
Commonwealth of Pennsylvania

Governance, Shared Services & Project Management

2009 NASCIO Recognition Awards
IT Project & Portfolio Management

June 3, 2009

Summary

The Commonwealth of Pennsylvania invests nearly \$1 billion each year in information technology to serve citizens and conduct the state's business—maximizing such a broad portfolio is a challenge. Like so many other public entities, the commonwealth lacked a clear structure align and oversee its portfolio as well as the staff and processes to manage projects, identify risks, avoid delays and reach anticipated outcomes.

To overcome this challenge, Pennsylvania employs a single governance structure, emphasizes shared services, and invests in its own professional project management.

Single Governance Structure

In 2004, Governor Edward G. Rendell issued an executive order that, for the first time, grouped the wide range of independent IT investments made by the executive branch into a single portfolio. Key oversight components include an executive-level Enterprise Information Technology Governance Board, an Enterprise Governance Committee, Communities of Practice and an IT Contracting Office.

Shared Services

The fundamental premise is that careful transitions from legacy systems to properly structured new technologies can capture synergies, save money, increase efficiencies and free-up resources that can be redeployed toward direct citizen services. The commonwealth has thus far evaluated, integrated, deployed and adapted a wide range of technological solutions to:

- consolidate 17 agency data centers into a single Data PowerHouse,
- consolidate 40+ e-mail systems into a single Exchange messaging environment,
- consolidate legacy transactional processing systems into a single ERP system,
- transition from an antiquated web content management system to an updatable, scalable industry-standard web portal platform, and
- expand shared infrastructure across agencies via an enterprise server farm.

Professional Project Management

Despite these enterprise enhancements, state agencies had uneven skills to identify and solve their own IT challenges. To help agencies identify solutions and bring them in on time and on budget, in 2007 Pennsylvania established an Enterprise Project Management Office. Enterprise project managers are currently deployed to seven agencies managing an estimated \$160 million in projects. The office has also:

- created an enterprise project management methodology, tools and standards,
- worked with Pennsylvania's human resource professionals and unions to create new "project manager" job classifications and career track,
- created Project Management University which offers certification and has trained 880 commonwealth employees, and
- developed a statewide project management community that includes on-demand assistance, mentoring opportunities, current project spotlights, best practice case studies, ongoing educational opportunities.

Business Problem & Solution

The Commonwealth of Pennsylvania invests nearly \$1 billion each year in information technology to serve citizens and conduct the state's business. Even under the best of circumstances, maximizing such a broad portfolio is a challenge. The challenge is even greater in the public sector where decentralized oversight across independent agencies compounds the complexity, size and cost of IT projects that have grown exponentially over the past decade. The stakes are high: failure can disrupt essential citizen services and waste millions of hard-earned taxpayers' dollars.

Like so many other public entities, the Commonwealth of Pennsylvania was structurally and functionally ill suited to address these challenges. It lacked a clear structure align and oversee its IT portfolio. And it did not have dedicated staff or processes to manage projects, identify risks, avoid delays and reach anticipated outcomes. Too often, agencies made independent IT decisions based on their own operating realities and relied on technologists or contractors to provide managerial information about the requirements, pace, cost and other project variables.

To address this challenge, assure effective delivery of citizen services and protect scarce financial resources, the Commonwealth of Pennsylvania now employs a single governance structure, emphasizes shared services across state agencies, and invests in its own professional project management.

Single Governance Structure

In 2004, Governor Edward G. Rendell issued an executive order that established a single IT governance structure for all agencies, boards and commissions under his jurisdiction. The practical outcome of the order was that, for the first time, the wide range of independent IT investments made by the executive branch of Pennsylvania state government was grouped into a single portfolio.

Key components of the structure include:

- An executive-level, interdisciplinary *Enterprise Information Technology Governance Board* that provides counsel to the Governor with regard to the development and management of the commonwealth's technology investments. The board ensures cabinet-level attention is focused on technology ventures and that such ventures align with the commonwealth's highest-level priorities.
- An *Enterprise Governance Committee* that provides cross-functional, operational insight to the commonwealth's CIO (a member of the Enterprise Information Technology Governance Board) and her staff in the Office for Information Technology who, in turn, set enterprise process, policy and technology standards for 40+ executive agencies statewide.

- Agency CIOs, who now report to the commonwealth CIO, work together in *communities of practice*: public safety, environment, health and human services, and general government operations. Each community of practice benefits from leadership of a full-time commonwealth deputy CIO who has substantive programmatic expertise, identifies common business needs that can be met through shared services, promotes collaboration, eliminates redundancy, focuses on system/code re-use, coordinates cooperative problem solving, and oversees management of multi-agency projects.
- An *IT Contracting Office* that assists executive branch agencies in carrying out IT procurements. It reviews and provides guidance on all IT purchases in excess of \$100,000 and offers in-depth assistance with complex procurements.

Shared Services

The success of shared service initiatives is dramatically improved when they are grounded in a single governance structure. The fundamental premise behind shared services is that well-informed, careful transitions from legacy systems to properly structured and broadly applied new technologies can capture synergies, save money, increase efficiencies and free-up resources that state agencies can redeploy toward direct citizen services.

On an enterprise level, shared services include IT tasks, systems, and operations required by multiple state agencies to function on a day-to-day basis. Examples include mainframe administration, server support, email and web platforms as well as transactional processes such as finance, budget, procurement, supplier relationship, plant maintenance, payroll, travel and more.

The Commonwealth of Pennsylvania has thus far evaluated, integrated, deployed and adapted a wide range of technological solutions to:

- consolidate 17 individual state agency data centers into a single Data PowerHouse,
- consolidate 40+ individual e-mail systems into a single statewide Exchange messaging environment,
- consolidate individual legacy transactional processing systems into a single ERP system,
- transition from an antiquated web content management system to an updatable, scalable industry-standard web portal platform, and
- expand shared infrastructure across state agencies via an enterprise server farm and additional network infrastructure.

Benefits of Pennsylvania's shared services are significant and tangible. For example, recent economic conditions have stressed many states' public benefits systems to the breaking point. Dramatically and quickly increasing applications for unemployment compensation, for example, coupled with statutory changes in the program have led to widely publicized horror stories about long waits, lost data and other challenges for vulnerable Americans applying for this crucial assistance.

In Pennsylvania, however, because the commonwealth has a single IT governance structure and because the Department of Labor and Industry shares services via the Data PowerHouse, the commonwealth could quickly and easily bring state agencies together to obtain consensus to allow Labor and Industry to be the first agency to utilize a new Z10 mainframe processor. The structure was also instrumental in allowing Labor and Industry to obtain and use excess processor capacity which enabled the department to continue to support citizens in need of unemployment compensation without interruption.

In addition to such citizen-service benefits as illustrated above, the Data PowerHouse, for example, has saved \$317 million over the past three years, with an additional \$240 million expected over the next five.

The email system allows the commonwealth to communicate with employees quickly and easily. Safety issues and policy changes, for example, can be pushed to employees statewide at the touch of a button. Contacts and calendaring features allow employees to work across agency lines in ways that were previously so cumbersome as to be prohibitive. And, frankly, the culture change associated with every agency being so connected in a day-to-day way is immeasurable.

And, as part of the shared services initiative, the commonwealth deployed and subsequently manages one of the most efficient ERP systems in the world. In fact, a 2005 survey of more than 100 organizations revealed that, on average, 1.92 full-time equivalents are necessary to support every 100 ERP users. Pennsylvania provides world-class support at a fraction of that, 0.23:100. And—in contrast to several government entities that deploy ERP for various subdivisions of their business—Pennsylvania runs a truly enterprise solution, supporting 49 agencies under the Governor's jurisdiction as well as 4 independent organizations.

Professional Project Management

A single governance structure that provides a strong foundation for shared services is crucial in maximizing investments across the entire portfolio. Despite these enhancements, however, Pennsylvania's state agencies possessed uneven levels of ability to identify and solve their unique IT challenges.

In an effort to help agencies identify appropriate solutions and bring them in on time and on budget, Pennsylvania's Office for Information Technology established an *Enterprise Project Management Office* in 2007. The office immediately began to identify, design and institutionalize enterprise management tools, methodologies and standards. Over time, it expanded to include a staff of seasoned IT project managers that are deployed to state agencies, as needed, on a project-by-project basis. Six full-time professionals attend to enterprise-wide management issues and 7 full-time project managers serve the agencies.

In terms of enterprise-wide management issues, the Enterprise Project Management Office has:

- created an enterprise project management methodology, tools and standards;
- worked with Pennsylvania's statewide human resources professionals and unions to create new "project manager" job classifications and career track;
- developed and deployed custom recruitment strategies for hard-to-find IT professionals, including project managers;
- created Project Management University—a registered education provider of the Project Management Institute—which offers certification and has trained 880 commonwealth employees;
- developed a statewide project management community that includes on-demand assistance, mentoring opportunities, current project spotlights, best practice case studies, ongoing educational opportunities; and
- established a culture in Pennsylvania state government that project management is fundamental to any new IT project and must be addressed early in conceptualization and applied throughout the life of the project.

There are inter-agency MOUs in place so that Enterprise Project Management Office's project managers are currently deployed to seven agencies managing an estimated \$160 million in projects. MOUs require quarterly "wellness checks" with agency IT and business executives, the agency's community of practice deputy CIO, the director of the Enterprise Project Management Office, and the project manager. Deployed project managers physically reside with the requesting agency for the duration of the project and agency executives provide a written assessment of their performance to the Enterprise Project Management Office.

The work managed by enterprise project managers can be illustrated in a current deployment through the health and human services community of practice. Pennsylvania's Departments of Health and Public Welfare have distinct

responsibilities for serving citizens with addiction or mental health issues, respectively. Each agency has multiple and specific eligibility criteria, delivery systems, health care providers, funding streams, IT networks, and governing statutes.

In reality, however, substance abuse/addiction and mental health disorders often affect a single person.

An enterprise project manager is currently leading a multi-agency team to identify and implement a technology solution that will help make treatment services seamless from the citizen's perspective; track claims and outcomes across both agencies; allow professionals to see all treatment participation and options in one place; protect confidential health information; accommodate federal and state reporting requirements; allow for modification based on changing statutory requirements; and house data in a central repository.

Clearly, the new system will enable more comprehensive and coordinated treatment for Pennsylvanians who need it—increasing their chances of success. But it will also provide professionals with data to make decisions about which programs work best, identify gaps in services, and make wise investments with taxpayer dollars.

Significance

A single governance structure, shared services and professional project management have yielded significant cost savings and dramatically improved services for the citizens of Pennsylvania. More importantly, however, they have proved that technology can be a catalyst for ongoing coordination, communication, and innovation in state government.

Benefits

Stringent oversight of investments, coordinating across agencies, sharing services and better managing projects has transformed the Commonwealth of Pennsylvania's service delivery. When compared against Gartner benchmarks, it's clear that the Office for Information Technology has achieved significant economies of scale, for example, the benchmark cost per e-mail user is \$20; Pennsylvania provides the service for \$2.14.

Pennsylvania's citizens hold their government to a high standard. They expect significant returns on their investments, which includes FY 2008-2009 state operating budget of about \$28 billion. By putting funds in budgetary reserve and undertaking several cost-saving initiatives—including those detailed here—state agencies are spending 1.5 percent less today than in 2002-2003. Had administrative expenses increased at the rate of inflation, taxpayers would have paid \$293 million more to operate their state government this year.