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The Critical EPMO

**Enterprise Program Management Offices:
The case for empowered IT program
management in public sector healthcare**

WHITE PAPER

Government healthcare IT: Rising expectations, high stakes

Over the last three years, an unprecedented number of complex health and human services (HHS) information technology (IT) initiatives have been undertaken, prompting a robust and wide-ranging discussion among stakeholders around how these projects were managed and delivered.

The federal government continues to devote significant money and resources to HHS projects, further increasing pressure on agency program managers and their vendors to successfully implement complex technology systems.

A number of recent projects have encountered serious challenges, resulting in the disruption of critical citizen services, significant stakeholder frustration, and in some instances, cancelled projects.

The Department of Health and Human Services currently has the largest civilian IT budget at just under \$11.4 billion for fiscal year 2016. Spending at the Department, originally projected at \$8.6 billion, is now projected to reach \$12.6 billion in fiscal year 2016, an increase of 45 percent.¹ Human services programs at the state and local levels are also expected to drive an IT spending increase of 3.3 percent in the coming years, from \$60.4 billion in 2014 to \$70 billion in 2019.²

In order for government agencies to realize the full potential of available technology while safeguarding public resources, a new implementation model is required.

Requirement for success: A new governance and implementation framework

Given the dollars and services at stake, steps are being taken to ensure that future healthcare IT projects achieve stakeholder goals. Having learned a painful lesson about the risks associated with “big bang” launches, state and federal health and human services agencies are strategically adopting implementation models that integrate best-of-breed discrete solutions, or modules. This approach, however, requires a disciplined and sustainable implementation model. There is a growing consensus that without a centralized, experienced and empowered management entity overseeing the work, the majority of complex IT projects will continue to fail.

Implementation challenges of large IT projects are pervasive

Drawing from a database of 50,000 projects, one study found a high rate of failure among government IT projects with labor costs of at least \$10 million. Of 3,555 such projects undertaken from 2003 to 2012, only 6.4 percent were deemed successful. Fifty-two percent of these large projects were over budget, behind schedule or did not meet user expectations. The remaining 41.4 percent were deemed failures, meaning they were either abandoned or forced to start over from scratch.¹

¹ IDC Government Insights, 2015.

² *The Washington Post*: “Deltek: State, local government IT spending increase is an opportunity for contractors.” August 24, 2014.

Keeping business and IT in balance

While the systems integrator is responsible for the implementation of software and solutions, it cannot represent the interests or priorities of the government customer. Implied responsibilities outside of the technical delivery of the project create distractions and, as a result, significant risk for both the agency and vendor.

This paper explores one solution that offers an effective way forward—the independent Enterprise Program Management Office (EPMO). This model is based on the core concept that organizations need to be served by IT, not the other way around—something that current frameworks ignore. Too often, the original mission served by an IT project is marginalized or deprioritized while managers focus on the technology itself—a common situation that puts the roles of government agencies, project managers and their IT vendors out of balance.

To restore equilibrium, the evolved EPMO model deserves close consideration where projects increasingly require leadership across multiple departments and stakeholders, expert navigation of evolving government requirements and regulations, and hands-on knowledge of the capabilities offered by various IT vendors. The EPMO concept is also a rational response to an industry-wide move toward commercial-off-the-shelf (COTS), multi-product implementations as well as a push toward program integration and system modernization.

The EPMO model is informed by first-hand experience involving large and small government IT implementations in the public healthcare sector, along with recent analyses by agencies and directives from the federal government.

EPMO: Beyond the systems integrator

A key success factor for large and complex IT projects is the effectiveness of integration, coordination and communication among vendors and their project management offices (PMOs). The selection of a systems integrator (SI) is often seen as the most important decision an agency will make, but without an empowered and sophisticated EPMO, there is a much-reduced likelihood of successful implementation.

While the SI is responsible for the implementation of software and solutions, it cannot represent the interests or priorities of the government customer. Implied responsibilities outside of the technical delivery of the project create distractions and, as a result, significant risk for both the agency and vendor. It is imperative that HHS services agencies have the authority and information to oversee every element of a large program, during which the sheer complexity and volume of inputs can be overwhelming. An appropriately staffed and empowered EPMO supporting agency leadership has the experience and expertise to best manage numerous challenges posed during a significant IT implementation.

Systems integrators and traditional PMOs: Potential shortcomings

In most HHS implementations, the SI is assumed to be responsible for overall governance and communications, both in terms of managing the process for the agency, and coordinating activities among the other vendors. While these requirements are generally not included in the RFP, governments often have little choice but to default into this arrangement because the lead agency lacks the requisite expertise, resources, and in many cases, confidence. This model is unlikely to meet agency requirements, however.

Traditional agency PMO models may also present deficiencies. Owing to limited resources and the temporary nature of large IT projects, agencies often turn to a third party to assume project management responsibilities. In most instances, however, an outside vendor hired as a fully outsourced agency PMO may not have the requisite understanding of the technology and business elements of a project.

Comparison of EPMO Characteristics of System Integrators and Agency PMO's

Characteristic	SI	Agency PMO
<ul style="list-style-type: none"> • Access to qualified staff; ability to scale if needed • Tools and methodologies • Understanding of technology solution 	Yes	Rare—agencies are often forced to secure outside resources, but generally lack deep industry knowledge or technology expertise
Enterprise and cross-agency view of project	Both contractually and financially incented to focus on the implementation of the solution that was bid—not overall project success	Yes
Authority to hold all project vendors accountable	No	Yes
Granular-level visibility into other vendor activities	No—Best case understanding dependencies	Challenging without appropriate insights and information
Resources with requisite technical background	Yes	Challenging
Resources with requisite program and/or policy background	No, challenging	Yes
Knowledge of SI implementation elements: <ul style="list-style-type: none"> • Staffing • Schedule • Contract • Risk management 	Yes	No, difficult to spot underlying vendor challenges

Agency-level implementations: The case for an independent EPMO

In the ideal model, agencies are able to exert ultimate authority over all elements of the project, both programmatic and technical implementation. This is not possible, however, unless the agency PMO is supplemented by an independent EPMO with expertise regarding administrative and operational activities, as well as vendor oversight.

A well-executed EPMO model supporting agency IT implementations provides the extraordinary discipline required around processes and communications to achieve program objectives. Ultimately, the agency is responsible for the successful integration of agency and vendor PMOs, but there is a great deal that should be expected of vendors in order to support the agency. Identification of those requirements, however, can be challenging without in-depth experience with large integration projects. The state must be assured that they are getting the right information from their vendors and must know how to use the information they receive in order to make effective program management decisions.

Empowered for performance

An effective EPMO supports agency goals through tracking progress, identifying key dependencies and mitigating schedule impacts tied to the performance of other vendors and subcontractors.

EPMO critical task: Project-wide resource management

Cross-vendor resource management is one of the most challenging tasks faced by any large IT project. Scarce agency resources, challenges in estimating task duration and growing interest in agile development methodologies are only some of the barriers. It is critical that the agency PMO have the information necessary to manage competition for agency resources and identify the most appropriate vendor expertise. An EPMO should take responsibility for data collection as well as identifying the most appropriate mix of technical, development and programmatic staff for large and complex projects—a critical task requiring a high level of industry, technology and management expertise—and validate that it is being met.

Strong central oversight and coordination can fulfill these expectations. The creation of an external EPMO can offer powerful support for an agency, particularly in complex vendor ecosystems. Alternatively, an independent EPMO could also be assigned to focus on a handful of core areas—a departure from the traditional, broad project management practices that are typical of many current HHS projects. There are five interrelated elements an EPMO should provide:

- **A strong governance model.** An independent EPMO will coordinate and analyze inputs from across a project, providing the agency with the necessary data to fulfill its role as the preeminent determinant and enforcer of IT project governance. The most effective governance models define the information required of each vendor, and an EPMO can support the agency in the interpretation, management and enforcement of these requirements.
- **A fully integrated project schedule.** There is no question that a single, comprehensive project schedule is imperative. An independent EPMO can take responsibility for the development and maintenance of this schedule, including validation of inputs from vendors and partners, and provide the information required to determine project status and ultimate risk.
- **An integrated risk and issue register.** Managed across all vendors, an independent EPMO can help the agency ensure adherence to a methodology for addressing and managing risks and challenges, a process that traditionally has not been fully and consistently integrated among vendors, agencies and stakeholders. In doing so, it helps avoid the least desirable risk management scenario, in which the agency cannot develop a holistic and valid view of risks.
- **Organizational change management (OCM).** A comprehensive OCM plan in place before and after the IT implementation is a critical success factor. OCM often falls victim to compressed schedules and depleted resources, and its omission guarantees that the agency will struggle with issues ranging from business processes to maintenance and operations long after the implementation is deemed complete. The EPMO can address this challenge by coordinating vendor resources and guiding the agency through critical initiatives involving stakeholder engagement and communications, business process changes and organizational readiness.

A view of the big picture

It is often the case that in large HHS IT initiatives, project managers and government leaders too often focus public attention and agency priorities around one slice of implementation—the technology—versus an enterprise-wide approach and the tasks required for success.

An effective EPMO can help provide a view of the big picture, and ensure effective coordination and communications across stakeholders and systems impacted by a complex IT implementation.

Mitigate risk and improve outcomes

The independent EPMO model helps mitigate risk and improves the outcomes of large IT projects. It relieves SIs from the pressure of attempting to coordinate vendor tasks beyond their scope and solution expertise, keeps the government client firmly in charge and allows vendors with niche expertise to do what they do best in terms of technology and solution delivery.

Selecting an EPMO

In addition to consideration of an EPMO's knowledge and expertise, hands-on experience and overall cost/value proposition, government agencies should assess independent EPMO providers based on their ability to provide:

- Direct experience with the inner-workings of complex IT projects, both from the vendor and agency perspective
- An assessment and explanation of the strategic tradeoffs that may be required during the course of an ambitious or unprecedented project
- Informed counsel—the ability to effectively execute what is possible and offer viable alternatives when the risks are too great
- A commitment to the long-term success of an initiative, and the ability to understand the client agency's project within a larger policy context, citizen service mission or modernization effort

Recent outcomes illustrate that the current project management model is misaligned against the realities of HHS technologies and programmatic needs—project elements that are too often at odds with each other, or at a minimum, out of balance.

It is time to recognize that an experienced-based and pragmatic approach is required, rather than continuing with accepted practices that have been in use for decades without desired results. This will require an entirely new way of looking at project implementation, which will be as challenging for vendors as it will be for agencies.

In an era of ambitious IT projects, soaring citizen expectations and high-stakes policy initiatives, the management expertise offered by an empowered, independent EPMO is an idea whose time has come.

For more information about this paper or the EPMO model, visit
cgi.com/epmo.



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