

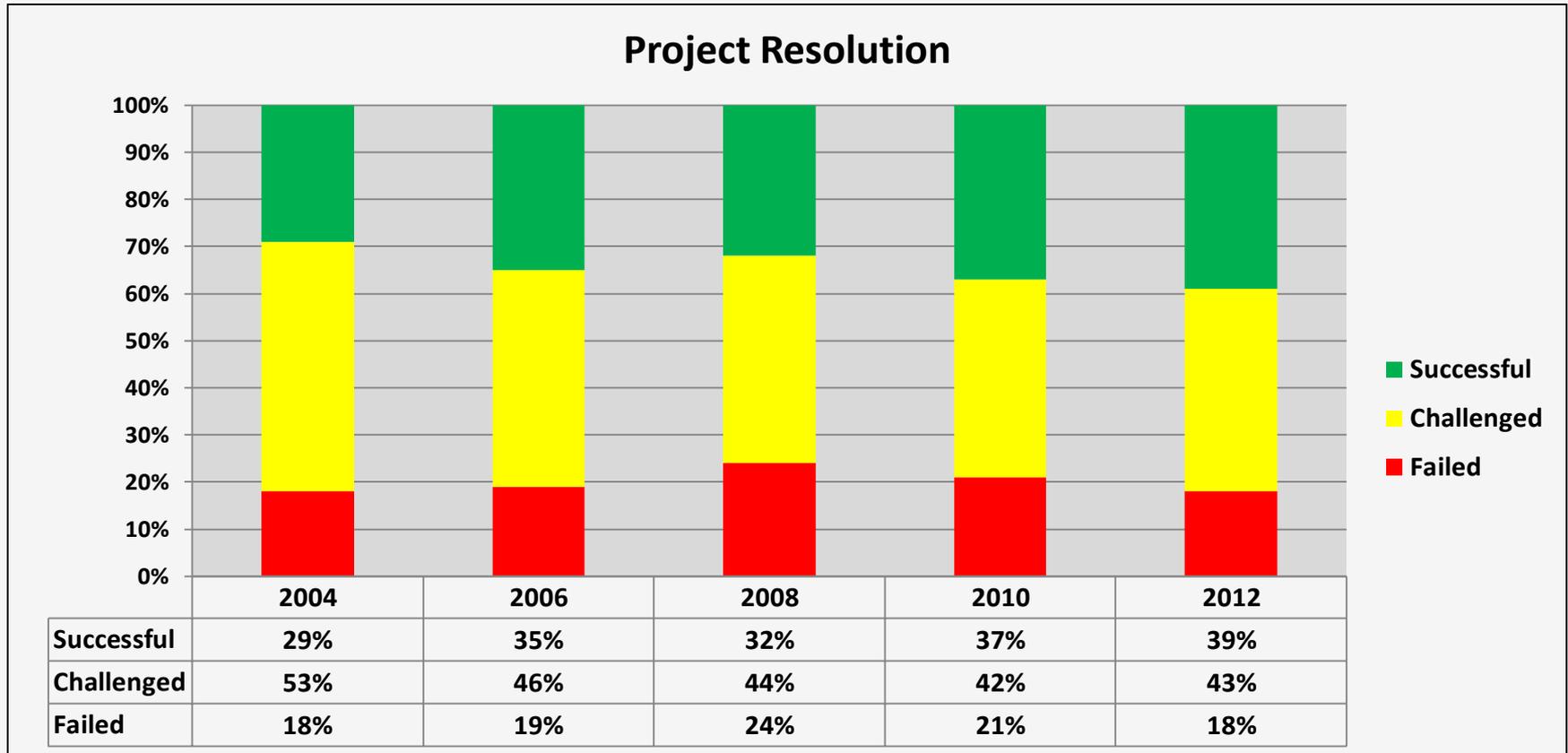
Managing Risk on Public Sector IT Projects

Dominic Lepore
November 18, 2014

Agenda

- Projects are hard!
- Public sector projects carry unique risks
- Case Study Analysis
- Best Practices

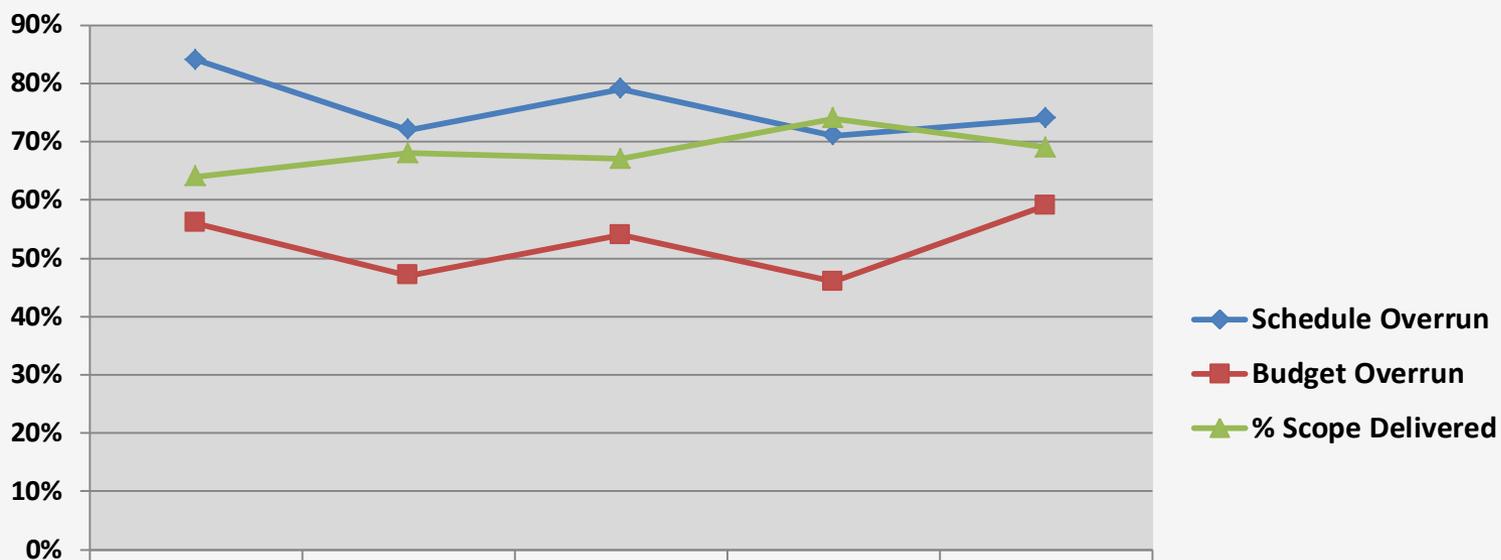
Project Success is difficult



During the last decade, we are only slightly better at managing projects

Project Performance

Scope, Schedule and Budget Results



| | | | | | |
|-------------------|-----|-----|-----|-----|-----|
| Schedule Overrun | 84% | 72% | 79% | 71% | 74% |
| Budget Overrun | 56% | 47% | 54% | 46% | 59% |
| % Scope Delivered | 64% | 68% | 67% | 74% | 69% |

| | 2004 | 2006 | 2008 | 2010 | 2012 |
|-------------------|------|------|------|------|------|
| Schedule Overrun | 84% | 72% | 79% | 71% | 74% |
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Schedule and budget overruns tend to be significant

Headlines to Avoid

Financial Risk

SAIC to Pay \$500 Million to Settle
New York City Time Fraud

By Bob Van Voris and Henry Goldman | Mar 14, 2012 3:02 PM ET | [2 Comments](#)

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News

Cover Oregon withholds \$25M from
Oracle

Published November 15, 2013, 09:25 PM



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Fargo-based Noridian sued by subcontractor on \$51 million
Maryland health exchange project

FARGO – Noridian Healthcare Solutions is embroiled in legal action with a Florida firm over disputes involving the two firms' efforts to establish an online health insurance marketplace for the state of Maryland.

By: [Patrick Springer](#), INFORUM

Indiana can seek \$177M in IBM suit

Reputation Risk

Oracle Accused Of Lies, Extortion
By N.J. University

Montclair State University lawsuit claims Oracle purposely over-
promised off-the-shelf ERP functionality it couldn't deliver.

Topic: [CXO](#)

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Marin County claims racketeering
against Deloitte and SAP, part one

Cover Oregon: Feds blast state
health insurance exchange and
lead contractor, Oracle

IT Project Risks (1)

- Not enough is known about the project when the contract is signed
- Difficult to determine the status of a software project
- Communication and documentation are stored on client's systems
- Budgets are tight
- Cost of delay is not tracked in real-time

IT Project Risks (2)

- Client trusts contractor to not allow them to screw up – relationships quickly become negative when things go wrong
- Contracting Officer is not interested in, or not capable of, reimbursing contractors for work

Risks in the Public Sector (1)

- (Usually) fixed price contract
- Political involvement (both official and unofficial)
- Unusual funding profiles
- Procurement Office may be different than the project team which may be different than the end users

Risks in the Public Sector (2)

- Government team may not have needed expertise
- Unmotivated workforce
- Limited financial means/political will to resolve problems
- Lawsuits may be filed for political reasons

Case Study: Health Benefit Exchanges

- Affordable Care Act of 2010
 - provided for the establishment of health benefit exchanges (websites) to facilitate the purchase of health insurance
- States could either join the federal exchange or implement their own
- Analyzed Projects
 - Connecticut, Kentucky and Washington State
 - Maryland, Oregon and Vermont

Poll: Which knowledge area contained the greatest number of risks on the health benefit exchanges websites?

- Integration
- Scope
- Time
- Cost
- Risk
- Quality
- Human Resources
- Procurement
- Communications
- Stakeholder

Case Study: Health Exchange Issues

1. Integration (Plans, Controls)
2. Scope
3. Time (Schedule)
4. HR
5. Risk
6. Procurement
7. Stakeholder Mgmt
8. Communication
9. Quality
10. Cost (Budget)

Integration (Plans, Controls)

- Project controls not consistently applied (VT)
- Lack of integration planning (VT)
- No Change Control Board (MD)
- Unclear if any deliverables were approved (MD)
- Lack of detailed data conversion plan (MD)
- Code can be moved from dev to production (MD)

Scope

- No well-defined scope for Release 1 (VT)
- Requirements: lack granularity, not traceable, insufficient detail, ambiguous, not tied to work flows or use cases (VT)
- Incomplete requirements (OR)
- No documented list of features at go-live (MD)

Time (Schedule)

- Plan continues to be re-worked; there is no way to assess progress. It is not clear what components will be delivered when. The dates seem unrealistic and unachievable. Some dates violate CMS requirements. (VT)
- Development, test, pre-production, production, training and DR environments not available as planned. (VT)

Maryland Approach



Maryland Approach



Case Study: Health Exchange Issues

- What Worked?
 - Single oversight committee
 - Single PM
 - Clearly defined and realistic project scope
 - Scope control
 - Use of existing platforms and Commercial-Off-the-Shelf (COTS) software
 - Extensive testing

Best Practices: Scope (1)

- Deciding what's out of scope is as important as what's in scope
- Work breakdown structure (WBS) represents 100% of the work
- Deliverables-based WBS

Best Practices: Scope (2)

- Limit customizations
- Can only add/subtract from the WBS through the Change Management process
 - All changes must be in writing

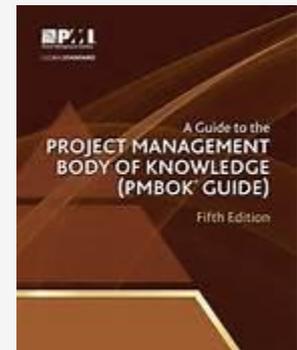
Best Practices: Schedule

- Get Scope right of course!
- Beware the planning fallacy
- Comprehensive, Well-constructed, Credible, Controlled (GAO guide on scheduling)

Best Practices: Schedule

- Manage the critical path
- Risk-based contingency
- Include all client tasks; document client failings

- Project Management Institute (PMI) Project Management Body of Knowledge (PMBOK)
 - PMBOK is an ANSI and IEEE standard
 - Parts of the PMBOK are accepted by ISO
 - Relative Standard (vs. Absolute Standard): it compares what you did against what you said you were going to do



Pitfalls of Project Status Reporting

(1)

- Executives can't rely on project staff and other employees to accurately report project status information and to speak up when they see problems.
- A variety of reasons can cause people to misreport about project status; individual personality traits, work climate and cultural norms can all play a role.

Pitfalls of Project Status Reporting

(2)

- An aggressive audit team can't counter the effects of project status misreporting and withholding of information by project staff.
- Putting a senior executive in charge of a project may increase misreporting.
- Executives often ignore bad news if they receive it

Contact Information

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Speaker Biography – Dominic Lepore



Dominic Lepore, PMP, has over 20 years' experience implementing new processes and systems to improve business operations. He is an expert in all aspects of project management, including scope, schedule and cost management techniques.

After working as a management consultant for one of the Big Four consulting firms, Dominic started Terrapin Consulting in 2003 to focus on helping organizations improve IT and project performance. He is on the Board of the Washington, D.C. Chapter of the Project Management Institute. Dominic is also an adjunct professor for Georgetown University's Systems Engineering Management master's program.

He earned a B.S. in Mechanical Engineering from the University of Maryland and an M.S. in Information Systems from the Stevens Institute of Technology.