

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

June 11, 2013

**STATEMENT OF STEVEN VANROEKEL
U.S. CHIEF INFORMATION OFFICER
ADMINISTRATOR FOR E-GOVERNMENT AND INFORMATION TECHNOLOGY
OFFICE OF MANAGEMENT AND BUDGET**

**BEFORE THE SENATE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS**

“Reducing Duplication and Improving Outcomes in Federal Information Technology”

Introduction

Good morning, Chairman Carper, Ranking Member Coburn, and Members of the Committee. Thank you for this opportunity to testify on the Administration’s efforts to manage the Federal Government’s investment in information technology (IT).

Throughout my career, first in the private sector at Microsoft and then in the Federal Government – at the Federal Communications Commission, the United States Agency for International Development, and now the Office of Management and Budget (OMB) – I have witnessed firsthand the power of technology and have seen the incredible impact innovation has on society. As an executive at Microsoft, I focused every day on improving and expanding core services and customer value, while also cutting costs. And as the United States Chief Information Officer, it is no different. I bring that vision with me in my work in this Administration to help drive innovation in Government and provide better service to the American people.

Today’s challenging economic times underscore the need to drive innovation and efficiency in Government. Our IT investments, while constituting a relatively small portion of the Government’s overall annual spending, have widespread positive impacts across agencies and are increasingly central to almost everything the Government does. And while our progress in this area has been significant, more remains to be done. We must ensure that the Government maximizes the return on its investment in Federal IT, drives innovation to meet customer needs, and establishes a trusted foundation for securing and protecting our IT assets and information. Simply put, we must manage our IT investments so they deliver results for our most important customer – the American people.

PortfolioStat Foundation

Sound management is rooted in evidence. This is why in March 2012, OMB initiated PortfolioStat¹ to take an objective, data-driven look across agencies to identify common areas of spending with the goal of reducing duplication and driving down costs. Throughout the summer of 2012, OMB conducted a series of face-to-face sessions with agency leadership, including agency Chief Operating Officers (COOs), Chief Information Officers (CIOs), Chief Financial Officer (CFOs), and Chief Acquisition Officers (CAOs), to examine their IT portfolios, targeting in particular commodity IT investments and back-office systems. Rather than looking at individual investments on a case-by-case basis, the reviews took a broader, more horizontal perspective – spanning agency components and employing both qualitative and quantitative data to benchmark agencies against their peers in commodity IT areas such as email, collaboration tools, identity and access management, web hosting infrastructure, desktop systems, mobile devices, financial management systems, human resources management systems, and grants management systems.

To date, PortfolioStat has yielded nearly 100 opportunities to consolidate or eliminate redundant or otherwise unnecessary IT investments representing more than \$2.5 billion in potential savings that can be achieved from FY 2013 through FY 2015. And we are already seeing results. Agencies have reported approximately \$300 million in realized savings, with more to come.

While we are off to a great start, there is still much to accomplish to ensure that taxpayers receive the greatest value possible from our investments in Federal IT. To bolster our analytical capabilities, we created the Center for IT Management (CITM) under the Integrated, Efficient and Effective Uses of Information Technology Fund (IEEUIT). CITM is charged with the development of tools that leverage Government-wide and agency-specific data sources to support OMB in the identification and elimination of redundant, wasteful, or otherwise low-value investments. It supports the PortfolioStat process by providing in-depth analysis, research, and reporting capabilities, as well as through the establishment of key performance indicators and outcome-oriented measures. We anticipate CITM continuing to support the PortfolioStat process through these robust analyses.

From the outset, PortfolioStat was envisioned as an annual process, and as a tool to support agencies in improving the management of their IT portfolios as well to inform the annual budget process. And given the rapid advances in IT and the ever-increasing pace of innovation, we anticipate that the PortfolioStat process will evolve from year-to-year, with lessons learned from prior years being incorporated to shape and inform our future efforts.

PortfolioStat Evolution

In March 2013, OMB released the guidance for PortfolioStat in FY 2013². The upgraded process streamlines agency data collection, adds analytical capabilities and tools as provided by CITM, and holds agencies accountable for the goals they set in FY 2012.

¹ http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-10_1.pdf

² <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-09.pdf>.

Additionally, the guidance consolidates agencies' strategic IT direction and management improvements into one central plan and incorporates additional portfolio management efforts. The FY 2013 PortfolioStat process includes key performance indicators to measure progress and outcomes related to strategic priorities such as: the Administration's Digital Government Strategy; the Cloud First Policy and the Federal Risk Authorization Management Program; the Administration's priority cybersecurity capabilities, and the recently released Executive Order on open data³ and Open Data Policy⁴. As a result, PortfolioStat includes outcome-focused metrics to track agency efforts to implement priority cybersecurity capabilities to provide safe, secure, and effective mission execution and services to the American people, such as continuous monitoring, trusted internet connections, and strong authentication as well as metrics to track agency efforts to consolidate non-core data centers and to optimize the efficiency of core data centers under the Federal Data Center Consolidation Initiative (FDCCI). To measure the optimization of core data centers, agencies are developing metrics that apply to all facets of a data center, including energy, facility, labor, storage, virtualization, and cost-per-operating-system metrics. This work is well under way, and we look forward to seeing our efforts bear fruit as the PortfolioStat sessions are conducted in FY 2013.

PortfolioStat FY 2013 Areas of Focus

The initial PortfolioStat sessions were concentrated on reigning in and rationalizing commodity IT spending. The FY 2013 effort will continue this work, but also focus on providing agencies with tools and approaches to help manage IT as a strategic investment that can improve mission performance agency-wide. Areas of focus for FY 2013 – based in part on the feedback we received from agencies during last year's process – include the need to empower agency CIOs, take a portfolio-wide view of our IT investments, and shift to IT as a service.

- **Empower Agency CIOs** – Technology solutions are most effective when they stem from a strong and equal partnership between business and IT leaders. Program and mission officials bring an understanding of customer needs while CIOs can provide expertise on systems and security considerations. To succeed in this capacity, CIOs should be empowered to exercise leadership in IT governance, spending, security, and program management across the enterprise. To fully support the needs of the agency, CIOs need to be involved from the outset, starting with the strategy and planning efforts, to ensure that the design and implementation of solutions takes advantage of IT best practices. CIOs also need visibility across the agency, both to craft solutions that support the whole enterprise as well as to eliminate redundant applications and reduce wasteful spending. An empowered and effective CIO can help an agency save money and deliver improved solutions.
- **Take a Portfolio-wide View** – Oversight is most effective when it is done across the entire enterprise. This means standing up oversight processes and Investment Review Boards (IRBs) that bring together COOs, Chief Human Capital Officers, CFOs, CAOs,

³ [http://www.whitehouse.gov/the-press-office/2013/05/09/executive-order-making-open-and-machine-readable-new-default-government-](http://www.whitehouse.gov/the-press-office/2013/05/09/executive-order-making-open-and-machine-readable-new-default-government)

⁴ <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-13.pdf>

program officials, and other key executives to make decisions reflective of the entire agency. Effective governance requires that we get key stakeholders together and foster a collaborative, data-driven environment, focused on making decisions that best achieve mission-oriented outcomes. To support this, we must also establish consistent, data-driven valuation models that enable the objective evaluation of investments based on cost and value-delivered to the public. To this end, the CITM is working to enhance the IT Dashboard's ability to display PortfolioStat results, providing agencies access to valuable portfolio management data.

- **IT as a Service** – Recent advances in technology, such as cloud and mobile computing, are transforming how IT services are delivered and consumed. In shifting to the cloud, organizations no longer need to incur upfront capital costs to stand up new solutions, but can instead procure technology “as-a-service,” only paying for what they need, when they need it. For example, the Department of Agriculture (USDA) plans to consolidate the existing portfolio of component-operated data centers and migrate platforms contained within to the Department's Enterprise Data Centers in order to achieve cost reductions, improve agility, reduce energy use, improve security, achieve economies of scale, and reduce overall complexity. Through the use of shared services and cloud computing, USDA will achieve a savings of \$46 million in FY 2013.

We are encouraged by the progress seen so far but must continue to push forward. Last year's PortfolioStat sessions revealed that agency IT portfolios still have opportunities to improve. Some agencies are just beginning to tackle fragmented use of commodity IT and siloed infrastructures, while others are further along, deploying enterprise services on cloud platforms. Consequently, we need to provide agencies with the appropriate tools for driving change.

Conclusion

We are at a unique point in our history. As the economy recovers, advances in technology – such as cloud computing and mobile technologies, to name just two – provide new opportunities for transforming how we live and function as a society. And so we must endeavor to harness our underused assets to create new services for the American people that were until recently unimaginable. Rather than use the current fiscal environment as an excuse to do less with less, we must use this as an opportunity to efficiently reduce waste and invest in innovation. Our efforts to date in implementing PortfolioStat reveal that there is tremendous opportunity to improve IT and these types of changes will continue to drive better service, greater efficiencies, and more vigilant security. There has never been a more crucial time to make smart investments in information technology.

I appreciate this committee's interest and continuing support. Thank you again for the opportunity to appear before the committee today and I look forward to answering your questions.

###