

***IT Acquisition Reform:
The Delivery of IT Systems and Services
It Is Faster and Cheaper But Is It Better?***


***Federal Government
Program Manager
Focus Group Findings
June 1999***

*For copies of this document, please submit e-mail requests to:
affirminfo@affirm.org*

*For electronic copies visit the AFFIRM website:
www.affirm.org*

AFFIRM Sustaining Partners 1998-1999 Program Year

Advanced Technology Systems
American Management Systems
ANTEON Corporation
AverStar, Inc.
BoozAllen & Hamilton, Inc.
CACI
Computer Sciences Corporation
DynCorp
Federal Data Corporation
Federal Marketing Associates
GCI Information Services
Grant Thornton, LLP
Information Management Consultants, Inc.
Marasco Newton Group, Ltd.
OAO Corporation
ORACLE Corporation
Pinkerton Computer Consultants, Inc.



SAIC
Technology Planning & Management Corp.
UNISYS Corporation
WANG

TABLE OF CONTENTS

Introduction 1

Detailed Discussion-Summary 3

Conclusion 12

TABLE – Summary of Major Points (as expressed by the focus group participants) 2

INTRODUCTION

The AFFIRM Emerging Issues Forum Committee is responsible for the conduct of the annual CIO top ten challenges and critical technologies survey as well as the development and publication of white papers. Past white papers have dealt with topical issues such as the role of the CIO and Seat Management.

Significant improvements have been made in the Federal Government's Information Technology procurement process over the last few years. There are more ways to procure, as well as more acquisition vehicles, acquisitions have become more businesslike, time to acquire has been shortened, and each IT project/program is treated as an investment. The Emerging Issues Forum decided to solicit the opinion of Federal IT program managers to determine the effect, if any, acquisition reform and related legislation has had on their ability to develop and deliver IT systems.

On March 24th, 1999, the AFFIRM Emerging Issues Forum conducted a one and one-half hour focus group session with eleven federal government Information Technology (IT) program managers that included representatives from both DOD and Civilian agencies. This preliminary report summarizes observations and concerns expressed by the participants regarding the state of the acquisition and development of information technology and related services in the federal government. *While it does not necessarily reflect the viewpoint of the much larger group of federal program managers*, it will hopefully be useful in identifying significant IT system development issues. A broader survey based on the results of this session is planned for the fall.

Committee members:

Michael Lisagor, Chair (Celerity Works)
Robert Golas (Oracle)
Joanne Connelly (Federal Computer Week)
Art Chantker (Potomac Consortium, Inc.)

We would also like to thank Dr. Jennifer Wild of WILD Consulting for doing an outstanding job as the focus group moderator and Penny Parker of Advanced Technology Systems for handling meeting logistics and publications.

The following table summarizes the major points as expressed by the government program managers in response to a series of questions.

**Summary of Major Points
(as expressed by the focus group participants)**

| | |
|----|---|
| 1. | The entire IT budget process is flawed. It does not contribute to the successful implementation and support of IT systems. Too often, oversight agency staff (OMB and Congressional Staff) do not have the understanding of IT necessary to make critical budget decisions. |
| 2. | The CIO has many important functions to perform, such as enterprise architectures and capital planning, but cannot succeed without adequate budget and staff. |
| 3. | There are many cultural changes that will need to be made for performance-based contracting to be successfully implemented. |
| 4. | Vendors are using GWACs to get agencies to bypass GWAC distributors and buy directly from them. |
| 5. | Numerous problems will have to be corrected for past performance to be an effective indication of contractor performance. |
| 6. | The GSA Schedule does not always give the best people, best price or best service. Agency contracting officers often do not want to use them. |
| 7. | Business sometimes goes to Schedule holders at the expense of preferred agency vendors/contractors. |
| 8. | The CIO has had little impact on the development of IT systems. |

DETAILED DISCUSSION-SUMMARY

Introduction to Question 1: The Clinger-Cohen Act (formerly known as the Information Technology Management Reform Act of 1996) was enacted to significantly improve the way the federal government acquires and manages information technology, and ". . . was hailed as the fix for the worst federal IT blunders . . ." Federal Computer Week, May 17, 1999, "IT reform's rocky road" by Elana Varon Specifically, this act required agencies to: (a) Use capital planning and investment control; (b) Ensure that performance measurements are prescribed for information technology use or acquired by the agency; (c) Use performance- and results-based management methods; (d) Use modular contracting; (e) Make a determination as to whether government or the private sector should be performing the function, and; (f) Designate CIO's to insure that information technology is acquired and information resources are managed in support of agency priorities and missions. But how did these global requirements directly impact federal program managers? This leads to the first focus-group question.

1. How has the Clinger/Cohen Act impacted your day-to-day activities or those of the people you manage?

Summarized PM responses:

- Clinger-Cohen gives legal status for department architecture.
- It has brought logic and structure to the process.
- Not everyone has gotten the message – especially those on the Hill. The Congressional staff lack training on IT principles. Congress might give you enough to get started but not enough to keep going. They do not understand IT architecture or the complexities of systems.
- Programs are funded, but not for the entire life cycle. Funds are provided to modernize a system, but not the infrastructure on which it resides. If they do, it's the first line item that gets cut.
- The whole budget process is flawed; focuses on short-term and not on long- term results.
- Competition for resources is great.

Introduction to Question 2: The Clinger-Cohen Act in establishing the CIO position gave it a responsibility to promote effective agency operations by encouraging performance-based management. As part of this, agencies were to concern themselves more with what contractors delivered rather than how their work would be described in performance-based contracting statements of work. Concurrently, agencies were to describe how successful accomplishment of the statements of work were to be measured along with vendor incentives to meet performance goals. This does shift more responsibility and risk to the contractor but also can be more lucrative through share-in-savings and reward fees. In turn, performance-based contracting gives more flexibility to contractors who can be more creative in their approach. In theory at least, this produces a win-win-environment for government and industry.

2. What results have Performance-Based Contracts produced for your Agency? The Government?

Summarized PM responses:

- They feel pressure from OMB to implement performance-based contracts but it will not happen as fast as OMB wants.
- Too often, the government is willing to penalize contractors but not to reward them.
- A lot of managers do not like to give a contractor a high score but have an easy time giving negatives. Government managers do not want to be viewed as being easy on contractors.
- Government employees are expected to meet unreasonable project timelines. Therefore, they impose these on their contractors. Thus, the performance-based contracting culture becomes entirely antagonistic.
- Contracting staff often views government contractors as the enemy.
- Based on the agency culture and past experience, contractors are either graded harshly or easily.
- Program managers, in general, appear to be uneasy with the subjective nature of this type of contract.
- There are not sufficient results yet to illustrate the benefits of performance-based contracting.

Introduction to Question 3: Government-Wide Agency Contracts (GWACs) are contracts for information technology products and services that are issued by one federal government agency but could be used by other (specified) agencies. Because of time and money savings (mostly time), the use of GWACs has risen dramatically, especially over the last few years. "GWACs and BPAs have produced sensational improvements for federal buyers. Procurement cycle time has been slashed frequently by 90 percent or more. Resources that in the past were poured down a rat hole of bureaucratic paper exercises now have been freed to give managers more time to deliver better results from IT investments." Federal Computer Week, November 10, 1997, "Managing GWACs: Procurement reform's biggest challenge" by Steven Kelman

3. How have Government-Wide Acquisition Contracts impacted your day-to-day activities or those of the people you manage?

Summarized PM responses:

- GWACs are not always favorable to an agency. Some agencies are experiencing vendors who game the system by saying, "If you come to us directly, bypassing the GWAC holder, we will give you our product in less time and at a discount."
- Agencies wanting specific vendors for IT services sometimes use GWACs to circumvent competition.
- The GSA schedules enable an agency to acquire products and services expeditiously but the same vehicles often do not accommodate emerging technologies and new capabilities as easily.
- A program manager can leverage an agency-wide GWAC to get better performance and prices from their own contractors.

Introduction to Question 4: Vendor past performance, as an evaluation of contract administration and contract award, is a means

by which an agency can make a determination of future possible success. Use of this evaluation factor is becoming more and more important in federal government contract awards. In light of this, contractors clearly have become more sensitive to past performance ratings and are performing better because they do want a good reference and score, not to mention keeping their current business. Past performance can be used to effectively reward or punish contractors. However, the use of past performance and its importance varies by agency.

4. Describe your knowledge of Contractor Past Performance. How is your Agency using past performance criteria? How do you get your data?

Summarized PM responses:

- Many reports seem to be watered down or evaluators are reluctant to be totally candid. In some instances, the previous contractor is no longer there making report gathering difficult.
- Past performance of one division of a large company is not necessarily relevant to another division within the same company.
- Past performance is not a panacea...it is not intended to be your sole basis of selection but rather should be used to narrow the field.
- You have to assess the past performance over the entire life cycle of a contract not just the last year.
- The problem with surveying only current customers is that you will not get feedback from previous customers who may have dropped the vendor for poor performance.
- A government-wide past performance system would be extremely helpful.
- We should do a better job of informing contractors how they fared on past performance...not necessarily who the clients were but that they had so many evaluations that were not so good.
- We rarely get past performance responses from the contracts that vendors lost and sometimes we only get responses from contracts where the client loves them.
- Contractors survey their clients to see what kind of rating they will get and select only the good ones. This is self-selecting.
- We should give regular feedback to contractors on their performance.
- Performance depends on adequate funding. The best contractor in the world may have poor past performance if a project is under-funded.
- Sometimes past performance surveys are given to the contractor to fill out.
- A strong feeling was expressed that the technical and program staff does not do a good enough job establishing performance standards and providing constructive feedback to contractors. They just don't want to give the bad news.

Introduction to Question 5: One of the most important responsibilities of the CIO is to promote effective agency operations by implementing budget-linked capital planning for, and performance-based management of, information technology systems. Memorandum (M-96-20), April 4, 1996, from the Executive Office of the President, Office of Management and Budget, subject:

Implementation of the Information Technology Management Reform Act of 1996 More and more, government agency planners must view their IT programs as agency investments. These IT program investments must provide high returns (ROIs) toward achieving the functional mission of the agency; if not, they can, and will, be replaced by investments that will—and replaced by not necessarily other IT investments. Proposed acquisitions in one agency will be compared against acquisitions in other agencies to determine which will provide a better ROI government wide. This outcome is dictated by downsizing, cost cutting, and the shrinking budget dollars.

5. How have Capital Planning or Return on Investment (ROI) Planning changes impacted your day-to-day activities or those of the people you manage?

Summarized PM responses:

- There is an increased requirement for Capital Planning or ROI but no additional budget to do it.
- ROIs can result in budget cuts and reduced resources before savings are realized. This negatively impacts ROI and is very demoralizing to the program staff.
- Benefits can not always be measured.

Introduction to Question 6: Time and time again, government purchasers are finding that they can save time (especially time) and money by purchasing items off GSA's Multiple Award Schedule (MAS). No longer is the GSA Multiple Award Schedule being used to simply purchase low-quantity items. In fact, MAS contracts and blanket purchase agreements (using MAS contracts) have become the most popular way for agencies to quickly and efficiently procure the goods and services they need to meet their mission objectives. Federal Computer Week, August 11, 1997, "Agencies reap benefits of 'new' GSA sked program" by Paul Caggiano
Reasons given for this increased popularity of the Multiple Award Schedule are the new-found ease and pricing flexibility, an all-new high number of IT vendors putting their products and services on schedule, and reduced administration.

6. How has the GSA Schedule impacted your day-to-day activities or those of the people you manage?

Summarized PM responses:

- They are wonderful for equipment, licenses and similar types of acquisitions.
- Varying responses included:
 - "You don't get the best people. You don't get the best prices. You don't get the best services."
 - "Not always the best deal."
 - "Recent experience is good but the local contracting staff is reluctant to use it for fear of losing their jobs."

- Agency's contracting shops do not always understand the terms and conditions of this type of contract and so prefer to avoid using them. Program managers often have to go to a higher management level to get approval.
- Tougher standards are imposed on preferred vendors with agency contract vehicles than on schedule vendors. And, Schedule vendors are taking work away from the agency contracting shops and agency vendors.

Introduction to Question 7: Acquisition reform legislation, including the Government Performance and Results Act, the Federal Acquisition Streamlining Act, and the Information Technology Management and Reform Act, focuses on IT performance measures, cost, and schedules, and an analysis of an agency's IT investment portfolio to accomplish its mission and functions. The new dynamics of the current IT, web-enabled environment have brought about change at an unparalleled pace, a pace that has shortened product development time and, in turn, has put an even greater demand on system planning and acquisition, and system development time. There is increased pressure on Program Managers to deliver systems/applications even faster.

7. Have these recent procurement changes had any impact on the actual development of a system?

Summarized PM responses:

- Early prototyping is a real plus. Leads to better and quicker development. It is best to implement a piece at a time.
- Senior management needs to avoid rushing a prototype into production because it often results in enormous operational problems afterwards. A great *prototype* system is seldom a great *production* system.

Introduction to Question 8: The position of Chief Information Officer within the federal government was formed under the auspices of the Clinger-Cohen Act. Generally, the duties of the CIO are to increase the value and availability of IT resources toward satisfying an agency's mission. Specifically, the CIO is directly accountable for an agency's IRM resources and activities. The CIO position was also designed to provide a critical link among agency IRM employees, program managers and executive managers.

8. What is the impact of the CIO position on your ability to do your job as a program manager?

Summarized PM responses:

- The CIO does not have much to do with getting the job done but the CIO is important for IT policy and architecture.
- The consensus was that the CIO has had little impact on the ability of program managers to deliver systems.

Introduction to Question 9: The Clinger-Cohen Act requires an agency's IT systems be part of an overall information technology architecture which describes the relationships among the work the agency does, the information it uses, and the information

technology needed to perform its mission and to share information internally. Though not requiring it, one vision is to have a common architecture model which would ultimately lead to an infrastructure capable of sharing information among agencies. In each of the past three annual "**Federal CIO Top Ten Challenges Survey**," conducted by the Association for Federal Information Resources Management (AFFIRM), the challenge of "Formulating or implementing an agency IT architecture" has been listed as one of the top three challenges.

9. What has been your experience with an agency IT architecture?

Summarized PM responses:

- Architecture development contractors specify certain standards and then system development contractors are told to comply with them. This creates an adversarial relationship among vendors and puts the government in the middle...not a place they want to be.
- An agency-wide architecture effort needs input from the business side that isn't always available and can also be seen as a threat to the "Techies."

Introduction to Question 10: As referred to in Question 9, starting in 1996, and annually thereafter, AFFIRM has conducted a survey of federal government IT/IRM officials to identify the top challenges and critical technologies facing the CIO/IT community. The results of these surveys have also illustrated changes and impacts from year to year. Since Program Managers are the resource charged with implementing federal government IT systems, we solicited their response to the same question.

10. What is your top critical challenge or critical technology?

Summarized PM responses:

- The budgeting process. It is designed to fail.
- The budget process does not support success. You spend all this time defining a major system that costs \$150 million and then a few budget analysts with no IT training in this area wield their ax in two days and cut it to \$50 million. The users won't change their requirements so now you're stuck with building it for an inadequate amount of funding.
- The current budget process cannot respond quickly enough to the rapid changes in business processes, technology and customer expectations.
- Our business areas do not understand what it takes to operate and maintain systems in the long term so they don't want to fund this. This is an educational problem.
- We have non-IT people in OMB and both appropriations staffs making IT decisions.

- Public key infrastructure.
- Remote access and the lack of an infrastructure to support it.
- Having to do too much with too little too fast. Unrealistic expectations and insufficient staffing.
- System support.
- Continuing brain drain of talent out of the federal government into industry. It is increasingly difficult to hire and retain talent to manage these critical IT programs. You can't usually have a contractor direct the use of taxpayer dollars.
- We are graduating IT technical people into management who have no management or people skills.
- The CIOs do not get their funding directly but from other organizations. So, they are trying to do too much with too little too late.
- There needs to be more partnership and teamwork among the business user organizations, the IT development organization, and the O&M support organizations.

CONCLUSION

It could be argued that the major reason for making improvements to the IT procurement process should be to improve the ability of the Federal Program Manager to develop and deliver to the user high quality IT systems on schedule and within budget. Numerous IT acquisition conferences and working groups have addressed this challenge over the past few years, resulting in the process of procuring IT hardware, software and services becoming faster and cheaper. *But, has it gotten any better?*

The main participants in these acquisition forums have been CIO, IRM and acquisition senior managers and industry marketing representatives. Federal IT Program Managers, the very individuals directly responsible for IT service delivery, have not been visible participants. This Federal Government Program Manager Focus Group provided a forum for eleven of them to voice their concerns over the state of IT acquisition today.

The group felt strongly that the development of successful IT systems has been and continues to be negatively impacted by a burdensome and unrealistic IT budget process. Accordingly, this critical process should be the subject of considerable scrutiny in the next few years. Relevant issues include insufficient oversight staff IT knowledge, inadequate IT funding, the inability to react to improvements in technology and business processes and an inability or unwillingness to fund the entire life cycle of an IT system.

The program managers saw the CIO function as being important but worried that significant tasks such as IT architecture development and Capital Planning must be performed without any additional budget or staff. Since the implementation of the CIO position was a critical component of acquisition reform, a factor such as this that makes it almost impossible for the CIOs to fulfill their responsibilities should be seriously investigated.

The effectiveness and fairness of the implementation of past performance as a competitive evaluation criterion was seriously questioned. This important part of the procurement process needs continued scrutiny and fine-tuning if it is to result in selection of

the best contractor for a specific task.

The focus group also voiced several concerns regarding the effectiveness of GWACs and GSA schedules. Areas to be looked into include at least the appearance of abuse, inconsistent implementation and a lack of fairness in the application of some of these contracts.

Lastly, significant attention will need to be given to the necessary changes in the relationship between the government and industry, and the level of awareness and required training of the program managers for performance-based contracting to be a success.

The AFFIRM Emerging Issues Forum expects to survey a larger number of Federal Program Managers this Fall based on these focus group findings and any input received from the CIO Council.



Website Powered by

