

# **2009 NASCIO Recognition Award Nomination State of Georgia**

*Nomination Category:*  
IT Project and Portfolio Management

*Title of Nomination:*  
IT Project Governance: Delivering on the Promise

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## ***Executive Summary***

For the most critical technology projects in the State of Georgia, the Governor's office requests that agency heads, agency project managers, vendor project managers, and project assurance consultants jointly present their projects to the State Budget Officer, State COO, State CFO and State CIO on a monthly basis. The purpose of these reviews is to ensure projects have the focus, resources and support needed to be successful. The result of this monthly Critical Projects Review Panel (CPRP) has been a high degree of project effectiveness and successful projects.

The Georgia Technology Authority (GTA) Enterprise Program Management Office (EPMO) facilitates the monthly reviews of between eight and ten projects that represent the most critical information technology projects within state government, which in 2008 represented a total investment of approximately \$169.5 million. The CPRP aims to understand risks and/or impacts to the state. They look to GTA EPMO and independent verification and validation (IV&V) for a measure of confidence in the projects and their progress. While the CPRP has been active since late 2003, the approach changed in two important ways in 2008. First, the project reviews focused more on "enabling" discussions, and second, the discussion topics shifted from technology to business issues.

The focus on enabling project efforts results in recommendations on process, methodologies and practices from the project assurance conducted with IV&V. Issues related to technology, communications and change management receive the focus and support of GTA leadership for resolution. But the most significant shift came from the review meetings with the CPRP. If the project stakeholders or the IV&V consultant do not expect the project to achieve its objectives, then a review of the causes and new course of action is required. If the project faces a critical issue or risk that could have an impact on the business of the state, then a discussion and course of action is expected. If the project faces critical obstacles that the governor's office can resolve, then a recommendation is presented. For the CPRP, the types of decisions and actions that result from these discussions generally have high impact, such as meetings with legislators on pending bills and statutes, meetings with vendor executives to discuss commitments and relationships, and business planning discussions with agency commissioners.

While these changes may seem subtle in nature, the results have been significant. The EPMO had laid a foundation for reliable reporting with a common dashboard and report structure. It also used IV&V, generally provided by a third party, to ensure an independent review of the project status and metrics. With these two mechanisms in place, the focus became timely identification and resolution of issues and risks at the appropriate level of the business. Overall project effectiveness in project delivery reached 90 percent for 2008, exceeding our target for the year of 65 percent and generating an estimated savings of \$30.5 million for an annual cost of approximately \$3.3 million.

## ***Description of the Business Problem and Solution***

Government business requires agencies to leverage their budget dollars to the fullest. One typical approach to leverage budget and resources is through Information Technology (IT) but the promise of automation comes with significant risk. Based on the CHAOS 2007 report, published by the Standish Group, only 35 percent of projects meet their objectives and 19 percent are failures which are shut down due to schedule delays or cost overruns. Unfortunately, by industry, government has the worst record where 81 percent of projects do not deliver on their schedule, budget, and functionality or fail outright. While any organization would see these as sobering numbers, the good news is that failures are 40 percent less likely and project successes (all objectives met on time and within budget) are more than twice as likely to occur today versus 10 years ago. The primary reason for these improvements is in the use of disciplined project governance.

Many agencies have initiatives that will bring significant changes to Georgia, delivering on the promises of a safer, healthier, growing, better educated and better managed state, goals set by Governor Sonny Perdue. The Georgia Technology Authority (GTA) Enterprise Program Management Office (EPMO) supports these agency initiatives and works to ensure critical enterprise technology projects deliver on their promise and objectives. Large and complex IT projects often fail to deliver on their commitments due to various challenges, many of which would have been resolved if addressed earlier by sponsors, stakeholders and executives. The support structure needed to reveal issues, problems and challenges much sooner is project governance. For the State of Georgia, project governance is a very pragmatic approach – first, a reliable mechanism to collect and report on project health; second, a defined audience of decision makers to act on the information; and third, an organizational culture that is enabling and not punitive based on the information provided.

The GTA EPMO has been using two vehicles for project governance. The first is project assurance, which is generally conducted by third party vendors who are accountable to GTA and to the agency or department heads. Our project assurance has been conducted through a well-defined process called IV&V. The second vehicle used in the State of Georgia is the Critical Project Review Panel (CPRP), which is chaired by the State CIO and is also comprised of the State COO, State CFO and Director of the Office of Planning and Budget. On a monthly basis, the CPRP reviews the current status and health of the most critical projects and if needed will intervene. The CPRP review requires a common report structure, shared by the IV&V vendor and the project manager, who report in concert at a preliminary review with the GTA management team prior to the review with the CPRP. CPRP and IV&V have been in place for more than five years, but in 2008, a change in the approach strengthened its effect on overall project effectiveness, visibility and accountability.

The CPRP has evolved over the years but there has always been an element of “going to the principal’s office” when presenting project status and health. The EPMO set a new tenor in 2008 by turning the focus to enabling. First, the GTA management team, facilitated by the EPMO, would ask probing questions around the project processes and progress, asking how it could support the project managers and business owners in resolving their issues. This often resulted in follow-up meetings with the EPMO Knowledge Manager who would share industry practices with the project team and coach and mentor the project and program managers. Second, the EPMO began to change the types of discussions that occurred in the project reviews, establishing a decision leveling approach to issues and risks. At the CPRP, the topics of discussion were no longer technical issues, but only business issues and/or perceived impacts to the State of Georgia. In the past, these meetings were often seen as “information only”. The CPRP was not being asked for decisions or actions, which made the meetings appear ineffectual. Now, summary reports are provided for awareness of project status, and meetings are held to discuss significant risks or issues that require the Governor’s office to support with decisions or actions. This change allows the GTA management review to respond to issues or items that are more technically oriented. It also supports and enforces a level of accountability for agencies to resolve issues that are within their scope and boundary of responsibility.

### ***Significance of the Project***

Industry practice shows that a disciplined approach to project, program and portfolio management increases the benefits businesses realize from their investment in information technology assets and resources. The State of Georgia portfolio of information technology projects is estimated at \$367 million (as of September 2007), which has an effective return<sup>1</sup> of 55 percent. This return, which is low even by industry standards, reflects a loss of workforce productivity, financial resources and benefits to constituencies.

Project governance provides the foundation for project success in an enterprise. This is accomplished in two major ways: first, by communicating and educating the project management team on industry best practices for specific undertakings, and second, by providing an escalation path for issues and inhibitors of project success. While most of the focus and attention occurs with the first item, the underlying value occurs due to the second item.

An IV&V engagement provides an objective assessment of products and processes throughout the project lifecycle. In addition, IV&V facilitates early detection and correction of errors, enhances management insight into process and product risks

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<sup>1</sup> Effective Return is calculated by looking at the success rate of projects and the total expenditures to achieve the objectives and returns. Success rates are divided into three (3) categories, Failed, Challenged and Successful, as described in the Standish Chaos report. It has also been shown that Challenged projects deliver at a higher cost than planned which decreases the benefits achieved. Effective Rate = Delivered Project \$ Value / (Cancelled Projects \$ Cost + Completed Projects Total \$ Cost).

and ensures compliance with project performance, schedule, and budget requirements.

IV&V has a cost<sup>2</sup> as well as benefits, and only contributes to the overall value to the enterprise when the benefits outweigh the costs. Generally, the costs are tangible and the benefits are intangible returns and reduced risk (or probabilities) of loss. Based on current portfolio size, every 1 percent reduction in overall effectiveness costs the state enterprise \$4 million per year. Our objective was to improve the state enterprise effectiveness in project delivery by 10 percent over 2008 and 2009 or deliver approximately \$40 million of value over this period. We estimated savings of approximately \$30.5 million during 2008 (details appear in next section).

The Critical Project Review Panel is needed to support project oversight for important enterprise projects. Without executive support, many recommendations would not be incorporated or embraced, leading to challenged and failed projects. Also, many project issues are outside the boundaries of control or influence of the project team and require executive ownership and follow-through to remove barriers or minimize impacts.

### ***Benefit of the Project***

During 2008, several projects faced critical decisions and issues that required oversight from the Critical Project Review Panel and IV&V. Below are some sample outcomes:

#### **1. Division of Investment Services / Multi-Currency Portfolio Management and Accounting System**

Project team was unable to reconcile differences with service vendor on project contract requirements during execution and test. IV&V engagement partner provided warning and escalation of situation. The CPRP requested a “deep dive” review of the project alternatives. After conducting a mid-project evaluation and re-plan, the agency determined that the go-forward business case was no longer favorable and decided to cancel project instead of increasing the investment with the existing vendor or trying to re-procure. While there was sunk cost in the project, the go-forward investment of \$2.6 million was salvaged and returned to the agency.

#### **2. Department of Community Health / Health Information Technology Transparency (HITT)**

Project team was new to the state agency and had not fully staffed to the plan, but had begun contracted efforts with the vendor. For many reasons there had

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<sup>2</sup> The EPMO is a function of GTA which provides funding for the EPMO operations as part of its IT Governance responsibilities to the State of Georgia. As such, it is an ‘overhead’ function which requires an allocation method for funding. In order to estimate the overall costs for the allocation, the following guidelines are provided: 0.5-1% of project portfolio being managed, depending on the level of overall maturity in the State of Georgia. The current project portfolio is estimated as \$367 as of Oct. 2007, which estimates an EPMO budget of \$1.8 – 3.7m.

been a very late start (over a year) but the published end date had not changed. Once the project started, an early evaluation was conducted which highlighted several significant risks. An escalation to the CPRP with recommendations on staffing and priorities helped bring the focus needed to ensure the project met its objectives with the \$8.2 million investment.

**3. Department of Administrative Services / Team Georgia Marketplace**

Project team was building and delivering a new process and supporting tool which was integrated with an existing ERP system. At the beginning of the project there were a large number of assumptions and variables that affected the schedule. IV&V proposed a phased approach to planning and baseline schedules which allowed the team to manage to an overall high-level plan and to build out detailed schedules by phase. \$10.9 million was at risk and projected savings were \$2.5 million based on the early adoption of recommendations which maintained the delivery schedule and prevented expenditure overruns.

**4. Department of Community Health / Medicaid Management Information System (MMIS)**

Project team has been challenged by a late start, fixed end-date and very complex replacement business requirements for a replacement transfer system. A major risk was the possibility that the Georgia legislature would introduce changes that could not be accommodated in the aggressive schedule. The CPRP provided exposure and support for presentations and meetings so that key legislators had a thorough understanding of the project and endeavor. The CPRP also met with senior executives of the vendor to ensure there was a comparable view of the criticality of the project effort. The EPMO provided support on key processes and methodologies. There is \$34.9 million at risk with an estimated savings of \$3.5 million to date based on the early adoption of recommendations which prevented procurement and contracting problems, helped resolve issues with requirements management and improve risk management.

**5. Department of Drivers Services / SafeDL**

This is a set of interrelated projects that will provide new processes, tools and procedures for a highly visible activity. One project had trouble with the start-up of the contracted vendor when reconciling the contract requirements. Early focus and executive support from the CPRP with vendor business owners brought resources to bear on the resolution. There was \$20 million at risk with an estimated savings of \$4.5 million based on recommendations and changes that averted potentially fatal problems during procurement and contract execution.

**6. Department of Human Resources / SHINES in support of Statewide Automated Child Welfare Information System (SACWIS)**

A multi-year project initiative that was coming to the final phases was challenged with aspects related to user testing, training and organizational readiness. IV&V recommendations in the final phases of delivery and transition averted costly

testing and roll-out problems. \$16.0 million was at risk with estimated savings of \$3.8 million.

#### **7. Department of Revenue/Integrated Tax Data Warehouse**

Project team is generally knowledgeable, capable and well organized. In the very early stages of the project effort, IV&V industry experts made recommendations in the assessment discussions that provided key changes which should impact overall performance/success. \$63.3 million was at risk creating an estimated savings of \$0.6 million.

Overall project effectiveness in project delivery was 90 percent for 2008, exceeding our target for the year of 65 percent and generating an estimated savings of \$30.5 million for an annual cost of approximately \$3.3 million.

#### *An unexpected added benefit*

The Critical Projects Review Panel has yielded an additional benefit, contributing in an unexpected way to the improved effectiveness of the state's PeopleSoft Financial and Human Capital Management systems. The PeopleSoft program has several concurrent projects that are dependent and compete for resources. Before 2007, projects were managed individually; interdependencies were not coordinated; and resources were shared among projects with no clear priority or capacity analysis. There were too many concurrent projects, and many were over budget and missing deadlines. In September 2007, four projects were in red status, meaning significant issues existed, and another was in yellow status because of one or more areas of concern.

The next month, GTA established the PeopleSoft Governance Council, using the CPRP as a model. The council, which included executive members from enterprise supporting agencies across state government, would drive strategic decisions related to PeopleSoft and provide executive backing for needed changes. The council would be actively engaged to ensure that PeopleSoft supports Governor Perdue's initiatives to make Georgia the nation's best managed state.

Applying the CPRP model has proven to be a success. As of June 1, 2009, all PeopleSoft projects are in green status, meaning they are on track with no issues of concern.