

**Testimony of
Alfred Grasso
President and CEO, The MITRE Corporation
to the
Committee on Homeland Security and Government Affairs
on the subject of
“Off-line and Off-Budget: The Dismal State of Federal Information
Technology Planning”**

Chairman Carper, Senator Coburn, Honorable Members, thank you for the opportunity to appear before your Subcommittee. My name is Alfred Grasso, and I am the Chief Executive Officer and President of The MITRE Corporation.

Our company's 50 years of experience, contributions, and accomplishments have given us a perspective that I believe is highly relevant to today's topic of information technology planning and management. From the early days of the SAGE air defense system to present day deployment of advanced command and control and business modernization systems, MITRE has been witness to great successes and significant disappointments. We are honored to be asked to share our lessons and insights with your committee.

Federal IT programs operate in an environment of rapid technology evolution, where some system components become obsolete while the program is still in development. This pace of technology change challenges program teams to keep their technical skill base current. IT systems and business processes are increasingly interconnected within and across agencies, making it hard to achieve consensus on vision, operational concept, and requirements. The federal government's stretched fiscal and human resources further complicate the situation. The net effect is the widespread failure of many programs to deliver on time and on budget, with a only a few notable exceptions where programs are able to overcome these challenges and succeed. Our experience leads me to comment on several critical areas and to offer three steps for improvement.

My first comment pertains to governance. Governance relates to decisions that define expectations, grant power, assign accountability, or verify performance. Effective governance comprises consistent management, cohesive policies, processes, and decision-rights for a given area of responsibility. Governance becomes increasingly complicated as programs and processes cross organizational boundaries and intersect multiple governing bodies. Authorities and responsibilities become ambiguous and program mangers are disenfranchised. It is often said that the debate begins in government once the decision is made.

Successful programs must have unambiguous governance. Decision-making authority and accountability that address the implications of intersecting organizations must be clearly defined at the onset. These authorities must encompass the areas of budget and

finance, investment portfolio management, business process, and program and project management.

My second comment pertains to requirements, an equally important consideration. Requirements reality and flux are often recognized as the root cause of program re-baselining. Re-baselining is not a dirty word but a necessary part of delivering capabilities that meet the user's needs. Requirements are too often determined in the absence of cost, schedule, and technology risk considerations, and once determined they are very difficult to change.

The biggest difference between successful commercial IT developments and troubled government IT acquisitions is how requirements are managed. Successful commercial IT developers handle requirements with great caution. If a certain requirement adversely drives cost, performance or schedule it is quickly modified or eliminated. This does not happen in the typical government IT acquisition. Time-to-market is a competitive driver in the commercial marketplace, and I would submit it is as important, if not more so, in a world where adversary capabilities change as quickly as the technology cycle. System requirements must be considered "living" but managed with a controlled process using regular trade-off analyses to determine the value of change.

My final comment addresses program management practices. Successful programs are characterized by a strong government program management office—or PMO—capable of a peer relationship with the contractor(s) on systems engineering and program management issues. With a strong and capable PMO, the government has the capability to make informed decisions and manage the risk in acquisition programs. A key function of a strong PMO is best described by the metaphor of an Architect's relationships with the user and the builder of a building.

The Architect is the user's agent and is independent of the builder. The Architect works to understand the user's operational needs and translate them into technical requirements enabling builders to develop the needed capability. The Architect evaluates development feasibility and performs an independent conceptual design and cost estimate. These Architect functions enable the user to make informed cost and capability tradeoffs and prioritize requirements. The Architect is accountable to the user to ensure that the delivered capability meets the user's highest-priority needs within the constraints imposed by available technology, funding, and time.

I offer the following recommendations based on our experience with these issues:

First, change the tone and tenor of oversight to focus equally on programs that have gone from bad to good or good to great to reveal best practices, which then can be applied more broadly. No program is without risk. We should all be more interested in those programs that have managed risks well and harvest those results for the betterment of a larger set of programs.

Second, to navigate the dynamics and uncertainty of today's environment, IT programs are best structured as a portfolio with internal planning and management flexibility.

Oversight should focus on the long-term funding envelope and the overall capabilities to be delivered. This allows flexibility at the program level to make informed trade-off decisions and to concentrate on manageably-sized increments that deliver capabilities in shorter time frames. This approach makes it easier for programs to demonstrate success or to “fail early,” which is valuable if the program has put in place and funded contingencies. It also puts capabilities in the hands of the users more quickly. This incremental approach is the norm in commercial practice.

Third, Congress should continue to support and refine programs such as the DoD's Highly Qualified Experts Program and the IRS' Critical Pay Authority that help attract and retain critical government professionals. Additionally, the IRS' pay-for-performance program has helped motivate performance aligned to outcomes. These are valuable tools that address the capacity, capabilities, and incentives needed to manage effective programs. We encourage the Congress to look to these as models, streamline their execution, and broaden their application government-wide.

I request that my prepared statement be included in the record and I would be pleased to answer any questions.