IDC Government Insights

Best Practices: A ProveIT Case Study — Financial Management Modernization at the USDA Positively Impacts Mission

IDC Government Insights: United States Government Services Delivery

BEST PRACTICES #GI225090

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IDC GOVERNMENT INSIGHTS OPINION

ProveIT case studies provide government end users with assessments of IT solutions. This ProveIT case study focuses on the United States Department of Agriculture (USDA). Faced with nine different general ledger systems designed specifically to conform to accounting rules and not capable of releasing information on agency spending, the USDA is modernizing its financial systems, integrating purchasing and financial management processes, budget, and programs. IDC Government Insights believes that:

- The need today is greater than ever for improved government financial management and systems performance. Governments manage significant assets including large loan portfolios, grants, building portfolios, land, airplanes, linear assets, and citizen benefits.

- Financial managers are the cornerstone of accountability and transparency, relying on systems to provide timely and reliable financial information, and yet today suffer from the effects of poor data quality because data is often managed in multiple locations and multiple systems within agencies.

- Based on recent audit estimates, federal agencies make more than $100 billion in improper payments annually despite an estimated $3 billion a year in federal spending for financial systems and complex development projects that typically take 8–10 years to complete.

- Improving the cost, quality, and performance of financial management operations and systems is a management priority of the current administration, and must be a priority of all federal agencies.

TABLE OF CONTENTS

P

In This Study **1**

Methodology 1

Situation Overview **1**

Business Needs 1
Management Challenges 2
The Solution 2

The Best Practices **7**

Business Value and Lessons Learned 7

Future Outlook **16**

Essential Guidance **17**

Actions to Consider 17

Learn More **19**

Related Research 19
Appendix: USDA Agencies and Departmental Management 20

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LIST OF TABLES

P

1 USDA Financial System Transformation Features 12
2 USDA Training Scorecard 15

LIST OF FIGURES

P

1 FMMI Core Financials in SAP 3
2 USDA FMMI Deployment Timeline 6
3 USDA ProveIT ROI Impact 9
4 USDA ProveIT Risk Management Impact 11
5 USDA ProveIT Transformation Impact 12
6 USDA Training Approach 14
7 USDA ProveIT Innovation Impact 16

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IN THIS STUDY

This ProveIT case study highlights the modernization of the financial, administrative payment, and program and general ledger systems of the United States Department of Agriculture and the USDA Office of the Chief Financial Officer.

Methodology

Our methodology enables impact assessments to be comparable, consistent, and independent. Working with government and vendor personnel directly involved in the project, IDC Government Insights analysts gather relevant information on the project, examine a stated business issue in a government organization and the IT approach that it took to address it, and then provide our analysis of the approach — the solution's success in meeting the organization's stated goals; the project's impact on return on investment (ROI); the operational costs and business value of the solution; risk, or situational complexity; innovation, leveraging best practices for scalability, repeatability, and replicability; and the impact on delivery of an agency's mission, business processes, security implications, lessons learned — and a look back at how to do it better.

This ProveIT case study is based on a series of interviews with USDA executives — including John Brewer, associate CFO, and Michael Clanton, associate CFO — and SAP executives — including Chuck Christopherson, senior vice president, Industry Solution Management (Public Sector).

SITUATION OVERVIEW

Business Needs

The United States Department of Agriculture mission is to provide leadership on food, agriculture, natural resources, rural development, and related issues based on sound public policy, the best available science, and efficient management. The USDA Chief Financial Officer is responsible for the financial leadership of more than 100,000 employees in 14,000 offices and field locations, with accountability for $170 billion in assets and $115 billion in net outlays. The USDA also provides over $100 billion of loans as well as significant guarantees and insurance in support of America's farmers and ranchers. In 2009, the USDA also made $4.3 billion in improper payments.

The USDA Office of the Chief Financial Officer (OCFO) is pursuing significant modernization of aging departmental and agency financial,

administrative payment, and program and general ledger systems to address challenges and opportunities in the rapidly changing federal financial management environment. The OCFO mission is to support an agency in which USDA officials have and use high-quality financial and performance information to make and implement effective policy, management, stewardship, and program decisions.

Management Challenges

This case study details the Financial Management Modernization Initiative (FMMI), led by USDA Acting CFO Jon Holladay. The goal of the FMMI initiative is to modernize outdated technology underlying the departmental and agency financial and administrative payment and program general ledger systems. FMMI is migrating the USDA from the agency's distributed multi-instance mainframe system to a federally compliant, consolidated single-instance Web-based system. FMMI is replacing the Corporate Financial Management System (CFMS) investment of which the core financial system is the mainframe-based Foundation Financial Information System (FFIS). Through technology consolidation and modernization, FMMI will eliminate the need to operate and maintain certain USDA legacy feeder systems and the data warehouse that FFIS requires to produce timely external financial statements.

Additionally, Federal Systems Integration Office (FSIO) compliance is no longer supported by the FFIS vendor, putting a strain on USDA resources to maintain the FSIO compliance. As a result, in addition to the process efficiencies resulting from technology consolidation and the cost savings associated with shifting the burden to the vendor for compliance maintenance, FMMI will also close performance gaps existing in the previous system. FMMI provides on-demand search and reporting capabilities, a system that aligns with business processes and provides improved user efficiency. This functionality was unavailable in the previous mainframe environment but is critical to the 14,000 USDA system users, including agency CFOs and procurement and financial management personnel.

The Solution

The USDA is implementing an enterprise resource planning (ERP) solution to replace the legacy mainframe systems with an advanced, Web-based financial management system. The FMMI solution complies with federal accounting and system standards and provides general accounting funds management and financial reports. The technology behind the FMMI financial management system is the U.S. federal version of SAP's ERP Central Component (ECC6.0). This public sector ERP solution is configured especially for the specialized requirements of public sector administration and U.S. federal

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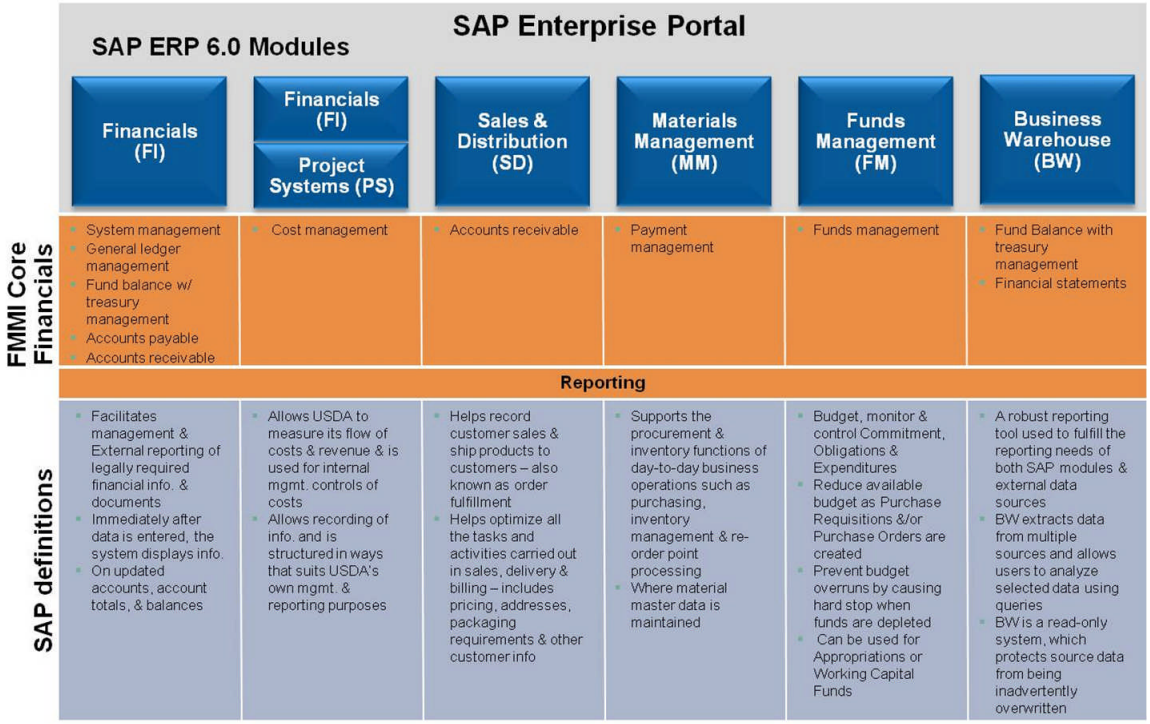
regulations, and provides general accounting, funds management, and financial reports. Core financials as shown in Figure 1 include:

- General ledger management/fund balance with treasury management
- Funds management
- Purchasing
- Accounts payable
- Accounts receivable
- Cost management/project systems
- Periodic processing

FIGURE 1

FMMI Core Financials in SAP



Source: USDA, 2010

The FMMI implementation involves standardizing all financial management and accounting functions across the USDA. The software

deployed in FMMI brings with it recommended leading business practices from successful implementations in over 12,000 public entities. This network of government SAP customers provides valuable resources as entities are willing to share information and best practices with other government agencies. As a result, USDA financial professionals have access to more timely, reliable, and accurate information — improving cost management and control, and allowing more time to perform financial analysis. FMMI is improving the USDA's organizational performance in the following ways:

- **An enterprise view of data.** Instead of having different parts of the organization using different systems that have to be aggregated, all users operate in the same system. This eliminates the requirement for multiple interfaces that are expensive to manage and can slow the ability of the user in implementing enhancements. An aggregated system allows senior management to access information for the entire enterprise quickly and easily, resulting in better decision making. Additionally, data can be used consistently across the enterprise, rather than having inconsistent data across multiple systems. Finally, data entry frequently is reduced, since users in one part of the organization easily can see and use data that is captured in another part of the organization.

- **Real-time data processing.** Instead of requiring data to move through multiple systems and interfaces that may include time lags, data in FMMI systems is processed instantly. For example, the financial impacts of purchasing or receiving actions are immediately reflected in the general ledger, rather than waiting for an interface to run. Since the USDA is a first responder to national emergencies, real-time data processing is important at the most critical times. Budgeting to actual information is key in a national emergency such as a Hurricane Katrina type of event, and is also important at quarter-end and year-end.

- **Standardize business processes.** Because all users in the USDA use the same system, this forces organizations to streamline and standardize their business processes producing significant cost savings, and helps to eliminate errors (audit issues). In addition, standardization allows employees to have additional opportunities for advancement, since their knowledge can be used across all agencies in the USDA.

FMMI is providing a comprehensive system for all of the USDA's financial and accounting functions including:

- **General ledger:** Classification of debit/credit values for accounting transactions — forms the basis for creating financial statements and other regulatory reporting requirements, and includes:

    - Accrual process

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- Adjustment
- Financial reports
- Statement of transactions
- Financial, accounting, and claims targeted solutions (FACTS) reporting

- **Accounts receivable:** Recording, managing, and collecting receivables (revenue, reimbursement, and expenditures refund) due from customers

- **Purchasing:** Managing all phases of materials management: purchasing of materials and services, goods received, monitoring of deliverables from and payments to vendors, and logistics invoice verification

- **Accounts Payable:** Maintaining, updating, and processing vendor invoices including receiving goods and services, entering and verifying vendor invoices, and processing and recording payments

- **Funds Management:** Supporting activities associated with controlling internal funds, establishing rules for budget operations, distributing funds internally, and monitoring the USDA's resources and available funds; the funds management function consists of six major subcategories:
  - Budget planning
  - Budget preparation
  - Budget authority
  - Funds distribution
  - Funds control
  - Funds status

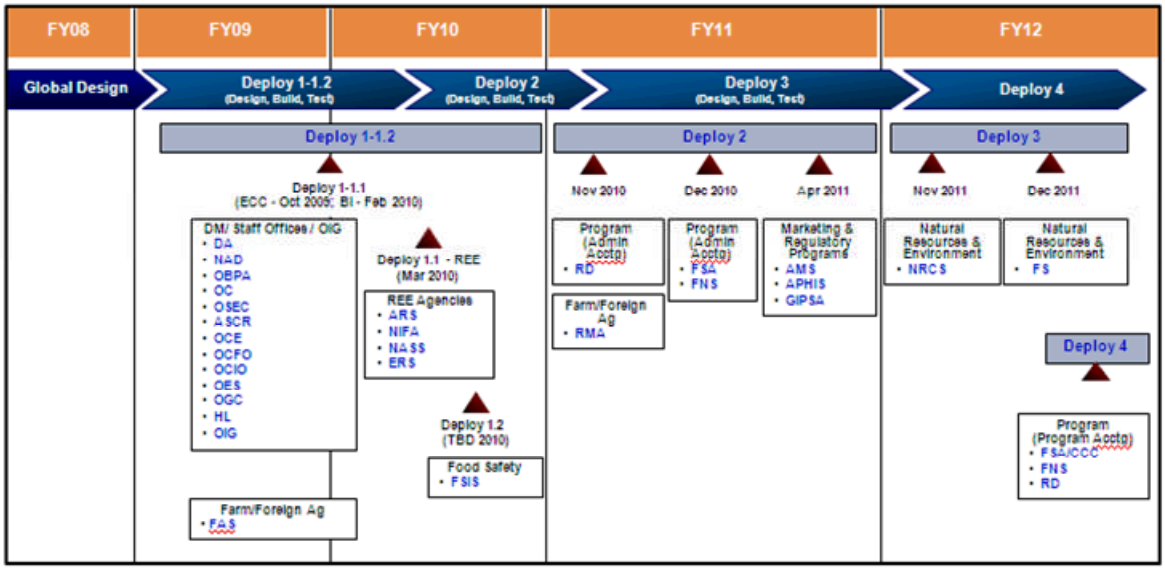
- **Cost management:** Recording, tracking, and measuring the flow of costs and revenue, including:
  - Monitor and control expenditures and revenue
  - Distribute expenses collected in cost objects to other cost objects in designated organizational structures that are responsible for these costs
  - Support billing of customers for all costs incurred on work breakdown structure elements
  - Monitor cost against billing rates

Solution Deployment

FMMI implementation is expected to be complete at the end of FY12 replacing obsolete legacy systems, including replacing 22 grants management systems with three new core systems that will standardize grants management across the department. The timeline shown in Figure 2 illustrates the scheduled rollout of FMMI. It is important to note that in early 2008, the USDA planned and scheduled this project as smaller segments for specific USDA agencies, each with multiple clear deliverables every month, well before and consistent with OMB Memorandum 10-26 issued on June 28, 2010. Citing the fact that financial system modernization projects have become too complex, the OMB is requiring that these projects now be split into smaller, simpler segments with clear deliverables. The OMB also is advising that project segment milestones should not take longer than 90–120 days to achieve.

FIGURE 2

USDA FMMI Deployment Timeline



Note: See Appendix for an explanation of acronyms.

Source: USDA, 2010

The USDA's deployment approach has four major deployment phases divided into shorter segments, starting with USDA agencies that require the least amount of customization and are therefore the least risky to deploy. The agencies with the most complex program systems and number of general ledgers, such as Food and Nutrition Services, which

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administers the Supplemental Nutrition Assistance Program (SNAP), and Rural Development, which processes over $150 million in loans annually, are scheduled last. Each of the four deployment phases has task-based deliverables versus a percentage of completion contract. This forces the system integrator to complete a task prior to being paid.

The first phase of SAP ECC was completed in October 2009, with business intelligence (BI) completed in February 2010, and includes deployment into staff offices such as Inspector General, General Counsel, and Chief Financial Officer, as well as Foreign Agricultural Services. The second phase includes agencies involved in research, education, and economics and was deployed in March 2010. Food Safety and Inspection Services was deployed June 1, 2010.

The third phase has three deployments, the first, scheduled for November 2010, is for administration and accounting for Rural Development and the Risk Management Agency. The second deployment in phase three is scheduled for December 2010 and includes administrative accounting for Farm Service Agency, and Food and Nutrition Service. The final deployment in this phase is scheduled for April 2011 and includes agencies involved in marketing and regulatory programs such as Agricultural Marketing Services; Animal and Plant Health Inspection Services; and Grain, Inspection, Packers, and Stockyards Administration.

Phase four is scheduled for deployment throughout 2011 and includes Natural Resources Conservation Services in November 2011 and Forest Service in December 2011. Program accounting for complex financial transactions such as agencies involved with credit, loans, and assistance programs such as Food and Nutrition Services, Farm Service Agency, and Rural Development will be scheduled for later in the year. It should be noted that this financial management project timeline meets OMB's requirement that project span — including planning and development, as well as implementation — should not take longer than 24 months. FMMI completed the "build" of the system within 18 months of planning. Each "conversion and deployment" phase after the initial deployment has been less than 12 months.

THE BEST PRACTICES

Business Value and Lessons Learned

In assessing this IT deployment document, IDC Government Insights examines and evaluates the IT deployment impact on return on investment, risk, transformation, and innovation. IDC Government Insights analysts assess the technology solution impact on each of these critical areas and provide an analysis to assist other government organizations as they pursue similar goals.

Return on Investment

IDC Government Insights maps this measure to business objectives and considers cost effectiveness, IT value to the enterprise, and/or IT value to government missions.

USDA ProveIT ROI Impact

The USDA has spent $89 million to date and will spend a planned $143 million for implementation of FMMI. Within the first couple of weeks, the USDA realized over $18 million in savings from consolidating/eliminating many legacy systems and modernizing the financial systems with a commercial off-the-shelf (COTS) system. FMMI saves time across the USDA by eliminating redundant data entry by reworking the same data among multiple systems, and then reconciling data differences. As a result of standardizing all financial management and accounting functions across the USDA, financial professionals have access to more timely, reliable, and accurate information — improving cost management and control, and allowing more time to perform financial analysis. Late payments are avoided, and the USDA is collecting resources on a timelier basis.

The USDA has asked the staff of every mission area of the department to focus on reducing spending. As a result, the USDA is reviewing each contract — procurement and consulting — to determine whether the contracts that have been entered into are unnecessary or improper, and canceled those that were deemed not critical to the agency's mission. The USDA is deploying the Lean Six Sigma Transaction Processing (LSTP) initiative to automate invoice processing to improve efficiency, shorten the time required for payment, reduce paper records, and reduce the use of mail service.

A continued partnership to process USDA bills through the Electronic Data Interchange (EDI) process will help accomplish the goals of this program. This new process will allow for the invoices to be received electronically rather than in paper form. More than 250,000 bills will be processed annually through EDI. Previously under the USDA's Intra-Governmental Payment and Collection (IPAC) System activity, approximately half of all payments were sent to the Treasury for processing and payment. This process not only tied up USDA and Treasury staff, as one USDA agency sent money to the Treasury and another agency requisitioned these same funds, but also took up to a week to process through the Treasury. Today, agencies can process payments within the USDA with a one-day turnaround, eliminating the Treasury's processing of an estimated 125,000 invoices.

In addition to the process efficiencies resulting from technology consolidation and the cost savings associated with shifting the burden to the vendor for FSIO compliance maintenance, FMMI is also closing performance gaps by providing a system that aligns with business

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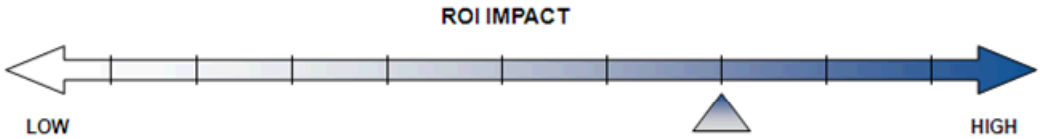
processes, resulting in improved user efficiency and on-demand search and reporting capabilities. As the USDA completes this system deployment, IDC Government Insights expects continued savings from elimination of legacy systems requiring extensive maintenance, standardizing all financial management and accounting functions across the USDA, and electronically processing invoices and payments. The impact of the successful deployment of FMMI on the USDA's ROI is illustrated in Figure 3.

FIGURE 3

USDA ProveIT ROI Impact



Source: IDC Government Insights, 2010

Risk

IT solution deployment risk includes the situational complexity of the technology (such as implementation scale and legacy environment) and the executional complexity (cross-organizational governance, organizational culture, and program planning and management). The implementation of FMMI at the USDA faced numerous risks:

- The USDA decided to deploy a virtual system with SAP, and although virtual systems are not risky per se, a virtual system of this scale had never been deployed before. If the USDA was categorized as a bank, it would be the eighth largest bank in the United States and the fifth largest business in terms of assets managed.

- Given the historically long implementation timetable for deployment of financial systems, often by the time complex ERP-driven systems are up and running they are using obsolete technology. To ensure that technology was current, the USDA needed to design, test, build, and deploy systems across each of the three segments of the agency in a year or less. The USDA also benefits from enhancement packages that are easy to consume by users, allowing the agency to stay up to date during its implementation and add functionality that will improve processes and reduce implementation time.

The USDA needed access to timely data and the use of financial information in day-to-day decision making and budget formulation, yet many of the financial accounting systems ran on legacy systems that were unable to process improved financial procedures, and the USDA legacy accounting system for administrative funds was no longer supported by the vendor, preventing system upgrades for improved decision making. The legacy system was also not FSIO compliant, causing issues with financial accountability.

USDA ProveIT Risk Impact

The OCFO at the USDA managed these risk factors by using the Lean Six Sigma process. The Lean process originated in manufacturing industries during a time of great demand for quality and speed and became a way to optimize automotive manufacturing. Six Sigma has evolved as a quality initiative to eliminate defects by reducing variation in processes in the semiconductor industry. Thus, Lean Six Sigma recognizes that an organization needs to balance quality and speed to help it focus on improving service quality, as defined by the customer, within a set time limit. Using this process, the USDA reduced the cost of complexity, moved the department to a single core financial system from nine obsolete core financial systems, improved financial reporting processes and procedures, provided transparency and accountability to administrative costs, and increased the use of financial information in day-to-day decision making and budget formulation. The USDA had full capability on day one of the phase one deployment, including payroll, procurement, payments, travel, and Treasury credits — in short, all core financial systems.

An unplanned risk that this project successfully managed through is OMB Memorandum 10-26. On June 28, 2010, OMB issued this guidance, requiring all Chief Financial Officers (CFO) Act agencies to immediately halt the issuance of new task orders or new procurements for all financial system projects pending review and approval from OMB. This memorandum affected approximately 30 federal financial system projects that were forecast to spend $20 billion over the life of their projects. Citing the fact that financial system modernization projects have become too complex, OMB is requiring that these projects now be split into smaller, simpler segments with clear deliverables. Project segment milestones should not take longer than 90–120 days to achieve. Project span — including planning and development, as well as implementation — should not take longer than 24 months. Agencies must focus on the most critical business needs first, versus a broad scope that can cause lengthy delays. The projects must support the agency mission/strategic business plan, and agencies must provide ongoing, transparent project oversight and performance management. By reviewing these projects and having agencies adhere to its guiding principles for the acquisition and project management of new financial systems, OMB expects significant cost reductions and increased program successes. The USDA completed its review in

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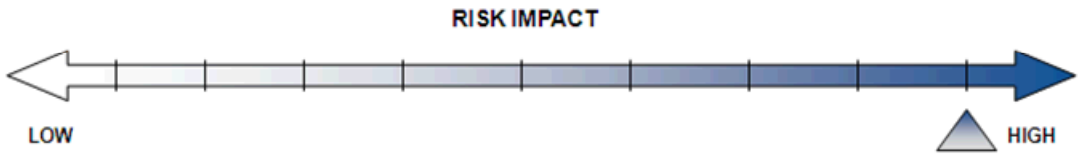
August 2010, and OMB indicated that the USDA is complaint with Memorandum 10-26 (see Figure 4).

FIGURE 4

USDA ProveIT Risk Management Impact



Source: IDC Government Insights, 2010

Transformation

Transformation covers the impact on the delivery of an agency's mission, business processes, and lessons learned. The USDA transformed from an agency with material weaknesses in agency-specific general ledger systems to an agency that produces high-quality financial and performance information to make and implement effective policy, management, stewardship, and program decisions. The FMMI system improves functional integration, accountability, and internal controls through workflow scheduling, such as approvals. FMMI also provides the USDA the ability to audit transactions — all features assisting the agency in meeting its fiduciary responsibilities.

Prior to implementing FMMI, the USDA did not have integration across its financial systems or among other domains. FMMI integrates a majority of the financial capabilities of the USDA. For example, the USDA has over 2,000 field service centers in the United States. Field service workers will be able to complete paperless transactions by simply filling out online transaction forms, eliminating the processing and rekeying of data demanded by using paper forms. This reduces processing time as well as improves data accuracy. This integration allows for a single data entry into the system — significantly decreasing the number of manual reconciliations currently being performed throughout the USDA. Integration also improves planning, programming, budgeting, and execution through the use of integrated output data from financial and non-financial sources. This functionality was unavailable in the previous mainframe environment but is critical to the 14,000 USDA system users, including agency CFOs, and procurement and financial management personnel. Table 1 shows some of the features available from the USDA's financial system transformation. The USDA in on a fast track to transform the financial processes of this agency, resulting in significant business

improvements, and IDC Government Insights expects the impact of this transformation to increase as this modernization project deploys.

TABLE 1

USDA Financial System Transformation Features

	System Features
Previous system	FMMI
Mainframe computer used for large-scale computing	Web-based system with single entry via portal
Updates reported nightly	Real-time reporting and drill down capability
Multiple log-on	Single point log-on
Table-driven system for processing and review	Functional system that allows transaction-specific processing
Multiple applications owned by many USDA agencies	All agencies across the USDA operate in the same application
Job codes associated with specific projects	Systems are designed to track projects at multiple levels

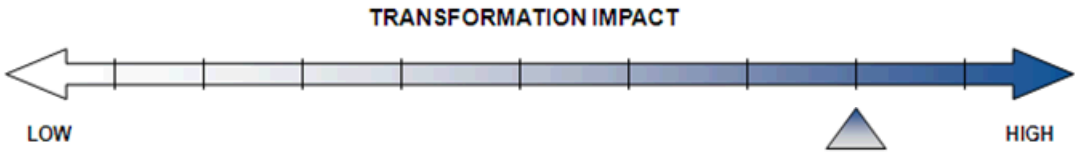
Source: IDC Government Insights, 2010

USDA ProveIT Transformation Impact

The FMMI system feeds vital, up-to-the-minute information to senior leadership. As FMMI is deployed throughout the USDA agencies, it puts in place financial management systems that will provide agency leadership with timely, accurate data that enables sound business decisions, as well as provide oversight entities the level of financial accountability they need from the department (see Figure 5).

FIGURE 5

USDA ProveIT Transformation Impact



Source: IDC Government Insights, 2010

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Innovation

Innovation covers the solution's leveragability to gain value, including scalability, repeatability, and replicability. IDC Government Insights believes that the USDA illustrates innovation through its integrated National Finance Center operating in New Orleans. This center provides shared services to all of the USDA's agencies. The USDA also excels in its approach to training, as its process was led by a change management team and set up to be very responsive to employee feedback and evaluation.

The "Tell Me, Show Me, Let Me Try, I Can Do It" Training Approach

Led by the Change Management Integrated Product Team, the FMMI training program enables USDA personnel to receive a general overview of the business process changes, develop hands-on proficiency to meet the needs of their role(s), and build an understanding and appreciation of the new solution and its importance to the USDA.

Training begins with instructor-led presentations (the 100-level courses) and provides an introduction and overview of the FMMI program and develops further awareness of the impact of FMMI on USDA financial management. These courses explain the purpose of the FMMI program and reasons for change, the changes to the high-level processes, the roles in the FMMI system, the benefits of the new processes and systems, and impacts to the business. Instructors also explain further training appropriate to one's role in the USDA.

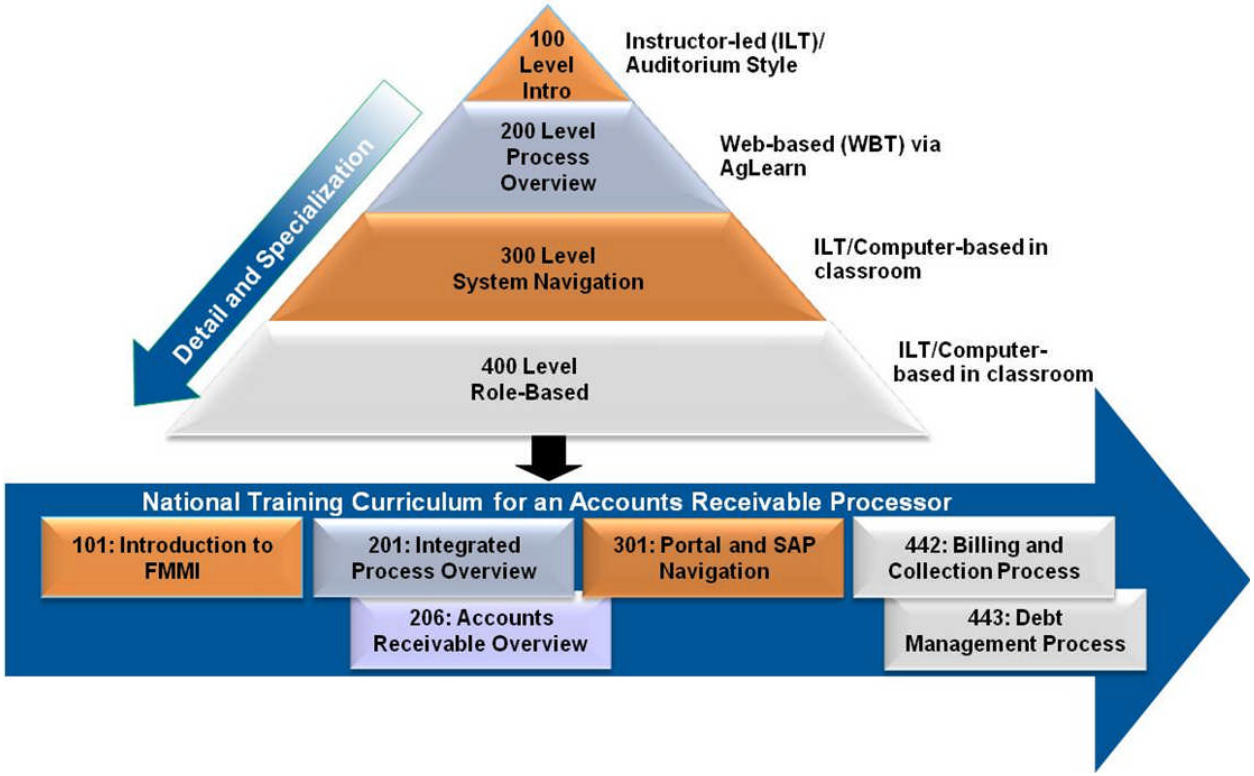
The second and third levels (200- and 300-level courses) are self-study classes involving elearning materials, demonstrations, simulations, Web-based training via the USDA's AgLearn, FMMI Online Help procedures, and learning management systems. The 200-level courses provide a process overview, describing the new organization and how it executes the core "to be" processes, and providing a high-level understanding of the core financial processes for each functional area. The 300-level courses include hands-on practice navigating the FMMI Portal and SAP, log-on procedures, use of icons, key navigation concepts, menu selections and paths, tool bars, reports, and FMMI Online Help.

The final training (400-level courses) is instructor led and covers the processes in the core functional areas — general ledger, funds management, accounts payable, purchasing, accounts receivable, and cost management. These courses can last a day and a half, and include hands-on training and detailed instructions on how to use the FMMI system to execute system transactions and manual procedures, business concepts, definitions, roles, changes, learning how to perform detailed transactions, data entry, using application functionality, and performing manual procedural steps.

Users must complete all training courses in their designated curriculum prior to being granted system access to FMMI. Figure 6 illustrates the USDA training approach.

FIGURE 6

USDA Training Approach



Source: USDA, 2010

Another key objective of the training is for Performance Support Evaluation to enhance the FMMI learning experience for future students. Feedback is encouraged from all stakeholders and results show that feedback scores improved with the level of the course, corresponding to specificity of the course to job responsibilities. Table 2 shows a snapshot of a training scorecard for a 400-level course.

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TABLE 2

USDA Training Scorecard (% of Respondents)

Q. Please select the answer which most closely reflects your opinion of the course in general. (Required)

400-Level Courses	This Training Course Was Delivered Using an Effective Learning Method	I Found the Training to Be an Easy Way to Learn New Information	My Time Was Well Spent Completing the Course	As a Result of This Course, I Am More Informed About the Subject	I Know Where to Go for Additional Support (e.g., FMMI Web Site/FMMI Online Help)	n =
401	83.8	79.1	72.3	83.8	91.6	191
402	87.5	85.9	80.1	86.9	92.3	312
411	100.0	100.0	69.2	84.6	100.0	13
412	83.1	72.9	67.8	81.4	91.5	59
413	100.0	100.0	100.0	100.0	100.0	4
414	91.7	83.3	100.0	83.3	91.7	12
421	89.6	90.2	83.5	89.6	92.1	164
422	85.7	81.0	76.2	90.5	100.0	21
431	83.3	78.7	73.6	80.5	85.6	174
441	89.0	84.4	79.2	89.0	88.4	173
442	89.0	87.1	83.2	86.5	87.7	155
443	87.5	85.8	73.3	85.0	85.0	120
451	90.3	88.1	87.6	90.8	93.0	185
452	92.1	88.4	83.1	88.9	88.4	189
453	72.7	72.7	63.6	81.8	90.9	22
461	92.5	79.2	84.9	86.8	90.6	53
471	92.9	92.9	92.9	100.0	92.9	14
IFCRS	73.6	67.1	54.3	70.7	87.1	140
Mean	86.9	83.5	77.7	85.6	89.9	

n = 2001

IFCRS = International Funds Control Reporting System

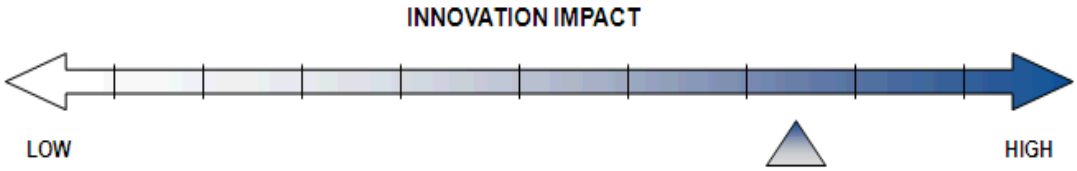
Source: USDA, 2010

USDA ProveIT Innovation Impact

Based on the feedback provided from these evaluations, key lessons were learned that provided the change management team with suggestions on improving the courses for future sessions, as well as indicators of what worked well. One example of change based on feedback is that 300-level courses were initially instructor led, but based on trainee feedback, they were changed to be self-study classes, allowing students to proceed at their own pace. A key element of the training classes is that a representative from the Office of the CFO is present at all training classes to not only show management support but also answer any questions regarding strategy and direction. By the time all training is finished in the USDA, 7,000 employees will have completed these courses (see Figure 7).

FIGURE 7

USDA ProveIT Innovation Impact



Source: IDC Government Insights, 2010

FUTURE OUTLOOK

The USDA concluded its financial management modernization review with OMB in August 2010 and received support to continue the FMMI initiative. Preliminary feedback from OMB to the USDA indicates that the USDA is compliant with the guidance in OMB Memorandum 10-26. The USDA is committed to leverage this technology to improve program delivery as well as internal and external communication to better serve the USDA constituents. Modernizing the USDA's financial management systems — to eliminate duplication in processes and disparate systems, standardize practices, and provide the agency business agility for better decision making and program delivery — is no small feat as several of the USDA agencies are individually larger than other departments in the federal government. IDC Government Insights believes the success of FMMI is due to hands-on involvement by USDA senior management, leveraging a best-in-class ERP software solution, and requiring each of the four deployment phases to have task-based deliverables versus a percentage of completion contract, thus forcing the system integrator to complete a task prior to being paid.

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The USDA's financial management modernization is 66% complete, with 13 departmental staff offices, and all corporate interfaces, including payroll, procurement, travel, and property deployed. Additionally, Foreign Agricultural Services, National Institute of Food and Agriculture, Agricultural Research Services, Economic Research Service, and Food Safety and Inspection Services have been deployed. The USDA is currently processing 20% of the total volume of accounting transactions in the FMMI system, with over 1,500 users conducting business in this system on a daily basis. The completion of this modernization plan is on schedule with the data warehouse in production, providing standard and ad hoc reporting as well as financial statements.

ESSENTIAL GUIDANCE

Actions to Consider

Scheduling

The USDA discovered that although financial management reform was a key priority across the leadership of the agency, the project schedule was often impacted by competing priorities. Recommended actions to avoid schedule conflicts include:

- Target conversions for midyear to avoid operational conflicts with year-end closings.
- Require full-time project staff in key project roles, work in a dedicated project location whenever possible, and involve subject matter experts early and maintain their involvement in all projects throughout the project life cycle.
- Communicate schedule and responsibilities early and often to identify conflicts with the schedule, and establish gate reviews with clear objectives and success criteria. Hold review dates and don't begin the next phase until the review is successfully completed.
- Implement phased deployment, adding additional functionality and new users in each deployment phase.
- Require early and continuous involvement of key agency resources, particularly senior management.

Communication

Communication regarding any financial management project is essential not only to avoid scheduling conflicts but also to educate stakeholders and achieve buy-in from financial staff and business

owners. Knowing the importance of communication to program success, the USDA assigned a dedicated team to support sponsorship of this initiative and communicate to all stakeholders. This team identified and leveraged existing forums with senior leadership to maintain regular meetings with sponsor groups and introduced change discussions early in the process, assigning change champions in key departments and groups. The USDA learned that communications to and from stakeholders must be managed on a daily basis and utilized the following to keep agency personnel informed:

- Project mailbox
- Web site
- Scheduled meetings with stakeholder groups
- Newsletters and email communications

As the new financial management system deployed, communication to users regarding the new system and processes became critical. As an example, the USDA defined and communicated common workstation requirements and settings, knowing that performance variances were subject to individual user workstations and settings. And, perhaps as important as communication during the financial management process, the USDA implemented a post go-live communication process, educating shareholders on results and what to expect next, ensuring stakeholder and staff acceptance of the improved system.

The USDA also requires communication with, and the active involvement of, FMMI solution providers. This involvement was critical not only during the deployment phases but also presently and throughout the remainder of the life cycle of this system.

Training

The design and implementation of training has already been noted in the Innovation section of this case study. The USDA learned that system users do not always take advantage of available training, and to alleviate this, the training team scheduled training early to allow maximum time for users to plan for their training and provide early identification of qualified trainers. The USDA also involved government staff as subject matter experts in training, which allowed for customization of training modules to fit real-life circumstances. As noted, the USDA also leveraged multiple training distribution methods and locations, maximizing the availability and thus the ability of staff to be trained. A key requirement that staff complete key training prior to production system credentials assisted in pervasive use of training.

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Data

The USDA learned that data cleansing is essential to successful testing and production conversion, and it recommends that any agency planning financial modernization develop and track measurable goals for data cleansing and develop a mitigation strategy for loading data not cleansed in scheduled time frames. Also, time should be allowed for complete and full mock conversions of data prior to any tests to allow testing of "production like" data for smooth production conversion. The USDA recommends that all agencies require conformance to standard master data and require a strong business case for any deviations from this standard. The USDA assigned a project representative to each key group or department to facilitate informed decisions about master data so that the impact of these decisions is understood by users and confirmed early in the project life cycle.

Additional Project Life-Cycle Lessons Learned

The impact of a sound technical architecture plan cannot be minimized, and as the USDA deployed this project, additional lessons learned surfaced. Capacity planning should occur periodically throughout the project life cycle to include any changes in user needs and programs. Enhancement packs require time for evaluation and impact assessment. Developing enhancement packs over the project life cycle can minimize project disruptions while keeping software sufficiently up to date. All key infrastructure components (i.e., load balancing and availability) must be available for testing to minimize issues discovered in production. Last, security is highly interdependent with functional activities, and establishment of formal and frequent collaboration between security and financial management groups must be established at the initial planning stages.

LEARN MORE

Related Research

- *Business Strategy: Government Agencies Need Improved Performance Management to Successfully Implement Financial Management* (IDC Government Insights #GI224326, July 2010)

- *Best Practices: A ProveIT Case Study — Government Agencies Want Effective Outreach and Results: H1N1 Information on Flu Goes Viral* (IDC Government Insights #GI222659, April 2010)

- *Best Practices: A ProveIT Case Study — Comprehensive CRM Solution Improves Beneficiary Services at Medicare Services* (IDC Government Insights #GI221384, December 2009)

Appendix: USDA Agencies and Departmental Management

- Agricultural Marketing Services (AMS)
- Agricultural Research Services (ARS)
- Animal and Plant Health Inspection Services (APHIS)
- Center for Nutrition Policy and Promotion (CNPP)
- Economic Research Services (ERS)
- Farm Service Agency (FSA)
- Food and Nutrition Services (FNS)
- Food Safety and Inspection Services (FSIS)
- Foreign Agricultural Services (FAS)
- Forest Service (FS)
- Grain Inspection, Packers and Stockyards Administration (GIPSA)
- National Agricultural Library (NAL)
- National Agricultural Statistics Service (NASS)
- National Institute of Food and Agriculture (NIFA)
- Departmental Management (DM)
- Departmental Administration (DA)
- National Appeals Division (NAD)
- Office of Budget and Program Analysis (OBPA)
- Office of Communications (OC)
- Office of the Secretary (OSEC)
- Office of Assistant Secretary for Civil Rights (ASCR)
- Office of the Chief Economist (OCE)
- Office of the Chief Financial Officer (OCFO)
- Office of the Chief Information Officer (OCIO)

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- Office of the Executive Secretariat (OES)
- Office of the General Counsel (OGC)
- Office of Homeland Security (HL)
- Office of the Inspector General (OIG)

Synopsis

This IDC Government Insights report highlights the modernization of the financial, administrative payment, and program and general ledger systems of the United States Department of Agriculture (USDA) and the USDA Office of the Chief Financial Officer.

"The need today is greater than ever for improved performance of government financial managers and systems. Financial managers are the cornerstone of accountability and transparency, rely on IT systems to provide timely and reliable financial information, and yet today suffer with poor data quality as data is often managed in multiple locations and multiple legacy systems within agencies," says Adelaide O'Brien, research manager, IDC Government Insights. "This ProveIT case study demonstrates that the USDA is on the right path to use online real-time financial management information for sound decision making."

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