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IT service delivery today in Oregon

- Each State department as well as several agencies and divisions have their own ***independent*** IT organizations– these are often referred to as "silos."
- These each have their own budgets, staffs, processes, standards, procedures ….
- Each silo is held accountable for its own activities giving them no reason to spend or act to help others
- IT leadership is not properly positioned within the administration of State government to be effective
- How can state-wide efforts be as successful as hoped?

What about a State-wide IT strategy?

- There is no single State-wide IT strategy for Oregon
- This encourages micro-management by the Legislature
- How can there be a single strategy for IT service delivery for the State?
  - There is anecdotal information that the various departments and agencies do not work together to deliver IT services
  - There are many reasons for them to keep working independently for their own best interests
  - From their silo perspective, there are few reasons for them to all work together
  - Getting everyone to work together will be like trying to manage a herd of cats

The Oregon IT service delivery model is costly and inefficient

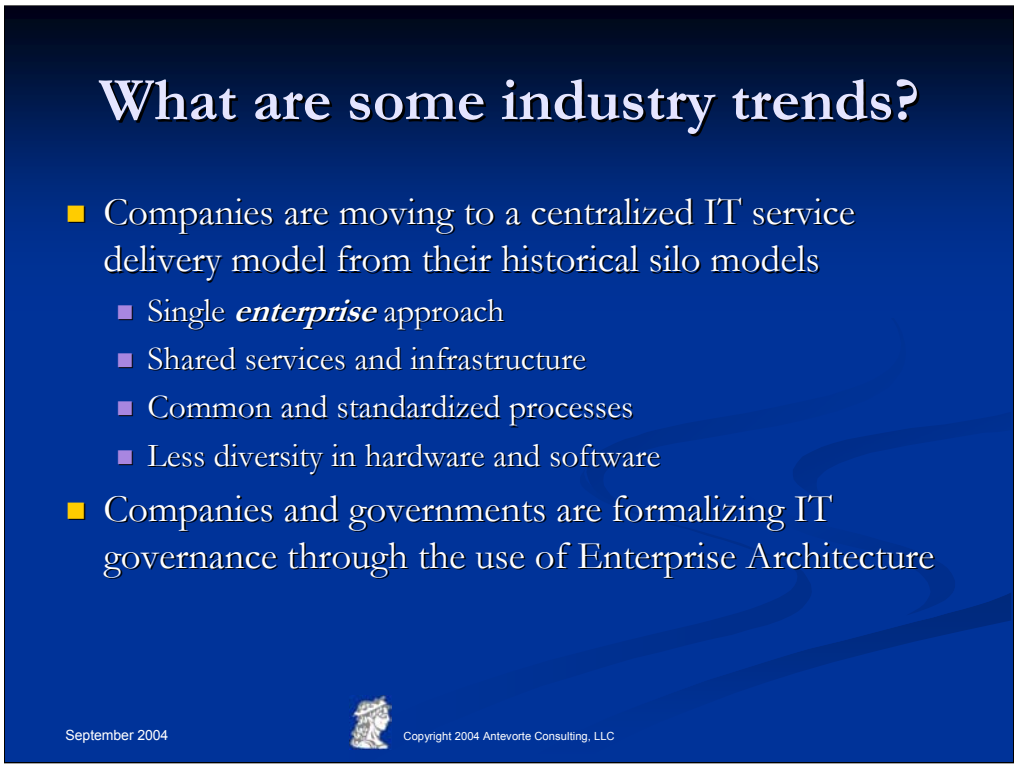
- The current silo-based model for IT service delivery will never allow the State of Oregon to realize the full benefit of IT.
- It will be the source of constant impediment to the hard work, good intentions and well meaning attempts to reduce cost and create improvements.

A change to this model is absolutely necessary

Some Philosophy

If you do not know where you are, a map will not help.

If you do not know where you are going, any road will do.



What is an Enterprise Architecture?

•Framework for both government and IT

•Guides investment, cost reduction and design decisions

•Specifies processes, standards, interfaces and common services for the deployment and management of IT assets, in support of government's objectives

•Defines an environment in which to build
- •Future known systems
- •Solutions to unforeseen requirements

Enterprise Architecture Objectives

•To define a set of interacting systems and processes that are re-usable, reliable, flexible, scalable, and secure, and which support the government processes.

•To design a set of blueprints for adding new infrastructure and systems as well as managing the life cycle and value of current systems.

•To accelerate the speed of delivering solutions to meet service requirements and funding constraints.

•To reduce the cost of governmental operations by optimizing IT acquisition, support, maintenance and training costs, as well as by leveraging the reuse of IT resources.

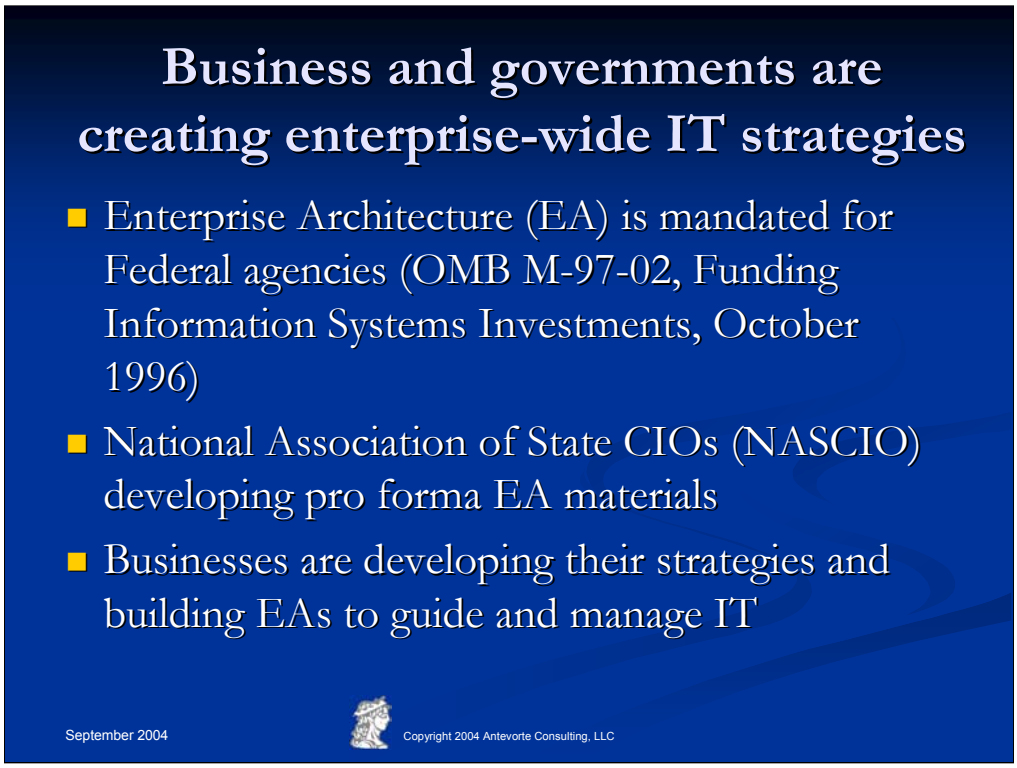
•To exploit enterprise knowledge through consolidation and optimization of processes, data, business functions and other resources.

Defining "Architecture": Apple, Orange, Fruit Salad?

Best-practice end-user organizations define enterprise architecture as a top-down, strategic business-driven process that integrates forward-looking business strategies and detailed project-level engineering efforts designed to support those business strategies. By contrast, IT vendors espouse a less comprehensive definition of architecture as "systems design" applied to narrowly focused solution requirements. Although both approaches are viable, the true value in architecture is in applying these key concepts in business and IT to create a common vision and approach.

Bottom Line: Leading organizations use enterprise architecture as the key coordinating discipline to integrate business strategy, application solution requirements, and infrastructure functionality, and to select the lower-level, more detailed vendor architecture

From the META Group Enterprise Architecture Service Research Notes June 2002



- The state of Kansas has reduced its IT project procurement cycle by an average of 41% since its implementation of enterprise architecture.[1]
- According to a Gartner study cited in the piece, the average company wastes 20 percent of its corporate IT budget on purchases that fail to meet their original objectives.[2]
- Developing a general architectural plan has helped GM reduce computing complexity by trimming the number of applications in use at the company from 7,000 to 3,000, and has contributed to saving $1 billion annually for the past five years, according to Taggart.[3]
- "Without a map, it is very difficult, some argue impossible, to communicate effectively about a complex and multifaceted subject such as information technology,"[4]
- Why is enterprise architecture valuable? Our clients often ask, “How do you cost-justify architecture? How do you fund the development of assets that can be reused or assembled to order to satisfy changing demand in the future?” The answer to this question is implied in the definition of EA as an ongoing strategic planning process. Instead of cost-justifying EA, IT professionals should analyze and communicate the value of architecture. Cost-justification will lead to an obsession with costs (as opposed to benefits) and a purely financial analysis. Although financial analysis is important (and rarely done well), EA has two dimensions of value: improved financial efficiency and enhanced business effectiveness. Business effectiveness can be quantified (but rarely is) and is usually discussed in qualitative terms. Organizations committed to the development of a balanced scorecard are trying to quantify things that would otherwise be discussed in purely qualitative terms. Balanced scorecard efforts are excellent levers that can be used to raise the visibility of EA efforts. But in lieu of these initiatives, qualitative analysis of business effectiveness benefits also remains valuable. [5]

[1] NASCIO Enterprise Architecture Development Tool-Kit v2.0, National Association of State CIOs, 2002

[2] Gartner Group Study quoted in “Get Technology Right” by Chad Dickerson, *Infoworld Magazine* February 16, 2004.

[3] Richard Taggart, General Motors' chief architect and a founding member of the Enterprise Architecture Interest Group, Jul. 15, 2004 Issue of CIO Magazine.

[4] Futurist Thornton May, eWeek, July 5, 2004, “Big Projects Return,” by Eric Lundquist

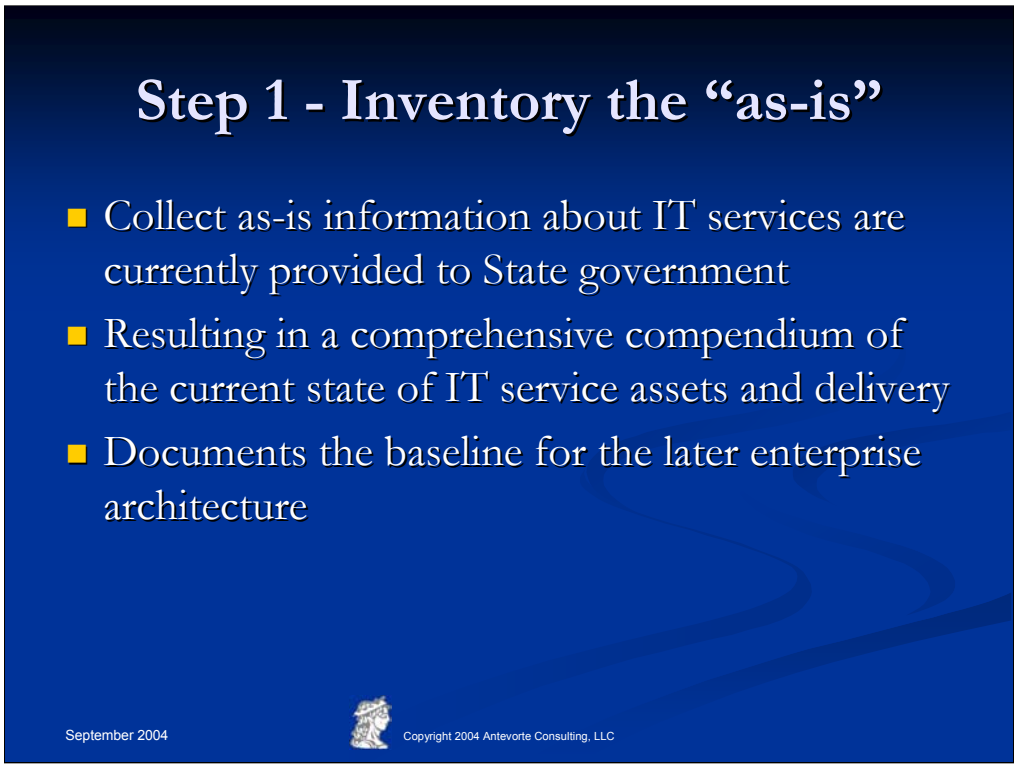
[5] Richard Buchanan, Answering Tough Questions About Enterprise Architecture, - Enterprise Planning & Architecture Strategies - META Group, from the EACommunity Library

What is my Vision?

- IT service delivery for Oregon government should be an enterprise level activity – where the enterprise encompasses ***all*** of State government
- There should be a single comprehensive program with common governance, evaluation criteria, job descriptions, processes, rules, service level agreements, standards ….
- Decisions and guidance such as out/right/in sourcing, cost recovery, technology standards, build vs. buy, etc. should be made at the enterprise level guided by this single vision and single plan

How do we get there from here?
Going from vision to reality

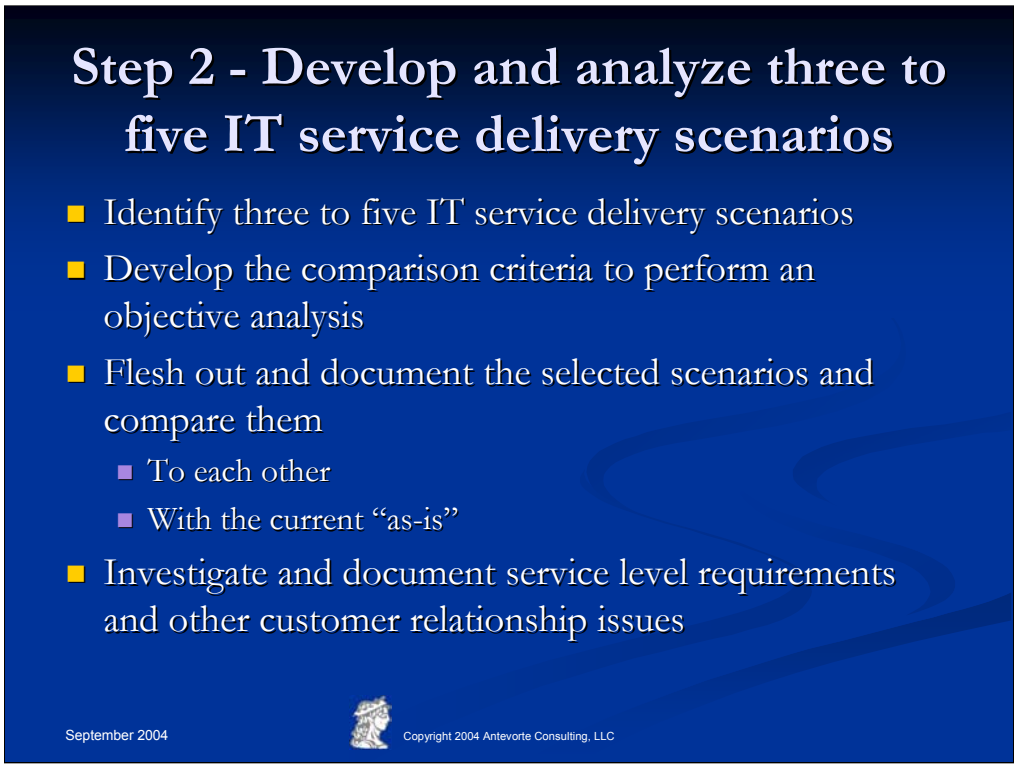
- Six step plan
  1. Inventory the "as-is"
  2. Develop and analyze three to five IT service delivery scenarios
  3. Select the best scenario for Oregon
  4. Develop an Enterprise Architecture for Oregon based on the selected IT service delivery scenario
  5. Develop a transition plan to go from the "as-is" to the new "to-be"
  6. Execute the transition plan to build the new "to-be"



Step 1 - Inventory the "as-is"

This step would involve collecting as-is information about IT services currently provided to State government. This information would include: budgets, hardware, networks, applications, software, staff (including numbers, costs, job descriptions, skills and location), organization, data centers, current and long range plans, customers and business processes supported. Data collection would include group and individual interviews, site visits and documentation review.

The results of this effort would be a comprehensive compendium of the current state of IT service assets and delivery within State government. This would form a baseline to the later enterprise architecture effort as well as provide documented costs in order to facilitate the evaluation of the selected alternative scenarios.



Step 2 - Develop and analyze three to five IT delivery scenarios

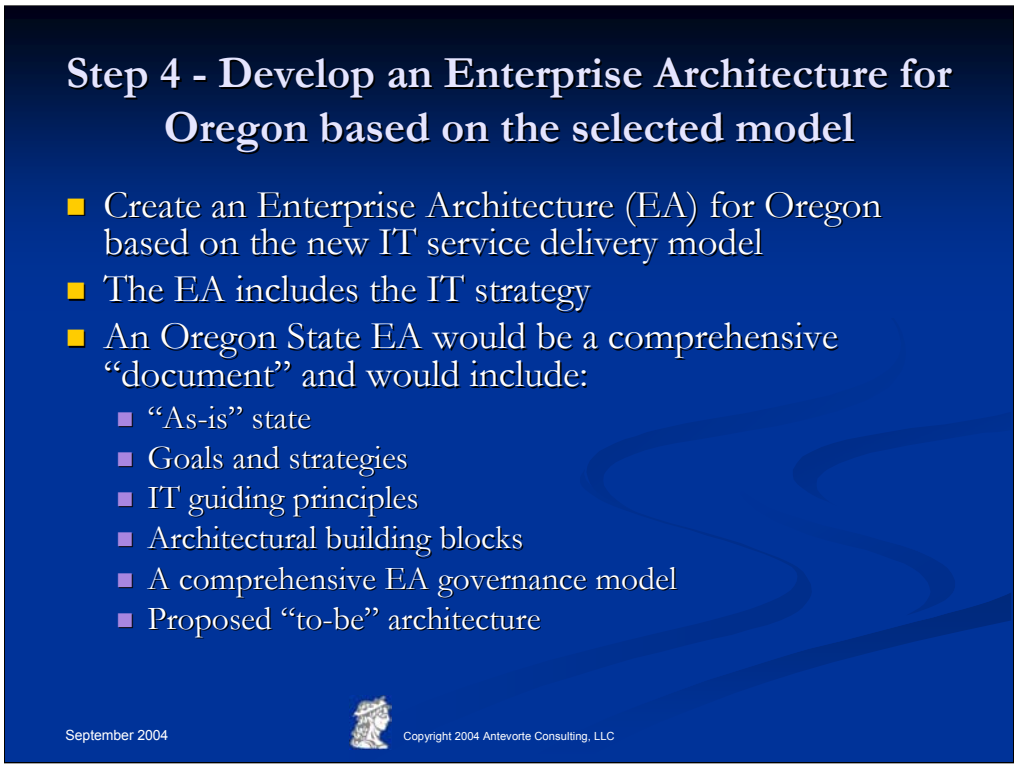
In this effort, three to five IT delivery scenarios would be identified, fleshed out and documented so that they could be compared side to side and with the current "as-is" situation. An early activity in this effort would be the development of the comparison criteria in order to facilitate comparison analysis. This activity would necessarily include interviews with both IT services customers and providers within the current as-is model.

A number of possible scenarios for IT service delivery would be considered for the "short list." These would include: retaining the current distributed scheme; creating a new consolidated IT services department or agency; outsourcing to a "SAIF-like" company to provide all State IT services; and outsourcing to a commercial firm.

This analysis would also investigate service level requirements and other customer relationship issues as this area was not only critical to the development of the current IT service delivery model being used, but would extremely critical in the acceptance and success of any new model that were to be selected.

Step 3 - Select the best scenario for Oregon

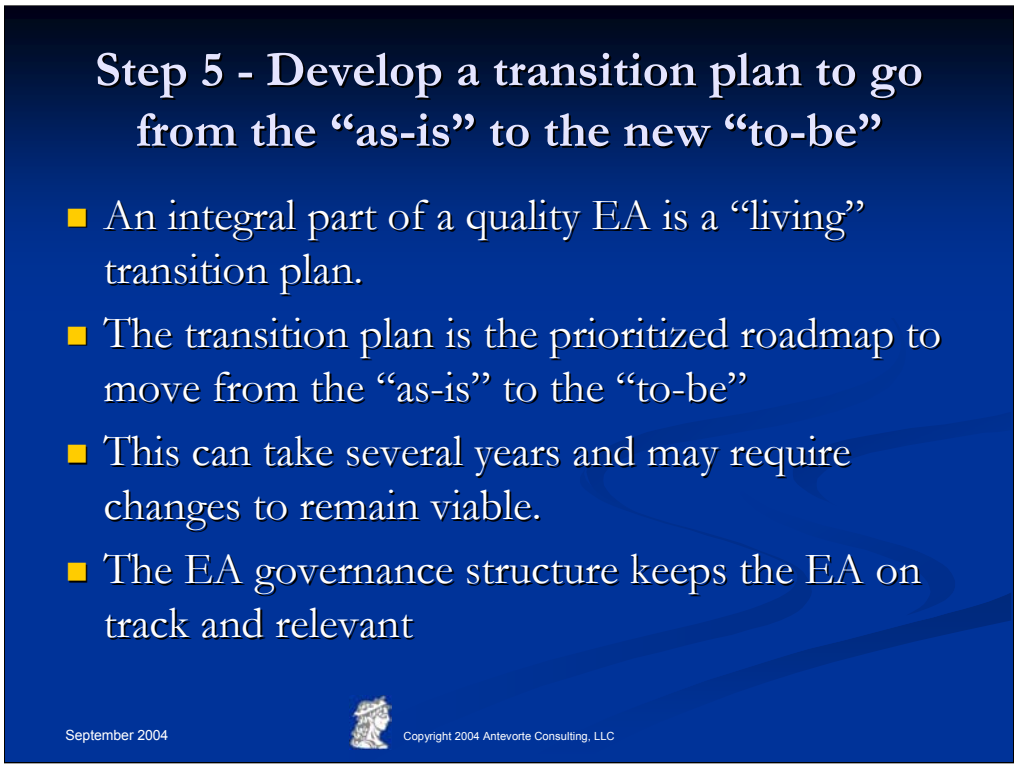
- The direction to change from the current model to a new and different IT service delivery model may have to be provided by the Legislature
- The results of the previous steps should provide the necessary facts and supporting data to allow the legislature to make an informed policy decision
- Transformation to the new model would be initiated



Step 4 - Develop an Enterprise Architecture for Oregon based on the selected IT delivery scenario

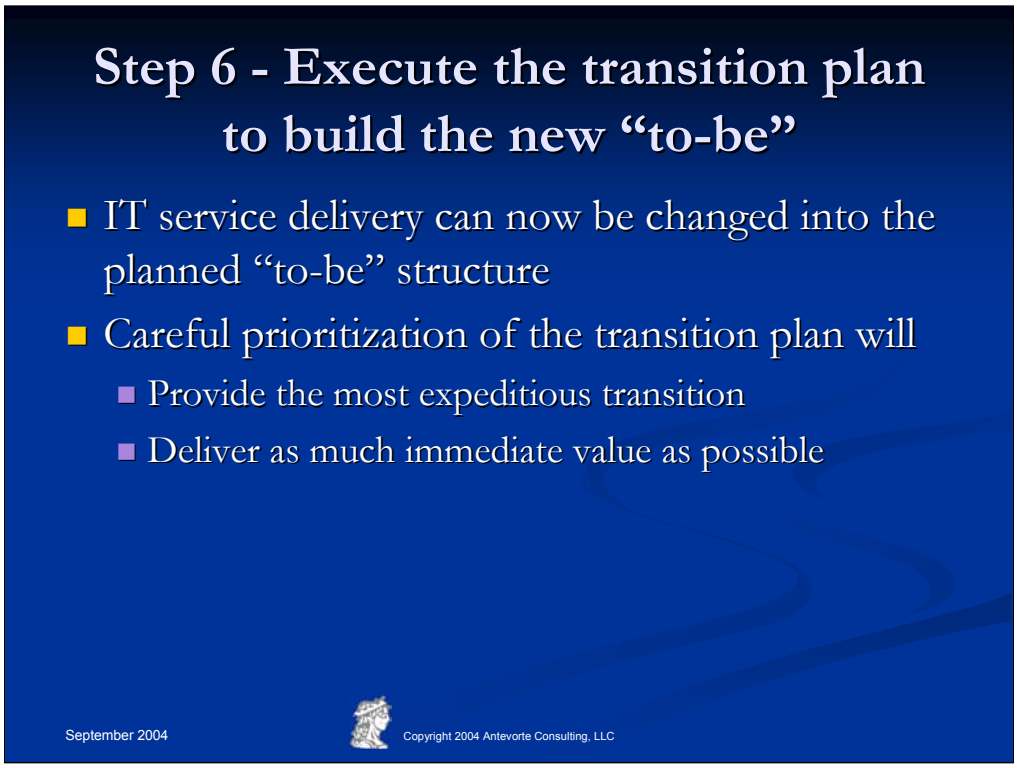
Once the new IT service delivery model is selected, an enterprise architecture for Oregon can be created. If the decision is to not change from the current silo model, a state-wide EA would really not be possible to develop. Although EAs could be created for each IT service silo, the benefit would be very marginal. Only the selection of a state-wide IT service delivery will make an EA effort effective and beneficial.

An enterprise architecture for the State of Oregon would be a comprehensive "document" that would include the "as-is" state, goals, IT guiding principles, architectural building blocks, a comprehensive EA governance model and the proposed "to-be" architecture for the delivery of IT services to the state. There is a considerable body of template and pro forma EA material specifically aimed at governments available from both the federal government and the National Association of State CIOs. Use of this material assisted by competent EA consultants will greatly expedite the creation of the State EA and insure it's quality and chances for successful implementation.



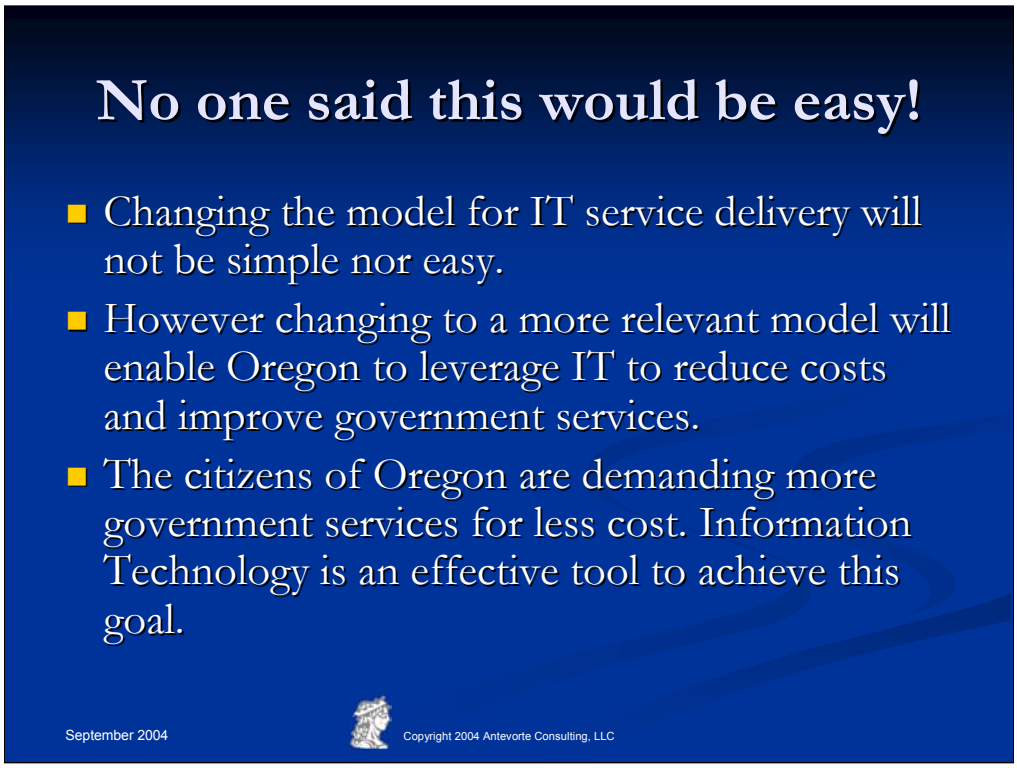
Step 5 - Develop a transition plan to go from the "as-is" to the new "to-be"

An integral part of a quality EA is a "living" transition plan. The transition plan provides a prioritized roadmap for the enterprise to follow to move from the "as-is" state to the new "to-be" state. Typically, transition can take a number of years during which some aspects of the EA will change as it stays in lock step with the business needs of the enterprise. The EA governance structure provides the mechanism to constantly monitor and adjust the transition plan to make sure that it remains on track, relevant and achieving the maximum value to for the enterprise. This move ahead stay in lock step approach becomes the normal mode of operation for the enterprise insuring ongoing relevant delivery of IT services.



Step 6 - Execute the transition plan to build the new "to-be"

Armed with a viable EA and a transition plan, the State can then proceed to change its IT service delivery model into the selected "to-be" structure. The transition plan will have to be prioritized and costed in order to deliver the most expeditious transition and obtain as much immediate value as possible.



Government Watch: Where's The Benefit In I.T.? July 14, 2003

By Eric Chabrow Information Week

With states facing a combined budget shortfall of $80 billion in the coming fiscal year, some see smart investing in IT as a way to improve operational efficiencies and help hold down costs. However, a report issued last week by the University of Maryland's Robert H. Smith School of Business and the IBM Institute for Business Value suggests that IT isn't enough to bring about the efficiencies many hoped technology would bring state and local governments.

The 20-page report, titled "Operational Efficiency And Organizational Effectiveness: How Do State And Local Government Initiatives Measure Up?" and based on interviews with 412 mostly state and local government officials, says the full potential of government IT initiatives won't be realized until business-process and cultural changes are enacted along with technology implementations. Among key findings:

•Governments tend to look internally for transformational opportunities, with 62% of goals for initiatives internally focused; only 22% of goals are to improve customer service.

•IT investments that have the highest benefits: infrastructure and enterprise architecture, and E-workplace and intranet initiatives. Those with the least benefits: enterprise resource planning and customer-relationship management.

•Investments haven't significantly reduced operational and service-delivery costs or enhanced employee development.

•Primary barriers to higher benefits include a lack of process transformation to support the initiatives.

My Challenge

My challenge to the Governor and the Oregon Legislature is to take the lead and, after proper study, change the model for IT service delivery in Oregon to one that is enterprise-centric so that Oregon citizens can reap the benefits of IT with better government service at the right price.

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