

Virginia Information Technologies Agency

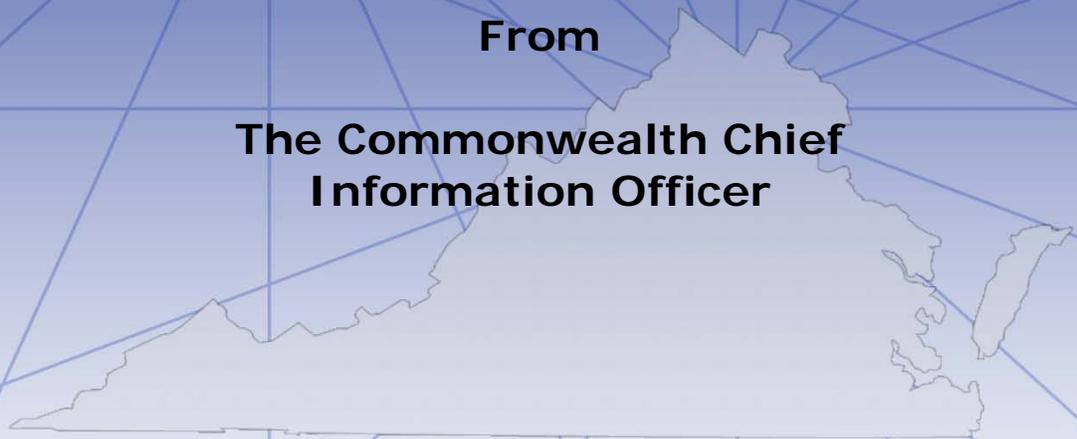


**Recommended Technology
Investment Projects (RTIP) Report
For the 2010-2012 Budget
Biennium,
September 1, 2010 Submission**

**To the Governor and
The General Assembly of Virginia**

From

**The Commonwealth Chief
Information Officer**



September 1, 2010

www.vita.virginia.gov

Table of contents

- 1.0 RTIP Report 3**
- 1.1 Report background and purpose.....3
 - Exhibit 1: IT project dollars spent on new projects in FY 2007-2010 4*
 - Exhibit 2: Exhibit 2: IT Spend for FY2010 4*
 - Exhibit 3: Exhibit 3: IT Spending Trends for FY2007 through FY2010, Part 15*
 - Exhibit 3: Exhibit 3: IT Spending Trends for FY2007 through FY2010, Part 2..... 6*
- 1.2 Summary of CIO project recommendations7
 - Exhibit 4: Summary of projects by investment approval status..... 7*
 - Exhibit 5: Summary of 2010 Major IT Projects recommended for new or continued funding 8*
 - Exhibit 6: Total percent of project cost by Secretariat 8*
 - Exhibit 7: Summary of forecasted expenditures for new projects..... 9*
 - Exhibit 8: Summary of new projects by funding status 10*
 - Exhibit 9: Summary of new projects by funding types 10*
 - Exhibit 9: Summary of new mandatory projects 11*
- 1.3 Projects recommended for funding and continued funding 11
 - 1.3.1 Projects recommended for continued funding 11
 - 1.3.2 Projects recommended for funding..... 12
 - 1.3.3 Projects identified for preliminary planning 13
 - Exhibit 11: Projects in Identified for Preliminary Planning Status..... 13*
- 1.4 Recap of 2008 & 2009 key recommendations and actions taken..... 14
- 1.5 RTIP 2010 key recommendations 14
- 1.6 Report development process..... 15
 - Exhibit 12: Summary of 2010 RTIP process 15*
- 1.7 Status of 2009 RTIP Recommended projects, a reconciliation..... 16
- 1.8 EAD categorization of Major IT Projects Approved for Planning..... 17
 - Exhibit 13: Summary of EAD categorization 17*
- 1.9 Contact information..... 18
- 2.0 Appendices 18**

1.0 RTIP Report

1.1 Report background and purpose

Fiscal year 2010 signaled major changes in oversight and governance structures. The IT Investment Board (ITIB) was eliminated, and its roles and responsibilities were divided between the Commonwealth Chief Information Officer (CIO) and the Secretary of Technology. The CIO now is appointed by and reports to the Governor. As part of his new roles and responsibilities, the CIO is required to submit a prioritized list of recommended technology investment projects for funding to the Governor and General Assembly by September 1.

In developing the 2010 Recommended Technology Investment Projects (RTIP) Report, the CIO employed IT Investment Management (ITIM) best practices to select the right mix of technology investments (projects) from the Commonwealth Major IT Project Portfolio. Only projects supported by a strong business case, based on established selection and ranking criteria, were considered as priorities for funding.

This year marks the eighth annual submission of the RTIP Report. It is the CIO's desire that the report add value to the Commonwealth's technology investment decision-making process. To this end, the report reflects the CIO's increased emphasis on strong investment alignment to the Commonwealth's strategic goals and objectives as established by the Council on Virginia's Future, the Governor and the 2007-2011 Commonwealth of Virginia Strategic Plan for Information Technology.

The Commonwealth's strategic planning process continues to improve each year as collaboration among agency business leaders and their supporting IT staffs becomes more consistent. The end result of this collaboration is a more tightly integrated agency strategic plan and IT strategic plan. An agency strategic plan sets priorities for an organization's technology investments and directs development efforts based on an organization's mission, goals and objectives. Only one project, Department of Motor Vehicles Real ID, was not included in the 2009 RTIP Report that was subsequently granted both CIO planning and development approval.

FY2010 marked the first year that active Major IT Projects were defined in the Governor's Budget and in the Appropriation Act. Supported by the Commonwealth Technology Portfolio (CTP), the CIO now is able to maintain better visibility into the Commonwealth IT investment portfolio, including regular quarterly portfolio reviews. Closer, regular scrutiny of the portfolio by the oversight and governance process has significantly reduced the number of last-minute agency projects being submitted for planning and development approval between RTIP Reports.

Capturing and retaining project information in the CTP over time has opened up opportunities for charting spending trends. Exhibit 1 shows IT project dollars spent on new investments for fiscal years 2007 through 2010. These cost figures were taken from the data reported by agencies on the Commonwealth Major IT Projects Dashboard each month. FY07 is much higher than the other years due to the Statewide Agencies Radio System (STARS) projects. The size of the STARS project is not typical of the average project, and 2007 was an unusual year even for STARS as the project had expenditures of approximately \$74 million that year. Three projects, Virginia Department of Transportation's Cardinal, Virginia State Police's STARS and Department of Medical

Assistance Services' Fiscal Agency Competitive Re-bid, with combined expenditures of \$54,157,695, account for the increase in project spending in FY10 over FY09.

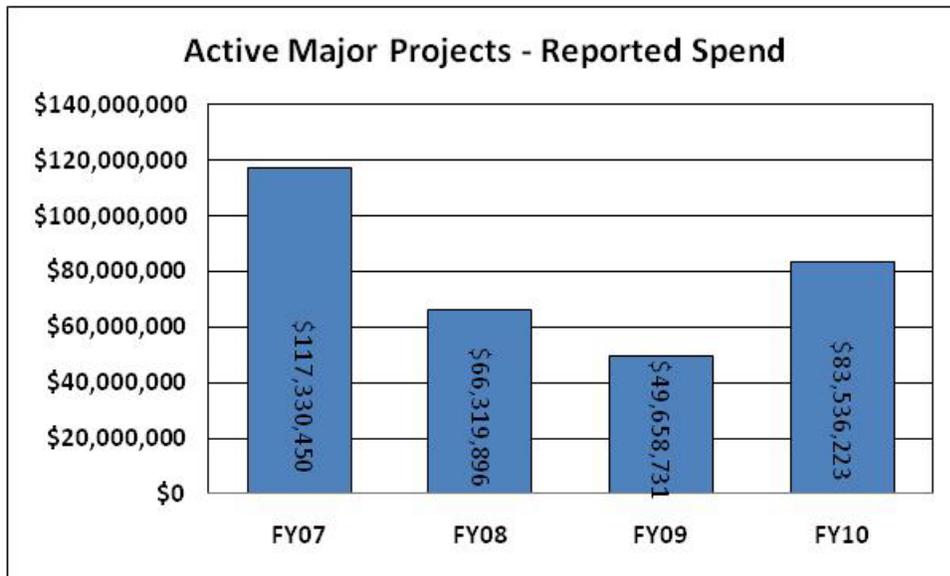


Exhibit 1: IT project dollars spent on new projects in FY 2007-2010 by Executive Branch agencies under oversight and governance (Costs shown were self-reported on the Commonwealth Major IT Project Dashboard)

Overall IT expenditures for Executive Branch agencies for FY2007 through FY2010 can be seen in Exhibit 2 which shows the breakout between infrastructure, project spending under oversight and governance, and ongoing operations and maintenance (O&M) over the four-year period. These expenditures do not include higher education, Judicial Branch or Legislative agencies. The data for each of these years is from year-end data from the state general ledger system called the Commonwealth Accounting and Reporting System (CARS) and is provided by the Auditor of Public Accounts (APA) in Excel workbooks. Because data is coming from CARS, all spend numbers are totally dependent upon accurate sub-object coding of expenditures by agencies. The decision was made to use this data as it is provided from a reliable, independent source and is consistent from year to year. Because agencies do not report against baselines on the Commonwealth Major IT Project Status Report Dashboard for non-major projects, VITA does not have a method for determining dollars spent in a given fiscal year. These dollars are embedded within the O&M category at this time. As of July 1, 37 non-major projects with a total value of \$13,555,841 were active.

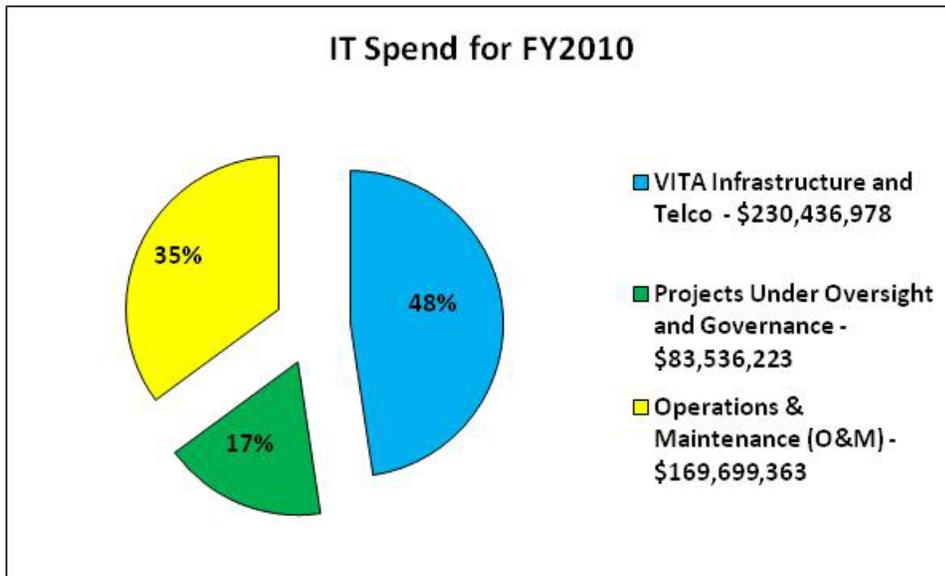


Exhibit 2: IT spend for FY2010; Total equals \$483,672,564.

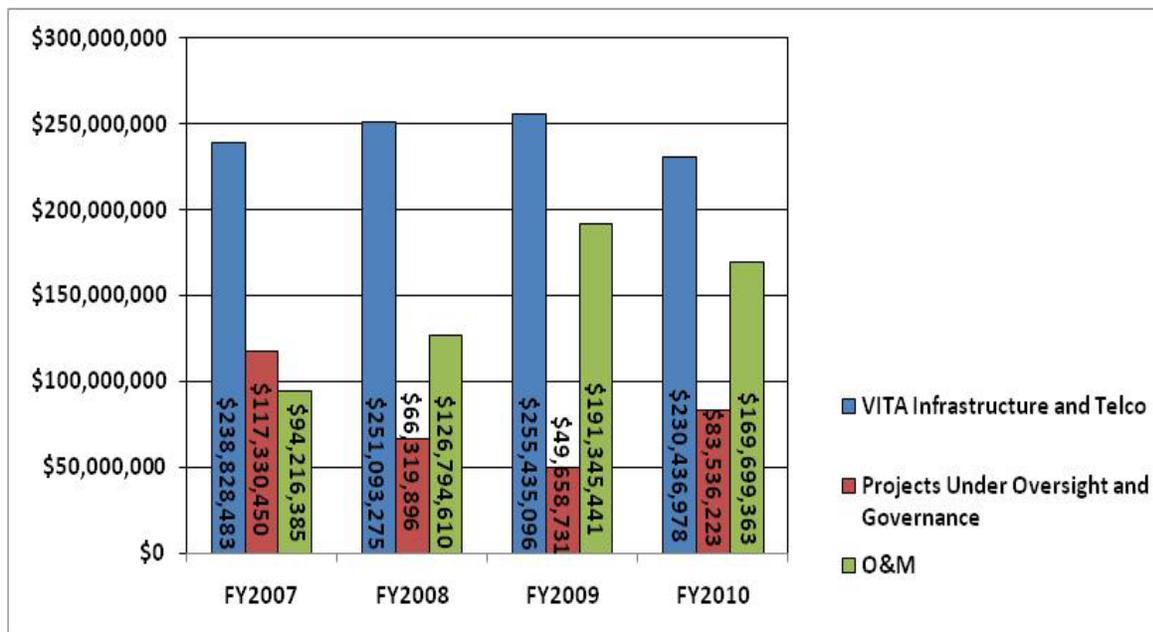


Exhibit 3: IT spending trends for FY2007 through FY2010 for VITA in-scope Executive Branch agencies – Part 1

This bar chart shows a fairly consistent spending pattern over the past four years with the most variance occurring in the ongoing O&M category. Another view of spending trends is shown in Exhibit 4.

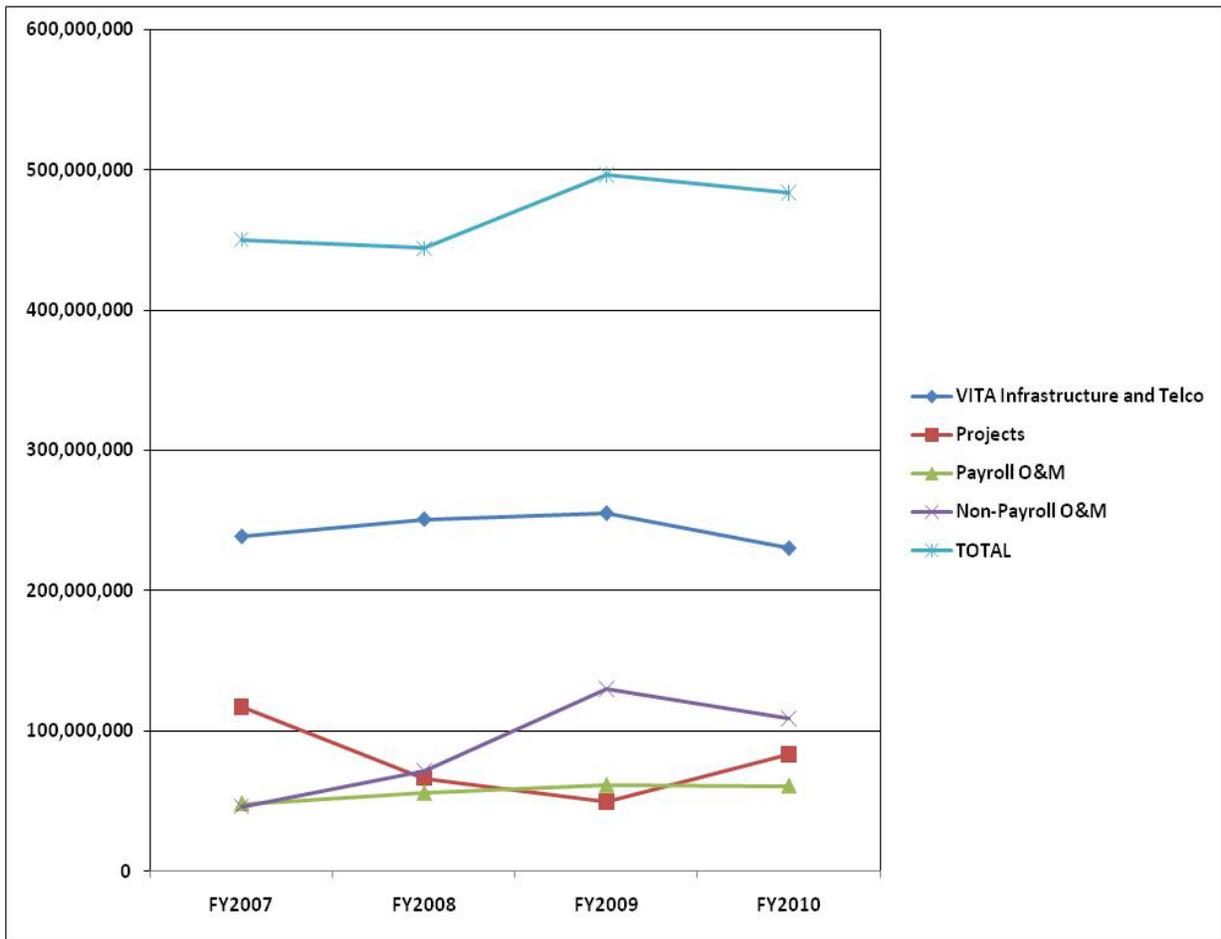


Exhibit 3: IT spending trends for FY2007 through FY2010 for VITA in-scope Executive Branch agencies – Part 2

Agency IT project costs increased, and agency IT payrolls held steady in spite of declining revenues and reductions in infrastructure and non-payroll spending.

1.2 Summary of CIO project recommendations

The Commonwealth CIO recommends 39 technology investment projects listed in Appendices A and B of this report for new or continued funding. Seventeen new projects are recommended for funding (Appendix A). All new projects have received Commonwealth CIO planning approval, and the estimated total investment to complete all new projects is \$102,467,790. Twenty-two of the 39 projects currently are active (Appendix B), with an estimated total project cost of \$614,867,145 and are recommended for continued funding. All active projects are fully funded. Exhibit 4 summarizes the 39 projects and total project costs by investment approval status.

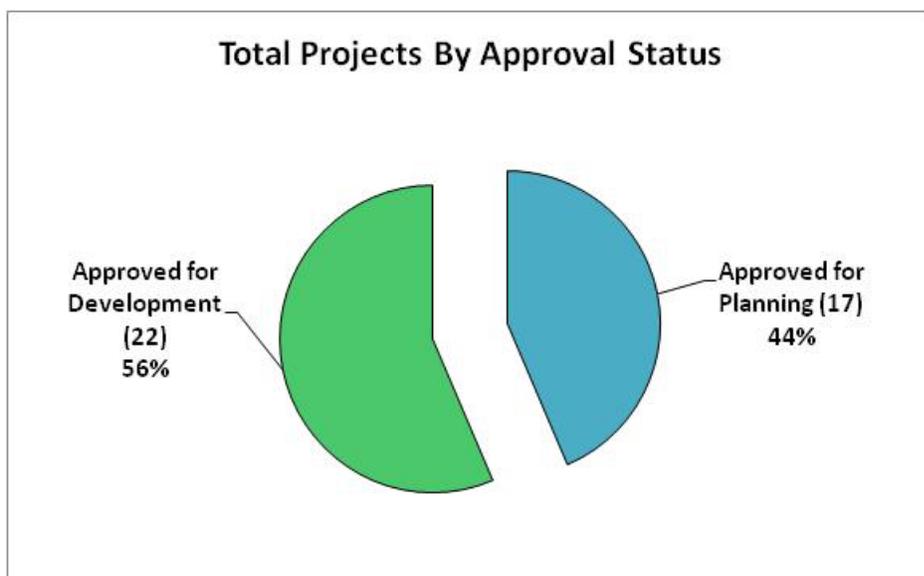
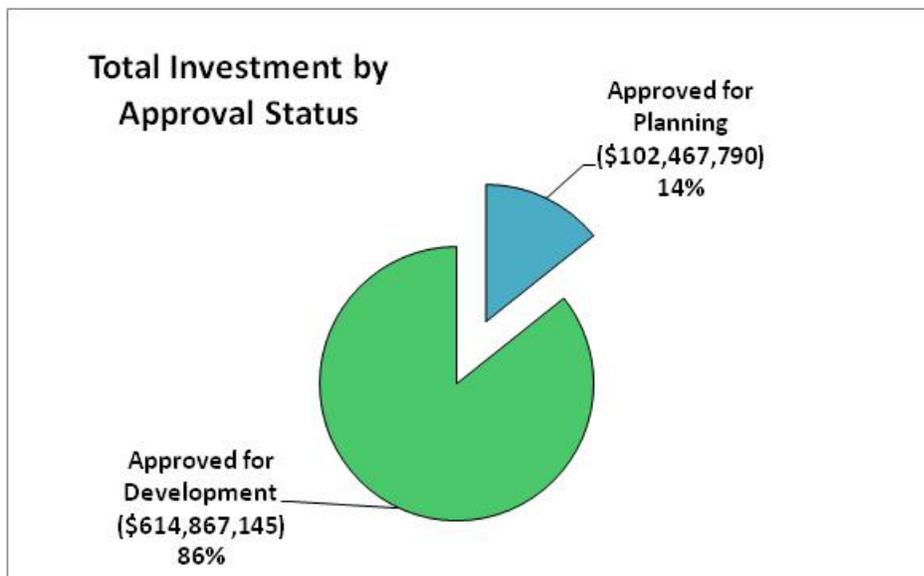


Exhibit 4: Summary of projects by investment approval status

Exhibit 5 summarizes the CIO-recommended 39 technology investment projects for new or continued funding by Secretariat. The recommended list of active projects does not include planned IT infrastructure investments being managed by the Virginia Information Technology Infrastructure Partnership, which are conducted under the provisions of the Commonwealth's Comprehensive Infrastructure Agreement and amendments with Northrop Grumman, as overseen by the CIO and Secretary of Technology.

Secretariat	Recommended for Continued Funding		Recommended for Funding		Total Recommended Projects		
	No.	Project Cost	No.	Project Cost	No.	Project Cost	Percent of Cost
Administration	0	0	1	\$900,000	1	\$900,000	0
Agriculture and Forestry	0	0	0	\$0	0	0	0
Commerce and Trade	3	\$66,794,124	1	\$4,446,266	4	\$71,240,390	10
Education	2	\$25,842,792	0	0	2	\$25,842,792	4
Finance	1	\$11,402,864	0	0	1	\$11,402,864	2
Health and Human Resources	6	\$46,190,691	4	\$19,493,207	10	\$65,683,898	9
Public Safety	4	\$390,491,932 *	5	\$11,870,000	9	\$402,361,932	56
Technology	0	\$0	0	0	0	0	0
Transportation	6	\$74,144,141	6	\$65,758,317	12	\$139,903,058	19
Totals	22	\$614,867,145	17	\$102,467,790	39	\$717,334,934	100

Exhibit 5: Summary of 2010 Major IT Projects recommended for new or continued funding
** The Recommended for Continued Funding amount for Public Safety includes the STARS project, accounting for \$357 million of the total cost for that Secretariat.*

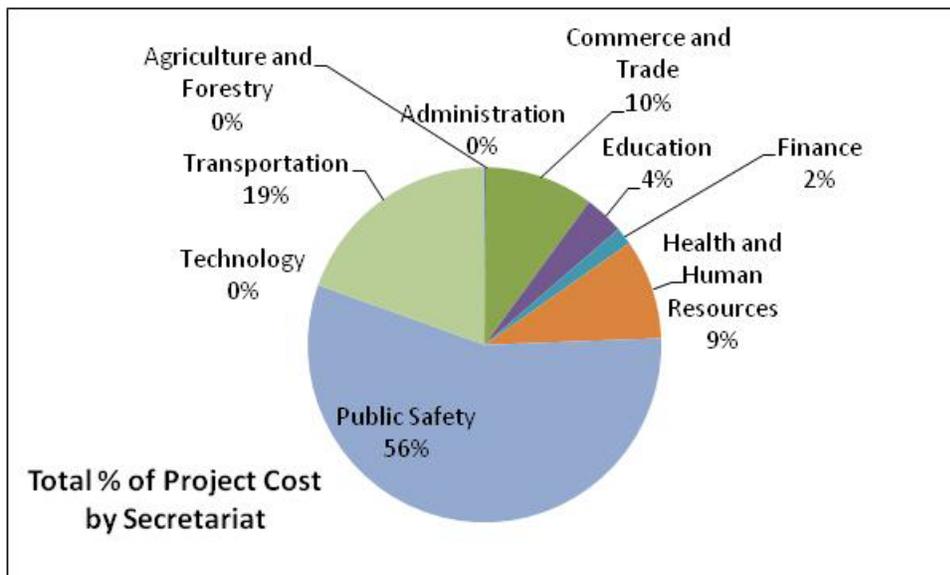


Exhibit 6: Total percent of project cost by Secretariat
** The STARS project represents 91 percent of the total cost for the Public Safety Secretariat.*

A more detailed look at planned project expenditures for projects approved for planning (APP) in the 2010-2012 budget biennium is presented below. If all proposed projects are fully funded, \$43,923,684 is required to support planned expenditures in the 2010-2012 budget biennium as outlined in Appendix A of this report and summarized in Exhibit 7.

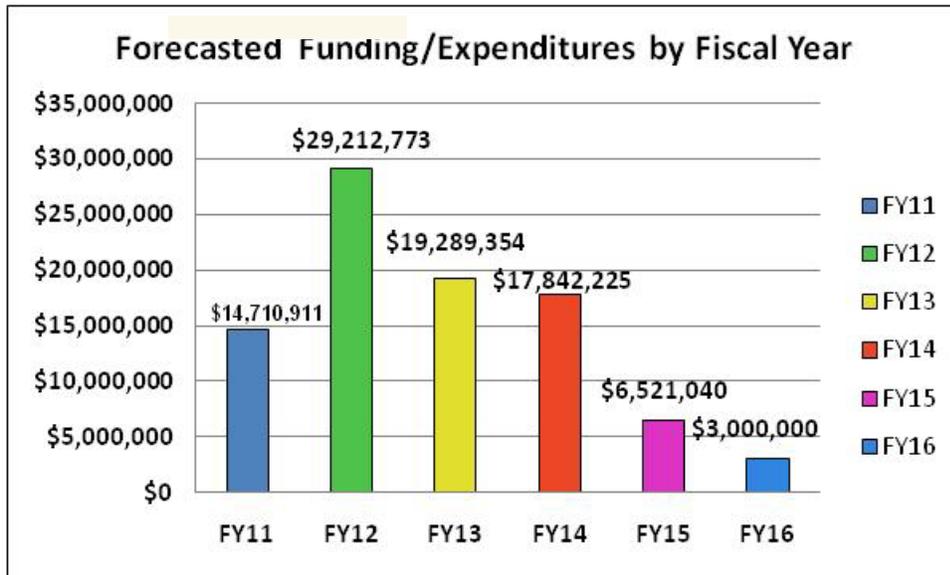


Exhibit 7: Summary of forecasted expenditures for new projects

There currently is only one project, Department of Behavioral Health and Developmental Services (DBHDS) Clinical Apps/EMR, out of the 17 recommended new projects that is not funded. Clinical Apps/EMR accounts for \$13,093,207 out of the \$43,923,684 required to support planned expenditures in the 2010-2012 budget biennium. Fourteen projects are fully funded from non-general funds, and two are partially funded, accounting for the remaining \$30,830,477 planned new project expenditures in the 2010-2012 budget biennium. The two partially funded projects are: HIPPA Upgraded Transactions (5010) and HIPPA Upgraded Code Set (ICS-10) for a combined funding need for the 2010-2012 budget biennium of \$4,500,000. Exhibit 8 summarizes the 17 new projects in Approved for Planning status by funding status.

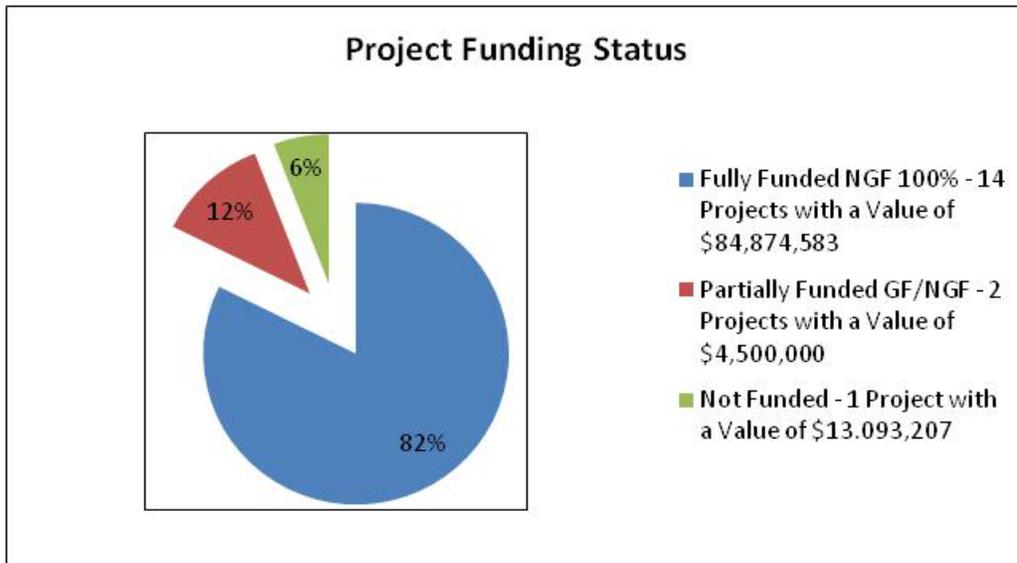


Exhibit 8: Summary of new projects by funding status

Exhibit 9 illustrates the overall split between general funds (GF) and non-general funds (NGF). As illustrated, the portfolio of major projects is funded predominately by non-general funds in the form of either federal grants or non-general state funds obtained via service fees.

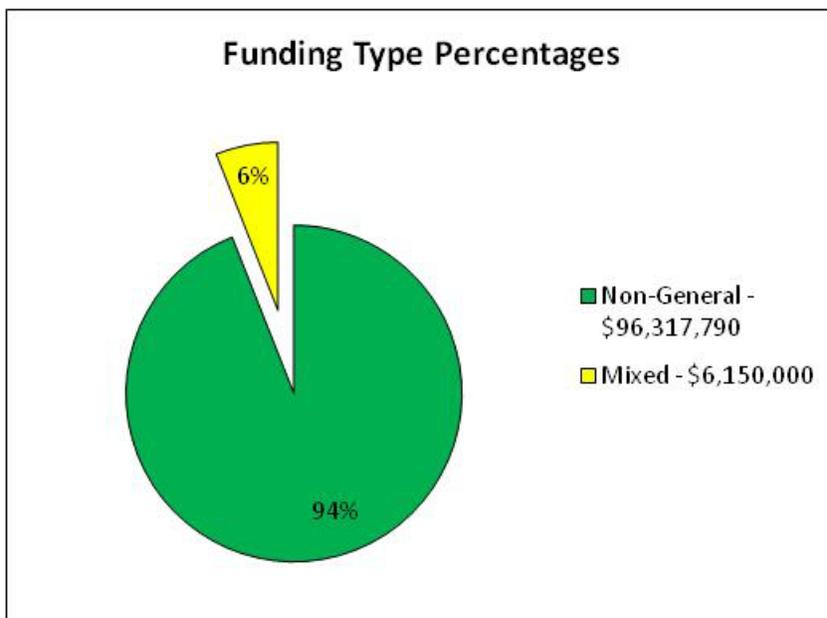


Exhibit 9: Summary of new projects by funding types

As illustrated in Exhibit 10, 36 percent of the current portfolio of projects recommended for funding is mandatory with a value of \$36,989,473. Mandatory projects are those projects which support legal or regulatory requirements such as executive orders, state legislation, federal mandates, or other outside regulatory bodies such as MasterCard or Visa.

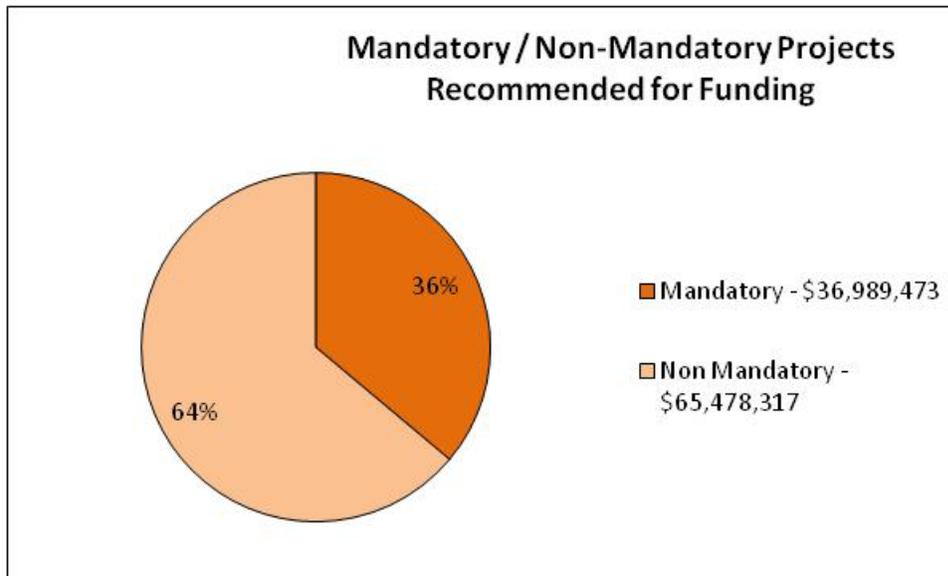


Exhibit 10: Summary of new mandatory and non-mandatory projects

1.3 Projects recommended for funding and for continued funding

1.3.1 Projects recommended for continued funding

The CIO recommends funding be continued for 22 currently active projects, as listed in Appendix B. Note that two projects, at the request of their sponsoring agencies, are currently suspended:

- Department of Rehabilitative Services (DRS) Integrated Fiscal System
- Department of Motor Vehicles Real ID

The estimated total investment in active projects is \$614,867,145. As of June 30, 2010, all active projects are fully funded and have reported cumulative expenditures of approximately \$380 million, or 62 percent of the estimated total investment.

The CIO reviews the status of active projects quarterly through the Major IT Project Status Report. The July 2010 status report shows 16 projects with a green status, seven with a yellow status, and one project with a red status. Four projects have closed since July, and they have not been included in this report. They are as follows:

- Virginia Department of Transportation (VDOT) – Pavement Management System
- VDOT – Fleet Equipment Management Information System (FEMIS)
- Virginia State Police (VSP) – Enhancement of Communications Along Secondary Evacuation Routes I-95
- Virginia Department of Health (VDH) – Emergency Medical Services (EMS) Registry project

Projects with a yellow status are considered under control but are being closely watched by the CIO as agencies address minor project performance, schedule, cost, risk or scope issues. Projects with a red status indicate a problem that requires immediate corrective action. The one project reported red in the July 2010 status report, (VDH EMS Registry, closed out in red status because the change request for rebaselining the project schedule was not approved by the CIO. The one project reported as yellow trending red in the July 2010 status report, Department of Behavioral Health and Developmental Services (DBHDS) Medication Management System, has encountered significant schedule delays and has gone red. A change control request has not been received at the time of this report. Because all active projects are under control or appropriate corrective actions are being taken, the CIO recommends their continued funding. The Secretary of Technology retains the right to terminate any active project if the situation warrants. The July 2010 Commonwealth of Virginia Major IT Project Status Report for July 2010 can be found at the following location:

http://www.vita.virginia.gov/uploadedFiles/Oversight/Projects/July2010_MajorITProjectStatusReport.pdf .

One of the new legislative requirements for the RTIP Report is to show the projected cost of the project for the three biennia following project implementation. The only data that currently is available is from the project proposal. This data is collected early on in the process, too early to be sufficiently accurate to meet legislative intent. To ensure that this requirement be met in future reports, VITA is recommending legislation to require that agencies disclose these costs before project completion and that the agency reserve the amount in their base budget or submit a budget decision package if this is a shortfall in the year prior to project completion.

1.3.2 Projects recommended for funding

The CIO recommends funding for 17 new investment projects, as listed in priority order in Appendix A. The projects, which have received planning approval from the CIO, represent a potential investment of \$102,467,790. The 2010 CIO recommendation contains seven projects included in last year's report, but not initiated because of funding shortfalls or delays.

The estimated expenditure for the 17 planned projects in the 2010-2012 budget biennium is \$44 million. This accounts for 43 percent of the \$102 million total investment. For detailed information on planned expenditures and funding needed through the 2012-2014 budget biennium, please refer to page 2 of Appendix A – 2010 Major IT Projects Recommended for Funding (Approved for Planning) – Expenditure Detail. To fully fund the estimated project expenditures for all planned projects for the 2010-2012 budget biennium, an additional \$4.5 million is required. Sixteen of the 17 planned projects, accounting for \$31 million of the estimated expenditures for the 2010-2012 budget biennium, are fully funded or partially funded.

Page 2 of Appendix A – 2010 Major IT Projects Recommended for Funding (Approved for Planning) – Expenditure Detail also identifies the funding source distribution of the 17 planned projects for the 2010-2012 biennium across general and non-general funds. Regardless of funding status or type, none of the projects can proceed until they are granted development approval by the CIO. An agency initiates the process of obtaining development approval for a project by conducting an analysis of project solutions, preparing an economic feasibility study or cost-benefit analysis, and developing a proposal and charter for the selected solution. The project documentation is reviewed by VITA's Project Management Division (PMD) and the proponent Secretariat Oversight Committee, which recommend approval, disapproval or modification of the project to the CIO. Development approval follows an affirmative CIO review and recommendation. Projects must be fully funded to receive development approval from the CIO.

1.3.3 Projects identified for preliminary planning

Projects that have been approved by the CIO for inclusion in the agency's IT strategic plan but which need to strengthen the investment business case before obtaining planning approval are placed in Identified for Preliminary Planning (IPP) status. These projects are not officially recommended for funding by the CIO in this report. However, four projects in the IPP category are expected to obtain both Approved for Planning and Approved for Development status, and these projects are flagged with an asterisk. Exhibit 11 is a list of the 11 projects that were in IPP status at the time the data was extracted for this report. Since this data extraction, the Department of Social Services' project EDS - Customer Portal Enterprise Delivery System Program, has obtained APP status and is working towards obtaining development approval. The four projects which are expected to move forward in this biennium are denoted with asterisks.

Projects	Secretariat	Agency	Estimated Project Cost
***e-Commerce FY11	Public Safety	ABC	\$3,000,000
***EDS - Customer Portal Enterprise Delivery System Program	Health & Human Resources	DSS	\$5,302,400
***EDS - Master Customer ID (Enterprise Delivery System Program)	Health & Human Resources	DSS	\$2,303,850
***EDS - Worker Portal Enterprise Delivery System Program	Health & Human Resources	DSS	\$5,302,400
Electronic Contents Management	Public Safety	DOC	\$4,000,000
Electronic Healthcare Medical Records	Public Safety	DOC	\$4,000,000
Financial and Human Resources ERP Package	Public Safety	DOC	\$4,000,000
Financial Management Enterprise Rollout	Finance	DOA	\$14,000,000
On-Demand Registration Card/ Validation Sticker Program	Transportation	DMV	\$3,750,000
Yorktown Museum Replacement - Technology	Education	JYF	\$3,515,000

Exhibit 11: Projects in Identified for Preliminary Planning Status

1.4 Recap of 2008 and 2009 key recommendations and actions taken

The former IT Investment Board proposed four process-based recommendations in the 2008 RTIP Report to improve the overall governance and oversight of technology investments in the Commonwealth:

- Alternative governance, oversight strategies and processes to improve the return on investment (ROI) of the Commonwealth IT investment portfolio
- Auditable processes for reporting and review of total agency IT spend to include ongoing operations and maintenance investments
- Deployment of enterprise solutions
- An improved IT strategic planning process to better align technology investments to overall agency business strategy, associated goals and objectives

During the past two years, the following actions were taken to address these recommendations and lay the groundwork for progress:

- Development and publishing of a new Commonwealth Information Technology Investment Management (ITIM) Standard
- Continued promotion of awareness of and stakeholder commitment to enterprise investments
- Completion of a data strategy and data standardization process for deployment of enterprise solutions
- Continued efforts to document the applications portfolio within the Commonwealth and improve the governance of agency application operations and maintenance which included the implementation of an annual certification process by the agency head
- Continued efforts to determine the “to be” governance and investment strategy for enterprise, collaborative and agency applications
- Initiation of the Commonwealth Project Governance Assessment (CPGA) model which will base project oversight and governance requirements on risk and complexity not on an arbitrary dollar amount
- HB1034ER/SB236ER legislation was passed which significantly revised oversight and governance structures

1.5 RTIP 2010 key recommendations

APA audits and inquiries indicate that agencies continue to implement technology investment projects using operations and maintenance funding that is not visible to the CIO. The bulk of an agency’s total IT spend is attributed to ongoing operations and maintenance tasks. Without an auditable accounting of how these funds are being spent,

it is difficult for the CIO and Secretary of Technology to make informed investment decisions.

The Commonwealth has been very fortunate to receive grants and funding for new applications as well as substantial enhancements to existing applications. It is critical that agencies ensure that they will be able to support these new systems and enhancements once in production. As a result, the CIO recommends that agencies be required to reserve funds in the agency's base budget as the project nears completion and a budget decision package must be submitted to cover any shortfalls. In addition, new applications must be added to the agency's applications portfolio as part of the project's implementation.

Agencies also are encouraged to:

- Give top priority to systems or projects that will: 1) generate better service, 2) save dollars or 3) generate revenue.
- Explore Public-Private Educational Infrastructure and Facilities Act (PPEA) opportunities with private companies for initiatives financed by the vendor that generate revenue which can then be split between the vendor and the Commonwealth. Examples of areas to explore are communications billing and services verification and collection of non-tax revenue
- Work with the Secretary of Technology and other Cabinet Secretaries to continue to explore collaboration opportunities within their enterprise business architecture and technical architecture
- Work with the Secretary of Technology and other Cabinet Secretaries to explore ways of consolidating business processes and technology applications in support of Governor McDonnell's Commission on Government Reform and Restructuring

1.6 Report development process

The 2010 RTIP process is consistent with the process used to develop last year's RTIP Report. During the month of April, the CIO and Secretary of Technology reviewed and approved the 2010 RTIP process and schedule. It was decided to follow the same process and use the same criteria from 2009 with the understanding that lessons learned would be compiled in October 2010, and revisions would be made at that time.

Immediately after the RTIP schedule was approved, VITA's IT Investment Enterprise Services (ITIES) directorate issued data collection guidance to agencies for Major IT Projects and collected IT strategic planning data in support of the RTIP Report. Data gathered for IT strategic planning or the Commonwealth Major IT Project Status Report Dashboard is self-reported. VITA does not have a method of determining if agencies faithfully reported all Major IT Projects.

Once data was collected, an automated scoring and ranking process (based on CIO and Secretary of Technology-approved selection and ranking criteria found in Appendix E) was used to derive an initial project ranking. The initial project ranking was reviewed and approved by the CIO and Secretary of Technology in July. Exhibit 12 summarizes the RTIP process used to develop the September 1 report.

RTIP Selection Process

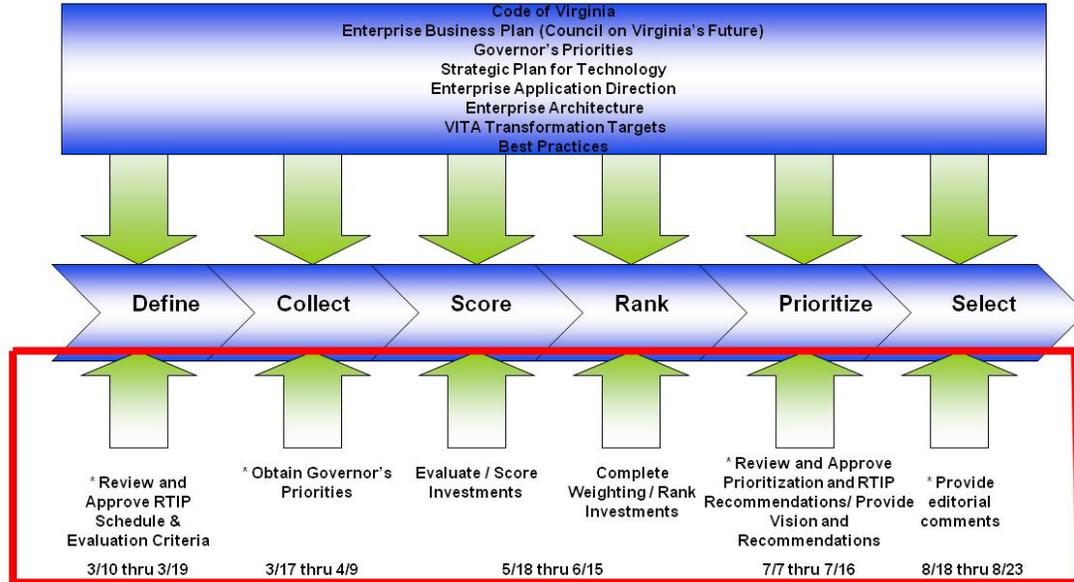


Exhibit 12: Summary of 2010 RTIP process

1.7 Status of 2009 RTIP recommended projects, a reconciliation

Recognizing the dynamic nature of the Commonwealth IT Portfolio since the publication of the 2009 RTIP Report, the portfolio has continued to evolve:

- Eleven projects, with a total investment of \$91 million, were successfully completed.
- Seven projects, representing an investment of \$77 million, were granted development approval and now are active.
- One project, representing an investment of \$1.1 million, was reclassified to non-major in project category or approval status.
- One project, Virginia Information Technology Agency's Enterprise Architecture Application, recommended in the 2009 RTIP Report with an estimated cost of \$750,000 was cancelled due to agency response to changing business needs or opportunities.
- One project, Department of Rehabilitative Services Integrated Fiscal System, representing an investment of \$1.3 million, was suspended.
- The status of 21 projects, representing an investment of \$516 million, remains unchanged.

Appendix D details the changes in the Commonwealth IT Portfolio from the 2009 RTIP Report to the 2010 RTIP Report.

1.8 Enterprise Applications Division (EAD) categorization of Major IT Projects approved for planning

All of the Major IT Projects that are recommended for funding have been reviewed and evaluated by VITA's Enterprise Applications Division (EAD) to determine if they are enterprise opportunities. Agencies were asked to place each of their Major IT Projects Approved for Planning into one of the following three categories:

- **Enterprise Applications:** Centrally administered applications which act as the authoritative source of data or processing for the Commonwealth.
- **Collaborative Applications and Services:** Business applications and services which provide organizations and/or political subdivisions the opportunity to work together, in a substantive, mutually beneficial relationship, with a common integrated solution.
- **Agency Applications:** Applications which support a unique agency requirement or mission.

EAD reviewed each agency categorization and either agreed with the categorization or recommended a change. EAD recommended that five of the 17 Major IT Projects be categorized as Collaborative Applications and Services instead of Agency Applications based on their potential for collaboration with other agencies. The remaining twelve were categorized as Agency Applications. Project designations are noted in Appendix A. Exhibit 13 summarizes EAD's categorization of the 17 Major IT Projects that are recommended for funding.

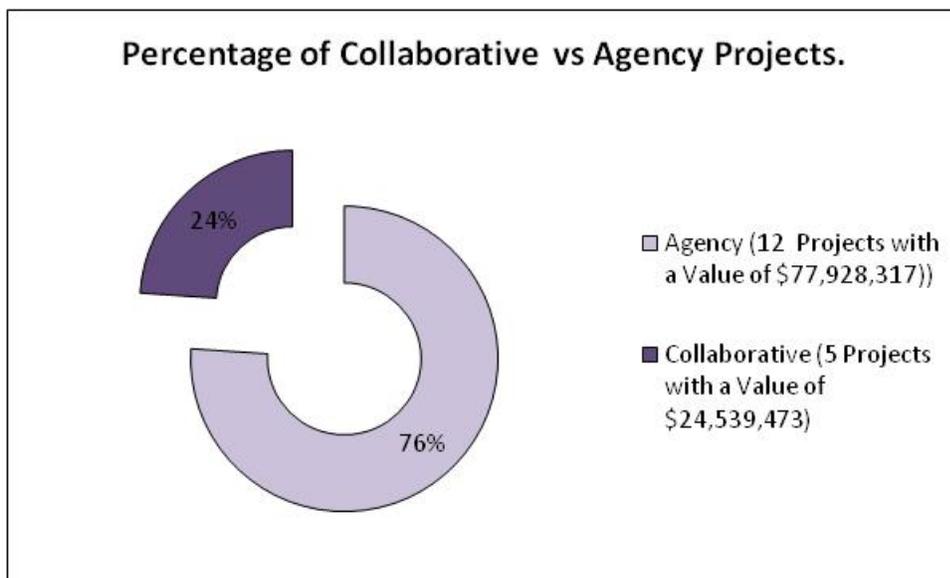


Exhibit 13: Summary of EAD categorization

1.9 Contact information

Questions or comments about the 2010 RTIP Report may be directed to Constance Scott at (804) 416-6179 (office), (804) 840-5480 (cell) (constance.scott@vita.virginia.gov).

2.0 Appendices

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

- **Appendix A - 2010 Major IT Projects Recommended for Funding (Approved for Planning):** Presents summary and detailed information on planned expenditures and funding needed through the 2012-2014 budget biennium for new Major IT Projects approved for planning (development approval is contingent upon funding).
- **Appendix B – 2010 Major IT Projects Recommended for Continued Funding (Active Projects):** Presents summary information about active projects on the Commonwealth Major IT Project Status Report Dashboard recommended for continued funding (active projects are not ranked).
- **Appendix C- 2010 Major IT Project Descriptions:** Presents the project description and investment status for each project recommended in the 2010 RTIP Report. Projects are alphabetized by Secretariat, agency and project name.
- **Appendix D - Status of 2009 RTIP Recommended Projects:** Presents the status, as of June 30, 2010, of Major IT Projects recommended for continued or new funding in the 2009 RTIP Report.
- **Appendix E – CIO Scoring, Ranking and Evaluation Criteria:** Presents the scoring, ranking and evaluation criteria used in FY2010.