STATEMENT OF
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U.S. DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SENATE COMMITTEE ON BUDGET
UNITED STATES SENATE
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Thank you Chairman Warner, and members of the Committee. I request that my full testimony be accepted for the record.

Mr. Chairman, as a fellow Virginian, it is quite a pleasure to be invited to testify in front of this committee about one of my passions; effectively managing federal government Information Technology (IT) investments. This is the second time I have served as a CIO at a federal department, the first from 1998 to 2001 as a career executive at the Department of Commerce. For the eight years between the government executive positions, I spent time as both a CIO and Chief Executive Officer (CEO) at private sector companies in Virginia.

In the last six months the VA Office of Information and Technology (OI&T) has made substantial progress towards becoming a well managed, effective IT organization. Most notably, we have:

- Established a customer service focus and strong, positive relationships with our internal customers.

- Introduced the Program Management Accountability System (PMAS), which ensures close management of our systems development projects.

- Paused 45 of our most problematic projects, and successfully reformed 30 of them under the PMAS system.

- Prioritized over 1,000 spend items, for example projects, purchases, or contracts within IT, making hard choices with our customers about which items can be accomplished, and which cannot.

- Begun tying together planning, budgeting, and spending to quantifiable results. Each IT item where taxpayer dollars are spent will have an individual responsible for ensuring results are delivered.

- Begun tracking and reporting the operational metrics of our field organization. This action will ensure VA is paying close attention to the aspects of our business that our customers most depend on.

There are three causal factors at work that are enabling our rapid progress.

First is the consolidation of all IT resources into a single organization under the CIO. Congress was instrumental in helping VA achieve this organizational structure. It is unique to have all of the IT spending and staff under the CIO for a Department level federal government entity. The consolidated authority and responsibility of this organization are key in effecting the changes VA is making.

Second is a senior management team, from Secretary Shinseki on down, that understands the importance of technology to organizational effectiveness. Secretary Shinseki has set forth a vision of a 21st Century VA; a VA transformed by technology into a Veteran-centric service organization that is forward looking and results driven. Achieving this vision

requires VA to have an IT organization that can reliably deliver and operate the technology needed to effect that change.

Third is hiring a CIO with an understanding and expectation level of what can be achieved in an effective, well-managed IT organization. The mission, scale, and challenges of federal departments are sufficient to attract technology executives who want to make a difference. Unfortunately, the bureaucracy, particularly the ineffective organization structure, human resources processes, and acquisition processes, along with the compensation levels, are aspects of government that drive away the level of talent we most need to attract.

Over the last six months, the Office of Information and Technology (OI&T) identified and is implementing well over 100 management and operational improvements. There are three of those items that are fundamental to creating a well-run IT organization: program management accountability, prioritization, and operational metrics.

PMAS: The primary purpose of the VA IT consolidation in 2007 was to improve the results of investments in information technology. Recent program failures have pointed out the need to examine the system development approach. Analysis of all ongoing IT projects showed that many programs are significantly behind schedule and appreciably over initial cost estimates.

The Program Management Accountability System (PMAS) was established within OI&T by Secretary Shinseki in June of 2009. In July, in conjunction with the roll-out

of the IT Dashboard, VA announced the temporary pause of 45 ongoing development projects. The intent of PMAS is to improve the rate of success of VA's IT projects by ensuring that IT program managers have access to the resources necessary, and by closely managing the project to near term customer delivery milestones.

PMAS requires the use of incremental development techniques for IT projects and programs, with delivery of new functionality to an internal customer (tested and accepted by the customer) at least every six months. PMAS also requires management acceptance of an investment plan, and requires that a program or project be paused and re-evaluated at the point where it has missed three customer delivery milestones.

PMAS lays out clear expectations for our Program Managers. They will be held to planned costs and schedules. To be approved for investment under PMAS, a program or project must have:

1.   An identified customer sponsor.
2.   A program plan that incrementally delivers a functional product to the intended customer at least every six months.
3.   Documented, agreed to requirements for initial milestones.
4.   A clear plan for necessary program disciplines.
5.   Clear access to necessary program resources.
6.   Customer, program, and vendor acceptance of PMAS

management requirements.

7.   Success criteria established and accepted jointly between Customer, IT, and Vendors.

8.   An established Integrated Project Team (IPT) made up of all stakeholders and service providers involved with a project.

Programs will be paused on the third missed customer delivery milestone. Once paused, substantial changes must be made before the program can restart. These include:

1.   Re-assessment of the need for the program

2.   Re-assessment of the program approach

3.   Re-assessment of the program design

4.   A new program manager

5.   Substantial changes in the assigned government staff

6.   Re-competition of all service contracts

7.   Approval of a new program plan by the Assistant Secretary
       for Information and Technology

Although pausing 45 of our most troubled projects garnered most of the attention of the popular press, my greatest satisfaction has been in seeing many of those projects resume with an increased probability of success.   As CIO, I can assure you that through this new policy shift, PMAS will: (1) re-balance requirements with available staffing, (2) reduce technical risk through incremental product delivery and use of Integrated Project Teams (IPT), (3) assure business sponsor engagement throughout the System Development Life

Cycle, and (4) allow VA to identify troubled projects earlier so tax dollars are not wasted on programs that are not yielding results.

Prioritization: In implementing PMAS, we quickly identified an issue that caused many projects to fail at VA: VA was committing to too many IT development projects and not prioritizing projects and allocating resources accordingly.   Many projects failed to meet expectations because they were under-resourced, and destined to fail from the start. To address this issue, VA recently ranked all of our IT spend items, approximately 1,000 line items including projects and recurring costs such as leases and licenses, from most to least important from the customer's point of view. VA determined how many of those items can be successfully completed with our current resources, and most importantly determined which items could not be completed. We obtained buy-in for these decisions from our internal customers throughout the process. VA *will* make hard decisions during FY2010 based on this prioritization. For the customer, this means fully resourcing the most important projects and not resourcing lower priority items.

Operational Metrics: In my experience, well managed IT organizations are heavily oriented towards tracking and reporting their operational metrics. These are the real "score-card" items in IT: system availability, system response, customer service volumes, and customer response. By focusing on operational metrics, an IT organization quickly determines how well it is serving its customers, where it is weak, and what it needs to do to provide better services. Today, VA tracks the IT operational metrics that covers about 25 percent of our existing infrastructure. VA's IT operations do a good job for our customers. This includes keeping VistA, our Electronic Health Record system, available well over

99.95 percent of the time nationally. Tracking the operational metrics has also helped us identify long-term strategies to improve the system availability of VistA and other key VA systems, and to obtain concurrence in those strategies.

Acquisition Challenges and Solutions: Key among all of the PMAS implementation steps is the principle of collaboration. Information Technology is a critical need for all parts of VA. This need requires enterprise-wide collaboration to effectively reach solutions for the entire organization. Throughout OI&T, Project Managers are establishing Integrated Project Teams IPTs to help them complete their project successfully. An IPT is a cross-disciplinary team focused on the collaboration necessary to deliver an IT project, which includes empowered representatives from varying organizations with specialized expertise. Many of the representatives are the end users of the systems being developed and will have a direct stake in the success of projects. Teams not only include hardware and software experts, but acquisitions and human resource specialists, business owners, general counsel, dependent product owners, and any others whose input will be needed at some point in the development lifecycle. IPT members work collectively to establish a detailed project plan. They are expected to meet on a regular basis, and become collectively responsible for the delivery of the product within the project plan deadlines. Establishing a successful IPT is a critical success factor in determining whether a project can be restarted after it has been paused under PMAS.

IPTs have proven to be critical in solving our IT acquisition issues. The acquisitions process has proven lengthy and unwieldy. The separation of project managers and acquisition specialists prevented any strategic approach to acquisitions. Vendor under-performance

plagued some of our best-known projects, with project managers uncertain of courses of action available to them.

By bringing key project decision makers together, acquisition and legal professionals are involved throughout the development lifecycle beginning with developing the project schedule. Strategic insights into a project's acquisition needs are identified early, allowing the Office of Acquisition, Logistics, and Construction (OALC) to plan appropriate resources and review timelines. OALC took an additional strategic step toward allotting appropriate resources by establishing a dedicated acquisition office to support OI&T program planning and execution. OI&T, OALC, and the Office of the General Counsel are working together to implement joint Program Management Reviews, allowing early insight into contract performance and facilitating immediate or preemptive course correction. These steps, while preliminary, are providing the building blocks for foundational shifts in the way VA manages IT acquisition.

In closing, I would like to thank you again for your continued support and the opportunity to testify before this Committee on the important work we are undertaking to improve VA's IT project development; and to demonstrate our unwavering goal in achieving both Secretary Shinseki and President Obama's vision of a 21st century Department committed to serving those who have selflessly served our Nation. I would now like to address any questions you might have.