



King County

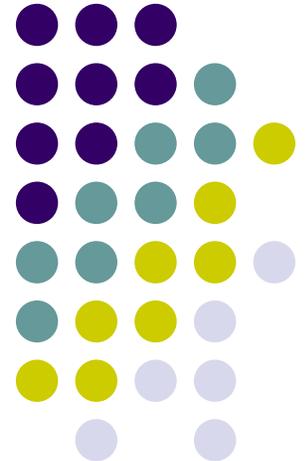
IT Benefit Realization & Performance Measurement

Strategic Advisory Council
March 1, 2006

Presented by:

Office of Budget and Management: **Bob Cowan / Steve Fields**

Office of Information Resource Management: **David Martinez / Dana Spencer**





Agenda

- **Briefing:**
 - Why measure IT performance?
 - Background
 - Steady Progress Over Time, Expectations and Accomplishments
 - Future Work Needed
- **SAC Action requested:**
 - Policy direction
 - Direction for future work



Why Measure IT Performance?

- Increases efficiency and effectiveness of IT investments
- Promotes improvement oriented results and accountability
- Aids in prioritization of scarce resources
- Builds commitment to project success
- Establishes the value of a project:
(Project Value = Benefits – Costs)
- Improves organizational performance
- Follows policy directives from Strategic Technology Plan and County Council proviso



Steady Progress Over Time

- Strategic Technology Plan 2002, Strategic Technology Plan 2003-2005: Guiding principles
- Imperatives from SAC, July 2005
- 2006 Adopted Budget: proviso on benefit realization methodology
- Strategic Technology Plan (2006-2008)
 - Objectives: IT project and operational performance
 - IT Performance Measurement Program design



... Steady Progress Over Time

Strategic Technology Plans: Guiding Principles

- Funding approvals through the technology governance structure should be based on a sound business case that documents **measurable outcomes**, including service delivery improvements.
- IT investments should be effectively managed and tied directly to service **performance results**.

Imperatives endorsed at SAC July-2005

- **Imperative #1:** Technology investments will be prioritized for funding consideration based on a compelling business case that considers the total cost of ownership for alternative solutions including operations, upgrades, replacement and disposal costs of equipment. The **business case shall be aligned to the agency's priority services** as detailed in the agency's business plans and/or operational master plans and as supported by the agency's technology plan and the county's strategic technology plan. Standardized management tools and practices, collaborative efforts to coordinate IT planning and/or service delivery, and other ways to provide more efficient and effective services will be encouraged.
- **Imperative #5:** Provide an appropriate level of resources to conduct and support **performance measurement activities** related to the technology that supports county services and initiatives. This will provide important information for the county's management and elected officials to improve decision-making regarding the use of technology to support delivery of services and ensure that departments stay focused on top priorities.



... Steady Progress Over Time

2006 Annual Budget Ordinance Proviso

P2 PROVIDED FURTHER THAT:

Of the appropriation for CIP project 377108, Law, Safety and Justice Integration, \$50,000 shall not be expended until the executive submits to the council and the council has approved by motion a **report on how to capture cost savings from information technology projects**. The report shall include the following items: (1) a methodology to calculate cost saving opportunities for information technology projects where efficiency is the primary purpose for the information technology investment at the beginning of the project; (2) a methodology to validate cost saving opportunities estimated at the beginning of a project and to capture validated cost savings for efficiency savings at the end of the project; (3) a description of how these methodologies will be incorporated into the county's information technology governance structure; and (4) how cost saving opportunities and associated budget reductions will be reported annually to council.

The executive shall file, by June 1, 2006, the report and a proposed motion in the form of 11 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff for the labor, operations and technology committee or its successor.



... Steady Progress Over Time

Strategic Technology Plan (2006-2008)

Strategic Objective 1.2 – Institutionalize performance measurement for IT operations by establishing methods and practices to consistently measure investment and performance of IT operations across King County

Strategic Objective 1.3 - Institutionalize performance measurement for IT projects by establishing methods and practices to consistently measure investment and performance of IT projects across King County

IT Performance Measurement Program Framework will be designed to provide measures that are:

Reliable	Usable	Predictable
Credible	Clear	Consistent



Expectations Have Been Set

- IT Governance and OMB are positioned to capture IT investment value
- Budget savings expected for efficiency projects
 - LSJ-I, Jail Health – Electronic Records, others



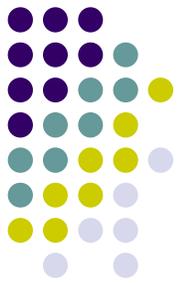
Accomplishments

- LSJ-I Benefit Model developed and implementation is underway
- Benefit Realization Model and Methodology
 - LSJ-I model provides foundation for other programs/projects in aligning: **Strategy> Goals> Objectives> Project> Benefits> Measurements**
 - Methodology allows for adjustments to estimates over time
 - Investments should result in operational improvements (**output** benefits) leading to business service improvements (**outcome** benefits)
 - Need to link with business case approval process
- IT Performance Measurement Program – Benefit Realization Framework, Benefit Realization Roles and Responsibilities

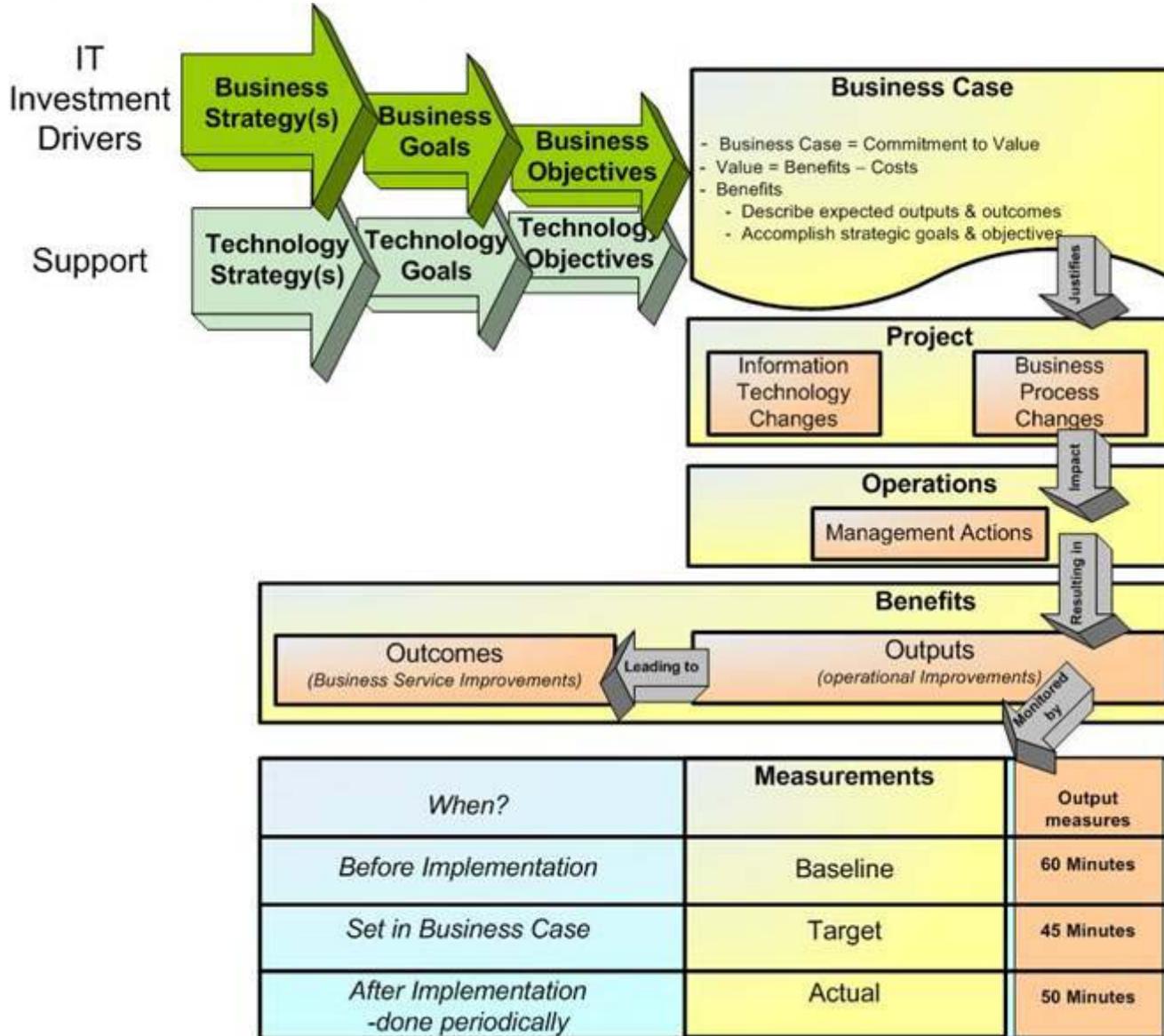


LSJ-I Benefit Model

- Aligns project benefits to project achievements, goals and objectives and resulting operational achievements within agencies
- Model requires specific measurements by comparing pre- and post- statistics:
 - Benefit Description > Metrics > Operational Unit > Process & Method to Measure > Timing for pre- and post- measures > Resource Commitment > Measurement > Result Comparison > Reporting



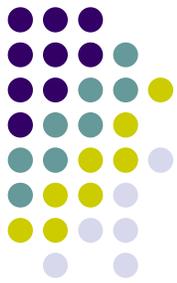
Benefit Realization Framework



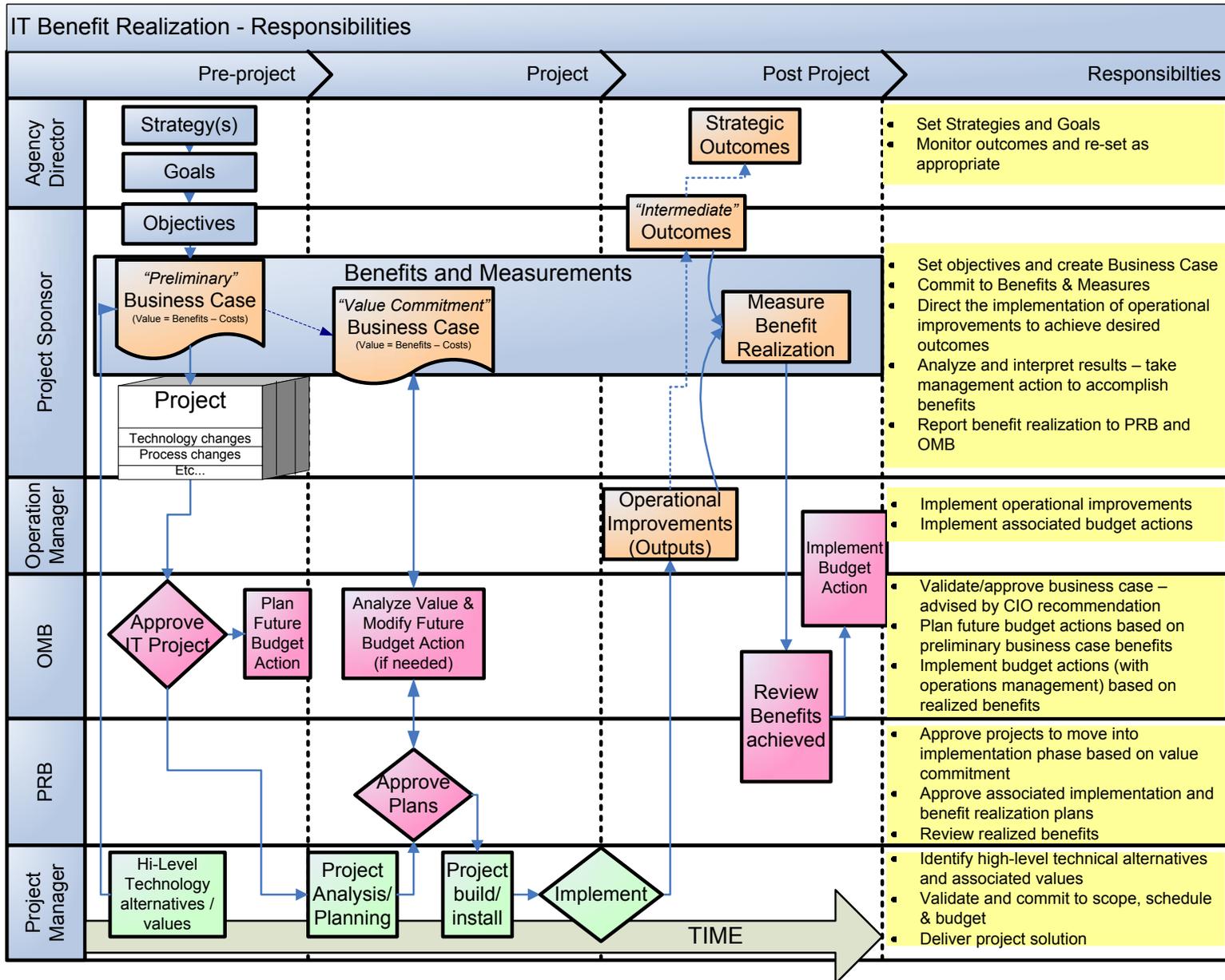


Why Measure IT Performance?

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Benefit Realization Roles & Responsibilities





Roles & Responsibilities

Agency Director

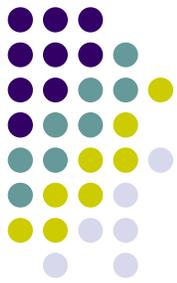
- Set Strategies and Goals
- Monitor outcomes and re-set as appropriate
- Direct actions for achieving strategic outcomes



... Roles & Responsibilities

Project Sponsor

- Set objectives and create Business Case
- Commit to Benefits & Measures
- Direct the implementation of operational improvements to achieve desired outcomes
- Analyze and interpret results – take management action to accomplish benefits
- Report benefit realization to PRB and OMB



... Roles & Responsibilities

Operations Management

- Implement operational improvements
- Implement associated budget actions



... Roles & Responsibilities

Project Manager

- Identify high-level technical alternatives and associated value
- Validate and commit to scope, schedule & budget
- Deliver project solution



... Roles & Responsibilities

Office of Management and Budget (OMB)

- Validate/approve business case – advised by CIO recommendation
- Plan future budget actions based on preliminary business case benefits
- Implement budget actions (with operations management) based on realized benefits



... Roles & Responsibilities

Project Review Board (PRB)

- Approve projects to move into implementation phase based on value commitment
- Approve associated implementation and benefit realization plans
- Review realized benefits



Future Work Needed

- Implement IT Benefit Realization Methodology & Framework
- Set clear expectations regarding timing, roles and responsibilities and deliverables
 - Sponsors are responsible for establishing, adjusting, and achieving benefits
 - Project managers are responsible for project solution delivery, not benefit achievement
 - Future dated budget actions are established for efficiency projects and updated as estimates and realized output benefits are adjusted
- Ensure measurement and reporting activities have adequate resources
- Develop and transmit proviso response report



SAC Action - Policy Direction

BENEFIT REALIZATION

- Benefit realization applies to all IT Projects
- IT project sponsors are responsible for achieving the benefits of their IT projects
- IT project managers are responsible for project deliverables and solutions according to agreed scope, schedule, and budget
- The timing of benefit measurement needs to match the timing of a project's solution delivery
- PRB and OMB provide oversight for benefits realization

IT PERFORMANCE MEASUREMENT

- IT performance measurement applies to all IT projects and operations
 - Project management performance measurements shall be established.
 - Operational service delivery performance measurements shall be established.
 - Strategic accomplishment performance measurements shall be established.
- The Chief Information Officer shall provide oversight of IT performance management.



SAC Action - Future Work Direction

DIRECT STAFF TO:

- Develop benefit realization guidelines
- Work with IT governance and OMB to:
 - Establish roles, responsibilities, timing, and deliverables
 - Develop proviso response report for Executive consideration and transmittal