Appendix C

IT Project Benefits Realization and Reporting

As part of both PSB's and KCIT's desire to have better information about projects, and specifically about the benefits that projects deliver to agencies and the County overall, the process for benefits realization has been the subject of continuous improvement efforts.

The improvements for this year (2013 budget year) began back in January of 2012 (with discussions as far back as October of 2011), with benefits realization the primary focus for improvement. In the past, the largest obstacle for reporting on benefits in general, and cost savings from projects in particular, has been the lack of accurate and timely data about these benefits. This lack of data led to insufficient reporting on the benefits of projects and a lack of understanding once projects have closed as to where benefits were to come from, how they were reported, to whom, and what portion of those benefits could be captures as true budget savings. Additionally, there was confusion on how benefits were categorized, whether they were tangible cost savings that could be removed from the budget or whether they were simply calculations of risk management that led to a value estimate.

In an effort to overcome these issues and to collect reliable, consistent data over an extended time about IT projects and benefits, a number of changes and initiatives were started. These included:

1. New forms on which to report benefits by category
2. Process changes to better track benefits through time
3. Funding and implementation of a new portfolio management system in KCIT
4. Copious communications about the need to report better and more useful data about projects and benefits

1. New Forms

In order to collect the benefit related data more accurately and consistently, a new form was created for agencies and projects to use during the various times that benefit information is important. This new "Benefits Realization form" includes specific areas of improvement that have been discussed in the past with council staff, as well as a number of areas identified from internal quality improvement efforts. This form will be used at different stages to track benefits at that point in time, and to also compare the expected benefits to actual benefits. Specifically, this new form helps improve the benefits realization process by explicitly tracking:

- The value expected from the project for the agency or other parts of the County, answering the question "How will we know if the project is a success?"
- The metrics used to determine success and how they will be collected and tracked, and by whom
- An explicit acknowledgement and plan for a transition from the project personnel to the business owner for responsibility for all benefits realization tasks

- A listing of any operational efficiencies or annual cost savings
- A listing of other benefits, which could include customer related benefits, risk reduction, cost avoidance, improved morale, and a number of other potential benefits

2. Process Changes

The process changes were put in place to establish a number of times where benefit information was collected, establish accountability for creating and tracking metrics related to benefits over time, and appropriately categorizing benefits so that there is no confusion between budget savings, cost avoidance, risk management, or any other number of possible benefits. From a high level, the process for tracking benefits has several important times when benefit information is important.

The first is during the period of time when a project is being considered and selected for funding. In this time period the projects are usually very preliminary, and expected benefits are written with the best information available at the time. Admittedly, the error range at this time is rather large, and thus updates to these benefits are expected in the future.

The second occurs when the project comes to PRB for its first funding release. By this time, the project should have a definite plan, and project costs and benefits should be better known.

Third, at any time during the project when there is a material change in expected benefits, an updated form will be created. This could be after some pre-selected milestone, or simply changing business or economic conditions which could drive a change in expected benefits. This benefits change should be reported as a flag in the project's monthly reporting. This could then lead to a number of outcomes depending on the conditions and the project. These could include providing additional help to the project, adjusting the risk reporting level, or considering de-funding the project, among other options. An updated benefit realization plan needs to be provided to PRB at the minimum and at the latest at the time when the project comes to PRB for implementation funding release.

Fourth, at the end of the project, the expected benefits will be updated again. With the project complete, this will be the best estimate yet of the projected benefits. For some projects, benefits could have been accumulating as the project progressed, in which case actual benefits would also be reported. The expectation is that the most current benefits realization report or a plan for agencies to measure, track and report benefits is provided to PRB at the project close-out time.

Finally, at various intervals, the agency will continue to report actual benefits. These benefits must be reported, even if the benefit to that point is zero. Likely, the agency will report its actual benefits as being different from those first selected or expected. This is an expected outcome, and additional benefits beyond those documented may also be realized. The separation of benefits will help the IT governance groups determine if the project was in fact a success, what lessons could be learned from both the project and the agency, and what could be done better with similar situations in the future.

These process changes are being applied to all projects going forward, beginning with the projects submitted in the 2013-2014 Proposed Budget. Existing projects are not being made to go back and create this documentation after the fact, but projects which have closed will be filling out this form in addition to the normal closeout documentation within 1 year of closing (which is the current requirement for closeout documentation.)

3. New Portfolio Management System

The portfolio management tool implemented by KCIT will eventually be the source for IT project data. This tool is designed to provide reporting and metrics on projects while following them through their entire lifecycle, from conceptual review to approval to implementation to closeout to continued and historic reporting.

As an additional process change, the conceptual review process will use this portfolio management tool for the 2014 budget and any mid-biennial update IT projects. The projects that come out of this process will already be entered into this system, and if approved will simply transition to active projects. Full access to conceptual review and budget data will be available for easy reporting to both project management and to IT governance such as PSB and council staff.

Monthly project reporting will also be transitioning to the new portfolio management system in November of 2012. This allows plenty of time for project managers and department personnel to become familiar with the system, and training will be available at multiple points.

4. Communication of Reporting Focus

The importance of this data and the integration of these various tools into everyday use have been communicated clearly, directly, and often. Beginning in January of 2012, the need for better information around IT projects was expressed to agencies and departments. This message has been repeated, and there is a high level of leadership focus on this topic.

Reporting of better information is a requirement for both the CIO and the Executive, and continued messaging around this fact will help to change the historic culture. While not an instant process, incentives are being created to integrate this into everyday work.

This message that we need to improve how benefits are delivered, realized, and reported has been presented to a wide audience, including the Technology Management Board (TMB), and Business Management Council (BMC), IT project managers, project sponsoring department and agency personnel, PSB, and KCIT. This message has been delivered at meetings, trainings, kick-offs, and in correspondence. And this will be a message that continues to be communicated widely and often.

5. Documents provided in addition to the TBP

Included as part of the delivery of the agency documentation delivered to council staff in years past as a supplement to the officially transmitted Technology Business Plan, the following will again be delivered informally in electronic version to council staff:

- IT Project Business Cases
- IT Project Cost Benefit Analysis (CBA) forms,
- IT Project Benefits Realization Plan *
- IT Project Benefits Realization Reports (starting with 2012 closed projects as they are collected)
- PRB Closed Projects tracking spreadsheet

* The Benefits Realization Plan documents are new for the 2013 budget.

6. Project Benefit Realization Reports

List of 2012 closed projects as of August 2012. These projects have benefit realization reports due one year after the project closes. At this point, the PAO PROMIS Replacement Planning project is overdue in providing its benefit realization report. However, this project did lead to a PROMIS replacement project that is currently underway. Projects that closed prior to 2012 are not listed here but benefit realization reports will be provided where available. The table below is an example of the 2012 projects listed in the PRB Closed Projects spreadsheet.

Dept	Project	Close Out Report Due	Close Out Report Received	Benefit Realization Report Due
DAJD	Community Corrections Application Migration	Jun-12	Sep-12	Jun-13
DNRP	Electronic Document System Evaluation	Apr-12	Apr-12	Apr-13
DOT	Digital Video Replacement	Jul-12		Jul-13
KCIT	JJWeb Remediation	Jul-12	Jul-12	Jul-13
KCIT	Puget Sound Next Gen Radio Voice/Data System	Jun-12	Aug-12	Jun-13
KCIT	Radio Infrastructure Facility and Tower Grounding	May-12		May-13
KCIT	Radio Tower Repair Work	May-12		May-13
KCIT	VHF/UHF Narrow-banding	May-12	Aug-12	May-13
KCSO	Laboratory Information Management System	Confirmed as Cancelled in June 2012		
PAO	Juvenile Workflow & Req. Sub-Project	Jul-12	Jul-12	Jul-13
PAO	PROMIS Replacement Planning	Feb-11	Aug-12	Feb-12

Please see the list of existing projects in the appendix and their projected close dates for more information when these projects will be providing benefit realization information. Additionally, the

tracking spreadsheet for closed projects with close-out reports, benefit realization report due dates, and links to all received files will be provided along with the other electronic submittals.