

Greater Accountability and Faster Delivery Through Modular Contracting

Last week, we highlighted a number of ways in which reform of Federal Information Technology Management is giving taxpayers more for their IT investments and improving the overall function and efficiency of government. Today, we mark yet another milestone in our march to improved fiscal and contractor accountability as we roll out *Contracting Guidance to Support Modular IT Development*.

For too long, Federal IT was marked by runaway information technology (IT) projects in Federal agencies that wasted billions of dollars and were years behind schedule. By the time some of these projects launched, if they launched at all, they were often over budget, late and/or obsolete. In many cases, these failures can be traced back to lengthy acquisition and IT development efforts that aimed to deliver massive new systems over years, rather than providing new functionality in an incremental manner – as the private sector does.

When the Department of Agriculture was getting ready to develop new software to monitor grantee performance, it was determined to avoid these mistakes. It broke its software investment into individual projects, the first of which was to develop a management evaluation tool for the Women, Infants and Children Program. It then divided this project into activities, beginning with the design of the tool. USDA structured its contract so that customers could give feedback as the contractor developed iterations of the software. These cycles of information gathering and customer feedback, combined with a manageable project size, helped USDA to successfully deploy its management tool within a year after the contract was awarded – cutting delivery time for end users in half and avoiding the inefficiency of costly rework. Equally important, USDA put itself in a position where it can quickly expand the capability of the tool in a matter of months to meet the requirements of other programs, and has already done just this for the Summer Food Service Program and Financial Management Reviews.

Today, we are releasing a new document, *Contracting Guidance to Support Modular IT Development*, which encourages agencies to shift away from the bloated, multi-year projects so common in the past to a more nimble approach. The guidance provides our IT, acquisition, finance, and program officials practices for how they can, working together as part of an integrated program

management team, break investments into more manageable chunks; eliminate the costly lag between when the government defines its requirements and delivers solutions; and begin delivering workable solutions shortly after contract award. By requiring frequent deliverables, agencies will also be better able to hold contractors accountable for keeping projects on track and delivering solutions that truly meet agency needs. And by breaking investments into smaller chunks, agencies may be able to drive more competition— including small businesses that might not have been equipped to compete for the massive, multi-year projects of the past. And more competition means a better value for the American people.

Building on policies established in the Clinger-Cohen Act 15 years ago, the guidance lays out key investment principles to facilitate modular IT development. It then discusses acquisition strategies that are best suited to support the high level of responsiveness that agencies need for modular development. This includes the smart use of contracts where orders are placed as needs arise with short time periods to fulfill specific project development needs within 6 month intervals, as well as rapid response activities in 90 day periods. Equally important, the guidance highlights several case studies from agencies that already are achieving success with modular development and modular contracting.

Our goal is to see many examples of success across the government and are asking all agencies to assess and adjust their capital planning and investment control and acquisition process to more explicitly incorporate modular approaches. Over the coming weeks, we will work with the agencies that already have had success to meet with other agencies and share their insight. We will also review agency progress as part of OMB Portfolio investment reviews (“PortfolioStats”) and acquisition reviews of systemic strengths and weaknesses (“AcqStats”).

From the beginning of this Administration, President Obama has been focused on cutting waste and making government more efficient and effective. Adopting modular approaches, like other steps in the Obama Administration’s IT reform strategy, is about tackling obstacles that get in the way of lasting reform. Changing agency culture to regularly take advantage of modular principles will take work, but the payback – in the form of improved investment manageability

and budget feasibility, lower risk, more responsive contracts and reduced time to value – is well worth the effort.

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