

Statement of the Honorable Thomas M. Davis
“Wasting Information Technology Dollars:
How Can the Federal Government Reform its IT Investment Strategy?”

House Committee on Oversight and Government Reform
January 22, 2013

Good afternoon, Chairman Issa, Ranking Member Cummings, and Members of the Committee. Thank you for the opportunity to be here today to offer my thoughts on the Federal information technology investment strategy. I would note that I am here in my capacity as the former chairman of this Committee, not on behalf of my current employer, Deloitte.

I applaud the Committee for looking at these important IT issues. There is never a good time to waste money on cost overruns, schedule delays or failed projects. In a time of extreme budgetary pressures, however, it is more important than ever to realize the potential efficiencies Federal information technology can offer, as taxpayers will expect the same level of service from government despite reduced funding.

As a Member of Congress, I had the honor of serving on this Committee, to include periods as the chairman and ranking member. During that time, I devoted much of my efforts to realizing the potential of information technology to modernize the operations of the Federal government. As this committee embarks on a renewed effort, there are a few points I would like to raise.

1. Our procurement process and procurement workforce are insufficient.

In general, if we want to get the best value for the government at the best price, our procurement process should be geared towards just that – getting the best value for the best price. But it’s not. It is focused on other objectives, such as promoting small businesses, disadvantaged demographic groups or domestic sourcing (“Buy America”). These goals might be laudable, but the taxpayer pays a price in terms of increased complexity and diminished outcomes.

With respect to IT procurement, the IT industry and the Federal procurement process couldn't be more different. Information technology is the most innovative, entrepreneurial and disruptive part of our economy. Federal procurement is just the opposite. The life cycle of a given procurement is simply too long to allow agencies to keep up with evolving technology. This isn't helped by the ever increasing number of bid protests.

There is little room for innovation or creative thinking. We do not reward achievement; rather, we punish mistakes. Thus, it is little surprise that's what the focus has become – not making a mistake.

It would be in everyone's interest is to create more flexibility in the system and to shift the focus to outcomes, rather than just costs. There might be some errors – there already are errors – but the tradeoff would definitely be in the taxpayers' favor. Along these lines, I have long favored the use of share-in-savings contracts. This would allow companies to offer innovative ideas to create savings. The formula is simple – they bear the risk of actually delivering on what they say they can do. If they are successful, they make money; if not, they don't. A criticism of this approach often is that the government ends up giving away too much of the saved revenues, but that misses the point entirely. There would have been no savings at all had the share-in-savings approach not been used.

Another recurring issue is the need for a highly skilled procurement workforce. I think it is a good idea to advocate a core group of technology procurement professionals that agencies can leverage for their more complex needs. Having a select number of such groups, coupled with a reduced number of GWACs, would provide a certain amount of inter-governmental competition while not unnecessarily raising industry's costs to get on an inordinate number of contract vehicles. Everyone would benefit from such an approach – government needs procurement professionals who know more than the people selling to them. For contractors, having a smart client who knows what the government wants is the best situation. They might drive a harder bargain, but it is a much better working situation.

When I was on the committee, I advocated a Digital Tech Corps. This is one approach, and would have involved bringing in private sector talent on a revolving basis. This would give the Federal government access to additional skills and capabilities. For someone in the private sector, it would provide a valuable opportunity to gain the perspective of the public sector.

2. Manageable Chunks

The government's approach to buying IT systems is problematic in that it often tries to do too much at once. Instead of setting out upon the mammoth task of procuring a system worth hundreds of millions of dollars, it might be better to do things in smaller pieces. If something goes wrong with a component of a large implementation, the whole effort can begin to crumble, and instead of ending up with a super system that does everything, we get a pile of worthless technological rubble. It would be better to break things up into smaller chunks and make sure they work before going on to other steps. This is the way private industry works – government should move in this direction as well.

3. Accountability

There must be a balance between centralization and decentralization in Federal information technology. In my opinion, it is difficult to expect departmental chief information officers to perform as intended if they do not have appropriate authority over the IT budget. This is an issue the Committee should review. There may be concerns this would create an unnecessary level of bureaucracy, but again, there needs to be somebody with cognizance, oversight and authority – especially over enterprise-wide systems. Otherwise we cannot expect a departmental CIO to even know what is going on in the functional agencies, and greatly increases the opportunities for problems.

In closing, the issues I have mentioned are perennial problems. They say there is a silver lining in every cloud - I am left to wonder if the current fiscal environment could help us drive past some of these obstacles to a fully functioning Federal government. The work you are undertaking here could well be an important step in that direction.

Again, thank you for the opportunity to testify. I would be more than happy to answer any questions you may have.