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## 2010 Innovations Awards Application

Deadline: March 1, 2010

ID # (assigned by CSG): **10-MW-33SD**

**Please provide the following information, adding space as necessary:**

State: South Dakota

Assign Program Category (applicant): Government Operations and Technology (Use list at end of application)

1. Program Name           IT Project Portfolio Management
2. Administering Agency       Bureau of Information and Telecommunications
3. Contact Person (Name and Title)     Otto Doll, Chief Information Officer  
David Bishop, Development Technology Planning Manager  
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8. Web site Address   <http://sd.gov/>
9. Please provide a two-sentence description of the program.

The IT Project Portfolio Management (PPM) process provides a rigorous framework for Information Technology investments across all Executive Branch agencies for the State of South Dakota enabling better decisions relative to the stated goals for each agency. The PPM process

provides the Governor's Office and the Governor's Cabinet members with insight and assurance that agency IT investments are selected and prioritized to achieve agency strategic intentions.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2010 to be considered.

August 2007

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

When Governor Rounds took office in 2003, the Administration investigated the current state of spending on Information Technology. The amount was significant relative to the overall budget for South Dakota, representing approximately 6% of the State's budget. With this in mind the Governor asked the Comptroller to meet with each agency to understand how their IT dollars were being invested.

The results were surprising and illuminating. Few agencies could succinctly summarize the range of IT expenditures flowing through their agency. Given the significant number of dollars in play, the Governor asked the state Comptroller to work with the Bureau of Information and Telecommunications, the centralized IT organization for the State of South Dakota, to form a Senior IT Committee with representation from the Governor's Office (Chief of Staff), the state CFO, the Chief Procurement Officer (CPO), cabinet members from a few key agencies and the state CIO, who is also the head of the Bureau of Information and Telecommunications.

Initially the Senior IT Committee reviewed and either approved or rejected IT projects on a case by case basis when those projects exceeded a specific dollar threshold. After employing this approach for a period of time the Senior IT Committee saw that they were making isolated decisions without a broader view of how these individual projects fit into the agency's overall strategic direction let alone how the project related to other IT projects the agency might be considering.

Realizing this deficiency and desiring to ensure that IT spending was supporting agency strategic intentions the Governor's Office charged the CIO with developing an IT Project Portfolio Management (PPM) process that would provide a framework for all IT investments across the State of South Dakota enabling better decisions relative to the stated goals for each agency.

12. Describe the specific activities and operations of the program in chronological order.

Within each agency the cabinet member defines the agency's strategic intentions and forms an Agency Leadership team composed of senior management and the agency's Cabinet member. The Agency Leadership Team reviews, assesses and prioritizes IT projects.

Staff members within the agency complete a document called the Project Concept which captures relevant information about the business case for the proposed project along with estimated resource requirements in terms of technical and non-technical staff hours along with any non-personnel related costs for hardware, software and consulting.

Once the Project Concept receives sponsorship from senior management it is placed on the agency's Portfolio. About once a month the Agency Leadership Team for an agency meets and assesses the new Project Concepts in relation to the agency's stated strategic intentions using a spreadsheet to calculate a weighted business value for each proposed project. A number of other factors are also calculated for each project including risk assessments and for active project status information is updated relative to budget, schedule, scope and percentage of completion. Once all projects have been assessed the Agency Leadership Team then prioritizes the project list.

After the Portfolio has been assessed and prioritized by the agency's senior management team their Portfolio along with other agencies' Portfolios are presented to the Senior IT Committee (SITC) which is composed of key Cabinet members, staff from the Governor's Office (Chief of Staff), the state CFO, the Chief Procurement Officer (CPO), and led by the State CIO, the Commissioner of the Bureau of Information and Telecommunications. The SITC reviews agency portfolio to ensure that the prioritized projects support the agency's stated strategic intentions, they may refer questions back to the agency and when satisfied, endorse the Portfolio.

This cycle is repeated on a monthly basis.

13. Why is the program a new and creative approach or method?

Prior to this program the State of South Dakota did not have a consistent enterprise wide context for prioritizing IT projects and resources. This program creates a rigorous method to ensure that each IT project supports agency strategic intentions. The PPM process provides a panorama of all active IT projects within the Executive Branch, their status and their business value.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

The out-of-pocket expense for this program was related to the engagement of a pair of consultants to assist with the definition and pilot of our process. The development of the South Dakota PPM process is estimated to have cost approximately 500,000 dollars in staff time, research and consultant costs.

Existing staff within each agency execute the process so there are no additional staffing requirements.

The process is based on standard Microsoft Office tools like Word and Excel so there are no additional technology costs to support the program.

15. What are the program's annual operational costs?

Since the process is based on our existing suite of Microsoft Office products and performed by existing staff within the agencies, there are no operational costs beyond staff time.

16. How is the program funded?

Since the program is woven into the daily operational fabric of each agency, this process incurs no additional costs to agencies, so no funding mechanism is required.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

No

18. What equipment, technology and software are used to operate and administer this program?

Microsoft Word and Excel

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes. The approach was orchestrated by the state CIO.

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

A few states do IT portfolio management on a sampling basis, i.e. all IT projects over \$1 million dollars. Their approach is more an oversight or regulatory function. South Dakota's approach approves, tracks and prioritizes every IT expenditure over \$10,000 or 100 man-hours of effort to be spent in the first three years of a projects lifecycle. We drive IT maintenance, contracts, equipment purchases, staff work and all other IT expenses through this rigorous process.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

The process is fully implemented with the participating agencies. The rollout has reached 16 of the 20 Executive Branch agencies with the remaining four scheduled to adopt the process by summer this year.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

**Pros**

Through the PPM assessment and prioritization process there have been enough deferred or rejected projects to recover the cost of development of the PPM process within the first year of its implementation. Overall in the first year of the South Dakota PPM process the Senior IT Committee has avoided over 8% of IT costs through project deferral and/or rejection.

The South Dakota PPM process has also yielded considerable intangible results for all parties involved. First is the increased confidence from the Governor's Office in the strategic value of Information Technology investments. With the business and risk assessment for the entire

portfolio the Governor's Office can see at a glance that the appropriate mix of risk and reward is being achieved for each participating agency and that the high priority projects are in alignment with the agency's strategic intentions.

Second, the agency leadership has enhanced visibility into all IT activities in their agency. They actively assess the value of every IT investment relative to their strategic intentions, allowing them to prioritize those investments that best meet their goals. Through the prioritization of their portfolio the agency enjoys increased influence and control over their IT projects and spending.

Finally, the Bureau of Information and Telecommunication has an improved ability to manage resources in light of the agency portfolio. In addition, the Bureau can anticipate demand for both the volume of work in the pipeline and skills required to achieve agencies' high priority projects.

### **Cons**

The primary constraint with the existing process is the complexity of managing the Microsoft Office documents. Recognizing this, the CIO has sponsored an automation project which is nearing implementation. A web based, workflow enabled automation of the process will alleviate the problems encountered with managing the Word and Excel documents. It will eliminate redundant data entry, improve the accuracy and timeliness of the project and portfolio information and provide automated task notification and management via email for participants.

### 23. How has the program grown and/or changed since its inception?

Each year since the program's inception new Executive Branch agencies have adopted the process. This will continue until mid-2010 when the final four remaining Executive Branch agencies will be participating.

The next major change will be the implementation of the web based PPM system replacing the Microsoft Word and Excel documents that support the process currently.

### 24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

The State of South Dakota's process is tailored to state government Information Technology management and should present few obstacles for adoption by other states.

Motivating agencies to participate in a more rigorous process can be challenging. As part of the engagement with the consultancy firm a marketing approach was defined and implemented. The task force and consultants developed communication assets that are used in a structured approach to introduce each agency to IT Project Portfolio Management and assist their adoption PPM process. This marketing effort clarified the benefits of the process to the agency and provided a foundation for a better process adoption experience.

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## **2010 Innovations Awards Application**

### **Program Categories and Subcategories**

Use these as guidelines to determine the appropriate *Program Category* for your state's submission and list that program category on page one of this application. Choose only one.

#### *Infrastructure and Economic Development*

Business/Commerce

Economic Development

Transportation

#### *Government Operations and Technology*

Administration

Elections

Information Systems

Public Information

Revenue

Telecommunications

#### *Health & Human Services*

Aging

Children & Families

Health Services

Housing

Human Services

*Human Resources/Education*

Education

Labor

Management

Personnel

Training and Development

Workforce Development

*Natural Resources*

Agriculture

Energy

Environment

Environmental Protection

Natural Resources

Parks & Recreation

Water Resources

*Public Safety/Corrections*

Corrections

Courts

Criminal Justice

Drugs

Emergency Management

Public Safety

**Save in .doc or rtf. Return completed application electronically to [innovations@csg.org](mailto:innovations@csg.org) or mail to:**

CSG Innovations Awards 2010

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