

Statement of Hon. Mark A. Forman  
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April 28, 2005

Chairman Alpert and members of the Commission, thank you for the opportunity to testify today on the Governors Reorganization Plans for consolidating data centers and creating the Department of Technology Services. For Californians such as me, the Commission does important and unique work in addressing major government performance improvements and as was discussed earlier, your mandate to focus on overall government performance improvements is as important as your role in reviewing reorganization proposals. Today's hearing is particularly important to our government and my fellow Californians as it will establish the bi-partisan framework for modernizing our state government.

In the Commission's invitation, I was asked to reflect on the lessons learned from various levels of government regarding data center organization, telecommunications management and creation of a Department focused solely on providing IT as a service. I know that much political capital has been expended to get the Governor's IT proposals before the Commission today. However, my experience and training have led me to conclude that the proposals do not go nearly far enough in making the reforms needed to improve the state government's use of technology. In short, the proposals represent a tune-up on a car that really needs an overhaul.

**My background:**

Mr. Chairman, I have worked in both government and companies, reaching executive status in both arenas. I spent the first 21 years of my career working on government management reform, including the positions at the U.S. General Accounting Office, the Department of Defense, the U.S. Senate Governmental Affairs Committee, IBM, Unisys Corporation, and most recently in the Executive Office of the President as the Administrator for E-Government and IT—the federal government's CIO and leader of the President's E-government Management Reform Initiative. During my tenure with the U.S. Governmental Affairs Committee, I was directly responsible for major overhauls in the federal government's management laws for procurement, information

technology, and major acquisition. In August 2003, I left my position at the White house moved from the Washington DC area to Silicon Valley to help found Cassatt Corporation, an IT products company focused on automating IT operations. Technologies such as ours at Cassatt are creating new opportunities for making companies and government more agile, responsive, and cost-effective.

### **Focus on the What's Important**

As I considered the questions posed in my invitation letter, I had one recurring thought. Isn't the real question: Do we have a modern, productive government? If the answer is yes, then it I think Data Center Consolidation is a worthy topic. Alternatively, any decent CIO knows that the basis of success in use of IT and driving modernization at the enterprise (or government-wide) level requires control over the infrastructure that is in the Governor's proposal before you.

### **What needs to be done:**

**Mr. Chairman, there are four items that must be addressed before the proposals can be deemed appropriate for California.**

- Goals: Selection of IT Strategy (fixing IT or leveraging IT to fix government) and Measures of Success in addressing Chronic Problems ( in my experience there are five major chronic problems: buying software in place of fixing management problems that are the real issue; redundant or duplicative purchasing; poor program management (often due to lack of project management or change management expertise; islands of automation that restrict agencies abilities to interoperate; and computer security)
- Governance: strategy, business case, EA, high quality deployment (including change mgmt, security, and project mgmt), and policies
- Cross agency gains and gain sharing
- Leadership and integration with an overall reform approach

Under its government performance mandate, I think that the Commission needs to clearly articulate Goals and objectives for California's use of IT when it comments on the Governor's proposal. There are two approaches, focus on IT spending or focus on whether IT is being effectively used in the operations of the government.

1. **Strategic use of IT:** where limited IT dollars are used for improving the organization effectiveness of state government and getting better results from the overall budget; to provide capacity and organizational effectiveness; to address human capital issues associated with retirements of govt workers; this is the big opportunity for Californians
2. **IT reform:** Generally get more IT for the available dollars, but may save IT dollars at the expense of increasing overall government expenditures by missing opportunities to leverage economies of scale, automate of repetitive processes, and take advantage of cross-agency cooperation. Focus on improving acquisition and use of IT; reducing cost of IT operations, improving the success of IT projects; and providing IT and Information security (including privacy); this is important, but incremental gain

I think that the Little Hoover Commission is in a unique position to make a recommendation on which is appropriate for California. The choice is simple: you can save perhaps 10-20% of IT spending and have little impact or perhaps a negative impact on government performance, or you can better use 50-60% of IT spending to achieve policy goals in the most important program areas of California government.

As the Little Hoover Commission Report on E-Government highlighted, effective IT management today means using digital technologies to transform the way government does business, making services better and more efficient. Moreover, IT projects in government are unique because they always impact other components of a Management reform agenda; for example, using technology to improve government processes affects govt workers, and improving financial performance requires better IT systems.

Let me suggest a couple of strategies. Overall, I used e-government for making the federal government simpler and to unify government organizations, thus improving efficiency, effectiveness and service quality.

## **Governance**

Information Technology is important to government because the success of government is often directly tied to the speed and quality of decision making. An effective Governance structure will conduct information technology spending decisions at two levels:

1. Ensuring funding is allocated to mission critical systems needed for effectively running a government program
2. Taking advantage of economies of scale in infrastructure or multi-agency programs that perform a like-function (such as telecommunications networks, enterprise software licenses, financial management systems, purchasing systems)

In my previous job, I found that there are five activities or business processes of an effective governance structure:

1. Strategic Road mapping of Opportunities and consolidating projects around a government-wide strategic imperative (such as accelerating response time);
2. Business case process that each year is applied to ensure all major IT investments fulfill critical success criteria (such as including organization and process changes as well as technology) are satisfied before funding is authorized. We now know that good business case processes incorporate portfolio management concepts to get the most out of available budgets;
3. Creation and use of a business driven architecture that allows cross-agency optimization (using concepts such as enterprise licensing) and quick decision making on IT opportunities that are rapidly emerging as a result of technology trends such as those that led to the creation of my company;
4. Development and deployment practices that ensure systems are developed, acquired, and deployed successfully on time and within budget. This requires a trained workforce of government employees with solid skills in solution architecture, project management, and organization change.
5. Policy making and Management structure that has sufficient talent and teeth so that it can issue directives, regulations and policy decisions that get implemented by the agencies across government.

Weighed against these criteria, there are many improvements that need to be added to the governance elements of the proposal before you today if the California state government is to see real gains from its IT spending. While the telecommunications contract is a good first step, the

state clearly does not have the skilled staff to allow each agency to define and acquire its own IT in very many areas. In the federal government, each agency has to manage its IT spending in line with a plan that is submitted during the budget process. The plan incorporates business cases that are reviewed against success criteria, including whether there achievement of a key policy objective. Marginal business cases are monitored, with funding withheld until risks are significantly reduced. The architecture analysis identifies duplicative investments, which serve as the basis for consolidation decisions, as well as gaps that need to be addressed. The Deployment Practices assessment identifies annual IT training and staffing needs. The policy making process ensures privacy, cyber security, and other policy and IT management requirements get articulated and addressed. I would highly recommend modifying the Dept of Technology Services proposal to provide adequately for these five elements of governance that I outlined, and would be glad to discuss this further if you have any questions.

## **Leadership**

Let me conclude by coming back to where I began. The first key leadership action for the Governor and Legislature is determining whether to focus fixing IT as a cost of operations or fixing government operations by better use of IT. Our state government faces a human capital crisis. We will not be able to work through it without successful use of information technology. Accordingly, IT reforms must be woven like a plaid fabric into a multi-faceted management reform agenda.

**We** know that IT solutions alone will not make government run more effectively. We also need to address problems with underlying organizational issues. Many of the issues addressed by the governor's proposals for IT reorganization are just symptoms. Leadership must force a focus on underlying causes, which rarely are driven by IT. **Since** the government has so much invested in IT, we have to set some priorities, figuring out the relationship between organization change, process redesign, and use of IT. No agency can take on more than a handful of major transformation initiatives at any single point in time. In the federal government, we used "modernization blueprints" to help set priorities and guide our work. Those blueprints were owned by the Cabinet secretaries and their Deputies. Ensuring that the CIO for California is more powerful is a governance issue. But the more important issue is ensuring that there

leadership in Capitol that understands and can champion more effective management through the proper application of IT.

Thank you, Mr. Chairman and members of the Commission.