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BEFORE THE  
SUBCOMMITTEES ON INFORMATION TECHNOLOGY AND ON GOVERNMENT  
OPERATIONS OF THE COMMITTEE ON OVERSIGHT AND GOVERNMENT  
REFORM

JUNE 10, 2015

Good afternoon Chairmen Hurd and Meadows, Ranking Members Kelly and Connolly, and members of the Subcommittees. I am honored to testify in regards to “The Federal Information Technology Acquisition Reform Act’s Role in Reducing IT Acquisition Risk”. I was pleased to see Congress pass FITARA, and I wish to acknowledge Representative Connolly’s leadership in helping craft and sponsor this legislation.

Serving as the CIO of a major department (DHS) as well as the CIO for a large bureau (IRS) in the Department of Treasury, I had ample opportunity to understand the dynamics inherent in federal government IT acquisition, and the areas in which high risk factors can lead to outright program failure. Based on that experience, I worked at both the IRS and DHS to implement approaches to address these risk factors, and based on those experiences, worked to influence IT acquisition across the federal government during my tenure as the Vice Chair of the Federal CIO Council. Given the importance of this topic to the effective and efficient business of government, I hope my testimony is of value to Congress and the Administration as a means to help guide FITARA implementation with resulting improved IT acquisition and operations outcomes.

Earlier this year, the Government Accountability Office (GAO) placed “Improving the Management of IT Acquisitions and Operations” on its High Risk List, and GAO's latest report states that “federal IT investments too frequently fail to be completed or incur cost overruns and schedule slippages while contributing little to mission-related outcomes.”<sup>1</sup> During my government career, I dealt extensively with two items on the list: 1) IRS Modernization (now off the list); and 2) The Need to Strengthen the Department of Homeland Security's Management Functions. In both cases, there was intense congressional scrutiny, and significant attention shown by the Office of Management and Budget (OMB) and the agencies that found their programs on the High Risk List.

Although agencies grouse about it, I have found that having a program on the High Risk List focuses valuable attention and resources on systemic issues in government. The IRS spent more than a decade maturing its IT acquisition and program management, and along the way demonstrated improved capabilities to deliver successful programs, before finally coming off the list in 2014. IT acquisition across government deserves this level

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<sup>1</sup> GAO, High-Risk Series: An Update, GAO-15-290: Published: Feb 11, 2015. Publicly Released: Feb 11, 2015.

of sustained attention and I believe GAO was correct to add it to the High Risk list. For decades, the government has been underperforming in its delivery of major IT programs. Deeply embedded cultural and skills issues must be addressed if we are to improve the government's score card in delivering IT programs. Those changes, while certainly doable, take sustained leadership over time to have a major positive impact. This is where FITARA can make a significant positive difference, if implemented effectively.

As requested, my testimony will focus on three critical areas for improving IT acquisition and so that IT can more effectively and efficiently enable US federal government agencies to provide mission and business services to citizens. First, I will comment on the factors identified by the General Accountability Office (GAO) that lead to acquisition success and how FITARA implementation can help ensure these factors are appropriately addressed. Second, I will provide my views on how to properly implement FITARA in order to have the most positive impact on IT acquisition and operations. Lastly, I will provide views on how agencies should be measured and held accountable for IT acquisition and operations outcomes.

### **Critical Success Factors for IT Acquisition**

GAO has identified nine critical factors underlying successful major acquisitions that support the objective of improving the management of large-scale IT acquisitions across the federal government: (1) program officials actively engaging with stakeholders; (2) program staff having the necessary knowledge and skills; (3) senior department and agency executives supporting the programs; (4) end users and stakeholders involved in the development of requirements; (5) end users participating in testing of system functionality prior to end user acceptance testing; (6) government and contractor staff being stable and consistent; (7) program staff prioritizing requirements; (8) program officials maintaining regular communication with the prime contractor; and (9) programs receiving sufficient funding.<sup>2</sup>

I certainly agree with these success factors, and when I look at the large-scale IT acquisitions that have been successful, they map well to these nine factors. Yet how does an agency ensure these factors are top-of-mind and implemented for all IT acquisitions? There are clearly many areas that must be right for IT acquisitions to succeed, from using best practices and incremental development techniques, to proper requirements management and testing. But overall, there are two foundational areas of focus that are critical to ensure these success factors are addressed. The first area of focus is the ***Program Governance*** model, which should ensure a collaborative partnership between various stakeholder organizations that have key roles in the IT acquisition. Too often I have reviewed programs in which the program manager is attempting to address executives' differing – and in some cases, opposite – views of what constitute the program priorities. In such cases, even the best program manager fails if the program governance model does not work. The second area of focus involves the ***Program***

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<sup>2</sup> GAO, Information Technology: Critical Factors Underlying Successful Major Acquisitions, [GAO-12-7](#) (Washington, D.C.: Oct. 21, 2011).

**Management Organization (PMO)** having the requisite skills and proper representation from various stakeholders to operate effectively. All members of the PMO must be aligned and incentivized to work toward a common set of outcome-based success measures. If both of these areas of focus are properly addressed, then I have confidence a program can appropriately address the first eight of GAO's critical success factors. The ninth success factor, receiving sufficient funding, is typically outside the control of the program and in many instances influenced by forces outside the agency.

The subsections below outline why the program governance and the PMO are so critical to the overall success of any IT acquisition.

### ***Program Governance***

The right partnership via proper governance drives alignment among key decision makers in an organization. We have heard for decades that IT programs fail because of ill-defined requirements or poorly managed requirements scope throughout the life cycle of a program. While true, this is a symptom of a more fundamental underlying cause: The inability for all key stakeholders in a program to be on the same page in defining both desired outcomes and the approaches to meet those outcomes.

Change is inevitable in all programs, so achieving such alignment is not a one-time exercise at the start of a program. Alignment is an on-going process that is critical throughout an investment's strategic planning, design and development, as well as its implementation – hence, governance must be viewed as a full life-cycle process. As an example, for complex IT systems, there are at least a half-dozen stakeholder organizations that must be aligned, to include the strategy organization, business or mission owner of the system, IT, finance, procurement, legal, security, and privacy. Having all key stakeholders involved in key decisions is an essential element to ensuring genuine alignment.

Program governance works best when there is a single, transparent reporting relationship for a program manager to an oversight (program-level) governance board. The board of executives from key stakeholder organizations must be empowered to make decisions, binding their organizations, and creating a partnership between the business, IT, procurement, finance, etc. The function of the program governance board is not to usurp the authorities of the program manager. It is to provide a forum by which the program manager can bring key issues and trade-off decisions to an informed, empowered body that has a vested interest in that program's success and views the program manager as a trusted advisor and subject-matter specialist.

Creating this culture of partnership and trust is vital to the true alignment needed to support complex programs. Hence, the governance framework must foster that trusting and collaborative decision-making environment. I recommend that program governance boards be co-chaired by the business owner and IT executive for an IT program, to both promote a partnership model and to ensure no one organization dominates. Collaboration

in program governance brings forth the best ideas, melding varied interests and unifying efforts.

Further, decisions in a governance board should be consensus driven, not reduced to a vote-counting exercise. If a program governance board cannot reach a key decision through consensus, the decision should be escalated to the next-higher level board (typically an investment review board) or, if need be, to the head of the agency. By doing this, however, the board is abdicating its own decision-making authority. In an organization with mature governance, boards will force themselves to make the tough decisions—which is just what an agency's leadership should expect.

### ***Program Management Organization***

The single most important element to program success are the leaders running the program as part of what is typically called the PMO or the integrated program team. There is usually significant focus on the program manager position, and having a skilled and experienced person in that role is vital for large, complex programs. What I find surprising, however, is how many programs set up shop without all the key management disciplines in place.

For instance, a key to success is ensuring the involvement of the right mission or business organization. Having full-time mission representatives who can successfully work within the PMO to define the system's requirements is crucial. In assessing a program, I look for individuals on the PMO team who are steeped in the current process end-to-end, who have true credibility with senior management, and who demonstrate flexibility to deal with unending change as a program unfolds and matures. Unfortunately, those crucial individuals are all too often absent in government programs. The business does not give up the star players to fill those roles. That impinges on a program's change management process and ultimately affects its schedule and cost.

All members of the PMO should report to the program manager and should be measured and assessed on a shared set of objectives – outcomes that support meeting the mission or business objectives that spawned the need for the program. Too often members of the PMO are measured on process results rather than on beneficial outcomes. For instance, the federal government would improve its ability to buy IT substantially if the contracting officers reported to the program managers and were measured not just on following the procurement regulations but on deliverables provided by the contractor and the success of the program. Program managers are often stuck with contract vehicles that are ill suited to the work that needs to be done, and they have no recourse.

### ***Importance of FITARA to IT Acquisition***

FITARA, if implemented effectively within an agency, can have the anticipated positive impact on IT acquisition outcomes. The key is having the CIO of an agency have both the authority to ensure the critical success factors for IT acquisitions are properly addressed, and the accountability in regards to IT acquisition outcomes. An agency CIO must demand that the proper program governance and PMO models are in place for all

significant IT acquisitions. As described above, getting these focus areas working correctly in an agency will have manifold benefits in driving correct behavior in regards to the critical success factors. Yet, there is a critical distinction in regards to the CIO establishing the framework for success for IT acquisitions, and the actual governance and day-to-day management of an IT program. The program governance and PMO functions are meant to represent all stakeholders critical to program success, and IT is just one of those stakeholders. Large IT programs are successful when the stakeholders are engaged and aligned, and the model for program governance must ensure that happens. As such, it is not that the CIO has the last say regarding a major program decision, but rather that that governance process is working effectively to ensure major decisions are made with all appropriate stakeholder input.

## **FITARA Implementation**

Now that the FITARA legislation has become law, how does the government ensure effective implementation so that the law does have its intended impact? For those of us that have been involved with federal IT, we can cite the authorities that were granted CIOs via the Clinger-Cohen Act. Yet very few (if any) agency CIOs can claim they have the authorities outlined in Clinger-Cohen, and it has been viewed as failed legislation across the federal IT community.

To ensure that FITARA does not suffer the same fate as Clinger-Cohen, it is critical that the initial roll out within agencies is effective. I am very pleased to see the approach OMB and the new Federal CIO, Tony Scott, are taking to support this roll out. OMB recently issued draft guidance to agencies for implementation of FITARA. In developing this draft guidance, OMB sought significant outside input, including guidance from former government CIOs, CFO, CAOs, CHCOs, and COOs. Importantly, OMB has also asked for public comment on this draft guidance, which will improve content, understanding, and buy-in over the longer term.

The draft guidance sets forth a “Common Baseline” to establish a framework of roles and responsibilities that agencies are expected to implement. Recognizing that one size does not fit all, the Common Baseline sets a minimum level of standards that provide flexibility for agencies to implement the law in a manner consistent with agencies’ unique requirements. The guidance requires agencies to conduct a self-assessment to determine areas in which their current operating model is not in accordance with the Common Baseline and agencies then must submit a plan (subject to OMB approval) for how an agency will meet the FITARA requirements. OMB will monitor compliance and implementation progress through PortfolioStat and other oversight activities. Agencies will provide annual updates to the self-assessment and implementation plans.

While this is an excellent process, past history leads me to still have concerns regarding the approach agencies will take in developing their implementation plans for meeting the requirements of FITARA. There is a wide disparity in the maturity level of IT organizations across the agencies that must implement FITARA. There are a number of agencies that will struggle with both the “what” to implement (e.g., a governance process

that leads to improved IT acquisition outcomes) and to “how” to effectively implement changes demanded by FITARA.

As I noted earlier, achievement of FITARA’s objectives will require a “culture of partnership and trust.” This is not something that can be built into agency governance systems at some future point in time – it has to be nurtured from the outset of the implementation process. Moreover, industry has great interest in the successful implementation of FITARA to support government agencies. There is great value in engaging industry in the implementation process. And fortunately, there is a way to do so.

The American Council for Technology (ACT) and Industry Advisory Council (IAC) is a non-profit educational organization established to improve government through the innovative and efficient application of technology. For more than 30 years ACT-IAC has provided an objective, trusted and vendor-neutral forum where government and industry executives are working together to create a more effective government.<sup>3</sup> ACT-IAC can bring together the key government constituencies that are interested in making FITARA successful – program managers, technology executives, acquisition professionals, financial management executives, and others. It also provides a way to engage industry in this conversation.

ACT-IAC is forming a working group to support the development of tools that can provide agencies help as they move forward to implement FITARA. The working group participants will consist of current and former government CIO or other CXO executives along with private sector executives. The intent is to draw from the best of public and private sector models that effectively leverage and manage IT to best support an organization. Mr. Darren Ash, Deputy Executive Director for Corporate Management and CIO of the U.S. Nuclear Regulatory Commission, will serve as the government lead for this effort and I will serve as the industry lead.

We plan to share the results of this effort with OMB, and have briefed them on how we can help support the implementation of FITARA in several ways:

- 1) Develop draft templates for agencies to use in conducting their self-assessments.
- 2) Provide a number of proven implementation models for budget formulation and oversight, program governance, and delegation of authorities that should cover the array of different agency models, from centralized to highly-federated management of IT. These models are intended to help agencies draw on best practices to address the Common Baseline requirements of FITARA. Agencies

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<sup>3</sup> ACT-IAC has completed studies related to IT acquisition and last year testified before the Senate Homeland Security and Government Affairs Committee on program management issues similar to those I described above, alongside GAO, OMB, and GSA. That testimony can be found at [https://actiac.org/sites/default/files/ACT-IAC\\_testimony\\_on\\_major\\_IT\\_acquisitions.pdf](https://actiac.org/sites/default/files/ACT-IAC_testimony_on_major_IT_acquisitions.pdf).

can adapt the model that best fits their organization and further tailor the model to address cultural or other unique organizational requirements.

- 3) Develop an approach to help measure the impact of FITARA over time.
- 4) Provide feedback on cross-cutting issues raised from the agency self-assessments and implementation plans.
- 5) Plan for a first-year review and update based on lessons learned and feedback regarding the implementation of FITARA and measures of impact.

It is ACT-IAC's objective to help the government through the process of implementing FITARA by providing a set of tools that aid an agency leadership and the CIO in establishing proven and practical budget, governance, and delegation models to effectively manage the agency's IT.

### **Accountability and Measuring Success**

The recommendations above can help agencies ensure that they develop a FITARA implementation plan that is appropriate for their agency and that has the promise to help the agency manage IT acquisition and operations more effectively. But ultimately, success will be dependent on two additional factors:

- The competency of the agency CIO
- The level of support provided to the agency CIO by the agency leadership.

The level of change required in most agencies to properly implement FITARA is significant and the agency CIO needs to have the leadership, management, and political experience to drive this change, as well as a deep understanding of IT management. Yet I must reiterate that while FITARA places a great deal of attention on the authorities of the CIO, care must be taken to also reinforce the partnering expectation by holding the CIO accountable for partnering with others in the agency, especially mission owners and the other CXOs. There is some concern that CIOs will use their new authorities to become authoritarian. That will not work. The key is having the agency CIO have vision and provide leadership in all IT matters, but also work to build consensus throughout the agency leadership team.

In terms of accountability, it has to start with the Administration and rests with OMB and the agencies. In particular, OMB must help ensure that the agency CIOs have the capability to perform their job and have the support from agency leadership to give them the chance to drive the required change to effectively implement FITARA. Further, the agency leadership must be supportive of the agency CIO, having the individual's back, particularly in agencies that are operating in a federated environment (this is particularly an issue in the cabinet-level departments). Congress, and in particular the House Committee on Oversight and Government Reform through your Subcommittees can support these efforts by demanding aggressive implementation of FITARA by agencies, development of measures for assessing FITARA's impact, and transparency in reporting of ongoing progress, while also highlighting obstacles in agencies to be overcome.

The benefits of FITARA implementation will take years to realize, so while we need to move aggressively to implement FITARA, we also need persistence and patience. My experience in government has shown that the implementation of significant change takes two years, and the benefits of that change really being felt in year three and beyond. The cultural change is the longest to implement and we undermine the ability to affect significant positive change if we expect to shorten the timeframe for success to take root.

In regards to defining how to measure success, I turn back to GAO and the placement of IT acquisition and operations on the GAO High Risk List. In that report<sup>4</sup>, I was pleased to see that GAO documented a set of concrete evaluation criteria:

- OMB and agencies should, within four years, implement at least 80 percent of GAO's recommendations related to the management of IT acquisitions and operations.
- Agencies should ensure that a minimum of 80 percent of the government's major acquisitions deliver functionality every 12 months.
- Agencies should achieve no less than 80 percent of the more than \$6 billion in planned PortfolioStat savings, and 80 percent of the more than \$5 billion in savings planned for data center consolidation.

Those are high bars, but GAO is not asking for perfection. And the targets are specific enough that an Administration can drive action in each of the areas, set measurements and objectives by year, and track progress. The implied four-year time frame is aggressive but not impossible. I would recommend that in addition to these success measures, that each agency develop a set of success criteria that are oriented toward measures of how IT can more effectively support the mission and business outcomes of the agency. These addition measures will help ensure the agency CIO is focused on both making IT more efficient, but most importantly, on how IT can to help an agency do its job more effectively.

## **Conclusion**

This government and the current Administration have a golden opportunity to set the correct foundation for success implementing FITARA, so that when leadership for the next Administration arrives, the critical elements of FITARA are already taking root. If that happens, it will be natural for the next Administration to build on that foundation to drive significant success in IT acquisition and operations. Yet FITARA, while helpful, is not in of itself going to fix what ails federal IT. We need sustained leadership focus and commitment. I am pleased to see such leadership currently coming from both Congress and the Administration. It is critical to make enough progress during the next 18 months to ensure that leadership commitment to FITARA is sustained into the next Congress and Administration.

Thank you for the opportunity to testify today.

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<sup>4</sup> GAO, High-Risk Series: An Update, GAO-15-290: Published: Feb 11, 2015. Publicly Released: Feb 11, 2015.



# Richard A. Spires



Richard A. Spires currently serves as the CEO of Resilient Network Systems, a San Francisco-based software firm that provides the *Trust Network* platform to bring trust to the cloud and the Internet of Things. *Trust Networks* virtualize real-world relationships and conditions of trust by resolving identities in the network and enforcing each party's rules in transit.

Mr. Spires was appointed and served as the Department of Homeland Security's (DHS) Chief Information Officer (CIO) from August 2009 till May 2013. In this capacity, Mr. Spires was responsible for the strategy and operations of the department's annual \$5.6 billion investment in Information Technology (IT). Mr. Spires also served as the Vice-Chairman of the Federal Government CIO Council and the Co-Chairman of the Committee for National Security Systems (CNSS), the committee that sets standards for the US Government's classified systems.

Mr. Spires held a number of positions at the Internal Revenue Service (IRS) from 2004 through 2008. He served as the Deputy Commissioner for Operations Support, having overall responsibility for the key support and administrative functions for the IRS, to include Information Technology, Human Capital, Finance, Shared Services, Real Estate, and Security functions. Prior to becoming Deputy Commissioner, Mr. Spires served as the IRS' CIO, with overall strategic and operational responsibility for a \$2 billion budget and a 7,000-person Modernization and Information Technology Services organization. Mr. Spires led the IRS's Business Systems Modernization program for two and half years, which is one of the largest and most complex information technology modernization efforts undertaken to date.

From 2000 through 2003, Mr. Spires served as President, Chief Operating Officer, and Director of Mantas, Inc., a software company that provides business intelligence solutions to the financial services industry. Prior to Mantas, Mr. Spires spent more than 16 years serving in a number of technical and managerial positions at SRA International.

Mr. Spires currently serves on the Board of Directors of Learning Tree International (NASDAQ: LTRE) and Rate Reset Corporation. He is also of the Public Sector Board of Advisors for Palo Alto Networks (NYSE: PANW).

Mr. Spires received a B.S. in Electrical Engineering and a B.A. in Mathematical Sciences from the University of Cincinnati. He also holds a M.S. in Electrical Engineering from the George Washington University. Mr. Spires has won a number of awards for his leadership in IT, to include the 2012 Fed 100 Government Executive Eagle Award, TechAmerica's 2012 Government Executive of the Year, Government Computer News 2011 Civilian Government Executive of the Year and was named a Distinguished Alumnus of the University of Cincinnati's College of Engineering in 2006.

Committee on Oversight and Government Reform  
Witness Disclosure Requirement – “Truth in Testimony”  
Required by House Rule XI, Clause 2(g)(5)

Name: Richard A. Spires

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1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2012. Include the source and amount of each grant or contract.

Subcontract from Nester Consulting, LLC (dba GovernmentCIO) to Richard A. Spires Consulting in support of a competitively won solicitation (No: ED-FSA-13-R-0033) to provide Virtual Data Center (VDC) Strategy Consulting Services to support the CIO Organization at Federal Student Aid, U.S. Department of Education. Date of subcontract was August 2013 with a ceiling of \$13,000.

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2. Please list any entity you are testifying on behalf of and briefly describe your relationship with those entities.

I am not representing any entity other than myself.

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3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2012, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

Not applicable

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*I certify that the above information is true and correct.*



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June 10, 2015