

## HP State and Local Enterprise Services

### Focus Your Agency on IT Governance

Viewpoint/White Paper

## Focus

*Maximize returns to constituents by accelerating the use of technology, automation, and processes using IT governance to drive performance in line with business goals.*

Government is often criticized for being slow to change. In reality, however, government departments have established methods for introducing substantial policy change. What is different about the current economic crisis is the speed of innovation and that so many changes have not been anticipated. The processes that government departments have in place are not designed to operate within such short cycles nor can many cope with the range and complexity of current change. In this situation, the path to innovation will be blocked unless CIOs are able to overhaul governance mechanisms so that they become fit for purpose.



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## Focusing Your Agency on Governance

As recent national conversations on the federal budget have illustrated, future solutions to our fiscal imbalances will involve difficult choices. Spending cuts result in decreased levels of public services, and revenue increases reduce household income. While the fiscal challenges facing state and local governments are large, solutions are possible. Policy makers at the state and local government level can, and must, seek balanced solutions that preserve necessary services without placing an undue tax burden on citizens.

Using Information Technology to lower costs, improve efficiencies and deliver effective services to citizens has become a key strategy to address these issues. What is less often discussed and understood is the critical role that governance plays in managing the utilization of IT resources by an organization. Will your IT resources be positioned to support the challenges that governments face now and in the future? Will you be struggling to keep up with ever-advancing technology platforms or will you be ready for the newest developments and cost savings measures? Perhaps you have read articles and heard presentations urging you to innovate your IT service delivery by adopting a shared services model or by moving to the cloud—but you may be unsure which of those options is best suited for your agency or enterprise. You would like to innovate but want to be sure you make an astute IT investment with your limited budget while also taking into account the necessity for transparency into your agency's IT spend and your retiring employee base. What are the steps you should be taking in 2012 to prepare your IT department for 2017 and beyond? How do you plan to keep up with a consumer and constituent base that is expecting to find the services they need through their smart phones and tablets? Implementing an IT governance program offers you the potential to start addressing all of these issues.

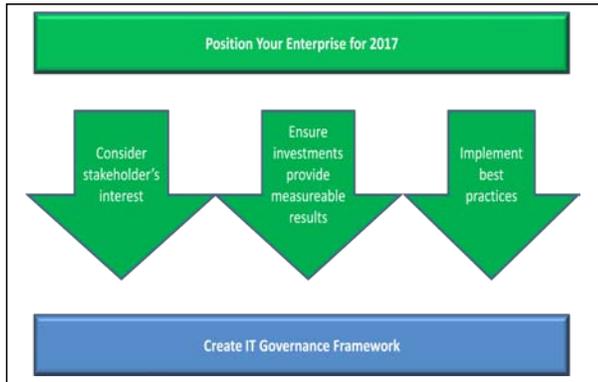
The National Association of State CIOs (NASCIO) publishes an annual list of top priorities for state CIOs. One topic has remained on the top ten of every CIO's list, and is currently ranked third as a priority for CIOs across the country—the need for improved IT governance. It is this simple: people, processes, and technology are the three basic elements that make up any enterprise, and how they work together defines how effective an enterprise is at meeting the needs of its constituents. For far too long, these elements haven't worked together as effectively as they should. Oftentimes, they're at odds. But today's globally integrated world demands more, particularly of IT. And without proper management of an

**IT governance** provides the framework and structure that links IT resources and information to enterprise goals and strategies. Furthermore, IT governance institutionalizes best practices for planning, acquiring, implementing, and monitoring IT performance, to ensure that the enterprise's IT assets support its business objectives.

organization's IT enterprise, the required authority to manage complex IT functions, and the position within an organization to influence IT expenditures and outcomes, the challenges of managing the demands of business units and constituents alike only grow more complex.

So how can crystallizing your organization's IT governance policies and processes position your enterprise for 2017? IT governance enables you (whether you are a CIO, a governor, mayor or legislator) to prioritize initiatives and spending across the enterprise to ensure outcomes are delivered. Governance creates transparency around expenditures which is critically important as budgets are under

increased scrutiny. CIOs can ensure that all stakeholders' interests are taken into account and that investments provide measurable results by putting structure around how the enterprise aligns its IT strategy with an agency's or institution's mission, by ensuring that agencies stay on track to achieve



their strategies and goals, and by implementing best practices to measure IT's performance. Your IT governance framework should answer some key questions, such as how the IT department is functioning overall, what operational metrics does management need and what return IT is giving back to the enterprise from the investment it is making.

Over the next five years, the office of the CIO will play an increasingly vital role in carrying out the objectives of

the enterprise. Increasingly, CIOs are serving at the cabinet level within governments, reporting directly to governors and mayors. This trend is evident in the commercial sector as well, with a demand for CIOs with deep business acumen and communication skills rather than an exclusive focus on IT. Heading toward 2017, many agencies are looking at consolidating data center services to leverage enterprise software agreements, optimize server standardization and better manage hardware expenses. But before an enterprise begins any shared services or consolidation effort, defining a highly structured governance policy should be the first priority. The NASCIO 2011 State CIO Survey states "Consolidation of services naturally creates governance issues because decision rights will have to be shared or allocated among the participants." These decision rights transcend direct line reporting and the CIO's relationship with the state budget officer must be a strong partnership, with the CIO at times serving almost as an "enterprise IT budget director." This authority can only come from the chief executive's office, but a tight bond with the chief budget office is an evolving best practice in government sectors.

Defining your agency's IT governance policies and the decision-making process must be a top priority before you can plan for your agency's future direction. IT governance can help ensure that IT has capabilities for setting strategies, managing risks, delivering value and measuring performance. These are the stakeholder values, which drive the enterprise including the IT strategy. IT governance is not an isolated discipline or activity. Neither is it a process, which needs to be executed. It is the control structure needed to enable the execution of processes; to encourage organizations to adopt their roles and responsibilities; to accept their measures of success; and to create value and manage risk.

IT governance is the invisible underpinning that will enable the success of your innovation measures. By **defining the steps** that will enable success, the organization outlines **who will be responsible at each step**, what the **timelines** are, and **how the project will be conducted using clearly defined processes and tools**. Everyone knows of failed efforts due to lack of accountability, undefined timelines and poorly defined criteria for success. When one or more of the processes, people or technology components are left open for interpretation, the rate of failure increases. Additionally, resistance from stakeholders and dissatisfaction within the enterprise are other reasons government IT consolidation projects stumble. Government agencies aren't likely to embrace efforts to take their IT operations out of their hands. So

how can you avoid these common pitfalls and conserve resources by starting and staying on track? Start your innovation activity by first organizing your efforts, establish a mature governance process and then develop your strategy and plan under that governance framework and continue through execution of your initiative and measurement of your outcomes.

**Define the Steps to Enable Success**

Transforming your organization’s governance model takes the right approach and dedicated leadership. There are numerous models in the industry for governance, governance transformation and how a reformed organization should look. Across all these models the themes are similar—leadership at the executive level is required, stakeholders across an organization or enterprise must be engaged, and the outcomes must increase transparency for the end users of services and for investment decision makers. The following diagram shows an example of how to establish a governance model.



and third parties, and partners or vendors who might be affected.

**Manage the people component.** Plan to communicate—early and often. Use a single agency Point of Contact (POC) to keep expectations and communication aligned for all affected staff. Establish a schedule for communicating frequently with all stakeholders with an emphasis on activities necessary to manage the change associated with your innovation. To some extent, the introduction of new processes and systems can help drive change, but ultimately success will depend upon effective communication. This is not a short-term need. The communication required to drive cultural change across the enterprise must be ongoing and persistent. Find team members with good communication and change management skills.

Clearly define staffing levels and competencies required to support the transformation. Look outside your agency to engage project management and technical skills from Financial, Human Resources/ Employee Association, and Legal departments.

The purpose for conducting organizational change management activities is generally twofold: 1) to successfully move users from their current state to a

future state of behavior, and 2) to ensure the organization itself is capable of supporting the change over the longer term. Additionally, the enterprise must be prepared to support the change in terms of its alignment with higher-level goals/strategies, capability (infrastructure for skills development, knowledge management, communications), capacity (sponsorship, financial support, staffing), and alliances with external organizations.

In our numerous engagements, the biggest issue we address is oftentimes the resistance to and the fear of what the impending change will introduce into the environment. So focusing on the organizational and process change elements is usually more important than focusing on the new technology being introduced.

- 1) First prepare the organization whose roles will change the most;
- 2) Ensure leadership at the top of the organization is leading, guiding and, when necessary, forcing change;
- 3) Train staff members in best practices and encourage certifications; and
- 4) Communicate, communicate, and communicate.

**Benchmark current state** to determine exactly where you are currently (As Is) and where you want to be (To Be). Identify all the current practices, financial spend, and agency business requirements. Match business processes to the regulations and current policies and match practices to mandates. Identify gaps that currently exist and outline a roadmap to meet or exceed compliance goals and requirements. Then, evaluate and manage your existing portfolio of services to determine which new innovations or services should be introduced and if any existing portfolio should be retired.

**Establish a decision-making process** and who will have authority for decisions at each affected agency. Align services with the business goals of the state and enhance and strengthen policies, procedures, processes and controls to match. Ensure that the appropriate steps are taken to meet standards of public accountability and audit.

**Monitor and measure results**, report progress and results to all stakeholders, and review expected outcomes and actual deliverables. Monitor the regulatory, audit and litigation landscapes to keep abreast of changes in rules and requirements. Perform regular IT governance reviews at each step of the process or of particular pieces that have been the subject of recent attention.

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#### **Innovation Outcomes**

So how does defining your agency's IT governance procedures map to future plans for consolidation, shared services or the cloud? Governance structures enable innovation by effectively bringing together all key stakeholders to **manage their expectations** and provide a framework for proactively addressing their concerns and resistance to change. Following these

steps for success prepares you to **manage the risks** through identification of key risks, barriers and enablers; assess impact of change on organizational dynamics; and provide a structure for working through the inevitable issues that arise. Finally, you can **manage the results**, by early agreement on the measures of success and ongoing monitoring using measurable delivery milestones to enable visibility into detailed performance metrics.

The following agency established new models of collaboration and by upgrading their operational, cultural, and financial approach to IT governance.

**County of San Diego**

In May of 2011 the County of San Diego, California, began strengthening the county’s technical stability by reducing IT spend and introducing innovative technologies to better serve residents and employees. This project supports the county’s mission to use sustainable IT efficiently, effectively and strategically. The focus on streamlining processes, consolidating operations, and modernizing technology will improve consistency and performance across the organization. An increasing number of county employees will gain mobility access to collaborate and share data whether in the office, on the road or in the field under the county’s eGovernment and Green IT initiatives.

**Conclusion**

***What does your roadmap for innovation look like?***

When you are ready to innovate, whether it is done internally or through partnerships or sourcing strategies, focus first on IT governance. IT governance plays a crucial role in establishing the foundation for successfully applying innovation to your technology environment. Position your Information Technology resources to support the challenges that government organizations face. Be ready for the newest developments and cost savings measures by utilizing IT governance to create transparency around expenditures, schedules and outcomes. Enterprises with strong IT governance programs more effectively manage large initiatives utilizing internal groups, external vendors, and consultants across agencies. Teams are motivated, deliverables are met, costs are controlled, and surprises are eliminated.

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## About the Authors

### Fred Duball

Fred is the Infrastructure Practice Lead for HP Enterprise Services State and Local Government division (ES SLED). He is involved in setting strategic direction in support of business development, client management, proposal generation, contract negotiation and oversight of delivery of solutions for HP customers. He has extensive experience in IT and IT consulting, broad industry exposure and diverse leadership expertise in private and public sector entities.

Fred came to HP following over 25 years with companies like Honeywell, IBM Global Services, and Avaya. Additionally, Fred has held multiple independent consulting assignments and served the Commonwealth of Virginia, where he held several leadership positions including Director of Technical Services, Program Director and Executive Director. In his last position with the Commonwealth of Virginia, Fred was responsible for the groundbreaking shared services initiative that has received national recognition and awards. In Virginia, Fred used governance best practices to establish a Service Management Organization (SMO) to effectively manage and deliver IT infrastructure services to all executive branch agencies for the Commonwealth.

### Patrick Moore

Patrick joined Hewlett Packard in January 2011 as a senior advisor and client advocate in the Enterprise Services State and Local Government division.

Prior to joining HP, Patrick was Georgia's state CIO, and Executive Director of the Georgia Technology Authority (GTA), Georgia's IT shared services agency. Patrick led the successful turnaround of GTA through a transformational consolidation strategy that resulted in the modernization and outsourcing of the state's infrastructure and network. "Under Patrick's leadership, GTA has transformed the state IT enterprise and made Georgia a model state for technology governance," Governor Perdue said. "The state has changed its approach to IT service delivery and made great progress toward building a modern, secure, reliable and cost-effective technology infrastructure that is essential to enabling state government to better serve Georgians. For decades, state agencies made individual technology decisions which led to inefficiencies and duplication of efforts. Patrick's leadership has enabled state agencies to take advantage of the benefits the marketplace has to offer, and provide better value for taxpayers."

For this transformational approach to changing its technology delivery model, Georgia was recognized by the Center for Digital Government for its "Adaptive Leadership" during times of significant fiscal stress. Patrick was also recently selected by Government Technology as one of the nation's "Top 25 Doers, Dreamers & Drivers."

As state CIO Patrick also provided oversight for the state's \$250 million project portfolio and played a leading role in the successful implementation of significant state of Georgia IT projects, including a new child welfare solution, a new drivers licensing system and a new Managed Medicaid Information System.

Patrick's knowledge of government extends beyond his tenure as state CIO. In his eight years with Governor Perdue, Patrick also served as deputy chief of staff and deputy chief operating officer. In addition, Patrick served as deputy legislative director and military liaison for the late U.S. Senator Paul Coverdell.