

Virginia Information Technologies Agency



Information Technology Investment Board

RECOMMENDED TECHNOLOGY INVESTMENT
PROJECTS (RTIP) REPORT
FOR THE 2006-2008 BUDGET BIENNIUM,
SEPTEMBER 1, 2006, SUBMISSION

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA





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1.0 RTIP Report

1.1 Summary of Board Recommendations

The Commonwealth Information Technology Investment Board (Board) recommends 49 information technology (IT) investment projects listed in Appendix A of this report for new or continued funding. Twenty of the 49 projects are currently active, with an estimated total project cost of \$491,136,041, and are recommended for continued funding. All active projects are fully funded with an estimated expenditure of \$200,326,776 in the current budget biennium.

Twenty-nine new projects are recommended for funding. All new projects have received CIO planning approval and the estimated total investment is \$312,190,911. If all new projects are fully funded, \$79,982,609, approximately 25% of the estimated total investment, will be required to support planned expenditures in the current budget biennium.

Table 1 summarizes the Board recommendation for new or continued IT investment project funding. While the recommended list of active projects does not include the Commonwealth technology IT infrastructure transformation program, which is implementing the Northrop Grumman partnership and supporting contract, the Board fully supports the continuation of the partnership.

Table 1: Summary of 2006 Major IT Projects Recommended for Funding

Secretariat	Recommended for Continued Funding		Recommended for Funding		Total Recommended Projects		
	No.	Project Cost	No.	Project Cost	No.	Project Cost	Percent of Cost
Administration	1	\$12,000,000	3	\$2,300,000	4	\$14,300,000	1.8
Agriculture & Forestry	1	\$1,075,532	0	\$0	1	\$1,075,532	0.1
Commerce and Trade	2	\$5,999,000	1	\$45,000,000	3	\$50,999,000	6.3
Education	6	\$47,313,709	4	\$18,180,124	10	\$65,493,833	8.2
Finance	0	\$0	1	\$11,000,000	1	\$11,000,000	1.4
Health & Human Resources	1	\$5,200,000	5	\$152,260,787	6	\$157,460,787	19.6
Natural Resources	0	\$0	1	\$2,200,000	1	\$2,200,000	0.3
Public Safety	2	\$382,900,000	9	\$28,850,000	11	\$411,750,000	51.3
Technology	3	\$7,220,599	3	\$15,800,000	6	\$23,020,599	2.9
Transportation	4	\$29,427,201	2	\$36,600,000	6	\$66,027,201	8.2
Totals	20	\$491,136,041	29	\$312,190,911	49	\$803,326,952	100

The Board also recommends:

- Establishing alternative project funding mechanisms, such as pooling of funds, to support development of enterprise solutions and promote collaboration;
- Separately identifying development funds for each major IT project in the Governor's Executive Budget and the Appropriation Act; and,

- Reviewing the agency strategic planning schedule, IT strategic planning schedule, and RTIP publication date to ensure they support the concept that Commonwealth business needs drive technology solutions.

In making these recommendations, the Board re-emphasizes its intent to give increased priority to IT projects that involve collaboration between agencies or a potential for an enterprise solution. Collaboration projects benefit multiple agencies within the Commonwealth or localities, while enterprise solutions can be implemented across all state agencies.

1.2 Report Background and Purpose

The Board serves as the supervisory board for the Virginia Information Technologies Agency (VITA). The Board also is assigned responsibility for the planning, budgeting, acquiring, using, disposing, managing, and administering of information technology in the Commonwealth. In this role, the Board is required to submit a list of recommended IT investment projects and priorities for funding those projects to the Governor and General Assembly by September 1 of each year.

The Board hereby submits the 2006 Recommended Technology Investment Projects (RTIP) Report for the second year of the 2006-2008 Budget Biennium. In developing this year's report, the Board employed IT Investment Management (ITIM) best practices to select the right mix of technology investments (projects) from the Commonwealth Major IT Project Portfolio. Only projects supported by a strong business case, based on Board-established selection and ranking criteria, were considered as priorities for funding. In making its recommendations, the Board placed increased emphasis on IT projects offering enterprise solutions and opportunities for collaboration (i.e. serving more than one state agency). The Board focus on collaboration is discussed in Section 1.5 of this report.

This year marks the fourth year for submission of the RTIP Report by the Board. Previously, the RTIP Report has not had the impact on technology investment decisions the Board has desired. While the purpose of the 2006 RTIP Report is to fulfill a mandated reporting requirement, it is the Board's desire that the Report add value to the Commonwealth IT investment decision-making process. To this end, the report also provides recommendations for promoting enterprise and collaborative technology investments and strengthening the technology investment governance process.

1.3 Projects Recommended for Funding

The Board recommends funding be continued for 20 currently active projects, as listed in Appendix A. The estimated total investment in active projects is \$491,136,041. As of June 30, 2006, all active projects are fully funded and have reported cumulative expenditures of approximately \$160 million, or one-third of the estimated total investment. For the remaining year of the current budget biennium, active projects have planned expenditures of \$95 million, with an additional \$123 million in planned expenditures for future budget years.

The Board also fully supports continuation of the Commonwealth technology IT infrastructure transformation program, which is implementing the Northrop Grumman

partnership and supporting contract, is being intensely managed by the Board through oversight by its IT Infrastructure Committee. The ten year Northrop Grumman partnership contract is valued at \$1,986,304,000, with \$455 million in Non-general funds committed in the 2006-2008 biennium.

The Board reviews the status of active projects at each meeting through the ITIB Major IT Project Status Report. The July 2006 status report shows 13 projects with a green status, six with a yellow status, and one reported as red. Projects with a yellow status are considered under control but are being closely watched by the CIO as agencies address minor project performance, schedule, cost, risk, or scope issues. In the case of the single red project, execution of an agency corrective action plan to return the project to a yellow or green status is being continuously monitored by the CIO on behalf of the Board. Because all active projects are under control or taking appropriate corrective actions, the Board recommends their continued funding. The Board retains the right to terminate any active project, based on the recommendation of the CIO, if the situation warrants.

The Board recommends funding for 29 new investment projects, as listed in priority order in Appendix A. The projects, which have received planning approval from the CIO, represent a potential investment of \$312,190,911. This is a reduction of three projects and \$41,150,255 from last year's recommendation. The 2006 Board recommendation contains 12 projects included in last year's report, but not initiated due to funding shortfalls or delays.

The estimated expenditure for the 29 planned projects in the current budget biennium is \$157 million, or about half of the total potential investment. For FY07, 12 of the projects are fully funded from General or Non-General funds, while an additional 5 are partially funded. Twelve projects remain unfunded. To fully fund the estimated project expenditures for all planned projects for the current budget biennium will require an additional \$80 million.

Regardless of funding status, none of the projects can proceed until they are granted development approval by the Board. An agency initiates development approval for a project by conducting an analysis of project solutions, preparing an economic feasibility study or cost benefit analysis, and developing a proposal and charter for the selected solution. The project documentation is reviewed by the VITA Project Management Division and the proponent Secretariat Oversight Committee, which recommend approval, disapproval, or modification of the project to the CIO. Development approval follows an affirmative CIO recommendation and review by the Board. Projects that are not fully funded are not granted development approval by the Board.

As discussed in Section 1.5, this year the Board re-emphasized its intent to place increased priority on IT projects that involve collaboration between agencies or potential for an enterprise solution. Appendix A identifies 16 of the 29 recommended projects as having collaboration or enterprise solution potential. The Board strongly recommends that the Governor and General Assembly give consideration to collaboration or enterprise solution potential when considering agency funding requests.

1.4 Other Board Recommendations

While the RTIP report is developed specifically to present recommended projects and priorities for funding to the Governor and General Assembly, past reports also have

communicated the Board's recommendations to improve the Commonwealth investment decision-making process. This year, the Board offers three recommendations to promote enterprise and collaborative technology investments and strengthen the technology investment review process:

- Recognizing that more efficient and effective use of funds can be achieved through collaborative projects using shared resources across the Commonwealth, the Board recommends establishing alternative project funding mechanisms, such as pooling of funds, to support development of enterprise solutions and promote collaboration.
- To ensure that agencies are accountable for their planned technology investment projects, and to facilitate the development of a more useful and accurate RTIP report, the Board again makes the recommendation offered in the previous two RTIP reports to separately identify development funds for each major IT project in the Governor's Executive Budget and the Appropriation Act.
- To improve integration of the RTIP report development process with the agency strategic planning process, the Board reaffirms the recommendation offered in the 2005 RTIP Report requesting review of the agency strategic planning schedule, IT strategic planning schedule, and RTIP publication date to ensure they support the concept that Commonwealth business needs drive technology solutions.

1.5 Board Emphasis on Collaboration

In the 2005 RTIP Report, the Board highlighted IT projects offering enterprise solutions and opportunities for collaboration in making its recommendations. Enterprise projects are solutions that can be implemented across all state agencies. Collaboration projects benefit multiple agencies within the Commonwealth of Virginia or localities. Since enterprise and collaboration projects potentially benefit more than one agency and share resource demands, they generally are more cost effective and should provide a better return on investment over projects benefiting single agencies. Giving high priority to IT projects that may have benefits across agencies is an important investment strategy that can save scarce Commonwealth resources.

At the conclusion of the preliminary review of projects proposed for recommendation in the 2006 RTIP Report, the Board re-emphasized its intent to give priority to IT projects that involve collaboration between agencies or potential for an enterprise solution. The Board further expressed its disappointment with the apparent lack of agency initiatives to address common business needs through collaborative technology solutions and pooling of scarce capital dollars.

Prior to final review and approval of the 2006 RTIP Report, the Board requested the CIO seek additional information from the agencies that sponsored the 49 recommended projects on the potential for agency collaboration and the possible use of enterprise solutions. The additional information revealed that more than half (62%) of the projects proposed for continued funding have ongoing collaboration activities and that 16 of the 29 projects proposed for new funding were identified as having potential for collaboration or enterprise solution.

The analysis of the additional information also identified examples of common themes and associated projects, such as electronic health records, document management and business intelligence, which have the potential for sharing technology across agencies to address

similar business needs and save resources. As a result of the Board's expressed interest, collaboration was discussed extensively in the Administration, Secretariats, and Agencies. At the August Board meeting, both the Secretary of Health and Human Resources and the Department of Environmental Quality offered to lead collaborative initiatives in electronic medical records and document management, which was applauded by the Board.

Drawing upon the results of the analysis completed by the CIO, the Board discussed strategies for addressing the apparent lack of agency collaboration incentives, potential development of alternative project funding mechanisms to support development of enterprise solutions and promote collaboration, and establishing proactive business leadership to identify and champion collaborative opportunities. As a result of the discussion, the Board prepared the three recommendations stated in Section 1.4 and requested that the Secretary of Technology, in coordination with the Secretary of Finance, establish and chair a joint work group, consisting of VITA, the Department of Planning and Budget, and other designated agency staff, to evaluate and recommend alternative and collaborative funding strategies that ensure reliable funding of projects recommended by the Board.

The Commonwealth strategy for investing in technology must be driven by business needs. The Board believes that collaboration begins at the level of business ownership. The Board recommends that the Secretary of Technology take the lead in determining the business owner for collaborative projects and be responsible for ensuring that the collaboration addresses the business needs of participating agencies.

Included in the strategy for promoting collaboration, the Board used the results of the CIO analysis to identify two broad collaboration categories:

- Joint Development Collaboration, an enterprise-wide IT project with an integrated team developing a common solution; and
- Program Collaboration, a group of related IT projects aggregated for management purposes that support a defined enterprise solution for a specific function or related set of functions. At the lowest level, Program Collaboration includes agency cooperation to establish Commonwealth contracts offering a single technology solution meeting common agency business needs.

The Board cited the Enterprise Application Program as an example of Joint Development Collaboration, and collaboration in electronic health records and document management as examples of Program Collaboration. The Board directed the CIO to evaluate all proposed major IT projects for potential classification and project execution in one of the two identified collaboration categories.

1.6 Report Development Process

The Board directed that the process for developing the 2006 RTIP Report closely follow the general report development process used in 2005. Board-approved selection and ranking criteria were applied during the initial review of all proposed projects to establish an initial project ranking. In a minor change from the 2005 process, Secretariat input was solicited to validate strategic business needs and supporting projects, but Secretariat project rankings were not requested.

Based on the initial project ranking and Secretariat validation, the CIO presented a final recommended ranking to the Board. As described in Section 1.5, at the Board's request, the CIO collected additional information from the agencies that sponsored the 49 recommended projects on the potential for agency collaboration and the possible use of enterprise solutions. Following review of the CIO recommended project ranking and consideration of the CIO recommendations regarding possible collaboration strategies, the Board approved the projects and priorities listed in Appendix A.

1.7 Status of 2005 RTIP Recommended Projects

Recognizing the dynamic nature of the Commonwealth IT Portfolio, since the publication of the 2005 RTIP Report in September 2005, the portfolio has continued to evolve:

- Twelve projects, with a total investment of \$288 million, were successfully completed.
- Seven projects, representing an investment of \$42 million, were granted development approval and are now active.
- Nine projects, representing an investment of \$48 million, were reclassified in project category or approval status.
- Ten projects recommended in the 2005 RTIP Report, with an estimated cost of \$95 million, were cancelled due to the implementation of the Northrop Grumman partnership, the approval and funding of the Enterprise Application Program, the revision of the Department of Social Services' Public-Private Educational Facilities and Infrastructure Act (PPEA) initiative, or agency response to changing business needs or opportunities.

Appendix C details the changes in the Commonwealth IT Portfolio from the 2005 RTIP Report to the 2006 RTIP Report.

1.8 Contact Information

Questions or comments about the 2006 RTIP Report may be directed to Constance Scott at (804) 371-5927 (constance.scott@vita.virginia.gov) or George Williams at 371-2771 (george.williams@vita.virginia.gov).

2.0 Appendices

Appendices are included as separate attachments with the report. A description of each Appendix follows:

- **Appendix A - 2006 Major IT Projects Recommended for Funding:** presents detailed information about active projects on the Commonwealth Major IT Project Status Report Dashboard recommended for continued funding (active projects are not ranked) and new major IT projects approved for planning (development approval is contingent upon funding) and recommended in order of priority for funding.

- **Appendix B - 2006 Major IT Project Descriptions:** presents the project description for each project recommended in the 2006 RTIP Report. The "Project ID" field can be used to associate the project to the description. Projects are listed in Project ID sequence.
- **Appendix C - Status of 2005 RTIP Recommended Projects:** presents the status, as of July 1, 2006, for major IT projects recommended for continued or new funding in the September 2005 RTIP Report.