Modernizing IT Funding Models

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Case Study: Rhode Island Unified Health Infrastructure Project

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WPRI
NEWS
RI NPR

UHIP debacle: R.I. to extend contract, as Deloitte agrees to more concessions

Continuing UHIP debacle named R. I. Story of the Year

RI awards Deloitte $99 million contract to keep running UHIP

Childcare centers say R.I. computer glitches are costly

‘We are very sorry’: Deloitte apologizes to RI about UHIP

UHIP repair cost grows

State must pay an additional $30M to solve the computer system problems

U.S. fines R.I. $2 million over UHIP payment errors

ACLU sues Rhode Island over computer benefits system delays

Of all government software development contracts over $6 million, only 11% are successful (cost, schedule, performance).

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Source: The Standish Group

46% of systems developed across $35 billion worth of DoD spending failed to meet real needs even though they met written, contractual specifications.

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Source: Joint Aerospace Weapons Systems Support, Sensors, and Simulation Symposium

One study of 400 projects found that only 10% of traditionally-developed code was ever actually deployed. Only 2% was ever used.

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Source: *IEEE Explore*

The average government IT project costs 310% of the originally estimated price.

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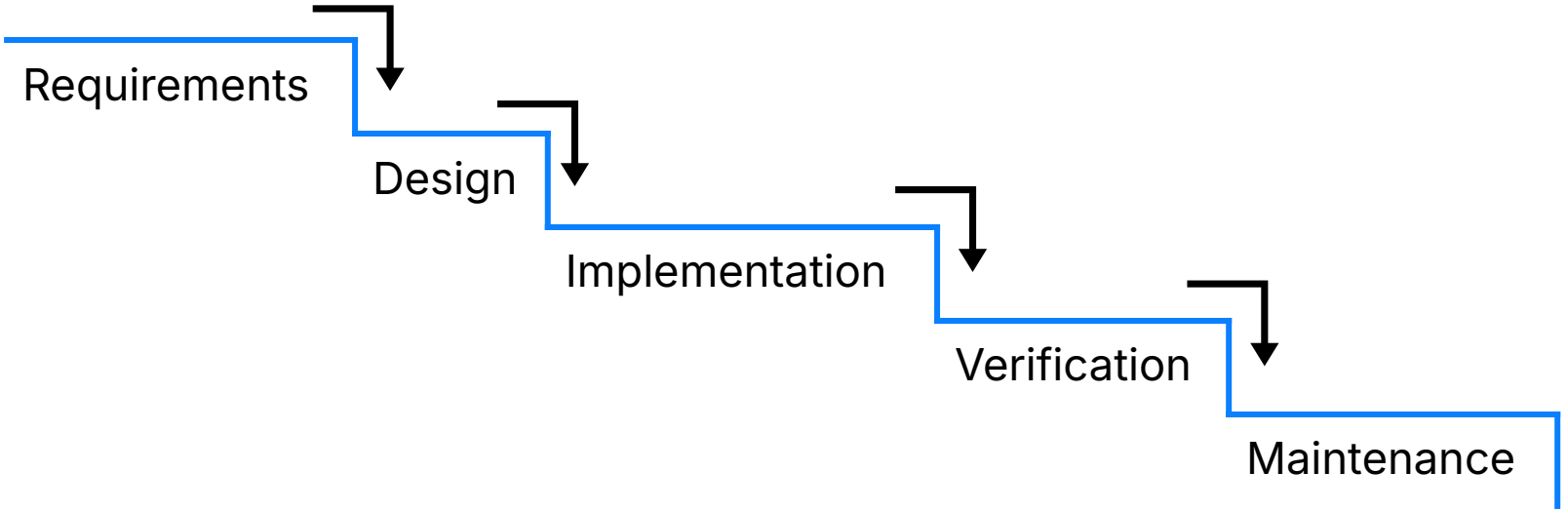
Source: “The Empirical Reality of IT Project Cost Overruns: Discovering A Power-Law Distribution,” by Flyvbjerg et al, 2022

There is a better way.

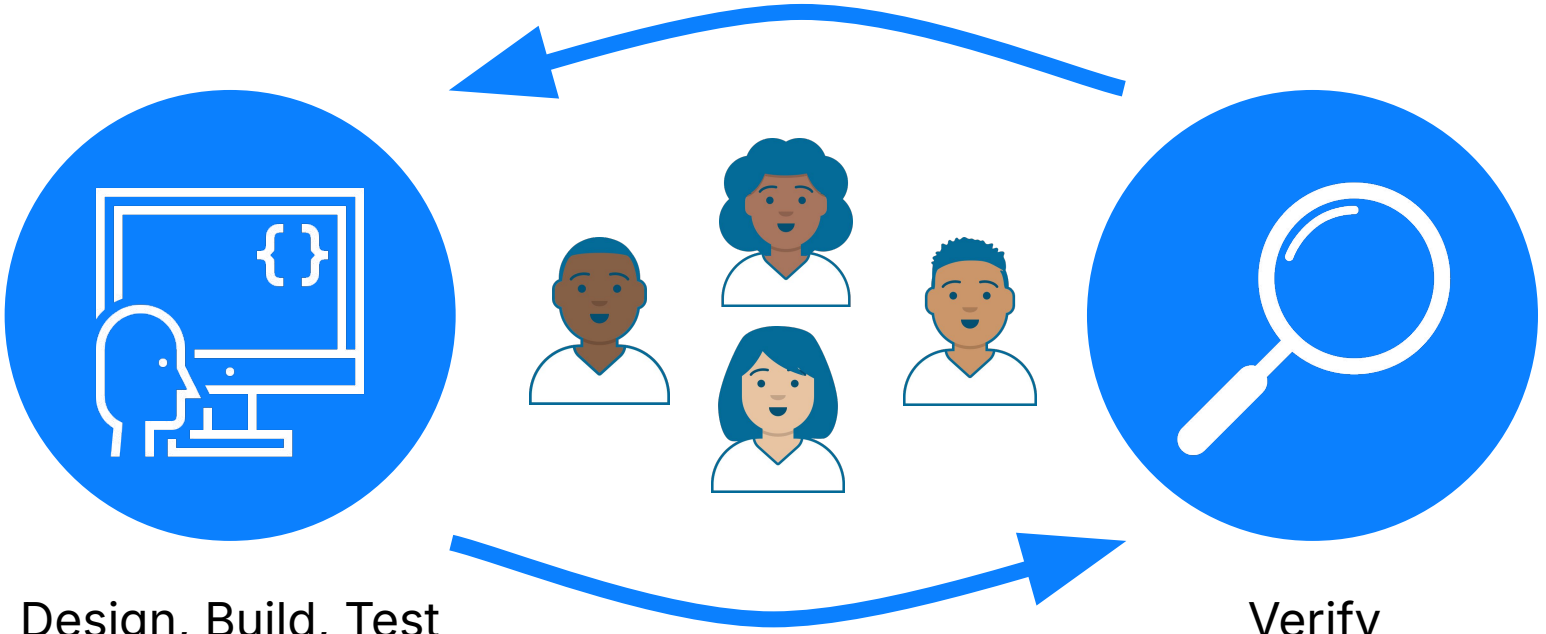
Agile software development

Building software with less risk

Waterfall development model



The premise of Agile



Design, Build, Test

Verify

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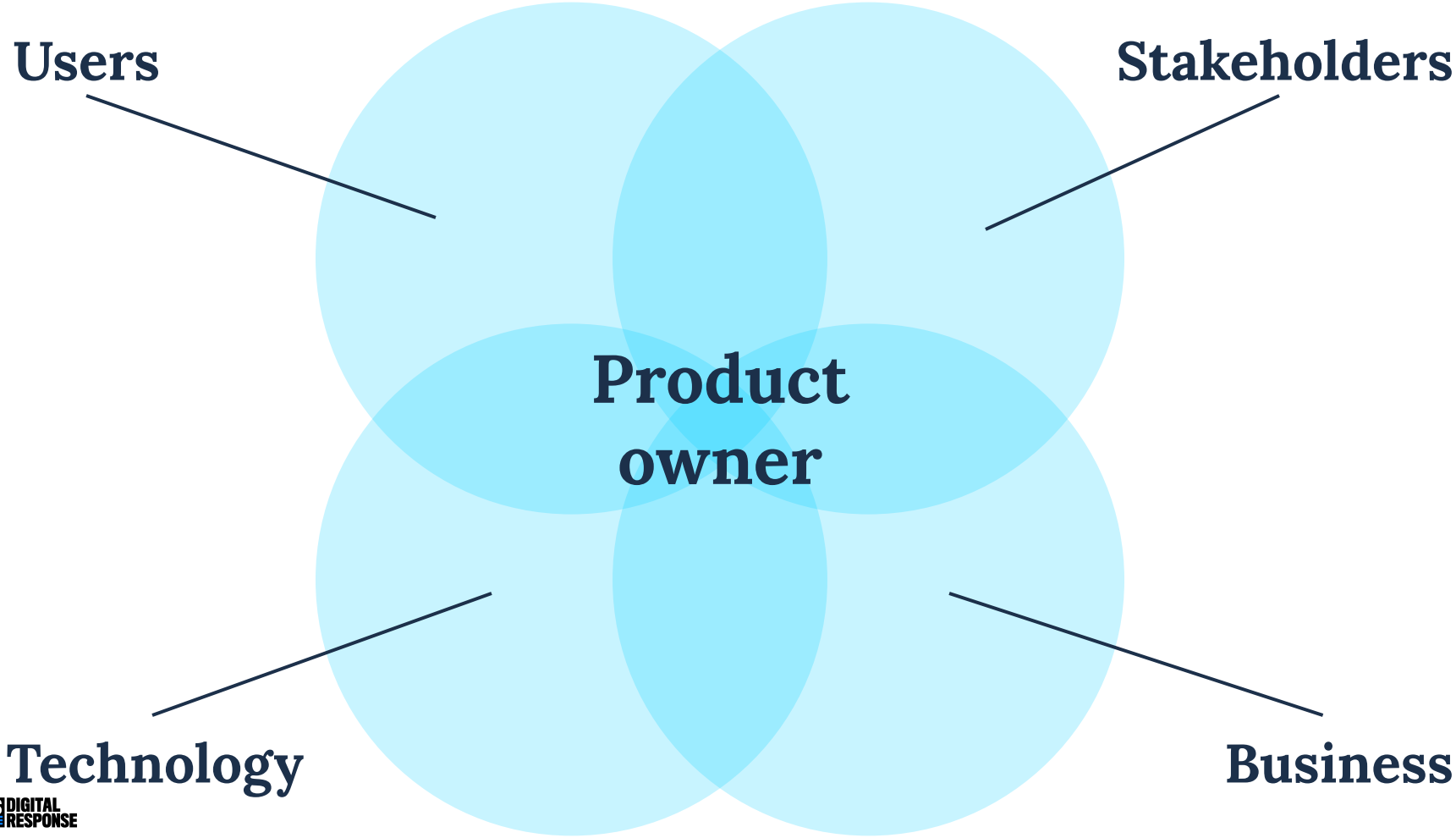
The Take-Away

Agile facilitates *extraordinarily* tight contract oversight of vendor activities and ensures that you're getting your money's worth. It's how the whole software industry works.

Product ownership

Taking control of procurement



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The Take-Away

The product owner is the fulcrum on which the success of the project hinges, the keeper of all system knowledge, the person who knows in exhaustive detail exactly what the vendor is doing.

User-centered design

Helping us understand where to go and why

“Design is deciding how a thing should be.”

—William Van Hecke

User-centered design helps us design for actual humans who will use what we're making.

The Take-Away

User research ensures that the vendor is doing the right work and that the system will do what you need it to do.

Agile acquisition

Structuring contracting to support development

There are **two principles** to enforce to get better outcomes.

1

Keep contract increments **under $10 million**.

Cost *millions*	< $0.5	$0.5-3	$3-6	$6-10	> $10
Success	61%	24%	12%	11%	6%

The more you spend, the greater your odds of failure.

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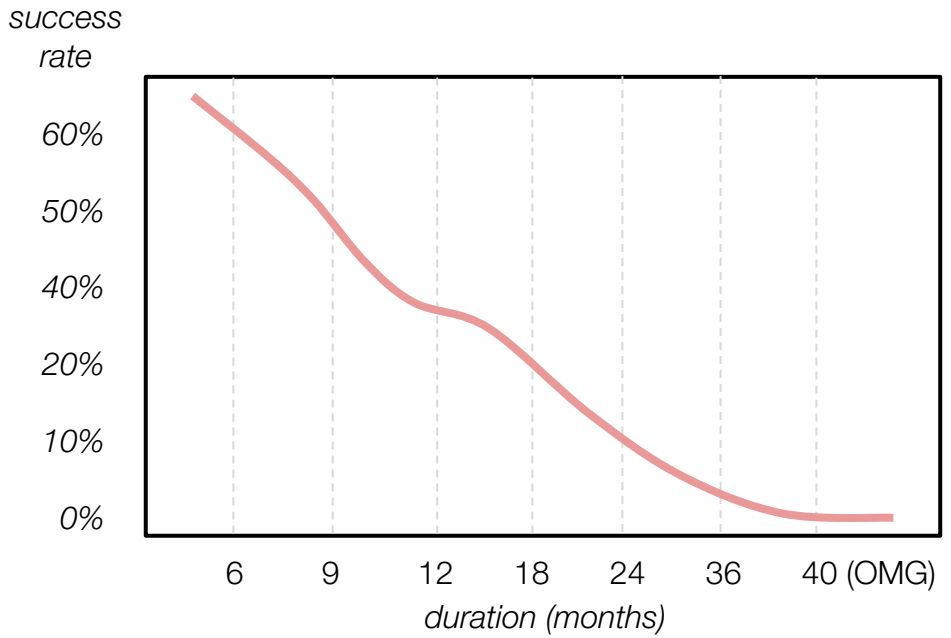
Source: “CHAOS Report 2015,” Standish Group

2

Keep periods of performance short.

No longer than **3 calendar years** (including options).



Standish Group Study of 23,000 projects comparing project success versus duration.

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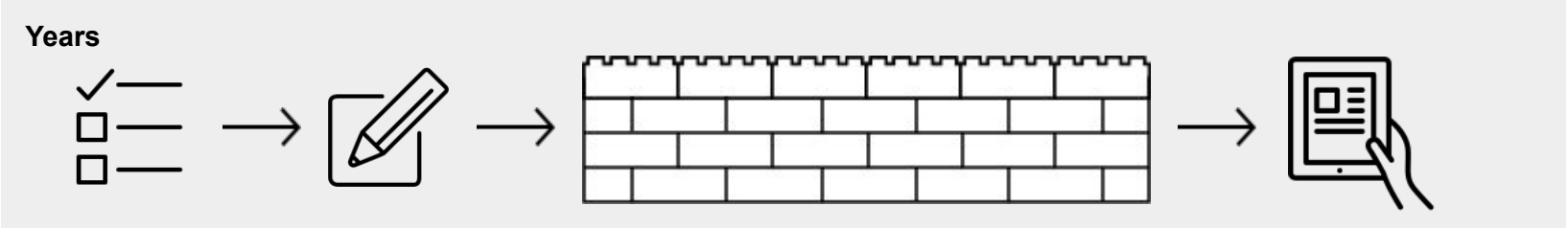
Strategy

The traditional way of approaching procurements



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Traditional contracting

ATTRIBUTES

Expensive

Prescriptive

Time consuming

Waterfall development

OUTCOMES

Risky

No user value for a long time

Contract mods are common

All knowledge is with the vendor

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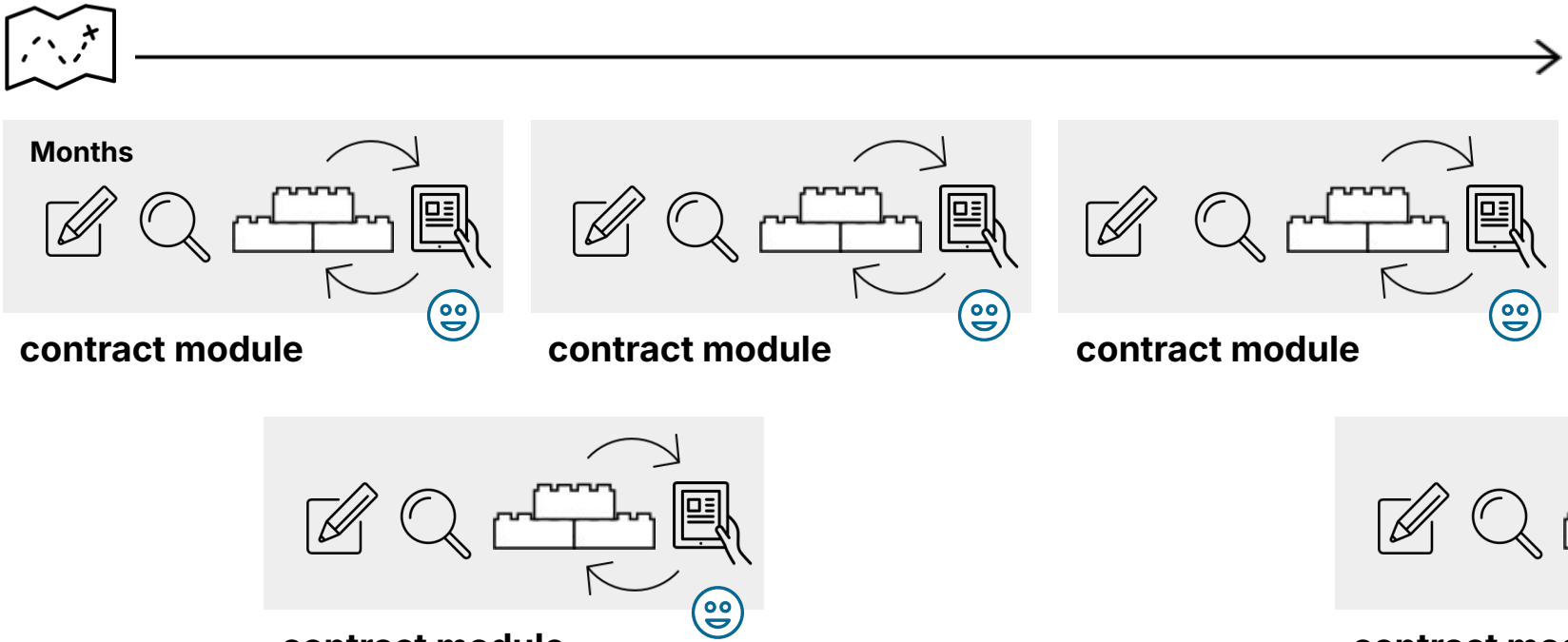
Agile acquisition



Agile acquisition

ATTRIBUTES

Less expensive

Flexible

Descriptive

Quick acquisitions

Agile development

OUTCOMES

Less risky

Frequent delivery of value to users

Fewer / no mods

Gov isn't dependent on a given vendor

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What you can do

Legislative actions to improve the status quo

How to Fail at Software Projects

- Don’t conduct user research
- Define lots of requirements up front
- Sign a $50M contract with a single vendor
- Conduct oversight via reports, not live software demos
- Punish projects that fail fast

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Recommended actions

1. Require twice-monthly demos to legislative staff

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2. Establish a state digital service
3. Allocate funding operationally

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In conclusion

If the technology fails, the legislation fails. So don’t let the technology fail.