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28 June 2006

The Honorable Steven Buyer
Chairman, House Committee on Veterans Affairs
U.S. House of Representatives, 109th Congress
335 Canon House Office Building
Washington, DC 20515

Re: Oversight Hearing on VA's IT Reorganization Plan and the Federated Model

Mr. Chairman:

On behalf of Gartner Inc., I am honored to submit my testimony for inclusion in the formal record regarding the Department of Veterans Affairs (VA) information technology (IT) infrastructure reorganization and the Federated model.

The attachment contains my written testimony. I shall be accompanied by my colleague, Joe Clarke. Mr. Clarke is an expert in the methodologies we employed - as directed by the VA - to convert the centralized model to the federated model, subsequent to the VA's decision last October to pursue a federated model.

As nongovernmental witnesses, we have also included copies of our biographies, and information on our organization including a statement disclosing the amount of all contracts with the VA during the current and past two calendar years by Gartner. All information is provided to the best of our abilities.

We look forward to sharing our insights and familiarity with the efforts to improve IT alignment across the VA.

Sincerely,

Jim Bresson
Vice President and Managing Partner
Gartner Consulting

Attachment: Written testimony, Gartner Disclosure, Witness Biographies

Written Testimony
Jim Bresson
Vice President and Managing Partner, Gartner Consulting

Mr. Chairman, Mr. Vice Chairman, and Members of the Committee:

I appreciate the opportunity to participate in today's hearing regarding the Department of Veterans Affairs (VA) information technology (IT) reorganization plan and VA's decision to pursue the Federated model.

I am a Managing Partner within the consulting division at Gartner, the leading provider of research and analysis on the global IT industry. Unlike many of our competitors, Gartner does not offer IT systems or software implementation services that would compromise our independence and objectivity. I have over 20 years of experience in developing and deploying IT to fulfill business and mission objectives, and I am frequently partnered directly with Senior Executive Service and General Officer leaders aiming to transform their IT organizations. During the past six years I have supported several large federal government departments and agencies faced with the challenges of:

- Enterprising their mission support applications, IT infrastructure and services;

- Improving their program performance management; and

- Meeting shared services and/or constituent/citizen service expectations.

I am accompanied by my colleague, Joe Clarke, who is an expert in the methodologies we employed during our most recent engagement with VA. I suspect Mr. Clarke may be able to help us answer any questions seeking specific details that might arise in the course of our dialogue this morning.

Background

My colleague, Michael Pedersen, previously provided testimony to this committee last September 14, 2005. His testimony at that time responded to the Committee's request for information regarding Gartner Consulting's study delivered last spring 2005, and its recommendations on the reorganization of VA's IT infrastructure.

To recap the highlights of Gartner Consulting's previous testimony, the Committee may recall that we believe changing the VA's IT orientation from servicing the Veteran to Value For Our Vets, the IT organization must excel in the Customer Intimacy discipline and attain parity in Operational Excellence and Product Leadership. This requires substantial changes in the manner in which VA's IT organization is structured in addition to its supporting organizational constructs. <u>Customer intimacy involves not only a change in organizational structure but also in the underlying work processes, staff role definitions, the outcome of its work (IT Services), measurement framework and a new culture</u>. All told, these dimensions include:

1. Organizational Structure — the structure in which the IT organization delivers value at a risk level that is tolerable to the Department and best supports the OneVA mission

2. Processes — the critical IT processes and their interfaces required for customer intimate IT delivery

3. Roles — the IT management practices, roles, and accountabilities required for customer-intimate IT delivery

4. IT Services — Define the IT services that are valued and readily understood by the VA's business community

5. Guiding Principles — the IT policies that establish focus, governance, and a decision making fabric within and between VA's IT and business communities

6. Performance Management — the high-level analysis of IT performance relative to peers in government, insurance, and healthcare

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7. Culture and Norms — the changes required in the underlying culture and norms to effect behavior change.

We provided elaboration on each of these dimensions; and it is our professional opinion that VA's overall IT get well strategy must address each of these dimensions.

For the first dimension - Organizational Structure - we identified two models as having the greatest potential application at the VA:

1. Federated — where centralized planning, technology operations (e.g., data centers, networks) and budgeting/financial are controlled by a Chief Information Officer (CIO) with Business applications developed and supported by application teams in each business line (e.g., Medical Care, Pension, Housing, Finance). A governance process with strong investment management practices guides the alignment between these groups.

2. Centralized — where all VA IT is organized into single entity reporting to a Chief Information Officer (CIO). Key functional entities reporting directly to the CIO include business applications, infrastructure & operations, customer relations (advocates for the business), enterprise architecture, data & information management, security management, and IT finance.

Additionally, we presented our assessment of the benefits and risks related to each model. Subsequently, we provided rationale for our recommendation that VA pursue the Centralized model option:

> "*Given the poor state of the VA's IT investment management process and the stated demand to drive benefits over a shorter horizon (as defined in the VA Strategic Plan for Employees), we recommend the Centralization option to maximize the opportunity to create Value For Our Vets.*"

We regret that subsequent – and current – dialogue appears only to focus on this singular dimension, possibly to the exclusion of the other dimensions. **Gartner Consulting reaffirms our professional opinion that VA's overall IT get well strategy must address <u>each of these dimensions</u>.**

Significant Events Since Our Previous Testimony

Subsequent to our delivery of engagement results and recommendations to the VA last spring 2005, which concluded Gartner Consulting's engagement with VA, the Secretary of the VA (SECVA) issued an Executive Decision Memorandum (EDM) in October 2005. That EDM approved the concept of a Federated IT Management System for the VA and charged the Assistant Secretary for IT with the development of a Federated Model to be used as the foundation for development of a more detailed implementation plan and execution details.

In December 2005, VA awarded a competitive contract to Technatomy Corporation (Technatomy), a Service Disabled Veteran-Owned Small Business, to convert the existing centralized model previously provided by Gartner Consulting (then as subcontractor to Topgallant Partners) to a federated model. Technatomy partnered with Gartner Consulting as its sub contractor to convert the centralized model to a federated model in accordance with the contract award. Additionally, VA's award to Technatomy sought support for the development of a Statement of Work, with traceability to the Federated Model, as the basis for a future solicitation seeking a third party IT Realignment implementation plan services provider

The Technatomy/Gartner Consulting team performed the desired conversion to the federated model and delivered its results to VA in February 2006. This team subsequently supported development of the components for the aforementioned future solicitation package, and concluded our engagement with VA in March 2006.

I was the lead consultant for the model conversion effort, and I formed a team of Gartner Consulting subject matter experts to perform this conversion. In close collaboration with our Technatomy program manager, I directed the team's activities to fulfill the contract objectives and to deliver VA's desired results.

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The balance of my testimony provides a description of our model conversion approach and task execution. This information is drawn directly from the detailed project deliverable submitted to the VA, and was presented to the Assistant Secretary for IT and the Deputy Assistant Secretary for IT. Subsequently, at the request of the Deputy Secretary (DEPSECVA), this information was presented for discussion with him, joined by the VA Administrations' Undersecretaries and the Assistant Secretaries representing the Staff Offices.

Principles of the Federated Model

Within the Operations & Maintenance Domain the VA Office of the Chief Information Officer (OCIO) has primary authority over processes. The Administrations, Staff Offices and Staff Organizations are required to perform supporting roles in many of the processes. The supporting roles are usually related to specific business needs.

VA OCIO retains control over the Development Domain for OneVA Enterprise business applications. In addition, VA OCIO may control business application development for the Administrations and Staff Offices or Organizations that desire to take advantage of the economies of scale associated with that centralized development capability.

Those applications which are business unit specific (e.g., VistA) remain under the limited control of that particular Administration, Staff Office or Staff Organization.   In some cases, the business unit has relinquished the development responsibility to the VA OCIO.

Even when Business Application Management has been delegated to an Administration, Staff Office or Staff Organization, the VA OCIO still retains oversight responsibilities in accordance with the Clinger-Cohen Act.

Our Approach to the VA's Federated IT Model

In response to the VA's contract requirements and heeding the DEPSECVA's direction to Gartner to determine the best approach to implement a federated model for VA, the Technatomy/Gartner Consulting team leveraged previous Topgallant Partners/Gartner Consulting deliverables and focused our model conversion effort on the interactions between the VA CIO and the Administrations, the Staff Offices, and the Staff Organizations (for IT operation and maintenance and CIO oversight activities).

Based on the conclusions of the previous engagement, this conversion team understood that within the VA's current environment role specialization, centralized functions, common methodology, reusability, and standardization are viewed as risky because these methods decrease the perceived power any one individual has over his or her own work. Consequently, we applied several of Gartner's frameworks in an effort to rely on industry standard best practices, Gartner Research, Gartner, Inc. and MIT Sloan Center for Information Systems Research (Broadbent and Weill), and minimize perceived loss of control by individual actors, including:

- IT Process Reference Architecture
- Performance-Based Management
- IT Human Capital Management.
- IT Job Families and Role Design
- IT Process Governance

The new Federated Model also presents an optimum design for the Office of the CIO and its subordinate organizations aimed at delineating the mission, responsibilities, authorities and accountabilities of each organization, and the business practices and processes that eliminate duplication, streamline operations and promote organizational efficiencies.

The relationship between the operational and management responsibilities of the VA CIO and the application development responsibilities of the Administrations, the Staff Offices, and Staff Organizations were defined by the process flows that require exchanges of information in order to deliver consistent, repeatable services and effective IT controls, and by the governance roles and responsibilities shared

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between these organizations. Simply stated, **process is the linchpin to delivering consistent, repeatable services and effective IT controls**.

Linking Development with Operation & Maintenance

The Gartner definitions of the Development and Operation & Maintenance domains highlight the need for coordinated activities between developers and operations.

In a Federated Model activities are coordinated by process flows that must be clearly defined to reflect the critical interdependence of business applications and the performance of the IT infrastructure.

Both domains must be involved early in the application life cycle to plan for and ensure high performance and service quality after an application goes into production.

IT Process Flows

The federated model has been selected by many organizations for the delivery of IT services. The most typical variation of the model involves designating shared services that will be centrally managed to optimize service levels and efficiency

The VA has decided to structure its federated model using two domains: Development and Operations and Maintenance. Definitions of both domains have been developed.

Interaction between the domains must be coordinated throughout the life cycle to ensure that IT solutions are developed and delivered in a controlled fashion. This coordination is accomplished by specifying the processes that will be used to manage the delivery of IT services. The processes have been grouped into five areas:

- Enterprise Management
- Business Management
- Business Application Management

- Infrastructure Operations
- Service Support

A detailed framework has been developed to define the processes and activities that must be coordinated between the Development and Operations and Maintenance Domains. That process framework leverages the best practices of the IT industry and establishes the parameters within which IT services will be managed at the VA.

Process Flows Throughout the System Development Life Cycle

Both domains, Development and Operation & Maintenance, play critical roles throughout the System Development Life Cycle (SDLC) and defining those responsibilities depends on the processes involved. The following four functional areas each have differing levels of responsibility for both domains:

- <u>Enterprise Management</u> – Processes required to provide enterprise-wide standards for IT services, including:
  - ❑ Security Management
  - ❑ Project Management
  - ❑ Quality Management

  - ❑ Enterprise Architecture Management
  - ❑ Strategic Planning
  - ❑ Corporate Performance Management.

- <u>Business Management</u> – Processes for business relationship management and financial management of IT resources, including:
  - ❑ Business Relationship Management
  - ❑ Service Level Management
  - ❑ Financial Management

  - ❑ Contract Management
  - ❑ Business Continuity Management
  - ❑ Contractor Management.

- **Business Application Management** – Development of applications to meet business requirements, including:

  - Business Needs Management
  - Requirement Definition Management
  - Software Lifecycle Management.

  - Test Management
  - Implementation Management

- **IT Operations** – Processes associated with both Infrastructure Operations and Service Support, including:

  - Infrastructure Planning
  - Infrastructure & Applications Management
  - Capacity Management
  - SLA Administration
  - Performance Management
  - Production Control
  - Database Management
  - Disk and Tape Management

  - Facilities Management
  - Change Management
  - Configuration Management
  - Inventory Management
  - Incident Management
  - Problem Management
  - Service Request management
  - Release Management.

Sample Scenarios

The Technatomy/Gartner Consulting team developed three separate scenarios to illustrate the day to day operation of the federated model in the future VA environment.

The three scenarios were (a) a minor enhancement to an application, (b) the introduction of new functionality, and (c) a major enhancement. Each scenario shows the required coordination and interaction between the two VA domains (Development and Operations and Maintenance) throughout the life cycles of these modifications.

IT activities performed within these scenarios include Service Support processes (including incident management, problem management, and change management), Enterprise Management processes (including project management, quality management, and security management), Business Application Management processes (including software lifecycle management, O&M support, test support, and test management), Infrastructure Operations processes (including infrastructure planning, facilities management, and database management), and a critical loop back to Service Support processes.

Generally, as the magnitude of the enhancement increases, additional processes and/or actors in the system are involved.

The scenarios also illustrate the similarities among the three types of changes. Many of the same process steps must be performed regardless of the size of the required modification.

VA OCIO Organizational Structure

The Technatomy/Gartner Consulting team developed an OCIO organizational design that aligns with the process flows required for a federated model.

The OCIO organizational design balances the tactical needs of operating a complex infrastructure as a shared service and the strategic needs of aligning IT resources to best meet the mission requirements of the Department.

The description of the mission of the organizational element as well as the key attributes have been developed for each component of the VA OCIO.

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The OCIO organizational design represents a desired End State based on best practices in the industry and government. It is recognized that a near term transition from current business practices to End State is necessary.

VA IT Job Families

A Job Family is a group of similar skills, knowledge, and abilities/behaviors that focuses on the role a person plays in providing services.

IT job families have been defined based on Gartner research into IT related jobs in both industry and government.

Based upon the process flows and the organizational design it is possible to define the IT job families that are appropriate for each element of the VA OCIO design.

Based on the defined interaction between the VA OCIO and the Administrations, Staff Offices, and Staff Organizations it is possible to define the IT job families that are appropriate of the VA offices.

General characteristics, included competencies, and typical roles for each of the IT job families have been included in the appendix to the report.

IT Process Governance

A critical success factor for any process framework is a clearly defined governance structure that differentiates between advisory and management responsibilities.

Governance concerns:

- What decisions are made
- How IT decisions are made
- Who has input or decision rights
- Why are the decisions made

The delivered Federated Information Technology System Model specifies input rights and decision rights for each activity.

The benefits of effective governance of the Federated Information Technology System Model relate directly to accomplishing the mission of the Department and can form the basis for effective performance management metrics.

Mr. Chairman, Mr. Vice Chairman, and members of the Committee, this concludes my statement. Thank you again for the opportunity to discuss such an important matter to support our veterans. I would be pleased to respond to any questions that you or other members of the Committee may have at this time.

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Gartner Organization Disclosure

Gartner, Inc. delivers the technology-related insight necessary for our clients to make the right decisions, every day.

Gartner serves 10,000 organizations, including chief information officers and other senior IT executives in corporations and government agencies, as well as technology companies and the investment community. The Company consists of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events.

Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 3,700 associates, including 1,200 research analysts and consultants in 75 countries worldwide.

While we are the largest company of our kind, we remain highly accessible to our clients. Gartner was founded by technology thinkers who saw the growing need for well-researched, independent advice. Our culture is still based on the diligent work of exceptional thinkers acting together to apply the very latest knowledge rapidly and effectively.

Our people are exceptional. As the leading provider of research and analysis to the global IT industry, Gartner is fortunate to attract analysts and consultants who are at the very top of their field. Our guarantee to clients of independence from commercial interests means that our people are able to research and offer advice unhindered by compromise. That inspires them, differentiates us, and is of great value to our clients in an industry where it's often difficult to see clearly.

We have four businesses:

- Gartner Research, the most comprehensive collection of analysis and advice for the users and vendors of technology;

- Gartner Executive Programs, the world's largest membership program for CIOs, senior IT managers and their direct reports;

- Gartner Events, the world's largest IT conference provider; and

- Gartner Consulting, the leading independent consultancy at the intersection of business and technology.

Gartner clients trust in our rigorous standards that safeguard the independence and objectivity of our research and advice. Our interactions with 45,000 clients, representing 10,000 distinct organizations worldwide, enable us to make connections, understand patterns and discover trends that no other research firm can envision. 66% of the Fortune 1000 and 80% of the Global 500 support their key technology decisions with Gartner insight. With $989 million in revenue in 2005, we are the clear market leader.

The foundation for all Gartner products is our independent research on IT issues. The findings from this research can be delivered through several different media, depending on a client's specific business needs, preferences and objectives.

Gartner Consulting provides customized project consulting and strategic advice to CIOs and other senior business executives. Our consulting services are provided by 550 senior consultants and focus on selected areas that are critical to clients today. Unlike many of our competitors, Gartner does not offer IT systems or software implementation services that would compromise our independence and objectivity.

Our business with the VA across all of our product and service lines (inclusive of META Group, whom we acquired in spring 2005, and via prime contractors directly supporting VA) is approximately $1,288,000.00 in calendar 2004, $1,033,000.00 in calendar 2005, and $62,000.00 thus far in the current calendar year.

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Witness Biography – Jim Bresson

Jim Bresson is a Vice President at Gartner Consulting, where he is the Managing Partner for US Department of Veterans Affairs within Gartner's US Federal Consulting practice. He is based in Arlington, Virginia, and his responsibilities at Gartner Consulting involve business development, associate development, and engagement delivery.

Mr. Bresson is frequently partnered directly with Senior Executive Service and General Officer leaders aiming to transform their organizations. He applies his expertise in business and IT architecture, business strategy development, and program management for the benefit of several large federal government departments and agencies faced with the challenges of:

- Enterprising their mission support applications, IT infrastructure and services;
- Improving their program performance management; and
- Meeting shared services/citizen service expectations.

Additionally, Mr. Bresson lends his more than 20 years of experience managing the application of technology to critical business requirements (including enterprise performance management, collaborative commerce, ERP, custom software application development, systems transition, and project management) to various clients seeking to improve mission effectiveness and operational productivity by optimizing business processes, and changing the behaviors and mind sets of their workforce associates.

Mr. Bresson joined Gartner in June 2000 as a Director, reporting directly to the Managing Vice President of the US Federal Consulting practice. Prior to joining Gartner, he served as Managing Director at Management Information Consulting, Inc., an e-business, IT consulting and systems integration firm where he was responsible for managing the PeopleSoft ERP practice. He was previously self-employed as an independent consultant, providing client/server financial management systems implementation and integration services to several large commercial enterprises.

Mr. Bresson earned a Bachelor of Arts degree in government and sociology from Hamilton College in 1983, and a post-graduate certificate in language and cultural immersion from Scandinavian Seminar after attending Vallekilde Højskole in Hørve, Denmark in 1985.

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Witness Biography – Joe Clarke

Joe Clarke is a Director at Gartner Consulting, and he has more than 30 years of experience as a program and project manager. As a member of the Gartner Federal practice, he is responsible for the development and refinement of methodologies for use in IT performance optimization. His specific focus is on the methodologies needed to assess, design, and implement improved processes for the delivery of IT services in large organizations. While at Gartner, Mr. Clarke has worked with clients in both the private and public sectors. He joined Gartner in 2001 and is based out of Arlington, Virginia.

Mr. Clarke has successfully managed information systems and IRM projects at federal government clients such as OPM, NRC, HUD and USIA. In addition to his technology management skills, he is a highly experienced facilitator. He has demonstrated expertise in systems development methodologies (with specialized experience with the Software Engineering Institute's Capability Maturity Model [SW-CMM]), electronic document management systems and CASE Technology.

Prior to joining Gartner, Mr. Clarke spent 15 years with Applied Management Systems, Inc., where he conducted strategic analytical studies for government clients.

Mr. Clarke has a bachelor's degree from the U.S. Coast Guard Academy and a master's degree from the American University. Mr. Clarke is a certified ITIL consultant and Gartner Engagement Manager.

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