Overview
Information Technology Investment Management (ITIM) Guidance

Performance Institute
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Agenda

- IT Investment Issues
- ITIM Assessment Tool
- ITIM Evaluation Results
- Wrap-up/ Questions

IT Investment Issues

Managing IT investments is tough business

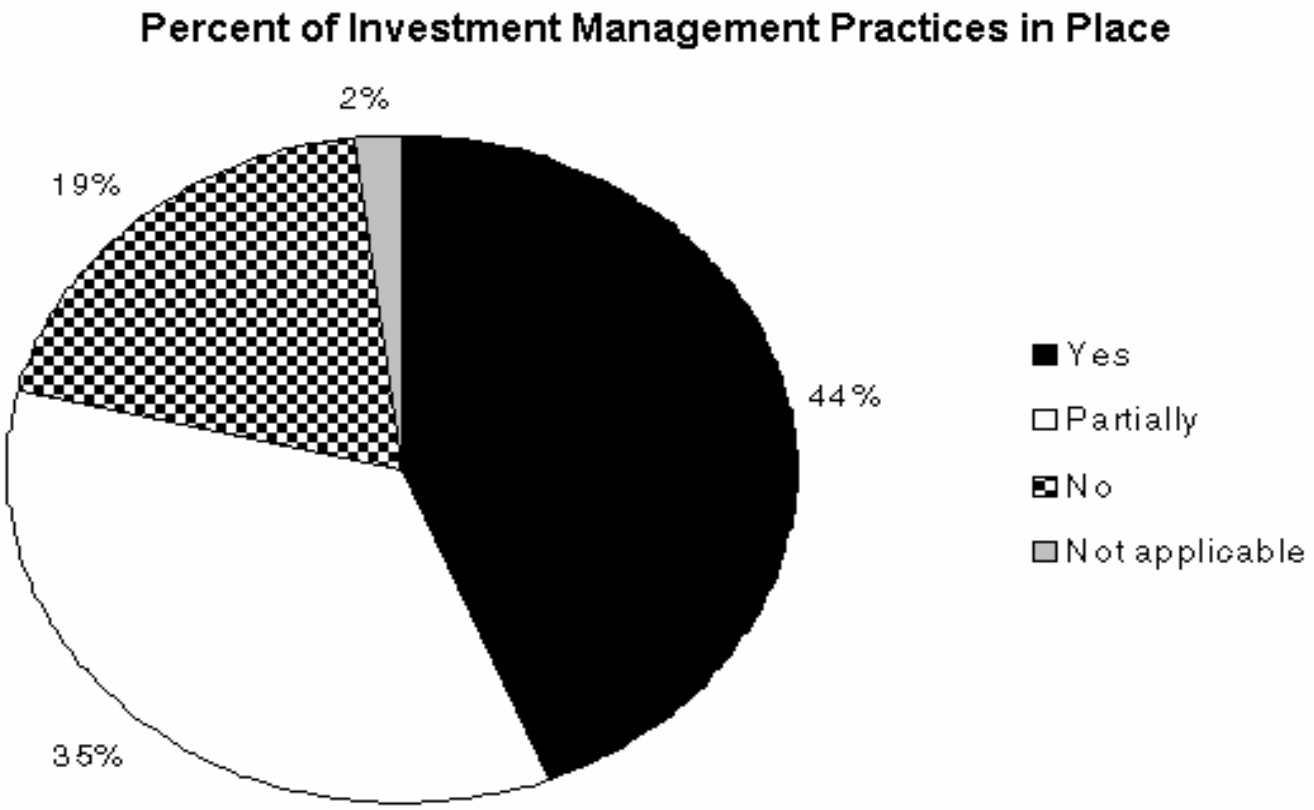
- IT is no longer a support function
- About 2% of the budget, but one of the largest capital areas
- Leverages a huge portion of the other 98%

And it is getting tougher …

- Overall focus on improved efficiency and effectiveness
  - Reduce redundancy
  - Improve responsiveness
- High rate of failure has attracted spotlight
- New technology leads to new opportunities
- Cross agency systems to improve service to the citizen

Agencies' Use of IT Investment Management Practices Mixed

Out of the 18 investment management practices we reviewed, below is the breakout of agencies' use of the practices across the 27 organizations



Challenges in IT Investment Management

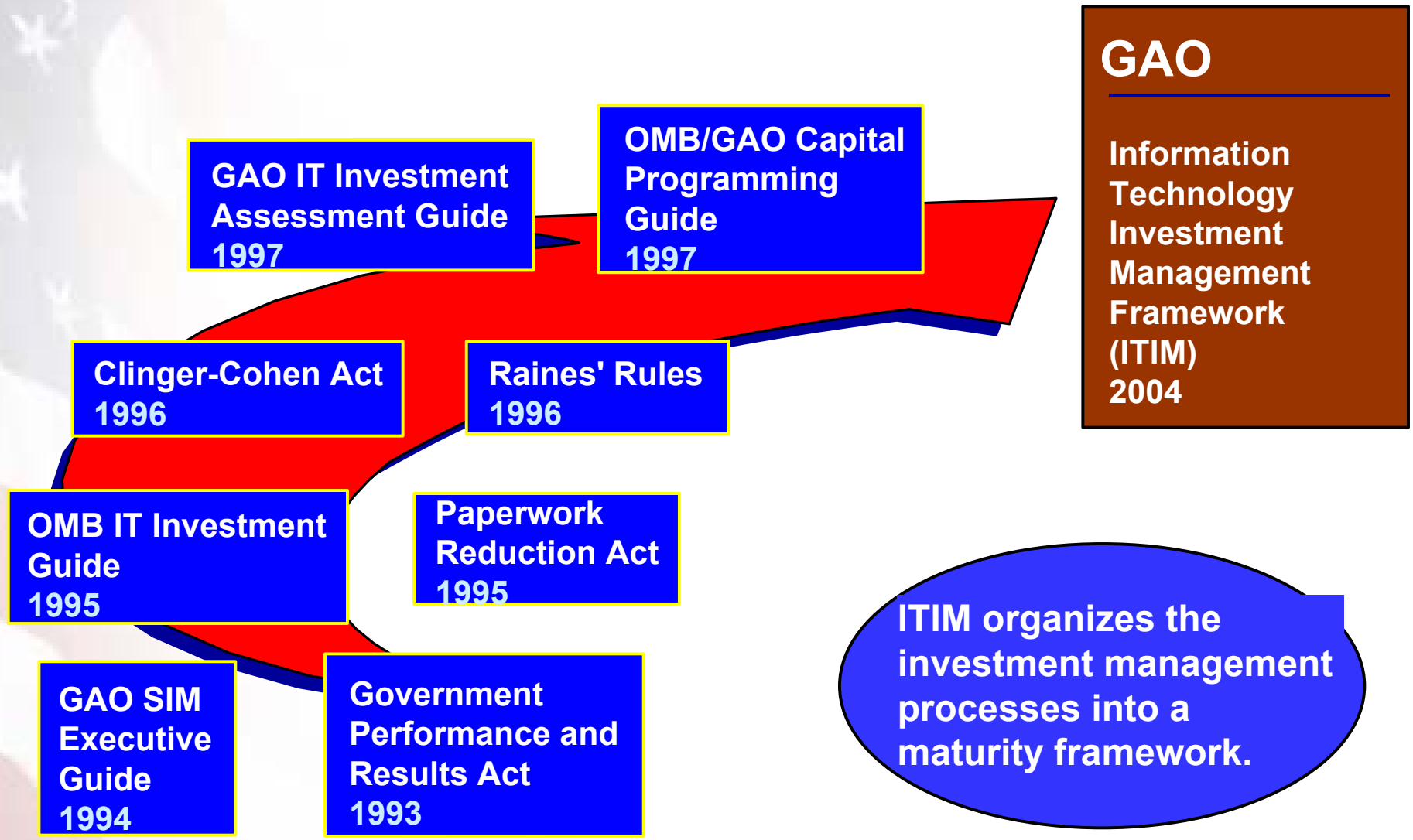
- Selecting IT investments as investments, not as budget items
- Considering everything you spend is an investment
- Selecting based on organization's objectives rather than more narrow program objectives
- Selecting in the context of your existing system environment
- Managing for net benefits, not just cost and schedule
- Measuring contribution
- Continually improve investment process – know what you need

GAO
Accountability * Integrity * Reliability

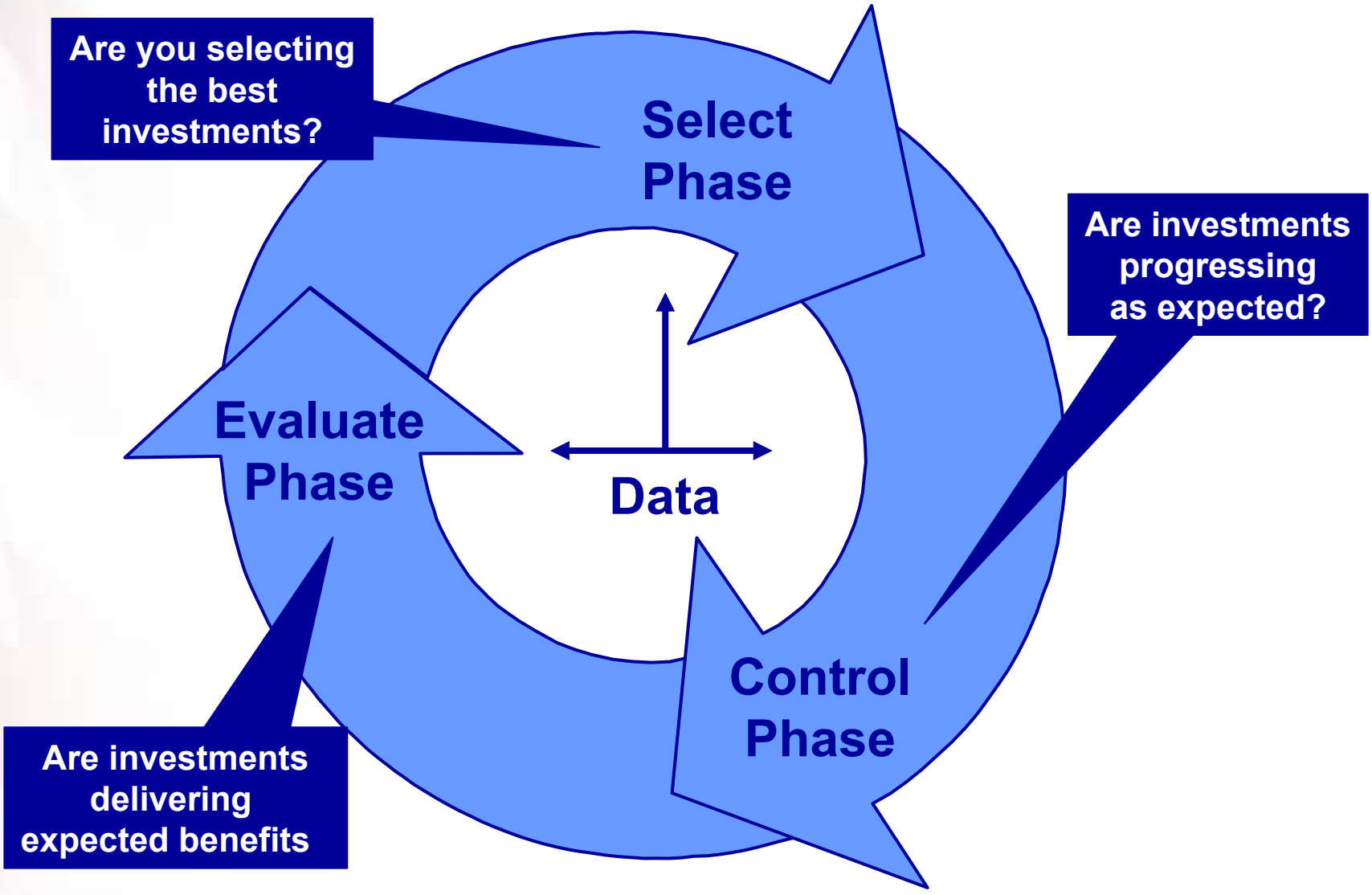
ITIM Assessment Tool

How We Got toITIM

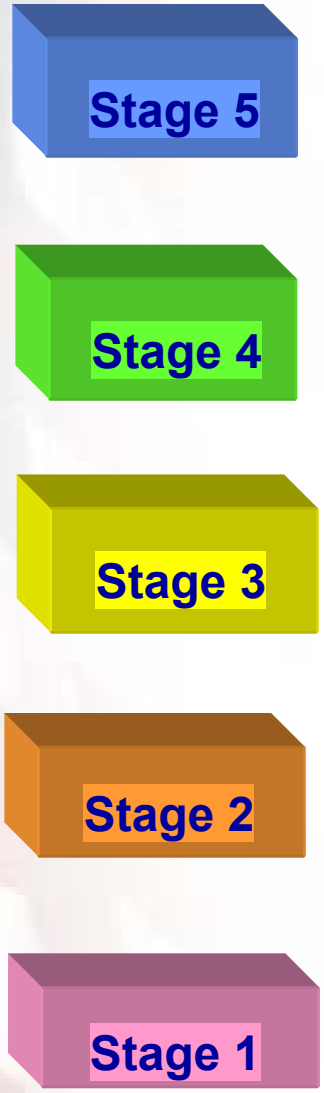
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Builds on Existing Model



ITIM Maturity Stages



Leveraging Information Technology for Strategic Outcomes

Improving the Investment Process

Developing a Complete Investment Portfolio

Building the Investment Foundation

Creating Investment Awareness

Evaluation

Selection

Control

What is the ITIM?

- Five stage maturity model
- Written for use in all agencies with appropriate interpretation
- Addresses process maturity for IT investment management
  - Broadly generalizes investment decision making
- Technology/implementation neutral
  - Choose your own implementation strategy

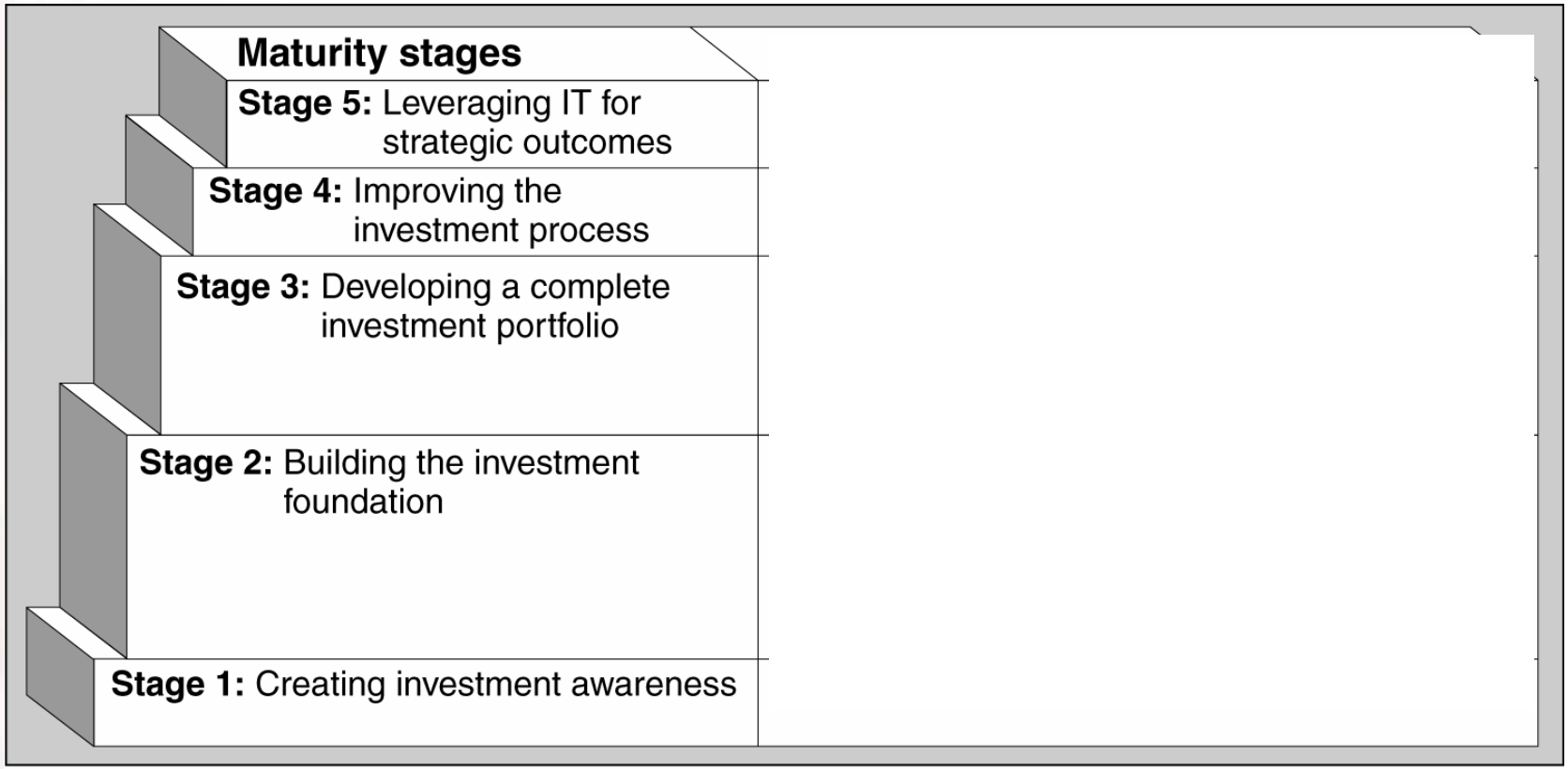
ITIM's Structure

- **Maturity Stage**
  Ex. Stage 2: Building the Investment Foundation
- **Critical Process**
  Ex. Selecting an Investment
- **Key Practice**
  Ex. Activity #1 - The organization uses its defined selection process, including predefined selection criteria, to select new IT investments.

How is it used?

- GAO guidance for conducting assessments
- Agency use for conducting self-assessments
  - Static assessment of maturity
  - Measure progress over time
- Provide framework for understanding relationship among processes
  - Implement using techniques that work for specific agency
    - Being used from GAO to Interior

IT Investment Management Framework V1.1

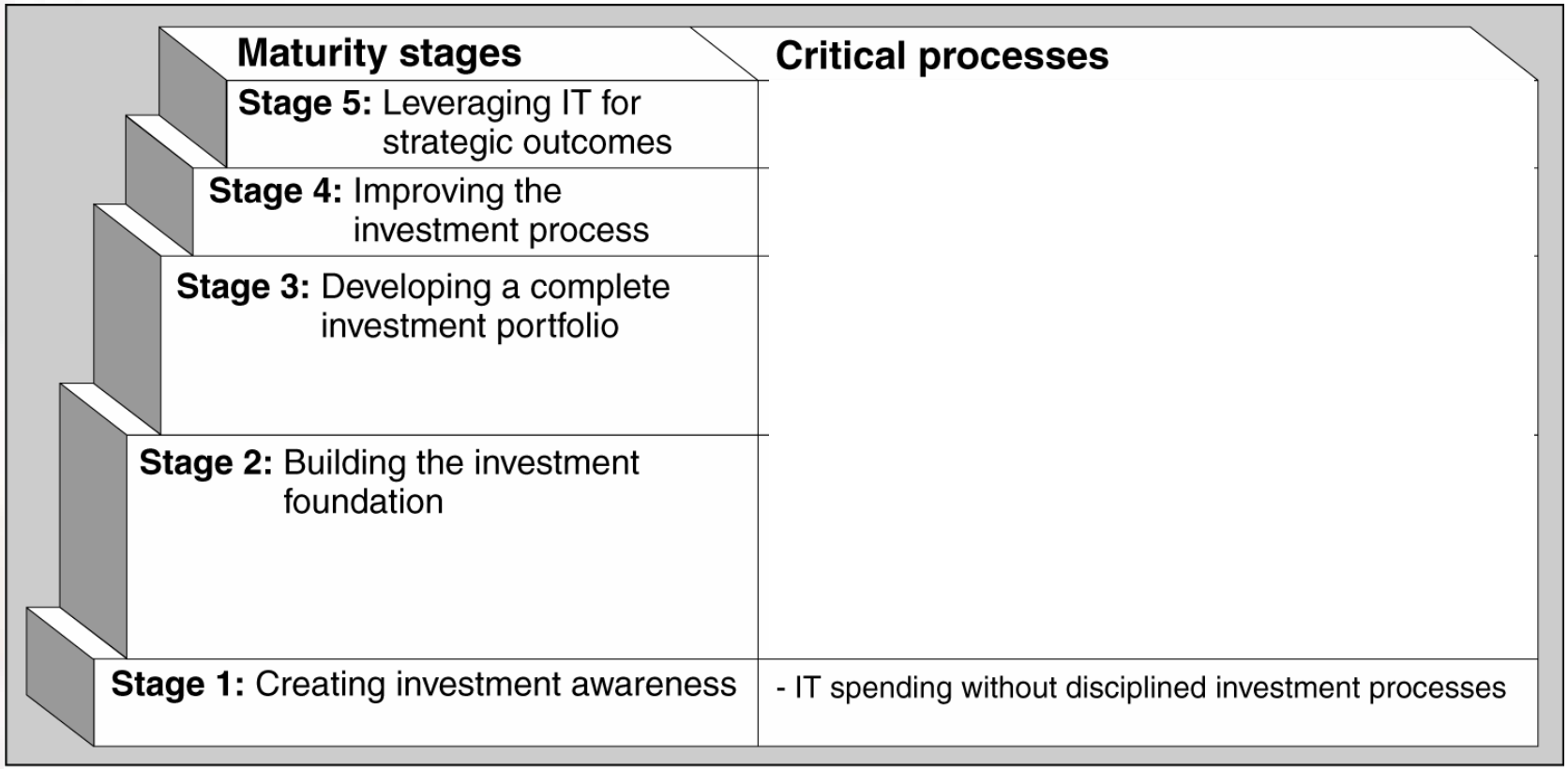


Source: GAO.

Maturity Stage 1: Creating Investment Awareness

- Assumed at beginning of the assessment
- Ad hoc, unstructured processes
- Inconsistent project outcomes

IT Investment Management Framework V1.1

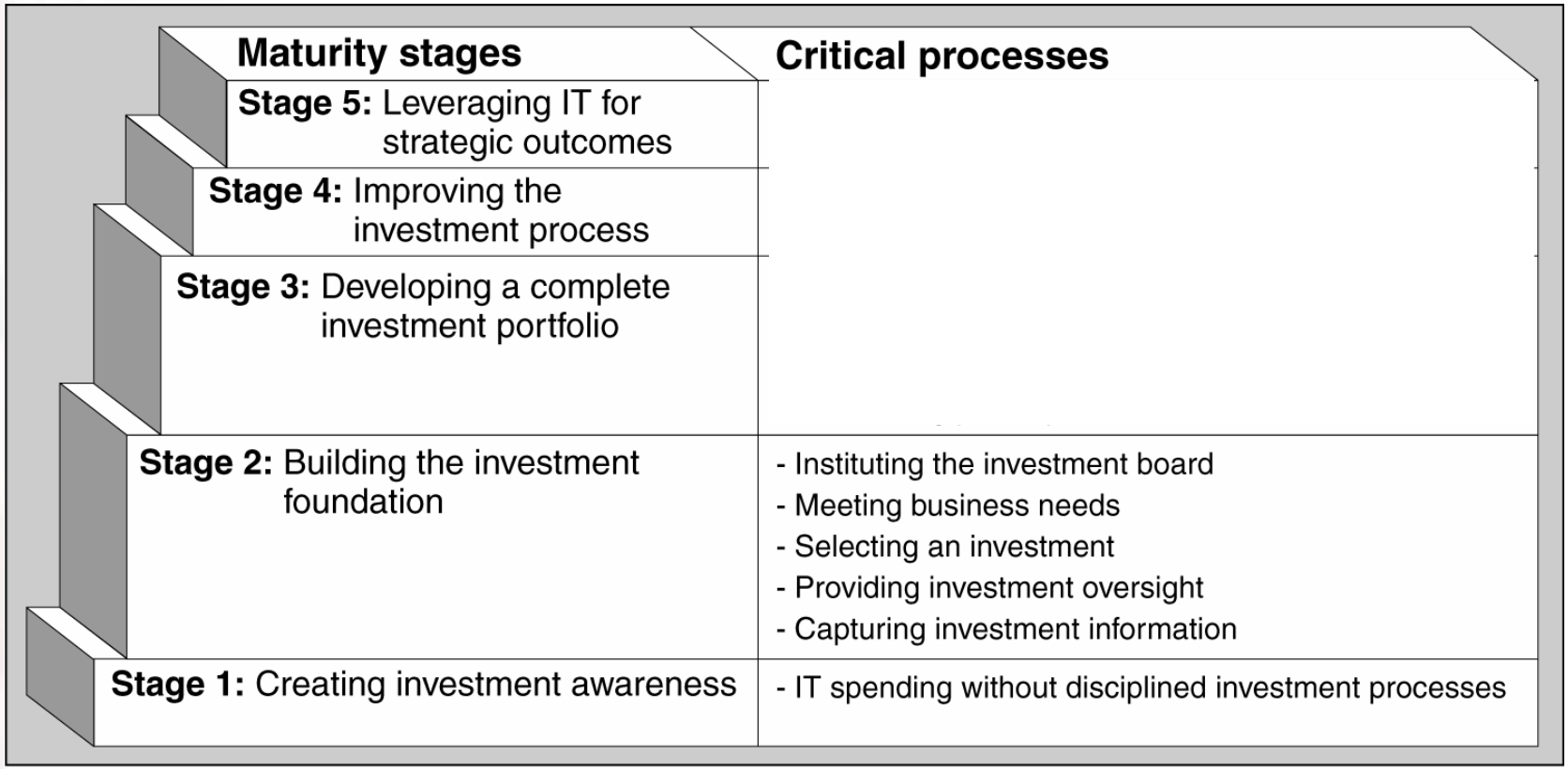


Source: GAO.

Maturity Stage 2: Building the Investment Foundation

- Project-centric management focus
- Basic selection processes
- Maturing control processes

IT Investment Management Framework V1.1

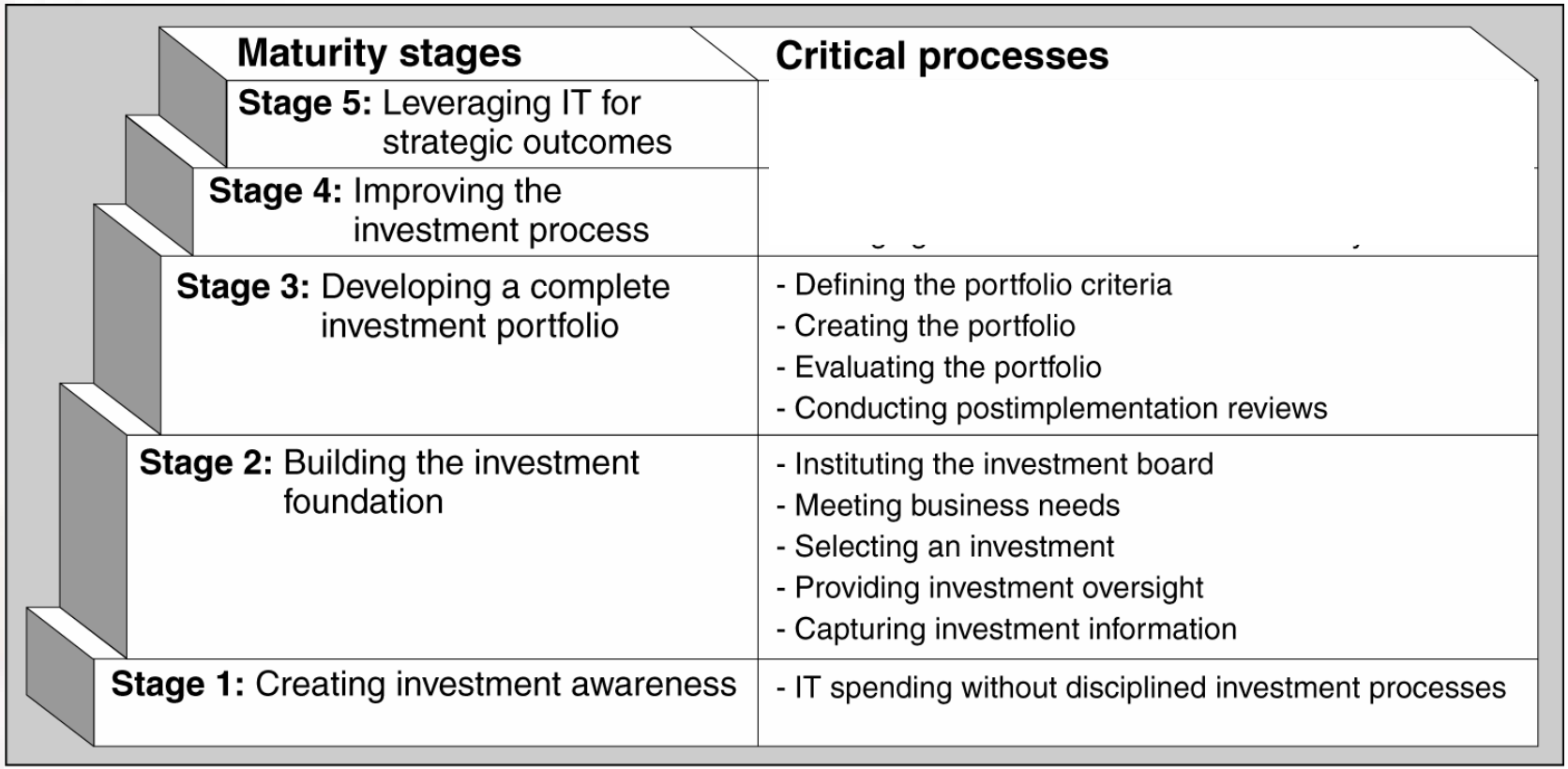


Source: GAO.

Maturity Stage 3: Developing a Complete Investment Portfolio

- Portfolio-oriented management
- Basic evaluation processes
- Maturing selection processes
- Stable control processes

IT Investment Management Framework V1.1



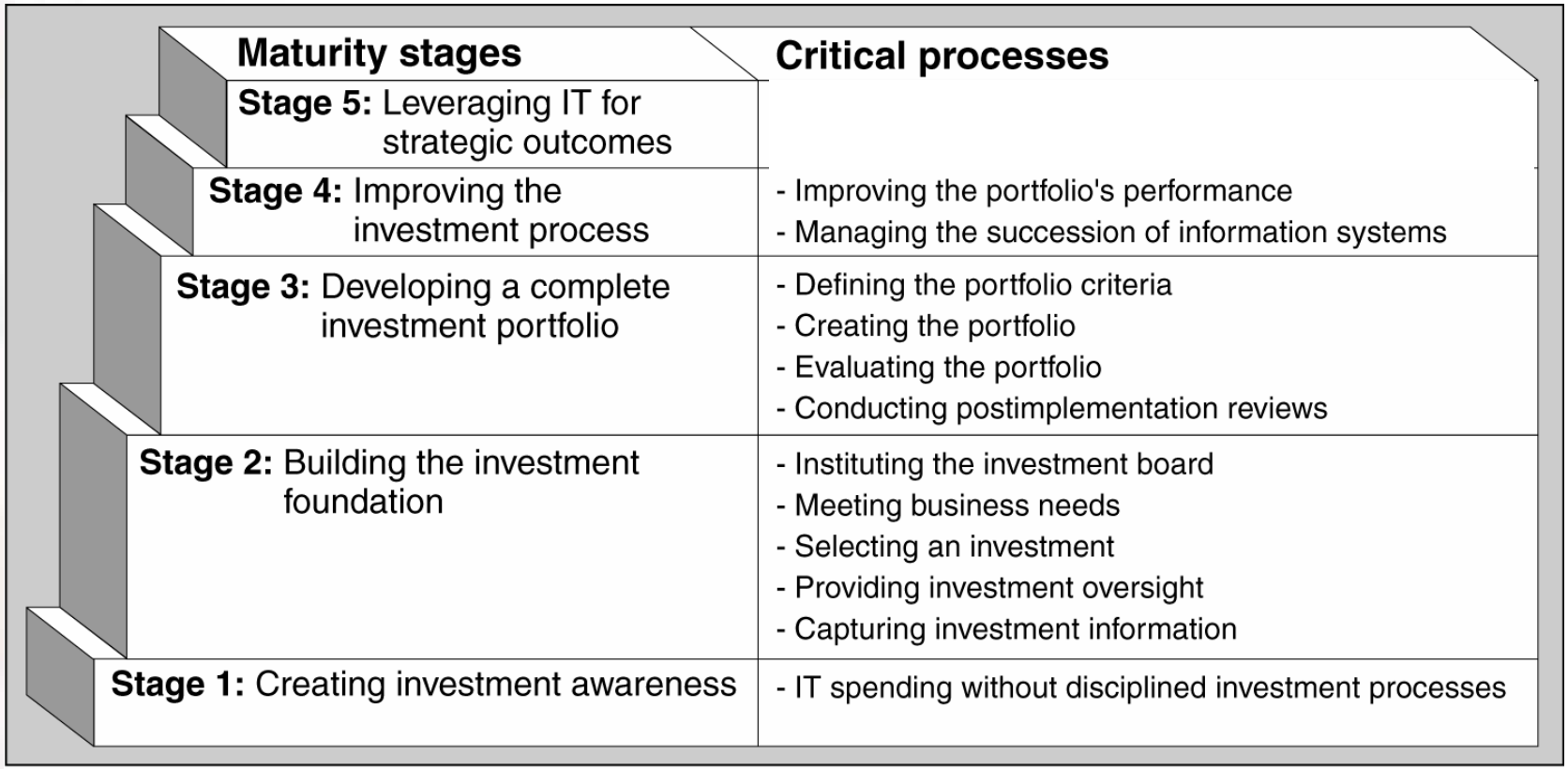
Maturity stages	Critical processes
Stage 5: Leveraging IT for strategic outcomes	
Stage 4: Improving the investment process	
Stage 3: Developing a complete investment portfolio	- Defining the portfolio criteria - Creating the portfolio - Evaluating the portfolio - Conducting postimplementation reviews
Stage 2: Building the investment foundation	- Instituting the investment board - Meeting business needs - Selecting an investment - Providing investment oversight - Capturing investment information
Stage 1: Creating investment awareness	- IT spending without disciplined investment processes

Source: GAO.

Maturity Stage 4: Improving the Investment Process

- Business outcomes and lessons learned used to improve investment processes
- Maturing evaluation processes
- Stable selection and control processes

IT Investment Management Framework V1.1



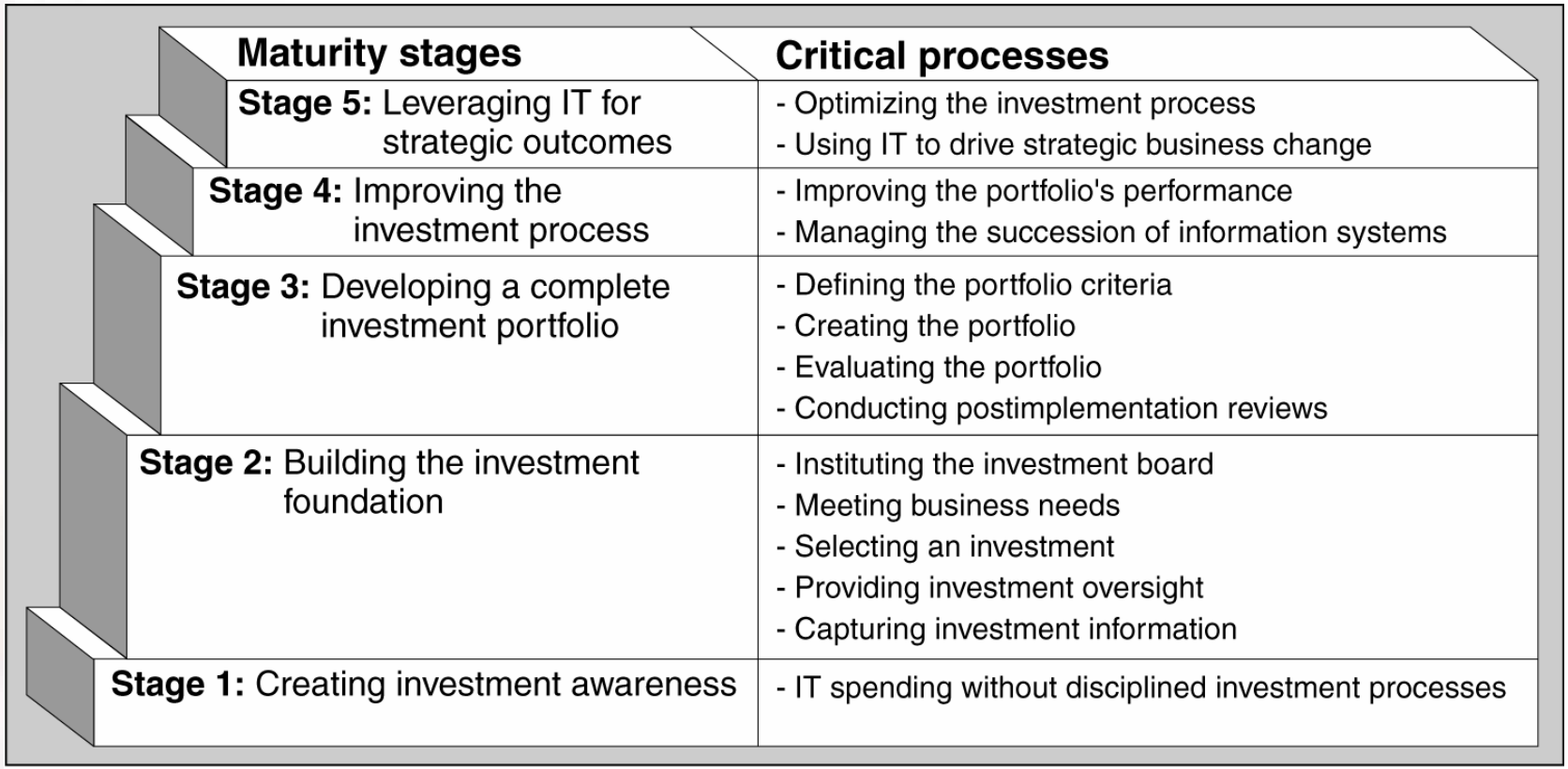
Maturity stages	Critical processes
Stage 5: Leveraging IT for strategic outcomes	
Stage 4: Improving the investment process	- Improving the portfolio's performance - Managing the succession of information systems
Stage 3: Developing a complete investment portfolio	- Defining the portfolio criteria - Creating the portfolio - Evaluating the portfolio - Conducting postimplementation reviews
Stage 2: Building the investment foundation	- Instituting the investment board - Meeting business needs - Selecting an investment - Providing investment oversight - Capturing investment information
Stage 1: Creating investment awareness	- IT spending without disciplined investment processes

Source: GAO.

Maturity Stage 5: Leveraging Information Technology for Strategic Outcomes

- **Focus on strategic outcomes and direction**
- **Learn from other organizations through process benchmarking**
- **Leverage information technology to foster business process change**

IT Investment Management Framework V1.1



Maturity stages	Critical processes
Stage 5: Leveraging IT for strategic outcomes	- Optimizing the investment process - Using IT to drive strategic business change
Stage 4: Improving the investment process	- Improving the portfolio's performance - Managing the succession of information systems
Stage 3: Developing a complete investment portfolio	- Defining the portfolio criteria - Creating the portfolio - Evaluating the portfolio - Conducting postimplementation reviews
Stage 2: Building the investment foundation	- Instituting the investment board - Meeting business needs - Selecting an investment - Providing investment oversight - Capturing investment information
Stage 1: Creating investment awareness	- IT spending without disciplined investment processes

Source: GAO.

ITIM Revisions

Revisions to ITIM

- **Exposure Draft – May 2000**
- **Experience gleaned from 8 GAO assessments in past 3 years**
- **Feedback from investment experts and agency officials**
- **Knowledge gained in key areas such as:**
  - Portfolio Management
  - Enterprise Architecture

Changes to Maturity Stages and Critical Processes

STAGE 5	**Optimizing the Investment Process** **Using IT to Drive Strategic Business Change**
STAGE 4	**Improving the Portfolio's Performance** **Managing the Succession of Information Systems**
STAGE 3	**Defining the Portfolio Criteria** ***Creating the Portfolio*** **Evaluating the Portfolio** ***Conducting Post-Implementation Reviews***
STAGE 2	**Establishing an Investment Board** **Developing the Business Case** **Selecting an Investment** **Providing Investment Oversight** **Capturing Investment Information**
STAGE 1	***IT Spending Without Disciplined Investment Processes***

ITIM Assessments

ITIM Assessments

- Immigration and Naturalization Service
  - GAO-01-146
- US Coast Guard
  - GAO-01-190
- Social Security Administration
  - GAO-01-961
- Defense Logistics Agency
  - GAO-02-314
- US Postal Service
  - GAO-03-3
- Executive Office for US Attorneys
  - GAO-03-751
- Bureau of Land Management
  - GAO-03-1025
- Department of the Interior
  - GAO-03-1028
- FAA assessment (on going)

Wrap-up/ Questions