Chairman Carper, Ranking Member Coburn and members of the Committee, I am pleased to have been invited here today to discuss with you ongoing efforts at the U.S. Department of Commerce (Commerce) aimed at eliminating duplication and improving outcomes associated with the Department’s information technology (IT) investments.

I have been the Chief Information Officer (CIO) at Commerce for slightly over three years. I spent over three years prior to that as the CIO at the National Institute of Standards and Technology (NIST), and in the six plus years I have spent in a CIO role, I have spent much of my time working to improve efficiencies and governance in the organizations I have supported. Over the past three years, Commerce has taken a variety of steps to strengthen governance relating to its IT investments, as well as to improve the efficiency and effectiveness of IT spending at Commerce.

Governance

Commerce has made significant advances in strengthening governance, both generally and specifically in the IT area, in recent years. Since 2010, Commerce has established an Office of Program Evaluation and Risk Management, an Office of Privacy and Open Government, and an independent cost estimation function in the Office of Acquisition Management.

Each of these functions has had implications for how IT is being managed at Commerce. The Office of Program Evaluation and Risk Management provides senior level oversight for Commerce’s most critical programs. These programs, which have included IT investments, benefit from enterprise risk management run out of the Office of the Deputy Secretary. The new independent cost estimation function, while not focused solely on IT investments, has supported decision-making related to IT, including Commerce’s satellite programs.

Commerce has also significantly improved how it conducts oversight of IT investments through existing mechanisms such as the Commerce IT Review Board (CITRB), TechStat reviews, and the Federal IT Dashboard review and rating process. While these functions are aimed at supporting Department-level oversight generally, they provide greater visibility, as well a venue for improving efficiencies. For example, discussions at several CITRB meetings for investments at the National Oceanic and Atmospheric Administration (NOAA) have provided an opportunity to press for moving from IT-related services that existed in organizational silos to NOAA-level enterprise services for capabilities that include data storage and dissemination. Similarly,
bureau-level portfolio reviews have included discussions of assessing opportunities for some of the smaller bureaus to move from independently-managed services to cross-organization shared service models.

**Policy**

In early 2012, then Commerce Deputy Secretary Dr. Rebecca Blank recognized the importance of CIO authorities in the quest for greater efficiencies in Commerce’s IT spending. She issued a memorandum directing the Commerce CIO, to work in consultation with the Commerce bureaus to develop an IT Portfolio Management Policy. The policy, developed with input and consensus from all of Commerce’s organizational units, was issued by Acting Secretary Blank in June of 2012.

The policy includes sections covering Enterprise Architecture; Service Catalog and Governance; IT Budget Formulation, Investment and Acquisition Review; and IT Workforce Management. The provisions in this policy give the Commerce CIO a greater role in setting Department-wide architecture standards, identifying and implementing shared services, supporting Department-level budget formulation, reviewing IT investments, and managing the IT workforce at Commerce.

A memo I subsequently issued delegates several of these authorities to bureau-level CIOs to better empower them to manage IT portfolios at the bureau level. As a result of these increased and delegated authorities, for example, the CIO role in IT acquisition reviews at the larger bureaus is being strengthened and several IT service organizations that had previously not been under the respective bureau CIO’s management authority have been or are being considered for realignment under bureau CIOs, either in their entirety or by formally giving bureau CIOs a portion of the performance review of the heads of those organizations.

The new policy and related delegations have provided significant new support for several of the efficiency initiatives that I will be discussing today.

**Shared Services and Infrastructure Consolidation**

The IT Portfolio Management Policy mentioned above has also led to a broad push into shared services, both within and across bureaus. Within bureaus, NIST is centralizing mobile application development into an internal center of excellence for these services. At the Census Bureau, the Office of the CIO is now operating enterprise services for content management and collaboration; storage, data backup and recovery; project management; and a database server “farm,” all of which are available to support programs and offices across the bureau. NOAA is in the process of consolidating its high performance computing infrastructure from one of lab-centric computing to a remote shared service computing model. This model will be more cost-effective than independently managed infrastructures and will provide significant increases in research and development, as well as operational supercomputing capabilities. Following the consolidation of 19 different email systems into a single cloud-based system at NOAA last year, NOAA is now in the process of consolidating dozens of help desks into one national service desk that will support all of NOAA.
Moving on to cross-bureau shared services, within Commerce’s Herbert C. Hoover headquarters building, one of the Commerce bureau’s video teleconferencing service has been leveraged into a cross-bureau shared service that serves all of the bureaus in the building. Work is in progress to carry out a service desk consolidation of several of the help desks in the headquarters building that are currently operated and managed independently by different bureaus. Several security-related shared services are also under development.

In some cases, implementation of cross servicing models is extending beyond individual services and incorporating a complete suite of IT services. As of the beginning of this fiscal year, the Minority Business Development Agency, a Commerce bureau located in the headquarters building, transitioned the full portfolio of IT infrastructure, services and staff to the headquarters Office of IT Services, managed by my office. A similar transition of IT services is underway for the Economic Development Administration (EDA). While EDA has not transitioned its full suite of services, several commodity services including network operations, desktop support, service desk, and email, are now being received through shared services offered by my office, rather than being managed independently within EDA.

At the Department-wide level, Commerce’s Enterprise Continuous Monitoring Operations (ECMO) initiative, currently in early implementation stages, will deploy a single security continuous monitoring infrastructure across the entire Department of Commerce. Through this capability – Commerce’s first operational security function – my office will for the first time have near-real-time situational awareness of the state of security across Commerce’s entire IT infrastructure. Next year we are expecting to establish for the first time an enterprise security operations center, which will provide Department-wide analytical capabilities to leverage continuous monitoring data, providing better capabilities to identify and react to cyber security incidents.

In addition to these shared services initiatives, data center consolidation efforts are also under way across Commerce. In the headquarters building, several independently-managed bureau-specific data centers have been consolidated into a single enterprise data center that is available to support all of these bureaus’ needs. Bureaus are now supporting one another’s data center needs, with NIST locating equipment in a NOAA data center, and the International Trade Administration having relocated its equipment from a separate leased facility to the Census Bureau. In FY 11 and FY 12, Commerce met the data center consolidation/closure it had established in our initial data center consolidation plan. Over time, as we have worked to improve our inventory, additional data centers that had not been identified when the initial plan was developed have been uncovered, and Commerce has been developing a draft of an updated consolidation plan to include these newly-identified data centers. Additionally, Commerce is supportive of the Office of Management and Budget’s decision to no longer solely focus on data center closures. The new emphasis on optimization of core data centers, as well as consolidation of non-core data centers, will help ensure that the data centers which remain open are optimized to meet the diverse, but critical mission needs that Commerce bureaus carry out.

These are only some examples among numerous shared services and infrastructure consolidation efforts that are going on at Commerce. These efforts are enabling organizations to replace
services or infrastructure that were previously managed independently by different organizations, often duplicitively and at times outside of the management of Commerce or the bureau-level CIOs, with services that are centrally managed in a more cost-effective manner.

**Strategic Sourcing**

I'd now like to describe Commerce’s use of strategic sourcing as another mechanism to improve the efficiency of our IT spending. In 2011, Commerce had over 100 different contracts for purchasing desktop and laptop personal computers (PCs). With 12 bureaus, it’s clear from that figure that, even within bureaus, the purchasing of PCs had not been consolidated to leverage the government’s buying power. In response to the opportunity presented by more efficient purchasing, the Office of the Chief Financial Officer established an emphasis on strategic sourcing within Commerce’s Office of Acquisition Management. Working in collaboration with bureau acquisition organizations and Commerce’s CIO and IT community, a contract was put in place in January 2012 which has produced savings of between 30% and 35% for every desktop and laptop purchased.

It should be noted that the benefits of this strategic sourcing contract go beyond the direct cost savings. There is also the secondary benefit to Commerce’s acquisition organizations, which now do not have to spend time and resources to put in place dozens of largely duplicative contracts for the same commodity IT purchases. This frees up time of acquisition staff to focus on local and/or unique acquisitions, which often meet mission-specific needs rather than common commodity requirements.

Since that time, several other Department-wide strategic sourcing vehicles have been put in place at Commerce. We have established a trio of blanket purchase agreements for the three most common endpoint protection (i.e., antivirus) software tools, and have Department-wide contracts in place for cloud-based email, mobile device management, PDF (Portable Document Format) document generation software, and a cyber security continuous monitoring tool. Work is in progress to carry out additional strategic sourcing efforts for other services, networking equipment, and software.

**Assessing Outcomes**

I have met regularly with the Commerce Deputy Secretary and Acting Secretary to provide regular updates on Department-wide efficiencies initiatives. In order to maintain a Department-wide focus on implementation of improvements in IT portfolio management, my office and Commerce’s bureaus have also been asked to include reporting on IT priorities in our quarterly performance updates, which have been taking place via meetings between the Acting Secretary and senior bureau leadership. These quarterly balanced scorecard reports track outcomes-oriented measures and have covered a range of initiatives, including updates on implementation of shared services and strategic sourcing initiatives, implementation of bureau-level IT portfolio management improvement plans, and improvements to Commerce’s IT security.
Conclusion

I’m pleased to have had the opportunity to discuss with you today the evolution in IT portfolio management at the Department of Commerce that has been taking place over time. Although we have several accomplishments that we are proud of, and numerous related activities that are in progress, we recognize that many more opportunities for improving efficiencies lie ahead of us. With support from the Office of the Secretary and the Office of the Chief Financial Officer and Assistant Secretary for Administration, we intend to press forward aggressively to pursue these opportunities.

Although we have already begun to document tangible savings realized from the initiatives described above, these benefits are merely representative of more fundamental changes to IT portfolio management at Commerce. Commerce’s leadership has worked together to successfully take on one of the most significant challenges facing senior IT leadership – the need for greater empowerment to support decision-making needed to drive efficiencies and improve effectiveness of IT spending at Federal agencies. The policies, plans, and initiatives that have been instituted have created a foundation for sweeping changes to how IT portfolios and investments are being managed at Commerce. The results of these efforts are only starting to be realized, and the ultimate impacts are expected to continue to materialize and grow in the future.