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Considerations in driving toward a new IT operating model

The management of IT assets, resources and projects is ultimately a question of value received for funds spent. But that question is often complicated when IT projects become silos driven by the desires, skills and charisma of the project manager. Those silos can drive up costs through technological redundancy, competing architectures, multiple contracts for similar services and a variety of solutions to common requirements.

When the time comes to cut costs, reserve funds are quickly tapped out and more structural changes to managing IT are required to continue to support the mission. Discretionary funds that are used to fund innovation are the first dollars cut, leaving the long-term fixed costs associated with supporting previously created IT silos. This creates a vicious downward spiral: to fix the problem you need to invest, but you can't invest because you don't have the money.

The next step is often to redirect or shift the current spend through data center consolidation, functional reorganizations, service-level adjustments or demand rationalization. While transforming IT holds significant cost-reduction promise, it also requires significant investments. And for federal agencies the situation is further complicated because they often cannot borrow money to pay for these investments with the promise of future returns. Instead, most federal agencies focus on short-term, limited-return improvement activities and then shift as much cost as they reasonably can given the resources available and regulatory authority.

In order to break the IT silo, we need a framework to manage the business of IT. This framework must provide an integrated, fact-based, objective and organizationally relevant approach to create a new IT operating model. The goal is to manage the various IT projects within the organization as a portfolio. This requires a clear IT strategy coupled with an agreed-upon enterprise architecture, which in turn provides the criteria around which to manage the IT asset portfolio and the IT initiative portfolio. Investments then are driven by the strategy through prioritization and timing. Each of these is driven by the agency's needs, balanced by external and internal requirements.

The IT operating model is a robust approach to breaking down silos and managing IT as a business through its four operating domains:

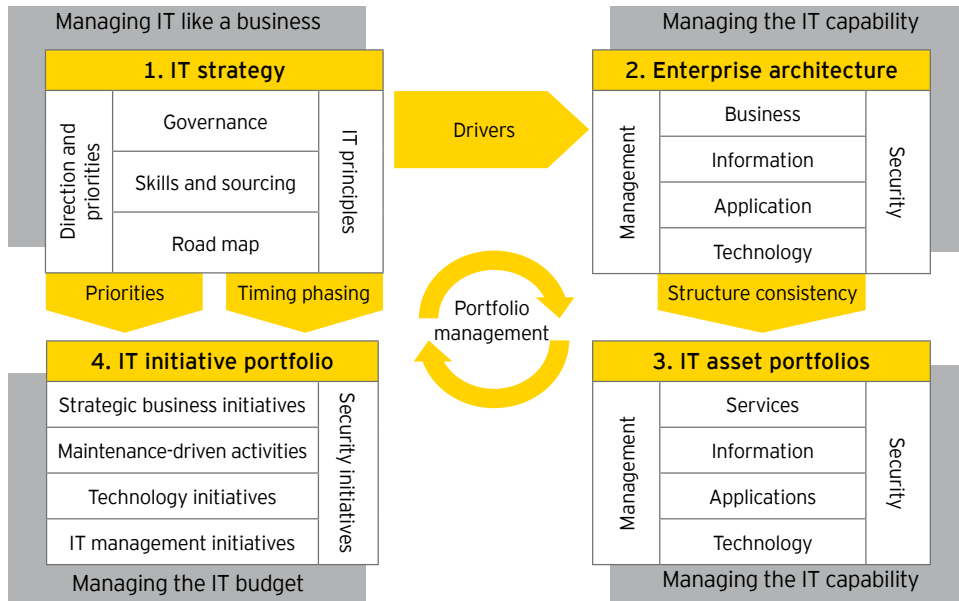
- 1. IT strategy** aligns the business of IT with the business of the agency. The cause-and-effect relationships between strategy and goals determine the IT direction and drive the IT road map and decision governance processes.
- 2. Enterprise architecture** defines the specific required IT capabilities to help ensure consistency, reduce complexity and drive out costs.



US Navy photo/Mass Communication Specialist 2nd Class Tony D. Curtis

- 3. IT asset portfolio** requires significant decision-making discipline in the acquisition and delivery process to avoid personal agendas and opinions.
- 4. IT initiative portfolio** is where strategy, governance and budgets meet to align the right priorities with the available resources. The evaluation criteria could range from return on capital and decommissioning costs to implementation and operational risk.

IT operating model



Even without complete control over the budgets and IT assets, a CIO must still develop an IT strategy that clearly and measurably aligns to the agency’s goals. And a CIO should develop an enterprise architecture even if it can’t be “forced” on subordinate organizations. Once these two pieces are in place, the rest is well within the purview of the CIO for those IT assets that the CIO does control.

In addition to the framework provided by the IT operating model, most federal agencies also need a strong acquisition policy coupled with equally strong procurement processes. The best operating framework in the world can easily be undone if individuals can still acquire what they want rather than what was approved. In the current environment, CIOs and their staffs must have an operating framework and supporting processes and systems that can answer the questions below.

Key questions

Requirement	Questions
Transparency	Do we have an integrated, relevant and traceable view of systems, programs, supporting technology and the associated funding?
Accountability	Can we adequately control and manage our IT and information management spend in a manner that delivers the desired outcomes with minimal risk?
Efficiency	Do we know where the redundancies are, and can we eliminate them while still improving service delivery?
Agility	Can we respond to our dynamic environment, and can we quickly adapt to technological change and opportunities?
Flexibility	Is our organization built on adaptable and repeatable processes and infrastructure, and can we operate seamlessly across organizations and with our various stakeholders?

If the answers are “no,” then it’s time to get started with developing an IT operating model that fits your agency.

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