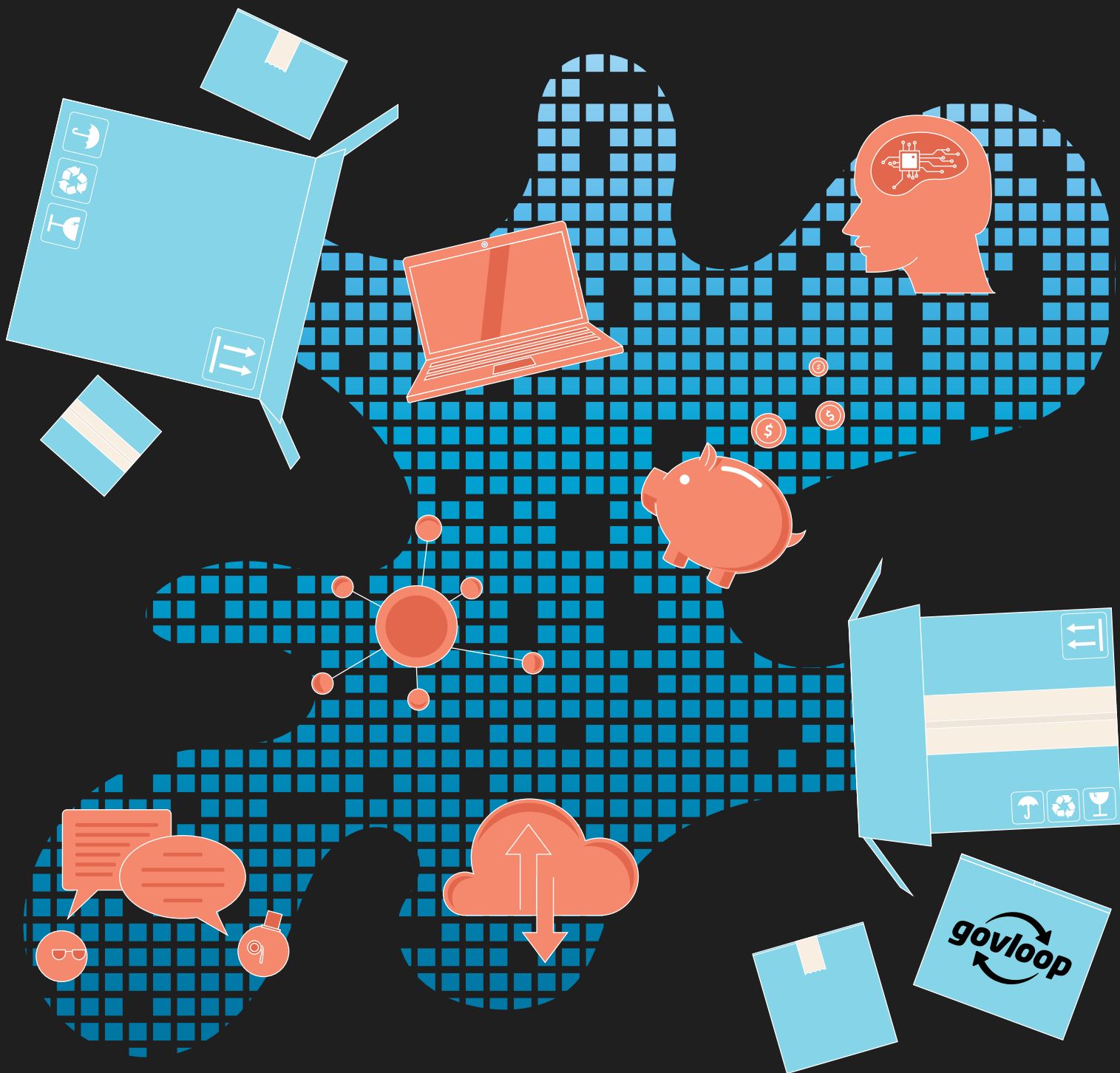




Get Smart About Digital Transformation

underwritten by **GORDIAN**®

Introduction

At long last, government agencies are getting some real support for their modernization and transformation initiatives. Through the Technology Modernization Fund (TMF) and the American Rescue Plan (ARP), Congress is providing significant funding for updating or replacing legacy systems, with a focus on both improving the security of government systems and delivering better services.

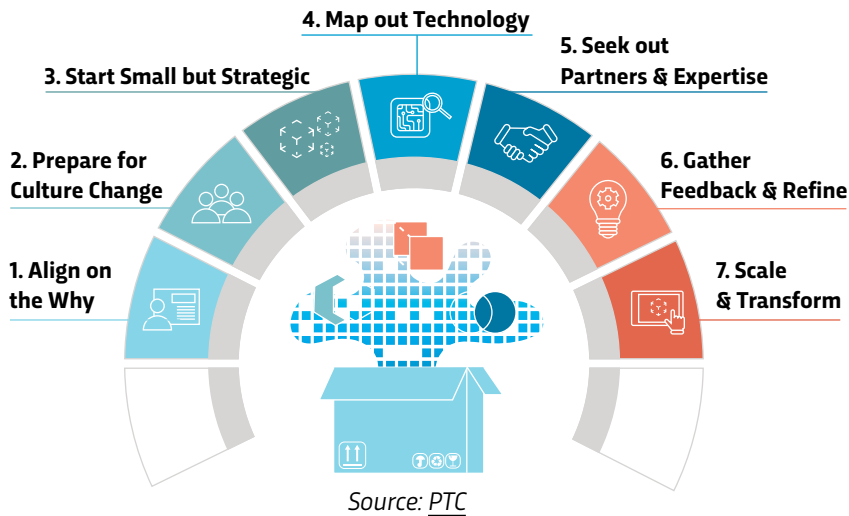
The challenge, now, is to make those investments pay off. Modernization initiatives have a long history of taking too long to deliver and falling short of expected outcomes.

One way to address that challenge is to take a more methodical approach to deciding whether to move forward with a project or not. This report will look at key factors and guiding questions that can help you make that go/no-go decision when it comes to funding a project.

We'll also highlight one area where a growing number of agencies are introducing innovative capabilities: Managing construction and maintenance projects.

The Basics

Digital Transformation Strategy



Technology Modernization Fund

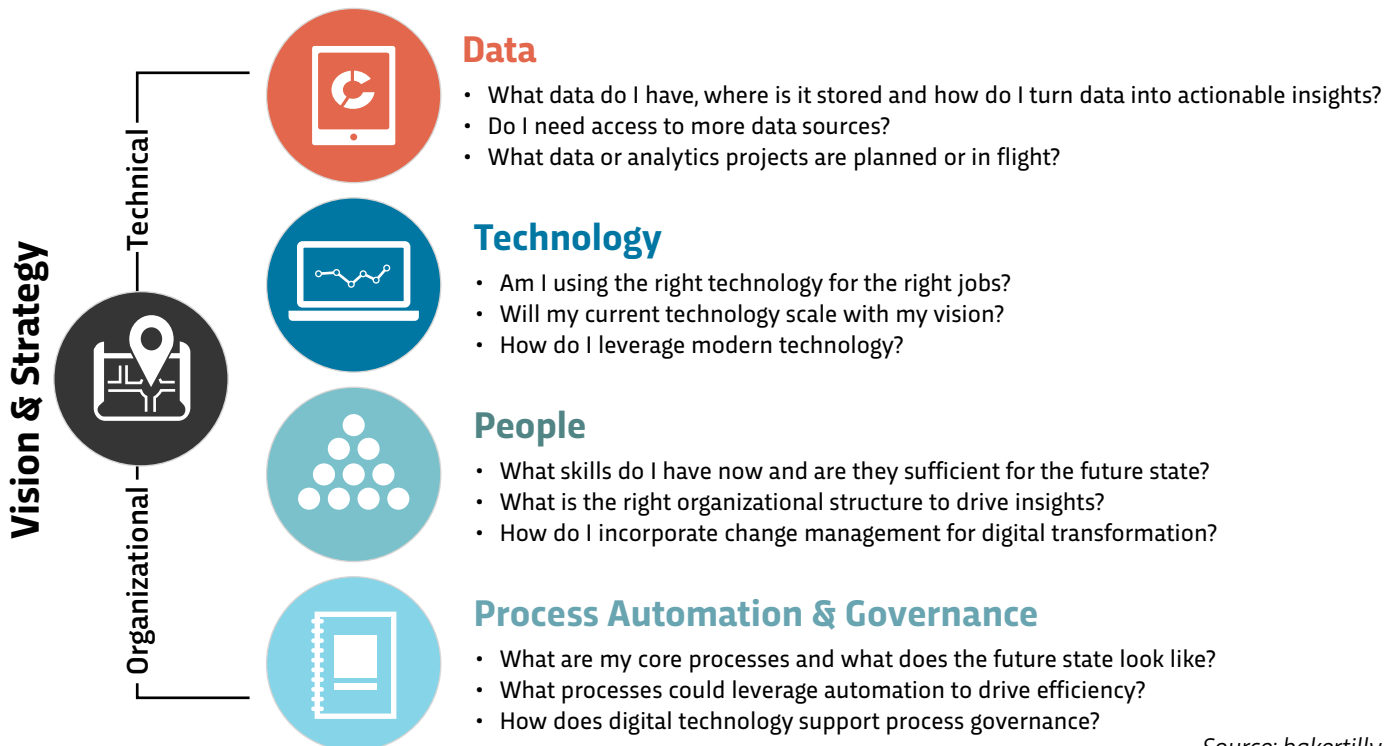
TMF recently announced its first investments using some of the \$100 million allocated to it for customer experience (CX) reforms.

1. U.S. Agency for International Development: Enterprise Customer Relationship Management Campfire

\$5.9 million: will provide needed startup capital to develop and launch a new IT platform to coordinate USAID work with businesses, foundations, philanthropies, research and public interest groups, and others.

2. Railroad Retirement Board: Citizen-Centric Online Self-Services

\$8.7 million: will move key RRB services away from phone and paper and to new online self-service systems so that frontline customer representatives can tackle more complex beneficiary issues.



TMF Success Story

TMF invested \$3.5 million to create a Department of Labor data hub that expedites the processing of agriculture and trade-craft visa certifications. As a result, there are now:

176%

more agricultural certifications daily

109%

more trade craft certifications daily

Pre-populate

Application forms that pre-populate with previous year's info

\$1.9 million

in annual cost savings

Real-time

Real-time online status for applications

2 Days

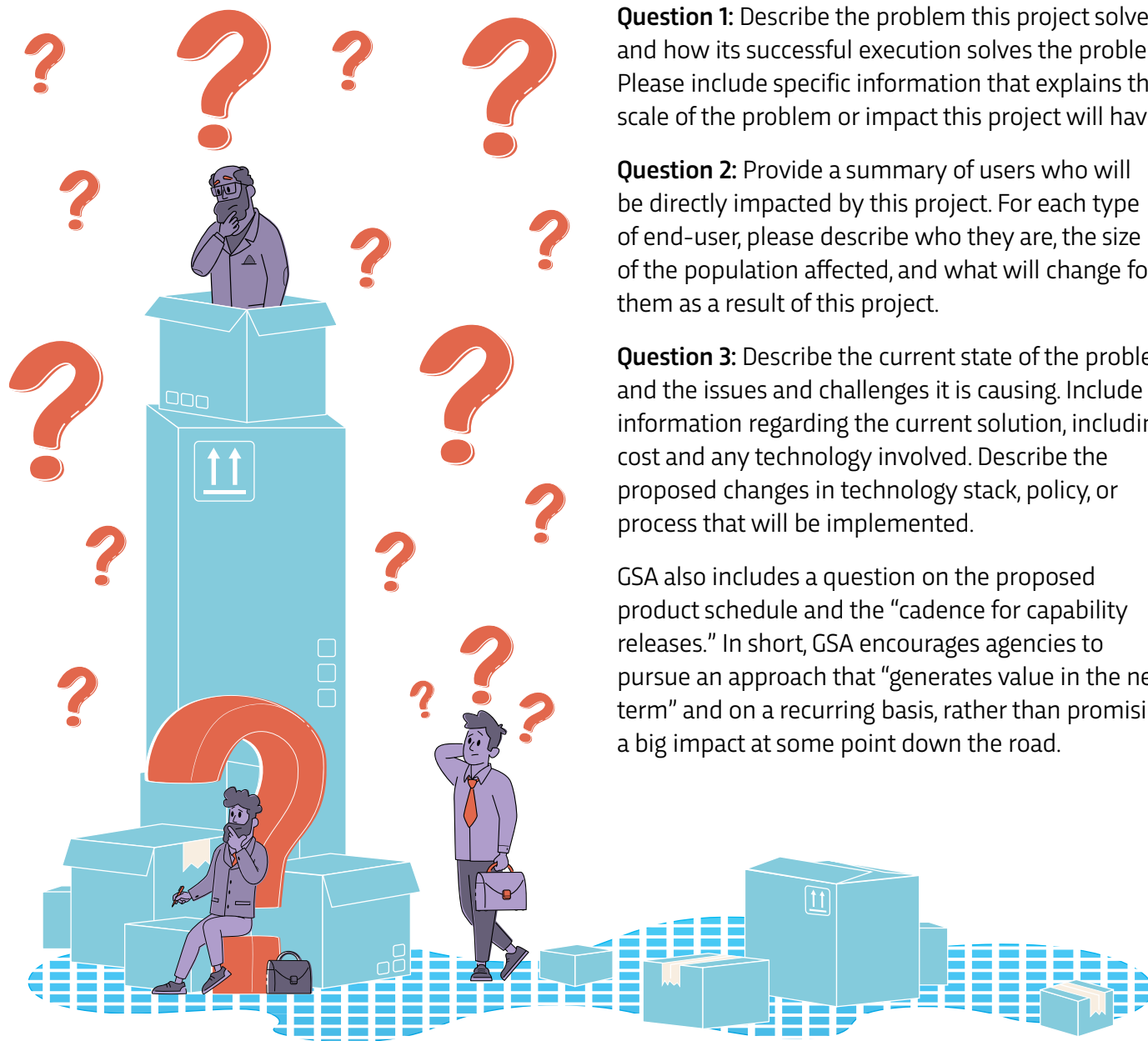
saved per application for every visa

How to Give Proposed Projects a Hard Look

With ARP providing a surge of funding for transformation initiatives, agencies are faced with a dilemma: How do you decide which projects are the best investment?

The U.S. General Services Administration (GSA), which helps run the federal TMF, developed criteria for distributing funding to federal agencies (see worksheet on p. 7). But GSA and other organizations have offered other guidance that can help put projects into perspective.

Here are some ways of looking at them.



A Problem/Solution Lens

As part of the TMF application, GSA asks several overarching questions that urge agencies to articulate potential impacts. This is a good starting point for considering a project, because if the impact is unclear, there's no point in looking at more specific criteria.

The three questions get at a program's impact both in terms of the problem being solved and the solution being proposed, with the user perspective kept front and center.

Question 1: Describe the problem this project solves and how its successful execution solves the problem. Please include specific information that explains the scale of the problem or impact this project will have.

Question 2: Provide a summary of users who will be directly impacted by this project. For each type of end-user, please describe who they are, the size of the population affected, and what will change for them as a result of this project.

Question 3: Describe the current state of the problem and the issues and challenges it is causing. Include information regarding the current solution, including cost and any technology involved. Describe the proposed changes in technology stack, policy, or process that will be implemented.

GSA also includes a question on the proposed product schedule and the "cadence for capability releases." In short, GSA encourages agencies to pursue an approach that "generates value in the near term" and on a recurring basis, rather than promising a big impact at some point down the road.

A Feasibility Lens

However promising a project might sound, you need to look at it with a jaundiced eye and ask: Is it feasible?

In a report titled “[Developing a Framework for Successful Modernization Projects](#),” the American Council for Technology-Industry Advisory Council (ACT-IAC) recommends weighing six factors as you make a go/no-go decision:

Economic feasibility: What is the net benefit of a proposed project? Weigh the potential outcome with the expected costs to the agency, other agencies and the general public, as well as any risks involved.

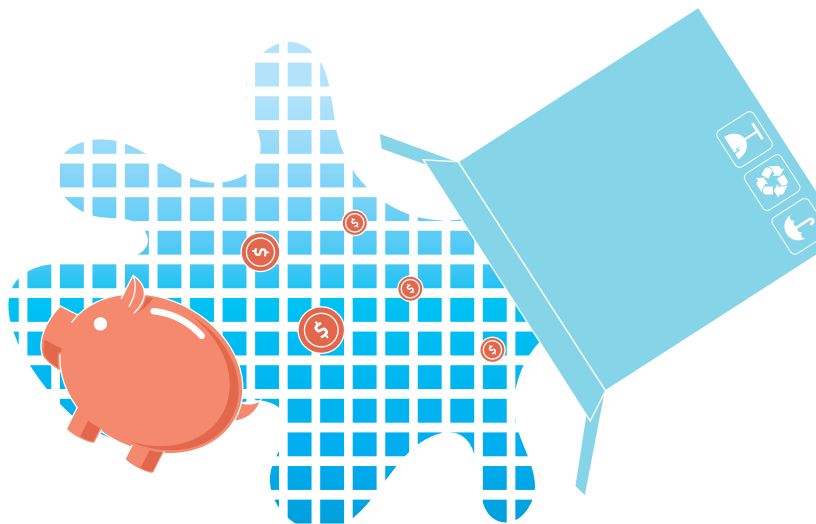
Technical feasibility: What technical resources are required to convert the idea into a working system? ACT-IAC recommends developing a high-fidelity prototype to test technical feasibility and get stakeholder buy-in.

Legal feasibility: Does the proposed project conform to the necessary legal, ethical, and contractual requirements and obligations, such as federal and state laws, security requirements and agency-specific policies?

Operational feasibility: Can the proposed product or service work within the organization? What impact will it have on different stakeholders and processes? What kind of resistance might it meet?

Schedule feasibility: Is the proposed timeline reasonable when measured against existing projects and available resources? Look at due dates, dependencies, milestones, assigned resources.

Administrative feasibility: Can the organization effectively manage the execution of the proposed project? Consider both external and internal factors that could affect its success.



A Cost Lens

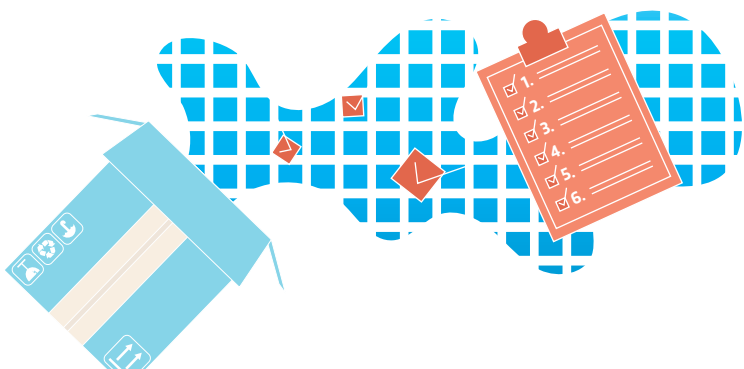
While many things go into deciding whether to move forward, every decision eventually comes back to money: How much will it cost, and how much will it save? Unfortunately, that can be tricky.

In testifying before Congress in May 2022, the U.S. Government Accountability Office (GAO) noted that many of the early projects TMF funded had not, at that time, delivered on their intended savings — in part, because the original cost estimates were off the mark.

In May 2020, the watchdog agency created a [guide](#) to estimate and assess costs. According to the guide, a sound cost estimate should be:

- **Comprehensive.** The estimate should include all lifecycle costs, a work breakdown structure, and ground rules and assumptions.
- **Well-documented.** Estimate documentation should describe how the source data was used, the calculations performed and their results, and the estimating methodology used.
- **Accurate.** It should be based on historical data or actual experiences with other comparable programs and be updated regularly to reflect changes in the program.
- **Credible.** The estimate should incorporate the results of sensitivity, and risk and uncertainty analyses.

If the overall assessment rating for each of the four characteristics is not fully or substantially met, then the cost estimate is not reliable, GAO said.



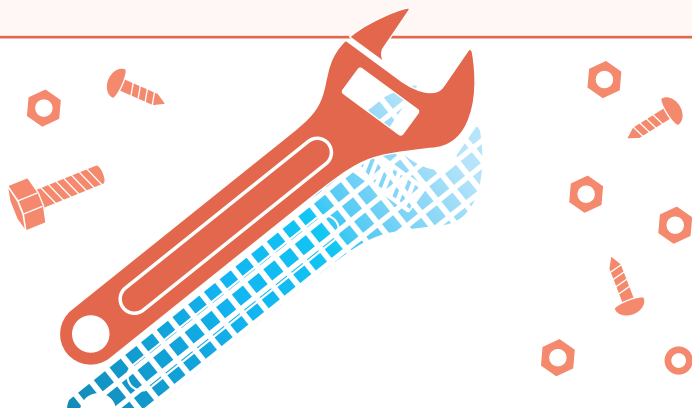
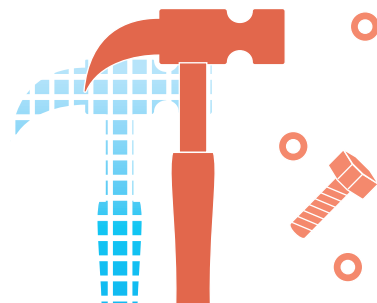
Worksheet:

Project Funding Selection Criteria

In developing a project proposal, consider the following questions, which are drawn from the selection criteria federal officials use in considering applications for TMF funding.

Impact on Agency Mission

- How will successfully executing this project have a demonstrable and visible impact on the public, in alignment with the agency's mission?
- Does this project address an urgent problem (e.g., cybersecurity, financial, operational) that otherwise would not be solved?

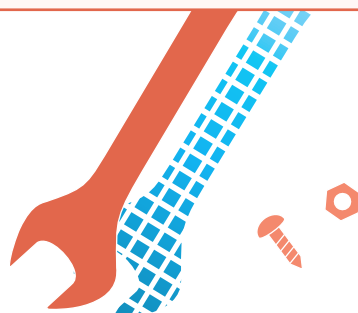
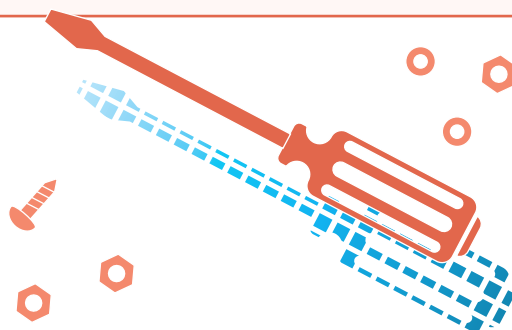


Feasibility

- Does the project have strong executive visibility and support, so that agencies can quickly and effectively address any issues that arise during execution?
- Have you identified key milestones for success? And have you created a governance structure and operational model that will last beyond initial execution?

Value Proposition

- Have you identified specific ways in which the project will (a) improve service delivery and/or (b) provide cost savings/avoidance?
- Have you identified how the project will strengthen business processes?
- Will the project enable you to free up personnel to work in other areas of need?



Common Solutions

- To what extent will the solution use commercial products and services?
- In what ways does the solution boost security, reduce or retire outdated technology, or improve the agency's ability to adapt to changing security or operational requirements?

How to Rebuild Construction Estimates From the Ground Up

An interview with Martin Izzi, Director of Product Management, Gordian

Anyone who has done home renovation knows how difficult it can be to get a reliable cost estimate, given the numerous variables involved with even basic projects.

For government agencies that are building, repairing or enhancing thousands of facilities annually, the challenge is magnified exponentially. Engineers must account for differences in regional costs for labor and materials, plus factors such as weather and crew sizes.

"At the end of the day, they're doing a project, and they want to know that this project is going to cost X," said Martin Izzi of Gordian, which provides secure software products and support services to the federal government and construction industry. "Over the years, government agencies have had a tremendous problem homing in on X."

To transform the process of getting to X, Gordian recommends a three-pronged approach to managing risk: reliable data, secure technology and expert services.

Dig Deep Into Data

The gold standard for construction cost data is Gordian's RSMeans data. Originally developed in the 1940s by a civil engineer named Robert Snow Means, the database now contains cost information for more than 92,000 line items, which cost engineers are constantly validating and refining.

"The foundational dataset serves as a strong standard, so that agencies can ensure their budgets are reputable and defensible," Izzi said, noting that Congress will probe this when reviewing funding and budget requests for large agency projects.

Put Technology on the Job

Given the large volume of variables to be considered, manually producing reliable estimates is daunting. Gordian has developed algorithms that take the grunt work out of calculating costs — and can project expenses as long as three years out.

Advances in machine learning are making it possible to develop even more reliable project estimates and future cost predictions, Izzi said. The ability to apply predictive analysis for forecasting future project costs is critical in government, given the long procurement cycles and budget processes, he said. These forward-thinking capabilities are combined with Gordian's trusted dataset in their cloud-based estimating solution, RSMeans Data Online.

Call in the Experts

In some cases, however, agencies need more than rich data and good software. They need experts who bring contextual understanding to a project, looking at the larger organizational factors that shape projects — such as an agency's governance model, work processes and funding strategy.

With that understanding, Gordian's experts can recommend the appropriate data, tools and, in some cases, professional services that could help the project succeed, Izzi said.

Don't Forget Security

With cyber threats increasing, software security is imperative for federal operations involving facilities and personnel data. Federal and Department of Defense facilities estimates are considered moderately sensitive data, as they involve information on military bases and agency facilities.

The RSMeans Data Online cloud platform has been authorized under the Federal Risk and Authorization Management Program (FedRAMP), providing federal users assurance that their sensitive project data is protected.

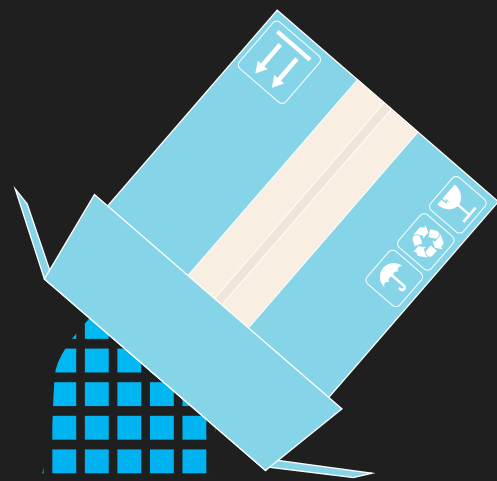
Takeaways

Making that go/no-go decision is the first step toward delivering on the promise of digital transformation. And it's a critical one: The better job your team does at choosing which projects to launch, the less likely you are to waste both time and money.

Once you've made that decision, there's still more you can do to increase your odds of success. Other steps include:

- Focusing on product management, rather than project management
- Taking a more personal, design-led development approach
- Creating a simple version of your project to gauge long-term success
- Fostering a workplace culture where employees desire to, and can make transformation happen

To learn more about these best practices, check out our recent guide, "[Unpacking Digital Transformation.](#)"



Thank You

Thank you to Gordian for their support of this valuable resource for public sector professionals.



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GovLoop's mission is to inspire public sector professionals by serving as the knowledge network for government. GovLoop connects more than 300,000 members, fostering cross-government collaboration, solving common problems and advancing government careers. GovLoop is headquartered in Washington, D.C., with a team of dedicated professionals who share a commitment to the public sector.

For more information about this report, please reach out to info@govloop.com.