



# IT Strategic Plan and Roadmap Governance and PMO Recommendations

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## IT Strategic Plan and Roadmap

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IT Governance and PMO Recommendations

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Prepared for



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## IT Governance and PMO Recommendations Overview

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1. Short-Term Recommendations
  - a) Establish IT (Investment) Steering Committee
  - b) Require Business Case Justification for IT Investments
  - c) Establish Architecture Review Process
  - d) Develop Resource Capacity Planning Competency within ComIT
  - e) Redefine Threshold Criteria for an IT Project
  - f) Improve Project Status Reporting
  - g) Establish Project Portfolio Management Function with ComIT
  
2. Long-Term Strategy Initiatives
  - a. Change the City's IT Investment Funding Model and Review Cycles
  
3. IT Governance Model (RACI)

# IT Governance and PMO Recommendations

## Establish IT Steering Committee

### a. Establish an IT Steering Committee

<p><b>Description</b></p>	<p>An IT Steering Committee, comprised of individuals representing the City’s business leadership, should be responsible for reviewing proposed investments in new or enhanced business applications/solutions. The Steering Committee should also a) decide the relative priority of each approved investment within the City’s IT project portfolio, b) monitor the status of each project and c) review/approve proposed changes in ongoing projects.</p>
<p><b>Benefit</b></p>	<p>The City’s Departmental leaders are best qualified to evaluate, decide and prioritize investments in solutions that will help automate and improve business functionality. ComIT should provide a supporting role in this process.</p>
<p><b>Key Activities/ Considerations</b></p>	<ul style="list-style-type: none"> <li>• Develop a Charter to clearly define roles, responsibilities, organization/ membership, rules/protocols</li> <li>• Identify initial members (7-10) from among City Departments and rotate membership periodically; Senior-Level Budget/Financial representative and City CIO should be included as members; member of the MLT to serve as chairperson</li> <li>• ComIT’s Architecture Review Board (ARB), Project Management Team (PMT) and Project Portfolio Manager to conduct initial review of proposed IT investments and make recommendations to the Steering Committee.</li> <li>• CIO and Project Portfolio Manager to conduct Steering Committee kickoff meeting and assist the Steering Committee chairperson in facilitating all future meetings.</li> </ul>
<p><b>Dependencies/Risks</b></p>	<ul style="list-style-type: none"> <li>• Establish Project Portfolio Manager role and ARB function within ComIT</li> <li>• Require Business Process Review and Business Case Justification for any proposed investment or major system enhancement</li> </ul>

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## IT Governance and PMO Recommendations

### Establish an IT Steering Committee

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From Gartner Report G00239516: “Six Steps to Keeping Basic Portfolio Management Basic” (November 2012)

*A portfolio governance body or investment steering committee makes the decisions to approve or cancel projects in order to balance the portfolio. Its members must have sufficient authority to legitimize the portfolio decisions. Ideally, some of the candidates identified from the previous step as having high levels of power or influence will also have a positive impression of the portfolio management concept and agree to participate in the portfolio governance body. Once the key stakeholders have been identified and have agreed to participate, engage them in all subsequent steps to maintain support and ensure process transparency and fairness.*

*Size matters. Try to keep the number of members to a minimum — less than 10. At a bare minimum, you need to ensure that the governance body has an agreed-on set of rules and principles of interaction under which to operate. You also need to ensure that the body's members are committed to participate in all subsequent activities. Studies show that gaining agreement on the objectives of a resource allocation process and securing a firm commitment to adhere to the outcome of that process are more important than the process itself.*

# IT Governance and PMO Recommendations

## Require Business Case Justification for IT Investments

<b>b. Require Business Case Justification for Major IT Investments</b>	
<b>Description</b>	<p>A business case should be mandatory to justify any proposed IT capital investment and for any approved CIP project that has not yet begun. At a minimum, the business case should provide the following detail:</p> <ul style="list-style-type: none"> <li>• Evaluation of alternative solution strategies, including existing City systems</li> <li>• Clear definition of the anticipated business benefit (cost reduction, improved productivity, enhanced customer service, risk avoidance)</li> <li>• Clearly defined total cost of ownership or TCO, including life-cycle maintenance costs (see Gartner Research comment on the next slide)</li> </ul>
<b>Benefit</b>	<p>A business case, when properly prepared and evaluated, helps ensure that the City invests only in IT capital projects that have a legitimate ROI or other business benefit and considers the long-term costs the City would incur to develop, maintain and support the proposed investment.</p>
<b>Key Activities/ Considerations</b>	<ul style="list-style-type: none"> <li>• Develop a simple business case template and have ComIT provide guidance to Departments in completing necessary detail.</li> <li>• Use the business case document as a resource for the PMT and Management Services to review cost and technical details, and for the IT Steering Committee to assess and prioritize among competing IT investments</li> <li>• Include all labor costs – internal (ComIT staff) and vendor/contract</li> <li>• Assess anticipated and actual ROI/business benefits following project completion</li> </ul>
<b>Dependencies/ Risks</b>	<ul style="list-style-type: none"> <li>• Establish IT Steering Committee and Architecture Review Board</li> <li>• Leverage results from Application Portfolio Assessment study</li> <li>• Improve Resource Planning Competency</li> </ul>

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## IT Governance and PMO Recommendations Require Business Case Justification for IT Investments

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From Gartner Report G00230382: The Four Laws of Application Total Cost of Ownership (April 2012)

*Application TCO is an outcome of application investment, but it is a variable outcome. An investment management team that approves the initial project investment is automatically committing the enterprise to ongoing costs that are probably more than 10 times greater than the initial investment. It is incumbent on all stakeholders to be respectful of the TCO and insist that the design of the application optimize the balance between initial project costs and ongoing costs. This imperative is equally true for the selection of COTS products, where the initial selection process should pay particular attention to the architecture and design of the competing products and the impact on the application life cycle costs.*

# IT Governance and PMO Recommendations

## Establish an Architecture Review Process

c. Establish an Architecture Review Process	
<b>Description</b>	The Architecture Review Board (ARB) would work with the CTO and CIO to develop and/or refine the City's conceptual architecture and architecture principles, as well as review proposed changes to the enterprise architecture (EA). The ARB also reviews proposed IT investments to assess the degree to which proposed solutions are aligned with the EA – and makes recommendations whether proposed solutions should be approved (for consideration by the IT Steering Committee)
<b>Benefit</b>	An ARB can help ensure that proposed new applications/solutions are compliant with an accepted enterprise architecture, and consequently ensure that the City invests in solutions that ComIT can effectively support and maintain.
<b>Key Activities/ Considerations</b>	<ul style="list-style-type: none"> <li>• Develop a Charter to clearly define roles, responsibilities, organization/ membership, rules/protocols</li> <li>• Identify members (regular and ad hoc)</li> <li>• Develop or refine the City's conceptual architecture and enterprise architecture principles</li> <li>• Establish a regular meeting schedule and agenda, and coordinate review of proposed IT investments with PMO</li> </ul>
<b>Dependencies/ Risks</b>	<ul style="list-style-type: none"> <li>• Establish an IT Steering Committee (and use ARB review results as a factor in approving IT projects)</li> </ul>

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## IT Governance and PMO Recommendations

### Establish an Architecture Review Process

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From Gartner Research Report G00247229: “Program and Project Management; CIO Desk Reference Chapter 20” (Updated September 2012)

#### ***Coordinating the PMO with the Architectural Review Board***

*Project managers often view the notion of enterprise architecture with suspicion — as something that will constrain project choices and delay delivery. However, a well-developed architecture provides a framework to enable faster delivery of more integrated, interoperable, standardized and longer-lived solutions that are also easier to support through the full life cycle. And, since the majority of projects don’t usually report to the enterprise architecture group, many project decisions are made without regard to architectural goals.*

*Progress toward architectural goals occurs in two ways. There are projects to redesign or replace systems that do not fit the desired future-state architecture, or that may actually impede progress toward it. These projects have architectural progress as a main goal and can be characterized as top-down architecture projects. But there are also bottom-up architectural efforts, where architecture is a consideration of projects with other primary goals.*

*Incremental steps taken as projects make many of their own architectural choices, generally contributing more to the future state than would be the case with top-down enterprise architecture efforts, which often are challenged to provide short-term cost-benefit justification.*

## IT Governance and PMO Recommendations

### Develop Resource Capacity Planning Competency

d. Establish Resource Capacity Planning Competency within ComIT	
<b>Description</b>	A resource capacity planning competency within ComIT will be critical for the Department to effectively determine the number and scope of projects it can realistically support during a specific time frame. The IT Steering Committee must understand ComIT's resource capacity in balancing the demand for projects to be approved for inclusion in the City's IT project portfolio.
<b>Benefit</b>	If the City's IT project portfolio is realistically constrained by the availability of ComIT resources to support project work as well as operational responsibilities, project schedules will become more manageable and reliable, improving time to benefits realization and enhancing customer satisfaction with the project.
<b>Key Activities/ Considerations</b>	<ul style="list-style-type: none"> <li>• Conduct a skills assessment for ComIT staff and identify individuals with core IT project skills (e.g., project management, business analysis, programmer/analyst, QA/test)</li> <li>• Determine resource requirements necessary to support the top-ranked projects in the IT project portfolio (do not begin a project unless the IT project portfolio is balanced and resources are available).</li> <li>• Evaluate/select a resource capacity planning tool and use Department-wide</li> <li>• See Gartner Research Report referenced on next slide for additional guidance</li> </ul>
<b>Dependencies/ Risks</b>	<ul style="list-style-type: none"> <li>• Establish a Project Portfolio Management Function within ComIT</li> <li>• Include analysis of ComIT's resource capacity in discussions/recommendations to the IT Steering Committee regarding investments to consider for inclusion/prioritization in the City's IT project portfolio</li> </ul>

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## IT Governance and PMO Recommendations

### Develop Resource Capacity Planning Competency

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From Gartner Research Report G00223484: “Resource Capacity Planning for Portfolio Management: Crawling Before You Walk” (November 2011)

*Most organizations simply don't have enough people to do everything they think they need or want to do. This is true in every facet of business, but it's particularly true when it comes to projects, which often still carry with them a connotation of work done on top of one's "day job." The secret to actually getting projects done both effectively and efficiently is to balance available project resources with demand. If demand exceeds supply (which it always will), then prioritization and lagging start dates on projects may solve the problem.*

#### **Recommendations**

*Begin your alignment between resources and projects by focusing on projects that require an investment of between 400 and 1,000 hours, and if that list proves too long, then take it up to projects at 1,000 hours or greater.*

*Apply the Pareto principle by focusing only on 10 to 20 projects the first time through this analysis (vary the project size up or down to achieve this, as suggested above), and then resource these projects accordingly.*

## IT Governance and PMO Recommendations

### Redefine Level of Effort Threshold for IT Projects

e. Redefine Threshold Criteria for an IT Project	
<b>Description</b>	ComIT's Project Management Team (PMT) should redefine the minimum level of effort threshold for determining when a request should be considered a "project" for potential inclusion in the City's IT project portfolio. Recommendations for these threshold limits should be submitted to the IT Steering Committee for review and approval.
<b>Benefit</b>	Currently, any initiative that requires an estimated 80 hours or more of effort may be considered a project by the ComIT PMO. Increasing the level of effort threshold (e.g., to 400-1,000 hours) will help separate true projects from maintenance requests and reduce the size and scope of the IT project portfolio to a manageable list of the most critical IT investments.
<b>Key Activities/ Considerations</b>	<ul style="list-style-type: none"> <li>• Consider the Pareto rule (80/20) to determine level of effort for the top 20 percent of initiatives in the current IT project portfolio; determine appropriate level-of-effort threshold</li> <li>• Adopt the new threshold limit when considering new project requests</li> <li>• Review periodically to reassess the practicality of the adopted criteria</li> </ul>
<b>Dependencies/Risks</b>	<ul style="list-style-type: none"> <li>• Submit the recommended threshold limit for IT Steering Committee approval and use in the future to screen requests for potential inclusion in the IT project portfolio.</li> </ul>

## IT Governance and PMO Recommendations

### Broaden Project Status Reporting

f. Broaden Project Status Reporting	
<b>Description</b>	Reports on the status of ongoing IT projects should be presented to the IT Steering Committee and should include actionable information regarding the cost, schedule, work complete, risks, issues, etc. for each project in the approved IT project portfolio. Details should be sufficient to allow the IT Steering Committee to resolve critical issues, review/approve change requests, and suspend or cancel troubled projects when warranted. On line dashboards to be developed to present the status of active IT projects at any time.
<b>Benefit</b>	Decisions regarding the ongoing execution of projects in the IT project portfolio should be made by the City's business leaders to ensure capital investments optimally support the City's overall business strategy. All costs should be budgeted, managed and reported. ComIT should play a support role in the project status reporting process, providing project detail necessary for the Steering Committee to make ongoing IT investment decisions
<b>Key Activities/ Considerations</b>	<ul style="list-style-type: none"> <li>• Determine the appropriate level of project status detail to be presented to the IT Steering Committee – as well as to the Department sponsoring the project</li> <li>• Develop/update the project status report template and dashboard and submit for review and approval by the IT Steering Committee</li> <li>• The ComIT PMO reviews status reports prepared by IT project managers and presents results to the IT Steering Committee and Department sponsors on a monthly basis (in coordination with the CIO)</li> <li>• Develop online dashboard status reports for projects in the portfolio</li> </ul>
<b>Dependencies/Risks</b>	<ul style="list-style-type: none"> <li>• Establish IT Steering Committee</li> </ul>

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## IT Governance and PMO Recommendations

### Establish Project Portfolio Management Function

<b>g. Establish Project Portfolio Management Function within ComIT</b>	
<b>Description</b>	Establish a role within ComIT to support the IT Steering Committee, CIO and PMO in prioritizing and managing the City's portfolio of IT projects.
<b>Benefit</b>	Helps to provide enterprise-wide visibility into the actual costs and benefits of the City's IT projects and supports the IT Steering Committee in prioritizing and managing current details/status for approved IT projects.
<b>Key Activities/ Considerations</b>	<ol style="list-style-type: none"> <li>1. Analyze project portfolio and work with CIO, PMO and PMT to recommend project prioritization to IT Steering Committee based on agreed criteria.</li> <li>2. Balance the project portfolio on the basis of: <ul style="list-style-type: none"> <li>• ComIT resource capacity</li> <li>• Run/Grow/Transform segmentation</li> </ul> </li> <li>3. Monitor the budget and schedule status of ongoing projects and the program as a whole</li> <li>4. Works with others in ComIT and other City Departments to measure the actual business benefits realized for completed IT projects</li> <li>5. Analyzes historic program/project data to support future IT investment decisions</li> </ol>
<b>Dependencies/Risks</b>	<ul style="list-style-type: none"> <li>• Establishing resource capacity planning competency</li> <li>• Coordination with ComIT's application portfolio management function</li> <li>• Define Application Portfolio Management role</li> </ul>

## IT Governance and PMO Recommendations Establish Project Portfolio Management Function



### Gartner Magic Quadrant

#### Integrated IT Portfolio Analysis Vendor Solutions

The integrated IT portfolio analysis (IIPA) market consists of vendors providing the integration of individual portfolios — for investments, projects, assets and IT services — to present a more holistic story regarding the true state of the IT portfolio. Integrating these views enables IT managers to see the cost, effort, technical complexity, feasibility and interrelated effects of a proposed IT change or initiative before it is approved.