

TBM in Action: Washington State Case Study



The Federal government spends at least \$90 billion a year on information technology (IT), nearly three-quarters of which pays for maintenance of existing systems. Across the government, agencies are working with the CIO Council and the Office of Management and Budget (OMB) to improve the transparency of this spending by using the Technology Business Management (TBM) Framework. By implementing the standard TBM taxonomy, agencies can model and manage IT costs and services in order to better direct resources. This case study reviews the largest TBM implementation to date in the public sector, in the State of Washington, to understand the challenges, lessons learned, and how greater IT cost transparency is making a positive impact.

Background

Much like the Federal government, the State of Washington is a federated system where each agency operates with significant autonomy. Funding for all state functions, including IT, is provided every two years. At a state-wide level, the Chief Information Officer (CIO) wanted more insight into how IT dollars were being spent across state agencies. The State Legislature wanted more information on the value taxpayers were receiving for their dollars. The lack of credible data made it hard to understand the composition of agency and enterprise-wide investments or where and how resources could best be spent. To address these issues and help with the development of the state budget, the Governor, State Legislature, and the public began the push for greater IT cost transparency.

Implementing TBM is an ongoing process and Washington still has work to do to fully realize all the benefits of the framework and methodology. However, the state's results to date are encouraging and demonstrate the tremendous potential of TBM.

Improving Transparency

Initially, the legislature attempted to increase cost transparency by conducting a total cost of ownership survey in order to provide a one-time, snapshot view of the State's IT spending. However, the length of time it took to gather the survey data and do the evaluation of the investments did not provide the value or insight in the time frame that the Legislature ultimately wanted. Further, the State could not assess whether the IT spend was

Washington State's Implementation Timeline

2010

Legislation Enacted

Laws requiring an annual report on IT spend and mandating specific reporting requirements for the evaluation of IT-related budget requests for current and new investments were enacted.

2014

Key Pivot

Following a pivot from their initial efforts, the state adopted and began implementing the standardized TBM taxonomy.

2012

Initial Cost Transparency Effort

The state CIO's office started a broad IT cost transparency effort to effectively manage the state's IT services and investments and improve transparency.

2017

Today's Status

The State can report IT spending by cost pools and IT towers — the first two levels of the TBM taxonomy. TBM financial data is collected via the state's centralized accounting system.

providing the business value to the programs it was supporting.

After adopting the newly standardized TBM taxonomy, the state pivoted and restarted their efforts by consolidating the data collection approach, creating a TBM office within OCIO, and utilizing a standard software configuration.

In 2017, the State can report IT spending by cost pools and IT towers - the first two levels of the TBM taxonomy. TBM financial data is collected via the state's centralized accounting system which requires the categorization of IT expenditure data in three ways: new IT acquisitions, IT maintenance and operations, or data processing services (interagency charges). Key to this effort has been the partnership between the OCIO and Office of Financial Management (OFM).

TBM's Value in Washington State

"TBM encourages collaboration among technology, business and financial decision makers in each agency — and across agencies — by collecting data about IT resources and reporting that data in multiple ways. This data provides a framework for measuring, managing and communicating the budget, cost, consumption and value of IT. In essence, the TBM program helps agencies run their IT programs more like a business."

The State of Washington has seen significant benefits from implementing TBM, including increased IT spending transparency, reduced reporting burden, and more data driven decision-making focused on modernization.

Improved data: TBM is incentivizing agencies to not only increase transparency into their spending, but also to improve the way that things are coded so that they are reported correctly.

Reduce reporting burden: The TBM data significantly cut back on the reporting burden, allowing OCIO to compile data needed for legislatively mandated reports and data calls.

More granular reporting: TBM has provided the granularity the legislature needs to better analyze spending trends over the last two fiscal years.

Demonstrating the business value of IT: TBM is providing business value to IT and business leaders by providing them with the information necessary to have data-driven discussions about cost and

value of IT and how it can best support business goals.

Helping to make the case for modernization: The use of TBM assisted an agency that provides direct services to nearly every citizen in Washington to analyze the fees that they charge for these services.

Project Dashboards: TBM has allowed Washington to improve their IT Project Dashboards. With this project tracker as well as the associated TBM data, OCIO and the agencies are able to analyze trends in project spending.

Saving Taxpayer Money: Implementing TBM allowed one agency to more critically examine data from a large invoice. As they examined their data more closely, they realized that savings were available in other areas.

Cross-Government Success

Both at the State level and within the agencies, TBM has shown its value. With partnerships across the government, the joint effort has helped make TBM implementation a success. In addition to these agency specific examples of TBM success stories, the government as a whole has been able to achieve major victories. First, TBM has opened paths of communication across functional areas. CFOs, CIOs, acquisition professionals, and non-IT staff are able to communicate in a common language. The CFOs and CIOs are working together to understand and build better services. Recently, OCIO has been collaborating with OFM to adjust the State's chart of accounts to get each team the data that they need to perform their jobs most successfully.

Lessons Learned for Federal Adoption

The State of Washington story reveals several key lessons learned that can be used by federal agencies to accelerate TBM adoption:

- Employ a Standard Taxonomy
- Drive Continuous Improvement
- Strive for Automation
- Create a central TBM Office and Advisory Group to manage adoption
- Older financial systems should not be an obstacle to implementation