

Agency Mission: Lead the pursuit of excellence in state government.

KPM #6	<i>IT PROJECTS – Number of state information technology projects with a 90% actual to expectations ratio measured by performance criteria. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 2002
Goal	Efficient and Effective Government Infrastructure	
Oregon Context	OBM #35 – Governing Magazines ranking of public management quality	
Data source	Agency status reports submitted to EISPD IT Investment and Planning Section for Major IT Projects >\$1M.	
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1. OUR STRATEGY

The measure links to the agency goal of efficient and effective government infrastructure.

2. ABOUT THE TARGETS

The measure provides an indication of how major state IT projects have performed over time.

3. HOW WE ARE DOING

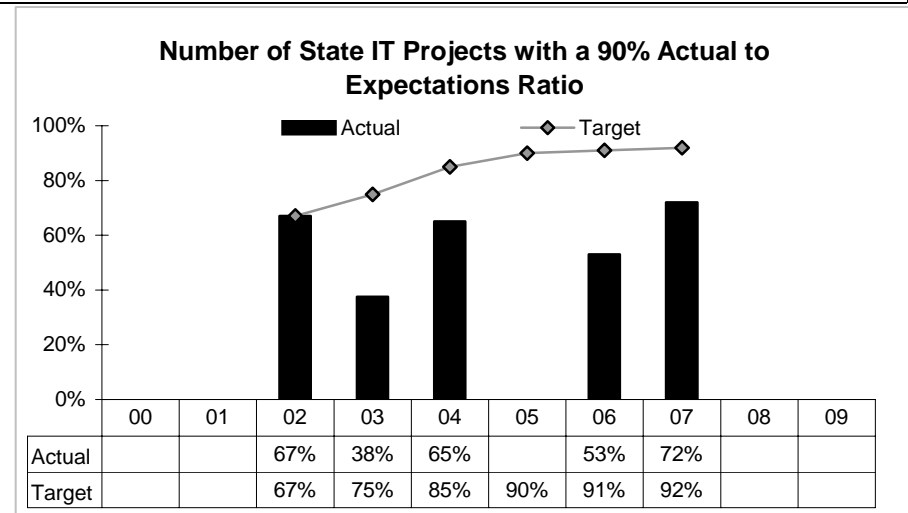
On average, in the assessments IRMD conducted between December 2005 and August 2006: (1) all critical path deliverables were, or were expected to be, on schedule 53.2%* of the time; and (2) actual budgets for the projects were, or were expected to be, no more than 10% above the approved baseline budget 88.7%* of the time.

The criteria for assessing project budget and schedule variance was modified in September 2006 in response to requests by members of the Joint Legislative Committee on Information Management and Technology (JLCIMT). The change in reporting criteria and the associated change in how project schedule status is assessed does not allow for a direct comparison of agency project schedule-related performance between the 2005/2006 and 2006/2007 fiscal years.

On average, in the assessments EISPD conducted between October 2006 and May 2007: (1) 72% of the major IT projects tracked by EISPD across all reporting periods had a planned completion date that was, or was expected to be, within 10% of the approved schedule baseline; and (2) 88% of the major IT projects tracked by EISPD across all reporting periods had a planned total project budget that was, or was expected to be, within 10% of the approved baseline budget.

4. HOW WE COMPARE

While the 2006 and 2007 data are not directly analogous, the general trend is positive regarding project schedule performance during the periodic reporting periods (72%). Adherence to project budget baselines overall was stable over the reporting period (88%). Project performance related to schedule can be attributed to unanticipated/unplanned delays in the completion of project work or planned re-baselining of the project schedule to ensure that project budget and quality objectives/targets could be achieved.



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Public and private sector organizations across the nation have had significant challenges in meeting originally stated budget, schedule, and quality objectives for large IT projects. An article concerning project performance across the US in 2002 published by MIT's Sloan Management Review estimated that 68% of corporate IT projects were neither on time nor on budget, and didn't deliver on originally stated business goals. According to a July 2004 Computerworld article "...72% of large projects are late, over budget or don't deliver anticipated value... a 28% chance of success." The 10th edition of the annual CHAOS report (published in 2004) from The Standish Group, which researches the reasons for IT project failure in the United States, indicates that project success rates have increased to 34% of all projects. That's more than a 100% improvement from the success rate found in the first study in 1994. The Standish Group has studied over 40,000 projects in 10 years to reach these findings. The report indicates that project failures have declined to 15% of all projects, a vast improvement over the 31% failure rate reported in 1994. Projects meeting the "challenged" description—meaning that they are over time, over budget, and/or lacking critical features and requirements— total 51% of all projects in the 2004 survey. Most of the challenged projects in the 2004 survey had a cost overrun of under 20% of the budget, a threefold improvement over the first 1994 study. Of all projects with cost overruns, including failed projects, the average project cost overrun in 2004 was found to be 43% versus an average cost overrun of 180% in 1994.

5. FACTORS AFFECTING RESULTS

Large information technology projects that span multiple years are inherently risky and complex. The major IT projects assessed for this report (with few exceptions) exceed \$1M and span multiple years, sometimes multiple biennia, in duration. In alignment with state biennial budget development processes, the original budget and schedule estimates for these projects were, in most cases, established twelve to fifteen months prior to the biennium in which the agency plans to initiate the project, assuming funding is granted by the legislature. As such, they are often rough estimates based on the best information available at the time. As agencies initiate projects and proceed through the project lifecycle (initiation, planning, execution, control, closeout) more information becomes known and estimates of budget and schedule become more refined and accurate. That said, it is prudent from time to time for agency project managers to go through a formal re-baselining of project schedule and budget with approval from their executive sponsors and steering committees. The performance results reported for 2007 in sections 3 and 4 above reflect this reality.

6. WHAT NEEDS TO BE DONE

As stated above, large information technology projects that span multiple years are inherently risky and complex. They must be professionally managed and actively overseen by agency program and executive-level management, as well as by independent third party quality assurance vendors. The State of Oregon has recognized these needs as evidenced by its 10+ year commitment to independent quality assurance oversight and its Oregon Project Management Associate training program (nearly 800 certified project managers since 1998). Further, to ensure that IT projects are initiated only after a sound business case has been developed, DAS has provided multiple business case development training sessions to state agency personnel in partnership with the Public Management Association. Between May and August 2007 over 120 state agency personnel have successfully completed the training.

7. ABOUT THE DATA

DAS anticipates KPM #6 will be abolished and new measures will be incorporated into future legislative reporting that more accurately portrays the performance, quality assurance, and risk status of major IT projects in the state.

This KPM was approved by JLAC for deletion in the 07/09 biennium