Members of the House Committee on Energy & Technology,

Thank you for the opportunity to have testified this past Wednesday. Below, please a summary of topics covered in my testimony and corresponding recommendations. Attached, please find supporting materials, including statutory references.

1.) **Project Dashboard**. Establishing a publicly facing project dashboard would aid in keeping the legislature, citizens and other stakeholders informed of project status. It would also be an active way of maintaining accountability. Project dashboards of this kind are a best practice. As it stands today, there is little visibility into project status beyond the annual Million Dollar Report and reporting out of the JFO's office.

- Recommendation: Statutory language should be introduced that requires the Agency of Digital Services (ADS) to create a publicly facing Project Dashboard, similar to one the State of Washington created as part of its IT centralization (3ESSB 5034; Section 944). I encourage Committee members to visit the State of Washington's IT Project Dashboard: https://waocio.secure.force.com.

2.) **Project Oversight Criteria**. The $500,000 and $1,000,000 thresholds for oversight are at best rough proxies for project risk and business value. It would be more effective for ADS to establish oversight criteria that is more specific to factors such as whether the agency sponsoring the project is ready for the project, or whether the project directly impacts services to citizens, or whether it impacts security, etc. Even though IT resources are not consolidated, the Enterprise Project Management Office still plays a crucial role in oversight. It's still the business that owns a given project. See attached list of twenty questions used for assessing projects in the State of Washington.

- Recommendation: Statutory language should be introduced that requires the Agency of Digital Services (ADS) to create establish oversight criteria that more effectively determines the true risk of a project beyond project lifecycle costs. (3ESSB 5034; Section 944). I encourage Committee members to visit the State of Washington's IT Project Assessment Tool: https://stofwadeptofenterpriseservices.formstack.com/forms/agency_preliminary_a ssessment_tool.

3.) **Enterprise Resource Planning**. The State of Vermont's Enterprise Resource Planning footprint is large. There are, or will be, three core ERP systems in use — VISION, the Agency of Transportations STARS system (State Transportation Accounting and Reporting System) and the soon to be Agency of Education's hosted financial system to effectuate the Uniform Chart of Accounts for all Vermont school districts by July 1, 2019. There are also numerous other sub-systems that fall within the broader ERP footprint, e.g., the new e-Procurement system and all the other systems throughout state government that feed Accounts Payable transactions to

VISION. Implementing Project Costing is critical to achieving greater efficiencies and un-cluttering the VISION financial system (subsequent to my testimony on Wednesday, the Department of Finance and Management removed the publicly facing list of Chartfield values that shows various lists of department Id's, business units, etc., within the VISION system: http://finance.vermont.gov/training_ref/chartfields).

- <u>Recommendation</u>: ADS should be required to include an ERP roadmap as part of its strategic plan.

4.) **Key Performance Indicators**. Key Performance Indicators are extremely important in terms of measuring performance and improvement. Establishing KPI's should have been one of the first things accomplished at ADS. Day-to-day service metrics are not KPI's because they don't provide context. A good KPI includes actual metrics relative to a goal or trend.

- <u>Recommendation</u>: ADS should be required to establish three to five KPI's as soon as possible. KPI's will help ADS keep itself accountable and will help the legislature and stakeholders monitor progress. The KPI's should also be publicly facing.

Best regards,
Scott Woodward

Committee Members,

Here's the link to the State of Washington's Project Assessment Tool in case the link in the email takes you to the Project Dashboard instead: https://stofwadeptofenterpriseservices.formstack.com/forms/agency_preliminary_assessment_tool.

Under 2.) **Project Oversight Criteria** - I mistakenly wrote "Even though IT resources are <u>not</u> consolidated, the Enterprise Project Management Office still plays a crucial role in oversight." I meant to write that even though IT resource are <u>now</u> consolidated, the Enterprise Project Management Office still plays a crucial role in oversight.

The Committee might consider reaching out to private sector organizations that have a similar Project Management Offices (hospitals usually have solid PMO offices). The best practice is that projects are not allowed to be initiated unless the PMO office assesses the readiness of the organization to take on the project and has thoroughly evaluated the risks. The State of Vermont has a tendency to take on too many IT projects at once which can often play into project success. Note that in the State of Washington's Project Dashboard (https://waocio.secure.force.com) that there are are generally only a few projects in play at any given time for each agency.

Scott

Third Engrossed Substitute Senate Bill 5034 (3ESSB 5034; Section 944)

Sec. 944. INFORMATION TECHNOLOGY PROJECTS

(1) The office of the chief information officer, in coordination with the technology services board, must evaluate existing state technology policies on technology investment planning and project implementation to determine whether these policies reflect current industry leading practices. Where necessary, the office of the chief information officer shall develop revisions to these policies designed to incorporate leading practices, and to incorporate appropriate reporting mechanisms designed to improve the transparency of agency compliance with these policies. All revisions must be submitted to the technology services board for approval no later than September 30, 17 2013. The technology services board may create a subcommittee responsible for the ongoing review and oversight of state technology policy development.

(2) The office of the chief information officer shall improve the transparency of agency technology planning and development activities by implementing a publicly facing web-based reporting tool for centralized reporting and posting of these documents. The office of the chief information officer shall develop and implement a policy requiring that all critical planning documents, including but not limited to feasibility studies, project management plans, and quality assurance plans for all major projects, and all quality assurance status reports. The reporting tool should be in place no later than September 30, 2013.

Questions from the State of Washington's Project Assessment Tool

"The office [of the CIO] shall establish standards and policies governing the planning, implementation, and evaluation of major information technology projects. The standards and policies shall: (a) Establish criteria to identify projects which are subject to this section. Such criteria shall include, but not be limited to, significant anticipated cost, complexity, or statewide significance of the project; and Establish a model process and procedures which state agencies shall follow in developing and implementing projects within their information technology portfolios. This process may include project oversight experts or panels, as appropriate. State agencies may propose, for approval by the office, a process and procedures unique to the agency. The office may accept or require modification of such agency proposals or the office may reject those proposals and require use of the model process and procedures established under this subsection." RCW 43.105.245

1. What is the anticipated duration of the project?
2. Are there constraints on the project schedule?
3. What is the anticipated project budget from initiation through implementation, transition to operations and close-out. Include all Business and IT costs such as staff and professional services, hardware, software, and any other incurred internal costs associated with the project?
4. Is adequate project funding, including maintenance & operations, secured?
5. Does the project require changes to, or implementation of, a system that impacts citizens, other state or local organizations, or service providers?
6. How well defined are the changes the project will introduce?
7. What is the degree of impact to agency operations or business rules/processes?
8. Does this project impact compliance with policies, mandates, or provisos/laws?
9. Are there dependencies with other projects?
10. Is the agency prepared for the organizational change management required to successfully implement the proposed solution?
11. Who is assigned to project tasks?
12. Does the executive sponsor have authority and experience?
13. Does the project have experienced project management staff and resources?
14. How many Major Projects (Projects under OCIO Oversight) has the agency managed in the last five years?
15. What is the degree of project impact to technology (e.g. architecture, network, software, infrastructure, or connectivity to external services and systems)?
16. Does the proposed solution require any new development or customization be done by State IT staff [vs. full Commercial-off-the-Shelf (COTS) or Cloud services]
17. Is there existing agency technical expertise regarding the proposed solution?
18. Does the system collect or process sensitive data? (per OCIO policy 141.10 Section 4.1 Data Classification)
20. Will the project introduce any deviations from OCIO policy, standards, or statewide enterprise architecture?

RCW 43.105.245

Planning, implementation, and evaluation of major projects—Standards and policies.

(1) The office shall establish standards and policies governing the planning, implementation, and evaluation of major information technology projects, including those proposed by the superintendent of public instruction, in conjunction with educational service districts, or statewide or regional providers of K-12 education information technology services. The standards and policies shall:

(a) Establish criteria to identify projects which are subject to this section. Such criteria shall include, but not be limited to, significant anticipated cost, complexity, or statewide significance of the project; and

(b) Establish a model process and procedures which state agencies shall follow in developing and implementing projects within their information technology portfolios. This process may include project oversight experts or panels, as appropriate. State agencies may propose, for approval by the office, a process and procedures unique to the agency. The office may accept or require modification of such agency proposals or the office may reject those proposals and require use of the model process and procedures established under this subsection. Any process and procedures developed under this subsection shall require (i) distinct and identifiable phases upon which funding may be based, (ii) user validation of products through system demonstrations and testing of prototypes and deliverables, and (iii) other elements identified by the office.

The director may suspend or terminate a major project, and direct that the project funds be placed into unallotted reserve status, if the director determines that the project is not meeting or is not expected to meet anticipated performance standards.

(2) The office of financial management shall establish policies and standards consistent with portfolio-based information technology management to govern the funding of projects developed under this section. The policies and standards shall provide for:

(a) Funding of a project under terms and conditions mutually agreed to by the director, the director of financial management, and the head of the agency proposing the project. However, the office of financial management may require incremental funding of a project on a phase-by-phase basis whereby funds for a given phase of a project may be released only when the office of financial management determines, with the advice of the director, that the previous phase is satisfactorily completed; and

(b) Other elements deemed necessary by the office of financial management.

[2015 3rd sp.s. c 1 § 208; 2011 1st sp.s. c 43 § 712. Formerly RCW 43.41A.055.]

NOTES:

Effective date—2015 3rd sp.s. c 1 §§ 101-109, 201-224, 406-408, 410, 501-507, 601, and 602: See note following RCW 43.105.007.

Effective date—Purpose—2011 1st sp.s. c 43: See notes following RCW 43.19.003.