



IT Alliance
for Public Sector
A Division of ITI

Testimony of

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Introduction

Chairmen Hurd and Meadows and Ranking Members Kelly and Connolly, thank you for the opportunity to share our perspectives regarding the U.S. Digital Service (USDS) and the General Service Administration's (GSA) 18F and their efforts to improve government's approach to information technology. My name is Trey Hodgkins. I am the Senior Vice President, Public Sector, at the Information Technology Industry Council (ITI), where I manage our public sector facing practice called the IT Alliance for Public Sector (ITAPS).

ITAPS is an alliance composed of leading information technology (IT) [companies](#) building and integrating innovative technologies and solutions for the public sector market. With a focus on the federal, state, and local levels of government, as well as on educational institutions, ITAPS advocates for improved procurement policies and practices, while identifying business development opportunities and sharing market intelligence with our industry participants. Our parent organization, ITI, is the global voice of the tech sector, celebrating its 100th year in 2016 as the premier advocacy and policy organization for the world's leading innovation [companies](#). In both the U.S. and in countries around the world, ITI navigates the relationships between policymakers, companies, and non-governmental organizations, providing creative solutions that advance the development and use of technology around the world. You can learn more about both by visiting www.itic.org and itaps.itic.org.

The Tech Sector Supports Efforts to Identify New Ways of Procuring and Managing Federal Information Technology Assets

For quite some time now, the tech sector has been leading the focus on evolving the way the government acquires and manages information technologies (IT), moving them from practices, processes, and protocols too often rooted in an era that pre-dates the internet, to the 21st Century. Such a transformation is necessary in order to fully apply today's technologies to government missions.

Early in the current Administration, industry worked with the first Federal Chief Information Officer (CIO) to develop recommendations to kick-start such an evolution presented in a report titled the [Government Technology Opportunity for the 21st Century](#), which was a template for the [Office of Management and Budget \(OMB\) 25-point Plan](#). Although pursued under different names, the same basic recommendations are still being implemented. USDS and 18F seem to embody some of those pursuits, including bringing about cultural and process change. Aligned with the cultural changes these recommendations proposed, 18F and USDS are using agile - instead of waterfall - development methodologies, designing systems based on end-user needs in the context of the agency mission, and leveraging a multi-generational workforce. Regarding some of industry's process change recommendations, these groups are working to identify means to more appropriately apply the Federal Acquisition Regulations (FAR) to technology transactions, enable rapid prototyping contracting and procurement opportunities, and map out options to move away from legacy systems. In some ways, 18F and USDS are positioned to be key enablers in these efforts to achieve a digital government.

ITAPS is committed to working with government stakeholders to see these initiatives succeed now and into the next Administration as part of the overall effort to reform the identification, acquisition, investment and management of IT in the federal government. We believe, however, that these initiatives, like any new start-up, face pitfalls and obstacles that could increase the risk of failure in the long run and my comments are meant to offer recommendations on areas to focus, practices to adjust, and outcomes to illuminate in order to sustain them into the next Administration.

18F and USDS Can Be Disrupters for Good

ITAPS regularly argues that we need institutional disruption in the way the government buys and manages IT, and 18F and USDS are positioned to be disrupters to help achieve that goal. They have the potential to bring cultural change and business process re-engineering to agencies that have struggled with change. They offer new ways to think about IT in a process-bound system, offer quick deployment of new ideas for agencies to incorporate into programs, and they can help build the organic IT skill set by transferring their knowledge to the career government workforce. They can also help identify and bring new government offerors into the market to increase competition, expand innovative solutions from existing players, and inject private sector perspective into solving government problems.

USDS and 18F also manifest what the tech sector has been saying for some time – that if we could break out of the old processes, innovation can flourish, and the companies in the industrial base are prepared to deliver that right now. Evidence of this can be found in a blog post by USDS founder, Mikey Dickerson, [here](#). In it, Mr. Dickerson talks about how USDS created a new job tool at the Department of Veterans Affairs and how they shaved both time and \$14 million dollars off the project. But they did that by being permitted to think outside the box and outside the confines of the existing hide-bound acquisition processes. Contractors do not have that flexibility in today's market with strict contract requirements, static funding cycles, and a rigid compliance culture. If contractors were to suggest innovative and perhaps time and money saving solutions under those circumstances, they would be disqualified in almost every competition because they did not follow the requirements. Both of these programs have demonstrated how innovation can be injected into the government if you peel away the layers upon layers of gunk that now corrode and distort the acquisition process. Imagine what we could accomplish in the government market if we were to permit all companies to think outside the box to solve government mission challenges.

But people do not always embrace change, and disruption can also expose programs to the risks that could lead to failure. These categories of risk involve people, management and technology.

People

- the risk of bureaucratic atrophy if career employees are left with the impression that they've failed;
- the risk of alienating the workforce by not empowering them with enhanced skills through knowledge transfer to address long term IT challenges;
- the risk of undermining workforce innovation by pitting generations against each other;

Management

- the risk of failure by giving people the impression they can "fix" a "broken" project;
- the risk of failure to capitalize on existing institutional knowledge;
- the risk of unwanted oversight by giving appearances that the rules do not apply or process does not matter;
- the risk of alienating policy stakeholders by engaging in policy formulation in a way that seem self-serving;

Technology

- the risk that non-18F and USDS IT programs are perceived as "non-innovative;"
- the risk of alienating partners who can effectively scale solutions by insinuating that contractors are the problem
- the risk of project failure because data is not created and maintained under the control of the CIO;
- and, the risk of threatening business models and product offerings by not following OMB guidance on tech neutrality.

ITAPS would like to see efforts to mitigate these risks as part of an approach to sustain these activities going forward.

Transparency and Data Can Demonstrate Success

Based on our discussions with vendors and government personnel, and on the availability of public records on their activities, there is a general lack of clarity and understanding about these programs; what they are, what they are not, and how they can be expected to operate. This opacity in the operations of these programs has created a degree of uncertainty, concern, and suspicion. For example, the activities of USDS and 18F are reported to be focused on assisting agencies and their career personnel in making better decisions about IT and IT investments. Instead, we have repeatedly been told that intervention by 18F and USDS is not a welcome experience, leaving agency and contractor personnel feeling that they have failed, and without any sense of shared knowledge or experience after the team departs. Moreover, from time-to-time, the apparent lack of institutional memory and understanding of the process by 18F and USDS personnel has led to skepticism of their utility.

To address and counter these perceptions, and to better understand the programs and ensure that they can be sustained into the future, attention should immediately be paid to creating a very transparent and open operating environment. These new, transparent operating environments should provide:

- Specific and detailed information on all of their past and current projects. Such data should be published on public dashboards or websites and provide a clear and full accounting of the effort;
- A detailed account of their hiring authorities and practices, including information demonstrating that they are ensuring there are no conflicts of interest inherent in the personnel they hire and how that might influence products and services chosen as part of solutions;
- Detailed information regarding their funding authorities and an accounting of the funds they have collected and expended;
- A detailed value assessment based on a comprehensive methodology that includes, not only benefits, but also all direct and indirect costs;
- Their procurement authorities and what thresholds apply;
- A clear statement of their adherence to the practice of tech neutrality in their search for solutions for agency customers;
- Clarity around the use of competition to select products and services for use both internally and externally as part of solutions;
- Demonstrated adherence to government standards and requirements for everything from procurement to security.

While some may complain that requirements of this sort would constrain the intentionally unconstrained nature of these programs, comprehensive metrics, such as these, are the only yard stick the government currently has to assess the health of a program, to appropriately provide oversight to ensure the interests of the taxpayers and to demonstrate that these programs are not wasteful of time and resources.

Operations that Support their Activities

18F is housed at the GSA and USDS is housed as part of the White House. Both are offshoots of the Presidential Innovation Fellows (PIF), also now housed at GSA. GSA has increasingly been directed to operationalize a number of

programs originating from policy pronouncements by OMB. GSA created a new service, called the Technology Transfer Service (TTS) to house 18F, the PIF and a variety of other activities. Unfortunately for these projects housed there, GSA and OMB did not socialize these plans with stakeholders and impacted parties, including within GSA, and the effort is left without a clearly identified purpose and stakeholders are unclear on shifting roles and responsibilities. To their credit, leadership from GSA is seeking to establish a dialogue and is reaching out to groups like ITAPS for feedback.

Socialization and communications efforts by senior GSA leadership must address both internal and external stakeholder concerns. The internal concerns regard roles and responsibilities of personnel focused on IT, in particular the IT offered through the multitude of GSA contracting vehicles in the Federal Acquisition Service (FAS) and the IT offered by 18F. Part of the announcement for the TTS included the provision of procurement authority for IT at TTS, something previously confined only to FAS at GSA. This apparent expansion of procurement authority has spawned a round of questions about the roles of the GSA workforce at FAS, how the new service fits into the current GSA model, how these services are intended to interact to drive a better experience for the government customer, and whether GSA is embarking on a previous centralization effort that failed and was repealed.

The external communication must first address the vendor community, which is now unclear on where and how to invest to ensure their goods and services remain available to potential government customers. Is it with FAS, with TTS, or both? If it is with TTS, or both, how can vendors make those investments and to whom should they initiate discussions?

Finally, as the operational arm of a list of OMB initiatives and policies, GSA needs to clearly explain how the new roles and responsibilities relate to the broader industry base, and where and with whom they should engage. GSA should also clearly explain and communicate other elements of their operation, like how the entity is to be funded, where will their authorities and personnel come from, and whether these activities must be authorized by statute. Leaving these and other questions unaddressed will expose the programs and GSA itself to challenges from disaffected stakeholder communities opposed to these changes.

Right-Sizing 18F and USDS

ITAPS believes that a number of adjustments should be made to the programs to best position them for a clear trajectory into the next Administration.

Mission and Purpose

First, as noted above, it is unclear that either program has developed a mission statement and clearly explained what their respective programs does and does not do. Each should clarify such a mission statement and share them with the public and stakeholders. Both programs should also take steps to ensure that their mission does not conflict or create redundancies with the missions and responsibilities of other agency officials, or with other programs that exist in government.

Scope

18F, in particular, has expanded the reach and scope of their activities to include, among other things, direct procurement of technology and engagement in the state public sector market. Taking on direct procurement authorities is very different from helping a government customer understand requirements, identify market activity, conduct market research, and other forms of advising on an IT investment. The announcement of the creation of TTS included that FAS would be detailing procurement personnel to TTS for this purpose, but 18F and TTS have no

inherent acquisition experience or knowledge and taking on this responsibility clearly establishes a duplication and possible conflict with the procurement responsibilities of other government agencies and activities, including GSA itself. Further, creating a condition where 18F acts as both the buyer and the seller is a conflict of interest and should be avoided. As such, these authorities should not be added to their portfolio. Likewise, because it is unclear that the program has established a sustainable level of success in the federal market, it is unclear why expanding into a far more challenging and diverse, multi-jurisdictional marketplace is not a diversion of resources and focus from the federal efforts. 18F should remain focused on their original delivery model of user-centric development of digital and web services, and should forego other activities that are redundant and duplicative and have the potential to become a quagmire of varying jurisdictional challenges.

Transparency

As noted above, it is our recommendation that 18F and USDS should immediately embark on an effort to bring needed transparency to their operations and to ensure that all interested stakeholders have clarity of purpose for the program and understand how they can engage.

A Pause

Until the recommended transparency can take hold and stakeholders and oversight entities can effectively assess and analyze the activities, including direct and indirect costs and the value the programs deliver, the Administration should postpone formalizing TTS at GSA. Such a pause would better ensure that these programs, their activities and the value they can deliver are best positioned for a Presidential transition and sustainment into the next Administration.

Partnership

Both of these activities must find a way to effectively and robustly partner, and not compete, with new AND existing government vendors to deliver better solutions. The government industrial base includes a multitude of talented and innovative companies that can and do deliver cutting-edge capabilities on a daily basis. Both programs should share best practices on how government can unlock this potential. Also important is the fact that the existing government vendor base understands, and has made an investment in, compliance with the myriad of government-unique requirements and can be a bridge over these government barriers as partners with new non-traditional companies.

Change is Needed for Success

According to press reports at the time, USDS was begun in the wake of the failure of the Healthcare.gov website as a way to capture the technology talent that was assembled to correct that project and direct it to other technology problems within federal government missions, and 18F was a government start-up that would bring a user-centric focus for the development of digital and web services. From the beginning, it was always difficult to discern exactly what the mission and objectives for each of these entities was, and time has not helped bring them into focus.

Instead, both missions remain vague and their activities opaque, and that vagueness and opaqueness is contributing to an inability to gauge success. It has also never been clear to stakeholder audiences where these activities fit alongside the federal government's technology community and the myriad community of vendors who offer services that are the same, or very similar to, what both entities claim as their purview. In other words, it is hard to tell how these activities are different from what is already being done, and if they are demonstrably better. So far, it is just different.



More important to this conversation is that this lack of clarity makes it hard to see these programs surviving a Presidential transition. Start-ups, like these, without clear definition, mission, and sound funding, have a much more difficult time in an environment where priorities are shifting and agencies are recasting themselves for new political leadership. If the value USDS and 18F can bring to this technology transformation is to survive the Presidential transition, changes have to occur in both programs to clearly define their mission and their place in the broader federal technology landscape. Maintaining business as usual in these programs, instead of implementing needed transparency and developing comprehensive data to demonstrate these activities offer a path to a better federal technology environment would not position them well for future success.

The technology industry wants to incubate a transformation in the federal IT market that brings about new ways to fund, develop, procure, deliver, manage, and sustain innovative technology solutions. It also wants this transformation to improve the technological experience for everyone – constituents and citizens, taxpayers, government employees, and vendors. ITAPS remains committed to working with our government partners to see that transformation succeed, including sustaining a focus on these objectives into the next Administration.