



# COMMONWEALTH of VIRGINIA

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## Virginia Information Technologies Agency

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April 14, 2014

The Honorable Terence R. McAuliffe  
Governor of Virginia  
Patrick Henry Building, 3rd Floor  
1111 East Broad Street  
Richmond, Virginia 23219

The Honorable S. Chris Jones  
Chair, House Appropriations Committee  
Virginia House of Delegates  
Post Office Box 5059  
Suffolk, Virginia 23435

The Honorable Walter A. Stosch  
Co-Chair, Senate Finance Committee  
Senate of Virginia  
4551 Cox Road, Suite 110  
Glen Allen, Virginia 23060-6740

The Honorable Charles J. Colgan  
Co-Chair, Senate Finance Committee  
Senate of Virginia  
10660 Aviation Lane  
Manassas, Virginia 20110-2701

Dear Governor McAuliffe, Co-Chairman Colgan, Co-Chairman Stosch, and Chairman Jones:

Pursuant to Item 428F of the 2013 Appropriation Act, the Chief Information Officer of the Commonwealth is directed to provide the Governor and the Chairmen of the Senate Finance and House Appropriations Committees with an assessment of the contract with Northrop Grumman, which is known as the Comprehensive Infrastructure Agreement. The required report was submitted on December 31, 2013, but one of its components, a Relationship Performance Assessment (RPA) of the contract, was not yet complete. The RPA was subsequently finalized on January 28, 2014 and this letter is submitted to satisfy that component.

In June of 2013, as the 13-year term of the Northrop Grumman contract with the Commonwealth of Virginia passed the midpoint, the Virginia Information Technologies Agency (VITA) exercised its contractual option to have an RPA performed by a mutually acceptable third party. Following a competitive procurement process, VITA selected Gartner Consulting, a leading information technology research and advisory company. Northrop Grumman paid the cost of the assessment as outlined in the contract.

As stipulated in the contract, the RPA examined the relationship between VITA and Northrop Grumman that will help VITA assess whether the contract is meeting the Commonwealth's needs. Specifically, the contract required the RPA to assess four areas: VITA's and Northrop Grumman's vision and alignment, customer satisfaction, service levels, and the contract and relationship. The assessment also included an examination of key management processes and a comparison of each to leading best practices, along with recommendations for improvement.

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Gartner began its assessment in August 2013. The assessment included document and data reviews, extensive interviews with VITA and Northrop Grumman staff, and several interviews and roundtables with representatives of state agencies (agency heads and chief information officers). The RPA was completed on January 28, 2014.

Gartner's assessment of the current relationship between VITA, state agencies and Northrop Grumman indicates that the achievements since 2003 are tempered by some issues that require additional attention.

- Gartner recognizes that “an Infrastructure transformation of this size and scope is an impressive achievement not easily gained in such a large, complex and diverse environment.” Because the Commonwealth’s environment includes multiple entities with varied objectives, platforms and requirements, the progress to date “is a significant technical and organizational achievement.”
- Gartner also notes that transformation has provided the following benefits, among others:
  - A common data center facility for the state with backup capability;
  - The refresh of key technology assets, along with a standardization and simplification of the architecture; and,
  - An improved ability to secure the statewide network, technology and information assets.
- To deliver future improvements, Gartner observes that VITA and Northrop Grumman must continue to deliver “value to the agencies by addressing customer satisfaction concerns and aligning service delivery to agency objectives.” Gartner calls for additional efforts to document and mature key management processes, and to prepare for the post-transformation phase of service delivery.

Gartner's overall recommendation is that VITA and Northrop Grumman form a strategic partnership to better meet the needs of state agencies. Thus far, VITA and Northrop Grumman have focused successfully on the tactical objectives of transformation. Moving forward, Gartner notes that VITA and Northrop Grumman now must focus on more strategic efforts than enhance alignment and innovation to better support agency initiatives. Gartner’s related recommendations are intended to improve the strategic value of VITA and Northrop Grumman services, and specific recommendations address each of the RPA’s four main areas.

Vision and Alignment. Gartner notes that as VITA and Northrop Grumman move forward following a successful transformation, a focus on shared strategic goals related to service delivery will become increasingly critical. Gartner points to a shortcoming in the identification and communication of strategic goals that can lead to customer dissatisfaction and the risk of not gaining the expected benefits of a large-scale transformation. Gartner notes that “a strategic partnership is successful when the partners share responsibility for the enterprise’s

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destiny.” To address this, Gartner recommends that VITA and Northrop Grumman take additional steps to support innovation and improve strategic planning.

Customer Satisfaction. Gartner’s observation is that agency perception of customer service is low, and that efforts to address this perception will require analysis, education and action. Gartner made several observations regarding customer satisfaction, including:

- Recognition by agency leaders that VITA services have improved significantly since 2010, and an acknowledgment of the effective leadership of the Commonwealth’s Chief Information Officer;
- The continuing perception that VITA and Northrop Grumman lack an understanding of individual agencies that is attributed in part to insufficient staffing levels of VITA customer account managers (CAMs) and Northrop Grumman agency operations managers (AOMs); and,
- Lingering concerns regarding the creation of VITA in 2003 and the subsequent transformation to a shared services approach to IT, along with a lack of understanding by agencies of the scope of services that are meant to be provided by VITA and Northrop Grumman.

Gartner recommends that VITA and Northrop Grumman improve customer satisfaction by improving innovation and communication, while increasing both VITA and Northrop Grumman customer-facing staff and maintaining current service delivery and operational commitments.

Service Levels. Gartner concluded that although the service level agreements (SLAs) meet contractual expectations, agencies perceive that the enterprise approach to service levels does not meet agency-specific needs. Gartner’s recommendations regarding service levels include a review of current SLAs to determine if changes are needed, the development of a service catalog with different performance targets and the adoption of SLAs for work requests.

Contract and Relationship. Gartner’s overall assessment is that VITA and Northrop Grumman have an opportunity to leverage the current governance structures within the contract to address certain management processes that are at a higher risk level. In this area, Gartner made several observations:

- Current staffing levels of key staff, such as AOMs and CAMs, make it difficult to deliver the full value of the operating model;

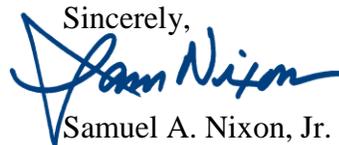
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- The contract structure includes the major components expected in a “best practice” contract: the definition of services is typical and reasonable, the dispute resolution language is consistent with expected contractual components and the contract includes innovation components although current best practices call for a formal innovation clause;
- The facilitated assessment of the maturity of joint management processes indicates the overall maturity exceeds the average maturity level for state and local governments;
- However, the assessment identified four of 14 processes that pose a higher risk: dispute management, technological improvements, strategy management and risk management. In each case, VITA assigned a lower maturing rating than did Northrop Grumman, indicating VITA believes Northrop Grumman needs to make additional improvements.

Gartner’s recommendations in this area echo those made elsewhere in the RPA, indicating that some recommendations can be leveraged to address more than one area. The specific recommendations include additional VITA and Northrop Grumman customer-facing staff; a plan to move all management processes to a higher maturity level; and a review of whether a formal innovation clause is needed.

The ability to readily implement Gartner's recommendations is mixed, as indicated by Gartner’s recognition that some may require amendments to the contract, higher fees, and additional staff resources. For example, Gartner acknowledges that the recommended service catalog and agency-specific SLAs may require contractual modifications and higher fees. VITA will work with the Secretary of Technology to determine the next steps needed to address Gartner’s recommendations.

Thank you very much for your time and consideration.

Sincerely,  
  
Samuel A. Nixon, Jr.

c: The Honorable Paul J. Reagan, Chief of Staff  
The Honorable Karen R. Jackson, Secretary of Technology

# Gartner Relationship Performance Assessment (RPA) Final Report

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Comprehensive Infrastructure Agreement (CIA) –  
Relationship Performance Assessment (RPA)

**SOR # VITA-130415-01-CAI**

Engagement Alias: 330015775

January 28, 2014

Prepared for



Virginia Information Technologies Agency

Engagement: 330015775

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**Gartner**

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## Executive Summary

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# VITA and NG selected Gartner to perform an independent assessment of the relationship between the parties as it relates to the existing CIA, focusing on vision & alignment, customer satisfaction, service levels, contract, and overall relationship

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## The background and context for this independent study follow:

- In 2005, the Commonwealth of Virginia, acting by and through VITA, entered into a Comprehensive Infrastructure Agreement (CIA) with Northrop Grumman (NG), through which it outsourced the management and operations of its IT infrastructure
- The services provided by NG under the CIA include: data center facilities, network connectivity, backup data center, mainframe and server services, voice and video telecomm, disaster recovery, help desk, desktop computing, administrative and cross-functional, messaging, security, data network, and all associated for approximately 89 executive branch agencies
- As the 13 year contract passes the half way mark, VITA is exercising its option under the CIA to complete a Relationship Performance Assessment (RPA), to be conducted by a mutually acceptable third party, which includes emphasis in the following four key dimensions of performance:
  - Vision and Alignment (The extent to which VITA and NG are aligned on vision and objectives for the relationship)
  - Customer Satisfaction (Level of customer satisfaction and major issues)
  - Service Levels (Effectiveness of service levels, definitions, methodology and contract structure)
  - Contract and Relationship (Effectiveness of the relationship's operating model, structure and key processes)

## **Gartner worked with leadership from VITA, NG, and agencies to conduct the Relationship Performance Assessment (RPA) in the manner as described below**

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### **A high-level description of the approach used in conducting this independent study follows:**

- Worked with VITA and NG leadership to define expectations for the study
- Tailored the detailed framework for the RPA to meet VITA and NG needs
- Conducted executive and management level interviews with both VITA and NG staff
- Reviewed the CIA contract and numerous other sets of pertinent documentation
- Conducted three focus group sessions with VITA customers (two CIO Council sessions with 12-15 agency CIO representatives; one executive session with 7 agency senior executives) to gain customer perspective
- Reviewed and assessed 14 management processes and competencies with VITA and NG executives, as well as operational leadership to understand and assess capabilities verses leading practice
- Documented and confirmed collective findings and observations with VITA and NG leadership
- Assessed findings and observations in order to develop recommendations to:
  - Improve the NG-VITA relationship
  - Improve VITA's management practices using Gartner's research-based leading practices
  - Identify opportunities to improve communications between VITA and NG
  - Identify opportunities to change and better manage expectations between VITA, NG, and VITA customers

# The objectives of the RPA were to examine the VITA and NG relationship, assess the extent to which the initial goals of the CIA and the current goals of the Commonwealth are being met, and provide recommendations for how the relationship may be improved

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## The objectives of the Relationship Performance Assessment included:

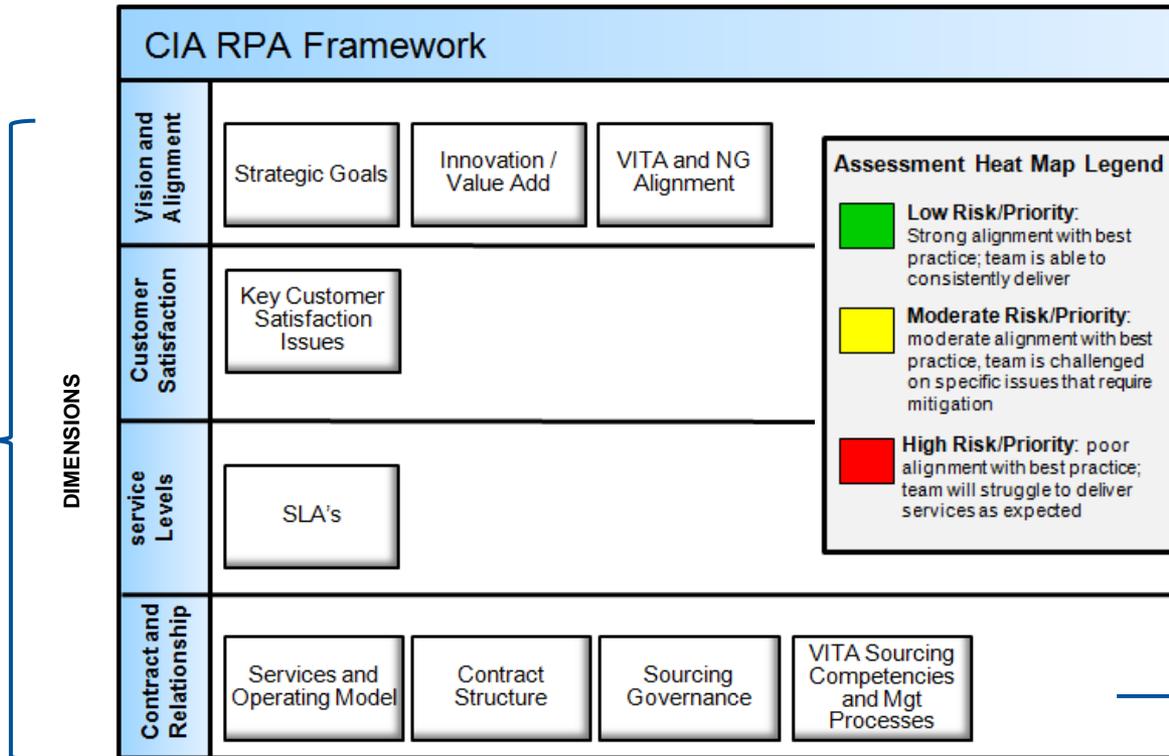
- Examining the four key dimensions of the VITA and Northrop Grumman relationship:
  - Vision and Alignment
  - Customer Satisfaction
  - Service Levels
  - Contract and Relationship
- Assessing the extent to which initial goals of the CIA and goals of the parties' are being met today
- Examining key management processes and compare to leading practices
- Making recommendations for improving the VITA / NG relationship, thereby improving the effectiveness of the CIA agreement on behalf of the Commonwealth
- Documenting the results of the activities above in a Management Report

## The intended use of this report follows:

- This is the final report of Gartner observations, analysis, and recommendations of the Relationship Performance Assessment (RPA)
- While the report recognizes the progress and achievements of VITA and NG in executing the transformation efforts, the focus of the analysis is on the key capabilities, risks and potential improvement areas for successful delivery of ongoing services to the agencies pursuant to the CIA

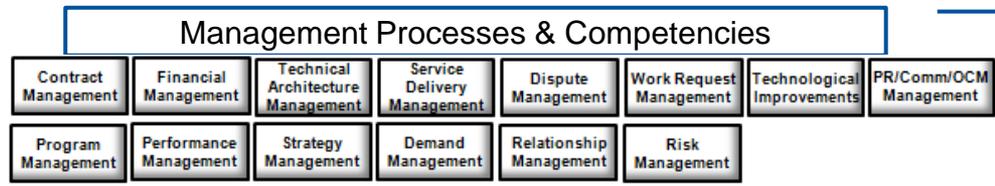
# The assessment and recommendations were developed using the framework below which includes four dimensions, nine key domains and fourteen management processes and competencies

1 The following four key dimensions were assessed as part of the RPA to understand the effectiveness of the VITA / NG relationship.



2 Each key dimension had one or more domains that represent different dimension attributes.

## DOMAINS



3 Fourteen management processes and competencies were assessed relative to leading practices and common government practices.

## IT consolidation remains a top priority for states, yet very few states have achieved the level of IT consolidation attained by VITA and the agencies of the Commonwealth– a significant achievement

- In 2006 the VITA / Northrop Grumman partnership began the transition and transformation of Infrastructure Services for 89 agencies under the umbrella of the CIA
- By 2013, 86 agencies have been transformed and are receiving IT infrastructure and operations service through the VITA / NG Partnership (Three agencies have not yet completed transformation)
- Gartner's experience is that an Infrastructure transformation of this size and scope is an impressive achievement not easily gained in such a large, complex, and diverse environment
  - This environment represents multiple entities with varied objectives, platforms, and requirements.
  - This is a significant technical and organizational achievement

**2006**

89 agencies providing separate Infrastructure Services



**2013**

86 transformed agencies receiving enterprise Infrastructure Services from VITA / Northrop Grumman



## The VITA / NG Partnership has significant achievements to date, yet some challenges remain for the future

### Top Achievements

- Successfully transformed 86 State Agencies
- The statewide consolidation included the following benefits, among others:
  - Established common data center facility for the state with backup capability
  - Refreshed key technology assets while standardizing and simplifying the architecture
  - Improved ability to secure statewide network, technology and information assets
- Renegotiated the agreement with NG to address significant concerns and advance the relationship with NG (“Mod 60”)
- Improved agency perception of service following “Mod 60” changes
- Demonstrated commitment to continually improve the VITA / NG Partnership and move to the next phase of serving the Commonwealth
- Improved communication to the agencies of the VITA mission and services

### Top Challenges

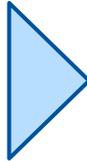
- Advance the VITA / NG Partnership from Transformation to a Strategic Partnership, by:
  - Aligning the VITA / NG Partnership with the strategic objectives of the Commonwealth and the agencies
  - Defining common outcomes that both parties have a stake in achieving
- Deliver continued value to the agencies by addressing customer satisfaction concerns and aligning service delivery to agency objectives
- Continue to improve enterprise-wide communication to inform the agencies of the VITA mission and services
- Document and mature the key management processes
- Prepare for the Post-Transformation phase of the Partnership

The RPA identified key improvement themes within the four dimensions of the study. Each theme is the basis for assessment and recommendations in the following section

## Dimensions

## Key Improvement Themes

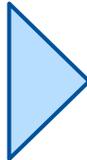
**Vision and Alignment**



### **VITA / NG alignment**

As the VITA / NG Partnership moves from a successful transformation phase, the focus on shared strategic goals related to service delivery will become increasingly critical to the success of the relationship.

**Customer Satisfaction**



### **Agency Confidence**

Agency perception of customer service is low and requires analysis, education and action.

**Service Levels**



### **Service Level Perception**

While Service Levels are achieved in line with the agreement, some agencies perceive that not all enterprise service levels meet their needs.

**Contract and Relationship**

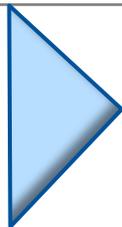


### **Governance and Processes**

There is an opportunity for VITA and NG to leverage the current governance structures to address higher risk processes related to strategy, risk management, dispute management and technology innovation.

# Vision and Alignment Action- VITA and NG need to shift from a transformation focus to developing and achieving shared strategic goals related to the ongoing service delivery

## Vision and Alignment



### VITA / NG alignment

As the VITA/NG Partnership moves from a successful transformation, the focus on shared strategic goals related to service delivery will become increasingly critical to the success of the relationship.

### Summary Assessment

- As the VITA / NG Partnership moves beyond the transformation, Strategic Alignment becomes critical to support the agencies strategic objectives and initiatives
- Strategic goals across the VITA/NG Partnership that align to agency and Commonwealth IT Strategy have not been clearly identified and communicated
- This leads to a risk of increased customer dissatisfaction and of not gaining expected benefits from a large-scale transformation
- A strategic partnership is successful when the partners share responsibility for the enterprise's destiny

### Recommendations

### Achievable under current contract?

- Use an Innovation Process Approach to plan for support of the agencies as a Strategic Partnership of VITA and NG (Visioning, Business Context, Action Plan)
- Implement the outcome of the Innovation Process Approach

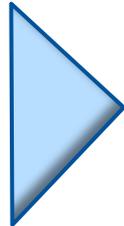
Can be implemented under current contract

- Focus on the small number of agencies, for the Innovation Process Approach, that represents the majority of CIA spending as the initial target for alignment (e.g., CIO Council agencies)"
- VITA should revisit the IT Strategic plan for the Commonwealth, the IT Strategic Plans for the agencies and VITA's own IT Services Strategy in order to align the mission of the VITA/NG Partnership to the ultimate goals of the Commonwealth and agencies
- NG should take an active role in in the Partnership's Strategy Committee and work with VITA to align the objectives of the VITA/NG Partnership with the overall strategy
- Formally track and review the elements within the contract that support Innovation (e.g. Technology Improvements, shared savings)
- VITA should ensure direct linkage between agency strategic objectives with the operational framework, performance measures and governance model of the CIA

Can be implemented under current contract

# Customer Satisfaction Action - While there has been significant improvement, VITA and NG need to address agency concerns about service, understanding of in-scope services and staffing levels for key agency-facing roles

## Customer Satisfaction



### Agency Confidence

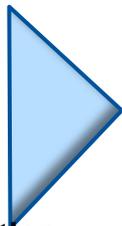
Agency perception of customer service is low and requires analysis, education and action

### Summary Assessment

- Agency leaders observed that VITA services have improved significantly since Modification 60 which was implemented in 2010
- Agency leaders acknowledged the effective leadership of the Commonwealth's CIO
- A part of customer dissatisfaction can be attributed to remaining concerns regarding the transformation to the Shared Services Model
- There is a perception that VITA and NG lack agency specific understanding
- Current staffing levels of Customer Account Managers (CAMs) and Agency Operations Managers (AOMs) are challenged to support the agencies, contributing to dissatisfaction
- Some customers do not understand the scope of services provided by VITA leading to unmet expectations from VITA

<b>Recommendations</b>	<b>Achievable under current contract?</b>
<ul style="list-style-type: none"> <li>■ Use an Innovation Process Approach to plan for support of the agencies as a Strategic Partnership of VITA and NG (Visioning, Business Context ,Action Plan)</li> </ul>	<i>Can be implemented under current contract</i>
<ul style="list-style-type: none"> <li>■ Implement the outcome of the Innovation Process Approach</li> </ul>	<i>VITA and NG will determine if this is within current contract and any contract changes</i>
<ul style="list-style-type: none"> <li>■ Increase the customer facing resources of the CAMs and AOMs with the capability to effectively support all agencies. This should occur while maintaining current service delivery and operational commitments.</li> </ul>	<i>VITA and NG will evaluate if this is within operating model</i>
<ul style="list-style-type: none"> <li>■ Revise the enterprise-wide communication plan to communicate the role of VITA and the services that are provided</li> </ul>	<i>Can be implemented under current contract</i>

# Service Levels Action - Building on contractual performance of current service levels, VITA and NG need to assess whether additional or modified service levels are needed to meet agency needs



## Service Level Perception

While Service Levels are achieved in line with the agreement, agencies perceive that enterprise service levels do not meet their needs

## Summary Assessment

- The original set of SLAs (200+) has been reduced to a more focused, and manageable, group of SLAs (49). This shows a best practice approach of maintaining small, focused sets of SLAs
- Service levels have been achieved in line with contractual expectations and earn back periods.
- Some agencies perceive that enterprise service levels do not meet specific agency needs
- Additional KPIs have been developed for Work Request processing. Tracking and confirming these KPIs should lead to adding these measures to the agreement

<b>Recommendations</b>	<b>Achievable under current contract?</b>
<ul style="list-style-type: none"> <li>■ Review current SLAs (types of SLAs and reporting parameters) to determine if these meet objectives of the agencies and the Commonwealth</li> </ul>	<p><i>Can be implemented under current contract</i></p>
<ul style="list-style-type: none"> <li>■ Define a common service catalog that outlines standard service levels for the agencies, providing a range of performance targets if appropriate to the needs of various agencies, and identifying clear exception and opt out processes for specific agency needs</li> </ul>	<p><i>Does not involve NG</i></p>
<ul style="list-style-type: none"> <li>■ If additional SLA changes or service changes are needed, adjust the SLAs or service requirements to meet agency and Commonwealth objectives (for example adding SLA requirements by Secretariat or group of agencies)</li> </ul>	<p><i>Significant additions or change require modification and may impact fees</i></p>
<ul style="list-style-type: none"> <li>■ Review the KPIs for work requests to confirm these reflect the needs of agencies</li> </ul>	<p><i>Can be implemented under current contract</i></p>
<ul style="list-style-type: none"> <li>■ Once confirmed, promote the KPIs to SLAs in the agreement</li> </ul>	<p><i>New SLAs require a modification and may impact fees</i></p>

# Contract and Relationship Action - Key high priority improvement areas include optimizing current Governance structures and formalizing and fully adopting key management processes

## Contract and Relationship

### Governance and Processes

*There is an opportunity for VITA and NG to leverage the current governance structures to address the higher risk processes*

### Summary Assessment

- Current staffing levels of AOMs and CAMs make it difficult to deliver full value of the operating model
- The contract structure includes the major components expected in a best practice contract
- The Definition of Services (Section 3.1.1), is considered to be typical and reasonable language
- Dispute Resolution language is consistent with expected contract components
- Innovation components are included in the agreement, though a formal Innovation clause (a best practice for today's contracts) that would add rigor to the expectations is not present
- The most visible and active governance structures are operational and issue oriented
- Effective strategy governance mechanisms are critical as the agreement moves in to a post Transformation phase
- The maturity assessment of sourcing competencies and management processes found 4 higher risk management process areas (Dispute, Technological Improvements, Strategy, Risk) with VITA determining a lower maturity for these areas than NG
- The difference in maturity assessment between VITA and NG shows a need for NG to demonstrate the documentation and adoption of the assessed processes
- While a Level 4 maturity (Processes are fully business aligned) is considered best Practice, VITA / NG should focus on documenting Level 3 (Processes are fully adopted) for all processes

## Contract and Relationship Action - Key high priority improvement areas include optimizing current Governance structures and formalizing and fully adopting key management processes (cont.)

### Contract and Relationship

#### Governance and Processes

*There is an opportunity for VITA and NG to leverage the current governance structures to address the higher risk processes*

<b>Recommendations</b>	<b>Achievable under current contract?</b>
<ul style="list-style-type: none"> <li>■ AOMs and CAMs should be staffed at sufficient levels to provide operational and strategic support across all agencies. This allows for adequate time and training for the AOMs and CAMs to work effectively with the agencies. This should occur while maintaining current service delivery and operational commitments.</li> </ul>	<i>VITA and NG will evaluate if this is within the current contract or will cause a fee impact</i>
<ul style="list-style-type: none"> <li>■ Both parties in the Strategic Partnership (VITA and NG) should assume responsibility for customer perception and experience by agreeing to priority and actions for improvement</li> </ul>	<i>Can be implemented under current contract</i>
<ul style="list-style-type: none"> <li>■ Identify clear roles for each governance structure, and clear outcomes for the governance processes, and identify how these align with VITA needs and agency business initiatives</li> </ul>	
<ul style="list-style-type: none"> <li>■ Formally document the higher risk management processes and develop a plan to bring all processes to an agreed Level 3 (Fully Adopted)</li> </ul>	
<ul style="list-style-type: none"> <li>■ Review the accountability of the current Innovation commitments by NG and determine if a formal Innovation clause is needed to document specific expectations and measures</li> </ul>	<i>New clause would require modification</i>

## The VITA / NG Partnership should take the following immediate steps over the next 6-12 months to improve the effectiveness of the relationship further serve the Commonwealth

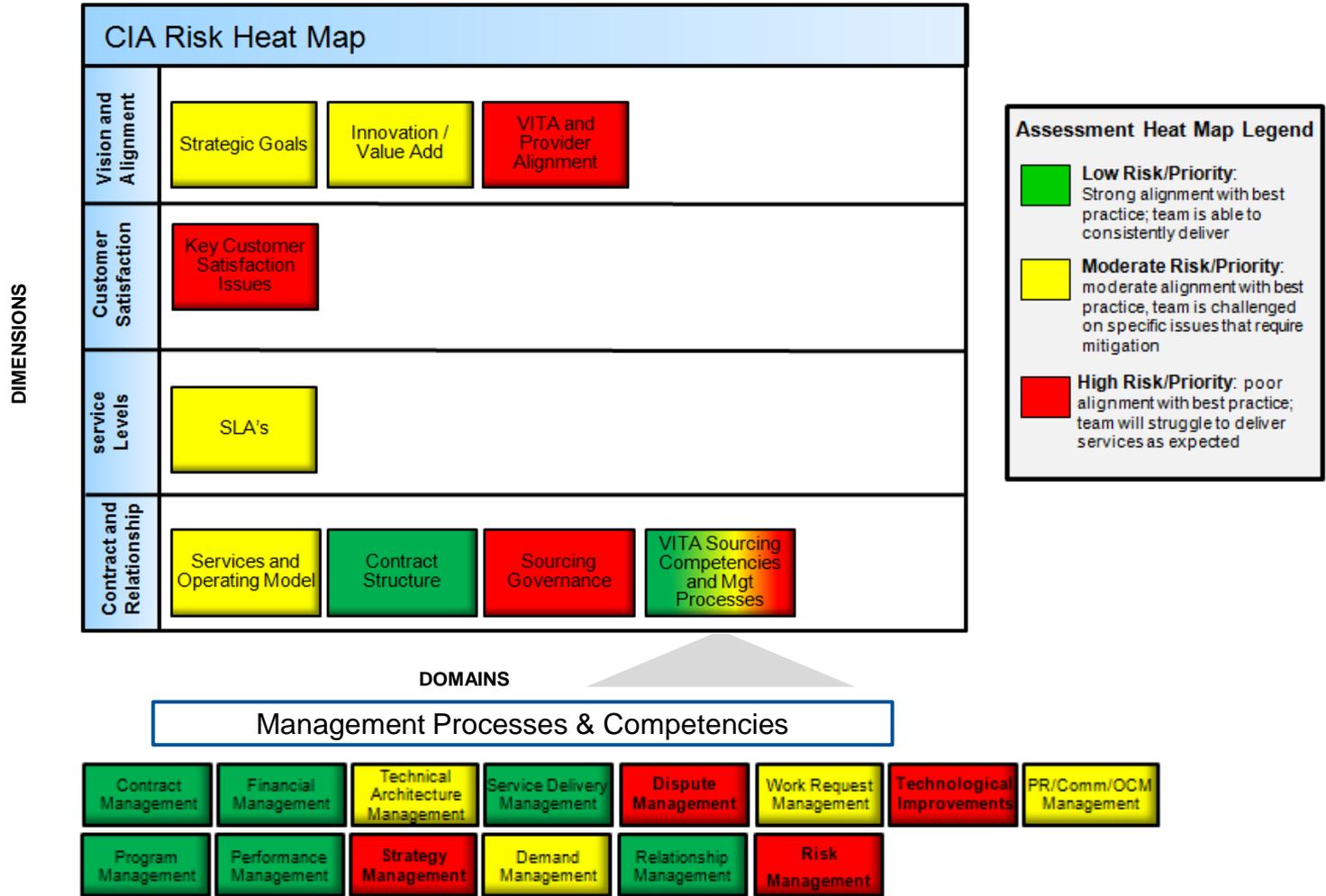
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1. Identify the objectives of the agencies and Commonwealth and align the VITA / NG Partnership to meet these objectives
2. Increase the customer facing resources of the CAMs and AOMs with the capability to effectively support Commonwealth agencies while maintaining current service delivery and operational commitments
3. Review current SLAs (types of SLAs and reporting parameters) to determine if these enterprise-level SLAs meet the objectives of the agencies and the Commonwealth and amend the CIA to adjust the SLAs in the contract as needed
4. Fully implement current contractual governance structures with clear expectations of governance processes
5. Formally document the higher risk management processes and develop a plan to bring all processes to an agreed Level 3 (Process Fully Adopted)

# Risk Assessment

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# The RPA identified levels of risk across the domains. The following section evaluates each domain and includes observations, best practice, assessment and recommendations



## Observations and Recommendations by Dimension

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### Vision and Alignment

Customer Satisfaction

Service Levels

Contract and Relationship

## Vision and Alignment Analysis

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### Key Questions:

- Does the current outsourcing arrangement support both Recipient and NG's strategic goals? How can a shared vision be achieved in the future?
- How does the contract enable and/or support the desired business and technology innovation?

### Discovery Approach

- Interviews with VITA, Agency, and NG staff
- Review contract elements such as innovation schedule and value add commitments
- Review VITA strategic documents
- Review original NG solution, revisions and status reporting

### Topics for Interviews

- Are the parties (VITA, agencies, NG) aligned in vision and objectives for the CIA?
- Are strategic goals defined, communicated and updated?
- Has NG demonstrated innovation? How is innovation defined?
- Is the CIA effectively serving the interests and objectives of the Commonwealth?
- Are there key areas for improvement?
- Have intentional steps been taken to improve vision and alignment?

## Observations

### Strategic Goals

- The Partnership has been focused on tactical objectives, primarily transforming the agencies into the standard support model
  - The transformation of 86 of the 89 in-scope agencies is a significant achievement
  - The transformations includes the “move” of infrastructure as a well as platform consolidation
  - Such transformations have proven to be very difficult to complete in other, similar agreements
- The agreement (Schedule 6.3) defines expectations for Strategic support for VITA and the Commonwealth
  - Strategy Committee is defined (Section 3.1.13.1)
  - NG will participate in the Strategy Committee (Section 3.3.3, Table 4)
  - VITA should provide the Commonwealth strategic business imperatives (Section 3.3.3, Table 4)
- Strategic support has not been effectively addressed
  - Interviews indicate that there is awareness of Strategic objectives but these are not yet integrated into the Partnership
    - NG understands that Strategic goals exist but not aware of specific documentation
    - VITA believes that, as a program, the Partnership does not align to Commonwealth strategy and VITA does not see NG as a partner in strategy
  - One-term Governor system may impose a constraint on the effectiveness of long term strategic planning
  - No clear alignment throughout the Partnership of the strategic objectives of the agencies and the Commonwealth

# Best Practice Strategic Goals

## Leading practice for IT Strategy

- Build your IT strategy on the four pillars of demand-supply, business relationship, financial and asset management
- Keep your IT service strategy as concise as possible
- Build your IT service strategy like a business strategy with an execution plan
- Communicate the IT service strategy effectively up, down and across the organization

Checklist of tasks for Strategic Partnership success		
SPM task	Stakeholders involved (IT/LOBs/strategic partners)	Indicator of success
Develop a one-team mind-set with strategic partner employees	All	No fault-finding when problems arise
Distinguish strategic partners from other external relationships	IT, LOBs	Differentiated approach to managing strategic partners
Engage the business in identification and management of strategic partners	IT, LOBs	IT and LOBs are seen as equal partners in SPM
Engage with senior management and product management of strategic partners	All	SP is seen as a “balance of trade” relationship
Set mutual business goals with strategic partners	All	Strategic partners support overall business goals of the enterprise
Build a relationship with strategic partners that is not license-revenue-centric	All	SP is not account-manager-centric
Build a relationship with strategic partners based on mutual trust, not merely on contractual obligations	IT, strategic partners	Deliverables go beyond contractual obligations
Develop effective SPM skills	IT, strategic partners	No (or minimal) fire-fighting or crisis management
Periodically interact with senior management (up to the board level)	All	Open and effective lines of strategic communication

Source: Gartner, Inc. © 2013 Gartner, Inc.

Key Success Indicators of a Strategic Partnership include alignment around mutual goals

# Assessment Strategic Goals



## Assessment

- VITA/NG Partnership has focused successfully on the tactical objectives of transformation
  - All parties (VITA, NG, agencies) remain tactically focused to address day to day operations
- Strategic goals across the VITA/NG Partnership that align to agency and Commonwealth IT Strategy have not been clearly identified and communicated
- Strategic goals do not appear to be built upon the pillars of demand-supply, business relationship, financial and asset management
- The definition and application of IT Strategy across the VITA/NG Partnership and agencies will provide a means of evaluating service offerings, agency requests and long term planning to meet the needs of the Commonwealth
- If the focus on Strategic goals does not increase, there is a risk of increased customer dissatisfaction and a risk of not attaining expected benefits from a large-scale transformation

<b>Strategic Goals</b> Summary Gartner Assessment	<b>Moderate Risk</b>
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## Recommendations

### Strategic Goals

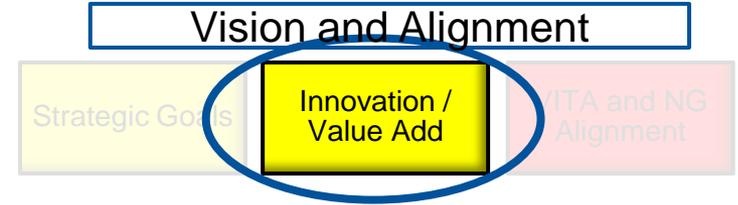
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#### Recommended Actions

- As the VITA/NG Partnership moves from transformation to the next chapter of Infrastructure Services, now is the time to define and implement strategic objectives
- VITA should revisit the IT Strategic plan for the Commonwealth, the IT Strategic Plans for the agencies and VITA's own IT Services Strategy in order to align the mission of the VITA/NG Partnership to the ultimate goals of the Commonwealth
- NG should take an active role in strategic alignment by:
  - Active participation in the Strategy Committee
  - Active participation with VITA in alignment the goals and objectives of the VITA/NG Partnership with the overall strategy
- VITA should improve communication with the agencies to better understand agency needs and objectives beyond just the tactical, day-to-day requirements. This may require increased staffing for the CAMs (Customer Account Managers) in order to fill a more strategic role.

## Observations

### Innovation / Value Add



- The agreement (Schedule 6.3) anticipates Innovation by NG
  - Innovation is defined within the context of cost reduction, improved efficiencies, and value enhancement
  - The agreement anticipates NG proactively evaluate, identify and recommend cost reduction, value enhancement, and innovation initiatives in support of the BR Program’s objectives with the cooperation and support of VITA (Section 3.1.13.6 Benefits Realization)
- Following Mod 60, the focus of the Partnership has been on tactical objectives, primarily transforming the agencies into the common data center
- VITA sees limited opportunities have been presented by NG for shared savings, improved efficiencies and innovation for the Commonwealth
  - Additional services have been developed
  - Since 2011 NG has executed a number of initiatives addressing efficiency / customer experience, Mobility / Collaboration, and Security / Data Protection
  - VITA sees minimal support for Innovation from NG
  - VITA sees an inconsistent process by NG for identifying opportunities for savings and innovation

# Best Practice Innovation / Value Add

*Defining Innovation Is Often Vague and Differs Across Clients and Individuals*

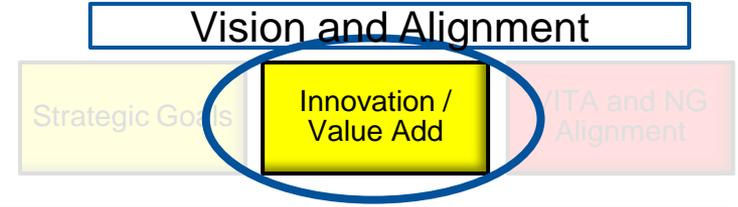
*Innovation Management Maturity Levels and Key Characteristics*

- Innovation can be transformative
- Innovation can also be more like continuous improvement to some
- Innovation can simply be "new to me"
- Innovation in outsourcing must be collaborative
- Innovation should support and provide benefits to both parties

Level 1: Reactive	Level 2: Active	Level 3: Defined	Level 4: Performing	Level 5: Pervasive	
Decisions driven by personality or seniority. Localized, ad hoc response to business demands.	Teams and business units share best practices and approaches. Locally funded innovation initiatives with strategic focus.	Innovation watch involves external sources. Teams funded and sustainable. Processes, tools and methods are formalized and shared. Active executive support.	Strategic partnerships contribute ideas and resources. Expert innovation and catalyst teams. Best-in-class processes, tools and methods. Planned, funded and championed at enterprise level.	World-class leader in new methods and practices. Expansive open innovation and codevelopment programs. Multiple high-functioning enterprise and distributed teams Pervasive culture of innovation. Core competency integral to all business activities.	<p>Innovating How We Innovate</p> <p>Partnerships and Open Innovation</p> <p>Organization and Infrastructure</p> <p>Culture and People</p> <p>Processes and Practices</p> <p>Strategy and Intent</p>

Source: Gartner, Inc. © 2013 Gartner, Inc.

# Assessment Innovation / Value Add

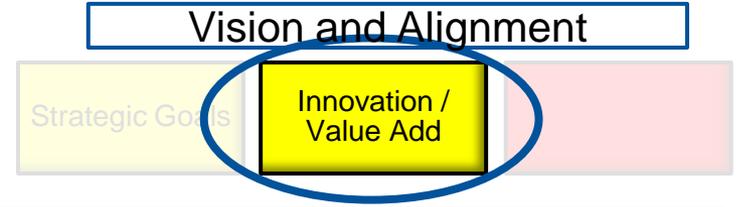


## Assessment

- Innovation components are included in the agreement (CIA), though a formal Innovation clause that would add rigor to the expectations is not present
- As defining Innovation often differs across agreements, specific expectations are required to successfully meet objectives for shared savings and value enhancement
- As the Partnership moves beyond the transformation, Innovation becomes critical to support the agencies strategic objectives and initiatives. This creates a level of risk as Innovation expectations have not been defined in the agreement.

Innovation / Value Add Summary Gartner Assessment	<b>Moderate Risk</b>
--	--------------------------

# Recommendations Innovation / Value Add



## Recommendations

- Review the accountability of the current Innovation commitments by NG and consider a formal Innovation clause
  - The clause should address specific expectations for use of emerging technology to meet agency strategic objectives and initiatives

	<b>Innovation / Value Add</b> Summary Gartner Assessment	<b>Moderate Risk</b>
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## Observations

### VITA and NG Alignment

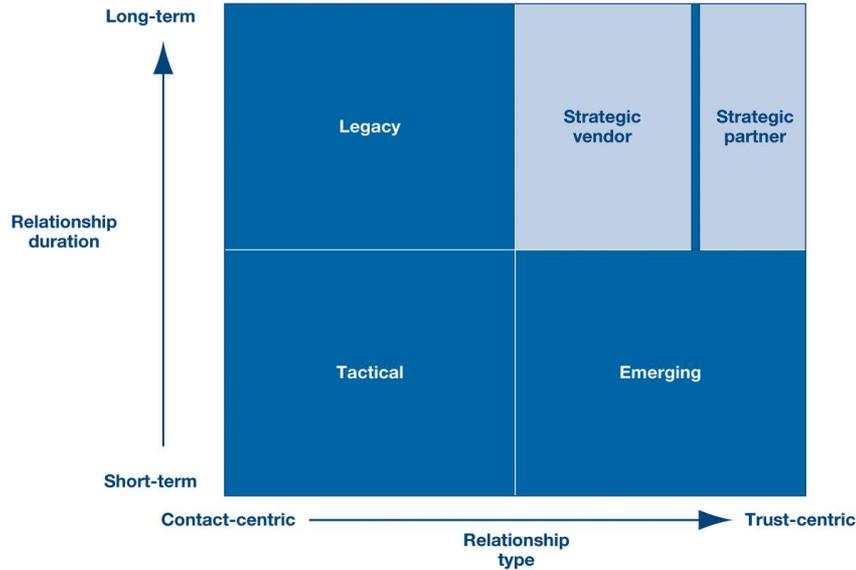
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- Agreement (CIA) is between NG and VITA, acting on behalf of Commonwealth of Virginia for purposes of providing services to the agencies
- VITA and NG have distinct definitions of customer
  - VITA considers the agencies and Commonwealth to be its customers
  - NG considers VITA to be its customer, per the Agreement (CIA)
- VITA and NG have distinct views of business objectives
  - NG views VITA objectives to be the business objectives of the Partnership
  - VITA views the objectives of the agencies and the Commonwealth to be the business objectives of the Partnership
- VITA is aligned to the agencies via the Customer Account Managers (CAMs)
- NG is aligned to the agencies via the Agency Operations Managers (AOMs)

# Best Practice VITA and NG Alignment

- Strategic partnerships are external relationships that directly support key business processes, outcomes and revenues. They are integral to IT's ability to deliver business results to the enterprise.

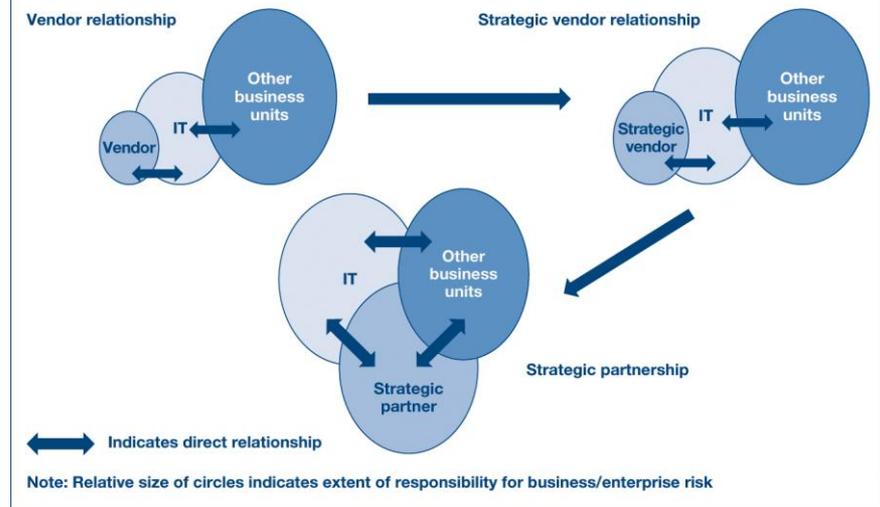
## Vendor categorization framework



Source: Gartner, Inc. © 2013 Gartner, Inc.

- A Strategic Partnership goes beyond the typical vendor relationship

## A strategic partner's level of engagement exceeds a strategic vendor's



Source: Gartner, Inc. © 2013 Gartner, Inc.

# Best Practice VITA and NG Alignment

## Strategic partners share responsibility for the enterprise's destiny

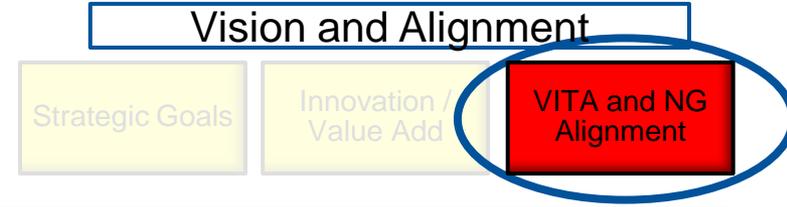


Note: Relative size of circles indicates extent of responsibility for business/enterprise risk

Source: Gartner, Inc. © 2013 Gartner, Inc.

- Attaining a Strategic Partnership is often challenging for a large relationship that spans many stakeholders
- Similar contracts have included language to clarify the interaction among the three entities (IT, Strategic Partner, Business Units)

- Because the entire business ecosystem, including IT, has to evolve to a higher level of collaboration and mutual decision making that now involves a Strategic Partner, enterprises should approach this as a process, not a discrete event
- The true effectiveness of a Strategic Partnership will be achieved only through the mutual development of complementary skills and a teaming approach with strategic partners
- To be truly strategic, a Strategic Partnership must positively impact business effectiveness. Forging partnerships that extend to the highest levels of the enterprise and the partner make this possible. The enterprise must share its future strategic direction with the partner, and together the partner and enterprise must find mutually beneficial ways to move beyond a license-revenue-based relationship.



### Assessment

- Contractual interpretation of “customer” for NG creates a potential misalignment with VITA regarding responsibility for supporting agency objectives
- While VITA is the named party in the Agreement, NG works directly with the end customer (agencies), and with VITA, in processing requests, defining requirements and delivering services
  - The direct interaction (as shown in the best practice model) between NG and the agencies is critical to the success of a Strategic Partnership
- For the VITA/NG Partnership to rise to the level of a Strategic Partnership in which NG shares “responsibility for the enterprise’s destiny” it must find mutually beneficial ways for the Partnership to positively impact business effectiveness
  - Attaining a Strategic Partnership is often challenging for a large relationship that spans many stakeholders and may be approached in two steps: 1) What can be done under the current contract through good faith efforts to improve and preserve the relationship, 2) What must be codified in contract changes to require critical aspects of a Strategic Partnership
- The challenges of supporting 89 separate agencies are significant but can only be effectively met by the combined dedication of the VITA/NG Partnership

**VITA and NG Alignment**  
Summary Gartner Assessment

**High Risk**

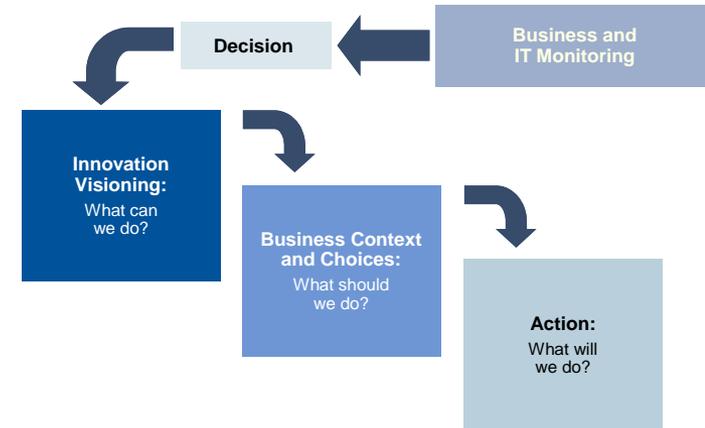
# Recommendations

## VITA and NG Alignment

### Recommendations

- Use the Gartner Innovation Process Approach to plan for support of the agencies as a Strategic Partnership
  - Visioning - What can we do? **(The collection of ideas, suggestions, recommendation, requirements)**
  - Business Context and Choice -What should we do? **(The prioritization of all ideas and getting agency agreement)**
  - Action Plan - What will we do? **(The action plan in terms of the top 5 or 10 agreed-to projects, contract changes, process changes, etc.)**
- Focus on the agencies of the CIO Council as the initial target for alignment as this represents the majority of CIA spending
- Determine if and how the united Partnership support of relevant agency objectives will be accomplished under the Agreement (CIA) and if modifications are needed
  - Identify roles and responsibilities for Strategic Partnership support of relevant agency objectives
  - While respecting the definition of “customer”, NG should consider how to assume more responsibility for business/enterprise risk under the current contract
  - VITA and NG should determine if contract changes are needed to effectively move toward a “Strategic Partnership”

*Gartner Innovation Process Approach*



Source: Gartner, Inc. © 2013 Gartner, Inc.

## Observations and Recommendations by Dimension

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Vision and Alignment

Customer Satisfaction

Service Levels

Contract and Relationship

## Customer Satisfaction Analysis

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### Key Questions:

- Is Business / IT Management satisfied with the delivered service?
- Are the relationship managers satisfied with the level of responsiveness and the quality of decision making?
- How can the improvements be structured to address the unique needs of key stakeholder segments?
- Are the value adds provided by NG recognized and understood?

### Discovery Approach

- Interviews with VITA, Agency, and NG staff
- Conduct customer focus groups
- Review formal customers satisfaction survey results and relevant SLA attainment

### Topics for Interviews

- How satisfied are VITA and the agencies with the CIA?
- What is the perception of value of the NG?
- Does satisfaction vary by party (e.g. Sourcing Management, Agency management)
- What are the expectations (defined or ad hoc) for customer satisfaction?
- How does NG respond to client expectations and concerns?

## Observations

### Key Customer Satisfaction Issues

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#### CIO Council Workshops

- Gartner conducted a qualitative customer satisfaction assessment with the CIO Council, which represents 80% of the CIA spend and includes a range of large and small agencies
  - Gartner conducted discussions and collected qualitative ratings of “*Mostly Satisfied*”, “*Slightly Satisfied*” or “*Not Satisfied*” for services received from VITA across four dimensions of each service defined in the VITA/agency MOU (total of 36 categories)
    - Dimensions
      - Support Availability
      - Support Expertise
      - Support Responsiveness
      - Support Performance / Quality
  - The CIO Council reported overall “slightly satisfied” for a majority of the 36 categories and “not satisfied” for categories in following services (defined in the VITA/agency MOU):
    - Data Center
    - Emergency Response Services
    - IT Support Services
    - Customer Service (Surveys and Escalation)
-

## Observations

### Key Customer Satisfaction Issues

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#### **CIO Council Observations**

- The CIO Council observed that VITA services had improved significantly since Modification 60
- Members reported going outside of the CIA for certain IT Infrastructure services
- Summary of reasons provided for “not satisfied” ratings
  - The agencies believe:
    - VITA does not understand the needs of the agency
    - Poor responsiveness to agency work requests
    - Ineffective handling of Incidents
    - Lack of effective Business Continuity and DR Support
    - IT Support Services level of staffing and support for non-standard work is inadequate
    - Escalation process is inadequate and problems remain unsolved

## Observations

### Key Customer Satisfaction Issues

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#### Agency Leadership Discussion

- Gartner conducted a session with agency Leadership to perceptions of VITA services. Agencies represented were:
  - Accounts
  - Agriculture & Consumer Services
  - Blind and Visually Impaired
  - Finance
  - Taxation
  - Conservation and Recreation
  - Human Resource Management

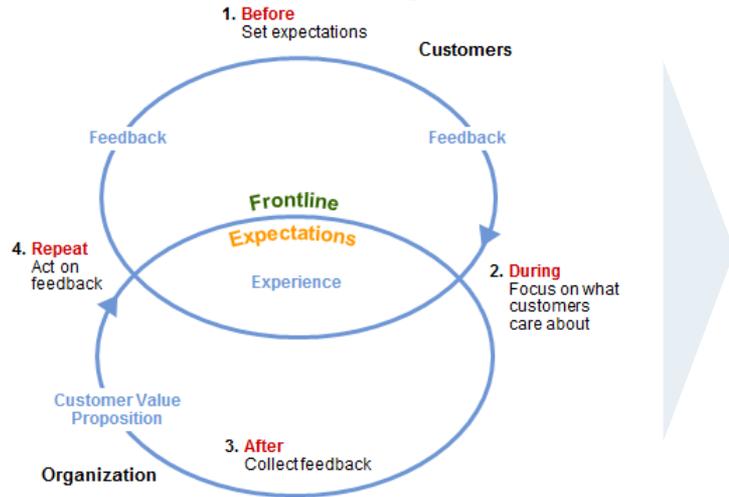
#### Agency Leadership Observations

- Agency leaders observed that VITA services had improved significantly since Modification 60
- Agency leaders acknowledged the effective leadership of the Commonwealth's CIO
- Agency leaders expressed concerns that:
  - VITA/NG Partnership is unable to meet key agency needs beyond on-going operations
    - Annual requests for additional computing are delayed
    - A major agency is undertaking an Infrastructure project with statewide impact outside of the VITA Infrastructure services
  - NG staff are “spread too thin”

Key Customer Satisfaction Issues

## Best Practice Key Customer Satisfaction Issues

### Customer Experience Management



For every customer interaction, there is a before, during and after that impact the customer experience:

- Before — Set customer expectations and act on customer feedback
- During — Focus on what customers care about most, with the goal of customer retention and satisfaction
- After — Collect feedback and analyze information, and feed it back into the organization:
- Repeat — Integrate new findings and evolve approaches back into the start of the customer cycle

Traditional "Siloeed" Organization	Customer-centric Organization
Process flows and decision making based primarily on internal factors and constraints	Decision making and business processes aligned around customer constituencies
Organizational management structure organized around products	Organizational structure organized around customer-focused "value chains"
Siloed product-based delivery structure	Value-chain-focused delivery structure that is product agnostic
Business processes aligned by product	Customer-need-driven process overlays
P&L structured around discrete product lines	P&L structured along "customer value segments" that cut across product lines

Source: Gartner, Inc. © 2013 Gartner, Inc.

## Assessment

### Key Customer Satisfaction Issues

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- Dissatisfaction with VITA services can be attributed to a number of causes
  - Remaining concerns regarding the transformation to the Shared Services Model
    - The transformation represents a significant shift from agency owned IT to Enterprise IT services
  - Limited customer facing resources allocated across multiple agencies
    - Current staffing level of CAMs and AOMs are challenged to support the agencies
  - Incomplete communication of VITA services and outcomes
    - This includes the scope of VITA services and enterprise service level agreements
  - Perceived lack of agency specific understanding
    - This includes agency service level requirements, strategic objectives, and Disaster Recover /Business Continuity needs
  - Delays in work requests and support for non-standard work
- VITA has recently executed steps to better communicate the value of the Partnership to the agencies
- This domain is assigned a High risk due to perception of the customer experience by the agencies and the limited support for CIA from the agency community

## Recommendations

### Key Customer Satisfaction Issues

---

### Recommendations

- Use the Gartner Innovation Process Approach to plan for support of the agencies as a Strategic Partnership
  - Visioning - What can we do? **(The collection of ideas, suggestions, recommendation, requirements)**
  - Business Context and Choice -What should we do? **(The prioritization of all ideas and getting agency agreement)**
  - Action Plan - What will we do? **(The action plan in terms of the top 5 or 10 agreed-to projects, contract changes, process changes, etc.)**
  - Strategic partnerships (as noted in Best Practices for VITA and NG Alignment) directly support key business processes and outcomes and are integral to IT's ability to deliver business results to the enterprise. These results drive customer satisfaction

## Recommendations (cont.) Key Customer Satisfaction Issues

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### Recommendations (cont.)

- Increase the customer facing resources
  - The CAMs and AOMs are allocated across too many agencies to effectively fill their strategic and operational roles
- Revise the enterprise-wide communication plan to communicate:
  - Role of the VITA/NG Partnership
  - Alignment to agency and Commonwealth Objectives
  - Partnership successes
  - Partnership ability to meet non-standard needs
- Refine customer feedback to:
  - Align to current scope of the Partnership
  - Develop Contract modifications

## Observations and Recommendations by Dimension

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Vision and Alignment

Customer Satisfaction

Service Levels

Contract and Relationship

## Service Levels Analysis

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### Key Questions:

- Are the specified Service Levels reasonable and within industry norms? What changes may be needed related to Service Levels?

### Discovery Approach

- Interviews with VITA, Agency, and NG staff
- Review contract elements such as Service Level Agreements and incentive methodology

### Topics for Interviews

- Are Service Level Agreements (SLAs) being achieved by NG?
- Do the SLAs reflect the business objectives of VITA and the agencies?
- Is there an incentive structure for the SLAs? Is it enforced?
- Do service levels enhance the right behaviors?



SLAs

## Observations

### SLAs

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- **A set of 51 Service Levels are defined and are reported each month**
  - 49 of the Service Levels are commitment by NG under the contract
  - 2 of the Service Levels (VIP Support) are included for reporting purposes only
  - “Critical” service levels, subject to Performance Credits, are identified
- **Service Levels are defined with each Statement of Work (SOW) exhibit**
- **SLA Methodology is defined in Schedule 3.1. Summary points include:**
  - The “At-Risk” amount is 10% of monthly fees
  - “At-Risk Pool”, or multiplier is 200% (for Performance Credit allocation)
  - Performance Credits may be earned back by achieving or surpassing minimal performance level for 2 consecutive months
  - Allocation Percentage for each critical service level was designated by the Commonwealth in a the SLA Memo effective on June 1, 2010
- **Service Level performance is evaluated at the enterprise level**
  - Agencies may see the performance at the agency level
  - Reporting at this level is for information only and the CIA does not include agency-level SLAs
  - VITA indicated that agency specific service level performance information is accessible by agencies on the SharePoint site and that VITA will review this performance information for specific agencies upon request
- **Agency observations**
  - Agencies cannot monitor health of servers
  - Agencies believe they can’t hold VITA accountable for SLAs (at agency level)
- **Connection to Business**
  - Linkage of Service Levels to the business needs of the agencies and Commonwealth is not documented

## Observations

### SLAs

SLAs

#### ■ Service Level Reporting

- Service Level delivery is reported monthly
- Of the 49 Service Levels reporting over the last 11 months all are “green” with exception of:
  - Severity 2 – CESC and SWESC Data Center Locations in February 2013 following by six months of attainment or over-attainment

SLA	Title	Target	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013
1.13	Severity 2 – CESC and SWESC Data Center Locations	95.00%	97%	98%	98%	95%	92%	96%	96%	97%	100%	95%	100%

- Restore Requests for Production Data in CESC/SWESC in June 2013. Followed by two months of over-

1.21	Restore Requests for production data in CESC/SWESC	95.00%	97%	96%	96%	98%	97%	97%	98%	98%	91%	98%	100%
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- On-Site Dispatch 8 Hours in March 2013 . Followed by 5 months of attainment or over-attainment

5.11	On-Site Dispatch-8 Hours	70.00%	75%	74%	73%	74%	76%	69%	70%	70%	71%	73%	72%
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- Critical server Instances located in critical data centers in July 2013. Followed by one month of attainment.

7.13	Critical server instances located in critical data centers (CESC & SWESC) with DR	99.90%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.7%	99.9%
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SLAs

## Observations

### SLAs

#### ■ Service Level Reporting (cont.)

- Service Level delivery is reported monthly
- Of the 49 Service Levels reporting over the last 11 months all are “green” with exception of:
  - Packet Delivery Loss (excluding dialup service) for 11 months
  - NOTE – This target level has been renegotiated and will be adjusted going forward

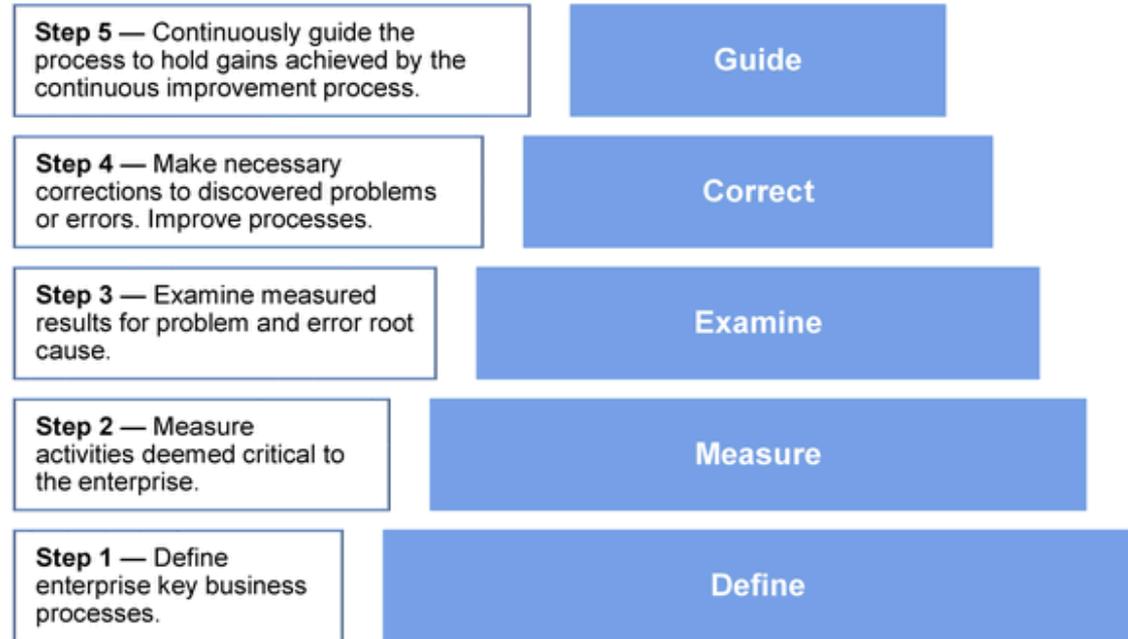
SLA	Title	Target	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013
8.52	Packet Delivery Loss (excluding dialup service)	98.00%	42%	51%	55%	43%	48%	23%	43%	46%	43%	37%	44%

SLAs

## Best Practice SLAs

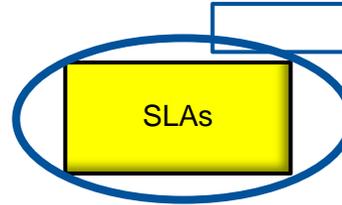
- Service Levels define the expected / required level of service for Business success
- Service Levels should be closely managed in order to keep the Service Provider focused on quality delivery
- The number of SLA measures should be kept relatively small
- SLAs must be easy to understand
- SLAs must be measurable and obtainable
- SLAs for outsourcing relationships should have penalties associated with them

### SLA Development and Maintenance



Source: Gartner, Inc. © 2013 Gartner, Inc.

## Assessment SLAs



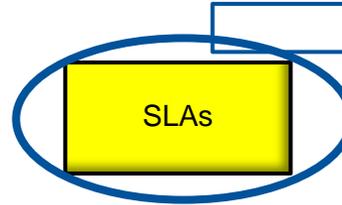
- Service Level Management is addressing best practices
  - Modification 60 reduced the original 200+ SLA's to 49 - indicating a significant focus on defining meaningful SLAs
  - A typical weighting and penalty structure is defined
  - SLAs are measurable and attainable
  - SLA data is available to the agencies via Sharepoint, though the agencies are not all aware of this
- Current Enterprise Service levels (aside from Packet Delivery Loss) over the past year have either been completely met or a failure has been followed by attainment
- Service Level attainment shows compliance to the agreement, though some agencies perceive that enterprise service levels do not meet agency needs
- The additional KPIs developed for Work Request processing are being tracked and reported but are not included in the Agreement
  - Given the critical role of Work Requests across the enterprise and concerns about on-time completion, the SLA domain is viewed to have moderate risk until these KPIs have been confirmed as appropriate measures and are included in the agreement

SLA  
Summary Gartner Assessment

**Moderate  
Risk**

## Recommendations

### SLAs



### Recommendations

- Address agency perception that enterprise SLAs are not sufficient by:
  - Communication through the CAMs about the availability of current SLA reporting
  - Communication through the CAMs to document specific concerns and SLA needs
- Define a common service catalog that outlines standard service levels for the agencies, providing a range of performance targets if appropriate to the needs of various agencies, and identifying clear exception and opt out processes for specific agency needs
- Revisit SLA development to determine if current SLAs meet objectives of the agencies and the Commonwealth
- If SLA or service changes are needed, amend the CIA to adjust the SLAs or service requirements to meet agency and Commonwealth objectives (for example adding SLA requirements by Secretariat or group of agencies)
- Given the critical role of Work Requests across the enterprise and concerns about on-time completion
  - Review the current KPIs that NG reports to confirm the KPIs reflect the needs of the agencies
  - Elevate the approved KPIs to formal SLAs by amending the CIA

## Observations and Recommendations by Dimension

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Vision and Alignment

Customer Service

Service Levels

Contract and Relationship

# Contact and Relationship Analysis

Services and Operating Model

Contract Structure

Sourcing Governance

VITA Sourcing Competencies and Mgt Processes

## Key Questions:

- Does the current account management and governance prevent or support an effective relationship?
- Are there appropriate mechanisms in place to influence better outcomes?

## Discovery Approach

- Interviews with VITA, Agency, and NG staff
- Review contract elements such as Relationship Management, Operating model, Governance
- Evaluate VITA-NG Co-Management processes

## Topics for Interviews

- Is the defined operating model enhancing or hindering the success of the program?
- Is the contract structure efficient for management and maintenance of the agreement?
- What is the perception of VITA-NG Co-Management processes?
- Are management processes defined and effective?
- How effective is contract management?
- Is CIA governance effective? How are decisions made and communicated?



- The Outsourcing Model used by the Commonwealth includes three key participants
  - **VITA**
    - Manages Retained IT and Partnership with NG
    - Oversees the delivery of CIA services to agencies as defined in the Memorandum of Understanding (MOU) between VITA and each agency
  - **NG**
    - VITA Partner in provision of Infrastructure Services to the Commonwealth
    - Delivers services to the Commonwealth agencies in accordance with the service descriptions and service levels defined in the CIA
  - **Commonwealth Agencies**
    - Provide the agency IT Resource (AITR) - The AITR is the primary point of contact for VITA
- Outside of the CIA, VITA maintains responsibilities for the Commonwealth, including
  - Legislative and Executive interface
  - Strategic oversight of IT for the Commonwealth



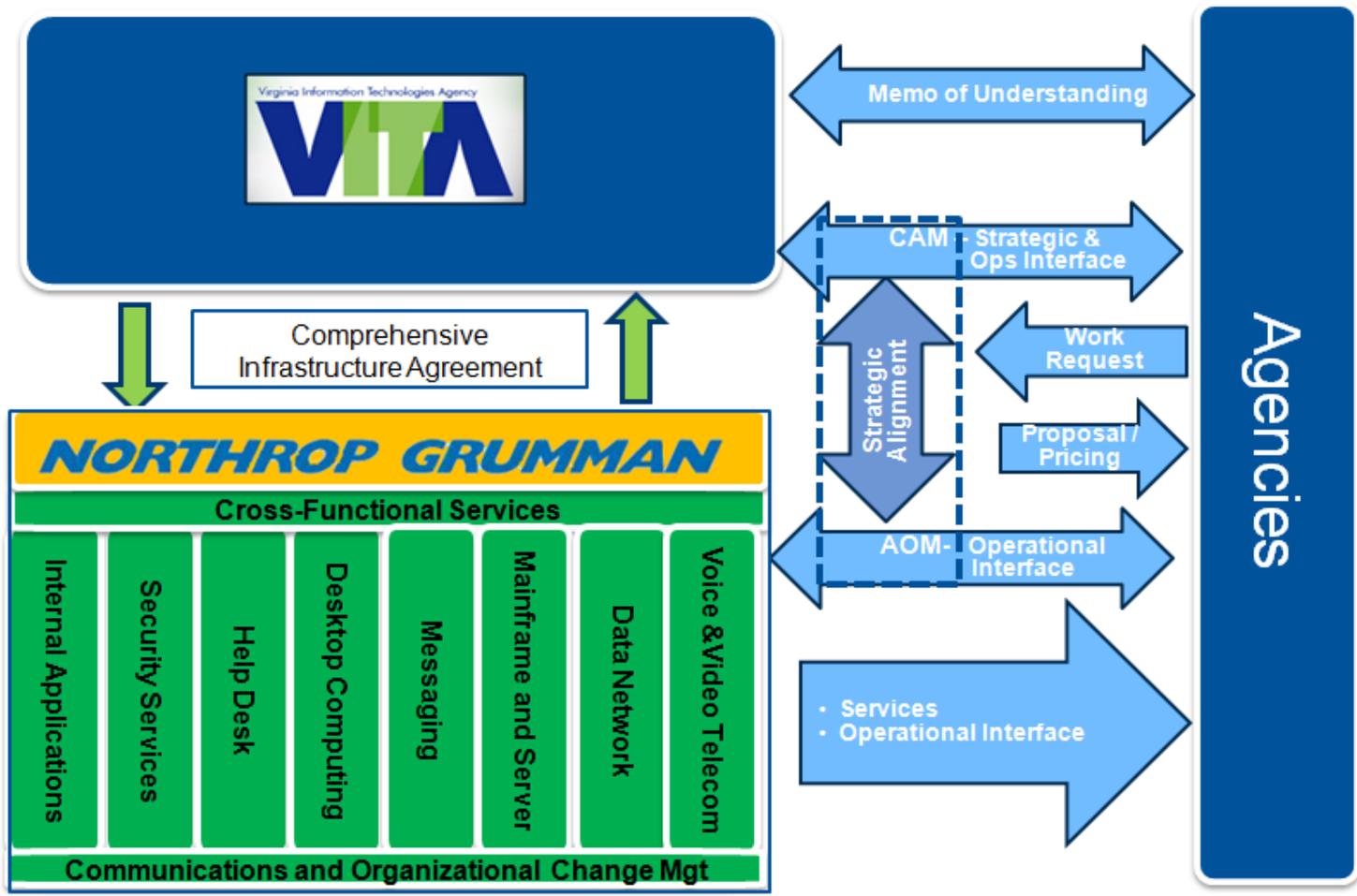
- Primary interface between the CIA and the agencies
  - VITA provides the Customer Account Managers (CAMs) - *the designated VITA staff liaison to agency for all aspects of IT strategy and planning, and an escalation point for all VITA or IT Infrastructure partnership provided services*
  - NG provides the agency Operations Managers (AOMs) - *the designated Northrop Grumman staff liaison to agency for all aspects of infrastructure support and services, as well as problem and issues support*
- VITA and NG have differing views regarding provision of services
  - VITA views include:
    - Lack of clarity of NG's cost recovery requirements in providing new services
    - Lack of NG response to agency requests for services
    - Requests for improved services (e.g. Lower cost storage) are not promptly addressed
    - Unexpected fees by NG for in-scope services
  - NG views include:
    - Work requests are processed within committed timeframes
    - NG is working closely with VITA to meet agency needs

# Observations

## Services & Operating Model



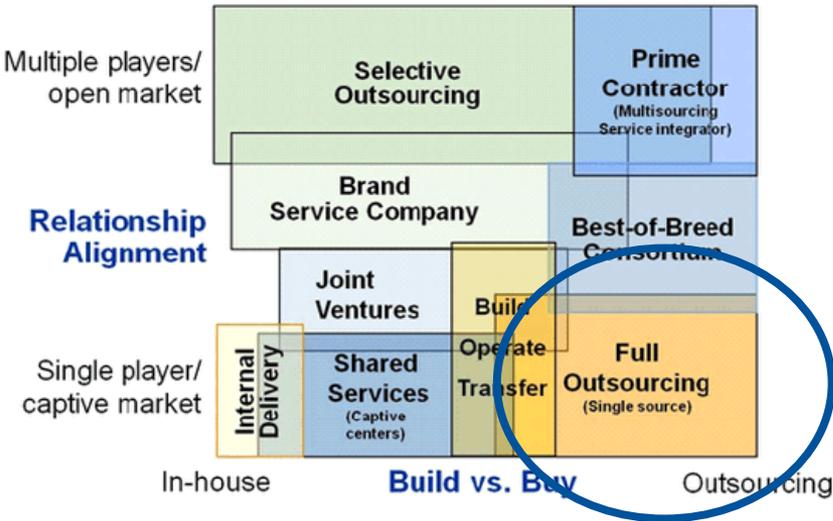
### ■ Summary View of Operating Model



# Best Practice Services & Operating Model



## Sourcing Operating Models



## VITA/NG Partnership is a Full Outsourcing Model

Full Outsourcing	
Definition of the model	When to use it
<ul style="list-style-type: none"> <li>In this model, which is also known as single sourcing, a client organization has one contract with one provider for the full bundle of services, (often long term)</li> </ul>	<ul style="list-style-type: none"> <li>When client organizations need comprehensive IT outsourcing that involves significant asset transfers and complex process transformations</li> <li>When sourcing management competencies in the enterprise are still too immature to handle coordination and integration of services and service providers</li> </ul>

## Critical Success Factors for Full Outsourcing

- Develop a comprehensive governance framework that will have a hierarchical pyramid of horizontal relationships at multiple levels
- Each role on the provider's side will have a counterpart in the buying organization, combined with clear, vertical escalation procedures

Source: Gartner, Inc. © 2013 Gartner, Inc.

# Assessment Services & Operating Model



- Typical roles are identified in the operating model
- The operating model shows touch points among VITA, NG and the agencies
- The AOMs and CAMs are critical roles for the success of the operating model
  - Current staffing levels have challenged the ability to deliver the value as defined

**Services and Operating Model**  
Summary Gartner Assessment

**Moderate  
Risk**

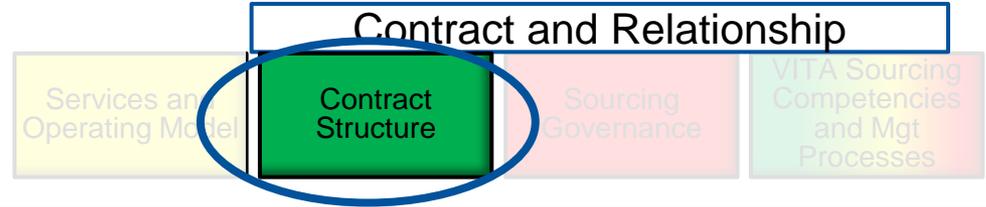


## Recommendations

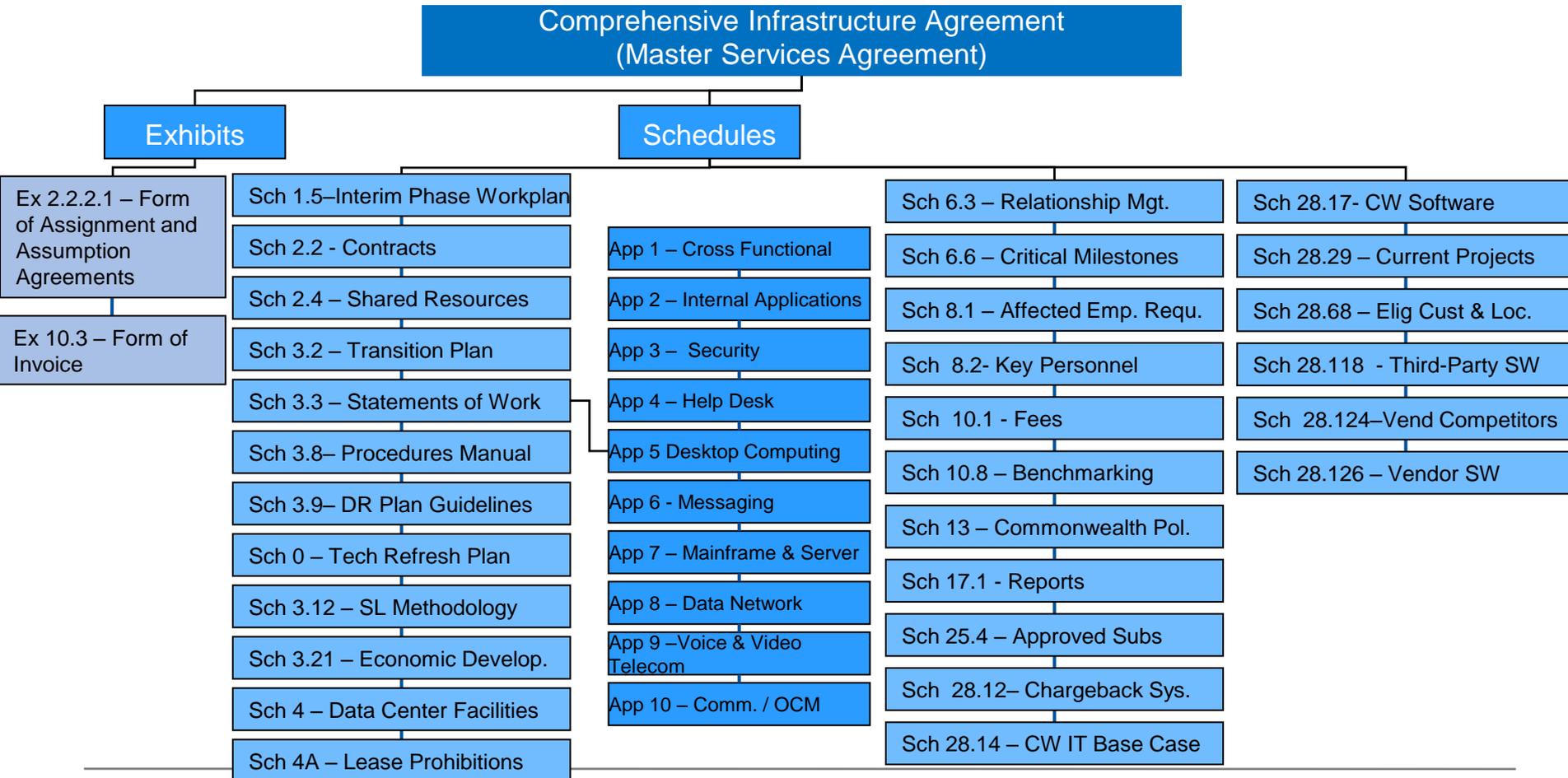
- Increase staffing levels of the CAMs and AOMs while maintaining current service delivery and operational commitments.
  - Improved staffing levels will allow these roles to deliver the expected value
    - AOMs should be staffed at sufficient levels to provide operational support across the agencies and to compliment the CAMs support
    - CAMs should be staffed at sufficient levels to focus on strategic support across the agencies
- Align the operating model as a Strategic Partnership with both parties (VITA and NG) assuming responsibilities for customer perception and the customer experience
- Use the CAMs to communicate critical messaging to agencies for:
  - Alignment to agency objectives
  - Staffing to support agency needs
  - Collection of concerns from agencies and responses from VITA
  - Clarifying scope of services provided by the VITA/NG Partnership and what constitutes additional services

# Observations

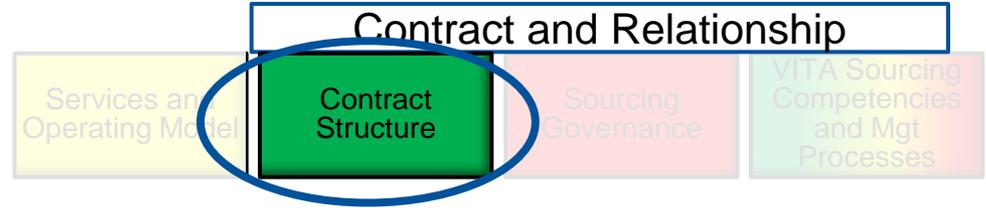
## Contract Structure



- The CIA follows a typical structure for an IT Services Agreement with expected documents



# Best Practice Contract Structure



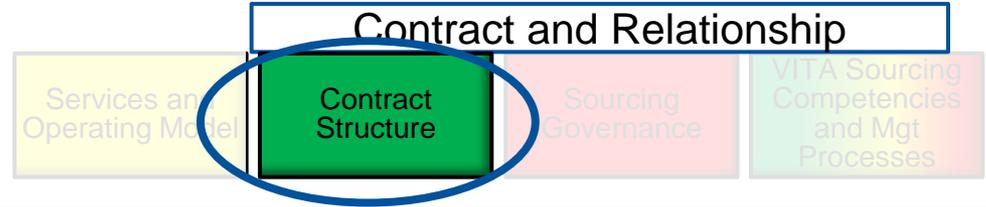
## Leading practice contract structure

- A contract defines, at a high level, what is being delivered, when it is being delivered, costs and when the delivery will be considered complete
- The contractual structure must also contain key terms and conditions to provide flexibility and prevent dissatisfaction



Source: Gartner, Inc. © 2013 Gartner, Inc.

# Best Practice Contract Structure

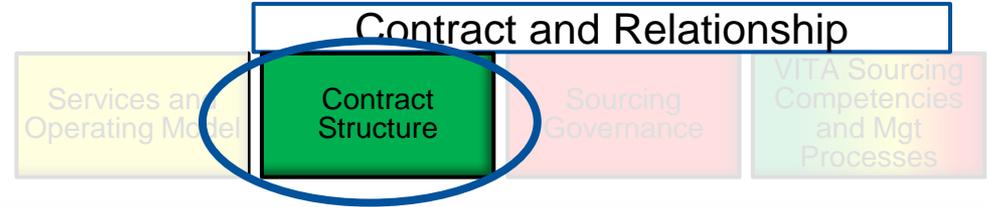


- Key components to influencing Vendor behavior



Source: Gartner, Inc. © 2013 Gartner, Inc.

# Assessment Contract Structure

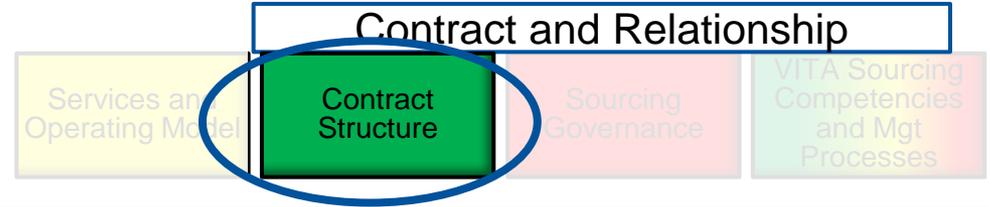


## Assessment

- Major components of a best practice contract are included
- Innovation components are included in the agreement, though a formal Innovation clause that would add rigor to the expectations is not present
- Definition of included services (Clause 3.1.1) is considered to be typical and reasonable language
- Dispute Resolution language is consistent with expected contract components
- Multiple modifications have continued to refine the contract structure

**Contract Structure**  
Summary Gartner Assessment

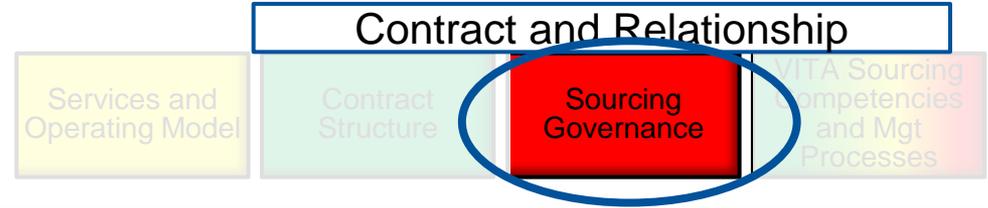
**Low Risk**



## Recommendations

- Review the accountability of the current Innovation commitments by NG and consider a formal Innovation clause
  - The clause should address specific expectations for use of emerging technology to meet agency strategic objectives and initiatives
- As the Strategic Partnership further aligns to the agency objectives, the specific Statements of Work should be reviewed to confirm the documents are consistent with requirements

# Observations Sourcing Governance



- The Agreement (Schedule 6.3) Relationship Management defines how the relationship will be governed and managed between the VITA and NG
  - Governance Committees - Section 3.13 defines the governance structure, including a Strategy Committee, Operations Committee, Business Development Committee, Communications and Change Management Committee, and Benefits Realization Team”
  - Governance Processes - Section 3.2 defines Governance processes for co-managing the relationship, including: Planning, Contract Management, Change Management, Business Development Management, HR Management, Relationship Management, Financial Management, Service Level & Performance Management, Resource Management, Technology Management, Integration Management, Customer Satisfaction Management”
- Governance has been mostly tactical due to the focus on executing the transformation phase of the Agreement to convert agencies to a standard infrastructure
  - There are currently two active governance committees:
    - The Operations Committee (JRR)
    - The Business Development Committee (Integrated Partnership Team)
- In addition to the CIA’s governance, there are also a number of other Commonwealth committees that provide input to VITA regarding the CIA and other matters
  - IT Advisory Council (ITAC) is an advisory council that includes VITA, the Secretary of Technology, and the agencies
  - CIO Council, which represents ~80% of Commonwealth spend, is consulted quarterly to elicit feedback and communicate major change initiatives

Schedule 6.3 – Relationship Management

Schedule 6.3 Table of Contents

Co-Management Organization Model \*

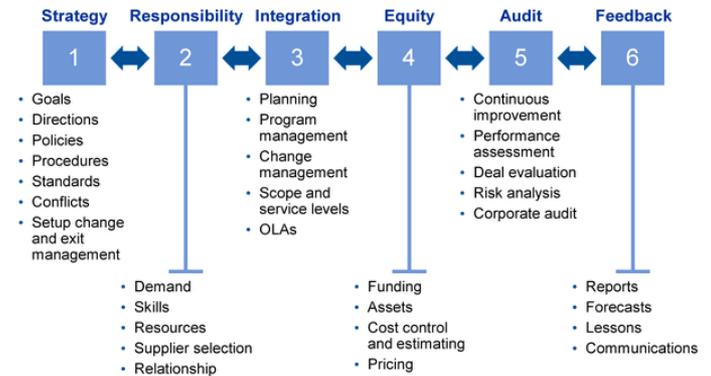
Committee	Mission	Value & Alignment	Relationships & Governance	Service Levels	Contract	Member
Operations Committee	Operational Change	Operational Change	Operational Change	Operational Change	Operational Change	Operational Change
Business Development Committee	Business Development	Business Development	Business Development	Business Development	Business Development	Business Development
IT Advisory Council	IT Advisory	IT Advisory	IT Advisory	IT Advisory	IT Advisory	IT Advisory
CIO Council	CIO Council	CIO Council	CIO Council	CIO Council	CIO Council	CIO Council
Relationship Management	Relationship Management	Relationship Management	Relationship Management	Relationship Management	Relationship Management	Relationship Management
Change Management	Change Management	Change Management	Change Management	Change Management	Change Management	Change Management
Performance Management	Performance Management	Performance Management	Performance Management	Performance Management	Performance Management	Performance Management
Compliance	Compliance	Compliance	Compliance	Compliance	Compliance	Compliance
ITAC	ITAC	ITAC	ITAC	ITAC	ITAC	ITAC
CIO Council	CIO Council	CIO Council	CIO Council	CIO Council	CIO Council	CIO Council

# Best Practice Sourcing Governance



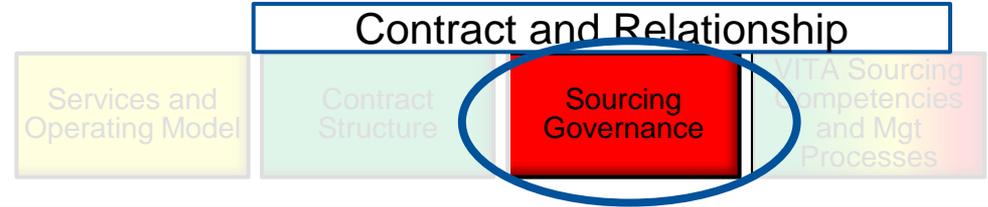
- Sourcing governance is the assignment of rights and responsibilities for decisions regarding IT resources and services, with the objective of ensuring service coordination and achieving business results:
- Best practices for governing the sourcing of IT services use a co-management model that defines the governance committees and governance processes to effectively manage the strategic and operational aspects of the relationship
- Co-Management creates a structure to deliver expected results, *even in a changing environment*, by creating processes to ensure productive relationship management
- There are four goals of sourcing governance:
  - **Business alignment:** provide improved business focus and value
  - **Relationship integration:** achieve alignment, provide flexibility, and reduce management costs
  - **Service integration:** provide end-to-end service, reduce waste, and reduce delivery risk
  - **Performance measurement:** provide visibility against performance and provide proactive improvement

## Co-Management Processes



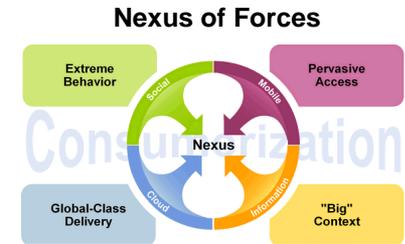
Source: Gartner, Inc. © 2013 Gartner, Inc.

# Assessment Sourcing Governance



## Assessment

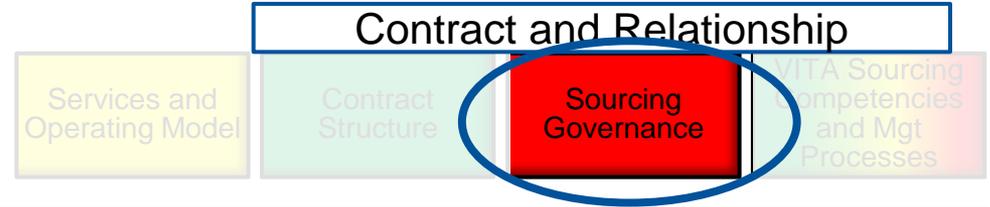
- A best practice co-management governance structure has been properly defined in the CIA
  - Schedule 6.3 Relationship Management provides details on all aspects of how to govern and manage the relationship between VITA and NG
  - Sections 3.1.13 and 3.2 of Schedule 6.3 provide details for managing and governing
  - Committees and management processes are defined and described
- To date, governance has focused on the tactical aspects of the relationship due to the complex program execution of transforming 86 of the 89 agency IT infrastructures
  - The most visible and active governance structures have been operational and issue oriented , e.g. JRR
  - Advisory input has also been mostly operational and issue focused, e.g. CIO Council
- With 86 of 89 agency transformations complete, the Agreement is entering into a new phase where expectations by agencies to enable and deliver innovation and business value will continue to grow placing substantial risk on the organization from a governance perspective
- Requests by agencies for innovation and value to enhance and create new business services are evident through the growth in work requests over the last year
- Consumerization is driving new technologies that will place significant demands on the IT infrastructure to accommodate innovation driven from outside the CIA. Gartner analysts said the following in published research on October 2013:
  - “The Nexus of Forces is impacting the ability of government IT organizations to standardize the workplace, giving employees much greater choice in terms of devices, data and applications.”
  - “The Nexus of Forces is challenging government IT consolidation efforts, by giving business unit managers the ability to source their IT needs with consumer and/or commoditized technology, potentially bypassing their own CIO or any jurisdiction wide, centralized or shared-service provider.”
- The lack of effective strategy governance mechanisms especially as the Agreement moves in to a post Transformation phase makes Sourcing Governance a high risk



Source: Gartner, Inc. © 2013 Gartner, Inc.

<b>Sourcing Governance</b> Summary Gartner Assessment	<b>High Risk</b>
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# Assessment Sourcing Governance



## Recommended Actions

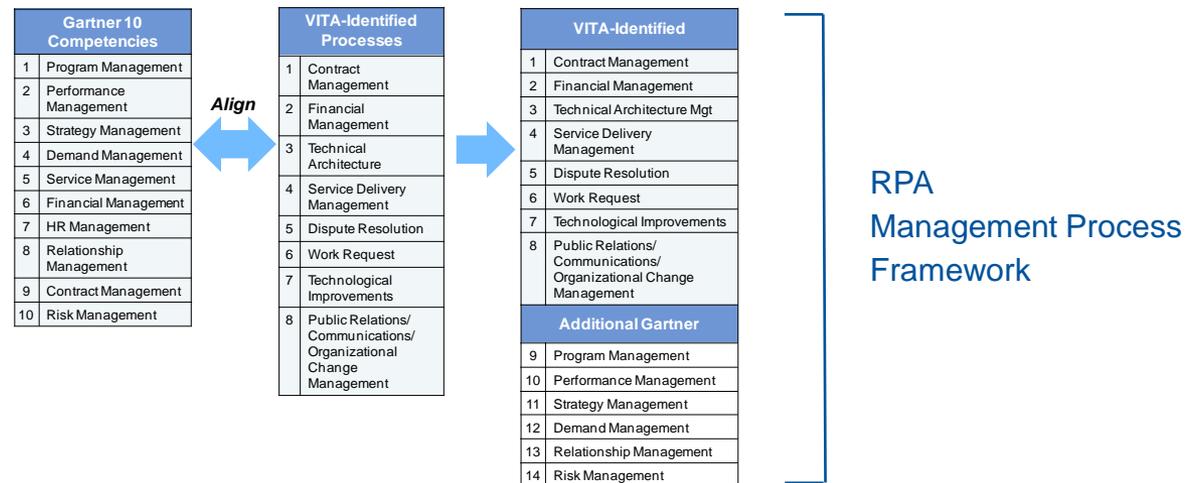
- VITA and NG should revisit Schedule 6.3 to ensure that it is leveraging all aspects of the best practice governance structures and co-management processes described in the schedule
- An impact analysis should be conducted to determine how the current governance structure is helping or impeding agency business initiatives
- Specific attention should be given to the Strategy Committee and its role for formulating strategy and policy in order to define a process for considering the IT strategies developed by agencies represented on the CIO Council
  - Implement the Strategy Committee as defined in Schedule 6.3
  - Establish a quarterly roundtable between the Strategy Committee and the CIO Council to discuss agency progress against their IT Strategic Plans
- Incorporate a select group of CAMs as advisors to the Strategy Committee

# Management Processes and Competencies



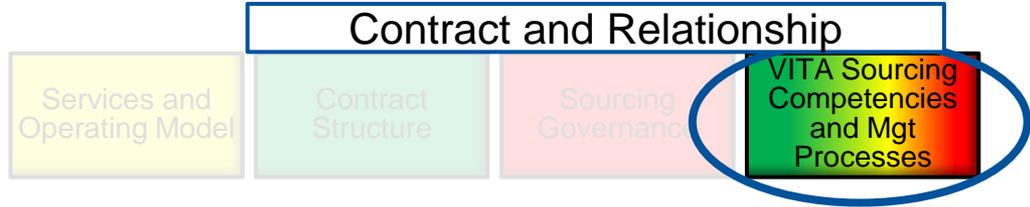
## Introduction to this Section

- RPA Management Process Framework** - The categories for assessing Management Processes for the VITA-NG Relationship Performance Assessment (RPA) was developed using Gartner’s 10 Sourcing Competencies framework as well as VITA Management Processes identified in the CIA. Both groups of management processes were then consolidated to create a single new set of Management Processes and Competencies for the Relationship Performance Assessment (see below)



- Self Assessment Workshop** – A workshop was conducted using the RPA Management Processes where both VITA and NG rated the Partnership’s overall process maturity using a 1-5 scale, where 1 = Adhoc, 2 = Formalized, 3 = Adopted, 4 = Business Aligned, 5 = Excellence
- Customer** - For the Self Assessment ratings, VITA considers the agencies their customers to whom they have primary responsibility for providing IT services via individual agency MOU’s, and NG considers VITA their customer for providing IT services via the CIA
- Observations** – Observations include comments provided by VITA and NG during the self assessment, as well as from interviews with VITA and NG personnel, and from internal documents provided by VITA and NG

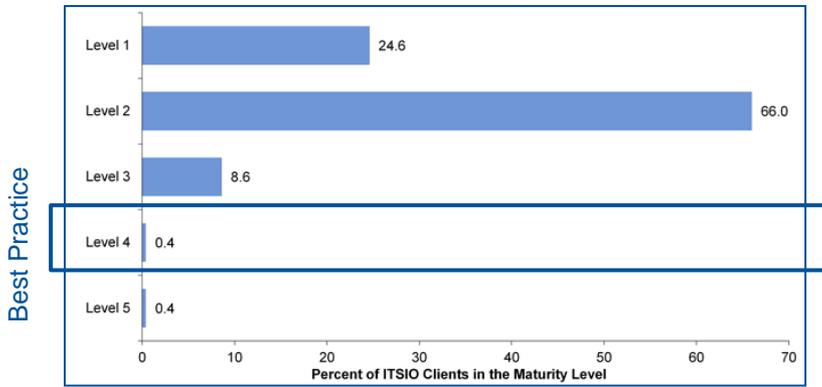
# Management Processes and Competencies



## Introduction to this Section(Cont'd)

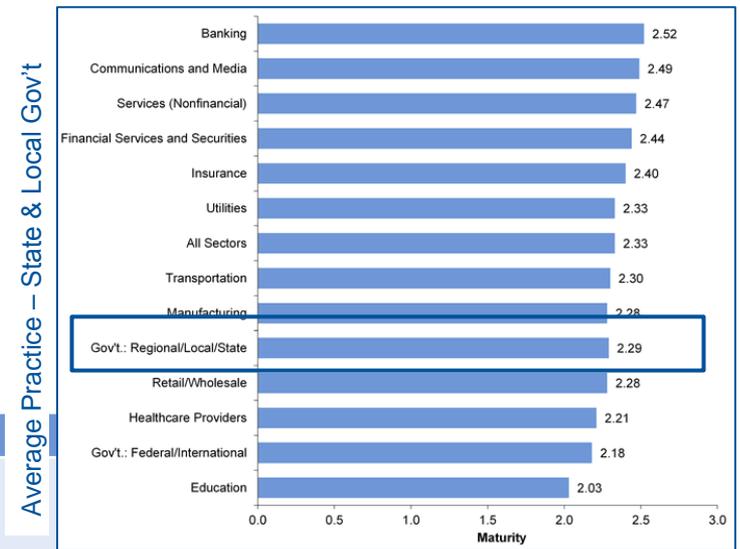
- Average Practices and Best Practices** - The results of Gartner's 2013 I&O maturity survey indicates that the average maturity level for State and Local Governments is 2.3 and the top 1% of organizations are at Level 4 and 5. For purposes of the RPA Management Processes and Competencies we used Level 2.3 as the State and Local Government Average Practice and Level 4 as the Best Practice.

ITSIO Results: Distribution by Maturity Level



Source: Gartner

I&O Maturity by Sector



Source: Gartner

Level	Description	Characteristics
<b>Best Practice 4</b>	<p><b>Business aligned competencies</b> - Activities are aligned and integrated in the organization's business – striving toward effectiveness</p> <p>Organizational competencies are aligned, and activities are based on business goals and strategies. The organization has seamlessly integrated CIA and business processes where necessary.</p>	<p><b>People</b></p> <ul style="list-style-type: none"> <li>Through investment, personnel understand how their behavior affects the business</li> <li>Business goals and results drive HCM (Human Capital Management) plans</li> <li>Training is oriented toward business outcomes which are linked to incentives</li> </ul> <p><b>Process</b></p> <ul style="list-style-type: none"> <li>Ongoing investment to improve processes, which align with business objectives and dynamics</li> <li>Continuous measurement of compliance to defined and managed business and IT controls</li> <li>Proactive analysis of IT and business situation and investment in a single management framework</li> <li>Clear link between service performance and business value, and investment leads to enhanced business outcomes</li> </ul> <p><b>Technology</b></p> <ul style="list-style-type: none"> <li>Investment in technology and tools is based on enterprise architecture, the outcomes of the learning organization and business value</li> <li>Investment in enterprise architecture has led to an organization-wide reference architecture</li> <li>Additional investment in integrated service and business reporting system</li> </ul>

Source: Gartner

Source: Gartner, Inc. © 2013 Gartner, Inc.



## Contract Management

### Observations

- NG indicated in the management workshop that the CIA is the only program NG has in this category with dedicated contract management resources
- NG indicated the management workshop that from a process perspective there are weekly meetings and IPTs to expedite issue resolution
- VITA indicated in the management workshop that processes were not quite fully adopted
- VITA expressed concern in the management workshop that contract management processes were not aligned with agencies
- NG indicated in interviews that the number of new service amendments over last 12 months is indicative of things getting better and of agencies overall confidence in CIA services
- Both VITA and NG indicated in interviews that “Mod 60” is considered a reset for the CIA and the VITA and NG relationship that addressed critical issues of scope and pricing
- VITA indicated in interviews that contracting and pricing are the sources of biggest delays
- VITA indicated in interviews that the contract was originally structured as a managed services contract, but the numerous T&M work requests and (86) amendments work counter to the original vision of the agreement
- In interviews, VITA and NG expressed disagreement regarding the interpretation of Clause, 3.1.1 (ii) Definition of Services
  - VITA believes that this includes an obligation to provide any additions and changes to the Services:
    - “All IT services being performed by the Affected Employees prior to the Service Commencement Date.”
  - NG believes that it includes limits:
    - “Vendor’s obligation to provide the Services ... shall be limited to the volume of such services as of the Service Commencement Date, to the extent that such volume is ascertainable, verifiable and mutually agreed to by the Parties or established through the Dispute Resolution procedure outlined in Section 24.”



# Contract Management

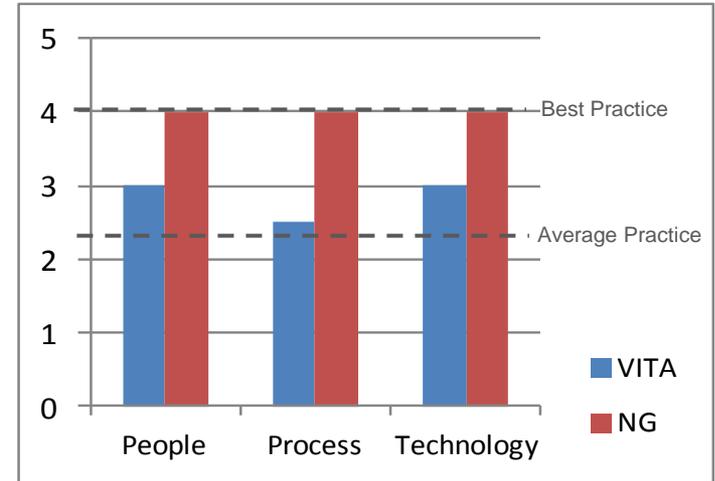
## Assessment

- VITA assessed all three categories above average practices, but below best practices in all three categories
- NG assessed contract management for all categories at the best practice level
- VITA assessed the process category closer to the average practice due to their concerns expressed in the management workshop regarding misalignment with agencies and lack of fully adopted processes
- VITA and NG’s assessment of all categories above average practice levels, with the exception of process assessed by VITA at the average practice level makes Contract Management a low risk

## Recommendations

- Review process steps and associated decision levels and authorities to ensure contract management is optimized for the post agency transformation phase where the volume of custom work requests is increasing
- Review the Technology Roadmap on an annual basis against the drivers for previous contract changes/amendments in order to proactively anticipate potential future contract changes that might delay implementations
- Where possible, identify “classes” of future potential issues, such as volume sensitive activities not anticipated by the agreement, but that new technologies will introduce

**Contract Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

<p><b>Contract Management</b> Summary Gartner Assessment</p>	<p><b>Low Risk</b></p>
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## Management Processes & Competencies



## Financial Management

### Key Observations

- VITA indicated in interviews that budgeting, forecasting, analysis and reporting are sophisticated due to requirement to recover costs from agencies for services
- VITA indicated in interviews that various services and items that are claimed to be out of scope by NG do not provide VITA a way to anticipate charges without identifying them upfront, e.g., security patches, chip sets
- VITA indicated in interviews that there are not many invoice disputes
- VITA indicated in interviews that NG has addressed serious inventory accuracy issues that impacted billing in the past
- VITA indicated in interviews that NG is cautious about assuming upfront business risks and for example seeks a guaranteed usage forecast for any new service
- NG indicated in interviews that the relationship is strong and is a partnership with respect to financial management



# Financial Management

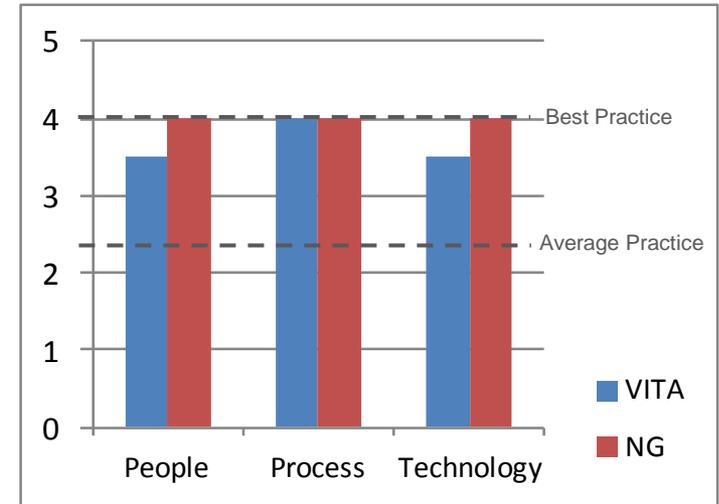
## Assessment

- NG assessed all categories at the best practice level
- VITA assessed process at best practice levels, and people and technology at slightly lower than best practice levels
- The large size of the contract and the need to recover costs has driven both VITA and NG to develop strong robust practices and tools executed by experienced personnel
- VITA and NG’s assessment of all categories at or near best practice levels makes Financial Management a low risk

## Recommendations

- Work with VITA and NG Contract Management personnel in association with the Recommended Actions made previously in for Contract Management:
  - Review the Technology Roadmap on an annual basis against the drivers for previous contract changes/amendments in order to proactively anticipate potential future contract changes that might delay implementations
  - Where possible, identify “classes” of future potential issues, such as volume sensitive activities not anticipated by the agreement, but that new technologies will introduce

**Financial Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

<p><b>Financial Management</b> Summary Gartner Assessment</p>	<p><b>Low Risk</b></p>
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# Technical Architecture Management



## Key Observations

- VITA indicated in the management workshop that the technical architecture management process is documented but is not being followed by NG, and significant intervention is required to get the process to work
  - Some areas work well such as PC refresh, but lagging behind standards on new technologies where agencies are leading the way
- VITA indicated in the workshop that the right skills are not available by NG at the time they are needed, which is why solutions don't get out on time
- NG indicated in the management workshop that it is investing in training and certifications to provide the right skills
- NG indicated in interviews that it has transformed 86 agencies to a standard infrastructure; most of them since Mod 60
- NG indicated in interviews that it is continuously improving its technical architecture and solutioning processes which is measured by the KPI's reported at the JRR
- NG indicated in interviews that the IT Infrastructure Services Roadmap developed by NG and VITA helps agencies plan what to develop



# Technical Architecture Management

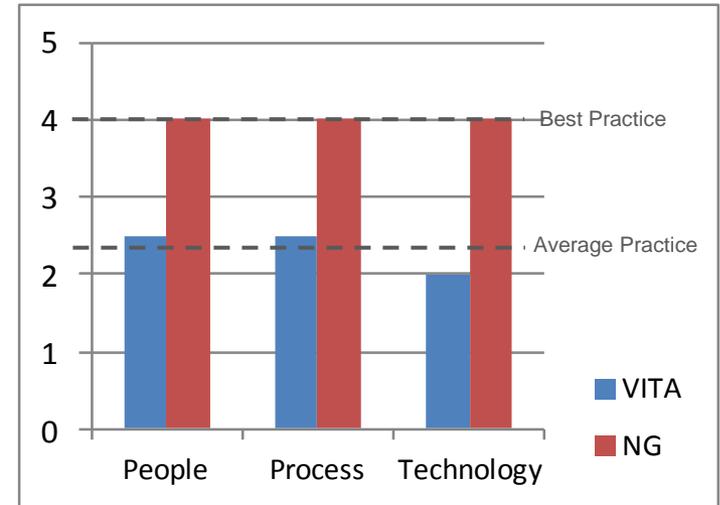
## Assessment

- VITA assessed people and process categories at the average practice level, and technology at slightly lower than the average level
- NG assessed all three categories at the best practice level
- VITA's assessment of technology below the average practice level makes Technology Architecture Management a moderate risk

## Recommendations

- NG should continue to demonstrate ongoing sustained improvement in this area through the reporting of work request turnaround time metrics in the JRR
- The Technology Roadmap provides comprehensive information for Strategic, Static, Transitional, and Obsolete products that generally have been approved for operational readiness, are operational, or are not supported due to a number of conditions. The Roadmap should also contain a status of assessing a limited number of new technologies that are approved for evaluation based on agency(s) needs, is not budgeted, and are considered innovation opportunities.

Technical Architecture Management Maturity Self Assessment

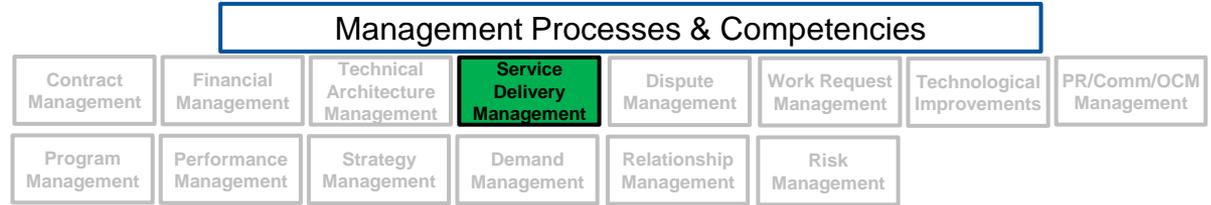


\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

Technical Architecture Management Summary Gartner Assessment

**Moderate Risk**

# Service Delivery Management



## Key Observations

- NG indicated in the workshop that it leverages ITIL framework for service improvement which is tracked daily and weekly and shared with VITA
- NG indicated in interviews that it has two ITIL Master experts on staff and have conducted ITIL maturity self assessments; four years ago maturity was level 0-2 and now is 4-5 level of maturity
- VITA indicated in the management workshop that many good things have been done by NG in the Service Delivery Management area but agencies are not seeing the benefits
- VITA indicated in the workshop that agencies are not aware of the agency dashboard which was not rolled out well

# Service Delivery Management



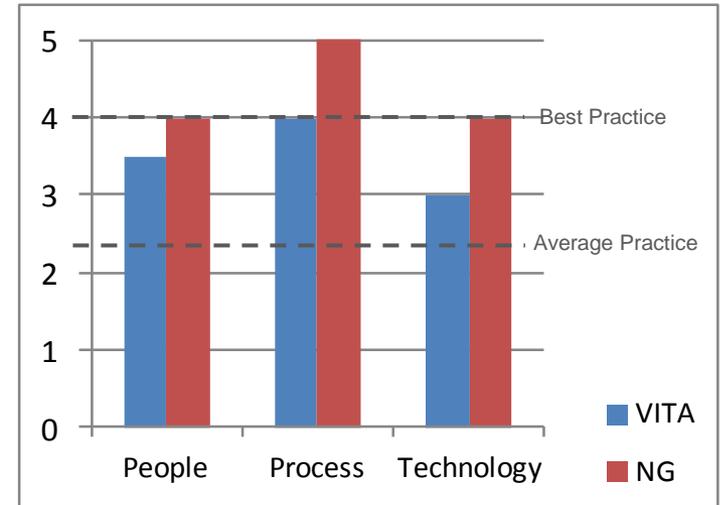
## Assessment

- NG assessed all three categories at the best practice level with process exceeding best practice
- VITA assessed all three categories above the average practice level with process achieving the best practice level, people slightly lower than the best practice level and technology rated the lowest, but still above the average
- VITA's concern regarding the rollout of the agency dashboard, expressed in the management workshop, impacted its assessment of the technology results which was the lowest of the three categories
- VITA and NG's assessment of most categories at or near best practice levels makes Financial Management a low risk

## Recommendations

- Before the next rollout of the dashboard, VITA and NG should conduct a lessons learned session with agency input in order to optimize future releases of the dashboard, and perhaps use the next release as a re-launch of the dashboard
- The rollout should include a notification to agency council members that service level metrics by CAM's and AOM's can be arranged on a monthly basis. This should help address VITA's concern that improvements have been made in service delivery but that agencies are not understanding the benefits.

## Service Delivery Management Maturity Self Assessment



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**Service Delivery Management**  
Summary Gartner Assessment

**Low Risk**



## Dispute Management

### Key Observations

- Upon reviewing the CIA Gartner observed that Schedule 24 (Enhanced Dispute Resolution Procedures) is a key element of Mod 60 which includes mechanisms for managing issues to avoid formal disputes, including a defined Expedited Resolution Process (EDR)
- Gartner observed that the CIA states that Enhanced Dispute Resolution (EDR) procedures in Schedule 24 are intended to address issues not being resolved by the weekly Issues Management Process
  - “Issues not resolved in 15 days by the EDR are escalated to the Relationship Managers, and then if still not resolved 5 days to the Vendor General Manager and Commonwealth Secretary of Technology”
- The Joint Rhythm Review tracks individual issues including a summary chart showing number of issues days past due and status of issues: Active/Proposed/Escalated/Resolved
  - *August JRR reports 62 total Issues & Action Items with 45 greater than 60 days outstanding*
- VITA indicated in the management workshop that the investments are not being made by NG in this area from a people and process perspective
- NG indicated in the workshop that it is continuously improving the dispute resolution process e.g. established the Enhanced Issues Resolution (EIR) process which is not required by the CIA, and has adopted additional measures that have gone beyond requirements of contract
- NG indicated in the management workshop that issue tracking logs are being used effectively
- VITA feedback during interviews regarding issues resolved through the EDR process is that it takes too long and is ineffective
- VITA indicated in interviews that escalated issues are sent back down from program leadership and go through multiple escalations taking 2-3 months to resolve
- NG indicated during interviews that program leadership wants working groups to resolve issues before escalation



# Dispute Management

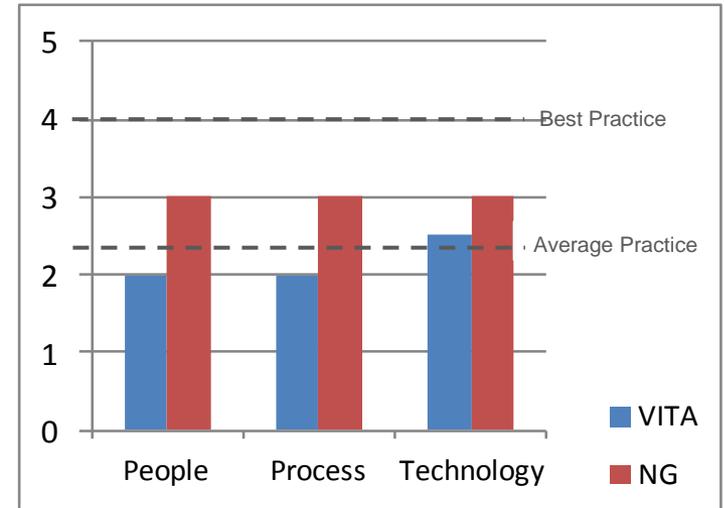
## Assessment

- Both NG and VITA assessed dispute resolution management below the best practice level in all categories
- NG assessed all three categories above the average practice level
- VITA assessed people and process categories below the average practice level and technology meeting average practice
- VITA's lower assessment in people and process reflects its point of view expressed during the management workshop that investments are not being made in this area by NG
- VITA's assessment reflects its view expressed during interviews that the process is taking too long and is ineffective
- VITA's assessment of people and process below the average practice level makes Dispute Resolution a high risk

## Recommendations

- Establish a team to investigate root causes for Dispute Management delays
- Review results with CIA program executives with recommendations for next steps and actions to address root causes in order to reduce delays and make process more effective

**Dispute Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**Dispute Management**  
Summary Gartner Assessment

**High Risk**

# Work Request Management



## Key Observations

- VITA indicated in the management workshop that NG's people are working hard but not aligned to agencies
- NG indicated in the management workshop that AOMs are aligned with agencies, that they are providing training and certifications for their people, and have made investments to drive staffing appropriately; NG believes that they are providing the best alignment in work requests of all categories
- VITA indicated in the management workshop that tools are being used but can't handle the workload, and that reporting is maturing but needs to go farther
- VITA indicated in interviews that CIO Council identified work requests as #1 complaint last year
- A review of internal documentation shows that KPI's (not contractual SLA's) have been established to track work requests: and are reported in the JRR:
  - Proposal target turnaround 90% in 45 days
  - On Time Implementation target of 90% vs. Baseline completion date
- VITA indicated in interviews that a detailed process map for work requests of 100+ steps was created and the process was streamlined
- NG indicated in interviews that there is currently no formal reporting to agencies regarding status of work requests and that it is in the process of developing a dashboard for AOM's to communicate information to agencies
- VITA indicated in interviews that "most work requests make it through okay, but it's the 1 out of 5 that impact agency business", which are often related to implementing servers to support agency applications



# Work Request Management

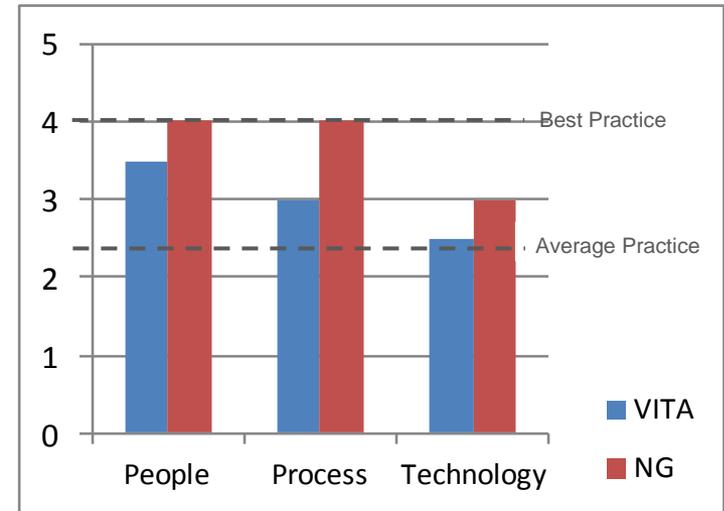
## Assessment

- VITA assessed people and process categories above the average practice level, but below best practice, and technology equivalent to the average practice
- NG assessed people and process categories meeting the best practice level, but technology closer to the average practice level
- The VITA and NG assessments indicate that improvement can be made in the tools used to manage work requests, especially from a surge perspective
- A review of internal JRR reports by Gartner show that the solutioning process has improved substantially since the beginning of the year
- VITA's point of view expressed in interviews that most work requests make it through okay, but 1 in 5 impact agency business makes Work Request Management a moderate risk

## Recommendation Actions

- Establish a team to investigate root causes for the work requests that impact agency business and integrate the investigation with the dispute resolution analysis previously recommended
- Review results with CIA program executives with recommendations for next steps and actions to address root causes in order to address the low percentage of high priority work requests that impact agency business

## Work Request Management Maturity Self Assessment



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**Work Request Management**  
Summary Gartner Assessment

**Moderate Risk**

# Technological Improvements



## Key Observations

- VITA indicated in the workshop that similar to Technical Architecture Management, it is not receiving from NG what is called for in the contract and indicated that a people/skills issue is contributing to this
- NG believes that it is making investments in training/mentoring and is working with partners such as MacAfee and Intel to make improvements
- VITA indicated in interviews that NG is not moving quickly enough to new software releases and technologies, e.g., Office 2010, mobile access to applications, and that it is impacting agency applications
- VITA indicated in interviews a desire to move beyond the difficult but successful transformation phase into a phase of innovation with a greater focus on investigating new technologies that support agency initiatives

# Technological Improvements

## Management Processes & Competencies



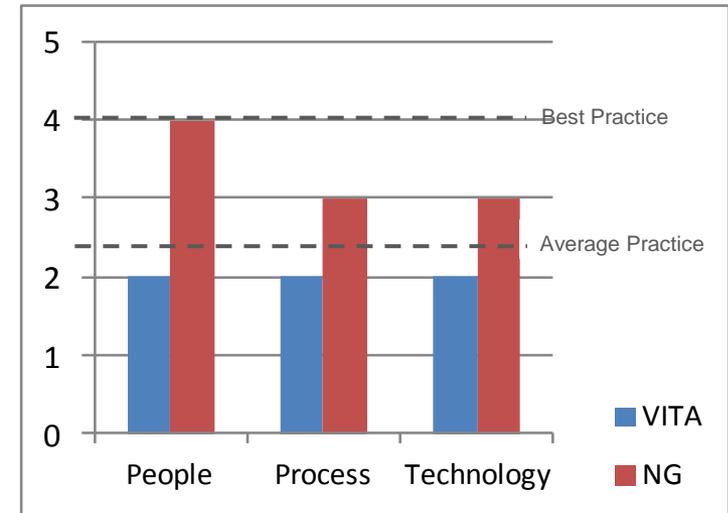
### Assessment

- VITA assessed all three categories lower than the average practice
- NG assessed people meeting the best practice but process and technology closer to the average practice
- A significant divergence in assessment exists between VITA and NG regarding the people category
- VITA's assessment for all categories below the average practice make Technological Improvements a high risk
- VITA's assessment of all three categories below the average practice level makes Technological Improvements a high risk

### Recommendation Actions

- NG should review with VITA the people and skills resourced for specific technological improvements to demonstrate its competencies in this area
- The Technology Roadmap provides comprehensive information for Strategic, Static, Transitional, and Obsolete products that generally have been approved for operational readiness, are operational, or are not supported due to a number of conditions. The Roadmap should also contain a status of assessing a limited number of new technologies that are approved for evaluation based on agency(s) needs, is not budgeted, and are considered innovation opportunities.

### Technological Improvements Maturity Self Assessment



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**Technological Improvements**  
Summary Gartner Assessment

**High Risk**



## Key Observations

- Upon reviewing the CIA Gartner observed that Appendix 10 to Schedule 3.3 (Communications and Organizational Change Management SOW ) of the CIA states: “In order to achieve these objectives, the Northrop Grumman team will focus its approach on:
  - Aligning management so they will lead the change
  - Creating change owners, designers, and other “change champions” who will drive the change
  - Implementing Change Management at the front line and establishing bottom up communications
- Appendix 10 of the CIA goes on to say: “To effectively address the unique needs of both groups throughout the transition, the Northrop Grumman team will follow the six steps discussed below”
  - Step 1: Assessing Change Requirements
  - Step 2: Preparing for Change
  - Step 3: Disciplining the Organization
  - Step 4: Changing Behavior
  - Step 5: Achieving High Performance
- VITA indicated in the management workshop that organization change management is maturing, but the results have not been seen yet
- VITA also indicated in the management workshop that some aspects of Public Relations, Communications, and Organization Change Management are good, but others are not
- NG indicated in interviews that cultural change and resistance were underestimated at the beginning of contract and to a certain extent persists



# PR/Comm/OCM Management

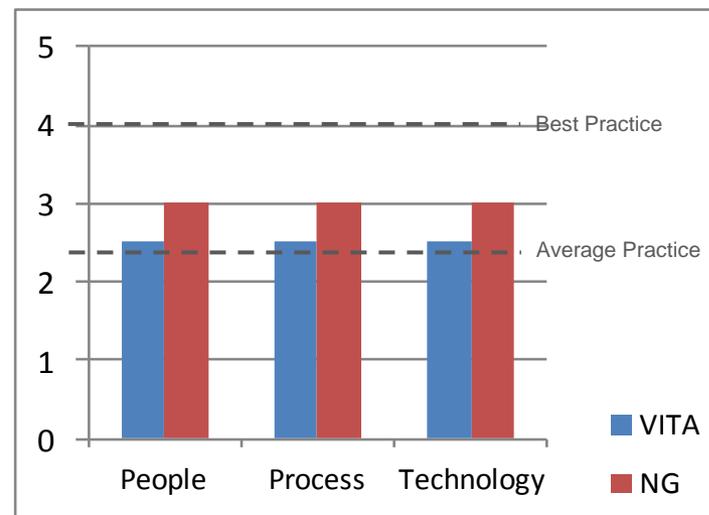
## Assessment

- VITA assessed all three categories comparable to the average practice level
- NG assessed all three categories below the best practice level closer to the average practice
- VITA and NG’s assessment of all categories at or above the average practice makes PR/Comm/OCM a low risk

## Recommendation Actions

- Revisit Appendix 10 to Schedule 3.3 (Communications and Organizational Change Management SOW) to assess which Steps defined in the Technical Approach Elements section have been delivered successfully
- Review agency transformation plans and any other relevant project plans or status reports as inputs to assess activities supporting the Steps described in the Technical Approach Elements of Schedule 10 of Schedule 3.3
- Determine any gaps in meeting the requirements of Schedule 10 and then develop an action plan to close the gaps

**PR/Comm/OCM Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**PR/Comm/OCM Management Summary Gartner Assessment**

**Low Risk**

## Management Processes & Competencies



## Program Management

### Key Observations

- VITA expressed concern in the management workshop that it is not seeing long term investment in people by NG
- NG indicated in the management workshop that it is making the necessary investments in people through certifications and has also brought in many senior project managers
- NG indicated in interviews that execution of the transformation to convert agencies to a standard infrastructure and the challenges associated with it have dominated the CIA program management agenda for half of the term of the contract
- In a recent JRR, NG reported its effort to achieve increased visibility into Verizon escalated incidents and a standardization between the two organizations on definitions of severity



# Program Management

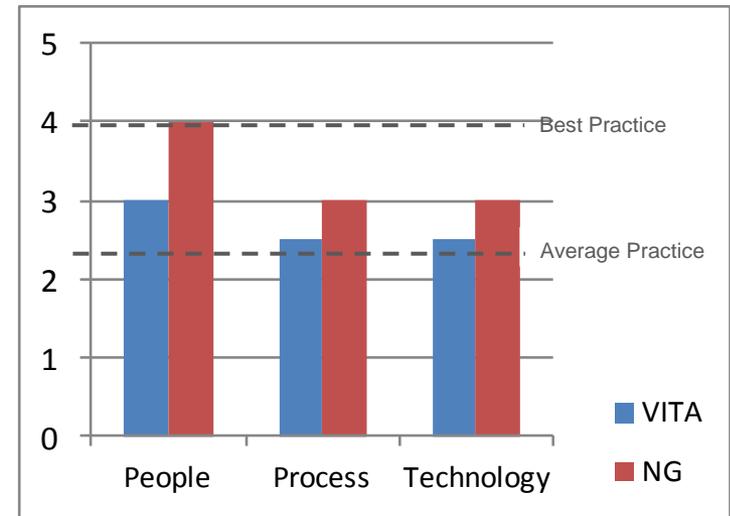
## Assessment

- NG assessed people at the best practice level and process and technology below best practice but above the average practice
- VITA assessed process and technology meeting the average practice with people slightly above process and technology maturity levels
- VITA and NG’s assessment of all categories above the average practice makes Program Management a low risk

## Recommendation Actions

- VITA should establish a Project Management Office function that identifies standards and competencies for VITA and NG project management capabilities
- VITA and NG should work together to define these standards and competencies using independent and authoritative frameworks as guides and roadmaps for charting a project management continuous improvement initiative

**Program Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**Program Management**  
Summary Gartner Assessment

**Low Risk**

# Performance Management



## Key Observations

- VITA indicated in the management workshop that some of NG's capabilities are mature but others are not fully developed
- VITA indicated in the management workshop that agencies are not seeing the alignment of SLA's with their business requirements yet
- NG pointed out in the management workshop its commitment to VITA regarding service levels versus VITA's commitment to agencies via MOU's
- NG indicated in the management workshop that its ITIL Level 4-5 self assessment drives a similar maturity for Performance Management as Service Management
- NG indicated in the management workshop that performance against SLA's is much better than a few years ago

# Performance Management

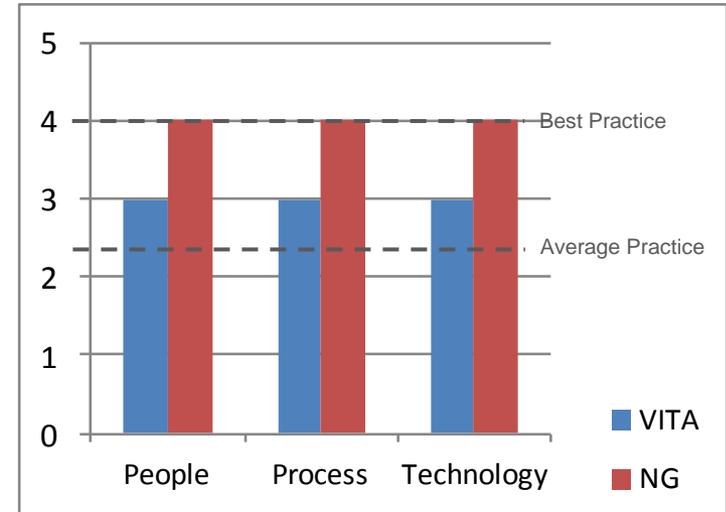
## Management Processes & Competencies



### Assessment

- NG assessed all three categories meeting best practice levels
- VITA assessed all three categories at the same level of maturity above the average level and below best practice
- VITA’s assessment of Level 3 maturity was driven in part by its concern expressed in the management workshop regarding the alignment of SLA’s to the agencies requirements, which is required for a Level 4 rating
- VITA and NG’s assessment of Performance Management above the average practice level makes Performance Management a low risk

### Performance Management Maturity Self Assessment



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

### Recommendation Actions

- Continue to review SLA performance on monthly basis to ensure continuous improvement, using Root Cause Analysis techniques when required to remove defects
- Create a team to review SLA’s against agency requirements to assess alignment and prioritize potential risks of misalignment
- Consider including any actions from the SLA Review Team into the Recommended Actions in Service Management regarding the agency dashboard,

**Performance Management**  
Summary Gartner Assessment

**Low Risk**



## Strategy Management

### Key Observations

- NG indicated in the management workshop that they have people with right skills and meet with clients about their goals, but NG lacks a process to put client goals into a plan
- NG indicated in the management workshop that AOMs are a very senior group and that their people investment is strong
- VITA indicated in the management workshop that the contract has very “lofty statements and don’t see people to get us there” being provided by NG.
- VITA indicated in interviews that a one term Governor and Administration creates long term strategy management challenges due to leadership changes
- VITA indicated in interviews that before 2005 VITA developed Strategic Plan regularly
- VITA indicated in interviews that there is a contract clause for Annual Planning but it is not being executed
- NG indicated in interviews that execution of the transformation initiative to convert agencies to a standard infrastructure has dominated the program management agenda
- VITA indicated in interviews that there is a need to improve planning processes and communicating enterprise strategy, available capacity, and project portfolio with agencies
- VITA indicated in interviews that strategy and planning compete with same VITA resources performing day to day execution of client delivery
- Since 2005 the focus has been on successfully transforming the 89 agencies to a standard infrastructure. The success of this major transformation program is now allowing VITA and NG to reinstitute a more formal annual Strategic Planning process that will reflect the requirements of the Commonwealth



# Strategy Management

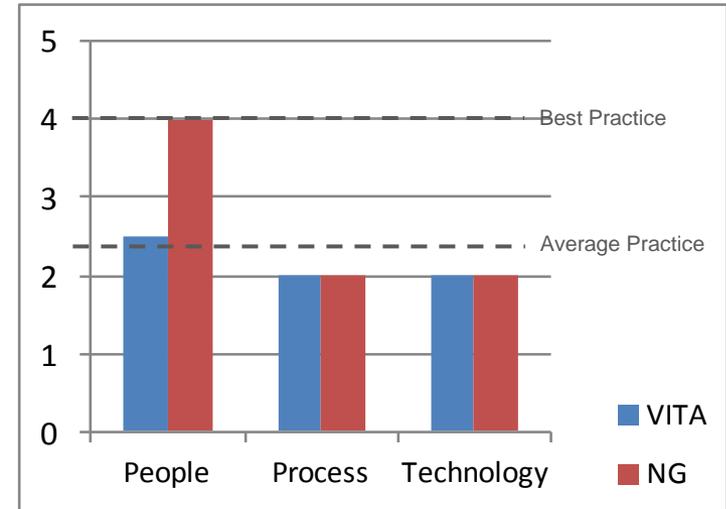
## Assessment

- VITA assessed process and technology below the average practice and people meeting the average practice
- NG also assessed process and technology below the average practice, but people meeting the best practice level
- VITA and NG assessed process and technology below the average practice level making this a high risk
- VITA and NG’s assessment of process and technology below the average practice level makes Strategy Management a high risk

## Recommendation Actions

- Gartner’s observation is that both VITA and NG have been focused on achieving the transformation of 89 agencies to a common architecture since the inception of the contract, of which 86 agencies have been transformed. This is a significant accomplishment that required the highest focus and execution by both organizations, which impacted other strategic planning activities.
- With the end of the Transformation Phase in sight, it is now an opportunity to establish a new phase, an Innovation Phase, where strategic management and planning is the focus
- VITA and NG should establish a Charter for this new Innovation Phase that focuses on alignment with leading agency objectives and initiatives, and then develop a Strategic Plan that establishes the key VITA-NG initiatives that support them

**Strategy Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**Strategy Management**  
Summary Gartner Assessment

**High Risk**

## Management Processes & Competencies



## Demand Management

### Key Observations

- VITA indicated in the management workshop that it is not seeing the investment being made by NG
- NG indicated in the management workshop that it is continuing to evolve human capital management to meet demand
- NG indicated in the workshop that it plans well for known demand but could do a better job of handling surges
- NG indicated in the management workshop that it realigned its organization to support priority arbitration better by creating a more dedicated group
- VITA indicated in interviews that demand from agencies is uncoordinated across the program which leads to duplication and delays
- VITA indicated in interviews that there is little ability to say “no” to the agencies regarding their project requests
- VITA indicated in interviews that demand management is adhoc versus planned and needs a single in-take process



# Demand Management

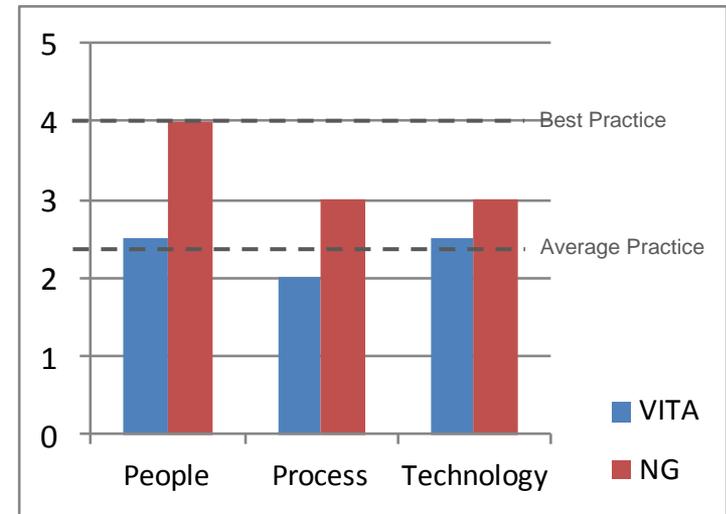
## Assessment

- VITA assessed people and technology meeting the average practice level and process slightly under it
- NG assessed people at best practice levels, and process and technology under the best practice closer to the average practice level
- VITA's assessment of process below the average practice level and people and technology at the average practice level makes Demand Management a moderate risk

## Recommendation Actions

- Review the current demand management process and the downstream integration with capacity management by developing a current state process flow similar to work requests in order to ensure it is optimized
- Review resource skills and tools and map to demand management and capacity management process requirements
- Review the governance process including decision authorities for managing demand and capacity in order to ensure it is meeting the interests of the Commonwealth and the agencies

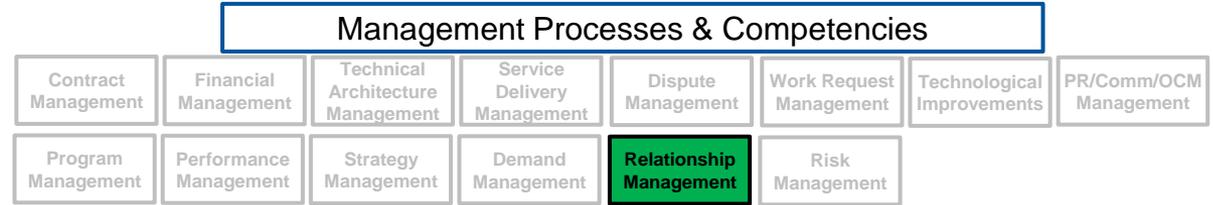
**Demand Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

<p><b>Demand Management</b> Summary Gartner Assessment</p>	<p><b>Moderate Risk</b></p>
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# Relationship Management



## Key Observations

- NG indicated in the management workshop that 8 Agency Operation Managers (AOM's) cover 89 agencies
- VITA indicated in the management workshop that there are processes but they are not being executed consistently by NG
- In the management workshop, NG pointed to their execution of the comprehensive transformation initiative, using communications, messaging, etc.
- VITA indicated in interviews that the CAMs are aligned with Secretariats; bundle of ~ 8-10 agencies per Secretariat
- NG indicated in interviews that it is in process of developing a Dashboard for AOM's to have one place to manage information for agencies



# Relationship Management

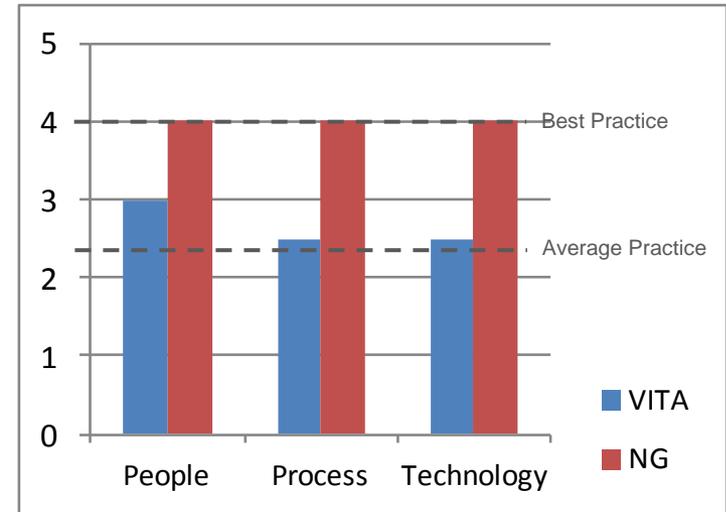
## Assessment

- NG assessed all three categories meeting the best practice level
- VITA assessed process and technology at average practice levels because competencies and processes are not being executed consistently
- VITA assessed people at the “Adopted” level of maturity
- VITA and NG’s assessment of all categories above the average practice level makes Relationship Management a low risk

## Recommendation Actions

- Review CAM and AOM roles and responsibilities and actual work patterns to ensure best fit for serving agencies by allowing them to focus their time on the right things
  - CAM’s – ensure there is a strategic focus for supporting the agencies versus spending too much time reacting to tactical day-to-day issues
  - AOM’s – ensure there is enough capacity to support day-to-day agency service delivery issues
- Ensure time card systems include categories that enable an assessment of time spent on tactical and strategic activities
- Review time card activities to address above recommendations

## Relationship Management Maturity Self Assessment



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

Relationship Management  
Summary Gartner Assessment

**Low Risk**

## Management Processes & Competencies



## Risk Management

### Key Observations

- VITA indicated in the management workshop that it has a risk management register, but it is used on a limited basis because of breadth of program
- NG indicated in the management workshop that it identifies risk owners and has trained them, but process is not effective; people are aware of it and how to use it (tools), but don't
- NG indicated in the management workshop that there is no regular review cycle so that risk management activity increases when adhoc reviews are performed
- NG indicated in the management workshop that there is a lack of understanding of risk tolerance threshold



# Risk Management

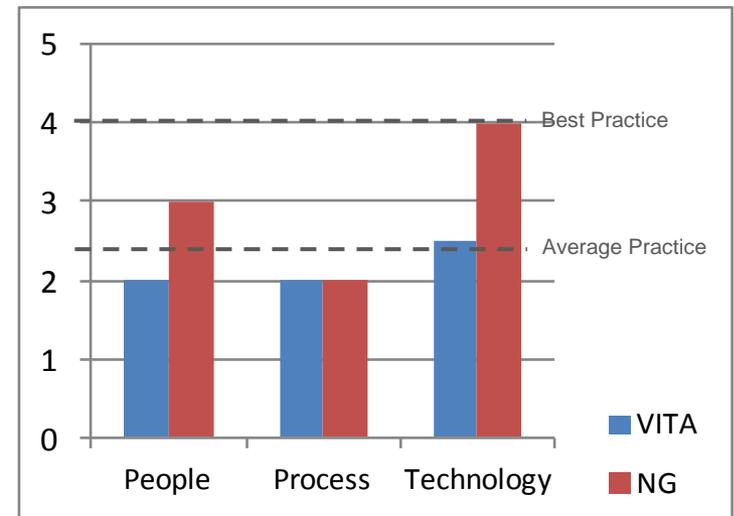
## Assessment

- VITA assessed people and process under the average practice level, technology equivalent to the average practice
- NG assessed process under the average practice level, people at the “Adopted” level, which is above the average practice but below the best practice level, and assessed technology at the the best practice level
- VITA and NG’s assessment of people and process below the average practice level for Risk Management makes Risk Management a moderate risk

## Recommendation Actions

- Review current risk management processes and competencies annually against frameworks and models from independent and authoritative sources such as “The Institute of Risk Management” to determine gaps; develop a plan to close the gaps
- Include risk management identification and tracking as part of other existing quarterly reporting events to ensure it is practiced on a regular basis

**Risk Management Maturity Self Assessment**



\* See Introduction to Management Processes section for explanation of Best Leading, & Average Practices

**Risk Management**  
Summary Gartner Assessment

**High Risk**

## Contacts

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