



Keynote Address
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IT Infrastructure Optimization Line of Business

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President's Management Agenda



- **1st Priority: Make Government citizen-centered.**
- **5 Key Government-wide Initiatives:**
 - Strategic Management of Human Capital
 - Competitive Sourcing
 - Improved Financial performance
 - **Expanded Electronic Government**
 - Budget and Performance Integration

*PMA Reform Principles outlined July 10, 2002,
for a citizen-centered, results-oriented, and
market-based Government*





PMA: The Expected Results

- *“The E-government initiative will make it simpler for citizens to receive high-quality service from the federal government, while reducing the cost of delivering those services...By improving information-technology management, . . . agencies will:* (PMA Chapter 4)
 - provide **high quality customer service**;
 - **reduce the expense and difficulty** of doing business with the government;
 - **cut** government operating **costs**;
 - provide citizens with **readier access to government services**;
 - **increase access** for persons with disabilities to agency web sites and E-government applications; and
 - make government more transparent and accountable.”

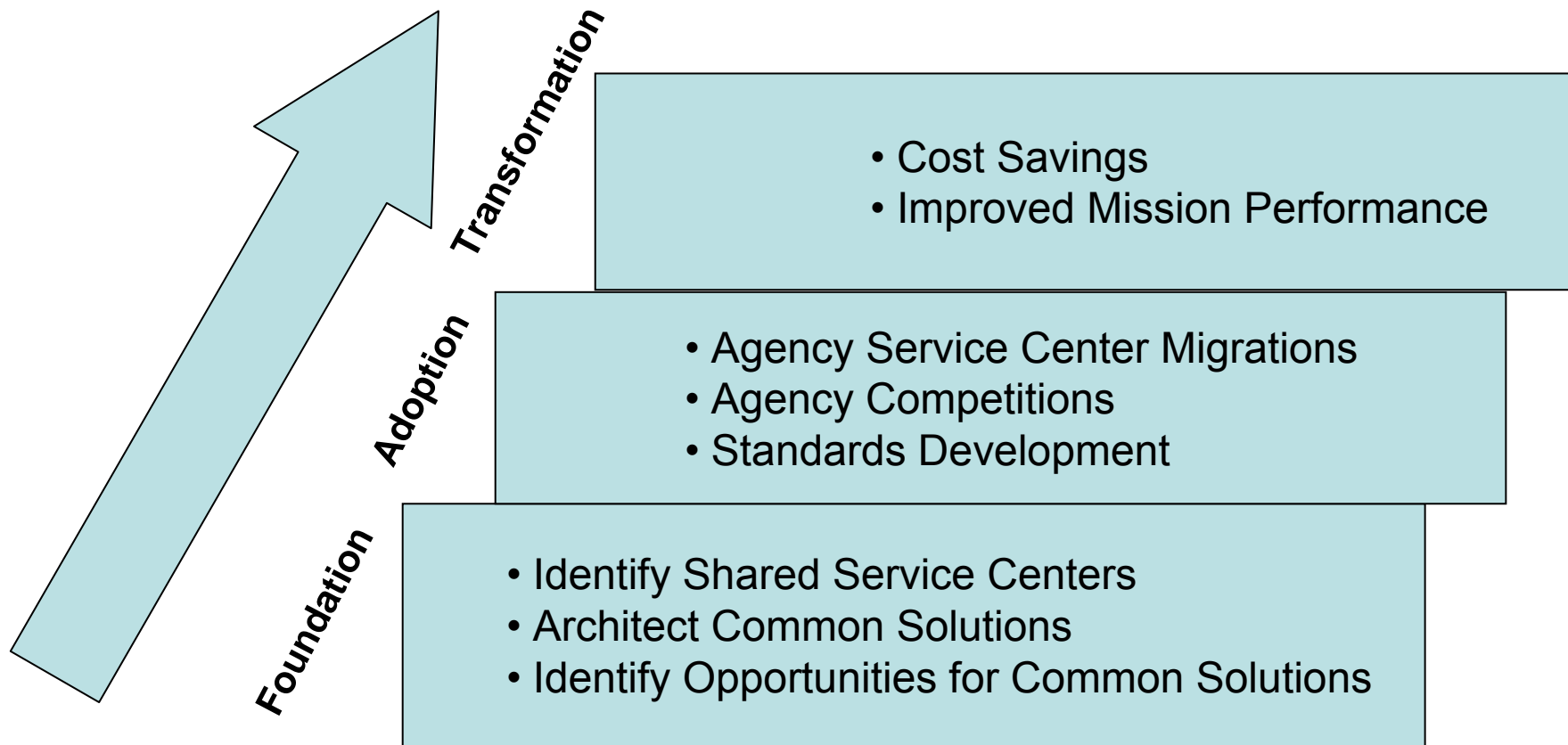


Sample of PMA Results

- In the 2006 tax filing season, over 3.9 million citizens filed taxes online for free using IRS Free File
- As of September 2006, all 26 grants making agencies are now using Grants.gov, posting over 1,000 grant programs with a customer satisfaction of 56 percent

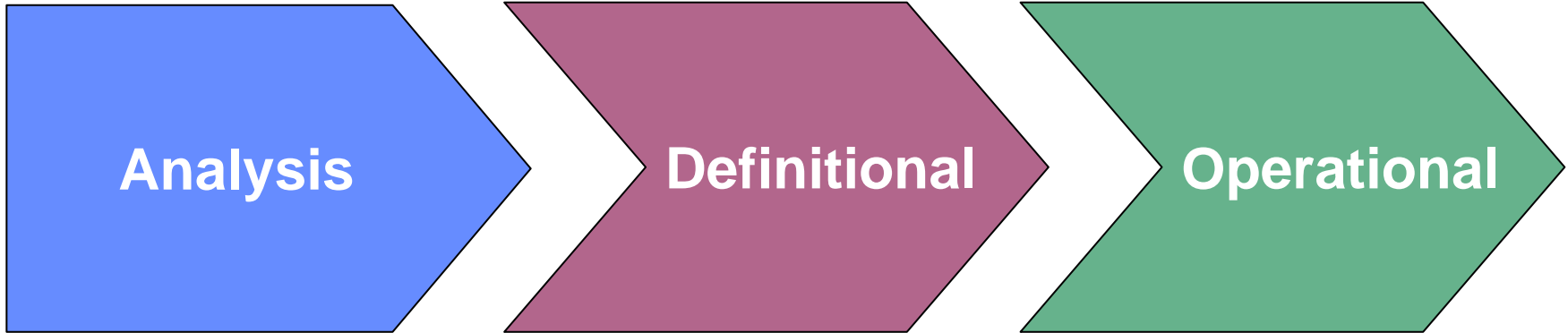


How E-Gov Transforms Government





Cross-Agency Initiative CONOPS



Analysis Deliverables:

- Problem statement
- Vision statement
- Performance Goals
- Reference architecture integrated to FTF*
- Preliminary baseline inventory
- Request for information (RFI)

Definitional Deliverables:

- Business case
- Due diligence checklist
- LoB solution architecture
- Complete LoB FTF* update

Operational Deliverables:

- Service level agreements (SLAs)
- Agency implementation plans
- Updated LoB artifacts
- Updated LoB FTF* entry

*FTF: Federal Transition Framework



Federal Transition Framework

- E-Gov initiatives and LOBs feed into the FTF
- The Federal Transition Framework (FTF) is
 1. A single information source for cross-agency information technology (IT) initiatives using a simple, familiar and organized structure. It contains government-wide IT policy objectives and cross-agency initiatives including:
 - OMB-sponsored initiatives, e.g., E-Gov and LoB initiatives
 - Government-wide initiatives, e.g., Internet Protocol Version 6 (IPV6), Homeland Security Presidential Directive 12 (HSPD 12)
 2. *A catalog of architectural information and implementation guidance for cross-agency initiatives using a simple, familiar structure aligned with the Federal Enterprise Architecture (FEA) Reference Models*
 3. FTF provides
 - Alignment of agency EAs with Federal IT policy
 - Sharing and reuse of common process, services and technology
 - Collaboration through cross-agency participation



Why LOB for IT Infrastructure?

- Federal Government IT **Infrastructure costs** for FY06 were approximately **\$20B**; expected to increase to **\$21.23B** per year (1/3 of IT budget)
- IT **Infrastructure costs are rising** at a rate faster than IT as a whole, and IT **budgets** will remain fairly **static**

OMB estimates *Federal government could save between 16% and 27% annually on its aggregate IT infrastructure budget; between \$18-29B over ten years, based on a 5-year technology refresh cycle*

- Common Solution Implementation expectations:
 - 95% of the Agencies will adopt solution
 - **\$22.5B projected savings over 10 years; ~15.7% annual savings in steady state**
 - Includes all implementation costs at PPMO and agencies
- ROI: LoB vs. Total Savings: $\$21.23B/\$20M$ is $> 100,000\%$
- Savings are expected to be reinvested in Mission/IT



IOI LOB Process - Developmental Phase

- IOI initiated March 16, 2006 with government-wide kickoff
- Assessed business processes:
 - Review of agency data, processes and systems – Summer 2006
 - Determine effective practices through RFI
 - RFI released April 6, 2006. Responses from business, government, non-profits, and vendors
- Task Force established
 - Used RFI input in development of common solutions and target architecture
 - Efficient, effective, standardized, optimized, reduced cost
- Joint FY 08 business case developed; agency review and approval; commitment to participate
 - Final submission to OMB September 2006



RFI Responses - Key Findings

- *Potential for Significant Cost Savings:* RFI response data from vendor community tracks well with the OMB estimates, particularly in the overall savings category estimate of 15-30%. Opinions on time to realize ROI and cost savings varied.
- *Critical Success Factors:* Identified and supported shared standards; performance metrics; blanket purchase agreements; and adherence to a consistent Enterprise Architecture model standardization, common interoperability and performance metrics as essential.
- *Standards:* There was strong agreement for adoption of the IT Infrastructure Library (ITIL) and ISO standards, particularly 9001 (Quality Management). Capability Maturity Model Integration (CMMI), Uptime Institute and Six Sigma principles were also endorsed.
- *Governance:* Responses supported central governance model with a strong performance management component.



IT Infrastructure LoB Goals

VISION: A Government-wide optimized* and cost-effective IT infrastructure enabling core agency missions and government-wide customer-centric services.

Optimized: For purposes of this initiative means the state of being standardized, interoperable, extensible and cost effective. **It does not presuppose the exact method by which this is achieved.*

- Goal 1 - IT Infrastructure enables interoperability of functions across agencies and programs
- Goal 2 - IT infrastructure is optimized to enable collaboration within and across agencies, sectors, and government levels
- Goal 3 - Through reductions in total cost of commodity IT infrastructure, savings realized from baseline infrastructure investments will be better aligned with agency missions
- Goal 4 - IT Infrastructure investment is governed to achieve agency mission and government-wide goals



IOI LoB Common Solutions Strategy

*IOI Common Solution: a **market-place driven approach** to outcome based performance for IT optimization*

1. A **standard metric** for IT Optimization across government developed by Program Performance Measurement Office (PPMO)
2. Development and use of **service levels and cost effectiveness measurements**
3. Agency selection and use of appropriate **aggregation approaches** and **best practices** appropriate to their requirements and management
4. A goal of **achieving industry average** services and cost efficiency **within 5 years**



IOI LoB Common Solutions Approach

How to achieve the common solution:

Major Solution Set Components: <ul style="list-style-type: none">• Metric for each infrastructure area for government wide use• Government-wide Program Performance Measurement Office (PPMO)• Business process solutions• Future fee-for-service model		
Business Process Solutions Menu: Centralize Consolidate Aggregate Rationalize Standardize Automate <i>Consolidation is just one option for optimization</i>	Sourcing Strategy Options <ul style="list-style-type: none">• Outsource to private managed service provider• Outsource to Government service provider• Define and use own internal standards	
-----Best Practices-----		
Technology Standards	Acquisitions SmartBuy	Business Practices SAM

Agencies retain decision making authority for cost-effective investment, using the common solution set, to achieve mandated results



IOI LoB 3 - Year Milestones

- **FY07:**
 - Establish PPMO and Governance framework
 - Contract for metrics development and benchmarking; collect agency baseline data
 - Publish metrics for End User Systems and Services

- **FY08-09:**
 - Collect agency baseline data for Data Center and Telecommunications Systems and Services
 - Publish metrics for Data Center and Telecommunications Systems and Services
 - Collect annual agency performance progress against metrics
 - Provide resources for agencies to improve performance



Reduction of Duplicative Systems

Significantly, agencies are reporting the retirement and shutdown of legacy and redundant systems via the E-Gov Implementation Plans...

Initiative	Agencies with Systems Shut down*	Agencies with Planned Shut downs
E-Payroll	16**	5
E-Rulemaking	6***	15***
E-Training	7	9
EHRI		3
E-Travel		13
Federal Asset Sales		27***
FM LoB		20
HR LoB	1	19
Integrated Acquisition Environment	23	3
Recruitment One-Stop	3	
TOTAL	44	114

E-Gov: Approved Implementation Milestones by Agency

Agency	Implementation Milestone Information				
Initiative	Milestone	Q4	FY	Complete?	Comments
Department of Commerce					
Recruitment One-Stop					
Review executive component of the Federal Enterprise Recruitment (FER) and provide feedback concerning the FER, rate plan, etc.	Complete evaluation of data standards used for FER 1.0	Q3 2005		✓	SI/ISS - Milestone Report: NGA/AFOSI received the FER 1.0 data standards and assessment tool. (FER) did not currently have any information systems that sub-administered the FER. Working with Recruitment.gov staff, we determined that since we did not have any information systems from which to extract the data, the most appropriate procedure for loading the FER 1.0 data is to use the Management System's (MS) data management plan. (SI/ISS) - Complete with services to use web-based data management capability to update FER data (2005)
Implement agency usage of FER		Q1 2006		✓	SI/ISS - Report on successful implementation used to initiate FER (Share Services) was completed on 01/20/2006
Integrate other mission-related systems, including web portals, mapping-related systems, and reputation planning systems (e.g., e-appointments, that integration, job area sales, services, etc.) with Recruitment.gov	Complete access to the FER (Data.gov) Reputation Information Data Base	Q3 2005		✓	SI/ISS - Milestone Report: NGA/AFOSI updated for use required web access to the FER data management plan by Q3 05 19:00. (SI/ISS) received a final confirmation from OIG that the action was complete.
Review update NOAA Recreation.gov data on internet sites		Q4 2005		✓	SI/ISS - Procedures are documented - Report submitted to OMB 5/8/05
Complete process for periodic collection and Review of Federal Services and External Review of External Services and External Review of External Services		Q4 2005		✓	SI/ISS - Milestone Report: NGA/AFOSI assigned contract management. This was done under the direction and the responsibility for testing it up to date. The contract manager executed the OIG final report and update the FER.
GovBenefits.gov					
Source benefits programs are accurately reflected on GovBenefits.gov	Provide inventory of all agency benefits programs (including GovBenefits.gov)	Q1 2006		✓	SI/ISS - Report sent to OIG (Helen Hibel) and report confirmed on 01/20/06. Report sent to Federal Manager 11/20/05. Report attached.
Establish process within the agency to enter and monitor all current eligible programs on GovBenefits.gov		Q2 2006		✓	SI/ISS - Report sent on 2/15/06 for the ongoing system building a process for updating and monitoring Commission benefit programs on GovBenefits.gov to OMB (Helen Hibel) and report on 02/27/06.
E-Loans					

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- ✓ **Transparent Process**
- ✓ **Measurable Milestones**
- ✓ **Quantifiable Results**

* Systems shut down from Q4FY05 – Q1FY07
 *** Includes agency specific processes being retired

** Includes agencies migrated prior to Q4FY05



Line of Business Spotlight – HR & FM

The Human Resources and Financial Management LoBs continue to make progress in standardizing and consolidating IT systems and business processes...

	Human Resources	Financial Management
Approved Federal Service Centers	<ul style="list-style-type: none"> Department of Agriculture Department of the Interior Department of the Treasury Department of Health and Human Services Department of Defense 	<ul style="list-style-type: none"> General Services Administration Department of the Interior Department of the Treasury Department of Transportation
Service Coverage	<ul style="list-style-type: none"> 12 departments and large agencies serviced by a Federal SSC 77 small entities (boards, commissions, etc.) serviced by a Federal SSC 	<ul style="list-style-type: none"> 5 CFO Act agencies hosted at a Federal SSC 2 CFO Act agencies hosted at a Commercial SSC 75 non-CFO Act agencies hosted at a Federal SSC 4 non-CFO Act agencies hosted at a Commercial SSC
Current Status/Next Steps	<ul style="list-style-type: none"> In process of developing public-private competition schedule Agencies continue conducting competitions 	<ul style="list-style-type: none"> Public-private competition guidance issued summer/fall 2006 Agencies continue conducting competitions



PMA Results - HUD

- HUD modernized hundreds of outdated hardware platforms running Windows and Sun Solaris with modern equipment and operating systems and virtualized open system platforms. Storage architecture modernized, eliminating the use of local drives to the greatest possible extent
- **Benefits of virtualization:**
 - Ability to rapidly save, copy and provision a virtual machine enabling zero-downtime maintenance and support new Agency "go live" initiatives.
 - Dynamic sharing of idle resources across server platforms resulting in improved performance and utilization while eliminating stove pipes.
 - Higher technology standardization and currency, resulting in lower costs to operate and maintain
 - Seamless failover when a virtual server component fails, resulting in higher system availability
 - Reduced complexity resulting in improved recoverability of HUD's business applications from logical and physical disasters
- Timeframe: 9 months from planning to implementation



Resources

- **E-Government Act** of 2002 (H.R. 2458/S. 803) signed December 17, 2002, effective date April 17, 2003
- **President's Management Agenda (PMA):**
 - <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>
- **Performance results** made public:
 - <http://www.results.gov>
 - PMA Implementation Scorecard:
<http://www.whitehouse.gov/results/agenda/scorecard.html>
 - PART performance ratings of Federal Programs:
<http://www.whitehouse.gov/omb/expectmore/>
- **Annual E-Gov Report to Congress:**
 - http://www.whitehouse.gov/omb/infoereg/reports/2006_egov_report.pdf



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Redacted Exhibit 300: www.gsa.gov/exhibit300