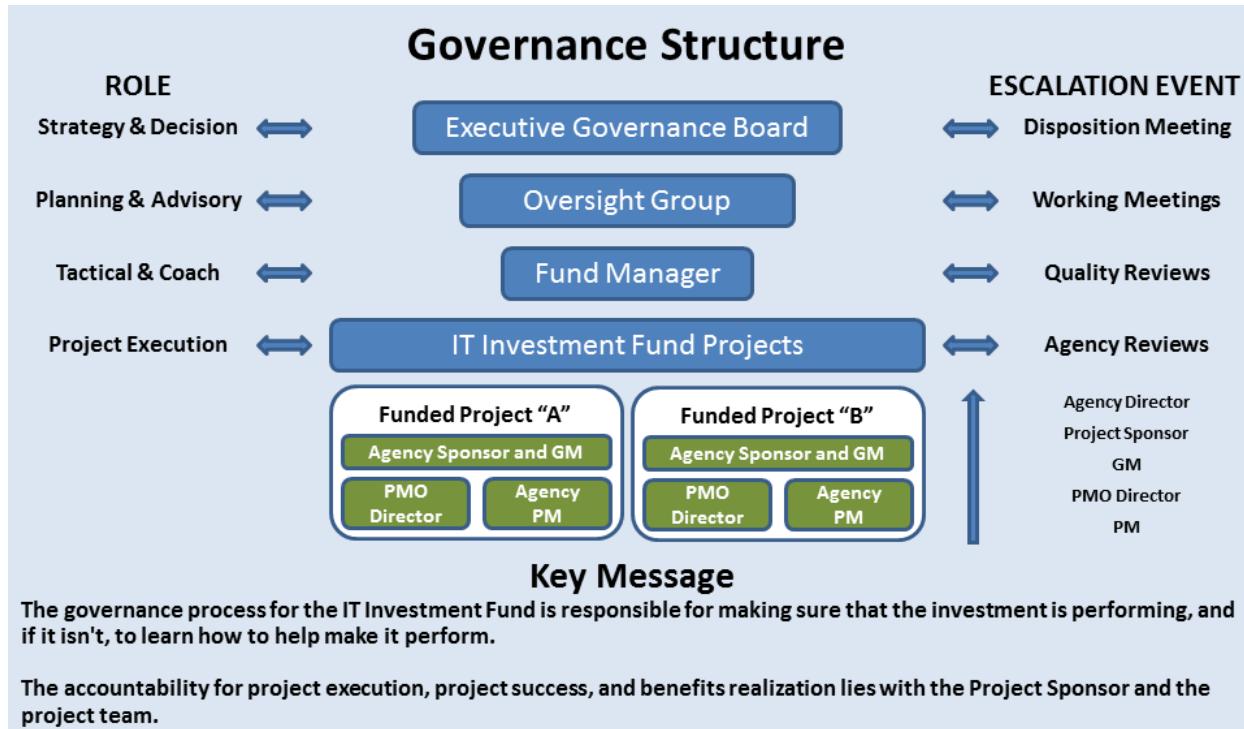




## 2015 Michigan NASCIO Award Nomination

### IT Investment Fund: Fiscal Responsibility and Accountability



**Sponsor:**

David Behen, DTMB Director and Chief Information Officer

**Program Manager:**

James McFarlane, Customer Service Director

**Category:**

Enterprise IT Management Initiatives

**Completion Date:**

December 1, 2014 – IT Investment Fund (ITIF) Portfolio Governance Model

**IT Investment Fund Portfolio Management Team:**

Ward Beauchamp, EPMO Director

Chris Drew, IT Investment Fund Portfolio Manager

Richard Madle, IT Investment Fund Project Assurance Lead

## **Executive Summary**

The State of Michigan (SOM) faced a big challenge: structuring a rapid increase in information technology (IT) projects to ensure successful completion—meeting requirements, on time, and within budget. Investing in technology is a key to Michigan’s desired reinvention. A special annual appropriation to address legacy technology and automation opportunities began in fiscal year (FY) 2013 with \$47 million, and increased totaling \$157 million to date. Such sizable investment brings significant fiscal responsibility, accountability, and visibility. Furthermore, if the Department of Management, Technology, and Budget (DTMB) could not demonstrate investments were aligned to the Governor’s priorities, agency strategies, DTMB strategies, and the SOM’s overall IT strategies, the likelihood of receiving on-going funds would be jeopardized.

The Information Technology Investment Fund (ITIF) Portfolio Governance Model was developed to manage this appropriation for maximum value returns. By implementing new and creative governance structures and processes while leveraging the existing Call for Projects, State Budget Process, and SOM methodologies based on nationally-proven standard methodologies, the ITIF model has created the necessary discipline and recipe for success. With a coherent tiered management approach and clearly defined roles and processes, the ITIF supports NASCIO priorities and remains focused on capitalizing Michigan’s priorities, and helps make sure the DTMB is well positioned for success by:

- Ensuring all IT investments align with agency and enterprise IT strategic plans and the Governor’s policy agenda.
- Leveraging an investment management plan to ensure selection of the highest ranking projects.
- Making intelligent resource planning and staffing decisions, using consistent and accurate data contained in the enterprise reporting tools.
- Executing excellence with proven project management methodology and processes.

Between December 1, 2012 and December 1, 2014, the ITIF governance model has allowed the SOM to successfully complete 16 projects and save over \$3 million in cost avoidance, efficiencies, and savings. The Medicaid Compliance Program (MCP), MiPage, Michigan State Automated Child Welfare Information System (MiSACWIS), Improve Project Portfolio Management, Corrections Offender Management System Legacy Modernization Phase 1, and the Electronic Death Registry System (EDRS) were among the most significant projects benefitting from the ITIF governance model.

## **Business Problem and Solution Description**

The SOM faced a complex problem: structuring a governing system to effectively manage over 600 active IT projects and 300 new IT project requests. Therefore, a rigorous governance structure, process, and measurement tool allowing Michigan to pick the best project candidates, with the highest likelihood of success and utility—while staying within budget—was needed.

The solution, the ITIF portfolio governance model, defines the end-to-end process of soliciting projects, setting eligibility criteria, selecting project candidates for inclusion, and the management of execution, monitoring, control, performance and accountability of all projects chosen to be included in the IT investment fund portfolio.

The ITIF focuses its investments on the critical needs of the state. ITIF's leadership is dedicated to investing in projects providing maximum value, and projects necessary to meet regulatory mandates. Therefore, ITIF has implemented new and existing tools and processes required to aggressively mitigate risk and drive projects to successful completion. ITIF is broken down into the following processes:

### *Project Inclusion*

- Provides a framework for prioritizing, selecting, measuring, balancing, and flexibly changing the composition of the ITIF portfolio.
- Ensures all changes to the ITIF as a result of business redirection are efficiently and effectively executed.

### *Project Assurance*

- Performs enterprise-level, internal project quality assurance checks throughout entire project lifecycle.
- Uses proven project controls and processes to reduce risk, improve portfolio management, meet audit requirements, and align with industry best practices.
- Leverages existing staff to perform project assurance functions within the various agency PMOs.
- Uses regular independent project assurance checks performed for other agency's ITIF projects, providing an independent outside view of the project with a resource that is familiar with the state's process and methodology.

### *Investment Management/Budget and Cost Control*

- Identifies and addresses the redundancies and risks early.
- Assists in driving troubled projects to completion or proper disposition (cancel, hold, proceed with caution) by performing real-time project quality checks and applying project controls during the project lifestyle.
- Maximizes value while managing risks and costs.

### *Benefits Realization*

- Delivers measurable business value while aligning to, and improving, the business and IT strategy.
- Assures the ITIF investments are performing according to plan.

### *Portfolio Reporting*

- Tracks and reports on ITIF forecasts, actuals, and trends, providing business, technology, integration, and solution views in support of the guidance and direction of the business and IT strategy.
- Practices information and reporting transparency to instill accountability into the culture.

### *Infrastructure*

- Modernizes and replaces legacy technology and systems with flexible and scalable solutions to improve reliability, quality of services, costs of support, and shorten time to market to meet increasing demands.
- Adheres to the SOM's enterprise architecture, process, and methodology standards to help maximize value while managing risks and costs.

## **Significance**

The projects selected via the ITIF governance model have put in place solutions that extend to multiple agencies. Through an impact analysis review of all the project candidate requests, the SOM is able to eliminate duplicate efforts, consolidate like efforts, and identify opportunities for shared solutions. All projects selected are in alignment with Governor Rick Snyder's reinventing Michigan and Relentless Positive Action platforms, and align with Michigan's Digital Strategy for Citizen-centric Government. Additionally, the ITIF has supported NASCIO priorities by providing transferrable standards and best practices, consolidation/optimization, budget and cost control, human resource management, mobile services/enterprise mobility management, strategic IT planning, and customer relationship management.

The SOM posts all funding commitments—as well as project progress—on the internet at [Open Michigan](#). Project statuses are actively tracked and monitored across the entire portfolio, allowing for rapid escalation of project issues as they arise. This also provides universal visibility into how the funds are being used, which is a key in retaining on-going legislative financial support for IT-related projects. In addition, this keeps Michigan tax payers informed on how technology investment dollars are being allocated.

## **Benefits**

Creating and implementing the ITIF governance model has provided the SOM and its citizens a number of benefits. Specifically—since ITIF's inception in 2012—the SOM

has completed 16 projects under the ITIF's governance model. All of the projects have been completed within budget and on time. The ITIF highlights and benefits include:

***ITIF Portfolio – Budget to Actuals for the 16 Completed Projects***

- \$22,170,600 total budget allocated to completed projects.
- \$20,106,536 total budget spent on completed projects.
- \$2,064,064 budget savings approved to fund additional phases or start-up of other high-priority projects by the ITIF Executive Governance Board

***ITIF Portfolio – Benefits Realized within 12/1/2012 to 12/1/2014***

- 56 legacy systems retired, replaced, or modernized.
- 3 legacy interfaces eliminated.
- 106 manual processes automated.
- 32 new systems implemented.
- 167 agency remote offices have had network and connectivity upgrades.
- Over \$3,000,000 cost avoidance, efficiencies, and savings realized.

***ITIF Governance Model Project Accomplishments***

**The Medicaid Compliance Program (MCP)**

MCP is an initiative to implement patient protection and Affordable Care Act (ACA) requiring changes in private insurance and Medicaid. Michigan is following the Centers for Medicare and Medicaid Services (CMS) and seven standards and conditions required to receive enhanced funding from CMS and is using a phased implementation strategy to deliver solutions. Some of MCP's major accomplishments include:

- Streamlines and Medicaid application process.
- Uses Modified Adjusted Gross Income (MAGI) methodology to calculate income and household composition using real-time determinations.
- Improved customer service and customer experience – online application process is streamlined and returns real-time eligibility determinations.
- Healthy Michigan Plan – implemented Michigan's Medicaid expansion with now has over 500,000 individuals enrolled since system launch on April 1, 2014.
- Created a culture of success in partnerships with an integrated federal, state, and CMS model; as well as an integrated inter-agency delivery model across 5 agencies.

**MiPage**

State programs often functioned autonomously, with almost no coordination in customer service, so the SOM developed MiPage under the ITIF governance model. MiPage is a

citizen-centric portal that informs and engages citizens by allowing secure access to state services and information via their mobile devices, by providing relevant information based on personalized information, and by notifying the citizen of pertinent changes or needed actions. The benefits of MiPage include:

- Customers can use the MiPage mobile app as a tool for news, events, services and maps on their mobile device. Access to secure applications is available through a single login MiPage enabled by the SOM's new sign-on system (MiLogin).
- MiPage, by leveraging DigitalGov from [www.usa.gov](http://www.usa.gov), covers all facing applications, websites, and content from one search.
- MiPage is the public conduit to mobile applications from at least 12 state agencies.

#### Michigan State Automated Child Welfare Information System (MiSACWIS)

MiSACWIS is an automated web-based solution for administering child welfare case management and payment. The system was launched in April 2014 after three years of development. It's a chief component in Michigan's strategy to better effect outcomes for children in Michigan, via protective services, foster care and adoption. It is also used by our network of private placing agencies that also provide foster care and adoption services. MiSACWIS is the first child welfare system in the country that is designed with case management and investigative tools engineered for mobile devices. The system supports children's protective services workers with after-hour system access and initiation of after-hours court orders – all initiated via mobile device. MiSACWIS supports over 18,000 function points (business processes), which is more than Amazon.com.

#### Improve Project Portfolio Management

This project enabled a single source of truth for project status and resource allocations. Executives and managers can make better business decisions based on accurate resource and project management data.

- The project's budget was only \$150,000, and created more than \$600,000 per year in efficiencies.
- DTMB has implemented an enterprise Project Portfolio Management (PPM) tool which has enabled the entire portfolio of technology projects to be integrated and accessible. Project statuses had been stored in multiple systems which impacted reporting and transparency.
- Major project portfolios are now published bi-weekly to the public on Open Michigan, for greater transparency. Project status is actively tracked and monitored across the entire portfolio, allowing for rapid escalation of project issues as they arise. Overall project success rates are now dynamically generated and reported.

- Planned effort for technology staff is now captured and is measured against technology demands across state government; thereby, enabling improved staffing allocation.

### Corrections Offender Management System Legacy Modernization, Phase 1

The Michigan Department of Corrections (MDOC) and DTMB started the modernization of MDOC IT systems by eliminating the first of two groups of legacy systems creating the Offender Management System (OMS). The Corrections Management Information System (CMIS) legacy mainframe system was sunset in phase 1 of the project. By October 1, 2014, the SOM saved \$345,000 during this transition. The modern hardware and software provide substantial savings and long term benefits. The MDOC user community experiences vastly expanded levels of control in investigations creating major efficiencies for those users. Changes or updates to the application can be done immediately, reducing the time necessary to package software for release. Redeploy activities and IP mappings are no longer necessary using this web-based OMS system. Centralization reduces risks and therefore improved security. Additionally, there is now the ability to utilize automated testing tools for Unit Testing and User Acceptance testing test cases. These tools also ensure that coding standards are followed thus cutting the need for time consuming reviews. OMS and its exchanges with OMNI are real-time so there is a dramatic improvement in data accuracy and immediacy. Finally, because OMS is a single, consolidated database, it eliminates the need for dual system data reconciliation between it and the interfaced solutions, eliminating dual data entry, and it contains complete, consistent, and accurate data that allows for ad hoc research capabilities.

### Electronic Death Registry System (EDRS)

EDRS provides for the electronic updates of death records by funeral directors, hospitals, city clerks, county clerks, and Department of Community Health (DCH). In addition, the EDRS is leveraged to create a legal death record and maintain the database of death records. EDRS allows for SOM vital records staff to export vital records data electronically and send to other federal and local agencies, including the National Center for Health Statistics (NCHS) and Social Security Administration (SSA). This resulted in improved efficiency, as approximately 60,000 death records submitted manually will now be submitted electronically. Processing time has been reduced from 90-120 days to 1-3 days.