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State computer manager leaving job

JASON STEIN

608-252-6129

January 19, 2007

The state's top information technology officer, who oversaw a massive reordering of the state's computer systems - and bore much of the criticism when some of those projects failed or fell woefully behind - is stepping down, a state official said Thursday.

Matt Miszewski, the administrator of the state Division of Enterprise Technology, told his staff on Tuesday that he will leave his post at the end of February to pursue a private-sector job, said Scott Larrivee, spokesman for the state Department of Administration.

"This is Matt's decision to pursue opportunities in the private sector," Larrivee said. "We hope to have a replacement soon."

In an e-mail to staff Tuesday, Miszewski praised their work over the last four years.

"Your efforts have revolutionized how Wisconsin government uses technology. . . . This is government at its best," he wrote. "When I took this job, I promised Gov. (Jim) Doyle four years - and what an exciting four years they have been."

Miszewski's departure comes after incoming DOA Secretary Michael Morgan took over the agency earlier this month after Doyle named him to replace outgoing secretary Steve Bablitch. Larrivee said Morgan did not pressure Miszewski to step down.

Miszewski took on a number of complex challenges in his job, including tight state budgets that called for cutting jobs in his division, converting all of state agencies to a single e-mail system, consolidating and reducing the number of computer servers in different agencies and implementing a single human resources and procurement system for the state.

Miszewski's efforts drew recognition nationally as well as criticism from others within state government.

Ed Meachen, the chief information officer for the University of Wisconsin System, said a technology officer for a government agency faces the challenges of working on long-term, forward-looking projects within a political environment that is often focused on the present.

"Anybody who follows Matt is going to be incredibly challenged," Meachen said.

Miszewski helped lead a conversion of a hodgepodge of state e-mail systems to a single, relatively uncommon software platform. That plan, after serious glitches and delays, was scrapped by Bablitch last year in favor of a switch to a more common Microsoft platform.

Last February, Miszewski said he believed the e-mail conversion could be completed by July 2006. In December, the Wisconsin State Journal reported that DOA officials had revised that estimate, saying it could take until May 2008.

The plan to reduce and centralize the number of state computer servers has also had timetables pushed back repeatedly. As of last summer, the server consolidation for the state Department of Natural Resources was expected to be completed by the end of 2006, said Vance Rayburn, administrator of the division of customer and employee services at the DNR.

Rayburn said Thursday the consolidation of his agency's servers is now expected to be finished over the next couple of months.

"We're a little bit behind but certainly making a lot of progress," Rayburn said.

Larrivee said he believed the DNR consolidation would be finished by summer at the latest.

Over the last two-year budget, Miszewski's division also had to cut 58 positions, although some of those positions were vacant at the time, Larrivee said.

During his tenure, Miszewski was featured by Government Technology magazine and served as the president of the National Association of State Chief Information Officers.

"His ability to understand what technology can do to reduce state government's costs while improving services for citizens was his strong point," Morgan said of Miszewski in an agency bulletin sent out Tuesday.

But in an interview last month, Bablitch acknowledged he wasn't happy with the progress the state had made with the e-mail and server consolidations.

"These big projects are not plug and play. They're complex and they're sophisticated," Bablitch said. "Sometimes they work, sometimes they take longer."

Miszewski's annual salary is \$99,313, Larrivee said.

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State scraps computer project

Millions spent on faulty effort to track unemployment claims

By PATRICK MARLEY
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Posted: Feb. 17, 2007

Madison - The state has pulled the plug on what was to be a \$41.2 million computer project after it spent \$10 million on a key component that has yet to work.

The suspension of the federally funded EnABLES project comes in the midst of an audit of state information technology projects and less than a year after the University of Wisconsin System abandoned a payroll system that had cost \$26 million.

The state has been beset with a host of computer problems in recent years, including a failed e-mail upgrade, a long-delayed voter registration system and a database that has not accurately tracked sales tax collections. Together, the value of those troubled projects exceeds \$100 million.

"We need to get our arms around these incredible, egregious wastes of money," state Sen. Robert Cowles (R-Green Bay) said.

Cowles helped secure a legislative audit last year that could be finished as early as next month. It will include a detailed analysis of several projects, including the Enhanced Automated Benefits Legal Enterprise Services, or EnABLES.

The Department of Workforce Development project was designed to replace a 1970s system used to track the 600,000 unemployment insurance claims and appeals made each year. But the department decided to halt the project Feb. 9 because of rising costs and countless delays, said Hal Bergan, the state's unemployment insurance administrator.

"The overall problem we were having is we were making progress, but we were making progress at such a pace that it was not sustainable," Bergan said. "It took too long and it cost too much."

The state has spent \$23.6 million on the system so far. The project was to be built in seven phases, but only the first phase was successfully finished. That component created a paperless claims process that cost about \$13 million, Bergan said.

About \$10 million was spent on the second phase, an appeals system that was never finished.

Of the \$23.6 million spent on the project, \$10.4 million went to prime contractor Tier Technologies, \$2.6 million went to Curam Software and the rest was used to pay state employees and buy equipment.

The department will now spend about six months determining how to proceed. Bergan said the state would likely use a different computer platform for the appeals process, but whatever it uses will be integrated with the claims system.

"In effect, we're reconsidering decisions made six years ago" about how to build the system, Bergan said.

When the department planned the job, it expected it to cost \$24 million, but by last year the department estimated it would cost \$41.2 million through 2010. Ending the project now prevents costs from climbing that high.

A 2005 review found that top Tier employees were paid more than any other state IT contractors. At one stage, the state paid \$314 an hour for the services of one high-level Tier employee. A revised contract last year reduced the hourly rates.

Tier spokesman Matt Bruschi did not return a call.

IT audit ordered

Last spring, lawmakers ordered the Legislative Audit Bureau to do a detailed review of several IT projects and survey the state's overall handling of computer systems. Shortly thereafter, the UW System abandoned its failed payroll system after spending \$26 million in taxpayer and tuition money on it.

EnABLES is one of the projects getting the most scrutiny from auditors. Bergan said deciding to end the project was not related to the audit.

Gov. Jim Doyle cited the need to cut computer contracts in the budget speech he delivered Tuesday. From 2003 to 2004, Doyle's first year in office, state spending on IT contracts dropped 24%, according to an administration report.

Work on EnABLES started in 2001, before Doyle was elected; Tier was hired after Doyle took office. The state put the project out for bid again in 2005 in hopes of lowering costs, but Tier was the only qualified bidder to respond.

A related project has also been plagued with delays. The Statewide Unemployment Insurance Tax Enterprise System, or SUITES, was originally budgeted at \$17.2 million, but is now expected to cost \$29 million - \$12.2 million more than originally planned.

That system tracks unemployment insurance taxes paid quarterly by 130,000 businesses. The department anticipates finishing the project by the end of the year, 3 1/2 years behind schedule.

Accenture, the prime contractor for the job, completed its share of work in 2005, and state employees are now completing the project. Accenture was paid \$14.1 million for its work, about \$2 million more than in the original contract. Accenture has said the delays were caused by the state because it changed the scope of the project.

Accenture is now helping build the state's troubled voter database. Legislators have raised concerns about that work because it was supposed to be completed more than a year ago under federal law.

The project is not slated to be done until late this year or early 2008. Accenture contends that most of the

remaining work is the state's responsibility.

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State abandons project

\$28.2 million sales-tax tracker scrapped ahead of legislative audit's release

By PATRICK MARLEY and DON WALKER
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Posted: Feb. 21, 2007

Madison - The Wisconsin Department of Revenue is scrapping a sales-tax tracking system it has spent \$28.2 million to build, making it the second major computer project the state has abandoned this month.

The state is walking away from the projects just as legislative auditors prepare to issue a wide-ranging review of problem-plagued computer projects, including the tax system.

Deputy Revenue Secretary Laura Engan said Wednesday that the state had not wasted money on the tax system and that the decision to dump it was not timed to the audit. The department instead will track sales taxes using software that is cheaper to maintain.

"We inherited a really not-great system from the prior administration. . . . We've managed this system we inherited in a good way," Engan said.

She said the system was expected to last for seven years when it went online, which would have taken it through 2009. Almost all remaining value in the system will be transferred to the new software - a sign the state is losing little, she said.

But members of the Legislature's Joint Audit Committee said they viewed the news as further proof of deep-seated IT problems in state government.

"No private business would spend \$26 million or \$30 million for a project that doesn't work," said Rep. Sue Jeskewitz (R-Menomonee Falls), co-chairwoman of the audit committee.

"When will we see the end of these terribly, terribly wasteful projects?" said Sen. Rob Cowles (R-Green Bay), who pushed for the IT audit last year.

The tax system has been beset with problems since it debuted. In 2003, 57 counties had to reimburse the state \$24.5 million after the Revenue Department system overpaid them. In 2005, another glitch caused 23 counties to be shorted \$1.3 million and 35 others to be overpaid about \$2 million.

Problem list grows

On Sunday, the Journal Sentinel reported that the Department of Workforce Development was halting a \$23.6 million system to track unemployment insurance claims and appeals after a key component that cost \$10 million failed to work.

Like the tax system, that project is getting some of the heaviest scrutiny in the audit. Just after the audit started last year, the University of Wisconsin System announced it was giving up on a payroll system that never worked after spending \$26 million on it.

The state spent \$77.8 million on the three now-abandoned projects, which were paid for with a mix of taxpayer money, tuition and federal aid. Officials say some of that money did not go to waste.

Last month, the state's chief information officer, Matt Miszewski, said he would step down March 2 - just weeks before the audit is expected. Department of Administration spokesman Scott Larrivee said his departure is not connected to the audit.

New Administration Secretary Michael Morgan has appointed Oskar Anderson to replace Miszewski. Morgan was previously the revenue secretary, and Anderson held the top IT job in that agency; they both presided over the tax system that that department is now dropping.

Morgan, Anderson and Miszewski did not make themselves available for comment Wednesday.

The Department of Revenue in 2000 agreed to pay contractor American Management Systems Inc. \$12.2 million to help build the Integrated Tax System. By the end, the contract more than doubled, to \$28.2 million.

Accuracy questioned

Retailers collect local and state sales taxes and send them to the Revenue Department, which then distributes them to counties and other taxing bodies, such as the districts that fund Miller Park and Lambeau Field. County and district officials contend that the system built by American Management Systems has never properly allocated the taxes, a claim the state disputes.

American Management Systems merged with CGI Group Inc. in 2004. A CGI spokesman declined comment.

The state severed the contract in 2005 but got the company to work out bugs at no charge through 2006. The last of the problems were fixed in December, Engan said.

The state will replace the system with far cheaper software. The state could have done that from the start, but such a move seven years ago would have come with some risks because the software was unproven at that time, the department has said.

Gov. Jim Doyle had hip surgery Wednesday and was unavailable for comment. His aides have noted that the three troubled projects were started before he took office in 2003.

State spending on IT contracts has dropped during Doyle's tenure, and the governor said in his budget speech last week that further savings can be achieved.

Mike Duckett, executive director of the Miller Park stadium district, said that from 1997 to 2002, average annual sales-tax growth in the five-county area where it levies a sales tax was 7.9%. From 2003 through 2006, the average annual sales-tax growth declined to 0.2%.

Members of the Miller Park stadium board have questioned that disparity, saying it does not seem to resemble reality. But the state stands by its figures.

Duckett said he was encouraged by the Department of Revenue's "willingness to address the situation and their attempt to provide solutions."

The district collects a 0.1% sales tax in Milwaukee County and surrounding counties. The district will hear from consultants next week whether the anticipated tax sunset date of 2014 will have to be extended because of the changing sales-tax trends.

The state in 2005 agreed to buy software for \$15 million from Denver-based Fast Enterprises that would track income taxes and other taxes. In a contract amendment signed this month, the vendor agreed to also track sales taxes as part of that deal. When it is completed at the end of the year, it will replace the system the Revenue Department built in recent years.

Patrick Marley reported from Madison, and Don Walker reported from Milwaukee.

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UW keeps regents in dark about snafu

By Ryan J. Foley
Associated Press
March 3, 2007

University of Wisconsin System leaders never informed the Board of Regents about a troubled \$28.4 million software project until they canceled it last year, a report released Friday shows.

The regents did not receive a single update on problems with the system to track payroll and benefits information, the report said, despite warnings the project was in danger as far back as 2004. Some campus officials doubted it would ever work even earlier.

"In hindsight, they should have come to us earlier and we should have made some recommendations but they didn't," said Regents' President David Walsh, a Madison lawyer. "We shouldn't let large problems get out of hand or go unreported."

UW System President Kevin Reilly pulled the plug on the project, funded by tuition and tax dollars, last July after delays and cost overruns.

The report said the actual cost of the project was \$28.4 million, or \$2.1 million higher than officials have stated previously. The previous figure did not include salaries and benefits of UW employees transferred to work on the project, it said.

In a separate report expected in coming weeks, state auditors will dissect the project and a string of other information technology problems in state government. That includes similar failed projects in the Department of Workforce Development and Department of Revenue.

The UW software was to replace a 1970s system and consolidate payroll, benefits and other human resources information. But problems with communication among employees, a lack of planning and resistance doomed what officials described as a technically complex project.

After they learned about the failure last year, regents called for system auditors to review the project and the board's oversight role of information technology initiatives.

The review recommends UW System leaders give the regents progress reports on the implementation of major projects at least annually. This would give them a chance to ask questions and take actions to minimize the risk of delays and cost overruns, the report said.

The report rejected the idea that regents should approve major projects or a systemwide information technology plan, practices at some other universities. Those steps would increase costs, cause delays and wouldn't necessarily increase the chance for success, it said.

The report said the regents were briefed on the development of the payroll project during public meetings between 1996 and 2001.

But once the project reached a point of attempted implementation, the regents were never given an update until after Reilly's decision to cancel.

Consultant reports dated November 2004 and February 2005 warned the project was in serious jeopardy of failing.

Walsh said the lack of communication with the board was before Reilly was named president in September 2004. He praised Reilly for taking action to review and ultimately cancel the project.

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The person at the top: Political appointee has moved on

JASON STEIN
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March 24, 2007

Matt Miszewski, the state's former top tech official, won acclaim outside the state for undertaking a massive reordering of the state's computer systems.

A political appointee who recently resigned to pursue an undisclosed private sector job, Miszewski was profiled in technology trade publications and until October served in the prestigious post of president of the National Association of State Chief Information Officers.

But his work as state CIO also drew sharp criticism from other state technology staffers who questioned his experience and his efforts to promote troubled state projects like an overhaul of back-office computers called servers.

Miszewski, a labor lawyer who had run unsuccessfully for the Legislature as a Democrat in 1996, did not respond to repeated requests for comment.

Miszewski had not worked in the public sector before he was appointed to the job by Democratic Gov. Jim Doyle in early 2003, according to a NASCIO Web site entry. As CIO, Miszewski had oversight of roughly \$400 million a year in state IT spending but wasn't directly involved in all of the projects that have drawn recent negative headlines.

An official at the Department of Administration, which includes the state's main IT division, defended Miszewski's credentials, noting he had founded a tech firm and done some computer consulting work.

"He may not have had quite as extensive a background as (his replacement Oskar Anderson), but he was an IT guy in the private sector before coming to us," said the agency's executive assistant, Patrick Henderson.

But Miszewski's limited experience stands in stark contrast to that of the veteran Anderson, his successor as state CIO. Anderson, 60, has had a 37-year career managing large IT systems in government and private companies, including most recently five years at the state Department of Revenue.

The executive director of the NASCIO association of state CIOs wouldn't comment for this story. State Sen. Ted Kanavas, R-Brookfield, a

lawmaker who worked closely with Miszewski on some IT issues, did not respond to requests for comment.

A spokesman for former DOA secretary Marc Marotta acknowledged that Marotta and Miszewski had known each other for years, but said there were other reasons for the Miszewski appointment. Miszewski did a good job of reorganizing his IT division and absorbing tough cuts in the 2003-2005 budget, spokesman Thad Nation said.

"Oftentimes in government, you need somebody to come in and take a fresh look," Nation said of Miszewski's lack of government experience.

Nelson Eisman, a state IT employee and union steward who recently ran for governor as the Green Party candidate, questioned Miszewski's judgment on a number of issues.

That included a short-lived, so-called "Bricks" program Miszewski set up in late 2004, which was an attempt to "build" a better IT division by allowing select employees to communicate confidentially.

It involved a Web site, run out of the basement of Miszewski's home, with sections that were only accessible to hand-picked state IT employees who had been given, in a secret meeting, a brick and a special password, Eisman said. Union officials complained that there were no clear criteria for membership in the "secret society" and that it hurt morale, he said.

Henderson confirmed the general details of the program and said that top DOA officials "shut it down" within days when they found out.

In a video of a January talk with state employees archived on the state's Web site, Miszewski defended his overall record, saying his office hadn't received full credit for more successful projects such as the recent implementation of a statewide data network.

But Miszewski also acknowledged trying to push too many new ideas at once and not listening enough to staff on unspecified matters.

"I didn't necessarily have the time or make the time myself to sit down and understand why we did things the way we did things," Miszewski said. "I barreled through a lot of those things and a lot of people involved in those things, and I'm sorry for that. But I'm not sorry for what I think is some of the outcome of it."

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The server project: It looks like costs took a quantum leap

JASON STEIN
608-252-6129
March 24, 2007

A consultant estimated in late 2004 that the state could save money in the long run by spending \$13 million to overhaul a key part of its computer systems.

But that estimate was lacking key information, and technology staff from a half-dozen state agencies questioned the project. Even so, a political appointee who recently left state government pushed the project through, the Wisconsin State Journal has learned.

Here's what taxpayers are left with: a current proposal to spend more than five times that 2004 estimate - or more than \$71 million - on the undertaking by mid-2009. State officials acknowledge the project, which doesn't even have an estimated completion date, needs "significant" changes.

That effort to reorganize the back-office computers called servers is the most expensive of about a half-dozen state technology projects that are over budget, delayed or canceled. Sen. Rob Cowles, R-Green Bay, is calling on lawmakers to stop work on the server project until state officials show they have a plan to get it back on track.

"The Legislature needs to halt this thing until we have a clear idea of where we're going and how we're going to get there," said Cowles, a member of the audit committee examining the technology projects. "We can't allow this to be another black hole of IT spending."

Veteran IT manager The server project is one of several being examined in an upcoming legislative audit. Fixing it is also one of the major tasks before Oskar Anderson, the state's new chief information officer. Anderson, a veteran IT manager, took over after his predecessor Matt Miszewski, who championed the server project, resigned recently to take an undisclosed job in the private sector.

Anderson has promised "significant" changes for the server project, saying he'll revise the order the state approaches the steps in the process.

"Right now, we're in a process of trying to re-evaluate," Anderson said.

The server project involved an ambitious effort to consolidate more than 2,000 computer servers from various agencies to a smaller number of

machines and formats. State Department of Administration officials have long maintained the effort will make the state's computer system more secure and reliable and eventually save millions of dollars a year.

But the project has already seen delays and more than \$35 million in spending through June, state officials say. Relatively few servers have been moved to a pricey Far East Side data center that was built in part to hold thousands of them.

Early questions Almost from its beginning, the project has proved controversial.

As early as July 2003, a group of IT managers from more than a half-dozen state agencies sent a memo to Miszewski questioning some of the project's key premises, including how much money it would save in its first two years and whether the state had a "full grasp" of the costs.

"It was felt the assumptions were misleading, savings were overstated and an initial investment ... is required before a longer term return on investment would be realized," the memo reads.

The committee included members of the state Department of Justice, which later won exemption from the project because of various agency concerns that included how reasonable cost and savings estimates were, spokesman Kevin St. John said.

"Persons within DOJ and other agencies communicated to Miszewski that there were problems," St. John said.

Others in state government not involved in the project were also skeptical early on, such as Ed Meachen, the chief information officer for the University of Wisconsin System.

"Given the complexity of the state agencies and the number of servers they had to consolidate, I thought they had underestimated the time and effort and underestimated the cost," said Meachen, who helped keep the UW System out of the project. "We said, 'How in the world are they ever going to do this?'"

Wayne Thompson, a former IT manager for the state's Medicaid program who retired in 2001, said he met with Miszewski about the server consolidation in early 2005 and told him the project represented an "extremely difficult task" at risk of failing.

Miszewski did not respond to requests for comment for this story. Patrick Henderson, the executive assistant at the state Department of Administration, which includes the state's main IT division, said that Miszewski had also received a more positive DOA report on the project in the summer of 2003 as well as the consultant's report. A looming 5 percent cut in the state's overall IT budget for 2003 through 2005 was forcing officials to look for savings anywhere they could get it, Henderson said.

"It's hard for us to speculate that is this Matt not listening to good advice or was it just a judgment call and he certainly weighed the advice being

given to him . . . and people can decide whether he made the right call or not," he said.

'Too convenient' Henderson also said it wasn't fair to compare the currently projected costs of \$71 million through mid-2009 for the server project with the cost estimates of \$13 million given in the consultant's report to the state in November 2004. That's because the consultant's report doesn't include the cost of millions of dollars in state staff time or the pricey data center involved in the project, he said.

State officials knew about those extra costs all along, Henderson said. But he couldn't point to another document that included all of the projected costs and benefits or give the specific overall cost number that officials used in deciding to go ahead with the project.

"I'm saying all of those things were known, but they're not in one document," Henderson said of the added costs. "Just because it's all not in one report doesn't mean that policy-makers didn't have an idea of how much (they) were going to add."

Jim Johnson, chairman of consulting firm The Standish Group in West Yarmouth, Mass., said that a thorough reckoning of all the costs - especially the labor costs - is needed to make a good decision on a project.

"It's very strange that they would leave that part out because that's the part that makes up the size of the project," Johnson said of the state's labor costs. "It almost seems too convenient."

Rafael Lazimy, a UW- Madison business professor who specializes in the development of IT systems, said that he wasn't familiar with the server project and that it was hard to generalize about such complex efforts.

"In many cases of IT projects it's very, very hard to estimate up-front expected costs and expected benefits," Lazimy said. "It depends on the scope, complexity and size of the project. But certainly if you're talking (budget overruns of) 200, 300, 400 percent, it's too much, and the real causes for cost overruns should be investigated."

Anderson said he is revising the project plan, which has sought to consolidate servers agency by agency. Going agency by agency has meant that state staff have had to handle some difficult steps of the project at a relatively early stage, he said.

Instead, Anderson said, the project will take on groups of servers and software by their function, such as e-mail, focusing on those that are easy to work with.

Johnson said it was a good idea to try to put off the hard parts of any project and even try to avoid doing them altogether if possible.

"One of the fallacies is do the hard stuff first," he said.

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The state's expensive IT mess

JASON STEIN
608-252-6129
March 24, 2007

In a time of tight budgets, the state has spent more than \$170 million in state and federal money on troubled computer projects, with tens of millions of dollars more proposed over the next two years.

More than a half-dozen state technology projects are over budget, delayed or canceled because of problems, a Wisconsin State Journal review found.

The most expensive project that went wrong - an ambitious plan to reorganize back-office computers called servers - was championed by a political appointee over the objections of technology staff from across state government, the State Journal found.

date for when that project will wrap up, and it carries a projected price tag more than five times higher than a consultant's incomplete early cost estimate.

It's perhaps the most extreme example of the state's computer problems. But the costly snafus have hit systems across government, including new programs for registering voters, processing unemployment benefits and handling payroll and benefits for university employees.

"I'm not even surprised anymore when another IT system isn't working - because it just happens in every department, it seems," said Rep. Suzanne Jeskewitz, R-Menomonee Falls, co-chairwoman of the Legislature's audit committee. "We cannot be wasting any more money. We don't have any more money to waste."

Scrutiny of the projects is increasing, with a key legislative audit expected in the coming weeks and a new state chief information officer taking charge.

Different overseers State officials maintain that part of that \$170 million spent on the troubled technology systems wasn't wasted, since several of them are already able to do some tasks or will be able to do so eventually.

A spokesman for Gov. Jim Doyle declined comment on the problems, deferring to the state's newly appointed chief information officer, Oskar Anderson, a veteran of more than three decades in the IT field. Aides have noted that four of the now-troubled projects started before, and in some cases years before, Doyle took office in 2003.

The projects span state government and were overseen by a number of people and agencies, making it difficult to spot trends behind the problems. The audit, expected to be published in the coming weeks, is supposed to identify what went wrong in several key programs and how the state can do better.

In an interview, Anderson defended the state's overall record on tech systems.

"There's certainly a mix of projects that are being very successful and some that have been less successful" for the state, Anderson said. "Based on my specific experience, I don't think I see Wisconsin as being in a bad spot. Wisconsin has generally been seen as a forward-looking state in IT."

The recent problems aren't unique to state government here, said Anderson, who has worked in the private sector as well as in the Wisconsin Department of Revenue and the government in Alberta, Canada.

Outside studies confirm that. In 2005 and 2006, computer projects in the public and private sectors came in on time, on budget and with the needed features only 35 percent of the time, according to The Standish Group of West Yarmouth, Mass., which has been tracking IT failures through a survey for 14 years.

The record is worse within government, where technical staff may face changing mandates from a shifting cast of lawmakers and elected executives who don't always appreciate how difficult IT problems are, Standish Group chairman Jim Johnson said.

For large, lengthy projects like some of those the state has taken on, the success rate drops to truly sobering levels, Johnson said.

"These big projects can be broken up into manageable things, but they tend not to be. I don't know why," Johnson said.

The state Department of Workforce Development is starting to adopt that approach after it stopped work last month on a project to replace the agency's decades-old system to handle some 600,000 unemployment benefits claims a year, an administrator said.

The state spent \$24 million in mostly federal money on the project - the same as initial estimates for the entire effort - but completed only one of seven phases, said Hal Bergan, administrator for the unemployment claims division.

"As (projects) get larger, the failure rate increases, there's no two ways about it," Bergan said.

Early phaseout Also in February, state revenue officials ordered the early phaseout of a sales tax program that had been in use. The two decisions last month followed a move last year by University of Wisconsin System officials to scratch a system for tracking employees' payroll and benefits.

Revenue and Workforce Development officials have denied that recent decisions to halt work or change direction on systems were related to the upcoming audit.

Regardless, Johnson said it's a good idea to stop throwing money at a struggling project and to take time to reassess it.

"Failure breeds failure, and it gets worse and worse so you need to stop," he said.

Rafael Lazimy, a UW- Madison business professor who specializes in the development of IT systems, said sometimes canceling a project is the right call, for instance if the need for an application is no longer as great.

But when several projects are being canceled for technical or cost issues, it calls for investigating whether it was the result of poor planning, Lazimy said.

So far, oversight of troubled state projects has been uneven. An internal audit released this month showed that the UW Board of Regents wasn't notified about setbacks in the \$28.4 million project for the payroll and benefits system until it was scrapped.

There also have been some bright spots in IT. State transportation officials say they've made progress in stabilizing a system for handling vehicle registrations and titles that had received complaints about customer delays in recent years. Also, a statewide data network that had drawn some early skepticism seems to be working reasonably well, state and UW System officials said.

As state officials search for how to fix the IT troubles that remain, they're looking forward to suggestions from the upcoming legislative audit, said Patrick Henderson, DOA's executive assistant.

Lawmakers agreed, including audit committee co- chairman Sen. Jim Sullivan, D- Wauwatosa, and committee member Sen. Rob Cowles, R- Green Bay.

"This is a piece of state government that we lack objective information on," Cowles said. "It's a new set of issues, and we need people to advise the Legislature and the governor."

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Story originally printed in the La Crosse Tribune or online at <http://www.lacrossetribune.com>

Review finds some state computer projects mired in politics

By JASON STEIN | Lee Newspapers

MADISON — In a time of tight budgets, the state has spent more than \$170 million in state and federal money on troubled computer projects, with tens of millions of dollars more proposed over the next two years.

More than a half-dozen state technology projects are over budget, delayed or canceled because of problems, a Wisconsin State Journal review found.

The most expensive project that went wrong — an ambitious plan to reorganize back-office computers called servers — was championed by a political appointee over the objections of technology staff from across state government, the State Journal found.

Today, there's no set date for when that project will wrap up, and it now carries a projected price tag more than five times higher than a consultant's incomplete early cost estimate.

It's perhaps the most extreme example of the state's computer problems. But the costly snafus have hit systems across government, including new programs for registering voters, processing unemployment benefits, and handling payroll and benefits for university employees.

"I'm not even surprised anymore when another IT system isn't working — because it just happens in every department, it seems," said state

Rep. Suzanne Jeskewitz, R-Menomonee Falls, co-chairwoman of the Legislature's audit committee. "We cannot be wasting any more money. We don't have any more money to waste."

Scrutiny of the projects is increasing, with a key legislative audit expected in the coming weeks and a new state chief information officer taking charge.

Different overseers

State officials maintain that part of that \$170 million spent on the troubled technology systems wasn't wasted, since several of them already are able to do some tasks or will be able to do so eventually.

A spokesman for Gov. Jim Doyle declined comment on the problems, deferring to the state's newly appointed chief information officer, Oskar

Anderson, a veteran of more than three decades in the IT field. Aides have noted that four of the now-troubled projects started before, and in some cases years before, Doyle took office in 2003.

The projects span state government and were overseen by a number of people and agencies, making it difficult to spot trends behind the problems. The audit, expected to be published in the coming weeks, is supposed to identify what went wrong in several key programs and how the state can do better.

In an interview, Anderson defended the state's overall record on tech systems.

"There's certainly a mix of projects that are being very successful and some that have been less successful" for the state, Anderson said. "Based on my specific experience, I don't think I see Wisconsin as being in a bad spot. Wisconsin has generally been seen as a forward-looking state in IT."

The recent problems aren't unique to state government here, said Anderson, who has worked in the private sector as well as in the Wisconsin Department of Revenue and the government in Alberta, Canada.

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Jason Stein is a reporter for the Wisconsin State Journal in Madison.

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'Stunning' waste reported in state computer audit

JASON STEIN 608-252-6129

April 18, 2007

State officials shoveled millions into costly computer projects without closely watching over how the money was being spent, a blistering audit has found.

The failure to adequately oversee some \$292 million in past and projected spending allowed some projects to stretch years beyond their deadlines and millions of dollars over budget, according to the Legislative Audit Bureau report.

The audit, released Tuesday, detailed years of past boondoggles, but also pointed out a project now in its early stages that has the potential for perhaps the biggest problems yet if it's not handled properly.

That project - to replace and streamline business software across state agencies - was praised by auditors for its early planning. But the project, costing at least \$67 million, is at risk of failure, and officials now say that savings generated from it will be less than one-fifth of what was estimated by a consultant just two years ago, the audit found.

"It certainly needs very close monitoring," Oskar Anderson, the state's new chief information officer, said of the project, adding that it's high on his list of priorities. "It's right at the top."

In a further blow, Anderson acknowledged Tuesday that the software project's respected lead manager will retire by this summer at just 55. In a brief interview Tuesday, the manager, Kate Nolan, said she was "just really, really" tired of fighting interference from her superiors.

The audit, a year in the making, found what a lawmaker called a "stunning" lack of oversight behind the state's well-publicized list of recent failures in information technology projects. The state Department of Administration, the agency charged with monitoring projects across state government, hasn't effectively done so since late 2003 because it was consumed with dealing with its own troubled tech initiatives, the report found.

Audit committee co-chairwoman Rep. Suzanne Jeskewitz, R-Menomonee Falls, was blunt in her assessment of how the state Department of Administration and other agencies have managed 184 recently completed or ongoing IT projects totaling \$292 million in past and expected spending.

"The total lack of project management has created an environment in which poor planning, unacceptable cost overruns, and never-ending projects have become commonplace, and quite frankly, I find that just deplorable," Jeskewitz said. "We must change how we contract for IT projects."

The audit committee will hold a hearing on the issue in early May, she said.

In a muted response letter, new DOA secretary, Michael Morgan, said he would comply with the report's recommendations and provide auditors with further information they requested by October. Morgan's letter didn't take issue with any specific finding in the audit.

"As a steward of public funds, DOA must improve the efficiency, effectiveness and success rates of state-agency IT initiatives," Morgan wrote. "The (audit bureau's) report is an important first step in improving accountability."

Matt Canter, a spokesman for Gov. Jim Doyle, called the audit "helpful" and said the administration looks forward to carrying out the recommendations for more consistent oversight of projects and accountability for contractors.

The report identified a number of troubled past projects that cost more than \$122 million, said Mueller, adding that many costs above that amount couldn't be adequately quantified. The Wisconsin State Journal previously reported that the state has spent more than \$170 million on troubled IT projects, a figure that includes many costs that weren't included in the audit bureau's number.

State Sen. Rob Cowles, R- Green Bay, called the audit a "stunning" critique of the state's system that touched both Doyle's Democratic administration as well as that of his predecessor, Republican Scott McCallum.

"It makes me very angry that this waste has occurred. Now it's a question of having the will and the determination to implement changes that prevent this from happening again," Cowles said. "DOA needs to do some soul-searching."

The audit found that DOA needed to do much more to make sure large, high-risk projects don't fail. The department has had its credibility with other agencies "compromised" because of the failures, the report found.

The Legislature didn't escape criticism either - the audit bureau found that a joint legislative committee meant to oversee large IT projects has been inactive since the 2003-04 session. Another tech oversight board of lawmakers and officials from the Doyle administration is also inactive.

Anderson, who has more than three decades of IT experience, said he is confident he can work with other agencies to set up consistent ways to plan and oversee big projects. That includes establishing a new bureau at DOA to provide monitoring of the initiatives as well as help resolving problems.

"I'm anxious to start doing the kinds of things that are talked about in the report. That's mainly what I've been thinking about since I got into the job," Anderson said.

IT consultant Robert Merrill said the audit findings aren't surprising, given the large size of many state projects.

"It's been known for at least a decade that large projects have been more failure-prone," said Merrill, whose Madison consulting business, uFunctional, specializes in estimating project costs. "As the size of your project goes up, the failure rate goes up."

The scrutiny of the state's IT failures seems set to intensify. Assembly Speaker Mike Huebsch, R-West Salem, also said Tuesday that a task force he's called for on the issue will begin work as early as next month.

But there was also good news from the audit bureau Tuesday. In a separate report, the agency found the state Department of Revenue has fixed problems in its system for tracking sales tax collections in the state.

Jeskewitz noted that Anderson, now overseeing the state's IT systems, previously worked in the Revenue Department and oversaw that work.

"Therefore, I feel real hope that he's going to help turn this around," she said.

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Money lost in state IT projects

By **Karen Lincoln Michel**

Press-Gazette Madison bureau

kmichel@greenbaypressgazette.com April 29, 2007

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 [Audio: Q&A with state Sen. Rob Cowles on IT audits](#)

MADISON — State Sen. Rob Cowles says a recent audit of the state's Information Technology projects has exposed government waste and that tighter management controls are needed.

The Republican lawmaker from Allouez said "tens of millions" of dollars have been lost on some high-risk computer projects that were outlined in a report released more than a week ago by the state Legislative Audit Bureau.

The audit identified 184 IT projects that have begun or been completed in the last three years, and found that some state agencies experienced "widely reported difficulties" in completing complex and costly IT projects within budget and on time.

"The audit chronicled all these things and came up with a whole flock of recommendations on changing the management structure and urging us — the Department of Administration and the Legislature — to focus on the high-risk programs," Cowles said.

Cowles made his comments Tuesday in a question-and-answer session, which can be heard online on the Green Bay Press-Gazette Web site at www.greenbaypressgazette.com.

The seven programs, according to the audit, are:

- The Department of Transportation's development of RaTS, a registration and titling system completed in December 2004 as part of a broader redesign of the Division of Motor Vehicles' IT systems.
- The Department of Revenue's customization of sales and use tax software, which was completed in December 2002 as part of the agency's Integrated Tax System.
- The Department of Workforce Development's ongoing development of SUITES software for use in collecting wage information and unemployment insurance tax contributions from employers.
- Workforce development's customization of EnABLES software to generate benefit payments for temporarily unemployed workers, a program that was suspended in February and is being re-evaluated.
- Three statewide projects under the Administration department, or DOA, which are server consolidation, e-mail consolidation, and IBIS.

Cowles said the DOA is expected to come up with a plan by October on how it will improve its project planning, monitoring and oversight.

"I believe that if this audit is taken seriously, I think we're going to make great progress here in tightening this situation," Cowles said.

In his Q&A online, Cowles also talks about the Video Competition Act discussed by the state Senate this week, as well as a bill that requires legislative oversight of off-reservation gaming, which passed the state Assembly on Tuesday.



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Oversight of state IT projects weighed

Posted: May 2, 2007

Madison - A legislative panel Wednesday discussed recommending that the Legislature reinstate a standing committee to impose greater oversight of state information technology projects.

Among other steps, the Legislature's Joint Committee on Audit said it would draft a letter asking legislative leaders to appoint members to a now-dormant Joint Committee on Information Policy and Technology, inactive since 2003.

No vote was taken on what action to recommend.

The committee hearing came in light of a sweeping audit of state IT projects that showed expensive state computer projects frequently cost millions of dollars more than budgeted and are delayed for months or years.

Representatives from the departments of Administration, Workforce Development, Transportation and Revenue and from the University of Wisconsin System testified Wednesday about progress in correcting problems with existing projects and avoiding them in the future.

The UW System will soon require regular status reports, with updates on budgets, timelines and major changes, and supplementary reports if projects go over budget, the committee was told.

Reports on seven major computer projects are due to the audit committee by Oct. 1. The Department of Administration, which monitors projects across state agencies, will deliver a preliminary report in August.

- *Stacy Forster*

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Wisconsin Technology Network

wistechnology.com

State technology chief endorses new approach to IT management

By Joe Vanden Plas • 10/02/07 • © WTN Media. For personal use only. No mass duplication or distribution.

Madison, Wis. - With the goal of putting an end to, or at least curtailing new and costly information technology implementation failures, the head of the state's Division of Enterprise Technology has issued a report that outlines new processes for information technology management in state agencies.

Referencing the 27-page report, titled "A New Approach to Information Technology Management, Oskar Anderson said the state is developing processes that will improve the performance of state agencies in delivering on expensive, high-risk IT implementations.

Anderson's report was compiled in response to a directive of the Legislative Audit Bureau, which earlier this year released a blistering audit identifying 184 information technology projects in state agencies - many of them plagued by delays and cost overruns - that cost a total of \$291.7 million.

New standards

According to the audit bureau, most problems occurred in planning for complex, high-risk projects, and Anderson's report provided an update on recommendations to improve project planning, monitoring, and oversight.

The report includes progress on a recommendation to select, in collaboration with executive branch agencies, a prescribed format for agencies' annual strategic plans for IT, and a methodology for identifying high-risk projects. Anderson said the state has come up with a template for IT plans, one that can be updated "on the go" rather than on an annual basis.

In collaboration with executive branch agencies and the IT Directors' Council, Anderson also set out to establish planning standards for large, high-risk projects, which have proven difficult to manage. He said the state will use a combination of state and federal standards to come up with a definition of high-profile projects, including any implementation that carries \$1 million or more in project costs.

The state also plans to mark high-risk projects with federal criteria such as:

- Those projects undertaken by a government agency that has not consistently demonstrated the ability to manage complex projects.
- Any project that is highly visible to the public, including those pertaining to public safety.
- Projects in which delays or failures would negatively affect the central mission of the agency.

IV&V treatment

To enhance project monitoring, Anderson has been in consultation with the IT Directors Council to develop a number of proposals to drive routine monitoring of high-profile projects. He said Wisconsin has developed an Independent Verification and Validation process in which personnel from other state agencies or, lacking that, a contractor would monitor projects in other agencies to determine whether there is anything "out of whack" with project management procedures or business-IT alignment.

The IV&V also would examine project documentation to ensure that implementations are delivering what was promised.

Anderson also was directed to establish policies for the use and monitoring of the state's master-lease program, which provides funding for agencies that need a capital financing mechanism for large IT projects. He said the Department of Administration, which includes the Division of Enterprise Technology, would issue an annual report on projects approved under the master-lease program, principle and interest paid, and which agencies have repaid debt.

Linda Barth, a spokeswoman for the DOA, said the state is attempting to create a better approach to IT management.

"Cumulatively, this shows there has been a high level of collaborative thought between the DOA and other state agencies to standardize how we proceed with these various IT projects," she said.

Barth noted the new processes are for IT projects going forward, which are in limbo because of the failure to adopt a new state budget. "We're wondering how many new projects will be going forward," she said.

Task masters

After wrapping up its investigation of state information technology failures, the Assembly Speaker's Task Force on those failures

recommended the creation of a bureaucratic post, state chief information officer, as a way of introducing more accountability to IT implementations.

In contrast, the audit bureau recommended that the Legislature consider reactivating the **Joint Committee on Information Policy and Technology and the IT Management Board**.

The Task Force's recommendation came before news that an already-postponed overhaul of the Medicaid computing system is the latest state IT project to be set back by delays and higher costs. The state revealed last month that completion of the Medicaid Management Information System project, which is being implemented with contractor EDS Corp. of Dallas, would be delayed another three months.

The state also said that while cost savings still are expected to offset those higher expenses after the system is implemented, the total price tag had risen to **\$45.5 million on a project that originally was projected to cost \$32.3 million**.

The Medicaid Management Information System, which is supposed to run the state's health insurance program for poor residents, was one of several projects identified as needing additional monitoring. The federal government is **absorbing 90 percent of the system's costs**, while state taxpayers will pick up the rest.

Democratic alternative

Whereas the Speaker's Task Force, which is comprised of Assembly Republicans and members of the private sector, has suggested a state CIO, the Doyle Administration is concentrating more on standardizing policies and procedures across state agencies. Matt Canter, a spokesman for the Governor, said the best way to **increase accountability is to hold contractor's accountable**, and he said **the state must find the expertise to negotiate computer contracts that protect taxpayer interests**.

Related stories

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- Oskar Anderson to succeed Miszewski as head of state technology division
- Third Wave reports clinical growth, continued loss

Time to flip Data Center?:

October 2, 2007

Just read report hyperlinked in this article. Server consolidation has spent \$40 million so far. \$25 million more projected in FY08. Only \$5 million to be recoverable. Leaving \$60 million to be recovered as deficits over next 20 years. Don't know where the numbers came from, but this is what is cited in the report. The only business case for the project was cost savings. The objective was to minimally maintain the same level of service while costing less. Don't see how the state should let this project proceed, it has no business case. Berbee is building a new data center, perhaps they are looking for a good deal?

The numbers published in the report for email consolidation and IBIS don't look much better.

worker:

October 2, 2007

DOA is blowing smoke. Consolidation is a failure on several fronts. They certainly haven't saved anything, and the level of service hasn't been maintained.

It's time to get people in IT leadership that actually know how IT works in state government. There are many resources that could help - but none are near and dear to the heart of the Governor. As always - politicians play as their projects fail.

architect:

October 2, 2007

My initial read of the reported DOA plans is not very encouraging. It sounds like it will smother agile, effective initiatives, while not doing enough to detect and fix/halt big blundering money sinks...

I'm no manager, and have no suggestions about how to fix this. But I do have a pretty well-developed sense of how "oversight" of IT is often implemented in wrongheaded ways that don't actually accomplish the intended result.

I hope I'm wrong. This is a worthy goal.

Shawn Belling:

October 2, 2007

It's crazy to read about this ongoing saga. No one mentions that solid, basic project management practices embraced by experienced and certified professional project managers would help to prevent these fiascos. If the project management cannot be made independent of the politics, then the administrators and politicians must suffer the consequences.

Question from a taxpayer:

October 3, 2007

So, just how does the new approach to IT Management apply to server consolidation, email, and IBIS projects outlined in the report? Will the projects continue in light of what is being reported? I mean, spending \$16 million dollars just to improve the Purchasing Requisitions/Purchase Order process (is this how a state employee makes a request to purchase something?) Seems like

overkill? Can the state find better ways to spend \$16 million dollars?

Can someone please tell me how the new approaches outlined will affect server consolidation, email, and IBIS? How many other projects like this are going on? It seems projects like managing welfare benefits, or related to public safety, or reducing dependencies on fossil fuels, etc. cost less and should be of higher priority. Let's put the \$16 million to work on those kinds of things rather than on improving the process of how a state employee requests something to buy.

state worker:

October 6, 2007

Oskar had to issue some kind of report; LAB required it. All he is doing is hiring really expensive and more managers to surround himself with. Consolidation is about the same as musical chairs, moving people all around (lessens accountability, who did what?), and hustling to move as many servers out to the new data center as quickly as possible so as to make it look like they are doing something. Again..., cronyism is rampant within DOA/DET.

Why do you think nothing is getting done so darn fast? We've created a gang of managers who practically refuse to work with the employees.

Concerned Taxpayer (Sun Prairie Region):

October 7, 2007

Let's call the kettle black and quite insulting taxpayers. Here's the deal.

#1 - Where the Beef?

The report is really more for show than actions. Oskar Anderson has been CIO of the Department of Administration Division of Enterprise Technology (DOA DET) for over 6 months and what has he accomplished?

Accomplishment #1 - Slowed state progress down to a cripple.

It's pretty easy if you're the State CIO to stop/slow state projects and take credit and call it progress. However the true grade is what's done after and can be called "completed." Mr. Anderson fails to make the grade on this mark. Thanks for wasting my tax money. At least the last guy in charge had projects moving (a little too fast, not efficiently and cost effectively, but they were not dead in the water).

Accomplishment #2 - Created a report that says I promise to be a part of the problem by adding more bureaucracy and less operating efficiency (In English: "I'm going to put a process in place that will slow things down until I retire (which is soon). That way it's not my problem. Again thanks for wasting my tax dollars (why did you take the job?)

#2 - IV and V Approach

This is the touted "Independent Verification and Validation Approach" that is suppose to save the state more money and increase the time lines to accomplish anything of value. I guess it should not matter for Mr. Anderson, since accomplishment is not his objective (more...let's add more red tape so I can eventually retire before it becomes my problem). The IV and V approach acronym is a joke. Let's call it what it really stands for "Idiots Vision of Value."

#3 - Where is the Leadership?

Has anyone looked at Mr. Anderson's history.

History #1 - Sure he's the former IT Director for the Department of Revenue. Great! Hey wait a minute, wasn't Mr. Anderson the guy in charge during one of the worst DOR debacles. That was the time that the Social Security numbers were being printed on addresses and mailed to the general public. Wow he must be a big security fan. I'm glad we are giving him a bigger playground to be responsible for.

History #2 - IT Director Council Member - <http://itdirectors.wi.gov>

I hope he's not getting orders/advice from this group. They don't even keep their website updated. They have been meeting for years, what have they accomplished? Hmm...let's put things on paper and "not follow it" approach to leadership with a dash of "no accountability" recipe. Sounds good!

History #3 - Fluffy Leadership

Now if I were CIO for a day, I would hope the first thing I would figure out is how the prior CIO lost his job so I could avoid repeating the same problem. Here's some advice if Mr. Anderson is hoping to save the taxpayers money.

Advice #1 - Change your management team (Keep the good managers get rid of the cream puffs).

Why has Mr. Anderson management team at the DOA not changed? The same people who gave bad advice to the prior CIO are continuing to give advice to the new CIO. Is Mr. Anderson foolish or just very naive (don't lead by a majority vote, lead by doing what's right)?

Advice #2 - Who's Really the Boss?

It's apparent another manager (within DET) holds all the cards (Not Mr. Anderson). Come on, be brave and step up to the plate and make the management changes so it's apparent "you are in charge." Don't be scared of the politics, follow your morale principles of "doing the right thing" or else it's time to have someone else in charge.

Advice #3 - Listen

I noticed a lot of IT staff (state/public) making negative comments within the blogs. Listen to them and stop listening to the people "sucking up" to you. (It appears your management is looking after their own interest, not the state taxpayers interest).

Advice #4 - Efficient Workforce

To accomplish that state IT goals, you need a great workforce. Improve the State IT workforce by getting away from expensive contracting services and train state employees to do their jobs and help them maintain their knowledge base. Get away from contract employees that come and go taking the knowledge base with them. Like in any IT organization, you have good and bad employees. Work with your union and executive management to:

- Reduce your reliance on expensive contract IT staff and contract managers.

- Promote rewarding staff bringing organizational success.
- Recruit the best and brightest to work for your organization.
- Get rid of the dead weight employees (resistant to change) and riding the state tax dollar for a free ride.

Advice #5 - Stop the Scandal Activities

The state has lost too much money. You can bet plenty of misconduct in DET has led to this. I'm guessing if you look hard enough, several DET staff have violated enough state policy and procedures that would make the Chuck Chvala scandal for "misconduct in office" look silly. It's time to do the right thing before the Wisconsin State Journal, Capitol times (and other newspapers), and the Wisconsin Court System does it for you. (It's not that hard of a paper trail to follow).

In conclusion, it's time for Mr. Anderson to be a leader or step down. Taxpayers have lost enough money. We don't need another example of process, procedures, and negotiations similar to the budget battle (budget debacle) being dragged out for months/years impacting the well being of the state taxpayers.

A Consultant:

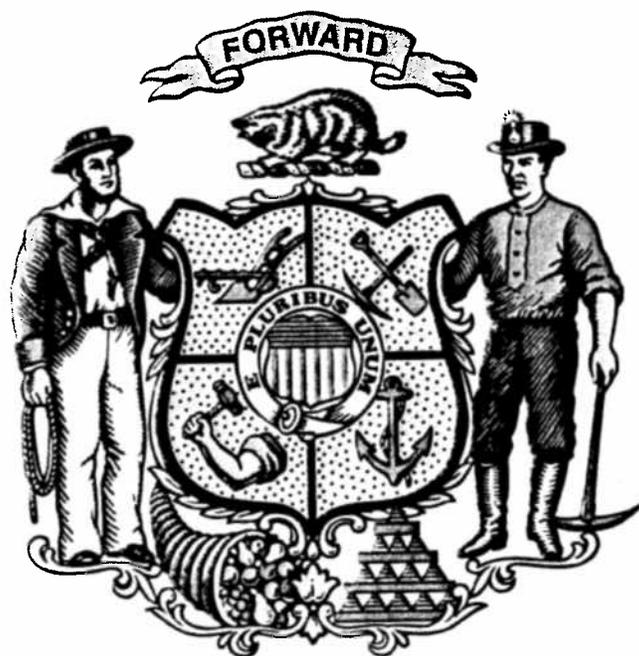
October 7, 2007

This is rich. \$40 million spent to date and only 149 servers have been consolidated into Femrite. An additional \$25 million to be spent this year to get how many agencies into Femrite? How much more will be spent on business continuity? The Femrite location seems awfully close to an Interstate highway and it only took one bomb to tear down the Murra Building in Okalahoma City. I wonder if the priorities are muddled.

Another citizen:

October 8, 2007

To Mr. Belling's point that professional Project Managers would these sorts of failures, please understand Independent Validation and Verification (IV&V) done by the Feds (notably the DoD) is not what is outlined in this report. Federal/DoD IV&V is a rigorous process that essentially duplicates a vendors QA/Test systems to ensure the product developed for the Government meets published REQUIREMENTS (i.e. the system shall do with



State agencies will be paying for computer project for 20 years, report says

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State agencies will be paying off a questionable computer project for the next 20 years, according to a report by the state's top computer official. That's in spite of the fact the project was originally supposed to ~~save the~~ state millions of dollars over just a few years.

The report to the Legislature's Audit Committee provides updates on troubled state computer projects that are in some cases many times over budget, years late and at risk of not meeting their initial goals. It also details what Gov. Jim Doyle's administration is doing to try to prevent the problems from plaguing the state in the future.

The committee will hold a hearing Thursday on the report, which is responding to an April legislative audit that found waste and

mismanagement in state information technology projects.

Audit committee member Sen. Rob Cowles, R-Green Bay, said that the report showed positive steps are being taken and that he never expected problems to be solved "lickety-split." But he added he remains "troubled" by the lengthy payments on the project overhauling back-office computers called servers.

"That one was supposed to have saved us money," Cowles said. "It just bleeds those agencies when there's problems."

The plan calls for requiring high, uniform standards and reporting across state agencies that will help hold officials accountable for IT projects. The state has spent more than \$180 million in recent years on troubled computer projects, according to a Wisconsin State Journal estimate based on state reports and interviews with state officials.

"Going forward, we're going to have a whole new way of doing business," said Linda Barth, a spokeswoman for the state Department of Administration.

State chief information officer Oskar Anderson, a veteran IT manager brought in to fix the problems, said he has started an internal Web site where state agencies can trade information about best practices. He said he will receive reports in December from agencies about all state projects that cost more than \$1 million as part of ongoing oversight of those "high-profile" projects. All that, he said, would help ensure that agencies know how to handle those complex, difficult projects and are monitored to make sure they actually follow through on them.

Sen. Jim Sullivan, D-Wauwatosa, the audit committee co-chairman, said he thinks Anderson has done a good job so far in addressing the IT problems and hopes the benefits of the server project would extend as long as the costs.

'Overzealous' report

The daunting server overhaul was pushed through by a political appointee over the objections of state technical staff from several agencies, the State Journal reported in March.

Anderson expects to have most of the targeted servers from across state government moved to a

new Far East Side data center by June 2010 — four years after a consultant's initial, over-optimistic estimate. The project will help the state keep its key computer functions running in the event of a disaster and allow fewer staff people to service them, Anderson said.

But the state is no longer sure how well it will meet a goal of becoming more efficient by cutting the actual number of servers, Anderson said. That's because the consultant's report was "overzealous" in describing how economically that could be done, he said. By June 2008, the state likely will have spent an estimated \$65 million on the server project. That's about five times the consultant's incomplete cost estimate, which also projected millions of dollars in savings from the project over just five years.

This year's spending still has to be approved as part of the late state budget, Anderson said. A final estimate on the project's ballooning costs is still not possible to do, he said.

The costs of the project currently far outstrip the payments that state agencies make to participate in it, according to the report. Those deficits mean

that the program will have to be paid off through payments by agencies until 2028, the report said.

Outstanding projects

The new report also updates other outstanding projects, including:

- A move to standardize e-mail systems across state agencies is expected to be finished in 2008, at least 2? years after an initial projected end date. The state has spent \$9.7 million on the project so far and expects to spend \$13.6 million total on the project.

That total is five times the bid of an initial failed contract with a vendor, a bid that Anderson said was unrealistic. So far, about 21,000 of the state's 35,000 e-mail accounts, which have operated under a hodgepodge of software programs, have been switched over to a new Microsoft system.

- Officials are moving forward with a massive project to consolidate the state's business software for tasks such as buying goods and paying bills. The first phase of the project is expected to cost \$16 million and finish by March 2009. An additional \$10 million has already been

committed, mostly for software licenses. Like the server initiative, this project can't go forward unless the stalled state budget is passed, Barth said.

The state is having difficulty in finding state workers whose abilities meet the project's specific needs, Anderson said. That could lead to higher costs if it forces the state to use more expensive contractors, the report found.

- A Department of Workforce Development project to handle unemployment insurance benefits that had been suspended this year, after the state spent more than \$20 million on it, will be restarted with an in-house system instead of the packaged software the state had been trying to use. Initial cost estimates for this restart, which will replace a portion of the overall project, are for \$1.6 million with an 18-month timeline.

- Another DWD system to handle unemployment insurance taxes is being rolled out in phases in December and May, with projected costs now at \$47.2 million, up from an estimated \$46.4 million as of February as reported by the April audit and an initial cost estimate of around \$17 million.

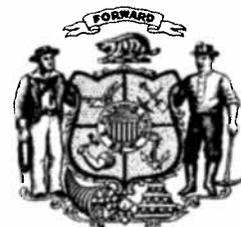
- A Department of Revenue project to roll out new software to handle sales and use tax is on time and on budget, scheduled to start in December.

Summary:

The news: A report lays out how the state



WISCONSIN STATE LEGISLATURE



Wayne Thompson ⁶⁰ 8-836-8201

- following IT since 2001-02
- written
 - 09 - e-mail to Doyle
 - re: Matt - a disaster
 - data center consolidation
- used to work for State -
 - Bus. Intell system
 - successfully implemented
 - won awards worldwide

3/7/07 Ways + Means

DR See Morgan & Laura Engen

Quality control +

- Terminated contract - Type K + system that could not be upgraded
 - didn't "scrap" it - it was an upgrade to better software
 - new system is 1/2 what other system was
- (L.E.) - decision was to convert to a new system - upgraded platform
 - in 2005 decided to test the market place
 - \$30M to move forward (current vendor) - 1 tax type
 - \$15M from new company - 6 tax types
 - using current system until
 - this year rather than next

• Sue - what guarantees do we have?

↳ does have provisions to ensure that it works

• LE - Old system was on time & on budget - just decided to move to a newer platform sooner than originally anticipated

* Pat Strachota - Sales tax distributions

- L.E. - Rn to all counties, district boards about GGT steps, etc

- all fixed - did a lot of outreach to counties - will reconp overpayments over 36 mos, beg. in Jan 2006 - confident that system is working accurately

- Mfg fuel exemption - large revenue no longer seen

Prudemou - explain \$M value retained by old system

↳ all but \$M was depreciated -