Office of the Secretary of Technology

Leveraging Technology to Measure and Report Performance ~ Remarks to the Little Hoover Commission

The Honorable Aneesh P. Chopra
Secretary of Technology

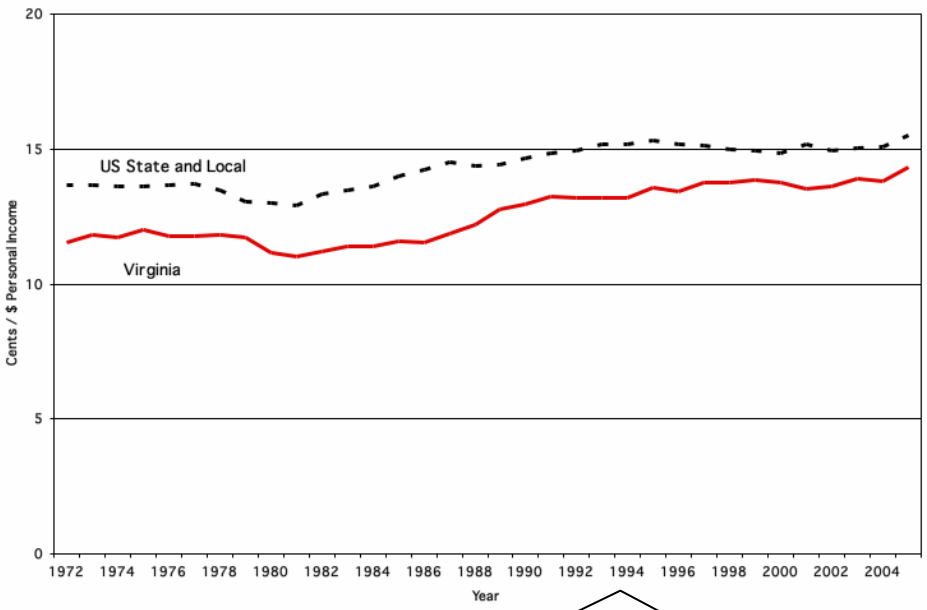
June 26th, 2008

"More with Less"

Taxpayers Consistent on "Price" Willing to Pay for Government

Virginia's "Price" of State/Local Government

Cents/$ Personal Income



Despite increased investments needed for education, healthcare, public safety and transportation, Virginia's historical tolerance for public investments hovers below **15%**

Beyond "Best Managed State"

"Our goal is to be the best managed state, but also to **go beyond** – to measure state government against the best business organizations. All highly effective organizations **regularly review** their budgets and procedures, constantly looking for ways to improve and implement best practices.
-Governor Kaine July 2007 Budget Memo

Additional investments should be funded (at least in part) by **savings generated within existing programs** – re-allocating under-performing assets one budget tool to consider

Source: Public Strategies Group; Governor Kaine July 2007 Budget Memo

A Company-by-Company Search for Stall Points

Kodak's Revenue in Billions of U.S. Dollars

*1964–1984**

The stall point identification process compares 10-year growth rates preceding and following each year in a company's history…

Year	1969	1970	1971	1972	1973	1974	1975	1976	1977	1987	1979
10 Prior Years	4.2%	3.9%	3.6%	4.3%	4.8%	4.8%	3.8%	3.1%	0.3%	0.5%	1.1%
10 Next Years	1.1%	2.6%	2.3%	1.7%	0.0%	(1.1%)	(1.7%)	(1.2%)	(0.2%)	1.1%	1.0%
Stall Delta	3.1%	1.3%	1.3%	2.6%	4.8%	5.9%	5.5%	4.3%	0.5%	(0.6%)	0.2%

…pinpointing 1974 as the year that captures Kodak's stalling growth rate most accurately.

Questions Addressed by the Analysis

- When do large firms stall in their revenue growth performance?
- Are there "early warning" signs of impending revenue stalls?
- What are the valuation consequences of a revenue stall?
- How likely is it that a large firm can recapture healthy top-line growth?
- Are revenue stalls created by factors largely outside the control of managers?
- What strategy issues are most important to large firm growth fortunes?

Source: Standard & Poor's Compustat data; Corporate Strategy Board research.

Lesson 5: Most Stalls Are Controllable

Frequency of Observed Stall Factors

Uncontrollable Factors (12% of Total)

Contextual Factors (12%)

- Regulatory Actions
- Economic Downturn
- Labor Market Inflexibility
- Geopolitical Context

Counting the Causes

Of the 170 incidences of stall factors underlying the 50 revenue stalls, 88% link to controllable choices of management teams and 70% involve strategy decisions.

Controllable Factors (88% of Total)

Strategic Factors (70%)

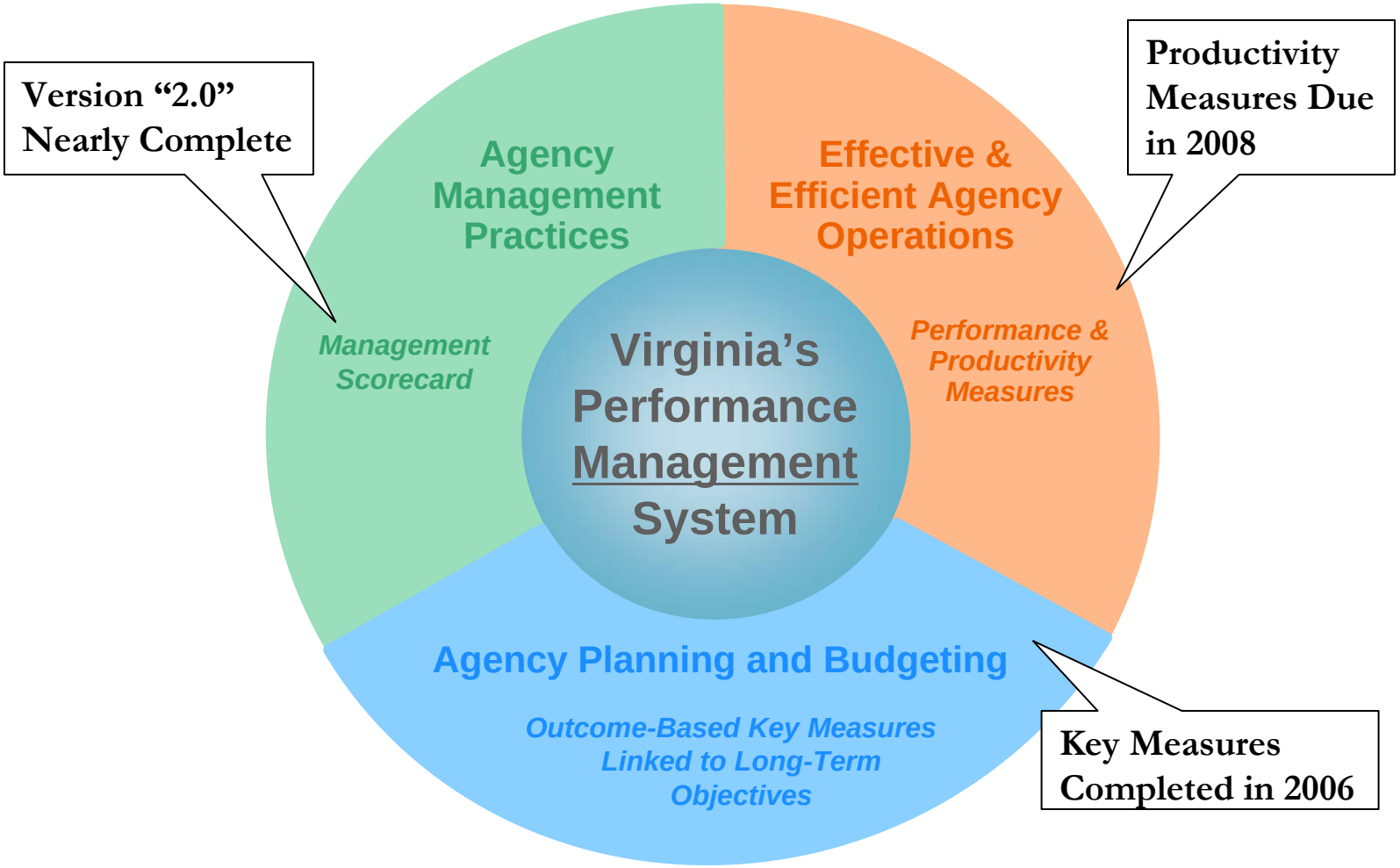
- Premium Position Captivity
- Innovation Management Breakdown
- Failed Acquisition
- Premature Core Abandonment
- Key Customer Dependency
- Strategic Diffusion/ Conglomeration
- Failed International Expansion
- Adjacency Failures
- Voluntary Growth Slowdown

Organizational Factors (18%)

- Talent Bench Shortfall
- Organization Design
- Incorrect Performance Metrics
- Board Inaction

Key factors for Virginia Agencies

Virginia's Integrated, Outcome-driven Performance Management System



Role of IT

Foundation of Reform a Modern, Robust IT Infrastructure

Messaging Services

-Enterprise Exchange/Outlook Email
-Enterprise Collaboration Tools
-Active Directory, DNS
$25M Investment

Desktop

-Mass Desktop Refresh Projects
-Network Printer Consolidation and Refresh
-Enterprise Desktop Management Systems
$35M Investment

Help Desk

-Enterprise Help Desk in Russell and Chesterfield Counties
-Field Based Agents and Technicians for Level 3
-Enterprise Help Desk System (Peregrine)
$10M Investment

Mainframe and Servers

-New IBM and Unisys Mainframes in New Data Center
-Consolidation and Refresh of Servers
-Migration of servers to the Data Center
$50M Investment

Transformation

$270 Million Investment

Reliable, High Performance, Enterprise-Wide IT Infrastructure

"People – Process – Tools"

Security

-Enterprise Security Operations Center
-Computer Security Incident Response Center
-Secure Internet Gateway
$10M Investment

Facilities Tier 3 and Tier 2

-New Data Center/Office Building in Chesterfield
-New Disaster Recovery Center and Help Desk in Russell County
$60M Investment

Network

-New Commonwealth-wide MPLS Core WAN
-LAN upgrades to Local Switches/Routers as Needed
-Network Re-addressing of IP, DHCP
$60M Investment

Voice / Video

-Voice over IP Network Optimized for Voice and Video Traffic
$20M Investment

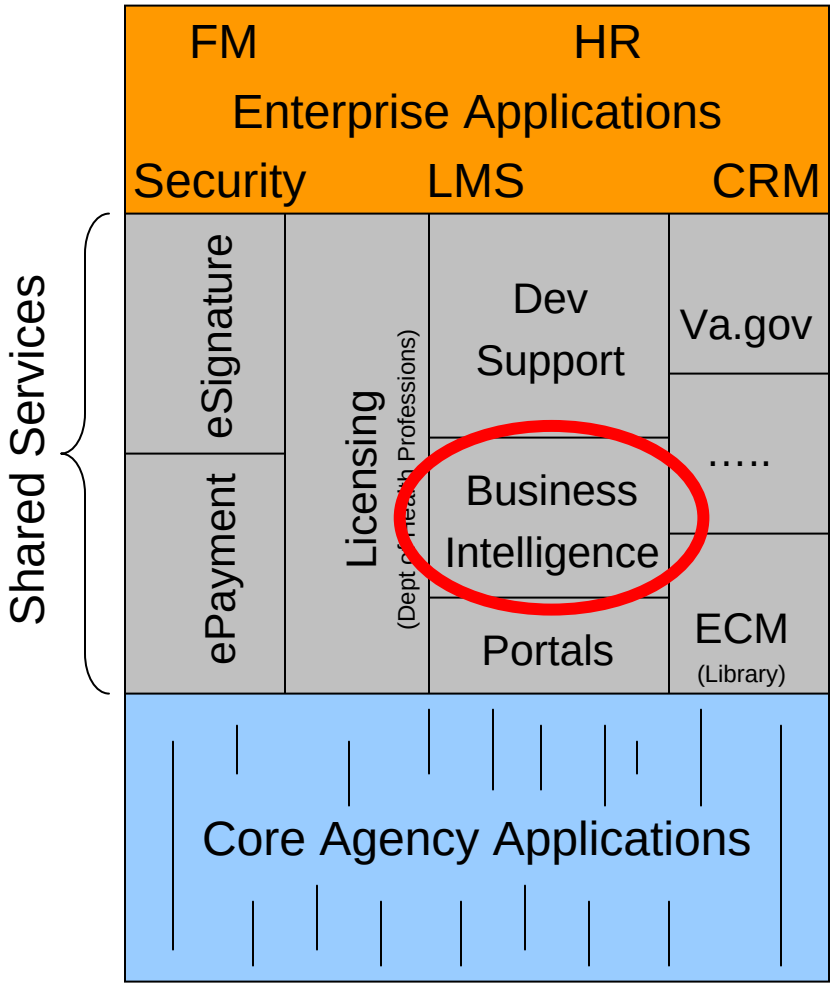
The Opportunity

IT Applications Portfolio Key to Unlocking Public Sector Productivity

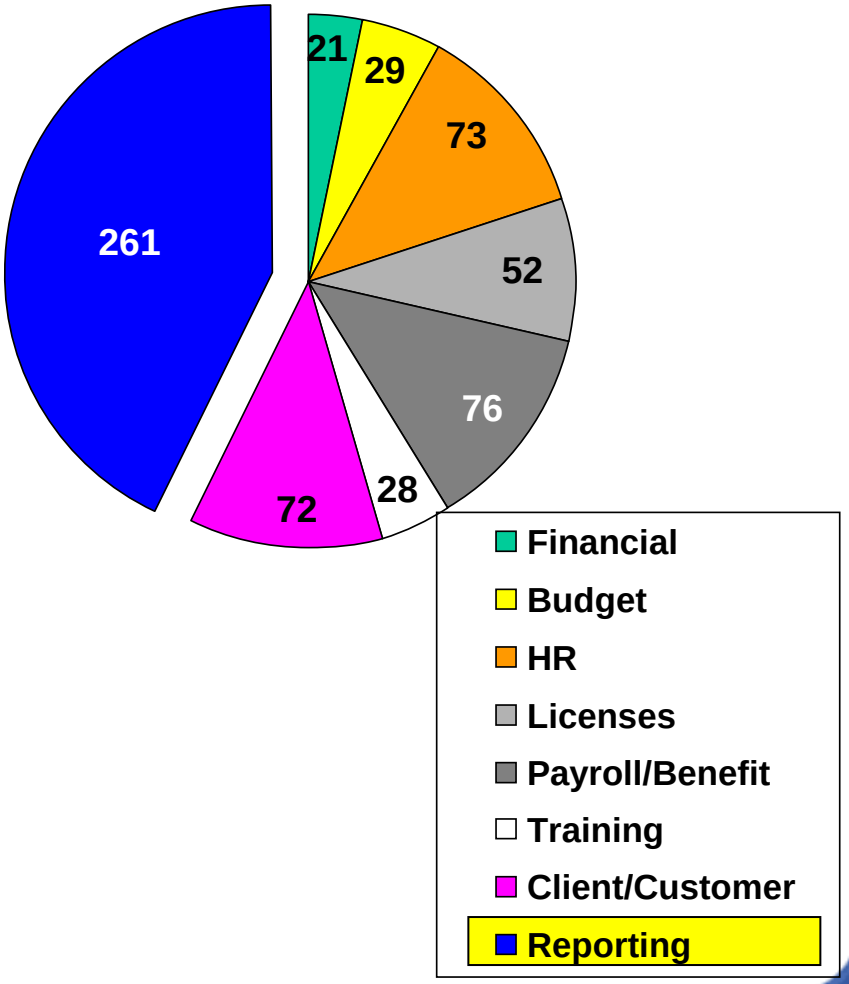
Secretariat	Recommended for Continued Funding		Recommended for Funding		Total Recommended Projects	
	No.	Project Cost	No.	Project Cost	No.	Project Cost
Administration	1	$ 1,247,984	2	$1,000,000	3	$2,247,984
Agriculture & Forestry	1	$1,307,633	0	$0	1	$1,307,633
Commerce and Trade	1	$2,510,000	1	$45,000,000	2	$47,510,000
Education	2	$23,699,529	4	$13,767,551	6	$37,467,080
Finance	0	$0	2	$120,000,000	2	$120,000,000
Health & Human Resources	2	$6,220,036	11	$78,446,133	13	$84,666,169
Natural Resources	1	$2,251,837	0	$0	1	$2,251,837
Public Safety	4	$380,344,230	6	$41,100,000	10	$421,444,230
Technology	0	$0	1	$2,000,000	1	$2,000,000
Transportation	8	$57,039,638	4	$41,720,000	12	$ 98,759,638
Totals	**20**	**$474,620,887**	**31**	**$343,033,684**	**51**	**$817,654,571**

Enterprise Applications

Reporting and Analytics Key to Driving Performance Agenda



Application Snapshot*



Office of the Secretary of Technology

Promoting Transparency

Benchmarking Government Outcomes on Public Website

Scorecard at a Glance

Virginia Performs | VISION FOCUS RESULTS

Economy

Goal: Be a national leader in the preservation and enhancement of our economy.

Indicators:

- Personal Income/ Wages and Salaries ↑
- Poverty ↓
- Unemployment ↑
- Employment Growth ↑
- Workforce Quality →
- Business Climate ↑
- Business Startups ↑

Education

Goal: Elevate the levels of educational preparedness and attainment of our citizens.

Indicators:

- School Readiness →
- Third Grade Reading ↑
- Fourth Grade Reading & Math Achievement ↑
- High School Graduation ↑
- High School Dropout ↑
- College Graduation ↑
- Educational Attainment ↑
- Lifelong Learning →

Health & Family

Goal: Inspire and support Virginians toward healthy lives and strong and resilient families.

Indicators:

Family

- Adoption ↑
- Foster Care →
- Child Abuse & Neglect →

Community Health

- Teen Pregnancy ↑
- Obesity ↓
- Infant Mortality →
- Suicide →
- Health Insurance →
- Immunization ↑
- Cancer ↑
- Cardiovascular Disease ↑
- Smoking ↑
- Life Expectancy ↑

Public Safety

Goal: Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

Indicators:

- Crime →
- Juvenile Intakes ↑
- Recidivism (Adult & Juvenile) →
- Traffic Fatalities ↑
- Emergency Preparedness ↑

Natural, Historic & Cultural Resources

Goal: Protect, conserve and wisely develop our natural, historical and cultural resources.

Indicators:

- Air Quality ↑
- Water Quality →
- Solid Waste & Recycling →
- Land Preservation ↑
- Historic Resources →

Transportation

Goal: Ensure that Virginia has a transportation system that is safe, enables easy movement of people and goods, enhances the economy and improves our quality of life.

Indicators:

- Traffic Congestion ↓
- Infrastructure Condition ↓
- Land Use →

Government & Citizens

Goal: Be recognized as the best-managed state in the nation.

Indicators:

- Bond Rating →
- Taxation ↑
- Voter Registration & Turnout →
- Consumer Protection ↓
- Internet Access ↑

Legend

Performance Trend

- ↓ Worsening
- → Maintaining
- ↑ Improving

Indicator Page Content

- Why is This Important?
- How is Virginia Doing?
  - Over time
  - By Region
  - Compared to other states
- What Influences the Indicator?
- What is the State's Role?

The Productivity Investment Fund

A Model to Spur Innovation and Productivity in State Government

PIF Mission

Partner with state agencies to identify, catalyze and implement innovative solutions which enable a simpler and more effective government for the benefit of the citizens of the Commonwealth

Approach

- Oversight, direction, and implementation of productivity initiatives
- Manage the Productivity Investment Fund (PIF), $3MM in "seed capital" to catalyze innovative projects

Key Outcomes

- Improve the constituent experience (e.g., better results, shorter transaction time, reduced constituent expenses)
- Increase government operating efficiency
- Advance Governor's key agency performance objectives

Governance

Linking Public and Private Sector Experts to Simplify Operations

Organizational Structure

Governor
(Chief of Staff)

PIF Oversight Board
Secretary of Technology (Chair)
Secretary of Finance
Secretary of Administration
CIO, VITA*
CAO, VEAP*
Dir., Dept. of Human Resource Mgmt*
Dir., Dept. of Planning & Budgeting*

Productivity Investment Fund

Productivity Investment Fund
Productivity Advisory Committee

Role of Advisory Committee

Advise on Commonwealth's approach to effective and efficient government operations; network resources where appropriate and facilitate best practice sharing to create a long-term culture of continuous performance improvement

** Ex Officio*

Productivity Investment Fund

A Portfolio Management Approach to Deliver Productivity Investments

Our Purpose
Elevate Performance

Cost Savings (18 Initiatives)

- **Productivity Investment Fund**
  - **$1.4M** investment
  - 7 Projects
  - Projected **6x** ROI
- **Operational Reviews**
  - 11 Projects
  - All volunteer staff (no investment)

Service Improvements (6 Initiatives)

- **Digital Platforms ("One-Stops")**
  - **$440K** investment
  - 4 Projects
  - Projected **40-50%** reduction in constituent transaction times
- **Process Improvements**
  - **$84K** investment
  - 3 Projects
  - Lower costs for industry and improve functionality

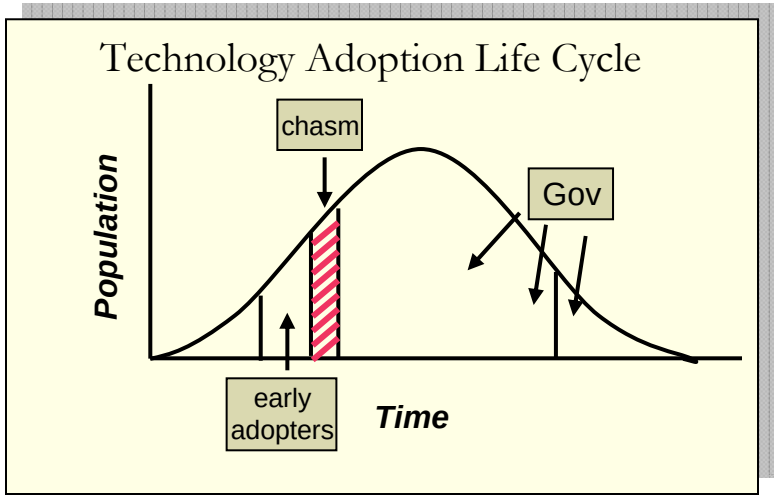
Enterprise Seed Capital (5 Initiatives)

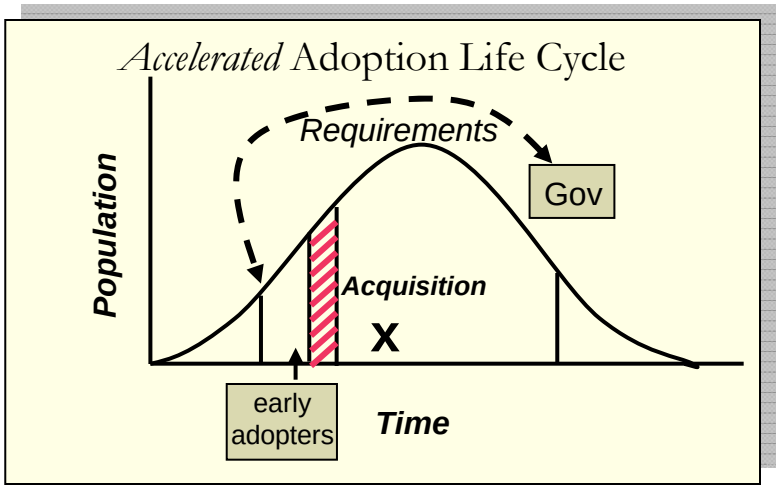
- **Shared Operating Services**
  - **$179K** investment*
  - 3 Projects
  - Multi-agency effort underway
- **Public-Private Partnerships**
  - **$412K** investment
  - 2 Projects
  - Public-private effort underway

Effective Public & Private Sector Governance
(PIF Oversight Board & Productivity Advisory Committee)

Does not include **$11M dedicated towards VEAP Project Planning*

Public Sector Innovation Adoption Holds Promise to Drive Efficiency





Source: Modified from Crossing the Chasm by Geoffrey A. Moore, 1991

Productivity Investment Fund in Brief

Capital: Governor Kaine established **$3M** fund in **January 2007** to simplify government operations

Goals: In addition to **operating cost savings**, PIF encourages agencies to **lower constituent transaction time** and advance the Governor's **key performance measures**

Competition: Only **25%** of all qualified agency applications earned funding

Portfolio: Across two rounds, we are expecting a **6-1 ROI** on **$1.4M** invested to fund the following savings initiatives:

- DGS: Consolidated Mail
- DMV: Workforce Mgmt System
- DMME: Field GIS
- Dept of Tax: Image Cash Letter
- Dept of Tax: Corporate E-File
- Dept of Tax: Eliminate Vouchers
- ODU: VIDEO-D-U

Service Improvements

Pilot Projects Leverage Digital Platform to Improve Service

Pilot Project	Description
Business One Stop	New website designed to streamline myriad forms required to start a new business in Virginia and avoid data entry duplication; of **8** most common forms, **261** data fields include **107** duplicates
Turbo-Vet	Completed **Phase I** prototype to streamline two veteran's benefits forms; current wait times of **240 days** for determination expected to fall to **100 days** through intelligent forms in future phases
Mineral Mining e-Filing Cabinet	**390+** industry customers registered for service that lowers renewal approval time from **90** to **<15 days**; launched an **enterprise effort** to accept digital signatures, further lowering industry regulation costs
Streamlined Application Processes	**50%** of aged, blind and disabled **Medicaid** web-based applications to be processed within **20 days**; **Enterprise Zone Calculator** automatically calculates incentives saving company time; a **VEC** website will enable all claims submission types online

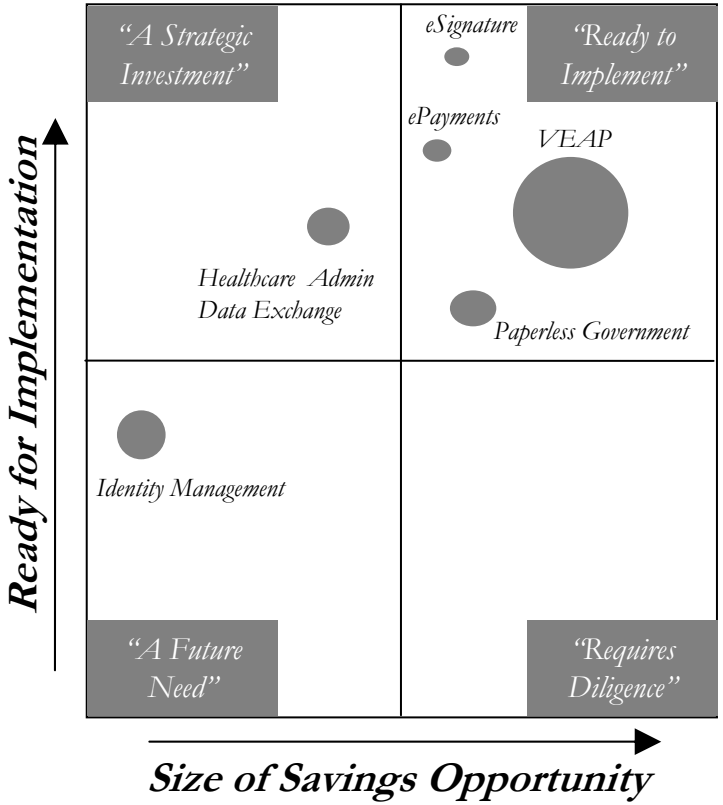
$524K investment should lower constituent transaction time 40-50%, saving citizens time and money

Enterprise Seed Capital

Seed Capital to Plan for Streamlined Enterprise Operations

Mapping Enterprise Opportunities

By Size of Implementation Cost



Medicaid Web-Based Claims Initiative

Productivity Investment Fund

Lowering Administrative Costs:

DMAS awarded a **$360K** grant to build a **web-based** claims tool for **small providers**

Medicaid Benefit

DMAS handles **4M+** paper claims annually which are **5x** more likely to be rejected; this results in additional processing costs and rework

Public-Private Partnership

DMAS is a founding member of **Virginia Health Exchange Network** – a consortium payers and providers committed to lowering administrative costs and is actively working on a collaborative solution

$591K investment yielded four viable projects including a public-private healthcare partnership

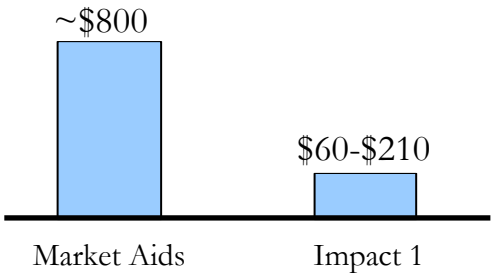
Denotes Size of Investment Cost at Full Implementation

Entrepreneurs Ready to Dramatically Lower Costs for Public Services

Hearing Aids

Low-cost product to alleviate hearing impairment; **240+million** people suffer without treatment; David Green selected as an **Ashoka Fellow**

Cost Per Device

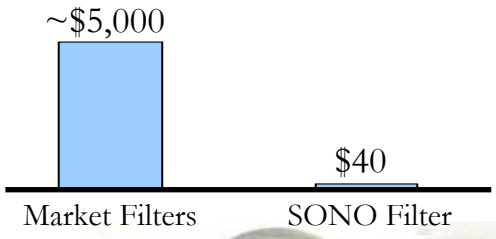


Prototype developed within three years of original concept

Water Filters

Low-cost method to remove arsenic from water; **10+ million** people suffer without treatment; GMU Professor Abul Hussam wins **$1M** Grainger Prize

Cost Per Device



Device requires no energy supply