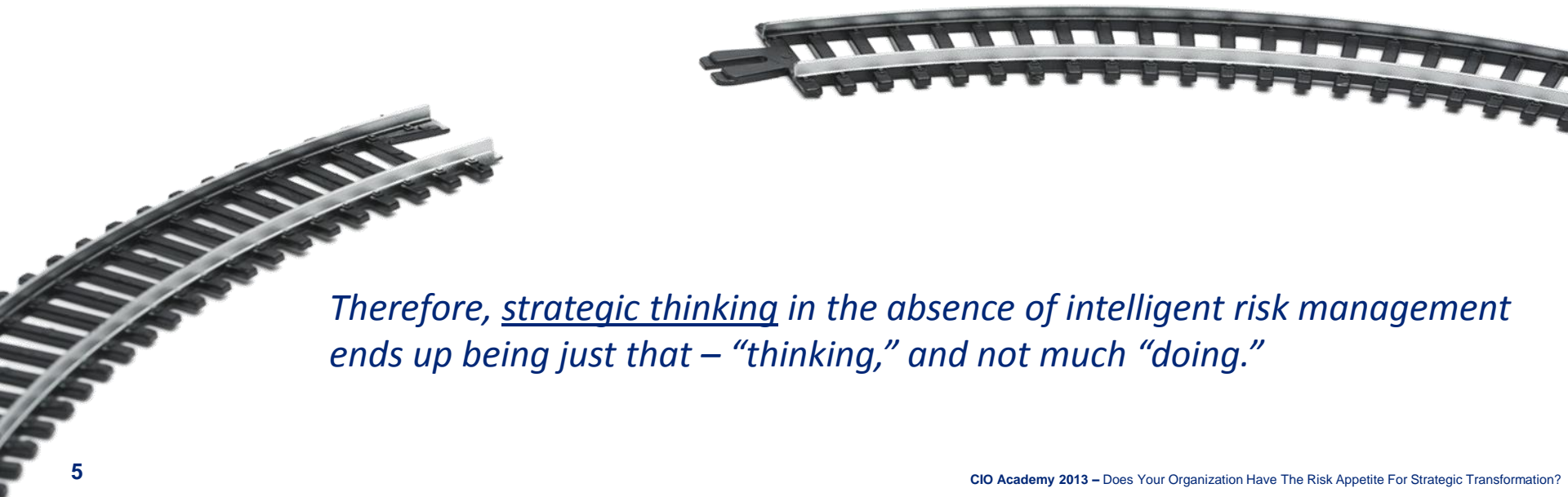
During this session we will discuss the following:

- Typical mindsets of government organizations that range from a “status quo” orientation, all the way to total reinvention of a government service.
- Introduce a new key concept of risk intelligence and how risk perceptions play into the government mindset of both willingness and unwillingness to change and transform, across our various institutional biases.
- Business owners need to understand new concepts of Total Cost of Ownership of their business processes, the role of technology to positively impact those processes, and how they can foster organizational innovation through adoption of technology with proper risk intelligence.



The Problem Statement

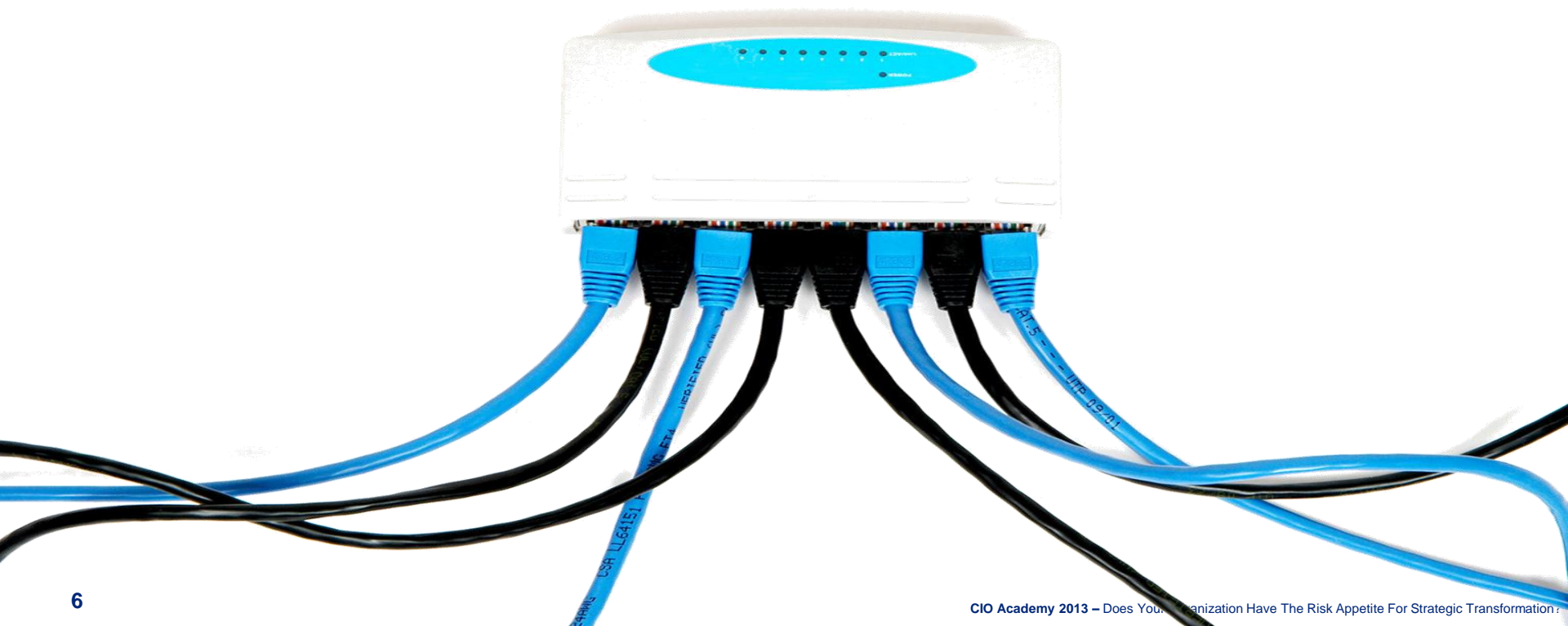
- As most CIOs and other executives can attest, some of the best plans for strategic transformation are never fully realized because the organization as a whole lacks the ability to assess and manage risk with confidence.
- Risk avoidance typically trumps risk mitigation and management, and the desired strategic change fails to be implemented, or is implemented in such a watered-down manner that the original value proposition and business justification is lost. The result is lost opportunity in continuing the status quo, or worse, the increased cost of investments made with little to no return.



Therefore, strategic thinking in the absence of intelligent risk management ends up being just that – “thinking,” and not much “doing.”

A Definition of “Business Transformation” Enabled by Meaningful IT Transformation

Transformational Government is the use of computer-based information and communications technologies (ICT) to *enable radical improvement to the delivery of public services*. The term is commonly used to describe a government reform strategy which aims to avoid the limitations which have come to be seen as associated with a traditional e-Government strategy.



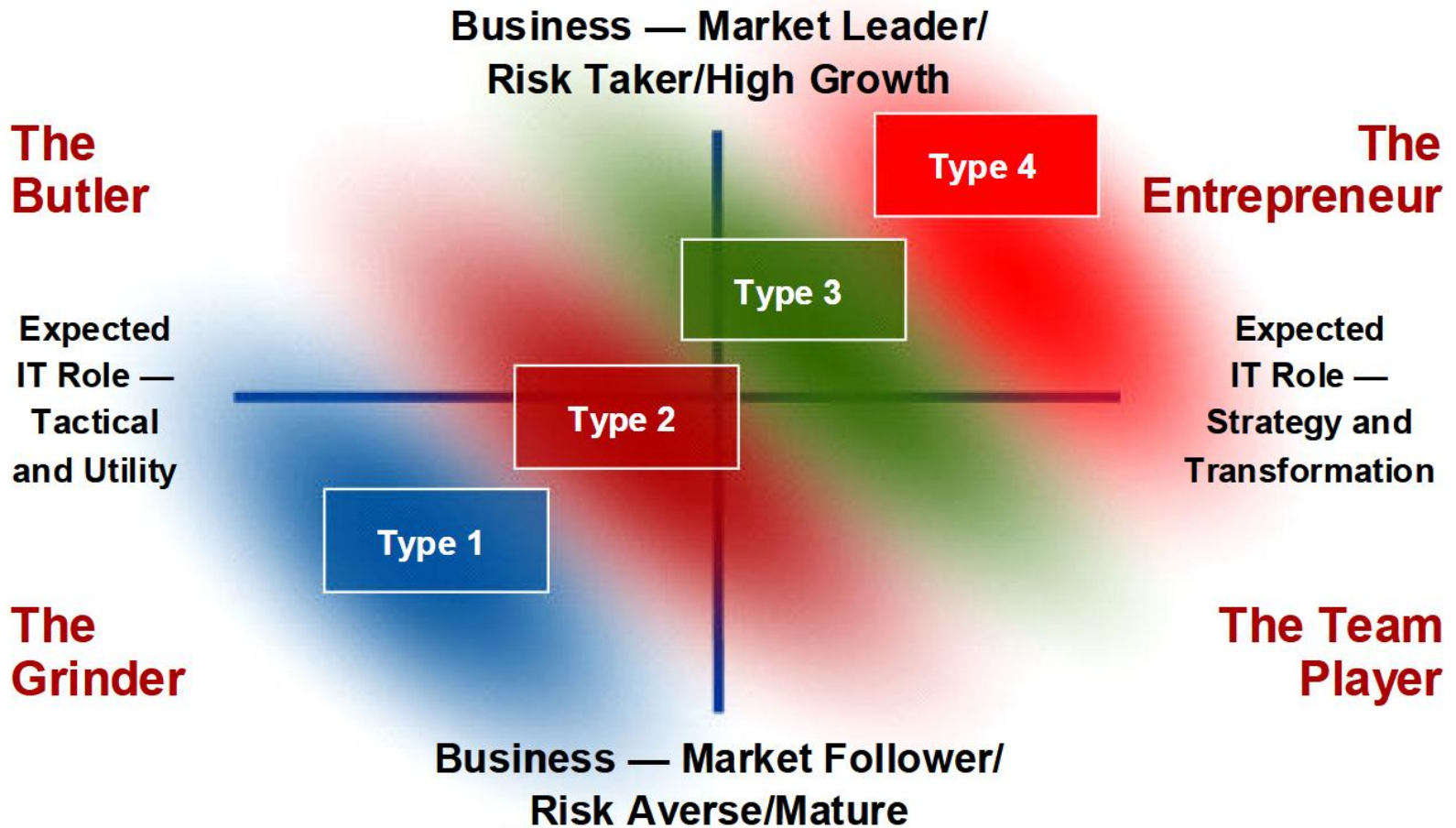
“IT Transformation” End State

Single fully integrated transaction processing system	<i>Provides end-to-end self-service (e-Government) to the constituency</i>
Single, fully populated, analytical processing system	<i>Provides trend analysis</i>
A single, fully integrated enterprise resource planning environment	<i>For all back-office transactions</i>
A single, fully integrated, enterprise content management system	<i>Facilitates a paperless office</i>
All legacy application systems	<i>Have been decommissioned</i>
The infrastructure environment	<i>Fully virtualized utilizing highly commoditized Wintel/Intel-based blade servers and storage for easy disaster recovery</i>
Information security gaps	<i>Have all been fully addressed</i>
Network cloud computing and VoIP	<i>Is fully leveraged allowing business staff to work anywhere</i>
All IT Systems	<i>Are sustainable from both a budget and resource perspective</i>
Enterprise Architecture (EA) Nirvana	<i>Has replaced EA chaos</i>



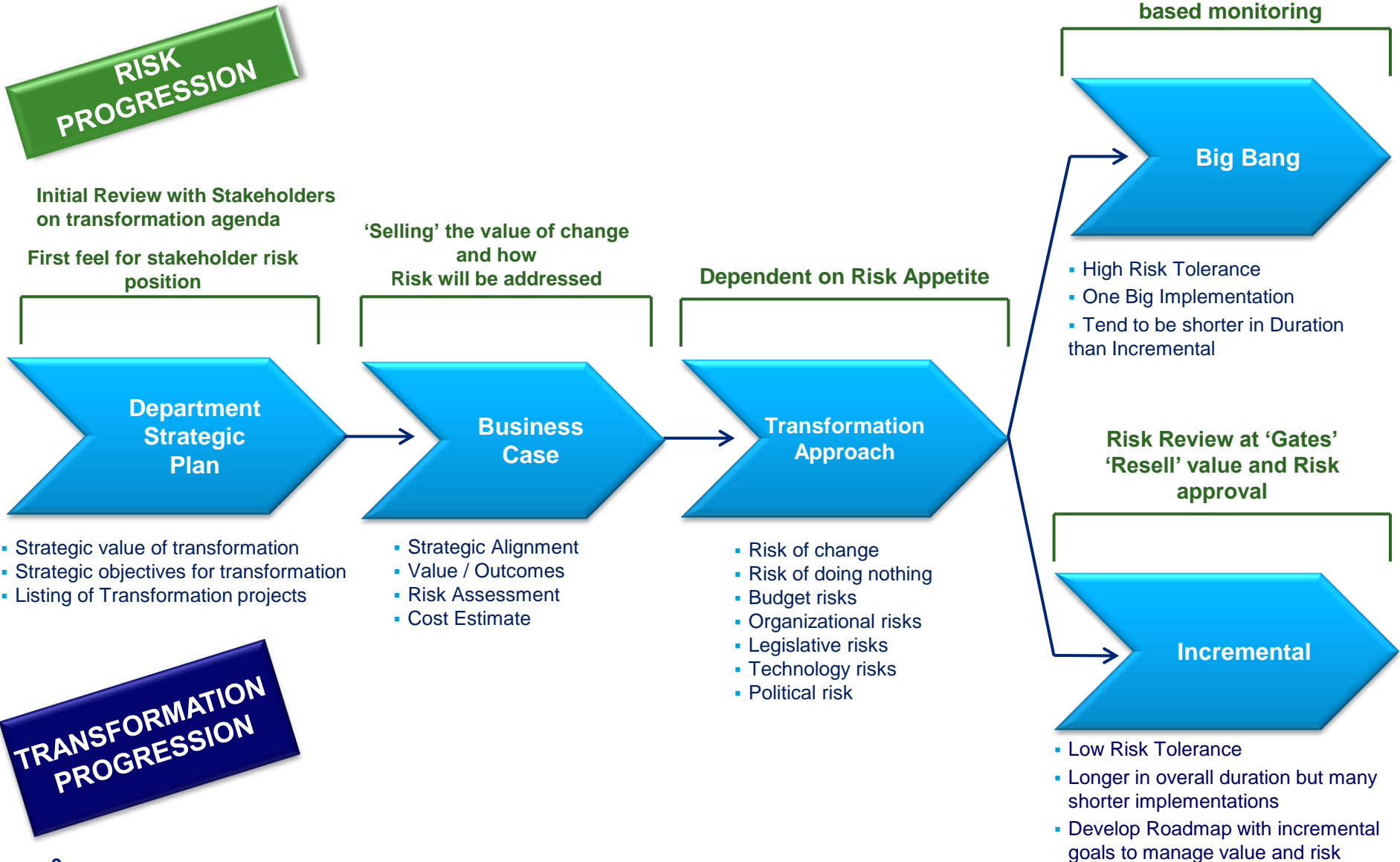
Where Do You And Your Organization Land On This Model?

Figure 3. Typical Association of IT Organization Type and Business-IT Alignment Style



Source: Gartner (November 2009)

Risk and Transformation Must Progress in Alignment



Positive Risks of Transformational IT Investing



Requires a significant investment in onetime funding usually stated in Millions of \$

Usually requires a large integration contract



Requires a significant resource investment from the business area (best & brightest)

Needs to be accompanied by a well-thought-out ROI model



Almost always involves a complete rebuilding of the most complex system without the luxury of stopping any system services (aka rebuilding the plane while its in the air)

Organizational readiness and adaptable to change is questionable

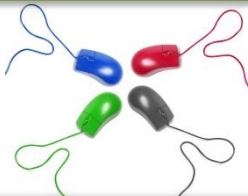


Negative Risks of Transformational IT Investing



It's the only way to move forward on your strategic plan

The cost of technology obsolescence is extremely high



Poorly integrated and non-integrated systems leads to multiple versions of truth and constant data reconciliation.

Constituent perception grows more negative.



Government is less competitive and threats to outsource increase.

Executive housecleaning opportunities upon each new administration.



Government remains bloated, labor intensive, and unable to attract new generation workforce.

Best Practices

- Identify your department's risk appetite and how to deal with it
- Think outside your comfort level and determine what's best for your agency.
- Meet with other CIO's and discussion common concerns, ideas, and best ways to communicate with stakeholders.
- Have a sounding board with other CIOs. Have continued dialogue and talk through what can be done. It's ok if you don't know everything.
- Prepare to combat common risk aversions comments and pushback from stakeholders; focus on what's good for the organization. Sometimes doing nothing is more risky.
- Look to other similar initiatives that went well and some that did not – be prepared to discuss how you will leverage lessons learned
- Consider a 3rd party to assist with these discussions



Questions?

