



# THE COMPUTERWORLD HONORS PROGRAM

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## CASE STUDY

LOCATION:  
*St. Paul, Minnesota,  
United States*

YEAR:  
*2006*

STATUS:  
*Laureate*

CATEGORY:  
*Government and  
Non-Profit Organizations*

NOMINATING COMPANY:  
*Deloitte*

### ORGANIZATION:

State of Minnesota

### PROJECT NAME:

Drive To Excellence Transformational Roadmap

### Summary

Changing citizen demands, workforce retirements, and ongoing budgetary constraints require a new way of thinking for Minnesota state government. The State recognizes technology as a significant tool in changing the way the State conducts its business. The Drive to Excellence Transformation Roadmap report catalogs for opportunities change that will allow the State to be successful in today's environment using today's technology tools.

### Introductory Overview

The Drive to Excellence is a bold, proactive initiative to create a long-term solution for the challenges and opportunities that lie ahead for the State of Minnesota. Of the challenges, perhaps none is more significant than the fact that nearly half of the state workforce will be eligible for retirement within nine years. Historically, most employees leave state service within a year of reaching retirement age. Minnesota recognized that it could leverage these anticipated retirements to optimize the size of its workforce by focusing dwindling labor resources on high-value work while automating routine, back-office tasks.

The Transformation Roadmap is the first big step in the Drive to Excellence, setting out the strategy and initial action plan, defining key projects, timelines, and expected results. It represents a cultural shift in how the State views its business: as an enterprise, moving from individual government agencies to work together to reach enterprise goals.

In Minnesota's current government structure, each agency independently serves its own constituency. This places on citizens the burden of knowing where services come from and how they need to interact with the various agencies. "Moving from the current practice of each department being relatively autonomous to a more enterprise or 'whole state' approach is an important step towards making state government more accountable," explained Governor Tim Pawlenty. "Right now, there are too many overlapping functions in state agencies, and we can do better." The transformation from an individual agency model to an enterprise organization envisions a balanced model with three levels of functions:

- Agency specific functions: Unique "front line" services and programs for citizens that are deliv-



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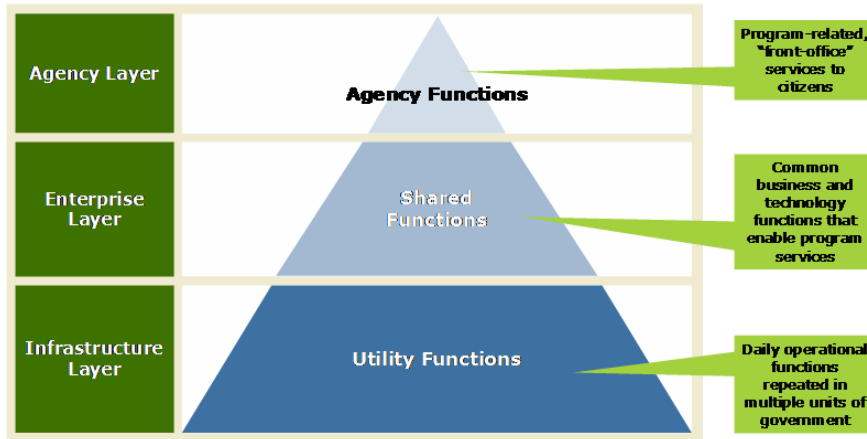
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ered by each agency, according to their core mission and purpose

- Shared functions: Shared business and technology functions that can be grouped together to promote effective delivery of front-line services
- Utility functions: An infrastructure of daily operational functions that, if performed by one dedicated team, allows agencies to focus on core businesses



The Transformation Roadmap, developed over a period of five months in late 2004/early 2005, involved hundreds of state employees sharing their expertise and ideas. Specifically, a core team consisting of over 200 State of Minnesota staff and a contingent from Deloitte Consulting LLP (“Deloitte Consulting”) helped deliver the project. Hundreds of additional state staff participated in project surveys and interviews, and dozens of executive-level managers and chief information officers (“CIOs”) participated in the Steering Committee, an Enterprise Workgroup, and other working groups. The project had three phases:

- Ready: Data gathering through surveys, interviews, IT asset inventories, and idea generation to identify improvement areas.
- Set: Researching ideas and data to identify valid opportunities for improvement. The opportunities organized into broad categories named “Business Transformation Areas” – were then developed into initial business cases.
- Go: The final phase included sequencing the business cases, identifying interdependencies and developing governance, policy, and structural recommendations. This information was then formed into the Transformation Roadmap.

The Transformation Roadmap project identified eight Business Transformation Areas in which experience in both public and private sector organizations has shown great potential for reform. The Roadmap identified how improvements in each of these eight areas can transform state government from agency silos to an enterprise model and achieve dramatic, measurable improvements in cost and service delivery.

### Benefits

The potential financial benefit to the State created by implementing all of the projects in the Transformation Roadmap is expected to be significant and sustainable.



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The initial estimate of net savings from the Roadmap through the first six years of all implemented recommendations is over \$350 million. These savings would be distributed across all state activities, whether funded by general revenues, federal funds or dedicated revenues such as trunk highway money.

The types of improvements creating these benefits are:

- Business Process Efficiencies – being able to perform the same work with fewer people and lower overhead, resulting in reduced operating costs.
- Revenue Enhancements – being able to collect more revenue from currently existing sources.
- Costs of Goods and Service – being able to procure the same or equivalent goods and services, at current volumes, for reduced cost.

The significant customer service benefit to the constituents of the State of Minnesota is realized by the shift from the legacy, silo-based structure to a new enterprise model based on integrated customer (citizen) focused service delivery. The purpose of this change is to meet the needs of citizens and the opportunities afforded by the use of technology. The results of this change will be improved quality of service, increased innovation in service delivery and back-office functions, and the capture of cost savings to deliver critical services to citizens.

The benefits within each Business Transformation Area are as follows:

The benefits of this project are designed for the State of Minnesota governmental organization. The Transformation Roadmap project can be viewed as a leading practice for other organizations to align technology strategies with the organization's business objectives, and how aggressive use of information technology can help an organization achieve business objectives and offer better services to their constituencies.

### The Importance of Technology

The State's technology has been built over time and was designed to meet agency-specific needs rather than a wider enterprise perspective. As a result, there are disparate systems, redundant expenditures, fragmented security, and limited compatibility. Technology buying power was limited, standards were not consistent and information could not be shared. State information technology spending, estimated at \$600 million per year, flows through more than 66 agencies. State agencies have developed and are operating over 500 different websites. There are approximately 1,000 separately managed networks statewide.

Initial activities included an inventory and assessment of State IT assets and building an "enterprise tool" to provide knowledge of business systems within the State. The following technology applications were utilized during this process:

- IT Asset Discovery Tool: An asset discovery tool provided a highly accurate and thorough inventory of IT assets. The software identified the relationships among IT assets and supported fast, complex and ad hoc analysis and reporting.
- Enterprise Tool: A data collection, repository and analytics tool provided a quickly deployed platform for capturing and analyzing enterprise data. The tool facilitated extraction and analysis of important data from the State's business systems.



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- **Data Collection Tools:** The project used pre-formatted templates to collect data via staff interviews. E-mail and online survey tools were also used as appropriate to automate and accelerate the speed of data collection.
- **Scorecarding:** Progress in the data collection efforts was tracked and reported using a scorecard methodology. This approach provides clear visibility into individual participation levels and overall progress. Areas where data collection lagged were quickly apparent, allowing mitigation by the project team.

All Business Transformation Areas include recommendations that propose technology to implement better and more efficient processes. The recommendations depend on a stable, efficient and secure technology infrastructure.

The Transformation Roadmap made the following recommendations to improve technology in the State:

- **New Enterprise IT Governance Structure/Model** — create a new IT structure to balance enterprise perspective with agency business needs.
- **Update Telecommunications** — replace Centrex systems with Voice Over IP services in more agencies.
- **Consolidated Data Center**— consolidate over 90 state data centers for improved performance, economy and security.
- **Enterprise Software Licensing** — create new purchasing processes for standard software licenses, including aggregation of purchases and statewide licenses.
- **Shared Applications Development** — shared development of new business applications; migration from old, nonstandard applications to shared new ones.
- **Reengineer Utility/Shared Services** — analyze and recommend changes in the current IT service organization to improve service delivery and reduce cost.
- **Electronic Forms Acceleration** — develop an electronic document management system to save printing and distribution fees.
- **Other Opportunities** — other significant opportunities include: e-mail consolidation, help desk and other support systems, and elimination of redundant projects.

The importance of technology was recognized by the Governor when he appointed the State's first Cabinet-level Chief Information Officer ("CIO"). This was the first of the Transformation Roadmaps' priority projects to come to successful completion.

This CIO is responsible for managing Minnesota's statewide IT planning and management, shared service operations, and creating and implementing the IT Governance Plan.

The IT Governance plan, now in place, represents Minnesota's "Federated" model for IT management, consisting of unique, shared, and utility functions. The plan details ways in which the Minnesota Office of Enterprise Technology ("OET") will lead enterprise IT policy development, strategies, and planning with the input and collaboration of state agencies and stakeholders.

The governance model focuses on six areas: business process redesign, enterprise strategic planning, enterprise architecture, enterprise portfolio management, a leveraged IT acquisition



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process, and the creation of an enterprise IT funding mechanism.

The plan establishes the state CIO's responsibility for managing the enterprise planning and shared service operations, advised by a single board, the Commissioners Technology Advisory Board. Additional advisory groups, including the Agency CIO Advisory Council (made up of representative agency CIOs) and the Technology Business Advisory Council (comprised of private sector business leaders), will provide additional input and working group support on the priority issues listed above.

### Originality

One of the unique aspects of the Transformation Roadmap project was the effort to create a thorough, organized, and fully collaborative process using a series of teams that would identify concrete ways to improve the quality of services delivered to citizens, to increase innovation in state business process and service delivery and to reduce costs. These teams would transform three times during the life of the project to allow the appropriate agency resources to collaborate at appropriate points as the teams focused on agency clusters, business transformation areas, and then Roadmap recommendations.

The nature of the project – to work together and look for innovative solutions – was a significant cultural shift away from an agency-centric, programmatic viewpoint and toward an enterprise wide, customer-centric viewpoint. The result is not only the Transformation Roadmap and all of its recommendations, but a cross-agency team of individuals who have already begun, through their collaboration and innovation, to implement the goals of the Drive to Excellence.

It is important to note that not only was the process conducted by more than 200 state staff and a smaller team from Deloitte Consulting, but also that all of the recommendations and the project business cases were written by teams. The Roadmap is truly a grassroots, collaborative document.

The Roadmap project was organized into the following three phases with titles that were easily embraced by all members of the teams for the Transformation Project and were identified as “actionable.”

“Ready”

1)Collect currently available baseline information on both technology and business functions/process within 66 agencies of the Executive Branch

2)Assess existing business functions and IT environment

“Set”

3)Analyze improvement opportunities

4)Plan initial implementation

“Go”

5)Recommend transformation plans



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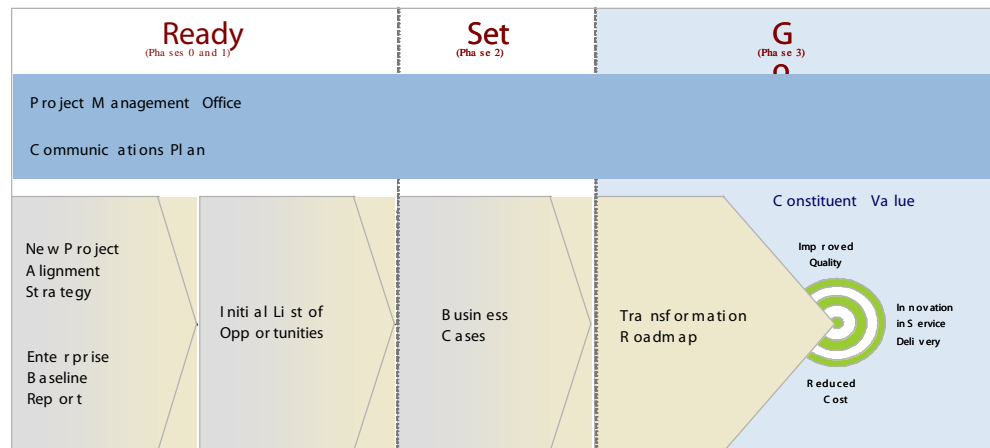
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### Project Deliverables Overview



#### “Ready” (Collect and Assess)

The purpose of the Ready phase was to define the “as-is” state for both technology and business processes in the Executive Branch, thereby building a foundation on which to base recommendations.

During this information-gathering phase, five teams were each grouped around agency areas of focus. For example, one team focused on agencies that delivered health and human services. A total of 66 agencies, commissions, and boards in the Executive Branch were included in the survey and interview process. The teams worked together to deliver the surveys, conduct interviews, and compile the data. In addition to these teams, one team focused exclusively on information technology assets (e.g., networks, hardware, software).

Key activities in this phase were project initiation and organization, including building blended teams of state and Deloitte Consulting professionals, inventorying IT assets, surveying agencies about both technology and process, and building an enterprise tool to store the data.

At the conclusion of the Ready phase, 465 initial transformation ideas had been identified, based on data gathered from surveys and interviews as well as submitted ideas. These ideas were analyzed and refined to a list of more than 100 opportunities that were then grouped into eight areas (based on the nature of the opportunities) called Business Transformation Areas (“BTAs”). The original agency teams were transformed into BTA teams consisting of state and Deloitte Consulting staff formed for each of the BTAs to develop the business cases for each of the recommended BTA projects.

#### “Set” (Analyze and Plan)

Once the BTAs were identified by the teams and approved by the Steering Committee, the focus shifted to validation and prioritization.

To further develop the case for change in each BTA, as well as to develop opportunities within that BTA into business cases, different teams were formed. These teams sought further validation for specific information, analyzed data gathered during the Ready phase and collectively wrote the BTA “Case for Change” documents for each BTA as well as the individual business



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cases, including a description, explanation of expected benefits, cost and resource estimate and risk assessment.

“Go” (Recommend)

As a final step in this first phase of the Drive to Excellence, individual improvement opportunities were sequenced and woven, along with structural recommendations, into the overall Transformation Roadmap.

During this last phase, yet another set of teams – the Roadmap Recommendation Workgroups (“RRW’s”) – were formed based on categories of recommendations. This time, the goal was to look at what organizational and governance structures within state government might need to change in order for the business cases to be successfully converted into projects. These RRW teams met frequently to brainstorm, study the business cases and talk to subject matter specialists in order to develop reasonably credible, actionable and sustainable recommendations. A team also examined legislative and policy impacts.

Throughout the Transformation Roadmap project, agency commissioners, deputy commissioners and CIOs were involved both on the teams and as liaisons to their agencies. The overall Steering Committee was composed of Agency Commissioners and the Governor’s Office, with the cultural change driven from, and guided by, top State leadership.

### Success

The Drive to Excellence outlines a way of working that preserves service to citizens but moves precious dollars and people to where the need is greatest. It is about improved quality, increased innovation, and reduced costs across the enterprise.

The Transformation Roadmap process concluded in January of 2005. In April 2005, Governor Pawlenty issued five executive orders and one reorganization order initiating the Drive to Excellence. Eight months later, the Drive to Excellence Project Office reported to the Governor:

- The implementation of “spend intelligence” software, which provides a previously unavailable level of detail about the state’s suppliers and purchases. The state estimates that the new software could form the basis for achievement of a 2 percent to 10 percent savings on high-volume purchases. The state now spends more than \$1 billion on commodities purchases from 25,000 vendors.
- The implementation of new procurement policies that require the consideration of price as a significant factor in evaluating “best value.” A random selection of 104 previous service contract awards identified a potential savings of approximately \$2.6 million on 19 contracts valued at \$9.7 million, had price been weighted at 40 percent.
- The implementation of new procurement policies establishing bid prices as a starting point for further negotiations and consideration for reverse auction.
- The development and implementation of standards for office supplies and the renegotiation of an enterprise office supply contract that will save government offices in excess of \$1.2 million annually, which is about 12 percent of total office supply spending.
- The development and implementation of standards for personal computers and related equipment, with resulting savings of up to 44 percent compared to previous contract pricing for total



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annual estimated savings in excess of \$21 million.

- The creation, through legislation, of the Office of Enterprise Technology (OET), headed by a cabinet-level official appointed by the Governor. The creation of OET is the first step toward implementing dramatic reforms that will create an enterprise-wide orientation to management of the state's information and technology resources. The new office, created by spinning off the two technology divisions of the Department of Administration, recently announced its new organizational structure and the state's first information technology partnership agreement with the Department of Transportation (Mn/DOT). The partnership will review the existing and proposed IT services in the Department of Transportation to determine those that are utility, shared or agency-specific and will work together to determine migration strategies, delivery options, financial models, service level agreements and implementation plans. The partnership will result in a collaborative and streamlined shared services implementation process that represents the first steps toward enterprise IT governance and for use on an ongoing basis with Mn/DOT and with other Executive Branch agencies.

- The creation of a web-based, single-point-of-contact for all state licenses. "License Minnesota" eliminates the need for citizens, professionals and business operators to know – or at least make an educated guess about – which state agency administers what license. Users can view information and, in many cases, connect directly to web-based license applications. They can look for licenses by activity type, license name, administering agency, or through a key word search.

- The consolidation of construction code and code-related units from five agencies into a single Construction Codes and Licensing Division in one agency.

In February 2006, the Real Property Project of the Drive to Excellence issued a Request for Proposal for an enterprise-wide property management system that would establish a single system for the 22 state agencies that now manage the state's 5,000-plus buildings and 6 million acres of land.

The Drive to Excellence continues to receive broad bi-partisan support at the State Legislature. The legislation creating OET, for example, drew co-sponsors from Democratic, Republican, and Independence party legislators.

### Difficulty

In the State of Minnesota's government structure, each agency has substantial autonomy and serves its unique constituency nearly independent of most other State agencies. This same silo structure, which makes it difficult for citizens to know where and how to approach state government for services, also presented potential obstacles to the success of the project. The project was designed to counter this silo structure by incorporating representation from all agencies in the teams and establishing a transparent and collaborative environment among all teams throughout the project. Extensive communication and interaction continually occurred with the leadership and staff of each agency. This culture of collaboration, established during the project, serves as a foundation for how the State will conduct its business in the future.

The collaborative nature of the project was also intended to maintain open communication with all of the State's employees. During the early phases of the project, it was recognized that the State had not previously established an enterprise-wide communication procedure and set of tools. The project, through the leadership of agency deputy commissioners, established new



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communication channels, tools, and sequencing protocols for conveying information to executives, managers, and staff of the State during the life of the project. This open communication has continued with the advent of a Drive to Excellence newsletter, which is published monthly and distributed through the Drive to Excellence website. Face-to-face listening sessions between project managers and line employees also cultivate an “ownership” approach that has contributed significantly to the project’s success to date.

The scope of this Transformation Roadmap project was the initial analysis, recommendation, and strategic planning segment of Minnesota’s multi-year Drive to Excellence initiative. The scope included all business operations and the entire IT infrastructure of the State’s Executive Branch agencies. Sixty-five agencies, boards, and commissions were incorporated into the assessment, business case development, and strategic planning. The extensive use of teams that transformed over the life of the project allowed conducting this very large task in phases, with specific segments delegated to each of these teams and making the scope of each of the tasks much more manageable. Even today, dozens of employee teams, steering groups, and work teams are implementing the Drive to Excellence, and delivering results.