STATEMENT OF

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DEPARTMENT OF DEFENSE

CHIEF INFORMATION OFFICER

BEFORE

THE COMMITTEE ON OVERSIGHT

AND GOVERNMENT REFORM

TECHNOLOGY, INFORMATION POLICY,

INTERGOVERNMENTAL RELATIONS, AND

PROCUREMENT REFORM SUBCOMMITTEE

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Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before the subcommittee today to discuss the findings of the Government Accountability Office report, “Departments of Defense and Energy Need to Address Potentially Duplicative Investments," and to review with you some of the Defense Department’s policies, processes, and initiatives that we use to address the issues identified.

Introduction and Background

The Defense Department’s information technology (IT) budget presents a unique challenge when compared with other Federal agencies’ IT budgets not only in terms of its magnitude, constituting approximately one-half of the federal government’s overall IT budget, but in its scope and complexity. The Department’s FY13 IT budget request of approximately $37 billion includes funding for desktop computers, tactical radios, identity management technology, human resource systems, commercial satellite communications, financial management systems, and much more. These investments support mission critical operations that must be delivered in both an office environment and at the tactical edge on the battlefield. The Department’s IT environment is even more complex when one considers that these investments operate in over 6000 locations worldwide, support the unique needs and missions of the three Military Departments and over 40 Defense Agencies and Field Activities within the Department.

The GAO has highlighted 31 business-related DoD IT investments, which included contract management, personnel management, and logistics that they consider duplicative. As the GAO reports, the Department has taken action to address 27 of these investments, in part through processes I will describe below. The four remaining four systems are non-duplicative, and satisfy very different requirements in the human resource management functional area.

Department of Defense IT Investment Management

The Department's business IT systems are essential enablers of a broader set of integrated business operations, rather than ends unto themselves. The Department is approaching its business areas as a cross-functional, integrated enterprise comprised of a series of end-to-end processes, rather than as individual stove-piped organizations performing specific and oftentimes disconnected business functions. For example, paying our Service members on-time is a shared responsibility among numerous members of our enterprise, including human resources and financial professionals. Additionally, it is not an issue that can be addressed solely through new IT systems, but instead requires reform of our processes, governance, and policies.

The 2005 National Defense Authorization Act (NDAA) established the Department's defense business system investment management framework to address Congressional concern that the Department has continued to invest billions of dollars in systems that

were not integrated and failed to provide timely and reliable financial and business information for daily operations. In response to this legislation, the Department created the Defense Business Systems Management Committee (DBSMC) and five Investment Review Boards (IRBs) - the Human Resources Management IRB, the Real Property Infrastructure Lifecycle Management IRB, the Financial Management IRB, the Weapon Systems Lifecycle Management IRB, and the Materiel Supply and Support Management IRB.

Since that time, the IRBs and DBSMC have certified and approved hundreds of defense business system development/modernization investments worth billions of dollars. As the IRB / DBSMC governance process has matured, its ability to provide oversight has significantly advanced. It has improved the collection of data by which it makes decisions along with improvements to its cross-functional approach to portfolio management and use of performance management. It has also adapted to additional legislative requirements, such as Section 1072 of the National Defense Authorization Act for Fiscal Year 2010, which required the IRBs conduct reviews of investments Business Process Reengineering efforts.

Congress made additional changes to the IRB structure through Section 901 of the National Defense Authorization Act for Fiscal Year 2012. These changes include consolidating the five IRBs into a single IRB chaired by the Department's Deputy Chief Management Officer and expanding the scope of the IRBs to look at all of DoD's business systems, including those in sustainment, rather than just new or

modernizing systems. We thank Congress for these changes and believe that they are an important step forward in helping the Department accelerate the transition away from our legacy environment into our target business systems environment.

The Department has identified 15 essential end-to-end processes, such as Hire-to-Retire, in the human resource management functional area, and Procure-to-Pay, in the supply chain management area, that the DBSMC and IRBs are using to help make targeted investments in business IT capabilities and ensure those investments are interoperable, efficient and non-duplicative. These end-to-end processes, which are represented in the Department's Strategic Management Plan and Business Enterprise Architecture, are being used to identify the sub-processes, systems, data standards, performance measures and laws, regulations, and policies necessary to improve our business and drive better IT implementations. This more holistic understanding of our business will allow us to make more informed Enterprise-wide decisions.

We have already made progress in this area by focusing on process improvement first, and then ensuring the right tools and governance structures are in place. Our Business Enterprise Architecture is maturing and serves as a tool that guides our investment decisions as well as aligning the Department to common standards and approaches. Our investment management process, from our IRBs to the DBSMC that I mentioned earlier, provide us with the ability to ensure planned investments fit the target environment, align to the architecture, and have successfully undertaken business process reengineering. These efforts, coupled with our on-going work to reform

acquisition of information capabilities is delivering better results for the business operations our Warfighters depend upon.

Though these planning activities are critical to sustained long term success, they are not enough. The Department is using the end-to-end framework as a reference for rationalizing our current business IT investments, and ensuring each investment supports the Department's mission through enterprise architecture, the DoD business strategy. It is also being used to identify those investments that need to be terminated, integrated with another solution or sunset.

IT Modernization Efforts

In the summer of 2010, the Secretary of Defense directed a consolidation of IT to improve mission effectiveness and security while driving down costs. As a result of that direction, the DoD CIO developed the IT Enterprise Strategy and Roadmap. Our goal is to optimize our IT infrastructure by doing the following:

- Reduce DoD Footprint – Right Size Capacity
  - Networks / Servers / Data Centers / Applications
  - Simplify the ability to raise security
- Standardize to an Enterprise Level – Improve Combatant Command effectiveness
- Joint Infrastructure – Authorized Users can access authorized data

- Find People & Information – Enterprise User Identity Management
- Democratize Technology – drive DoD Networks toward Enterprise Solutions

In addition to the IT Enterprise Strategy and Roadmap, we are developing Implementation Plans to establish aggressive milestones for a series of specific actions with measurable goals and outcomes. For example, our near term focus is in the following areas:

- Data Center consolidation/virtualization
- Optimize/Reduce Number of Networks (NIPR/SIPR)
- Identity Management – secure authentication to network and data
- Enterprise Email – Single global directory service
- Commercial Hardware/Software Procurement
  - Leverage Department's buying power

Additionally, we are working to resolve some of the cultural, structural, and other challenges in migrating to enterprise solutions. For example, we believe that the "Cloud First" strategy developed by the Office of Management and Budget (OMB) as part of the 25 Point Implementation Plan to Reform Federal Information Technology Management is a promising approach towards consolidating IT and reducing duplicative IT applications. We have developed a draft cloud strategy for the Department and will be working hard with the Military Departments, the Defense

Information Systems Agency (DISA), and other Components to implement cloud approaches and better optimize our IT infrastructure and applications.

Another significant initiative is the consolidation of data centers under the data center consolidation initiative as part of the 25-Point Implementation Plan. We have already made significant progress and have an aggressive time line to achieve further substantial reductions. As with our cloud efforts, we are working with the Military Departments, DISA, and other Components to eliminate unused capacity, drive up usage rates, and optimize our architectures and resources.

We are working all of these initiatives hard and expect to achieve remarkable success over time. We have already made substantial progress in improving effectiveness and lowering costs and we will continue to improve effectiveness and efficiency as these efforts mature and bear fruit.

I welcome the support of this Subcommittee and look forward to working with you and other members of Congress in the coming year as we strive to meet the challenges of streamlining and improving our IT infrastructure and rationalizing applications.

Thank you for this opportunity to share the Department’s progress with you.

Teresa M. Takai

Department of Defense Chief Information Officer

Teri Takai is the Department of Defense Chief Information Officer (DoD CIO). She serves as the principal advisor to the Secretary of Defense for Information Management/Information Technology and Information Assurance as well as non-intelligence Space systems, critical satellite communications, navigation, and timing programs, spectrum and telecommunications. She provides strategy, leadership, and guidance to create a unified information management and technology vision for the Department and to ensure the delivery of information technology based capabilities required to support the broad set of Department missions.

Ms. Takai previously served as Chief Information Officer for the State of California. As a member of the Governor's cabinet, she advised the governor on the strategic management and direction of information technology resources as the state worked to modernize and transform the way California does business with its citizens.

As California's CIO, Ms. Takai led more than 130 CIOs and 10,000 IT employees spread across the state's different agencies, departments, boards, commissions and offices. During her tenure as State CIO, Teri pursued an agenda that supports viewing California's IT operations from an enterprise perspective, including: Forming a Project Management and Policy Office, release of the California Information Technology Strategic Plan, passage of the Governor's IT Reorganization Proposal, establishing a Capital Planning Process and directing agency consolidation activities.

Prior to her appointment in California, Ms. Takai served as Director of the Michigan Department of Information Technology (MDIT) since 2003, where she also served as the state's Chief Information Officer. In this position, she restructured and consolidated Michigan's resources by merging the state's information technology into one centralized department to service 19 agencies. Additionally, during her tenure at the MDIT, Ms. Takai led the state to being ranked number one four years in a row in digital government by the Center for Digital Government. Additionally, in 2005, Ms. Takai was named "Public Official of the Year" by Governing magazine. She is also Past-President of the National Association of State Chief Information Officers and currently serves on the Harvard Policy Group on Network-Enabled Services and Government.

Before serving in state government, Ms. Takai worked for the Ford Motor Company for 30 years, where she led the development of the company's information technology strategic plan. She also held positions in technology at EDS and Federal-Mogul Corporation. Ms. Takai earned a Master of Arts degree in management and a Bachelor of Arts degree in mathematics from the University of Michigan.