

November 17, 2011

Information Technology Procurement

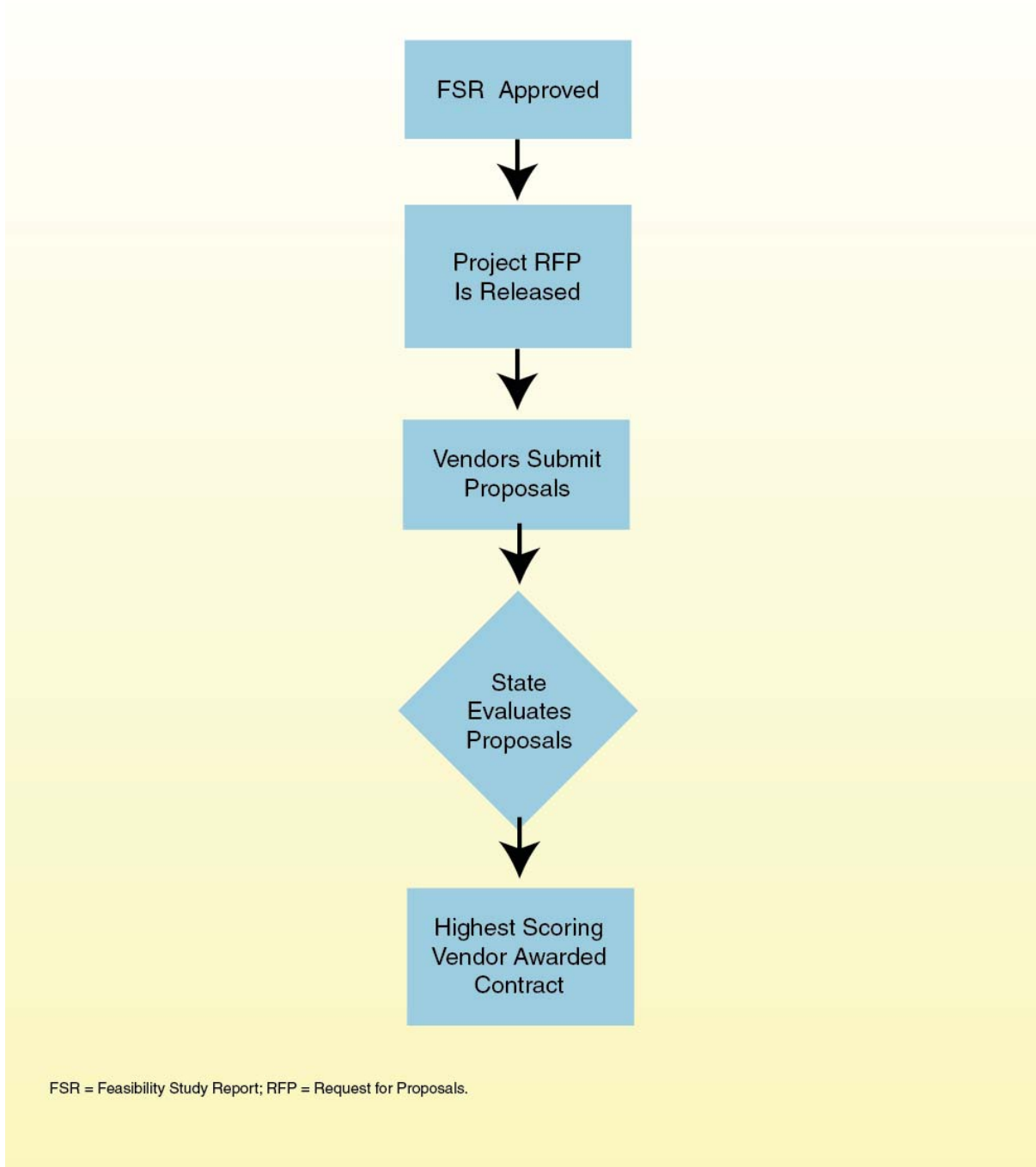
LEGISLATIVE ANALYST'S OFFICE

Presented to:
Assembly Select Committee on Government Efficiency,
Technology and Innovation and
Assembly Budget Subcommittee No. 4 on
State Administration
Hon. Joan Buchanan, Chair



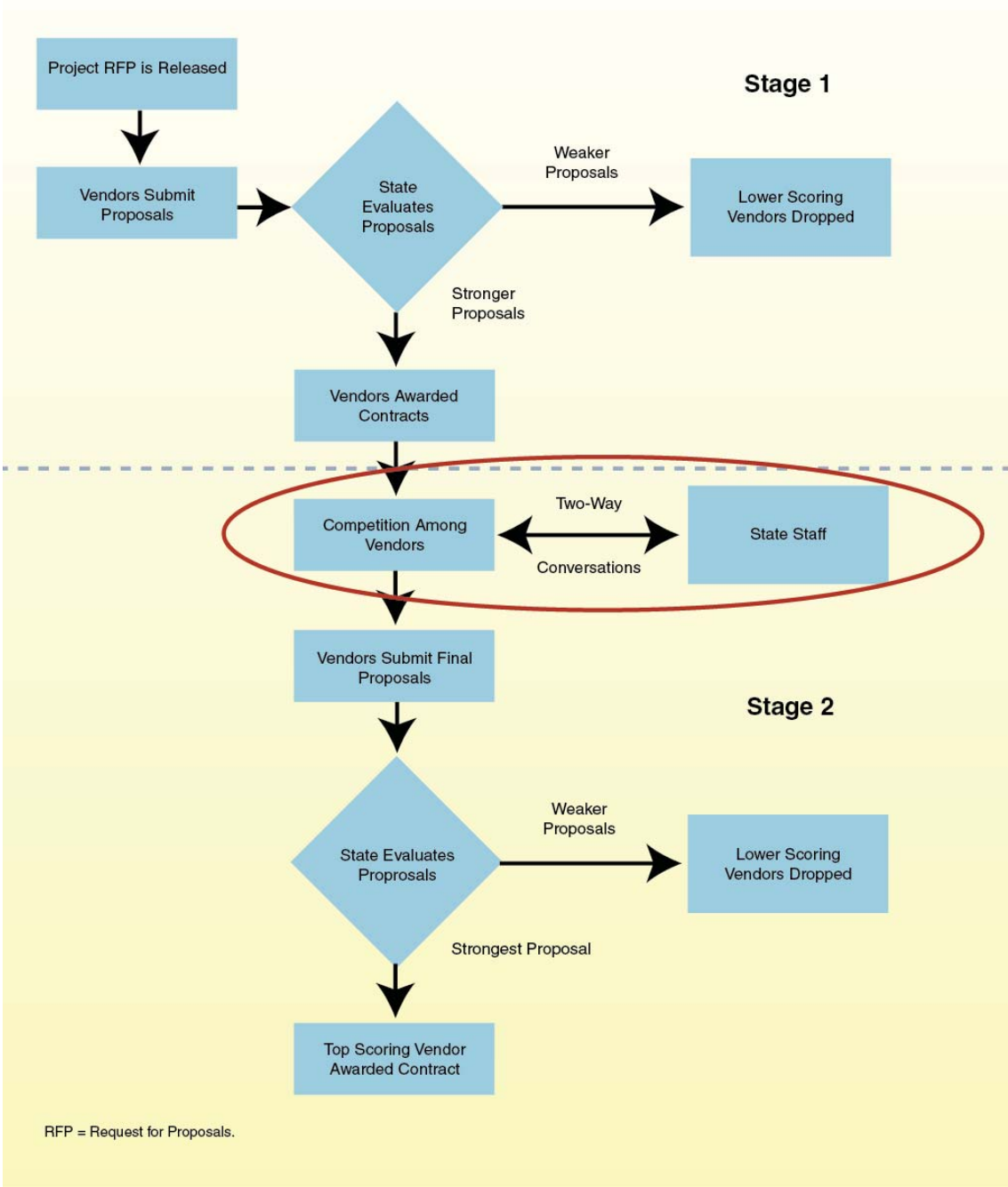


Major Steps in a Firm Fixed Price Procurement



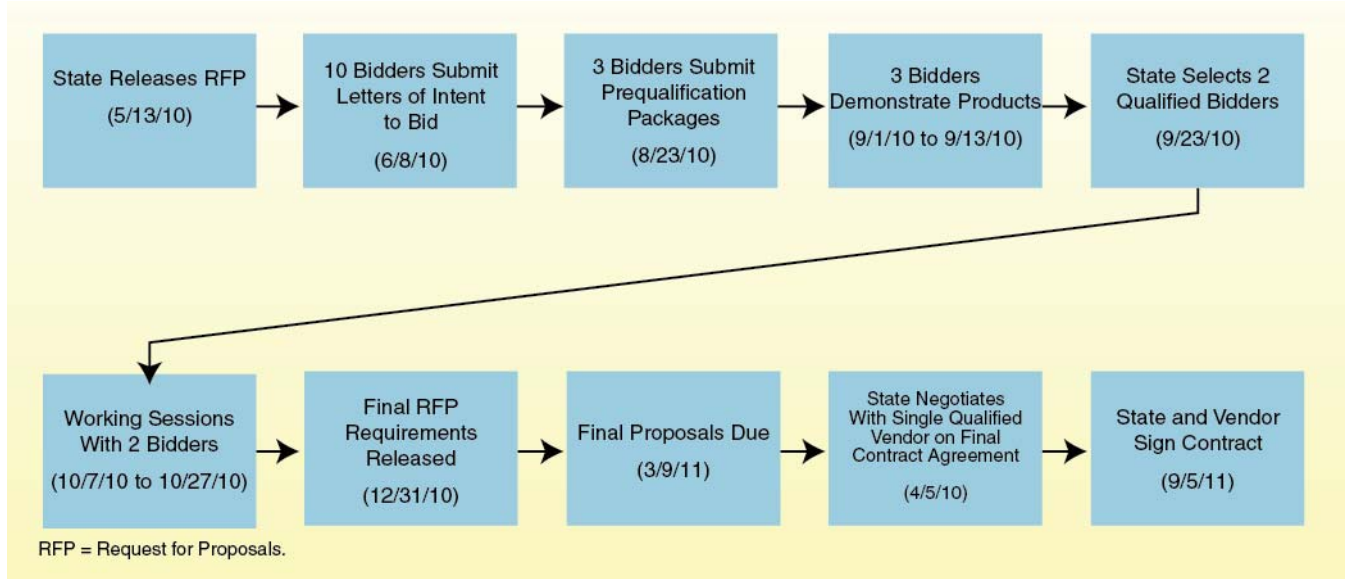


Major Steps in a Multi-Stage Procurement

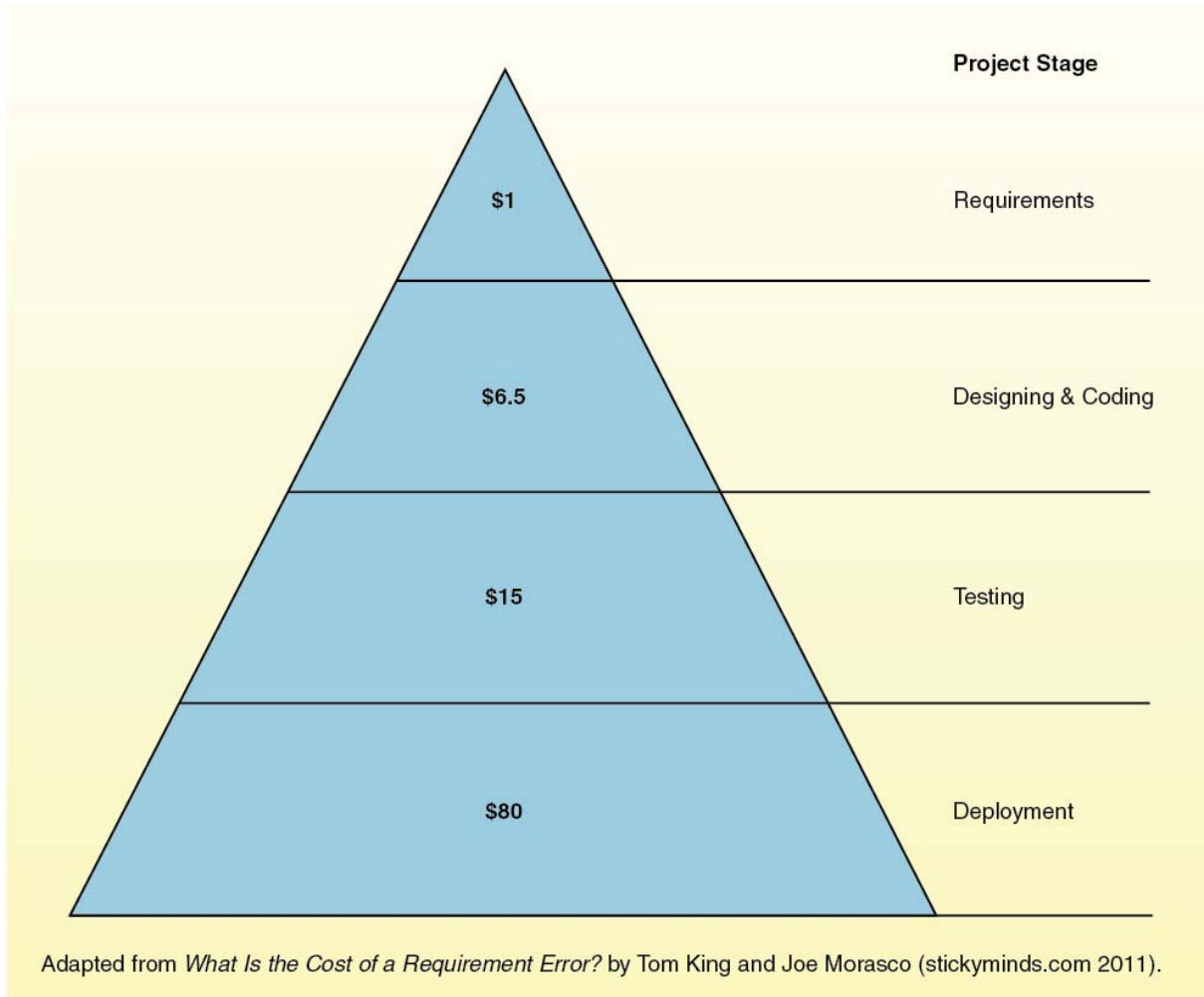




Major Steps in the Department of Consumer Affairs' BreEZe Project Procurement



The Cost of Requirement Errors



- Requirement errors cost U.S. businesses billions of dollars per year and often result in failed or abandoned projects.
- The relative cost to fix a requirement error depends on when the error is detected.
- Key takeaway—the further along a project is, the costlier it will be to fix a requirement error. So it is important to catch errors early.



Information Technology (IT) Projects and Failure Rates

	2000	2002	2004	2006	2009
Successful	28%	34%	29%	35%	32%
Challenged	49%	51%	53%	46%	44%
Failed	23%	15%	18%	19%	24%

Results from the Standish Group, *Chaos Report*, surveys (http://www.standishgroup.com/newsroom/chaos_2009.php)

- *Successful projects* were completed on time, within budget, and included required features.
- *Challenged projects* were delayed, over budgeted, and/or possessed fewer required features.
- *Failed projects* were cancelled at some point during the development cycle.
- Key takeaway—developing large IT systems is difficult and the majority of times results in challenged and failed projects. Starting with good requirements enhances the likelihood of success.
- Note: Survey participants included 350-400 small, medium, and large U.S. companies and government agencies.