IT Investment Selection

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Outline

- IT Legislation Compliance
- Using the Balanced Scorecard: Some MITRE Research
- A 7-Step Process to IT Investment Planning
- Appropriate Metrics
- Cultural Barriers
IT Legislation Compliance:
Better Management

  - Human
  - Capital
  - Information
  - Other
- ITMRA (1996): Information Technology Management
  - Capital Planning and Investment Controls
  - Performance- and results-based management
IT Legislation Compliance
GPRA 2000?

- Rumor: All IT Legislation blanketeted by one name, GPRA 2000
- Questionnaire to facilitate Congressional Review: www.house.gov/science/gao.html
- OMB Guidance
  - CFO Act: OMB Circular A-123 (revised), June 21, 1995
  - GPRA: OMB Circular A-11
  - Paper Reduction Act: OMB Circular A-130
  - Clinger-Cohen Act: “Memorandum for Heads of Executive Departments and Agencies,” by Director Franklin O. Raines (Raines’ Rules)
Using the Balanced Scorecard: Some MITRE Research (1 of 2)

• The BSC evaluates “benefits” of investments in terms of financial and non-financial impacts

  • Typical Scorecard:

• Research extends the BSC approach used in some commercial firms to DoD IT investment programs
  • Public sector environments are not profit-driven, yet, must show the efficiency of a profit-driven enterprise
  • May use additional decision analysis tools on top of BSC framework
Using the Balanced Scorecard: Some MITRE Research (2 of 2)
A 7-Step Process to IT Investment Planning

1. Evaluate IT Investment Environment
2. Design Balanced Scorecard
3. Construct Baseline of IT Investments
4. Assess Mission Task Performance and IT’s Contribution
5. Design IT Solutions
6. Project Relative Benefit of IT Solutions
7. Select Optimal IT Investment Package, based on Value and Cost
Process Outputs

1. Evaluate IT Investment Environment
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TIPS to develop some performance measures

Where appropriate in the “Select--Control--Evaluate” model is unclear

Examples of metrics that are useful

DoD Performance Measurement Guide Lists 15-20

Costs Saved

- Systems Efficiencies
- Capability Enhancements (for soldiers, leader, civilians)
- Direct Mission Impact

Good starting place: Raines’ Rules #4, “ROI”

to make decisions

Appropriate: performance indicators that are used
Cultural Barriers

- Services and Agencies have been allocating budgets for a long time without GPRA-aligned plans (e.g., the POM process)
- They face legislative limitations which limits 'optimal' tradeoffs to discretionary spending
- Accountability is not always traceable from the strategy to the action
Only measure performance if you are going to use that information in some way to make a decision.