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MODULE 1 – Introduction

Description This module serves as an introduction to the IT Investment Process. This module explains the purpose, objectives, and agenda of the course. The background and overview of the IT Investment Process are presented, as well as the key roles and responsibilities. Finally, the module concludes with an introduction to the IT Investment Process manual and where to find help.

Module Topics

- Topic 1.1: Welcome
- Topic 1.2: IT Investment Process Background
- Topic 1.3: IT Investment Process Overview
- Topic 1.4: Roles and Responsibilities
- Topic 1.5: Implementation Timeline
- Topic 1.6: Your IT Investment Process Manual
- Topic 1.7: Available Help

Target Skills Upon completion of this module, you will be able to:

- Explain the purpose, objectives, and agenda of this course;
- Describe general IT Investment Process background information;
- Explain, at a high-level, the stages of the IT Investment Process;
- Describe the various roles and responsibilities within the IT Investment Process;
- Describe the help resources available to IT Investment Process participants.

Tools IT Investment Process Workflow

Topic 1.1 **Welcome**

Target Audience Participants in the IT Investment Process Course include:

- Project Managers
- Project Sponsors
- New ITSC Members
- New CIO Office Members



Key Purpose of Course The purpose of this course is to prepare you to use the IT Investment Process and the tools that are part of the process. This training will address individuals' various roles and responsibilities.

Course Objectives Upon completion of this course, you will:

- Know your role in the process, as well as any interdependencies with others;
- Know what tools are available to you, when to use them and where they are available.

Topic 1.2 Process Background

Government Business Drivers Workforce development agencies across the United States are responding to the rising demand for increased program integration and interagency coordination. The business drivers are many:

- Citizens and business organizations expect non-stop service and easy access to benefits and information.
- Legislatures ask agencies to show a return for dollars invested in state operated programs.
- State fiscal tightening and increased demands for services force agencies to prioritize potential initiatives.
- States want to create value that the external customer can see.

In several states, the increased pressure to coordinate and integrate customer service delivery leads to pressure to invest in new IT initiatives such as developing additional self-service capabilities. At the same time states have large investments in core systems that support current service delivery goals and meet federal reporting requirements, and these systems must be supported. Accordingly, several states are beginning to centralize IT decision making to help balance innovation and integration with support of current applications and infrastructure.



**Department of Workforce
Development Direction**

To address these business drivers, DWD contracted Consultants to document the current IT decision-making process, to identify best practices, and to recommend changes. Consultants sought input from a cross-section of DWD (managers and staff from program divisions, the Bureau of Information Technology Services, and Administrative Services) and individuals from the Department of Electronic Government and the Department of Administration. They also identified best practices from other states, IT consulting services such as Gartner, and private industry.

After Consultants delivered their recommendations, an internal 'Implementation Team' evaluated those recommendations and modified them to meet DWD specific needs.

Based on feedback from the Implementation Team, the Secretary's Office appointed an IT Steering Committee (ITSC) and a Chief Information Officer (CIO), and made the IT Director the Chief Technology Officer (CTO). A Planning/Project Consultant was moved to the CIO Office.

The IT Steering Committee is aware that the first version of the Investment Process is just that – a first version. The expectation is that it will change as the Department gains experience.

**IT Investment Process
Success Factors**

The IT Steering Committee identified the following success factors for the IT Investment Process.

- **Planning**

DWD's IT strategies are aligned with DWD's business strategies and with statewide business and IT strategies; DWD maintains a consistent understanding of emerging technologies.

- **Communication**

IT investments, lessons learned, methods, and processes are well-understood throughout the department, by DEG, other state agencies, all stakeholders, vendors and partners and by the legislature.

- **Cost**

DWD invests in highest priority IT projects; the business case drives IT investments; DWD understands and identifies on going costs; DWD casts a critical eye on current systems.



- **Evaluation**

Frequent evaluations of investments identify lessons learned which generate improved methods and processes. Evaluations include a consistent set of standards with oversight of key performance measures throughout the project. DWD investments are benchmarked against industry standards. Investments are reviewed periodically to see if the business value justifies the on-going cost.

- **Project Management**

Project management is consistent, department-wide, and understood by all. DWD must develop a rigorous training program for project managers. Each individual on a project must understand his/her role and how he/she interrelates with others on the project.

- **Enterprise**

Potential investments are evaluated from business area, department, and statewide perspectives.

Topic 1.3

IT Investment Process

IT Investment Process Overview

The concepts of 'Investment' Process and 'Portfolio Management' are borrowed from the financial arena. The premise is the IT expenditures (time and money) are more than expenses – they are investments that result in business value – and they can be managed somewhat like a portfolio of financial investments. The complete IT Investment Process covers the management of both IT assets (existing applications and infrastructure) and IT projects (efforts with a start and end that create, enhance or support assets). An Investment Process consists of four major functions:

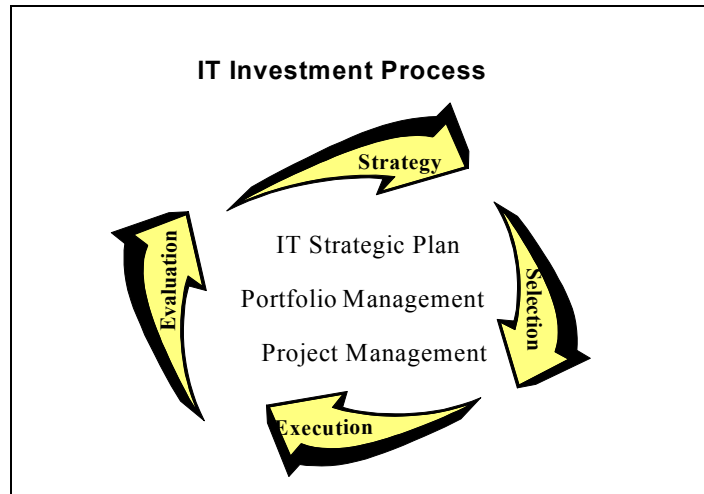
The business identifies an **IT Investment Strategy**, aligned with and supporting the department and division business Strategic Plans and based on portfolio management principles. This strategy is documented in the IT Strategic Plan.

The investment strategy guides the **Selection** of investments to be added to the portfolio, supported in the portfolio, or deleted from the portfolio (Buy/Build, Hold, Sell).

The Investment Process defines how selected investments are **Delivered**, and provides oversight of that process using consistent Project Management methodologies.

All investments are continuously **Evaluated** throughout their

life cycle. The evaluation results provide information used to modify the investment strategy and the Investment Process itself.

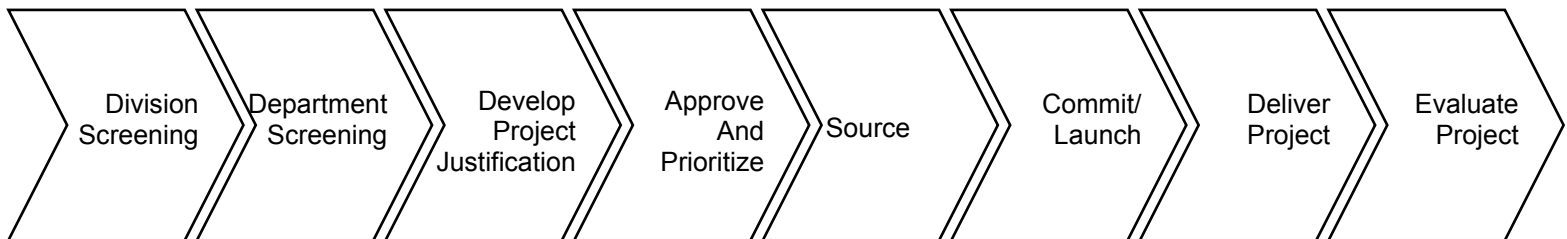


Project-Related Stages

The IT Investment Process as it relates to projects contains 8 major stages:

- Division Screening
- Department Screening
- Project Justification
- Approve and Prioritize
- Source
- Commit/Launch
- Deliver the Project
- Evaluate the Project

These stages are briefly described below. Detailed information about each stage is provided in later units of this manual.



Division Screening

During this stage, the Project Sponsor completes a Preliminary Project Evaluation and submits it to the Division Administrator for review.

Department Screening

During the Department Screening stage, the CIO Office reviews the Preliminary Project Evaluation for completeness



	and determines if there are any possible enterprise wide opportunities.
Project Justification	During this stage, the Project Sponsor and Project Team will develop a Project Justification. The Project Justification has five components: a Project Charter, a Work Plan, a Risk Analysis, a Cost-Benefit Analysis and an Executive Summary.
Approve and Prioritize	During this stage, the CIO and/or ITSC review the Project Justification. Based on the information provided in the Project Justification, and the size/risk of the project, the CIO and/or ITSC makes its approval decision and prioritizes the project.
Source	If the project is approved and it is deemed necessary to outsource, the Request for Proposal or Request for Services is developed during this stage. The CIO and/or the ITSC monitor the outsourcing process and approve the vendors.
Commit/Launch	During this stage, the Refined Work Plan, Organizational Chart, the Quality Plan and the refined Cost/Benefit Analysis are created. The Statement of Work is also a product of this stage, confirming the agreement between the customer and the party developing the work.
Deliver the Project	During this stage, the work of the project is being accomplished. As the project is executed, its progress is monitored through regular status reporting. All tier 1 and 2 projects will periodically be reviewed by the CIO Office and/or the ITSC to assess progress and make recommendations where major issues exist.
Evaluate the Project	Immediately after implementation, the Project Manager must complete a Lessons Learned document. This document is instrumental in sharing the experience of the project team with others that may be project development stages. The CIO Office reviews project evaluations at 0-3 months (Customer Deliverable Review) and at 12-18 months (Project Justification Review) as part of this stage. The asset delivered, enhanced, or supported by the project is itself reviewed each year.
Topic 1.4	Roles and Responsibilities
Department Secretary	The Secretary requested the creation of an IT Investment Process to help DWD executives make IT decisions in alignment with DWD strategies. The Secretary and/or Deputy Secretary participate in the IT Investment Process by chairing the ITSC, setting the department's direction and making final approval decisions.
IT Steering Committee	The ITSC sets IT policy and direction, defines criteria to measure business value, selects IT initiatives to be included in



	<p>the portfolio, and provides the oversight necessary to ensure that DWD's IT investments are attaining the greatest business value. The ITSC defines thresholds for the IT Investment Process, approves Tier 1 initiatives for inclusion in the IT portfolio, identifies special requirements or checkpoints for Tier 1 projects, sponsors/endorsees enterprise projects and approves DWD's IT Strategic Plan.</p>
CIO	<p>The CIO leads the development of a department perspective on IT, reviews project justification studies and evaluations, leads enterprise IT planning, and provides Department-wide portfolio oversight. The CIO is the liaison between IT initiatives and the ITSC, analyzes and endorses potential initiatives to the ITSC and approves Tier 2 initiatives for inclusion in the IT portfolio.</p>
Division Administrator	<p>A Division Administrator (DA) reviews and approves Preliminary Project Evaluations during the Division Screening stage and commits Division resources to approved investments. The DA also conducts a quarterly review of projects during the Delivery stage to ensure that projects remain aligned with division objectives.</p>
Chief Technology Officer	<p>As a member of the ITSC the CTO participates in defining IT policy, selecting initiatives, and overseeing and evaluating delivery. The CTO manages the Bureau of IT Services, which delivers IT services for DWD.</p>
Bureau of IT Services	<p>BITS delivers (or manages the delivery of) most of the IT services for DWD. These services include planning and project justification, operations and infrastructure support, application development, and contract administration for externally provided IT services.</p>
Project Sponsor	<p>The Project Sponsor defines the objectives and scope of projects. The Project Sponsor is responsible for the oversight of all stages of a project, and presents the Project Justification and periodic status reports to the CIO Office and ITSC. The Project Sponsor ensures that issues are resolved.</p>
Project Manager	<p>The Project Manager is responsible for all aspects of one or more projects and reports status to the Project Sponsor.</p>
Project Team	<p>The project team includes all resources required to define and implement a potential initiative. The team includes Bureau of Information Technology Services (BITS) members, functional analysts and any other internal or external resources needed to plan and deliver the project. The Project Team provides both IT and business perspectives and may include personnel from other agencies and organizations.</p>



Bureau of Procurement

The Bureau of Procurement develops, manages and oversees the procurement process, tools, and templates. They act as consultants to project sponsors and project managers during the Sourcing step, facilitate the preparation of procurement documents (RFS, RFP, RFB, etc.), and assist with contract negotiation.



Bureau of Budget and Planning

The Bureau of Budget and Planning develops, manages and oversees the budget and cost/benefit analysis process. They help Divisions identify funding sources and budget impact, and act as consultants to division cost/benefit analysis experts.

Topic 1.5 Implementation Timeline

There are three “tiers” of projects:

As part of the evaluation process, the project is classified into one of three tier levels based on cost, hours and risk. The tier level drives whether the project will need to be reviewed further by the CIO Office and/or the ITSC once approved by the Division Administrator.

- Tier 1 includes those projects with IT costs greater than \$200,000 or IT hours greater than 3500 or high risk.
- Tier 2 includes those projects with IT costs less than \$200,000 and IT hours greater than 500.
- Tier 3 includes those projects less than 500 hours.

Tier 1 projects require ITSC review; Tier 2 projects require CIO review; and Tier 3 projects require Division Administrator review.

Topic 1.6

Using the IT Investment Process Manual

The following sections of this manual each describe a stage of the IT Investment Process. Each section includes the same 3 components:

- Responsibility Flow
- Stage Description
- Tools

Responsibility Flow

The Responsibility Flow is a section of the IT Investment Process Flow depicting one specific stage. The flow illustrates the various roles within each stage listed down the left side.

Stage Description

The Stage Description is a narrative discussing the various steps of the stage, who is responsible for each, and the tools to be used.

Tools

Each stage has a set of tools or templates that are used to capture information and facilitate decision-making. Each tool is provided in your manual with a cover sheet. The Tool Cover Sheet provides a brief synopsis of the template/tool and how to use it. It also provides the following information:

- Description



- Timeframe
- Owner
- Reviewer
- Input(s)

Every template has an evaluation at the end. Individuals completing the template use that evaluation to identify the usefulness of the form and suggest changes. All feedback will be considered.

Topic 1.7

Available Help

CIO Office

Representatives from the CIO Office are available to assist if you have questions about the overall process or the content of the templates. They also would address questions about approval criteria. Contact Ellen Vogel or Rose Lynch.

Web Site

Check the ITIP web site for the most current information on the process, tools, templates, examples, and lessons learned. See <http://dwdworkweb/itinvestment/>

CONTINUE to Module 2.