

*Testimony before the House Committee on Oversight and Government Reform, Subcommittees
on Government Operations and Information Technology*

*Legislative Hearing on the Federal Information Technology Acquisition Reform Act (FITARA)
Scorecard 4.0*

By

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Chairman Hurd, Chairman Meadows, Ranking Member Kelly, Ranking Member Connolly, and distinguished Members of the committee, thank you for inviting Gartner to discuss the FITARA Scorecard. As the former CIO for the Naval Criminal Investigative Service and the Bureau of Alcohol, Tobacco, Firearms & Explosives, I am keenly aware of the challenges faced by federal agencies in efficiently and effectively procuring, modernizing, and managing information technology. Both through my involvement with the American Council for Technology and Industry Advisory Council (ACT-IAC)¹ and most recently as a Research Director at Gartner, I have gained broader perspectives on more effective ways of acquiring and using technology in support of agency missions. I would like to offer some insights into the best practices in managing the commercial and federal systems for IT acquisition. In particular, I would like to highlight four key areas: treating IT more strategically and engaging agency leadership; improving acquisition, budget and funding practices; achieving greater visibility into agency activities; and developing greater organizational competence.

1. Treating IT More Strategically and Engaging Agency Leadership

The U.S. government is struggling to keep up with the ever-accelerating pace of changes and innovation in the commercial market. Even aside from cost and efficiency, new cybersecurity threats mean that it is more important than ever that federal agencies get better at acquiring best-in-class technologies quickly, integrating them into existing processes, and maximizing the value of investments. Numerous examples abound of federal agencies adopting digital initiatives more cautiously and tentatively than the larger population of global enterprises.² Every year we fail to keep up adds to a growing technology debt that will soon become insurmountable — too large to tackle.

FITARA has been a step in the right direction, and innovative CIOs, for example at USDA, have used FITARA, a maturity model, and the scorecard mechanism to drive some needed improvements.³ However, we must realize that CIOs can only do so much on their own. Legislation cannot change culture. The unchanged CIO reporting relationship is evidence. IT cannot be effectively acquired or implemented separately from the business and mission capabilities it enables — IT and process are interdependent and require input from all agency leaders, including CIOs. In government as well as commercial environments, every process depends on IT. If CIOs and agency leadership are not regularly interacting with each other, CIOs and IT professionals will forever be playing catch-up, leading to excess costs, performance gaps, and security flaws.⁴

This is not what we see in the best-run organizations in the world. Innovative and successful

¹ The American Council for Technology (ACT) and Industry Advisory Council (IAC) is a non-profit educational organization established to improve government through the innovative and efficient application of technology. For more than 30 years ACT-IAC has provided an objective, trusted and vendor-neutral forum where government and industry executives are working together to create a more effective government.

² Gartner's 2017 CIO Survey, [Market Insight: What U.S. Federal Government Buyers Want in 2017](#).

³ Gartner has been tracking FITARA since enactment: [FITARA Reallocates Power Over Federal IT Procurement and Management](#); [Economies of Scale and Agility in Government: Guidance for the U.S. Federal Government \(FITARA\) and Elsewhere](#); [The FITARA Challenge for U.S. Federal Enterprise Architects: Don't Waste It](#); [U.S. FITARA Compliance Requires a New Approach to Software Asset Management](#); and [Market Insight: The FITARA Era Is Here — Impacts on Agencies and Vendors](#).

⁴ See Gartner's [Top Seven Priorities for U.S. Federal CIOs](#).

companies engage CIOs early and often in their IT needs, on the front end of strategic planning, to ensure that they are able to acquire the technology that enables their organizations to succeed. Because government must modernize its technologies and processes, government must integrate information and technology with the earliest stages of strategic planning. Proactive engagement with CIOs on IT needs and solutions may not, by itself, be sufficient to guarantee success in agency initiatives, but reactive and uncoordinated IT acquisitions will certainly lead to failures or missed opportunities for economies. FITARA empowers CIOs with veto and approval rights, which can position them as a bottleneck and an obstacle. Instead, agency leaders must consider acquisition approval as a safety net of last resort. CIOs must be given the opportunity to shape and influence how IT enables the agency strategy early on.

It is also important to devote appropriate investment for transformation and innovation. Total spend dedicated to transformational IT investments in the Federal government is currently only around 21% of the IT budget; by contrast, the private sector devotes over 30%.⁵ This is a significant gap in availability of funds to support innovation vs. simply keeping the lights on for legacy technologies. Moreover, legacy systems in the federal government are markedly older than the private sector (on average, over 14 years vs. 10).⁶ Federal agencies must stop thinking of their IT as simply a cost center and reimagine it as an engine for innovation and transformation — and have the discipline to avoid instinctive cuts during periods of austerity. Similarly, though they have indicated substantial interest in cloud, Federal agencies reported in 2016 that they spend 3% of their total IT expenditures on cloud services. That is significantly less than private sector peers, for which benchmarking shows 12%.⁷ Accelerating adoption of new technology can help shed the burden of a legacy portfolio.

2. Improving Acquisition, Budget and Funding Practices

Acquisition, budgeting, and funding can be impediments if they are too focused on inflexible compliance and risk aversion, as opposed to delivering business and mission outcomes. Too often, the policies crafted by CIOs are never fully implemented by or through the acquisition organization in the agency. Even more often, and more regrettably, CIOs aren't positioned to craft policies that matter, instead being stuck enforcing standards instead of setting vision for technology. This is a result of fragmented responsibilities and complicated contracting mechanisms. CIOs are often excluded from the nuts and bolts of contracting, which means that CIOs can see plans developed over years with inputs from multiple stakeholders derailed by decisions that contracting officers with limited understanding of the market or of agency needs are forced to make. One approach to mitigating these mistakes would be to empower CIOs to see how IT acquisitions are being made, identify where procurements are going awry, and have the tools to fix processes for the future.

Modernizing acquisition practices is equally important: moving to statements of objectives instead of statements of work; demanding rapid prototypes that can be evaluated by operators as part of the selection process; shifting to outcome-based thinking; enforcing use of open standards in RFPs;

⁵ See the [IT Dashboard](#), Gartner's [2017 CIO Agenda: A Government Perspective](#), and CEB's [IT Budget and Benchmarking Survey](#).

⁶ According to Gartner's 2017 CIO Survey; see [Market Insight: What U.S. Federal Government Buyers Want in 2017](#).

⁷ See the [IT Dashboard](#), Gartner's [2017 CIO Agenda: A Government Perspective](#), and CEB's [IT Budget and Benchmarking Survey](#).

prohibiting use of proprietary protocols or technology; mandating user-centric feedback loops as part of incremental development; all of these should be universally understood and adopted. Despite years of efforts by GSA to encourage these practices and perform “myth-busting,” persistent misconceptions or reservations remain.

Just as agency policies and decisions must be made in a unified fashion, it will also be important for agencies to unify the various budget, acquisition, and funding activities necessary for successful IT procurement and implementation. Currently, agencies must predict needs years in advance, spend months or years going through the acquisition practice, and then rush to spend funds before they expire. Even when the process operates smoothly, inherent delays in implementation can lead to the acquisition of outdated technology; when it doesn’t operate smoothly, bad outcomes can be difficult to avoid. Access to multi-year funding is essential to avoid hasty and ill-advised decisions.

While progress has been made with annual portfolio reviews and strategic sourcing initiatives, IT lifecycle costs continue to grow each year and absorb resources necessary for modernization. Outdated IT needs to be eliminated and more secure, better performing systems should be acquired. Agencies must make informed decisions, taking into account the business objectives, the cost environment, and the system’s performance, and several other factors. The Modernizing Government Technology (MGT) Act, which passed the House in May, is an important step toward shifting funds away from O&M and toward modernization. It is essential for agencies to have a data-driven long-term acquisition strategy in place prior to receiving this money. Creative use of existing funding streams and authorities should also be explicitly encouraged.

Gartner has written extensively on leading practices in these areas, including concepts such as bimodal IT, digital business transformation, operating successfully in a digital ecosystem, and IT operating models.⁸ Private-sector examples of digital disruption, transformation, and reinvention (GE, Ford, and Amazon are a few) should be inspirational and instructive.

With regard to FITARA, I would recommend agencies adopt a shared accountability model for achieving delivery of better business and mission outcomes, including reducing the ongoing cost of doing operations. Furthermore, a uniform, meaningful maturity model to measure agencies on their progress, if used by OMB and Congress, could provide a more nuanced view of agencies, assist in assessing progress, and give agencies continued focus.

3. Achieving Greater Visibility Into Agency Activities

“Shadow” (or programmatic or “business unit”) IT has become a significant problem for agencies and has made complete visibility and informed acquisition decision-making a huge challenge for CIOs and CMOs.⁹ Much as CIOs and other agency leaders must better coordinate their activities, CIOs need better visibility into the business and contracting operations of the agency.

⁸ See [Scaling Bimodal: Raising Everyone’s Game](#); [Bimodal Simplifies and Focuses Digital Transformation](#); [Digital to the Core](#); [2017 CIO Agenda: Global Perspectives on Seizing the Digital Ecosystem Opportunity](#); and [The New IT Operating Model for Digital](#).

⁹ Federal agencies reported 37% of IT spending outside of their formal IT budget, compared to 25% more broadly across all enterprises. See Gartner’s [Market Insight: What U.S. Federal Government Buyers Want in 2017](#).

I would further urge the committee to consider clarifying FITARA's scope. As it stands, the legislation requires an examination of the consolidation of information technology. This is often misinterpreted to mean the IT infrastructure. While savings and duplication can be found in infrastructure, the bulk of savings will be found in the applications. By conducting an application rationalization using an objective, proven methodology, agencies would likely find several applications performing the same functions.

Empowering CIOs explicitly to reduce system duplication, achieve economies and savings, and improve agency-level commonality and interoperability would be a substantial enhancement to the CIO's role and mandate. Adding commodity IT measures — both inventory and purchasing practices — to the FITARA scorecard and consciously including non-“major IT investments” within the scope of the CIO's responsibilities for transparency and risk management can improve visibility. These should also help achieve otherwise overlooked economies through the more effective use of efforts like GSA's category management or adoption of shared services.

4. Improving Organizational Competence

There are many men and women working for the federal government who are doing their best to manage a variety of IT systems from multiple generations to achieve agency goals. Still, we must address the overall level of talent and competence in the government. Sometimes this will involve hiring new people who are more familiar with the latest systems and skills. Sometimes it will involve training existing personnel on new systems and forcing migration to new procedures and technologies. Successful businesses regularly hire and empower smart IT leaders to make needed changes and investments while discarding outdated technologies. By contrast, in the federal system, we often see legacy technologies operating far beyond their end-of-life horizons, while talented IT managers rotate too quickly to make any appreciable impacts. One of the biggest risks can be losing a talented CIO, with resulting loss of momentum or even backsliding.

While it may seem a cliché, successful organizations treat IT programs as the “team sport” it is: CIOs and IT professionals cannot do it themselves; they require a high-functioning and competent team of finance, acquisition, human resources, security, and legal professionals. The absence of committed and skilled resources across all of these disciplines places an organization and its IT initiatives at elevated risk. Focusing only on a subset of these talents overlooks other opportunities for improvement or other sources of challenges.

Capitalizing on expanded and improved human capital flexibilities can provide greater access to talent (through hiring authorities, internal rotational opportunities, public/private exchange programs) and better (cross-disciplinary) development opportunities. With appropriate investment and attention and targeted expansion (including establishment of virtual communities of interest or practice, expansion of statutory hiring or employment authorities), significant progress is possible. Agency heads, of course, must also recognize the importance of, and prioritize accordingly, recruitment, retention, and development of a competent workforce.

Conclusion

To summarize all of my points: every person and process in every agency is ultimately a part of the federal IT solution. IT is a strategic asset and a competitive differentiator, and successful organizations integrate their personnel and processes, including IT, to ensure the success of all of their initiatives, and they treat cybersecurity as part of an executive-level risk management program.

There is one other entity, of course, that needs to be integrated into the agency planning, acquisition, and funding processes, and that is Congress. I am deeply appreciative that this committee continues to work to improve federal IT practices, both through existing laws like FITARA and through complementary bills such as the MEGABYTE Act, PMIAA, the pending Modernizing Government Technology (MGT) Act, and others. Though I realize that we do not have time today to address all of these acts, I would urge Congress to consider them as integrated parts of an overall whole, and ensure that the various legislative initiatives are all in the service of empowering agencies to make smart, agile, and cost-effective IT decisions.

FITARA is a step in the right direction, but there remains much work to do — and not all of it should be done through legislation. To gain a clearer, more complete picture of IT spending, it is imperative that key provisions under FITARA do not sunset in 2018 or 2019 and that the legislation is amended to extend the deadlines and ensure continued progress. We suggest Congress consider these three additional steps: 1) invite agency heads to articulate a clear strategy for leveraging IT to improve business and mission outcomes (including optimizing enterprise, rather than just IT, costs); 2) adjust the scoring metrics and methods to incentivize the desired behaviors by agencies; and 3) create an integrated and streamlined approach for assessing progress across the diverse reporting demands placed on agencies (FITARA, OMB M-17-22, Cybersecurity Executive Order, MEGABYTE Act, DATA Act, etc.). FITARA scorecards have proven to be an effective, though imperfect, tool for motivating agencies to make changes; continuing to refine them will help avoid them becoming compliance checklists or distracting from important outcomes.

Thank you for giving me the opportunity to share my views with you, and I look forward to your questions.

Acknowledgments

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