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OFFICE OF MANAGEMENT AND BUDGET
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TESTIMONY OF STEVEN VANROEKEL ACTING DEPUTY DIRECTOR FOR MANAGEMENT FEDERAL CHIEF INFORMATION OFFICER, ADMINISTRATOR FOR E-GOVERNMENT AND INFORMATION TECHNOLOGY, OFFICE OF MANAGEMENT AND BUDGET BEFORE THE HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM SUBCOMMITTEE ON GOVERNMENT OPERATIONS UNITED STATES HOUSE OF REPRESENTATIVES

July 25, 2013

Good morning, Chairman Mica, Ranking Member Connolly, and Members of the Subcommittee. Thank you for this opportunity to testify on the Administration's efforts to improve the management of Federal Information Technology (IT) investments and the use of data centers and cloud computing across the Federal Government.

Since day one, the Administration has been focused on harnessing the power of technology to improve the operations of Government and deliver better service to the American people. While our IT investments make up a relatively modest portion of total Government spending, they have far-reaching impacts and touch upon almost every aspect of Government activity. And as I saw throughout my nearly twenty year career in the private sector, the innovative application of technology can transform organizations – enabling them to tap into new markets, streamline operations, and do more with less. As the Federal Chief Information Officer (CIO) and Acting Deputy Director for Management at the Office of Management Budget (OMB), I am charged with bringing that same mindset to Government agencies. I come to work every day with my sights set on building the IT organization of the future, the agency of the future, and the Government of the future that will best serve the American people.

We have already taken significant steps forward to help get us there. In March 2012, OMB launched PortfolioStat[1] to take an objective, data-driven look across agencies to identify common areas of spending with the intent of reducing duplication and lowering costs. So far, we have identified nearly 100 opportunities to consolidate or eliminate redundant or otherwise unnecessary IT investments representing more than $2.5 billion in potential savings that can be

[1] http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-10_1.pdf.

achieved from Fiscal Year (FY) 2013 through FY 2015. Agencies have already reported approximately $800 million in realized savings and more on the way. Currently, we are in the process of conducting FY 2013 PortfolioStat[2] sessions and we look forward to continued progress and identification of further opportunities for improvement across the Federal IT portfolio. Under PortfolioStat, we are rationalizing our outdated IT infrastructure through the Federal Data Center Consolidation Initiative (FDCCI). As of May 2013, agencies have closed 484 data centers, with a total of 855 planned closures by the end of FY 2013.

To innovate our government, we launched the Digital Government Strategy in May of 2012. This effort enabled us to reboot how our Government architects and operates IT systems, open up Government data to streamline agency operations and harness the innovative spirit of the American people, and drive the use of mobile computing and other innovative technologies and approaches. In May 2013, the President issued an Executive Order[3] and launched the Administration's new Open Data Policy, taking concrete steps to make Government data more accessible and useful for the public and entrepreneurs to ignite economic growth and innovation.

We look forward to continuing to build on these accomplishments as we move forward, as today's challenging economic times only emphasize the need to continue to drive innovation and efficiency in our Government. We need to continue to harness the transformative power of IT to enable our government to deliver more for the American people at lower costs. And as technology evolves at an ever-increasing pace, we need to continually look for new ways to better serve the citizen. We must keep our sights set on building the IT organization of the future. We must continually strive for ideal.

Technology Organizations Designed to Deliver

Information technology enables us to deliver mission services to customers – in our case, the American people. The most effective technology organizations are able to focus on higher-value, mission-oriented activities rather than on commodity and back-office functions, as those activities are routinely being implemented well. For example, instead of focusing on email traffic, they focus on air traffic; instead of focusing on server farms, they focus on serving farmers. Chief Information Officers should also serve as catalysts for innovation – bringing in new technologies, such as cloud services and mobile computing, to improve customer service, maximize return-on-investment, and spark innovation across the agency. Agency CIOs must partner with those leading mission delivery units to together focus on most efficiently and effectively delivering customer-facing outcomes.

Getting There

[2] http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-09.pdf.
3 http://www.gpo.gov/fdsys/pkg/DCPD-201300318/pdf/DCPD-201300318.pdf.

Getting to the ideal IT organization, within agencies, requires a shift in how we think and how we operate. To get this right, we need to think not in terms of how to do things but rather in terms of what to do; not in terms of individual investments or stove piped organizational silos but rather in terms of entire investment portfolios and integrated management teams; not in terms of monolithic purpose-built systems but rather in terms of reusable component-based solutions. This is the shift we are undertaking now through PortfolioStat and other management efforts.

Focusing on Outcomes: Shifting From "How" to "What"

To be truly effective, CIOs need to be able to exercise leadership in IT governance, spending, security, and program management across the enterprise. The needs of our customers – the American citizens – drive the "what" the CIOs help to determine the "how." This thinking underpins the recent shift in the approach to data center consolidation. In the initial stages of the effort, it was necessary to focus on data center counts and physical closures. Today, we are looking at new incentives are focused on a more outcome-based approach, to improve the overall efficiency and effectiveness of data center operations to optimize total cost of ownership. To this end, as we evolve the FDCCI as part of the FY 2013 PortfolioStat process, we are developing a comprehensive suite of outcome-focused metrics. The metrics – to be finalized later this summer – will span the full range of data center capabilities, and include energy, facility, labor, storage, virtualization, and cost-per-operating system metrics.

Additionally, given the current state of technology, we realized it does not make sense to treat all data centers the same. We first expanded the scope of our data center inventory to a broader range of sizes to better assess the current state, and we then established the concepts of core and non-core data centers. A core data center is a highly-optimized, multi-use facility that serves as a fulcrum for mission service delivery, anchors the agency's platform for shared services, and provides rigorous and ironclad processes for security and redundancy. Non-core data centers are any remaining agency data centers not meeting this definition.

To best achieve our desired outcomes, we are asking agencies to continue to consolidate non-core data centers and to optimize the efficiency of core data centers for total cost of ownership under the FDCCI. We believe this approach provides agencies with the right incentives and measures to drive behavior that will optimize the Federal Government's use and allocation of its computing resources.

Designing for Re-Use

Recent advances in technology, such as cloud computing and collaborative, modular development, are transforming how IT services are delivered and consumed. These shifts are forcing agencies to think more in terms of reusable components as opposed to purpose built systems. By providing "technology-as-a-service," cloud and services based approaches offer a viable alternative to building more data centers. In most cases, agencies no longer need to make

costly investments in large-scale data centers when computing power and IT services are readily available on demand. Chief Information Officers can shift from maintaining monolithic systems that sap budgets for new development to establishing platforms built on smaller modules that reduce the risk surface of large investments and support emerging needs across the agency.

Analyzing the Enterprise

TechStats, initiated in January 2010, were designed as face-to-face, evidence-based accountability reviews of IT investments that enabled the Federal Government to intervene to turn around, halt or terminate agency IT projects that were failing or not producing results for the American people. As such, TechStats were an important first step in curbing wasteful IT spending.

PortfolioStat represents the next step in shifting the focus for how we manage Federal IT. The intent of PortfolioStat is to provide agency leadership with a forum to collectively examine IT strategies, targeted outcomes, and overarching management processes across the portfolio, and to identify opportunities for improvement.

By taking this more holistic view of IT at the portfolio level, rather than at a siloed investment level, it allows us to uncover additional opportunities for streamlining IT investments and reducing IT spending. So, while the initial success of PortfolioStat generated significant cost reduction opportunities in areas of commodity IT by consolidating or eliminating duplicative systems, or through making bulk IT purchases, going forward we are taking PortfolioStat to the next level by further analyzing spending and integrating FDCCI and cloud efforts with enterprise portfolio management decisions. In taking such a broad, integrated view, we can get at the root of the systemic issues which have led to the large-scale failures, cost overruns and schedule delays that have for too long plagued our largest and often most important IT investments.

Agency leaders, whether CIOs, Chief Acquisition Officers, Chief Financial Officers, Chief Human Capital Officers or Program Officials, must engage beyond their individual roles and be strategic partners to ensure that decisions are driven by cross-functional data in the best interests of the American people. The PortfolioStat process fosters this cultural shift by driving consensus-driven decision making, rather than one-off, isolated actions that may lead to unintended consequences, benefitting one organization at the expense of another.

I appreciate this committee's interest and continuing support. Thank you again for the opportunity to appear before the committee today and I look forward to answering your questions.

Steven L. VanRoekel, Federal Chief Information Officer and Administrator, Office of Electronic Government, Office of Management and Budget

Steven was appointed as the second United States Chief Information Officer by President Obama on August 5th, 2011. Prior to his position in the White House, Mr. VanRoekel served as the Executive Director of Citizen and Organizational Engagement at the United States Agency for International Development (USAID) and as Managing Director of the Federal Communications Commission (FCC). At the FCC, Mr. VanRoekel oversaw all operational, technical, financial, and human resource aspects of the agency. He also led the FCC's efforts to introduce new technology and social media into the agency.

Prior to joining government in 2009, Mr. VanRoekel spent his entire career at Microsoft Corporation, including a stint as Speech and Strategy Assistant to Bill Gates, the corporation's co-founder, and most recently as Senior Director of the Windows Server division. He received a B.A. in Management of Information Systems from Iowa State University.