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CIO 2.0

The changing role of the Chief Information Officer (CIO) in government—and why it matters to leaders in the public sector

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From Technology Steward to Business Leader

The truest measure of a government's success is the value it creates for its citizens, communities and businesses. And now—more than ever—government agencies rely on information technology to help them maximize that value. Making their services more efficient. More useful. More responsive. And more accessible.

In this new world of technology-enabled transformation, government CIOs play an increasingly important role. Keeping the government's data centers up and running used to be good enough. But now, a CIO's primary challenge is helping other government leaders see what's possible—then driving that vision of transformation through an organization where bureaucracy and culture make it difficult to change.

This book was written to help government leaders use information and technology to create more value—for their agencies and for the constituents those agencies serve. It describes government's 10 biggest IT challenges and highlights the essential capabilities required to deal with them.

Issue #1

Money

It's not what you spend—
it's how you spend it.

Most agencies don't think they have enough money to do all the things they want to do. But the real issue is how that money is used.

IT spending surged in the 1990s when the economy was booming and governments were flush with funds. But uncoordinated efforts led to bloated technology infrastructures, superfluous systems and applications, misaligned resources, and huge IT support staffs.

It's time to focus on the stuff that really matters. Deciding which investments are truly worth pursuing. Eliminating false starts, turf battles and other costly distractions. Providing the best possible service. And making sure technology projects achieve the organization's goals—on time and on budget.

Essential Capabilities:

- **ROI that includes constituent benefits.** Use ROI tools that capture constituent benefits along with internal returns. Government exists to serve the public, so those are the benefits that really matter. Constituent benefits are also what ultimately drive an agency's budget.
- **Rightsizing.** Conduct a complete inventory and cost review to eliminate clutter. Go after systems that are expensive to maintain—and that don't talk to each other. Consolidate equipment. Streamline business processes. Re-deploy staff.
- **Rapid payback.** Structure projects to deliver cost savings and other benefits sooner rather than later. Quick wins can help an investment pay for itself.

Issue #2

Security and Risk

Fast, cheap, or secure. Pick one.

When it comes to IT development, everybody wants things fast and cheap. But in today's increasingly complex and connected world, security needs to be a top priority.

Hackers. Viruses. Cyber terrorism. Those are just a few of the potential threats actively seeking to exploit your system's vulnerabilities. Other threats—such human error—may be less malicious but can be just as dangerous.

The consequences of a security failure range from embarrassing to life-threatening. But most can be avoided with the right procedures—combined with rigorous attention to detail.

Essential Capabilities:

- **Diagnosis.** Use maturity models to assess your organization's current level of security—and to determine where it needs to go. Look beyond organizational boundaries to uncover weak spots between agencies.
- **Preparation.** Use scenario analysis and other pre-defined tools to deal with uncertainty and mitigate risk.
- **Enforcement.** Establish and enforce consistent security standards throughout the organization. In today's fast-paced world, people are under tremendous pressure to cut corners. The best way to ensure compliance with standards is to enforce them from the top.

Issue #3

Procurement

Big money. Big plans. Big problems.

IT procurement has become a high-stakes game with big budgets, influential vendors, and complex systems that rival the scale and complexity of a jet fighter. Yet, for many agencies, the existing procurement process is far more painful and time-consuming than it needs to be—and doesn't always produce the desired result.

Sometimes the process is too rigid, locking bidders into a dated solution. Other times it's too loose, producing an endless stream of change orders and lengthy delays. The result? A system specification that is obsolete before the project even begins.

Essential Capabilities:

- **Speed.** Focus on speed instead of perfection. Technology is constantly improving and has a limited shelf life. The longer it takes to procure and develop a solution—the less useful the end result.
- **Rigor.** Use business case templates and other pre defined tools to accelerate the decision-making process—while simultaneously improving consistency and quality. Fast doesn't have to mean sloppy.
- **Innovation.** Take advantage of best practices from the public and private sector, including innovative concepts like pay-for-performance, shared services and value-based management.
- **Basic vendor management.** Use consistent measures to evaluate vendor performance across the enterprise, and continually capture vendor knowledge to ensure those hard-earned lessons don't walk out the door at the end of the project. With vendor management, a few basic principles—consistently applied—go a long way.

Issue #4

Integration and Interoperability

Silo-busting.

Government is notorious for its islands of bureaucracy and information. That stove pipe mentality has created countless pockets of disconnected and redundant systems and processes—a confusing jumble that is hard for citizens and business to navigate.

Cooperation across government agencies—and with organizations in the private and non profit sector—is critical for much of what government does today, from educating our children to coordinating disaster response. A bioterrorism attack, for example, requires an immediate and coordinated response from dozens of public and private organizations—all working together to stop the spread of the deadly disease. Such a response is nearly impossible without a seamless electronic network that enables instantaneous communication between organizations.

Essential Capabilities:

- **A common language.** Get everyone on the same page by adopting common terminology for discussing information and technology-related issues. Use the same definitions for abstract concepts (e.g. IT architecture, software lifecycle, data modeling) and apply standard performance measures that allow an “apples-to-apples” comparison across projects and organizations.
- **A common architecture.** Adhere to established architecture guidelines—similar to what the U.S. government is doing with its Federal Enterprise Architecture. Following common guidelines makes it easier to connect systems into a seamless network—within an agency, and across organizational boundaries.
- **Shared services.** Reduce costs and improve quality by using a shared services model to address common needs across departments and agencies.

Issue #5

Governance

Guiding them in.

Imagine flying over Chicago's O'Hare airport on a busy travel day—without air traffic control. That's what it's like running an IT operation without proper governance.

Technology is advancing at a dizzying pace. And every IT organization has dozens—if not hundreds, or even thousands—of critical technology initiatives, all moving forward at the same time.

The only way to bring those projects in safely—without mid-air collisions—is with an appropriate governance model. That includes a clear-cut process for making decisions. An effective organization structure. And clearly defined roles and responsibilities.

The ideal governance structure strikes a balance between autonomy and control. It gives people the freedom they need to do their jobs—yet ensures their activities align with the agency's overall goals.

Essential Capabilities:

- **Simple, fast, stable and fair.** Adopt a governance model that people will actually use. If it's too complicated, doesn't produce timely and reasonable results, or is constantly changing—people will simply go around it. Or worse—they'll just sit around doing nothing.
- **A strong CIO.** Give your CIO full and unwavering support—and a seat at the table for all agency decisions. Asking a CIO to transform an organization and drive innovation without the necessary authority or resources is a recipe for disaster.

Issue #6

Performance Measures

If it's not worth measuring, it's not worth doing.

Lawmakers and budget officials worry they aren't getting sufficient returns on IT investments. Yet many agencies can only measure progress by reporting the amount of money they've thrown at the problem.

Some don't know what to measure, or how to go about it. Others have established performance measures—but aren't sure what to do with the results.

An effective performance measurement system allows an agency to objectively evaluate the success or failure of its IT investments. It also drives project teams to deliver better and more timely results.

Essential Capabilities:

- **Standard performance measures.** Develop a consistent approach to performance measurement and apply it to every project.
- **Benchmarking.** Implement performance measures that enable an “apples-to-apples” comparison across different projects and agencies. Use those standard measures to evaluate relative performance—and to track improvement over time.
- **Balanced scorecard.** Create a careful blend of performance measures. IT management is a constant juggling act between cost, timeliness, functionality and security—and requires a balanced perspective.
- **Willingness to make tough decisions.** Don't be afraid to change direction or abandon an investment that isn't performing. Serious problems require deliberate action—they don't just magically disappear.

Issue #7

Portfolio Management

1 + 1 = 3

One of the biggest challenges for a CIO—or any business leader—is deciding how to allocate scarce resources. Every budget has its limits. And there's never enough money to go around. So how do you decide what to do?

The first consideration is *strategic alignment*. Is the project consistent with the agency's overall mission and goals? Next is *efficiency*. Does the project achieve those goals in the most efficient way possible, or is there a better way to produce the same result?

IT projects cannot be viewed in isolation. There are too many dependencies. And too much potential for double-counting benefits. Portfolio management recognizes the relationship between individual investments—and uses those linkages and dependencies to prioritize projects and put them in the proper sequence. The result? Maximum returns—with minimum risk.

Essential Capabilities:

- **A rigorous business case.** Require a formal business case for every project. A business case forces people to think about the project's overall goals—and to anticipate potential problems before they occur. It also provides a baseline for measuring progress and success.
- **Portfolio management.** Use portfolio management to prioritize IT investments and structure projects—maximizing overall returns.
- **Scenario analysis.** Use scenario analysis to plot a rational course through an uncertain future.

Issue #8

Human Capital

Employer of choice...

Budget cuts. High turnover. Lack of in-house expertise. Pending retirement of key IT staff. Those are just a few of the people-related issues government CIOs are currently facing.

How do you deliver tomorrow's solutions using the people you already have today? And how do you attract new talent to fill in the gaps?

People are often drawn to government work by a strong desire to serve their community and country. But many agencies rely too heavily on their employees' desire to serve—overlooking important factors like compensation and work environment. Government HR policies may not provide the same flexibility as those in private industry, but there are still a number of ways for agencies to make themselves more appealing.

Essential Capabilities:

- **An honest appraisal.** Start by understanding the capabilities of your IT organization. Conduct an in-depth skills inventory, and compare it to the skills required to accomplish the organization's new objectives.
- **A rewarding work environment.** Remove any obstacles that slow projects down, or make people frustrated. Set challenging deadlines. And give people a chance to develop and use new skills. People like to feel they're making a difference. Excessive bureaucracy stifles initiative and productivity—destroying morale.
- **Creative compensation.** Think of new ways to attract and retain talent—beyond financial compensation. Take advantage of innovative programs with private industry, including *worker exchanges* and *executives-on-loan*.

Issue #9

Customer Service

...provider of choice.

Once upon a time, agency employees were a captive IT audience—with no choice but to use the services provided by the internal IT department. But these days, businesses and users have a lot more options. Developing their own solutions and capabilities. Hiring contractors. Outsourcing.

In this new and competitive world, providing a system that meets the minimum requirements isn't enough. IT departments must earn their keep—finding new ways to create value for the business, treating users as customers and delivering a superior IT experience.

Essential Capabilities:

- **Customer focus.** Structure the IT organization around customers and business processes. Use Customer Relationship Management and other customer-centric tools to improve service and identify new opportunities. Encourage direct interaction with customers.
- **Customer satisfaction.** Make customer value and satisfaction a standard measure of IT performance. Include customer satisfaction in the organization's balanced scorecard.

Issue #10

Enterprise Architecture

IT happens.

No one sets out to create a bad enterprise architecture—it just sort of happens. A system here. A custom interface there. And before you know it, you have spaghetti.

One problem with IT architecture is that nobody really seems to know what it is—or how it's used. In simple terms, an enterprise IT architecture is a high-level blueprint that shows how different business processes and IT components fit together. It typically includes:

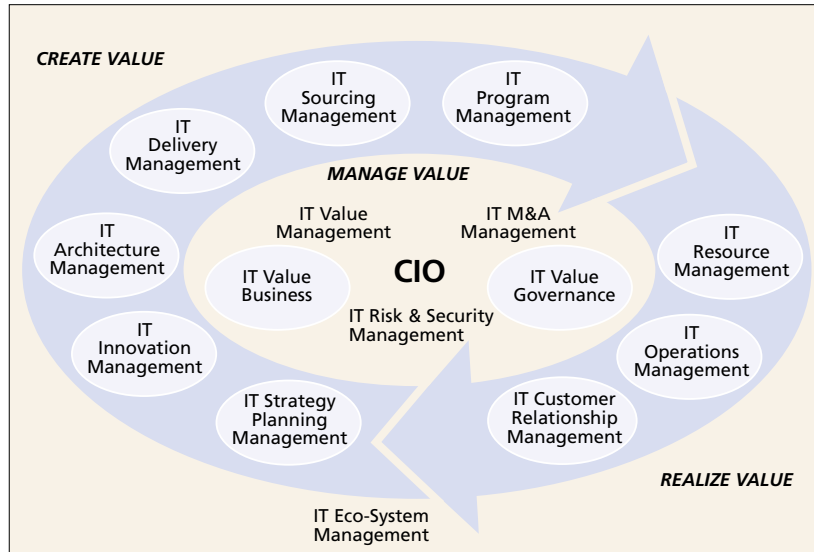
- A map of systems—and the interfaces that connect them.
- A map of systems to business processes.
- A comprehensive data model, showing how data is defined and organized.
- A roadmap showing how the IT architecture will evolve over time.
- Standards for technology platforms and tools.

A good IT architecture helps ensure that all of the diverse pieces fit together—now, and in the future. It creates alignment between processes, systems, data, and infrastructure. It provides a standard platform and tools to get new systems up and running quickly. And it's scalable and flexible to adapt to an agency's changing needs.

Essential Capabilities:

- **Architecture design.** Consciously design your enterprise IT architecture—don't just leave it to chance. A variety of tools are available to help you get started.
- **Architecture guidelines.** Use established architecture guidelines as a starting point for design. The Federal Enterprise Architecture (FEA) is a good example of a tool that promotes collaboration and inter-operability—within an agency and across agency boundaries.

The CIO Management Framework™ for Government



In this book, we've discussed the 10 biggest information and technology challenges in government today—and offered dozens of suggestions on how to deal with them. So where do you start?

Deloitte's CIO Management Framework™ for government is a tool that helps government organizations make the most of their technology investments. It allows agencies to see where they are—and where they want to go—and provides tools and techniques to help them get started.

The framework was developed by taking industry best practices from many of the world's largest and most successful commercial companies—and custom-tailoring them for government use. It features 15 comprehensive modules covering the full range of IT capabilities, from strategy planning and innovation—to delivery, sourcing, and governance.

Each module includes:

- Detailed *process maps* and *maturity models* to help government agencies identify problems and opportunities—and to provide a starting point for process improvement and redesign.
- A standard set of *performance measures* and *benchmarks* to help agencies monitor and improve their IT performance—and to enable an “apples-to-apples” comparison across projects and agencies.
- A comprehensive list of IT *roles and responsibilities* to help CIOs organize their project teams—and to design an effective governance structure.
- A single point of reference for related government guidelines and mandates.

The framework also includes a variety of other tools and resources to help an agency kick-start its transformation effort.

- The *Citizen Advantage ROI calculator*, a government-specific tool that measures a project's true costs and benefits—including the often ignored benefits to constituents—to identify activities that are actually worth doing.
- Tools and techniques for evaluating and tracking projects, including: *IT portfolio management*, *scenario analysis*, *business case templates*, and *performance scorecards*.
- Specific strategies and best practices for *procurement* and *vendor management*.
- Proven methods and tools for managing projects, including techniques from the *Project Management Institute* (PMI) and standard approaches such as *Earned Value Management* (EVM).
- Strategies for *constituent relationship management* (CRM), along with *constituent profiles* and *prioritization tools* to help agencies stay in tune with the public's changing needs.

Overcoming the CIO Challenge

Government CIOs are being asked to help transform their agencies through information technology—a transformation that involves breaking old habits, learning new ways to do business, and adopting a radically different approach to serving constituents.

To meet that challenge, government CIOs need new capabilities—and new tools. The CIO Management Framework™ for government looks at IT from a business perspective—rather than a technology perspective—in pursuit of a single goal. To help government agencies harness the power of technology to create more value for themselves—and their constituents.

This is a challenging time for government CIOs. But there's never been a better time to make a real difference.

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