

TBM Awards 2014: TBM Champion Award Nomination Form

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Q1: Company Name

State of WA

Q2: Primary Contact Name

Mary Groebner

Q3: Why is TBM important to you? What were the factors that started you on a TBM journey?

I've been a proud state employee for over 28 years; I am also a very demanding taxpayer. My personal values have over the past decade led me increasingly into roles where I facilitate and improve communication and advocate for the use of quality data to support data-driven decision making. My current role as the Program Manager for the Technology Business Management (TBM) program within the Office of the Chief Information Officer (OCIO) is a natural evolution of that.

From the State of WA 2012 Technology Strategy document: 'Each year the state spends nearly \$1 billion on IT staff, infrastructure, applications, maintenance and operations. Technology, legislative, and policy executives have been concerned about the lack of sufficient and credible insight into agency-level and enterprise-wide technology investments'. The excerpt above only speaks to one layer of a multi-layered problem, however. Public confidence and trust in efficiency and effectiveness of government as a whole has been on a long downward slide, and communication between the business executives and IT leaders has always been challenging as they often seem to speak entirely different languages.

Given the often difficult choices that have to be made about the services that state government provides, it is vital that we do our best to ensure efficient and effective spending in all areas (including IT) and provide business leaders and elected officials with solid data, in the language they understand, to help them make the tough choices necessary due to increasing demands on limited revenue sources. As we enter into yet another painful budget cycle, where our Governor has asked agencies to prepare for possible 15% cuts in order to provide needed funding to education, the choices just get harder and harder and though IT is an enabler, it is often seen as a mystery black box where money goes in, but nobody can really explain what you get for it. This makes it increasingly vulnerable to budget cuts, which continues a vicious cycle of underinvestment and falling behind.

Over the past decade, in an attempt to gain better insight into IT spend/performance, the State of WA legislature mandated numerous studies and reports designed to get at various slices of IT spend or operation. Each study and report was painful for the state agencies to participate in, as they had to identify and re-categorize into study-specific categories what they had been doing and how much it had cost. In 2012, we participated in a mandated Total Cost of Ownership (TCO) study that provided us a one-time snapshot view inside and across 40 state agencies – and how we compared to peers in the industry in various categories. But this only whetted appetites for the ability to do it on more of an ongoing basis – and, it still didn't give us the ability to line up IT spend with the business services that it supported (or, translate the conversation between business and IT effectively).

In June of 2012 we entered into a contract with Aptio to use the tool (and a larger TBM program) to improve accountability, insight and transparency into technology spending and investments in order to increase confidence, trust, and improve communication. We've made some missteps along the way, and I think it's fair to say that both Aptio and the State underestimated the level (and type) of effort required but we're in this together and learning as we go. We were their first public sector client, and I think easily their most federated – both of which make something that's already challenging even more so. We've got ambitious goals, and sometimes it can be quite humbling to assess where we are versus where we would like to be, but we've also made some significant progress and had some conversations that wouldn't have been possible if we had not started down the path. I look forward to many more refinements and process changes and data cleanup efforts (not necessarily things normal people look forward to) and many more good conversations down the road – and I think we're on the right path.

Even our legislature sees the promise. In fact, they added statutory language in 2013 that the OCIO must "coordinate with state agencies with an annual information technology expenditure that exceeds ten million dollars to implement a technology business management program to identify opportunities for savings and efficiencies in information technology expenditures and to monitor ongoing financial performance of technology investments". That's kind of a big deal, we think.

Q4: How is it that you educate IT and business executives about TBM and the importance of its adoption? What are the outcomes of that effort? Please provide examples.

As I mentioned above, we operate in a federated environment. While I manage this program from the OCIO and work with the state Deputy CIO (Michael DeAngelo) who is acting as the product owner in conjunction with Office of Financial Management (OFM) Senior Budget analysts, we do not have direct authority over the other state agencies except through creation of policy. Currently, we have 43 different state agencies represented in 20 different agency-specific service costing projects, 1 multi-agency service costing project, and a couple different projects for data distribution or reporting at the enterprise level. As you might imagine, communication and education is critical. OCIO has been setting the minimum standards that agencies must meet, but we are now starting a cross-agency TBM Advisory Group that will advise OCIO and OFM, who will set direction and deadlines going forward.

- We have created a fairly large section of the OCIO website that explains the TBM program and its' relationship to our other statutory requirements (such as oversight of major IT projects, etc.). This content is continually evolving and the goal is to have it be useful both for our participating state agencies and for the public or legislative audience that might be interested in these efforts. We envision including access to reports or data as part of our website in the future, once agencies feel more confident about the quality of data.
- The topic of TBM has been raised by the Deputy State CIO at Deputy Director meetings, including a demonstration of how one agency (the Dept. of Corrections) has been utilizing reports generated from Adeptio as a regular part of their operational processes to assist in decision-making and improved communication.
- The State CIO (Michael Cockrill) and Deputy have recently started a 'World Tour' of our state agencies. The preparatory/background material they take with them for discussion with the Agency Secretary/Director, Deputy, and CIO consists in part of charts and tables showing each agencies' IT spend broken into IT Resource Towers, as well as five benchmarking reports that show how the agencies compare to each other and to the non-profit/government sector in a specific category. These materials have been excellent conversational fodder, and the meetings are serving to spark a lot of interest and activity.
- Each month, I convene a meeting of the 'boots on the ground' agency staff involved directly in implementation of Adeptio. We identify problems or challenges and talk through possible approaches, as well as share best practices at these meetings.
- We've recently formed a TBM Advisory group consisting of CIOs and CFOs (and a few delegates) from various agencies participating in this endeavor for the sole purpose of helping create a strategic roadmap with feasible and achievable milestones along the way. Currently, this group is discussing the desired presentation for IT expenditure information to be included in the Governor's budget appendix.
- Each month, at the CIO forum – or as needed, using the Customer Advisory Board distribution list, OCIO shares decisions or status about the TBM effort.
- Numerous efforts also take place within the state agencies; some agencies are farther along this path than others. At least two agencies (Consolidated Technology Services (CTS) and Dept. of Corrections (DOC)) have designed and conduct training for new agency users on an ongoing basis. One additional agency (Dept. of Labor and Industries (LNI)) has focused on using the TBM Council publications on 'New CIO Metrics' for internal discussions and has noted that the reporting available from Adeptio has helped them better explain IT spend to their internal business executives.
- Within the TBM program itself, in fall of 2013 we adopted an Agile approach. We are working with the newly established TBM Advisory Group to create a longer-term roadmap, but since fall of 2013, internally at OCIO we have set specific goals in releases and sprints that we track using an online task board (Kerika) and that agencies can request direct visitor access into so that they can watch our progress (and our backlog) as we tackle each sprint and release. This provides additional transparency and education into the overall effort. Goals and outcomes of the various releases are documented on the OCIO website TBM pages.

The primary outcomes of all of the efforts above is simply better understanding of and increased interest in bettering our TBM program to be useful at both the agency and enterprise level. Of course, bettering the program also means bettering the data; as a result of increased focus on the data, processes are often streamlined and automated and we are also finding that with more attention on the financial transactions entering our system of record, the accuracy of the initial coding is slowly improving over time.

Q5: How do you, or your team, make TBM reporting a core component of operational meetings, business reviews, annual strategy and planning and other IT or business meetings. What are the outcomes of those efforts? Please provide examples.

I can provide examples at both an agency, and an enterprise level.

At an agency level, the state Dept. of Corrections (DOC) and Consolidated Technology Services (CTS) are both regularly using reports generated from Apptio to inform ongoing management team discussions. These agencies have designed and conducted internal training for various audiences within their agencies and built specialized reports to be used by these different audiences in addition to the standard reports provided within Apptio. These reports allow these agencies deeper insight into ongoing operations.

At an enterprise level, as mentioned above, our State CIO and Deputy are currently meeting with Agency Business and IT Leaders, using the high level spend breakdown into IT Resource Towers as well as comparative benchmark reporting in five areas as conversation starters. Some of this information (the breakdown of spend into IT Resource Towers) is anticipated to be used in the Governor's Operating Budget Appendix to inform elected officials of relative IT spend by agency and within budget section.

As we continue to build up the Apptio model, we anticipate using reports to inform funding requests and investment plan/major project approvals as well as potentially track cost savings achieved through data center consolidation and/or migration to use of cloud technologies.

Q6: How do you, or your team, use TBM methodologies and/or technology to empower IT leaders to make better, faster decisions? What are the outcomes of that effort? Please provide examples.

Much of this was covered in the answer to question #5.

As a specific example however, one agency (CTS) reported out to the legislature in a Report on Process Improvements from Lean (pages 23-24) using reports generated within Apptio. A direct excerpt from this report: Description of the problem: Service Desk leads were spending 24-30 hours each month manually creating workload analysis reports from two data sources. The reports analyze data related to the 5,000 contacts the Service Desk receives each month in order to ensure the proper Service Desk staffing levels for processing customer contacts.

Description of the improvement: Service Desk leads, the Finance Team, Agency Technology Services, and Telecommunications Services created a process to automatically load Apptio with the information from the two data sources. Apptio, an IT Financial Management application, now instantly generates the reports so leads no longer have to manually create them (see sample below).

Specific results achieved: The time it takes to produce the report has been reduced from 24-30 hours a month to minutes.

CTS can now use these reports and many others like it to quickly make staffing decisions in this area. At this time, I believe DOC is the only other agency that is using the reports to make actual decisions, rather than as informational and/or to advise data cleanup efforts.

Q7: How do you, or your team, use TBM methodologies and/or technology to empower business and finance leaders with transparency into the IT costs and consumption driven by the lines of business? What are the outcomes of that effort? Please provide examples.

At the agency level, the work that CTS and DOC have been doing supports transparency into IT costs and relationship of those costs to various lines of business. Part of their effort in identifying various audiences for the Apptio reports was in clearly establishing service owners for various services and giving them the tools/data with which to have deeper discussions with customers using those services.

The Dept. of Labor and Industries has also begun similar discussions with their executive business leaders, and are establishing metrics based on TBM Council work on new CIO metrics, that they wish to achieve.

CTS is embarking on an additional effort to stand up a separate Apptio project that will load in the detailed billing data that agencies currently receive via CD or hardcopy and allow finance personnel from all state agencies (and potentially other customers of CTS such as WA State cities, counties and tribes) to view this billing data directly and, possibly for other agencies using Apptio, make this data available in their customer agency projects. The agencies are very excited about the potential of having direct access to this data.

At the enterprise level, again, we feel that the initial use of Apptio reports on IT expenditures by agency by Resource Tower in the Governor's Budget Appendix will be the initial effort into use of these reports across the enterprise.

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Q8: How do you, or your team, use TBM methodologies and/or technology to collaborate with business partners to understand their plans and anticipate demand? What are the outcomes of that effort? Please provide examples.

We have not yet started into this territory using the TBM tool, though we are on the verge in one specific area – that of legacy IT system modernization and/or replacement. As part of our statutory requirements for this year, OCIO is required to produce a report to the legislature on the modernization and/or replacement of legacy systems. Though our minimum expectation for agencies in Apptio at this time is to have cost data allocated and mapped to IT Resource Towers, subtowers and Cost Pools correctly, we are going to slowly raise that bar over time. Since one of our primary goals is to align IT to business services, and that's largely done by building all the way up the stack – we knew it was important to get agencies working on an application inventory. Applications are probably the most granular object besides Business Services that business leaders can align to their needs. Coincidentally we also needed this application inventory to compile the legacy modernization report, so we have added the legacy-specific data elements (which involve questions around when agencies might address these efforts, at what cost and from what funding source). We asked agencies to produce the inventory for us and simultaneously upload it into their Apptio projects. This way, they've got a jump start on that portion of the model as they have an inventory in place.

Initially we had hoped to put the scripting in place necessary to pull the application data from the agency projects into the enterprise project and generate graphs and charts for this report from there, but this proved to be too aggressive a timeline given the necessary data cleanup associated. Still, we do now have the data in the agency Apptio projects and as it is likely that the legislature will want to revisit this report periodically we fully intend on doing the work to aggregate this data from the agency projects and produce the necessary reports so that we can identify changes in future demand as agencies tackle and complete modernization efforts, collapsing/reducing the number of legacy systems still to be addressed.

Q9: What is your approach to using TBM methodologies and/or technology to review progress against plans, including making necessary periodic adjustments? What are the outcomes of that effort? Please provide examples.

As noted above (answer #8), if and when the legislature asks us to revisit the status of legacy modernization/replacement efforts, we hope to do so using Apptio.

As noted in all the prior answers, data quality and definitions are tremendously important for our agencies in making sure that these reports are as accurate as possible and conveying reality to our elected officials.

Necessary periodic adjustments are often just the improvement of data at the agency and enterprise level over time.

When we initially rolled out the tool in fall of 2012, minimal attention was paid to the taxonomy and the definition of IT Resource Towers and subtowers. Each agency did some interpretation of their own. Additionally, the direction at that time was that each agency could, if/as needed, create their own subtowers as long as those were consistent with the tower that they fell under. Some agencies created their own towers. This made reporting at the enterprise level very problematic, and it soon became apparent that we needed to further refine the definitions. In late fall of 2013, OCIO documented the existing usage of towers/subtowers across agencies noting what we saw as problems and began convening a series of meetings with the Apptio Leads from each agency to discuss and refine the taxonomy. Each agency had slightly different needs and new topics arose. One example is that some agencies (such as the Dept. of Corrections and Dept. of Transportation) have a large number of radios that they were wondering whether or not to include as IT Spend, so we had a full-on discussion of that topic in these taxonomy discussions, ultimately deciding that those agencies who have IT staff that service or manage the radios should have a subtower to place that effort in because they wanted to track it. We completed that refinement mid-spring 2014 and instructed agencies to use the 'new' version effective for the 2015 fiscal year which started 7/1/14. We also committed to a yearly revisit and refinement of this taxonomy.

Because there are slightly different definitions of 'what is IT' in the Statewide Accounting Manual (which guides coding of accounting transactions into the accounting system of record that ultimately feeds Apptio) to what agencies consider as IT, the data between our accounting system and Apptio may have a significant variance. Agencies have requested that we convene an effort to better reconcile the competing definitions, and we plan to do that this fall. The timing is advantageous as we are also considering embarking on a replacement of our core financial systems in the state, and standardized coding will be an important preparatory activity for that effort.

Sadly, we have also experienced negative outcomes as a result of these necessary periodic adjustments.

Because we are highly federated, in order to get reports at the enterprise level, we have scripting in place that harvests data from the various agency projects for certain high level data elements and places that data in the enterprise model for reporting. This data harvest takes place at each fiscal month close as the data is distributed to the various agency projects. If/as agencies go back into their projects and modify allocations or filtering and do so retroactively, the data reflected in the enterprise reports no longer match the data which exists in the agency project. This is a governance problem that we are just beginning to address; more will be said about it in the answer to the last answer in this submittal.

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Q10: What is your approach to TBM evangelism through community engagement, such as through the TBM Council? Please provide examples and/or outcomes.

We have not participated much if at all in the TBM Council to date, though several state personnel from various agencies did attend the 2013 TBM Conference in Seattle and all returned with glowing reviews of the conference, sharing materials with those who were unable to attend.

State Deputy CIO Michael DeAngelo and I are registered to attend the 2013 TBM Conference in Florida and I am hopeful that eventually State of WA will build relationships with other entities on this journey.

As noted in answer 4 above, we have been increasingly active in evangelizing TBM across various audiences internally however. Initially when this effort began back in July 2012, the participants involved were largely limited to the IT shop. Increasingly, however, whether talking about aligning definitions of 'what is IT' across the statewide enterprise between the accounting system of record and Apptio, speaking at Deputy Director meetings or with Agency Directors/CIOs and often CFOs on the 'world tour', we are involving more and more business and finance leaders in this effort. Once they see the potential, they become internal evangelists within their own organizations and across organizations.

One such example was the Apptio Lead at the Dept. of Labor and Industries (LNI) who attended the 2013 TBM Conference and was captivated by the new CIO metrics. She returned from the conference, sharing the materials and knowledge with her agency sparking internal excitement and interest in discussions about what they'd like their metrics to be and how they could get there. This in turn, when discussed at a TBM Advisory Group meeting with multiple agencies represented, became a request for a cross-agency presentation so other agencies could see what LNI was doing.

DOC and CTS have also both graciously agreed to do presentations of what they are doing with their agency-specific TBM programs when requested to do so by OCIO or other agencies. DOC initially designed their internal training program and shared the materials so that CTS did not have to start from scratch. We are slowly but surely building a community of practitioners, and we are heavily reliant on (and appreciative of) the support we receive from the passionate individuals in each agency who are trying to drive these efforts forward.

At the enterprise level, I routinely provide walkthroughs and explanations of the tool and our goals (including establishment of supporting policy and process, integrated with other related efforts such as portfolio management and project oversight) to agency or contracted staff. This has been especially useful as a kick-off point for staff in the 24 additional agencies we brought into Apptio in the multi-agency project (which will be described more in the next section).

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Q11: In your own words describe how you, or your team, have effectively and successfully institutionalize TBM as a methodology and functional role within your organization. Please use examples and/or outcomes.

As noted above in answer 9, the establishment of an annual review and refinement of taxonomy as well as definitional alignment to our accounting standards is a necessary effort in institutionalizing TBM across our federated organization. So too is the ongoing outreach and communication through various forums and to various audiences (as noted above in answer 4). We do, however, have a few additional examples of how we are trying to institutionalize TBM here at the State of WA. Two of these examples are our attempts to address the difficulty and complication of learning the tool with limited resources available within the agencies.

As you know, this is not an easy effort to undertake and it requires much process change and dedication to uncover the necessary data, clean it up and then try to ensure that it is all connected correctly. While finding and cleaning the data is a responsibility that has to stay within each agency, we believe that creating the model and special reports is a burden we can and should try to lift from the agency, removing that last step as a barrier. This has resulted in our creation of a multi-agency project, and our pursuit of using managed services for all model changes and most report requests.

While the statutory requirement for a coordinated TBM program (referenced in answer 3) mandated inclusion of all agencies with an annual IT spend exceeding \$10 Million, OCIO wanted insight into a larger percentage of overall IT spend than that. Consequently, we established a lower threshold at \$250 Thousand in annual IT spend. For those agencies with more than \$250K in spend but less than \$10M in spend, we gave them the option of having their own Apptio project or appearing in a multi-agency (very minimal and barebones) project with other like agencies. Twenty-four agencies are in this single project, which is a variation of a service costing project that includes a little extra logic behind the scenes to enable slicers by agency within the project, and uses a standard allocation (based on averages from all the agency-specific project) for parsing out costs coded as IT in the accounting system into their respective cost pools, IT resource towers and subtowers within the project. The agencies in the multi-agency project are not allowed to create specialized reports or set up advanced filtering to identify/key off a particular piece of account coding but they are allowed to customize their percentages/allocations of total spend that go into a particular IT resource subtower. We think of this as the 'starter model' to get more agencies represented in our enterprise reporting, without making these smaller agencies supply the effort required to set up an agency-specific (and admittedly more precise) model. We fully expect and anticipate that as we build up the stack with other agencies, some of the tenants in this multi-agency project will want projects of their own and we now have an easy way to spin them off into their own project. Once there, they can utilize our next idea for removing hurdles to get a little more precise and customized.

We are in process of establishing usage of Managed Services for the remainder of FY15 and paying for these services out of a central fund so that each agency does not have to try to find funding for consulting hours to change models or create reports if they do not have that expertise internally (and most of our agencies do not). Our hope is that we can use some of these hours to review and revise existing agency projects to achieve better performance and standardization across projects, as well as to make necessary (small) revisions for agencies inclusive of less complex custom reports. Also, by having Apptio centrally manage the models, we will be in a better position to be aware of needs to retroactively modify allocations in an agency-specific project and ensure those changes get rippled into the enterprise project as well.

The other example of institutionalizing TBM is simply the work we are beginning to undertake to craft a TBM policy, as well as better articulate, define and make transparent the relationship between TBM and other requirements our office is responsible for.