



Pursuit of the “Near” Perfect IT System

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To be covered.....

- What decision makers need to know
 - First things first
 - Be prepared to be active
 - Create a tickler file for your points of concern or interest
 - Know who is responsible for key elements and time frames
 - Know what you need to manage and what needs to left to others to manage
 - Managing the Ideas
 - Business case
 - Business process re-engineering
 - System Requirements (technical and functional)
 - Managing the project
 - Managing the process
 - The Steering committee
 - The Project team
 - Managing the vendor relationship
 - Contact and communication
 - Change orders = \$\$\$\$\$
 - The value of a good RFP
- Lessons learned from OJI and other Department efforts



First things first

- Decision makers should:
 - Participate, Participate, Participate
 - Create a tickler file for your points of concern or interest
 - Know who is responsible for key elements and time frames
 - Know what you need to manage and what needs to left to others to manage
 - The idea/concept behind the project (the business case)
 - The development of the management process of the project
 - The vendor relationship





Managing the Ideas

- Developing the Business Case

- The most crucial step in the process
- Know what do you want and why

- Example: Taken from an actual OJI RFP

3.0 Justification for and Nature of Changes

- The Benefits 2000 project was initiated.....as a result of two business concerns:
- The current UC benefits business processes are based on the business needs which were present in the mid-1980s. Since that time the UI business environment has changed, in some instances dramatically.
- The existing computer systems which support the delivery of UC Benefits are difficult to upgrade and costly to maintain.

Managing the Ideas (cont.)

- Two goals for new system:
 - Improve the UC business processes, ***radically*** where necessary, to meet current and future business needs.
 - Replace the existing UC computer applications using a foundation of new technology and improved design methods to meet the new business processes and improve flexibility and maintainability.





Managing the Ideas (cont.)

- Components of a business case assessment should include:
 - Documentation of current technology “as is” including enhancement capacity
 - Review and consideration of **proven** current technology capability options, this is the “to be” state
 - Gap analysis between “as is” and “to be”
 - Cost analysis not just of what the technology costs but the cost of not getting the technology, of not changing the business process



Managing the Ideas (cont.)

- Business Process Re-engineering
 - Identification and **excruciating** documentation of business process requirements
 - This must be performed by actual business users
 - executive “buy in” and support required
 - Gap analysis of staff skills “as is” v. “as needed” this will dictate training requirements



Managing the Ideas (cont.)

■ System Requirements

- Determine and document system requirements
- Identify enterprise requirements re: hardware, software
- Determine whether “to be” requires new system or enhancements to “as is”
- Determination of whether “to be” can be accomplished with previously owned model or whether a special order new build is required
- Consideration of overall fit
 - Determine the overall fit of the project with the agency’s and business areas mission, technical architecture and budget

Managing the Project

- Begins with managing the RFP process
 - Assign a project manager
 - Utilize project management software tool
 - Identify a “Steering Committee”
 - to guide the process and make fundamental decisions, e.g., whether to out source a particular function
 - Identify a “Project Team”
 - to implement the decisions, craft the RFP and manage the day to day aspects of the project. These folks will live and breathe the project through completion





Managing the project (cont.)

- “Steering Committee” meetings help leadership stay informed on the progress of the project.
 - Members should include executive staff associated with IT, business area, director’s/commissioner’s office, external agency leadership, e.g., budget office, state CIO
 - Minutes can accomplish two very important tasks:
 - identify when the scheduled work-plan is on target or in jeopardy
 - identify who or what is creating the risk
 - Document resolutions to minimize risk
 - The earlier that leadership is aware of this, the better the chance of correcting the deficiency prior a negative impact to cost and schedule becomes material

Managing the project (cont.)

- Create a Project Team, to handle day to day operational work on the project, the team should include:
 - PM- this person wakes up everyday and is responsible for ensuring project progress
 - IT lead-responsible for ensuring technical requirements are met or in-house services performed
 - Business lead- ensures the business is meeting obligations regarding requirements, testing scenarios etc
 - business users-provide ongoing business input and background for decision
 - contract point person- ensures compliance with state procurement requirements
 - legal point person-to be used as needed
 - external agency personnel as required by state law or needed- state CIO or procurement staff



Managing the vendor relationship

Contact and communication

- Steering committee should meet with Senior vendor management quarterly
- PM and project team should be prepared to meet with both the local vendor management and senior vendor management on a regular basis.
 - more candid information exchange
 - Improved management of all project resources
 - keeps the project on schedule and on budget.
- **Tip:** one to one meetings between agency executive management and senior vendor can smooth out issues faster than large meetings
- Hold firm to **articulated business and system requirements**, even if it does not fit a vendor's solution.



Managing the vendor relationship

Change orders = \$\$\$\$\$

(cont.)

- Change order pricing, should be negotiated based on level of effort and not on a perceived risk.
- The vendor should be able to estimate level of effort at the point of change order processing.
- Use the state MIS and other resources to validate the level of effort estimate so that you ensure that you do not pay too much for the work.
- Set aside identified number of work hours as part of RFP (at a blended price rate)



Managing the vendor relationship

Change orders = \$\$\$\$\$

(cont.)

- Anticipate that law changes, as well as other external influences, will affect the project.
- Keep a list of items included on a statement of work that can be traded off as a deferral in exchange for the new work brought on by the legal changes.
 - Have your must haves and nice to haves defined in advance.
 - Know that staff will think that all items are must haves and the leader has to push staff to filter out the nice to haves.



Managing the vendor relationship

Change orders = \$\$\$\$\$

(cont.)

- Use all leverage points possible.
 - Understand that vendors are interested in a bigger share of your overall state business, use your state central procurement office to maximize your position.
 - Don't forget about the power in a reference.



The value of a good RFP

- If a picture is worth a thousand words, then an RFP is the thousand words illustrating the picture
 - Tells vendor community who/what the agency is
 - What service or product needs to be purchased
 - Why its needed and/or how it will be utilized
- Binding instructions to communicate a business' desire for a new product or service
 - Detailed specifications on what is needed
 - What you need to see form vendor to be sure they are qualified perform the work and produce specific outcomes
 - Details how vendors will be evaluated to select the best vendor
- The heart of the contract and the soul of the relationship



Lessons learned from OJI and other Department efforts

- When looking to leverage time don't short change the transfer of knowledge requirements and time frames
- Build integrated full-time work team
- Be extremely specific about system requirements
- Make sure deliverables are specific, measurable, attainable, results oriented and time-specific



Lessons learned from OJI and other Department efforts

(cont.)

- Require the use of standards and templates for all deliverables
- Build in incentives and penalties for vendor achieving or missing activity dates
- Require one integrated work plan for State, vendor and IV & V
- Allow vendor to purchase all hardware and software
- Training requirements for staff should be specific





■ Next

- Don Peitersen, Division of Employment and Training
Colorado Department of Labor and Employment