



Department of Technology CROS Project Briefing to the Board of Equalization July 28, 2015

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- FSR Approved 9/7/2011
 - Start date 9/2010; end date 6/2017
 - Project cost: \$279,043,677
- SPR 1 Approved 5/18/2012
 - Start date 9/2010; end date 12/2018
 - Project cost: \$269,427,267
- SPR 2 Approved 2/28/2014
 - Start date 9/2010; end date 12/2021
 - Project cost: \$308,810,355

Note: all approvals were conditional and extended only through procurement

- CROS Procurement Phase
 - 6/2011 CROS began development of the RFP
 - 8/2013 Bidders Conference
 - 2/2015 Received Draft Proposals
 - To date, 16 addenda have been issued
- Significant time was needed for:
 - DOF agreement on the vendor comp model
 - Development of project requirements
 - Vendor consultation

The CROS Vision is Comprehensive Business Transformation

- Impacts 32 tax and fee programs
- Replaces all critical BOE legacy systems
- Fundamentally changes how BOE conducts business
- Affects BOE employees statewide
- Changes how customers interact with BOE
- Changes data exchange processes with other State & Federal entities



- Enterprise Business Analytics
- Automated Collection & Enforcement Processes
- Function vs Program Business Processes
- Customer driven personalization for on-line services
- Electronic tracking of payment & banking information
- New audit program tools



- Complex and Risky endeavors
- Require careful planning
- Require strict adherence to sound project management practices
- Common elements of failed and troubled projects:
 - Insufficient planning for time, effort and resources
 - Overestimating organizational readiness – capacity & capability
 - Insufficient understanding and commitment from executives



BOE Big Picture



6/2016 **CROS Project** **9/2019** **M&O**

Contract Signing

Finish

7/2015 **FI\$Cal (Wave 4)** **7/2017** **M&O**

Start

Finish

7/2015 **MTS** **7/2016** **M&O**

Start

Finish

7/2015 **BOE Legacy Systems (IRIS & ACMS) Maintenance and Operations**

7/2015 **New or Enhanced Legislatively mandated BOE Tax and Fee Programs**

7/2015 **Current and Future Enterprise Resource Commitments**



CROS Schedule Risk

- The CROS project team could not show that BOE resources would be available when needed
- The CROS project team wanted to base the CROS master schedule on what the vendor proposed
 - The vendor is incentivized to complete the project as quickly as possible – regardless of the impact to state operations
 - Without a master schedule, CROS had no way of knowing if a proposed vendor schedule is feasible for BOE

Vendor bid due date moved to October 2015

- This action allows BOE time to identify & document:
 - The key tasks that are required to complete the project
 - Reasonable time estimates for state staff to complete the state's project tasks
 - The state resources that will be needed to complete the state's project tasks
 - Dependencies with other BOE project efforts (e.g., FI\$CAL and AB1717)

BOE Should Consider Other Significant Risks

- The scope of CROS is massive
 - Each major outcome could constitute a discrete project
 - BOE should consider alternative approaches that might include managed, incremental change
- Project organization structure
 - The project is outside the IT Division
 - Accountability for results is divided

Adequate Planning Reduces Risk

- Ensures the whole organization knows what the new system will do and what support they will contribute
- Allows BOE to consider both CROS project needs as well as other critical initiatives
- By developing the master schedule now, CROS will be able to evaluate & validate the vendor's proposed schedule



CROS Project Oversight

- The risk of the lack of a master schedule has been documented since May 2014
- Provided the CROS Project flexibility to address our concerns
- The June 2015 schedule supplied by CROS had significant quality issues
 - Lacked key tasks
 - Lacked identification of resources
 - Had past start and end dates for future tasks
 - Assumed too little time to complete tasks



June CROS Schedule

- Did not adequately account for:

▪ Training	▪ Data Migration
▪ Organizational Change Management	▪ Program Area Readiness
▪ Data Readiness	▪ Interfaces
▪ Knowledge Transfer	▪ Environments
▪ Business Process Re-engineering	▪ External User Readiness

June CROS Schedule

(Continued)

Did not account for time to consider and decide on vendor proposals regarding:

- Revenue increase strategies
- Automate tax collection processes
- The data analytics/business intelligence solution

Vendor Risk to BOE

- Vendors will expect that BOE has disclosed all time and resource constraints in the RFP and will build their own work plan accordingly
- The vendor's assumptions will be incorporated into the contract and these bind the state
- If the vendor perceives risks in the project's scope, schedule or resources, the vendor will incorporate a risk premium into the bid or will negotiate off-ramps in the contract
- If BOE cannot meet the terms of the contract, the project will likely cost more, take longer and/or reduce scope & quality
- If the gap between the vendor's assumptions and the State's constraints cannot be remediated, the project will fail

- Without a master schedule
 - Cannot confirm that the CROS project's scope of work is achievable
 - Cannot confirm that CROS has or will get adequate resources
 - Cannot confirm that the project can be completed within the planned time frame

Observations

- BOE should complete the master schedule
- With the active participation of all relevant groups, the CROS project team can complete a satisfactory schedule which will be refined further when a solution vendor is selected
 - The CROS project team has the experience and skill to do this work
 - Progress is being made in identifying all BOE tasks and resources