

NASCIO Recognition Award Nomination

Title of Nomination: Information Technology (IT) Strategic
Management Project–Technology Planning Phase

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Category for Judging: State IT Management Initiatives

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Executive Summary

Over the past several decades, Information Technology (IT) has become increasingly important to the efficient and effective operation of state government. This trend will continue into the foreseeable future, with expenditures on IT comprising a significant proportion of overall spending by State of Ohio agencies. During this same period, various IT management disciplines have emerged. These disciplines are related, but they are rarely integrated in a coherent, synergistic fashion. In the current economic environment with its resulting budget cuts, there are three inevitabilities: first, IT must show alignment and value to business; next, IT expenditures must be treated as investments; and last, IT management can no longer be practiced in a “stovepipe” fashion.

The State of Ohio IT Strategic Management Project– Technology Planning Phase addressed all three of the above inevitabilities:

It combined business planning and IT planning concepts and incorporated alignment mechanisms to link planned IT initiatives to business requirements. The alignment of business and IT occurs at the lowest level, with alignment of IT projects to business objectives, with additional linkage to agency goals, and concludes with a final alignment of agency IT directions with state enterprise and federal technical initiatives.

The Technology Planning Project Phase captured estimated IT expenditures and IT asset information to facilitate the State of Ohio treatment of IT initiatives as investments. Without this information investment management cannot be effective.

The State of Ohio began an enterprise initiative to iteratively raise the effectiveness of its IT management disciplines. The Technology Planning Project was the first phase of this incremental and integrated maturity approach. Four management disciplines and two governance elements compose this approach. The four management disciplines are project management, strategic planning, acquisition management, and portfolio management. The two IT governance elements are IT policy and Enterprise Architecture.

The Ohio IT Strategic Management Project – Technology Planning Project Phase introduced sweeping changes, improving the strategic management environment. Although this first phase targeted strategic planning, the effort made initial headway into the IT portfolio management and investment management disciplines by laying the foundation of information and processes needed to move forward. The Technology Planning Project Phase also included enhancements to the project management discipline as practiced in agencies, and finally, began the process of educating agencies in this approach, and established real-time planning as a core element for strategic planning. The IT Strategic Management Project - Technology Planning Project Phase will be used as a springboard to implement and continue enhancement of the other IT management and governance disciplines.

PROJECT DESCRIPTION

The project the State of Ohio is nominating for the NASCIO, State IT Management Initiatives award category is the Information Technology (IT) Strategic Management Project – Technology Planning Phase, also referred to as the Technology Planning Project. The purpose of the Technology Planning Project was to synchronize and integrate business needs, IT assets, IT management and IT governance into the same planning and delivery cycle. The Technology Planning Project positioned IT management disciplines, assets and practices so current and future strategic initiatives could be addressed more efficiently and effectively. This project greatly improved the quality and value of strategic and tactical IT planning for State of Ohio agencies and will be a springboard to stimulate integration of other IT management disciplines (e.g. IT Portfolio Management, IT Project Management, etc.).

The Technology Planning Project included implementation of:

- Integrated and aligned technology planning with business planning;
- Aligned agency IT projects to technical initiatives at state enterprise and federal levels;
- Strategic and tactical IT planning methodology;
- Application (ePlanningIT) to gather and introduce standardization of plan information and real-time planning;
- Repository to house IT plan information;
- Initial inventory of IT projects and assets related data into a single integrated repository;
- IT plan quantitative and qualitative analysis and review process;
- Plan review process that supported IT governance;
- Agency-wide and statewide decision-making information;
- IT portfolio management investment, decision-making profiles; and
- State of Ohio agency education in:
 - Alignment of business and IT;
 - Benefits of technical planning;
 - IT planning methodology; and
 - Concept of real-time IT planning.

The Technology Planning Project, that began in June 2001 and was implemented in April 2002, focused on developing a strategic agency business plan followed by a strategic and tactical IT plan that aligned to the business needs. In order to do this, a planning methodology was created and agencies were guided through the steps of the methodology applicable to their level. Key planning elements for the business plan included business mission, vision, program areas, linkage of program areas to IT applications supporting them, business goals, objectives and alignment of business objectives to agency business goals.

Once the business strategy was complete, agencies were guided through development of their strategic and tactical IT plan. This involved planned IT projects and maintenance activities needed to support the business strategies already defined. Key elements of tactical IT planning included defining the purpose, goal, success criteria, description, budget estimates, and time estimates for each IT project. Strategically, each IT initiative was aligned to a business objective. This tied the technical project or maintenance activity to the strategic business goal of the agency that it supported. Agencies were asked to weigh alignment of their IT projects and maintenance to the agency goals overall; thus providing a quantified view of the extent each project contributed to the agency business. The project also provided the capability to align agency IT projects to state enterprise and to federal IT initiatives.

Several products were developed to facilitate IT planning:

- A technology planning policy to reflect the new planning requirements ([Ohio IT Planning Policy](#));
- State of Ohio '[Agency Guide to IT Planning](#)' describing the planning methodology for State of Ohio agencies; and
- Application (ePlanningIT) to standardize and maintain planning information.

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Following submittal of IT plans, agency-level and statewide reports were developed from the IT plan repository to aid financial, business and technology decision-makers. Examples of reports include: budget estimates by project versus maintenance activity; by development, enhancement and utility projects; by fiscal year; by discretionary versus non-discretionary projects; by "major IT projects"; by project risk; and project category reports (for portfolio purposes); etc. The data repository was also used to generate quality reports to provide qualitative feedback to each agency regarding their respective IT plan.

Much of the data gathered in The Technology Planning Project included agency planned project and IT portfolio information. Portfolio information will be used as part of IT investment decisions in future IT Strategic Management Project phases. Profiles generated in the Technology Planning Project, provided a “first look” at business alignment from an IT portfolio management perspective.

SIGNIFICANCE TO THE IMPROVEMENT OF THE OPERATION OF GOVERNMENT

The results of the Technology Planning Project is a revolutionized way of administering the State of Ohio strategic and tactical IT planning process and the usefulness of the IT planning information. It erases the stovepipe barriers around the planning process and transforms it into part of an integrated IT management environment.

Prior to this project, there was no predefined planning approach or methodology. While there had been an IT planning process in place, it was paper driven, utilization of the plan information was not occurring by most agencies, and IT plans were not kept current. The process did not consider IT planning in conjunction with the strategic direction of state agency business. IT planning was viewed by some as a required exercise that did not provide value. From a statewide IT governance perspective, use of individual paper plans was cumbersome; the IT plan information was not consistent among agencies; there was no easy way to aggregate or utilize the information received; and much of the time, the IT plan information was outdated. Implementation of this project resulted in:

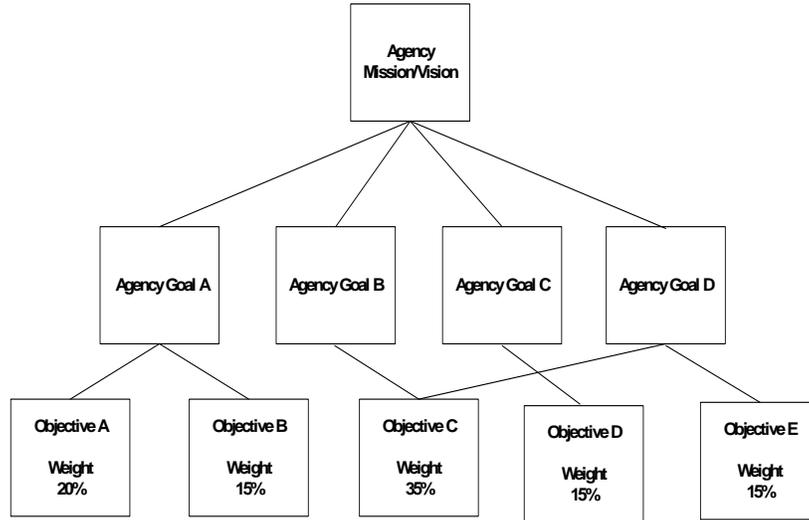
- Standardized State of Ohio agency IT planning;
- Integrated IT governance, and Data Center perspectives into the IT plan analysis and review process;
- Supported budgetary technical and acquisition decision-making; and
- An established foundation for process maturity for future IT Strategic Management Project phases.

A major improvement to the operation of State of Ohio government is the availability of state enterprise-wide IT plan information. Aggregate information is available at a statewide level that has never before been available. Applications of this newly available information are still being realized but some specific examples of improvement to statewide government thus far include:

- A common vocabulary and understanding between business and IT professionals in state government;
 - Increased capability to change the direction of IT at statewide levels in accordance with the business of government in today's rapidly changing business and IT environments;
 - Increased opportunities for statewide savings of IT cost, time and staffing resources;
 - Increased coordination and information sharing among all statewide divisions responsible for IT governance;
 - Investment and decision-making support for sudden and/or high-priority initiatives that are part of larger statewide and/or federal initiatives; (e.g. HIPAA, Homeland Security, etc.)
 - Identification and targeting of investments in strategic directions (e.g. e-Government, Payment Processes, Consolidated Help Desks, etc.);
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- Identification of the Enterprise Architecture components and IT policies needed to govern the IT environment;
 - Identification of acquisition and service support requirements;
 - Identification of statewide factors that can be addressed to reduce project risk; and
 - Identification of projects that should be monitored.

Of significant value at the State of Ohio agency level is the IT to business alignment. The figure below depicts an example of how the IT plan alignment of business and IT may now be used in the State of Ohio. It shows a sample result of aligning and weighing business objectives to business goals and aligning IT projects to business objectives:

In this example it can be seen that business objective C is the highest priority within the agency, followed by objective A. Objectives B, D and E are relatively equal as third tier priorities. It can also be seen that Projects C and B mostly contribute to the highest priority business objective. This information can be invaluable when used for decision-making. For example, if objective B no longer remains part of goal A, functionality of projects B and E may be able to be reduced. If the business cuts goal A and objectives D and E, project E may no longer be necessary.



Planned IT Project

IT Project A	25%		25%	50%	
IT Project B		10%	90%		
IT Project C			100%		
IT Project D	75%		25%		
IT Project E		30%		50%	20%

BENEFITS REALIZED BY SERVICE RECIPIENTS, TAXPAYERS, AGENCY OR STATE

The Technology Planning Project benefits State of Ohio constituents, state of Ohio agencies submitting IT plans, and statewide IT governance offices. From a constituent context, both citizens and business will benefit. From an agency context, CIO's and IT managers, financial and budget managers, and agency IT planners benefit from the results of this project. From a statewide context,

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the State of Ohio CIO; Office of Budget & Management; the statewide Governance offices (including Technology Acquisitions Management, IT Policy, IT Project Management); and the state enterprise-wide IT plan reviewers have benefited from the implementation of the Technology Planning Project. More specifically:

Ohio Constituent Context:

- o Improved cost containment;
- o Increased effective and efficient service delivery;
- o Better IT investments; and
- o Reduced redundancy in state government.
- State of Ohio Agency Context:
 - o Agency CIO and IT Managers
 - Understand the agency business goals and objectives resulting in better alignment of technology to agency needs;
 - Identify value of Enterprise Architecture and IT Policy in the development of project plans;

- Understand what and how technology initiatives support the agency business;
 - React quicker to changes in agency business directions;
 - Recognize an IT Portfolio Management view of agency and agency IT projects;
 - Quantitatively justify and select IT initiatives; and
 - Justify budget requests and technology investments.
 - Agency Financial and Budget Managers
 - Assurance that the projects promising the greatest potential business and financial returns receive the necessary resources;
 - Gain clear understanding of impact and support that technology gives to the agency business;
 - Better understand costs associated with technology initiatives;
 - Create more accurate budgets; and
 - Create identifiable budget justifications.
 - Agency IT Planners
 - Transform a “policy-compliance” exercise into a core process for management of IT;
 - Receive guidance in IT planning via the IT planning methodology;
 - Simplify agency IT plan submission via the ePlanningIT application; and
 - Facilitate real-time planning via the ePlanningIT application.
- Statewide Context:
 - State of Ohio CIO
 - Real-time access to aggregated statewide IT plan information;
 - Identify project, practice and asset similarities to take advantage of economy of scale, and resource and knowledge sharing (e.g., Business processes and services, use of technology, functionality); and
 - Maintain portfolio management view of agency and IT projects statewide.
 - Office of Budget & Management
 - Experience incremental improvement of accuracy in IT budget estimates; and
 - Ability to verify that technology budgets focus on agency and statewide business needs.
 - Technology Governance:
 - Acquisitions Management
 - Ability to compare agency’s technology purchases against their technology plan to ensure technical dollars are spent effectively and efficiently; and
 - Design and structure statewide contracts for cheaper acquisitions.
 - IT Policy
 - Ability to verify that agency technology initiatives comply with statewide IT Policy; and
 - Proactively target next governance policy iteration, to address agency and statewide needs.
 - EA
 - Ability to verify agency technology initiatives follow in the direction of, and converge with statewide Enterprise Architecture;
 - Include agency planning trends in next Enterprise Architecture revision; and
 - Proactively target next architectural revision to guide agency and statewide efforts.

- Project Management
 - Ability to identify and monitor major IT projects of statewide interest; and
 - Ability to identify and verify statewide risk factors and address them.
 - IT Plan Reviewers
 - Ease of IT plan review based on:
 - Consistent organization of IT plan information;
 - Submission of IT plan review comments via the ePlanningIT application;
 - Ease of performing quality review; and
 - Ease of performing IT plan analysis for statewide implications.

RETURN ON INVESTMENT, SHORT-TERM/LONG-TERM PAYBACK

Return on Investment

The Technology Planning Project provides a foundation that builds to an overall enterprise initiative that will move Ohio forward in addressing improved technical management. Upon completion of the overall enterprise initiative, State of Ohio IT executives can expect to experience improved technology and business goal alignment, return on investment, time to market and business operations. According to industry projections, the State of

Ohio can expect to achieve average overall technical cost savings between 20% and 35%, with the saving derived from a number of areas. Case studies have found corporations undergoing a similar approach to technology management have experienced multi-million dollar savings.

Paybacks

There are short and long-term paybacks as a result of the Technology Planning Project.

Short-term paybacks include:

- Alignment of IT projects to agency business direction;
- Alignment of agency IT projects to state enterprise-wide and to federal IT initiatives;
- Project prioritization that supports funding for the right and best IT projects;
- Activity of treating IT assets as investments rather than as a line item on a purchase order;
- Ability to establish business-oriented project success criteria; and
- Proactive IT governance and support.

The long-term payoff is a collaborative implementation of government services resulting in reduced operating and support costs for a more open and more common development and infrastructure environment.

Operational Benefit

Measurable operational benefit is being seen in two categories, agency IT planning and reporting. In regard to agency IT planning activities, better planning is becoming part of the agency managerial process and a better self-filtering mechanism will emerge to improve the quality of the projects considered for implementation at agency and state enterprise levels. From a reporting perspective, higher quality agency IT plans have been created in less time. Many business and technical managerial and financial decision-making reports are generated automatically and reports are more current and accurate. These are operational tools that were not available prior to completion of the Technology Planning Project.