



**Public Policy Forum**  
**Information Technology in**  
**New York State**  
**Presented by**  
**James T. Dillon**

***October 7, 2005***

*Richard P. Nathan:*

My name is Dick Nathan. When we have these forums I always say I have the honor to be the Co-director of this Institute, which is the public policy research arm of the State University of New York. We report to the trustees and the chancellor of the State University. We have this series of Public Policy Forums, which has become an active, important part of our program. We transcribe the forums, post them on our web site, to bring people here to talk who have important things to share with people in our community.

Today, it's my honor to introduce a good person and a good friend, Jim Dillon. Jim and I know each other well from a number of things I'll mention in introducing him and turn the platform podium over to him. Jim Dillon became New York's first chief information officer (CIO) in January 2002. He has extensive responsibilities for overseeing, coordinating and directing the IT activities — now increasingly important not only in the private sector but, because of the leadership of people like you and people like Jim, in the public sector as well. Jim Dillon has extensive experience in New York State government. Our paths have crossed quite often. Before being appointed to his current position, he was the deputy executive director of NYSTAR. Before that, he was executive

deputy commissioner and acting commissioner of the New York State Department of Labor. It's in these capacities that I've known him for quite a long time. With the second floor, the Governor's office, we had a group of Executive Deputies meet quietly and informally in our dining room early in the morning once every month to compare notes. That's when I first came to know Jim as one of the particularly thoughtful people in New York State government who blends policy skills and policy interests with the ability to work well with people and to understand how things really work in our political processes.

Before Jim entered the Executive Branch, he had 16 years, a good long time, you'd never know it to look at him, in the Legislative Branch as a research director for 12 years and also as a key staff person for the New York State Assembly Minority. He was instrumental in the Pataki transition on welfare policy and other human service policy areas. He has a Master's degree from the State University of New York/Albany, public administration, from the Rockefeller College. He's active nationally as secretary/treasurer and an executive board member of the National Association of State Chief Information Officers (NASCIO). His office, the agency he heads, works closely with our New York State Forum for Information Resource Management. Greg Benson, who heads that program at the Rockefeller Institute, is here today.

These forums are supported by a grant, which we appreciate, from the New York State Legislature to honor the memory of Philip Weinberg. We hold them often and we find them valuable. I'm sure today's session will be very good.

*James T. Dillon:*

Thank you, Dick. That was a great introduction. This is a wonderful venue here. It's one that lends itself to deep introspection and serious thought. In spite of that, they've invited me here anyway to give this talk this morning. Dr. Nathan and I do go way back. We've done some wonderful things together. We were reminiscing about trips to New York and meetings with a group of pastors in Harlem over the issue of church involvement in welfare-to-work programs. Those of you who follow these issues on the national level

know that's become a major topic right now, which I know Dick is still heavily involved in. The longer I'm on this job, frankly, the less I understand why anybody wants to hear what I have to say. I've spoken to many people in this room. Some of you I was going to say things about but now I can't.

Certainly, I have a few things to say that are no secret to anybody here. The pace of IT development has accelerated very rapidly just in the four years that I've been doing this. The pace, the feel, the change is quite remarkable. The relationships that form the basis for this development are even more complicated now, in my opinion, than they appeared to me in January 2002 when Governor Pataki first appointed me. As Dick said, I became the first state CIO.

There are several sets of relationships that I would like to focus on today. There are those within the executive branch, state agencies, and control agencies such as the Division of Budget (DOB), Civil Service, and the Office of General Services (OGS). There are those across levels of government — the federal, state, and local government relationships — that frankly I did not understand the importance of in this job when I first stepped into it. Finally, there's the relationship between vendors and public sector entities. I know there are a few vendors in the room here today so I apologize in advance for anything I say that might offend anyone. I'll look forward to exploring these relationships and then trying to pull them together later.

Picture, if you will, the problems that I faced when I took over this position and many of which are still around. There were the legacy applications that were many years past their prime. I was going to talk a little bit about Welfare Management Systems (WMS). I don't know if I should now with Bob Mastro of the Office of Temporary and Disability Assistance in the room. We have a real expert in WMS over here. Bob knows I use it all the time though and it is truly a monster of an important, critical application that's built on, as Bob's told me often, 10½-million lines of COBOL code. It's 30-plus years old now and when you think of the lives that are dependent on the operations and workings of a welfare management system and the issue of who's around today who put

that system together, there aren't very many. It's a huge issue for us and one that we've put off for a long, long time.

There's an aging workforce that lacks many of the skills needed to remediate the legacy applications that we face today. It's a very difficult issue. I've told this story before so I apologize, but the average age is 48 plus in the IT titles. I think there is around 6,000 people in IT titles in New York State and the average age is 48 plus. Many, many of them, a very high percentage, are eligible for retirement. As I told some of you before, I was somewhat distressed when I took the job to find out that I brought the average age up. Until I realized that no one thinks I'm an IT professional anyways so I don't actually count into the equation. But it is a rather daunting figure for all of us.

The 2002 and 2003 budget years were very forgettable and really did cause me to pause in some of the things that I came in just ready and raring to do. They had to be looked at in a different light and therefore we had to look at all the other things that we wanted to do, that we had done, that had to be done, and what would we have to change in the way we were going to do them. There's no standardization in hardware or software. We have every size and configuration possible. We have things that are no longer supported by the vendors on the software and hardware side. We had every e-mail system known to mankind. You don't just come in and change those problems overnight. They had a certain momentum, but a certain inertia takes over. After awhile, you try to decide whether learning to live with the problem is better than to continue to try to change it.

The procurement process really took no advantage of New York State's buying power. Dr. Mike Mittleman coined a phrase, which I've stolen and used many times in different speeches, that we're a Fortune 10 company that's trying very hard to act like a mom and pop outfit. We really do. We are a Fortune 10 company. We have enormous buying power that we don't really take full advantage of. Stovepipe funding streams that prevented collaboration and interagency efforts. There are those of you in the audience who will say that all of these issues are still with us. You might even wonder legitimately what have I been doing the past four years. I've talked about these many times, but

haven't done anything to solve them. I'll try to shed a little light on that. In particular, I want to focus on relationship building and what I believe the effect of that relationship building is on IT development in the public sector.

I've been in government. I've done work in the public sector for 27 years now. I'm proud of it, glad to have been here, it's been quite a trip. I labor under no illusions regarding the complexity of the long-term relationships that exist or frankly in my ability to alter them. Instead, I decided early on in this job to embark on a campaign to build some consensus for change. There are many fine lines in the state agencies that understand where we have to go and the difficulties that we have in getting there. The control agencies are just as supportive of strong IT development as I am. They just have other worries. They have other worries every day that I don't have. Those in charge at other levels of government understand that success at the state level is vital if they're to succeed in their own missions. But they also have different problems every day than I do. So if I expect them to be thinking about the same things that I'm thinking about every day, it's not going to happen. I think vendors truly desire to be strategic partners with the state and with other public sector entities.



So if all these things look so good, what's the problem then? How is it that there have been so many serious disagreements on how to proceed over such a long period of time? To me, it's lack of consensus on how to proceed, lack of a forum to foster ongoing open discussion, and finally mistrust based on lack of understanding of one another's problems. My deputy, Dr. Mike Mittleman, and I decided early on that whatever mistakes we might make — and we knew we'd make some — the lack of open discussion would not be one of them. Nothing was to be gained by a top-down decision-making process on our part. There was too much history to overcome and

too many powerful players who could influence events. Our basic building block has been the state CIO Council and it remains so today. Each agency was required to name a single point of contact for IT matters designated as the agency's CIO regardless of his or her official title within the agency. The agency list was quickly expanded to include public authorities, the State Comptroller and Attorney General, SUNY and CUNY, counties, and New York City. We have held quarterly meetings that have been very lively and very informative. But, more importantly, it has been the committee structure that drives the debate and created the momentum for collaborative change. Committees include strategic planning, fiscal and procurement, technology, human resources, security, and intergovernmental communications.

Now, does this sound trite to you? Everyone has quarterly meetings. Every organization has a committee structure. I have to tell you this has been a little bit different. We've taken on every contentious issue of the day. The committees have been given responsibilities and authority that were not encumbered from above. We've used this structure to build consensus and to foster open communication. It's been the building block of the strategic planning and enterprise architecture initiatives. The technology committee established standards that were the basis for an enterprise-wide aggregate buy for PCs. We didn't change those. We let them know beforehand that we were going to use the standards that came down. Every agency, large and small, had a chance to participate in all phases of the decision-making process. When consensus was reached and decisions were made no one could object based on their inability to participate. The more pertinent the issue, the greater the participation rate; the greater the participation rate, the more powerful the consensus. We hit upon a formula to get things done, but of course there were and are and will continue to be many more barriers.

Government has a plethora of individuals and entities that can stop any project in its tracks. To be truthful, I saw that as one of the mainstays of my own authority -- the ability to stop things. I realized early on I can stop things from happening. The problem, of course, is that little gets accomplished if we are all busy stopping anything from happening. I learn things slowly, but once I do I try not to forget them. I've expended

considerable effort to foster relationships with the organizations that retain this ability to stop projects. This considerable authority must be brought together to promote positive action. Each of these organizations has been intimately involved in the CIO's strategic planning process for the past three years. They include DOB, OGS, Department of Civil Service, Office for Technology, and Cyber Security and Critical Infrastructure Coordination (CSCIC). This past year, we further formalized the process by instituting an informal IT investment board. The idea is to harness the considerable individual authority wielded by these organizations and build consensus to solve the difficult issues we face. At the same time, the legitimate statutory and historical prerogatives of the other control agencies must be recognized. By doing so, you dramatically reduce the likelihood of serious turf battles. It's my opinion that New York State government is a model when it comes to collaboration and consensus in the area of IT development.

Shortly into my tenure, I realized our relationship with counties and other local governments was not very good. Many counties felt overwhelmed and out of the loop when it came to IT issues. Replacement of the aging legacy systems with large web-enabled applications was causing considerable angst at the local level. Lack of bandwidth was a huge problem that we were finding as we tried to make these changes. Therefore, there were connectivity issues. Many of them, particularly in the more rural areas, were truly in the dark ages when it came to IT development. That problem was going to be exacerbated as we came down on them with more and more statewide applications, particularly critical applications that they would have to deal with. There was a huge lack of basic computer skills among their staff. Green screen technology was just ubiquitous out there. It was really, really quite daunting. Questions as basic as to who would pay for refreshing PCs over time when we went to large web-enabled applications, we really did address all of those. We've talked about them. The effect of stovepipe funding streams at the local level was extreme. Federal restrictions on co-mingling of funds reinforced by the state can have dire consequences at the local level.

Take human services, one that I'm very familiar with as my wife is the retired social services commissioner of Orange County. She was a frequent critic, I have to tell

you, of me and our performance at the state. I heard it. I'm glad she's retired actually. It's making life a little bit easier for me. But the issues that she and her colleagues around the state faced, Medicaid eligibility, Food Stamps, welfare management, child support, imaging systems, the list went on. Many of these systems, supported by federal funds, administered by the state, and operated by the county, were being changed or were going to be changed at the same time. Restrictions on the co-mingling of funds combined with traditional turf issues and lack of coordination were threatening the counties' ability to cope. The number of times they were being asked to attend training sessions, especially rural counties that had people wearing many different hats, who were doing Food Stamps in addition to child welfare, it was really quite daunting. The pace of change was accelerating faster than they could handle it. The county social services department often did not want to deal with the county IT director. I can't tell you how many times I heard, "Don't send me over to that person. I can't stand him." The money came from the state agency, not from the county; therefore, whom were they going to listen to? At the same time, the county IT director was dealing with issues other than social services — transportation, board of elections issues, public safety, real property services — all with their own funding and turf issues. In rural counties, the IT department did and still does consist often of the director and the director's assistant.

We decided to take the issue on at its most elementary level and that is communication. The initial goal was a modest one: Never do anything at the state level that would come as a surprise to the county. It sounds rather innocuous, but more difficult to achieve than you might imagine. We started by naming local government partners to co-chair two important CIO Council committees: the Technology Committee and the Strategic Planning Committee. Then we added six new county CIOs and formed the state CIO Council and an inner-governmental communications committee. Participation at county-run conferences by state agency CIOs is very strongly encouraged and we're getting really good participation now at those events. The goal was to assist the county CIOs in breaking down the vertical walls created by stovepipe funding streams within their own jurisdictions. We had to become part of the solution rather than remaining part of the problem.

We can claim some success here. Dr. Sharon Dawes at the Center for Technology and Government (CTG) has a great interest in this topic and has generously partnered with the CIO Office. The CTG now works with the committee in addressing this important and timely issue and we truly have made progress. The success of new enterprise applications such as WMS redesign and Help America Vote Act depend on these efforts.

Our relationship with New York City, I think, is truly a model nationally. There are many states that have a large city within them. You can often end up with the tail wagging the dog on these issues. Our communications here is unparalleled. Dr. Mike and I work closely with Commissioner Gino Menchini from the New York City Department of Information Technology and Telecommunications (DoITT) and his deputy Ron Bergman. We hold frequent meetings, real meetings that talk about real issues that we're looking at. We've done joint procurements where we can't necessarily go in on the same RFP, but we let the vendors know that there's going to be joint buying power of the City and the state. When we bring it to bear, it is a very powerful tool. We talk frequently about state applications and how they affect everyone, including in the human service arena. We've worked very closely with DoITT, and I think that the agencies — particularly agencies such as the Office of Temporary and Disability Assistance (OTDA) who have very frequent and serious relationships with agencies like Human Resources Administration (HRA) in the City — now have a partner in DoITT that gives a different way at going after a problem. It's been very strong, very positive.

Our efforts in improving relations with federal government have not always been quite as successful as we had with the local government. I have to say that. Federal agencies speak of their efforts at developing enterprise architecture standards and principles but never include states in the discussion. Our enterprise architecture initiatives have included local government involvement from the beginning. The most serious flaw in our relationship with the federal government, however, is the combination of stovepipe funding streams and disallowances on the co-mingling of funds. OMB circular A87 on this issue is perhaps the most outdated document related to public sector IT development

that still exists in the country today. Having said that, there are bright spots too. Our recent work with identity and access management has benefited greatly from groundbreaking efforts at the federal level. They've done some wonderful things that have allowed us to shortcut the short-circuit processes that might have taken us much longer. The problem is they don't really know that because they're not talking to us about it. We oftentimes don't really know who to talk to. What is needed is a much greater degree of communication between the federal government, state, and local officials. We'll continue to work on this.



The final relationship piece that I would like to discuss today is that of the vendor and the government, the public sector customer. This has turned out to be perhaps for me the most complicated issue of all. You wouldn't have thought so. You wouldn't have thought it was going to be that when I started. I certainly

didn't. Vendors bring a great deal of knowledge and experience to the table, including skill sets from the most current technologies and best practices from the private sector and other public sector entities that they work with. They bring flexibility that can't be found within the constraints of the civil service system.

There is ongoing discussion regarding the appropriateness of the term "vendor." I've been involved in that at the National Association of State CIO (NASCIO) level for years now. I've heard many times there about how vendors desire to be termed "partners" rather than "vendors." At the same time, there is the bottom line. They're in business to make a profit. To make a profit off of customers like me. When the end of quarter or the end of the year comes for vendor and they've not made their target number, I ask what will be more important? I asked them publicly at the NACIO forums. I asked, "What will be more important? Your target sales number set by a national office or my strategic

plan?” Circumstances at times make for a less than perfect partnership. By the way, I went out and visited one company and talked to their sales force. When I did the line about target numbers, I got a standing ovation in the middle of the speech. I realized right away, of course, the senior leadership that had invited me to speak to them were not going to like me terming their target numbers unrealistic, but the sales people certainly did like it.

Frankly, the public sector client that they have to deal with can be far from an ideal partner. Under pressure from procurement laws and oversight agencies, the public sector client tries to place terms and conditions that maximize liability for the vendor and minimize or eliminates their own risk. This at a time when intellectual property rights, ownership, and other issues make doing business in the public sector difficult enough. How then can the public sector executive derive maximum benefit from the skills and knowledge that the vendors bring to the relationship? I tried to recognize that the vendor first and foremost must make a fair profit. In exchange, I expect the vendor to respect the principles set forth in the CIO strategic plan and enterprise architecture principles. There's no reason for the interaction between public sector client and vendor to be other than mutually beneficial.

Having examined these different relationships, it is necessary for me to try and relate them to one another and how they affect IT development in the public sector, which was supposed to be the topic of my talk today. Each player involved has different needs and different priorities. We may all be concerned about the same issue at a given point in time. Yet place it at a different point in our hierarchy of concerns of the moment. We all have different pressure points we can bring to bear to affect the outcome. The lobbying that goes on within both the vertical and horizontal axis can be and often is intense. Yet none of us, I don't believe, I certainly hope not, wishes the other ill. In the public sector, we should all have the same basic measure of success, the most efficient provision of services to the constituent, to the citizens of New York State. That includes elected officials, appointed officials, civil service employees, and the vendor community

that services the public sector should all have that same issue in mind at all levels of government.

Let me emphasize the following if I could. Public sector trends in information technology development have little to do with specific technologies, with the latest and greatest hardware and software. Open source versus proprietary systems, insourcing versus outsourcing, centralization versus decentralization, these are all timely and vital topics and all there for discussion and scrutiny. But they will not determine success or failure. What will determine success are communication, consensus building, and honesty between and among the players involved in the relationships I've described today. Absent these attributes and in the resulting chaos, these same specific technologies, the latest and greatest hardware and software, the cosmic debate over centralization versus decentralization, the factors that I claim will never measure success, will instead measure our failure.

I'm confident that we've come a long way in understanding these relationships and their importance. I'm confident that we're on the right road and equally confident of success. Dick, I thank you for inviting me today.

*Richard P. Nathan:*



That was a really good canvas of the field. The problems, the needs, the goals, the way you see them and it will be interesting to have people in the audience get a chance to interact with you.

I get to ask the first question and then I will recognize people. It's a question that fits in very much with the spirit of your remarks. You talked about what you called the "cosmic debate." How do the different states view, particularly in large states,

the critical, now fast changing and more and more important, role of IT management in the public sector? You described a strategy and a view that you have, you and Dr. Mike over here, of what we're doing and how you feel about it. In your work with NASCIO, how do you see what you're doing in relation to the strategy and approach of other states?

*James T. Dillon:*

I think too many are mired in the stovepipe debates of one issue versus another. Frankly, we get too involved at NASCIO meetings in talking about specific issues, as important as they may be, whether it is security or centralization/decentralization or whatever. We sometimes look at the issue of the day and some of my colleagues, not all of them but many of them, look at it as the end all and be all for right now. It's not. You try and build up momentum to solve one issue. Let's say what's really bothering you today is "should we move to voice-over IP rather than our standard telecommunications process that we've used for 20 years?" You can't let those individual issues become problems with long-term consequences because you've argued over them too much and you've put your personal capital as a CIO into that or some other specific issue. You can't do that.

That was frankly part of the reason a lot of people here have seen the Executive Order 117 that created this position. Not too many people have a chance to have influence over the Executive Order that creates their position. I did. I think keeping the CIO office separate from the Office for Technology (OFT) and making the focus of attention rather the CIO Council than working with just OFT, which happens in a lot of states by the way. In many states the positions are coterminous. I think that has been a huge help for us. I think too many states lose track of that. So my answer would be that I think there are not that many states that have figured out how to address the overarching issues that will affect all of the individual topics that come below it. I think they do that to their detriment.

Let's talk about centralization and decentralization. There's somebody centralizing and somebody decentralizing every week. Connecticut is decentralizing while Michigan is centralizing. Florida is decentralizing while Virginia is centralizing.

Then what I usually say is California is centralizing and decentralizing at the same time. Only they're not sure which one it is yet they're doing. I think it's a major problem in recognizing how to influence IT development in the long-term from this position and a lot of people have that problem.

*Gary Weiskopf:*

I work as an independent consultant and spend a lot of time working with the counties. I applaud your recognition of the difficulty in communication. Part of it, from my point of view, is the turf issue of control, but also when you change the information relationships and the technology, you change the power and the policy making as well. Who has access to the information? It's not just the technology itself but who has it and what you can do once you have it. I would like to see some reaction and discussion about the policy implications in information technology because I think it's very significant.

*James T. Dillon:*

First of all the policy implications have up until now been circumscribed by budget. I don't mean by DOB. I'm talking just by the budget, by how money flows. I'm not necessarily just talking about the state budget. I'm talking about federal funds and how they flow.

*Gary Weiskopf:*

I'm not sure I would totally agree with you because when the system is built, whatever the system is, who then has access to the information? Let's say it was a paper system before and the paper came to you. Now you've automated a system so information may go directly from a provider or someone else to the state. Then the question becomes what is the role of the county? Who at the state would get that information? The processes can change, not just the technology. I don't know if that falls within your area or not, but there are policy consequences to changes in systems that are not always thought through as well. I think some resistance to certain systems may be a result of that.

*James T. Dillon:*

Well, you can take my word for it that I'm right on this issue. You're perfectly welcome to think whatever you'd like, but I'm telling you I work with every county and very closely with the county IT directors. As far as information sharing goes, and who has access to information and how systems are set up and who is able to access what's in those systems, this is almost always set up to this point by who's funding it. I don't care whether you're talking about the potentials for things like the Real ID Act and Help America Vote Act and all these other things that are coming down the pipe, health care, IT issues. There are so many that should have implications across many systems and be able to impact economic development and other issues, they just oftentimes don't. That has always been because of money. We have been working with the counties to break horizontally through their stovepipes. We found that to break through our own at the state level wasn't enough. We got the feds above us and the locals below us and those are very long-term, very reinforced, and I'm telling you as far as much deep thought being given at most county levels to the policy implications of IT, there has been none.

*Peter Finn:*

I'm with the NYS Department of Parks, Recreation and Historic Preservation. In that session we had a couple weeks ago at Fort Orange, one of those slides stuck in my mind, which I guess is good because sometimes those things stick and sometimes they don't. The slide showed where they had surveyed public sector CIOs and private sector CIOs. Public CIOs are playing defense, they're concerned with security and getting in trouble. The private sector CIOs are playing offense. They were concerned with improving the quality of the service. It was very revealing. I would like you to comment on that.

*James T. Dillon:*

It was quite telling and in a couple of those slides it was bottom and top wasn't it? It was really something. The difference in the drive toward the bottom line and whether it's fear of something bad happening as opposed to pushing something good happening has

definitely driven the public sector — a bad headline or a failure or whatever it might be. Security issues have been a great concern in the private sector but they don't list it at the top because it never has been able to get up over that driving business prerogative that they have. So they work like crazy. They take care of it. They don't want headlines coming out, such as when people are sitting in the parking lot stealing numbers from the newly installed inventory system that Target or whoever it was had just installed. But yet, they just dealt with it as part of doing business and always looked at doing business and making the profit as the number issue.

Now for us, sometimes to my chagrin, I say to myself, Okay, when we look at DMV issues and I use DMV fondly, they are a very advanced and very savvy agency with regard to IT and IT development. But look at the issue of security versus the issue of service to the customer. It's a tougher one to think about. It's fuzzier because we don't have the bottom line of making a profit. Instead, we have at DMV, and they know these figures right off the top of their head, how many seconds is somebody in the queue who is doing an online transaction or a transaction over the phone. How long is someone in line? If Ren Donato was here today, he could tell us, "It's 90 seconds and we were very concerned because it went up to a minute and 45 seconds." Yet when the Mark McDonald did a survey, it didn't come out at the top. The security concern came out at the top. So whether someone was hacking in and compromising the information came out at the top rather than can we get the time in the queue down from 90 seconds to 30 seconds or eliminate it completely. I understand why they come up like that, but it's something that we've worked real hard on at the CIO Council in talking about the issue of service delivery and ease of use in our new web-enabled system. You can't have them be complicated. The private sector really thinks about portal technology. How many clicks does it take someone to navigate the system, whether it's Amazon or whoever? We've started really thinking about that and we started looking at that within our systems. Don't make them difficult to use because the difficulty has a benefit for us in our reporting to the feds or something. We really are looking at all those issues now. I think that goes back to some of what I was talking about before in our relationships with the vendors, particularly vendors who do similar type of processes and similar

applications with their private sector clients. It gives us a great cross-pollination as to what's happening in the private sector and how it can to serve to the benefit of public sector clients.

*Chris Revere:*

Good morning, Jim. I'm with the Vandervort Group. I guess in the interest of full disclosure I'm also an MPA graduate of the Rockefeller College. In fact, Dr. Nathan and Frank Mauro taught my very first class, "Introduction to the Public Sector."

*James T. Dillon:*

In spite of that, here you are.

*Chris Revere:*

I stuck with it. So Dr. Nathan, thank you for the inspiration of staying involved in the public sector and in government. So having been a student of government, I remember one of the concepts that was brought up in my budgeting class was the concept of multi-year budgeting and how that could be effective in the public sector. Of course, in the private sector it gets used very effectively. I'm curious, Jim, how the lack of multi-year budgeting in New York State and local government and even in the federal government has had an effect on your ability as the CIO to implement certain concepts and things that work well in the private sector but are not quite as transferable into the public sector because of that lack of a multi-year budget?

*James T. Dillon:*

Pretty dramatic. It causes us in the public sector to not give the same consideration to total cost of ownership and return on investment as public sector clients do for similar purchases, whether it's on the hardware, software, the application side, whatever. It makes it very difficult to not look at total cost of ownership the same way. Oftentimes, or

most times, large investments in IT are multi-year investments as opposed to dealing with the single year budgets. Because of that return on investment issue, we sometimes have to compress to the point where we become unrealistic with it. That changes our manner in negotiating with vendors who are in that space. So when we're trying to do that negotiation and we're trying to get a compressed up-front Return on Investment (ROI), it makes for difficult negotiations, as some of you in the room know. It changes our demands on risk and performance that don't really fit in with what the application calls for and how much time it might take to actually accomplish.

Now those are issues, I have to say, where we are making progress. We work closely with the Office of State Comptroller in addressing these issues on a wider plane, let's say, to step back and think about them. Part of that reason is because they face them too. They're facing doing things like a new central accounting system, which is a multi-year project. I think we'll make progress on that over time. There are so many other issues that come into that and that's customized applications, whether you should customize or buy it off the shelf. Everybody in the past has always wanted to customize. Bob, WMS is the ultimate customized application in the state. How many people do you think are left in your agency who were there in the beginning? Other than you.

*Robert Mastro:*

I would bet a good quarter of the IT staff remains. That's the problem.

*James T. Dillon:*

Any of that quarter not thinking about retirement today?

*Robert Mastro:*

No.

*Richard P. Nathan:*

Let me mention of course as I referred to earlier that our New York State Forum network works closely with Jim. We were talking about that. Greg Benson, who is Executive Director of the New York State Forum, you may have a comment or question you want to ask. Greg, at the Institute, is the lead person for the role we have in this field.

*Greg Benson:*

I'll reflect on what I believe is the consensus of our members, both public sector and private sectors. Since Jim's come in, he really has done what he just said and focused an awful lot on communications, which has been extremely important to both the public and private sectors, horizontally and vertically. I think in a couple of areas where we've seen opportunities to support the State's IT Strategic Plan and initiatives of the CIO Council, we've latched onto those opportunities and tried to support them the best we can. One key area is the process of peer review of budgets that exceed a quarter of a million dollars. That's one area where our project management committee and made a significant contribution to the process and tools inherent to the peer review. Following that, the committee now worked on a session to be offered on October 25th to show the relationship between project portfolio management and annual technology planning. We're hopeful that this session will increase the acceptance of portfolio management and technology planning, particularly among the commissioners and deputy commissioners that will be present. I guess the question I have, sitting here in the Institute, is: Are there other ways that we here can support you and address the challenges you spoke about?

*James T. Dillon:*

Well, it took us a little while to figure out, once the CIO's office was created, the relationship between other entities that were outside, the Forum being one of them. Once we got particularly the relationship that the Forum has with their corporate members and how that allowed us to put together communication vehicles that we really couldn't do directly with the CIO Council or whatever, we debated it and then decided, okay, we

already got a vehicle here. I think we addressed some of the huge issues of the day, particularly I know we've had a couple of great sessions on terms and conditions in contracts. It's been a great help to Barry Russell and the OGS people as they've looked toward doing an RFP template. That's been fabulous. I think that communication vehicle, combined with some of the things that I said about the vendor-public sector relationship and bridging it, has been fabulous. Then, of course, I have to say that I think things like the peer review process are issues that will take off. I really do. It's such a wonderful vehicle, the principles, the checklist for the peer review. I know people have done tremendous work on that. There's nobody else in the country doing it. I'm sure of that. The first couple maybe were root canals, but people weren't always as accepting. Now it's become a very positive piece both for those being reviewed and the reviewer. I think we'll see more use of it up front. I think we'll see more internal use of that checklist on people who are preparing to do large RFPs. It's been a great relationship and I think we will continue to expand, particularly within that arena of better relations with the vendors and less contentiousness in our work together.

*Richard P. Nathan:*

I'll make a comment and a semi-question as the final point. As I listen to you, Jim, I'm thinking "good government" is really hard work. Four years into this, what kinds of things would you put as the performance management achievements? Where has your influence been, particularly to your thinking an important, good influence on what government agencies do, how they perform, and how they can perform better?

*James T. Dillon:*

I'll go back to what I'm doing. I'll start with would I have done anything differently? I certainly would have tried much harder and I would have been much more focused early on in my relationship and the CIO's relationship with the other control agencies, particularly with DOB and OGS. Paul Fisk is here today from DOB. It's a great relationship now. It could've been better if we had done it harder two or three years ago. We'd have been further along on many of these issues because the issues don't wait for

you. They can't. There are so many things that have happened that I may have tried to have done differently out in the agencies. But I think we did fine with several of the relationships. I wouldn't have done any of them differently. I would've done that one quite a bit differently. I think it's brought DOB, for instance, Paul can tell me if I'm wrong here, into a different space in looking at IT across the agencies as opposed to looking at it through the eyes of the individual examiner who was dealing with IT within their group of agencies. That's helped all of us. It certainly helped me because now we start out on the same page. Not that we always agree, that can't always happen. I would've started that much earlier and maybe done it a little bit differently. But it's been a good run though.

*Paul Fisk:*

I'm with the NYS Division of the Budget. Can I ask a follow-up question? I agree with you on the importance of relationships and DOB has had an interest in this off and on over the years. I find it ironic you mentioned a lack of a forum when in this very room that Forum was created and asked to do that. One of the problems with relationships is that they're heavily dependent on individuals. While I think we've got the beginning of institutionalized relationships and processes, it's not all there. Where would you see us going in terms of trying to institutionalize some of these relationships and cooperation?

*James T. Dillon:*

Mike and I have definitely tried not to personalize them too much and not make them the phone call to so and so to get something to happen but rather now working with you folks. You have a unit now yourself who work across your agency's specific budget examiners. I don't think you and Budget ever worked across the agencies like that. It was also very vertical in nature and not horizontal. I think we have it on the road to institutionalization. I actually do. If Mike and I got hit by a bus on the way back to the office (I'm not sure the bus would kill him, but I'm sure it would kill me) I think we'd stay going without beat. I don't think that Budget or OGS would say, "Well, those two are gone. Now we don't have to worry about the CIO's office anymore." I think it's

something that is institutionalized in this state. Maybe it will have its ups and downs, but I feel very good about that.

*Bridgette Roberts:*

Good morning. I'm with Senator Hannon's office. In light of the recent developments in really advancing regional health information organization, RHIO as we refer to, what do you see the role in the public sector of state government in bringing together these RHIOs on a statewide perspective?

*James T. Dillon:*

Mike's been heavily involved in the health IT issue. Mike, would you like to take a shot at it?

*Michael Mittleman:*

I can take a shot at it. This is an unusual opportunity in that the state does not particularly want to be the major player as far as the provider of all good things. It is prepared to have the private sector be much of the service provision in that. However, the state also by statute has certain responsibilities that it has to discharge and much of the funding, of course, still runs through the state, whether it's Medicaid or what have you, and it's a licensing authority for a lot of these things. So the state is jealous of its position and will not give up its place to help frame and shape what happens, whether it's the insurance companies or other concerns that may want to form a RHIO. But we are also prepared that we're not going to open up a new computer center that is going to say it will now handle all RHIO-type transactions. We're not going to do that. As I said, it's a pretty unusual situation in my experience in health care. I've worked often on health care for over 20 years in New York State and generally when it has been something that's been through state funding or services for individuals, something the state is partially responsible for, the state has solely provided the services, whether it's IT services,

direction, authority, policy, and all the rest of that. We would prefer to be a partner in this case and not as I said be the sole player.

We recognize the insurance companies and the other players that are in here though the state are also working very extensively with the federal people who are leading the charge, as well as many of the organizations within the state of New York that are well underway to establishing RHIOs. So the Department of Health as a state agency has the lead for shaping the discussion and they have reached out to local leaders or federal and state agency leaders to come together to think, to reason, to plan, and to try to make this happen in an orderly kind of way.

*Richard P. Nathan:*

Thank you very much, Mike and Jim.