



**Statement of
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 Grant Thornton

on behalf of

TechAmerica

before the

Senate Committee on Homeland Security and Governmental Affairs

**Subcommittee on Federal Financial Management,
Government Information, Federal Services, and International Security**

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Thank you for inviting me to testify this morning.

I am a principal in Grant Thornton's Global Public Sector (GPS), based in Alexandria, Virginia. Our mission is to provide responsive and innovative financial, performance management, and systems solutions to governments and international organizations. I lead the firm's federal government information technology (IT) practice. I have worked in the government IT field for 21 years with a primary focus on IT investment decision making and management.

Today I report on the results of the 22nd Annual TechAmerica Survey of Federal Chief Information Officers. TechAmerica is the leading voice for the U.S. technology industry, representing approximately 1,000 member companies of all sizes from the public and commercial sectors of the economy. Grant Thornton has supported TechAmerica in this annual survey since its inception, and I had the honor to direct the spring 2012 edition.

For 22 years, TechAmerica has conducted an annual survey of federal information executives, including chief information officers (CIOs) and their deputies, chief technology officers, the heads of major information technology (IT) divisions and representatives of oversight and congressional organizations. In 2012, IT professionals from TechAmerica member firms interviewed 40 of these federal executives. The executives identified five major concerns: cybersecurity, controlling costs, human capital, central agency policy and mobile technology.

Cybersecurity

Although I know it is not the focus of this hearing, it is important to note that cybersecurity remains at the top of the list of CIO concerns. This is no surprise, as so many security issues are handled through cyberspace, from controlling an elevator to moving money to storing confidential data on citizens. Some CIOs say that most major data breaches come from inside a government organization, yet most cybersecurity resources are directed at outside threats. Outsider threats are on the rise, however, and are becoming more sophisticated. On the upside, security threat upsurges have led to policy changes and innovation driven by a renewed sense of partnership between operations and their cybersecurity offices and among government agencies. On the downside, cybersecurity threats are an inhibitor for IT centralization and mobility. Those barriers will come down only with greater trust among agencies resulting from a consistent, high-quality, government-wide security framework. The framework must have sound performance metrics and official processes for sharing threat information. Several survey respondents say that the Federal Information Security Management Act (FISMA) needs to be more dynamic. Most say they need more funding for cybersecurity.

Human Capital

Seventy percent of survey respondents say that pay and hiring freezes affect their IT workforce and hiring plans. Freezes cause some key staff to leave and make attracting new, younger staff harder. About half of CIOs say there are formal succession plans to fill gaps left by their departing IT executives and senior managers (a problem as Baby Boomers retire). CIOs want a workforce with management and “people” skills. Such skills include ability to work in collaborative teams, negotiate with contractors, do business analysis and budgeting, manage change and be leaders. Needed technical skills include application development, mobility, network engineering, cybersecurity and open-source content management. IT acquisition skills are in short supply, which may be one reason that many CIOs think the IT acquisition process is “broken.”

Of special note regarding the acquisition process is the increasing use of the acquisition practice “lowest priced, technically acceptable” (LPTA). LPTA is increasingly the only criteria applied to the acquisition of goods and services in the government market and it is especially troubling in the IT sector, where the practice frequently yields less than “best value” for the taxpayer. For example, instead of considering the lifecycle costs of items - acquisition, installation, operation, maintenance, upgrade and finally disposal - many acquisitions are driven only by which bid included the lowest price. Often, other important considerations are left out of the equation. TechAmerica would call the increasing prevalence of this practice to the attention of the Committee and ask that it examine the acquisition practices of the government, assess their value in the Information Age and identify more effective and efficient practices to address the new funding demands IT products and services often impose.

Central Agency Policy

The federal government’s policy cornerstone for IT reform is the *25-Point Implementation Plan to Reform Federal Information Technology* issued by the White House Office of Management and Budget (OMB). Asked to rate the *Plan* as a whole, survey respondents gave it a C+ on feasibility and a C on value to their organizations, progress to date in implementation and their leaders’ commitment to further progress. Despite the mediocre score they give the *Plan*, most CIOs support it – they just want to see the *Plan* improved. Positive comments include that the *Plan* is a cookbook of good ideas, has spurred action, pushed good thinking and helped centralize decision making. Policies promoted by the *Plan* might be better if they were more flexible, say CIOs, because “one size does not fit all.” CIOs would like a clearer statement of central agency priorities and overall strategy. They would also like seed money for some of the innovations called for in the *Plan*.

This note on funding points to the overall status of the IT appropriations process as the major outstanding element of the *25-Point Plan* left to address. TechAmerica identified in our report to the Office of Management & Budget (OMB) titled *Government Technology Opportunities for*

the 21st Century that funding for IT programs did not match the pace of innovation and was an outdated process for the Information Age. The multi-year cycles and agency-by-agency appropriations makes true savings from government-wide IT investment strategies difficult to achieve. OMB echoed those findings in the *25-Point Plan* and we call on the Committee to focus on ways to improve the process of appropriating for IT programs as a means of maximizing the investment in innovation.

Mobility

Mobility means smartphones, tablets and other devices, but it is not a gadget-buying exercise, say CIOs. Mobility is a technical and cultural revolution in how people access and use information and, for civil servants, in how, where and when they work. Right now, cybersecurity concerns are barriers to mobility in some organizations. On the other hand, CIOs in law enforcement, intelligence and defense organizations, where one would expect resistance, are great supporters of mobile technology. CIOs stress the need for a strong strategy for mobility governance, involving common hardware versus “bring your own device” policies, synchronization, access to data, security and other issues. They also want a framework for fast development of mobile technology because demand is surging and changing quickly.

Controlling Costs

The survey shed valuable insight into CIO views on cutting wasteful and inefficient IT spending, the subject of today’s hearing. CIOs in our survey say that the most effective and feasible ways to save IT money are to consolidate redundant systems and operations and cancel underperforming projects and services. This includes consolidating data centers, which survey respondents saw as a good initiative both because it saves money and offers tighter central management of IT operations. Respondents condemned across-the-board budget cuts as the least effective method of cost control. Asked what they would do in the face of a 10% cut to their budgets, respondents said they would:

- Eliminate services or lower performance in service-level agreements (SLAs);
- Stop or slow down modernization, development and infrastructure work; or
- Cut staff or contractors.

Of interest is that most survey participants agree that cost cutting drives efficiency and innovation, plus it gives CIOs more influence. Tight budgets lead to improved planning, better IT development practices, new funding methods and a harder search for savings. Respondents also say they would save money if central agencies and Congress required them to fulfill fewer data calls or unfunded mandates.

Respondents think there are limits to what cost cutting can do to promote innovation and modernization. To start, the always-rising tide of IT innovation has become a digital tsunami.

Although Cloud-based alternatives to owning IT assets have been around for some time, a Cloud First imperative is now sweeping through the federal government. The number of mobile devices – smartphones, pads and other handheld devices – has surged past other means of communicating or using digital information, creating quandaries for cybersecurity and government IT policy. Congress has curtailed IT funding along with other investments, with little or no new money for realizing IT’s potential. Financial relief is not likely for several years to come, yet during that time citizen demand for digital public service will continue to swell.

To conclude, we are about to go through a truly revolutionary time in IT innovation, one that will make many existing IT assets obsolete in just a few years. We can start up that hill now with the sole intent of saving millions of dollars, only to forego billions of dollars in benefits and savings a few years down the road. Alternatively, we leverage IT as a multiplier of cost savings and effectiveness, investing more now in order to gain greater benefits in the future. But Congress should hold managers more accountable for a return on that investment. The federal government should collaborate on and share IT development and assets, simplify IT’s management framework, and replace duplication with central solutions. Solutions require robust business case analysis to confirm savings and returns on investment. This will ensure we stretch our IT dollars and maximize the benefits they bring to a more efficient and effective government.

A full copy of the TechAmerica 22nd annual federal CIO survey can be read and downloaded at www.federalciosurvey.com.

Thank you.

About George DelPrete

George DelPrete is a principal with Grant Thornton. He brings more than twenty years of experience in strategy and technology consulting, operational improvement, financial management and program management. He has a proven record of assembling, supervising and leading effective teams and advising executives in how to solve complex business challenges and use information technology to improve operational performance. George has helped his clients create portfolio and investment review frameworks, design acquisition and investment strategies for new technology initiatives, develop and implement shared services and cost savings strategies, and improve discipline in managing technology investment. He has also aided clients in the creation of high visibility business cases, align their IT investment portfolios and strategic plans, and develop performance-based acquisition documents with service level agreements. He is a frequent speaker on topics ranging from shared services to portfolio management. Before joining Grant Thornton, George held leadership roles for Touchstone Consulting and Coopers and Lybrand.

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About TechAmerica

TechAmerica is the leading voice for the U.S. technology industry – the driving force behind productivity growth and jobs creation in the United States and the foundation of the global innovation economy. Representing approximately 1,000 member companies of all sizes from

the public and commercial sectors of the economy, it is the industry's largest advocacy organization and is dedicated to helping members' top and bottom lines. TechAmerica is also the technology industry's only grassroots-to-global advocacy network, with offices in state capitals around the United States, Washington, D.C., Europe (Brussels) and Asia (Beijing). Learn more about TechAmerica at www.techamerica.org.