Testimony of Stephen W.T. O'Keeffe
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before the:
Senate, Subcommittee on Federal Financial Management, Government Information,
Federal Services, and International Security Hearing Titled: "Examining the President's
Plan for Eliminating Wasteful Spending in Information Technology"

Chairman Carper, Senator Brown, and distinguished members of the subcommittee, thank you for the opportunity to speak today. My name is Steve O'Keeffe, founder of MeriTalk, the government IT network. MeriTalk is an online community that combines professional networking and thought leadership to drive the government IT community dialogue.

Why Modernize Government IT?

The Federal government currently spends north of $80 billion – with a B – on IT. That's a lot of jingle – 33 percent more than the Gross State Product of Delaware. Were it a standalone Federal department, it would be the eighth largest – just ahead of the Department of Transportation. Despite talk about doing more with less, that number grows every year. According to Federal IT leaders, nearly half existing agency IT applications – 47 percent – are based on legacy technologies in need of modernization[1]. These same leaders estimate that they spend almost half their IT budget, or $35.7 billion – again with a B – to support these technologies. Four out of five C-level IT executives say if their agency does not modernize legacy applications, mission-critical capabilities will be threatened[1].

If the definition of insanity is doing the same thing and expecting a different outcome, then Vivek Kundra deserves high praise for introducing much-needed new thinking into Federal IT. Since taking office in 2009, Mr. Kundra has injected many new concepts into the Federal IT mindset. From cloud computing to data center consolidation to continuous cyber security monitoring – these new ways of harnessing IT have proven their value in the private sector. Without question, if the Federal government is expecting to realize much-needed change in Federal IT results – and certainly taxpayers are – we need to accept and invigorate efforts that change Federal IT practices. Further, we should expect change in results commensurate with the change in practices. There is no such thing as a free lunch.

Are We Really Talking About Reducing the Federal IT Budget?

This is the information age. As we wrestle with the deficit, we should not merely look at IT as an expense item. IT is a powerful tool to enhance efficiency across the Federal government. Today, the notion of the Federal government investing is not very popular. Might I be so bold as to say that the future of Federal IT is not really about reducing the amount that we spend on IT. We need to leverage IT as a force multiplier to reduce the cost of government – and at the same time enhance the quality of service we provide to America. We need to radically increase the value density of IT – not necessarily reduce the total spend.

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[1] "Federal Application Modernization Road Trip," January 11, 2011, http://www.meritalk.com/fedappmod

The 25 Point Plan and the 10 Commandments
The purpose of the hearing is to provide some perspective on OMB's 25 Point Plan for restructuring Federal IT – and importantly to allow OMB to make the case for a $25 million budget to fund the implementation of this plan.

Like many others, my first review of OMB's 25 Point Plan ended in confusion. 25 points – really? When I was a small boy in school, I had profound challenges remembering the 10 commandments – and there were only 10 of them.

Moreover, while we all applaud the notion of tangible deadlines, these add an enormous layer to the complexity of the outline while doing little to enhance the credibility. Setting deadlines is not nearly so important as managing them, and is OMB really going to manage each and every one of these line items and associated deadlines? In addition to other existing initiatives?

What Does Federal IT Think?
As we did last year for this Committee's Open Government Hearing, MeriTalk launched a survey of the Federal IT community to get government and industry perspectives on the 25 Point Plan. Launched March 14 on the MeriTalk site, the online survey quickly received some 269 responses from government and the supporting industry IT community. We asked respondents to rate each point of the plan based whether it was 1) Desirable; and 2) Doable.

Net Upfront – Desirable Yes, Doable Unclear
The net upfront is that the community feels that all points are desirable, but there are serious questions about executability. Interestingly, govies are less optimistic about doability than their industry counterparts.

Join the Dots – Point-by-Point Perspective
Next, we asked the community to rate each point in the 25 Point Plan. As you can see from the All Respondents scatter gram[2], the community doesn't place equal value on all points. Interestingly, the evolutionary, nurturing, and easy to understand points score best – with design a formal IT program management career path topping the chart.

The most revolutionary initiative – Cloud First – rated lowest. Data center consolidation hit roughly in the middle of the pack – with enabling government-wide marketplace for data center availability scoring more poorly. I would note that cloud and data center consolidation are the brains and stomach of this 25 Point Plan. Considering options for simplification and prioritization, OMB might want to focus hardest on these programs – they offer the highest RoI.

Civilian vs. Defense – Little to See Here
As you can see in the charts[3], civilian and defense respondents marched very much in lock step. Design a formal IT program management career path and launch a best practices collaboration platform top the charts. Interestingly, civilian agencies were more focused on reducing barriers to small innovative technology companies. Due to their dynamic mission focus, defense agencies embraced this approach long ago. DoD respondents demonstrated significantly greater appetite for shared services as well as optimism for executability.

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[2] See Appendix A, Figure 1
[3] See Appendix A, Figures 2 and 3

Government vs. Industry – Lion Lies Down With the Lamb

Interestingly, with the exception of government being less optimistic about the plan's ability to deliver, government and industry are almost precisely on the same page in terms of the most important points[4]. The exceptions, industry prioritizes the requirement to scale the IT program management career path government-wide as well as the requirement to issue guidance and templates to support modular development. It is no great surprise that these points are so important for contractors.

If You Could Make One Change – Less is More

Closing out the survey, we asked what one thing the Federal IT community would change to improve Federal IT. Both government and industry suggested that we attach accountability to objectives. Other hot recommendations – allow CIOs to retain funds they save, eliminate unfunded mandates, and reduce the number of objectives. Less is more.

Three Cs

The lesson of change is that it comes with confusion and turbulence directly related to size. Past a certain critical point, if people think that the program is unattainable – no matter how desirable it may be – the program will not succeed. The beatings will continue until morale improves. As we move forward with the plan, the feedback from the community is clear. We need to simplify the message and focus on three Cs – Consolidate, Connect, and Calibrate.

Consolidate: Like any roadmap, the 25 Point Plan sets out a drivable course from the current location to a future destination. Rather than trying to get from point A to point B in a single haul, the plan should break down the journey into a series of manageable/attainable interim steps. Tackling the first five initiatives will not yield the same results as tackling all 25, but it would be "doable" change rather than just a paper tiger.

Connect: To reduce the turbulence and confusion, we need to really step up the communications and education outreach initiatives to ensure that Federal IT professionals in the agencies understand the motivation and the methodology. The Federal government's cadre of senior IT professionals is not equipped for, nor experienced at, driving change – we need to communicate the why, how, and what it means for your career in order to successfully operationalize desired change.

Calibrate: And, critically, we need to only set goals that we really can and mean to measure – and we need to follow through on measurement and hold executives accountable. We need to recognize that the changes on the table are not easy. We need to set realistic timelines and we need to establish venues and tools to support Federal IT professionals as they move through profound change.

The Carrot, the Stick, and the Dog Bone

As stated above, if the Federal government is expecting to realize much-needed change in Federal IT results, we need to accept and invigorate efforts that change Federal IT practices. Change is hard. Accountability and consequences – both positive and negative – are not common characteristics in the Federal government. To succeed in transforming Federal IT – not necessarily in reducing absolute budgets, but in increasing value density and unlocking innovation to increase the efficiency of government writ large – we need to consider the individual motivation for change.

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[4] See Appendix A, Figures 4 and 5

What's In It for Me – WIIFM? for the executive and practitioner. If increasing efficiency means reducing total budget for next year, why would managers want this change? We need to put in place an incentive and penalty system to support the change outcomes we need – which means changing behaviors. We need to recognize that not all change initiatives succeed – and reward an increased risk profile. And, significantly, our Federal leaders need to "eat their own dog food" – practice what they preach and become the change they want to see in the community.

Funding – Pennies for Hundred Dollar Bills

Federal IT professionals estimate that data center consolidation and cloud can drive upwards of $14 billion – again with a B – in efficiency savings[5]. The RoI on this $25 million is hundreds of dollars for pennies invested. We need to make changes to realize these savings. The plan is good. It has the potential to drive real change in practices and therefore, real change in results. It needs to be simplified. The community is curious to understand how OMB will utilize the $25 million to operationalize IT reform. We note that funding is critical to the successful transformation of Federal IT. I'll close with a verbatim quote from the survey:

"The destination is good, we need to go there, but I'll be damned if I can make any sense of these directions."

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[5] "Federal Data Center Addiction: The Road to Recovery," November 15, 2010, http://www.meritalk.com/datacenteraddiction

APPENDIX A:

JOIN THE DOTS: A POINT-BY-POINT PERSPECTIVE
ON THE 25 POINT PLAN

About the Research

In March 2011, MeriTalk surveyed the Federal IT community to gauge its reaction to OMB's 25 Point Implementation Plan to Reform Information Technology Management – specifically the desirability and executability of each point. The sample was 269 – 159 government, 110 industry. The following charts are based on statistically calculated divergence from the average response.
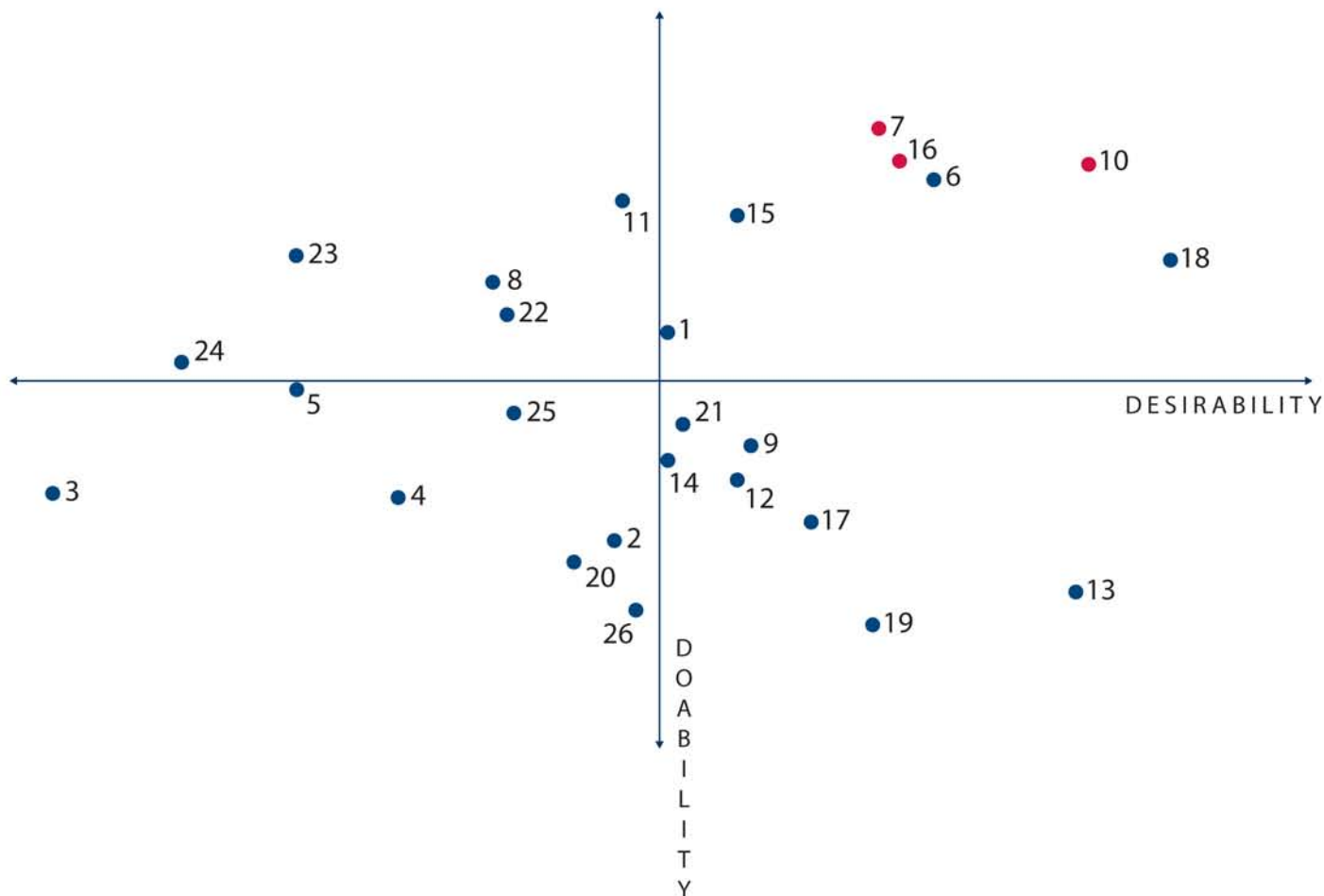
Figure 1

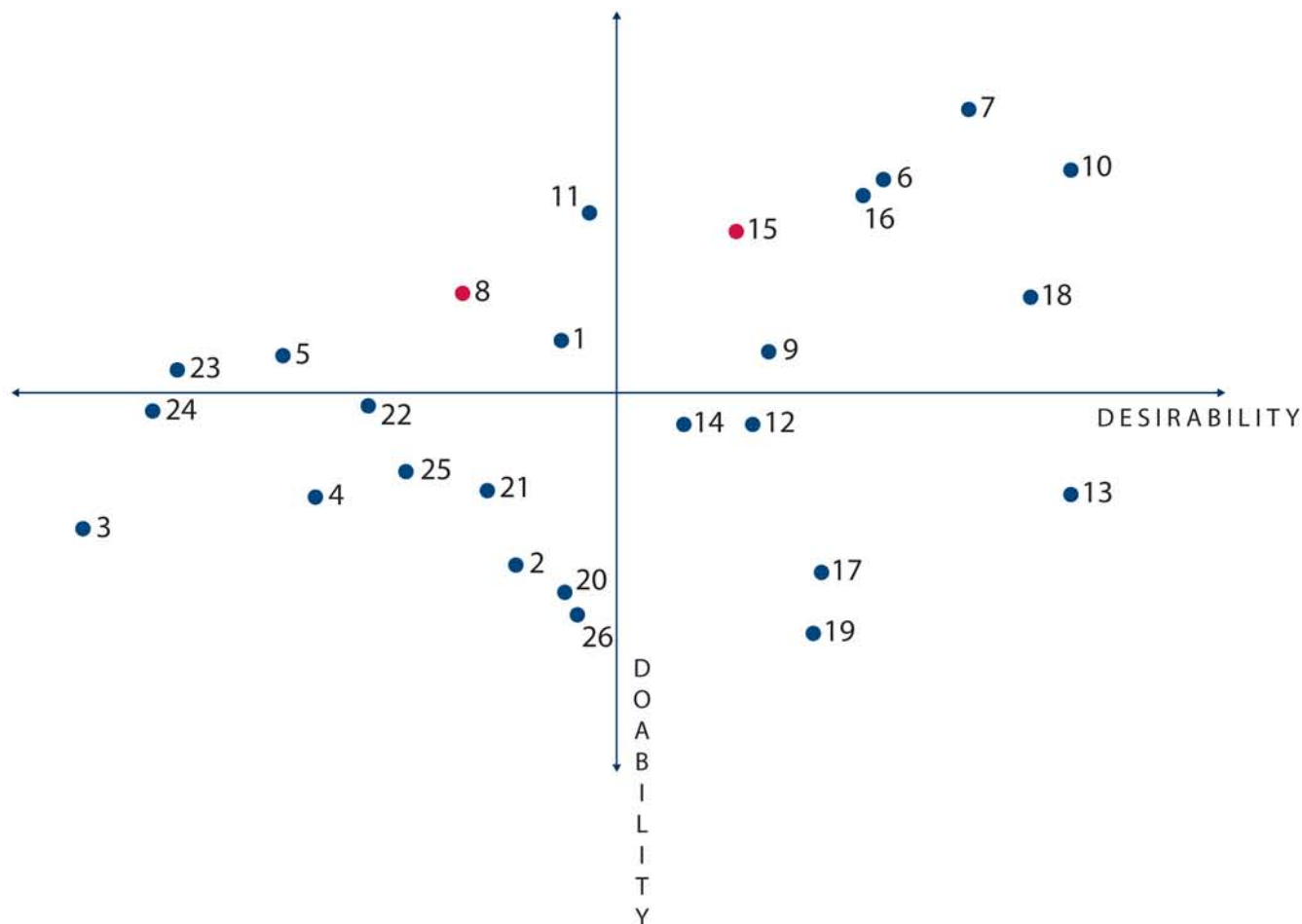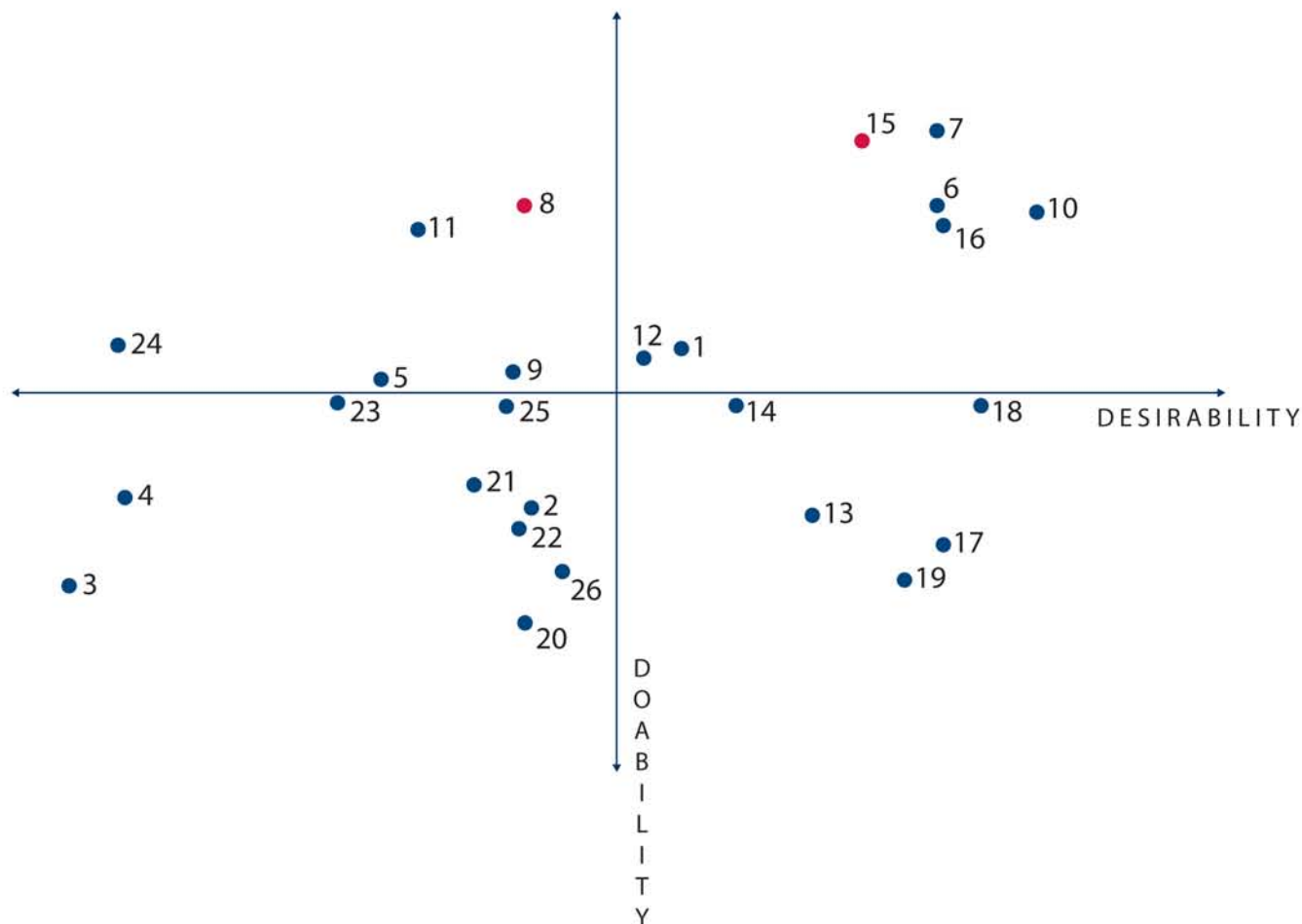All Respondents

Figure 2

DoD Respondents

Figure 3
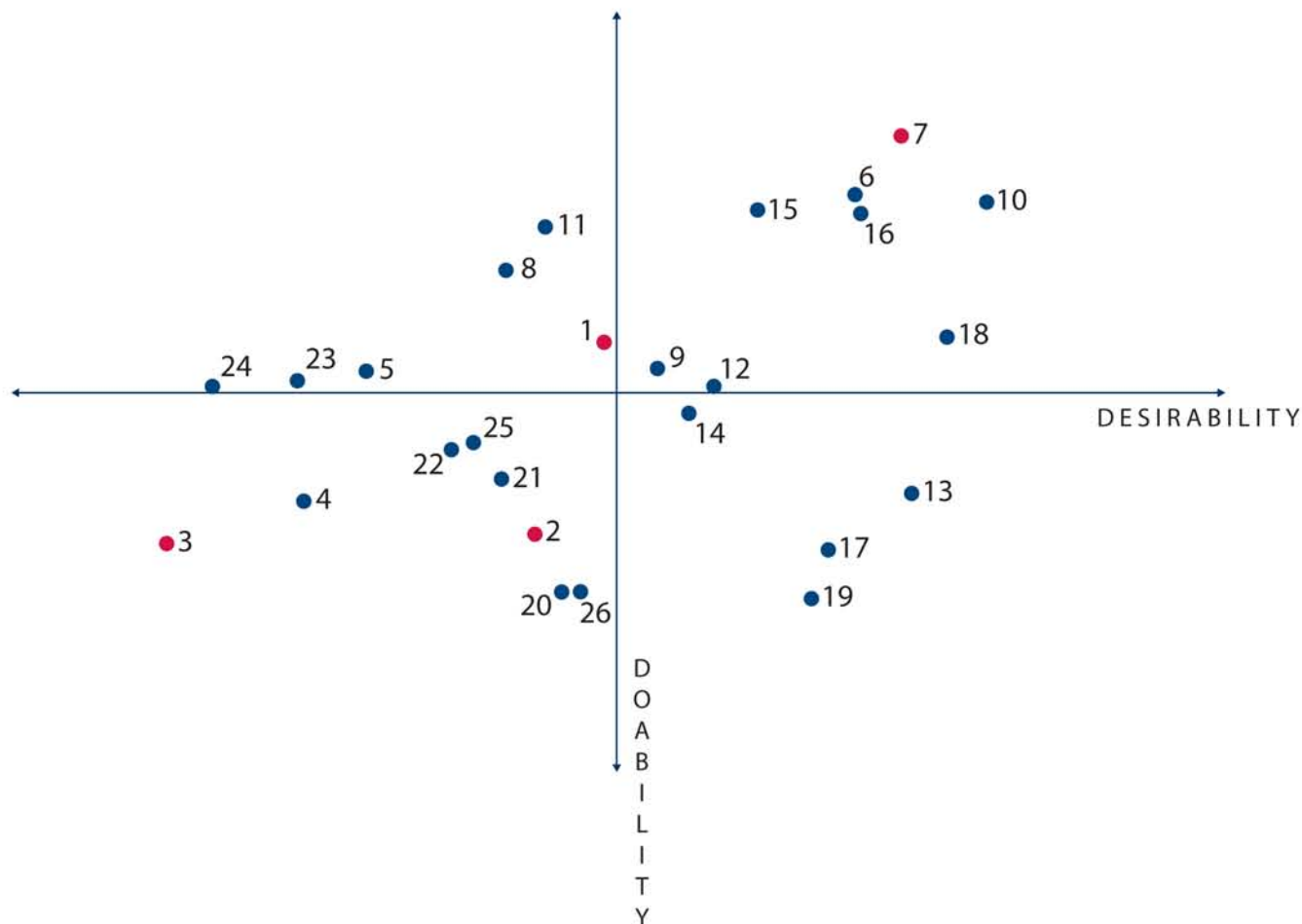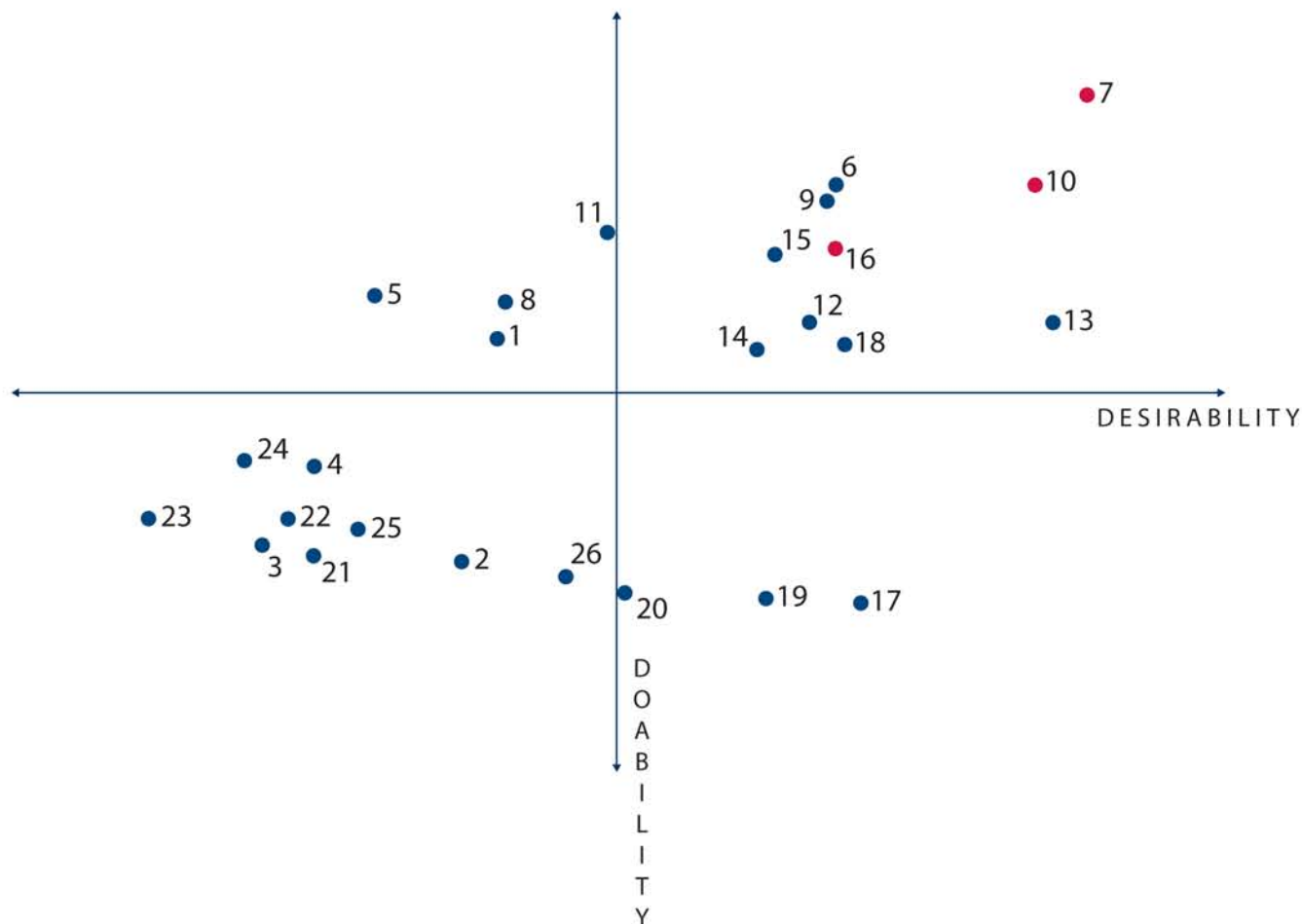
Civilian Agency Respondents

Figure 4

Government Respondents

Industry Respondents

Legend

1	Complete detailed implementation plans to consolidate at least 800 data centers by 2015
2	Create a government-wide marketplace for data center availability within the next 18 months
3	Shift to a "Cloud First" policy beginning immediately
4	Stand-up contract vehicles for secure IaaS solutions within the next six months
5	Stand-up contract vehicles for commodity services within the next 12 months
6	Develop a strategy for shared services within the next 12 months
7	Design a formal IT program management career path within the next six months
8	Scale IT program management career path government-wide, following USDA and Treasury pilot programs
9	Require integrated program teams within the next six months
10	Launch a best practices collaboration platform within the next six months
11	Launch technology fellows program within the next 12 months
12	Enable IT program manager mobility across government and industry within the next 12-18 months
13	Design and develop a cadre of specialized IT acquisition professionals within the next six months
14	Identify IT acquisition best practices and adopt government-wide. Office of Federal Procurement Policy (OFPP) will lead an effort over the next six months to study the experience of those agencies that have already created specialized IT acquisition teams, in order to develop a model to scale more broadly. Drawing on that experience, OFPP should work closely with senior agency leadership at the Department of Homeland Security (DHS) and Department of Energy (DOE) as they rollout their IT acquisition cadres in the next year. The next step, over the following 18 months, is to scale the specialized IT acquisition cadre government-wide
15	Issue contracting guidance and templates to support modular development within the next 12 months
16	Reduce barriers to entry for small innovative technology companies within the next 12-18 months
17	Work with Congress to develop IT budget models that align with modular development. Over the next six months, OMB will work with Congress to analyze existing working capital funds
18	Develop supporting materials and guidance for flexible IT budget models within the next six-12 months
19	Work with Congress to scale flexible IT budget models more broadly within the next 12 months
20	Work with Congress to consolidate commodity IT spending under Agency CIO within the next six months
21	Reform and strengthen Investment Review Boards by May 2011
22	Redefine role of Agency CIOs and Federal CIO Council as of March 2011
23	Rollout "TechStat" model at bureau-level within 18 months
24	Launch "myth-busters" education campaign in January 2011
25	Launch interactive platform for pre-RFP agency-industry collaboration within six months
26	The 25 Point Plan as a whole