

Federation of Tax Administrators Technology Conference

Managing Risk for Major Technology Projects

August 4, 2009



Risk

“The best way to avoid risk is by advising that any activity is technically impossible for reasons that are far too complicated to explain.”

Engineer’s View



Risk

**“You've got to go out on a limb
sometimes because that's where
the fruit is.”**

Will Rogers



Risk

❖ Large System Projects are Disruptive

- **Conflicting Work Priorities**
- **Productivity Impacts**
- **Changing Business Processes**
- **Changing Roles & Responsibilities**
- **Potential Burnout**
- **Fear, Uncertainty & Doubt**



Risk

- ❖ **Information technology projects are not risk free**
- ❖ **There are significant variables, particularly when dealing with a major, multi-faceted technology conversion**



Risk Management

❖ Risk Assessment

- ◆ Identification of the Potential Risk

- ◆ Quantification of:

- ✓ Probability of Occurrence
- ✓ Magnitude of Impact



Risk Management

❖ Risk Mitigation

- ◆ Developing Methods for Responding in Order to Reduce or Control the Risk
- ◆ Using Lessons Learned to Help Plan for and Mitigate Future Risks



Risk Assessment

- ❖ **Potential risks must be evaluated by obtaining all reasonably available and relevant information**
- ❖ **Risks must be thoroughly analyzed:**
 - ◆ **Nature of the risk**
 - ◆ **Potential impact on:**
 - ✓ **Cost**
 - ✓ **Schedule**
 - ✓ **System Performance**



Risk Identification

- ❖ **System Risks**
- ❖ **Project Risks**
- ❖ **People Risks**



Risk Identification

❖ System Risks

- ◆ System Capability
- ◆ Functionality Gaps
- ◆ Technical Infrastructure
- ◆ System Architecture
- ◆ System Maintenance
- ◆ Supportability
- ◆ Expandability



Risk Identification

❖ Project Risks

- ◆ Cost
- ◆ Schedule
- ◆ Scheduling Conflicts
- ◆ Product Changes
- ◆ Scope Creep
- ◆ Unclear Requirements
- ◆ Excessive Customization



Risk Identification

❖ Project Risks (cont.)

- ◆ Conflicting System Priorities
- ◆ Converted Data Problems
- ◆ “Dis-integration” of Legacy Systems
- ◆ Legislative Changes
- ◆ Funding Issues



Risk Identification

❖ People Risks

- ◆ Availability of Resources
 - ✓ Definition
 - ✓ Testing & Verification
 - ✓ Training
- ◆ Conflicting Workload Priorities
- ◆ Need for Extensive Overtime
- ◆ Burnout



Risk Identification

❖ **People Risks (cont.)**

- ◆ **Lack of Management & Staff Buy-In**
- ◆ **Fear of Change**
- ◆ **Reluctance to Move Away from Past Decisions (Ownership Issues)**
- ◆ **Slow Decision Making**
- ◆ **Project Organization**



Risk Identification

❖ **People Risks (cont.)**

- ◆ **Skills Gaps**
- ◆ **Knowledge Transfer Difficulties**
- ◆ **Conflicting Cultures between Client and Vendor**
- ◆ **Project Team Viewed as “Elite”**



Risk Quantification

❖ Likelihood of Occurrence (without Mitigation)

High – Virtually Certain (90% to 100%)

Medium – Reasonable Probability (>50%)

Low – Some Possibility (<50%)



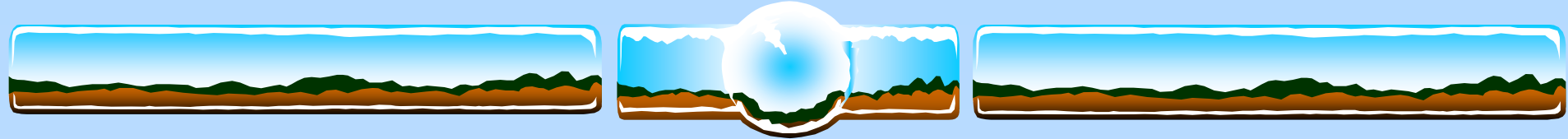
Risk Quantification

❖ Impact (without Mitigation)

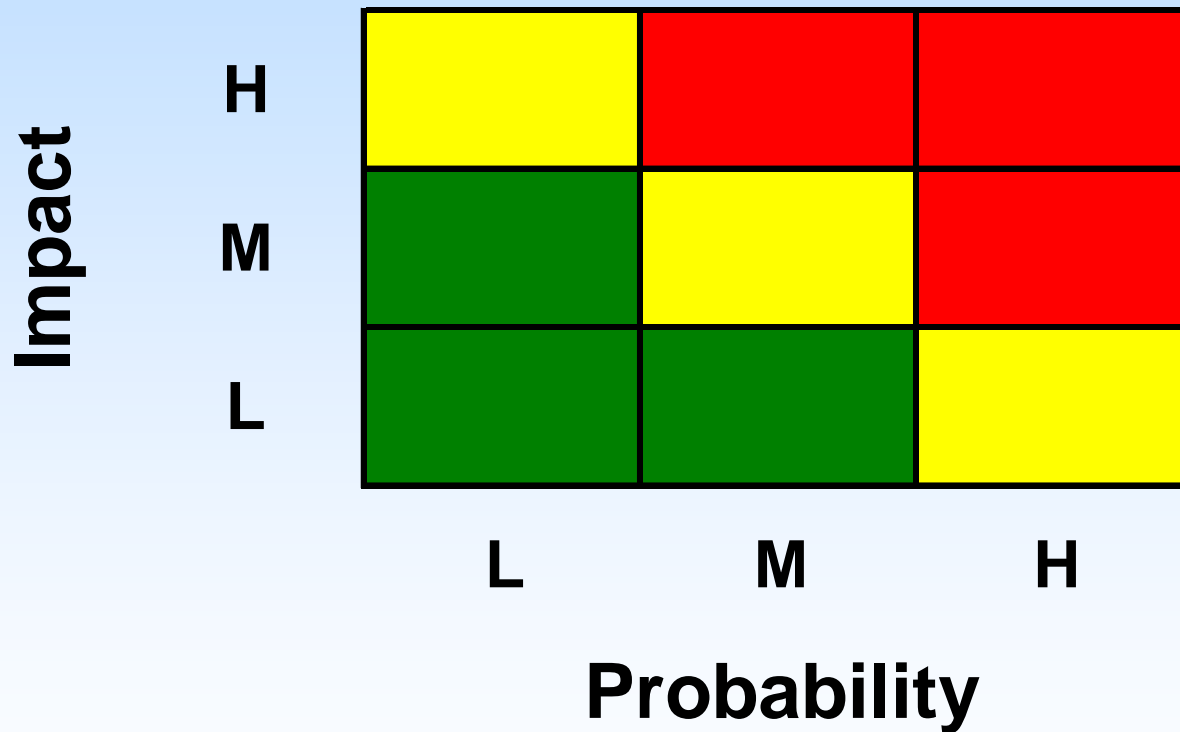
High – likely to cause significant disruption

Medium – potential to cause some adverse impact

Low – not likely to be disruptive



Risk Quantification





Risk Management

❖ Risk Mitigation

- ◆ Developing Methods for Responding in Order to Reduce or Control the Risk
- ◆ Using Lessons Learned to Help Plan for and Mitigate Future Risks

Are you ready?



Risk Mitigation


- ✓ **Make sure the correct patient is on the operating table**
- ✓ **Mark the correct surgical site (e.g. the right foot) as well as the one that is not to be operated on**
- ✓ **Count sponges and scalpels before and after the procedure; is everything accounted for?**
- ✓ **Before you start, talk among yourselves – do you all agree on what you're about to do?**

Thanks Will Rice!



Key Success Factors

- ❖ **Top Down Commitment and Support**
- ❖ **Extensive Involvement and Ownership**
 - ◆ Iterative
 - ◆ Interactive
- ❖ **Empowerment**
 - ◆ No Second Guessing
- ❖ **Effective Decision Making**
- ❖ **Communications**



Keys to Success

- ❖ **Extensive Planning**
- ❖ **Smart Procurement**
- ❖ **Training and Knowledge Transfer**
- ❖ **Team Building**
- ❖ **Employee Recognition**
- ❖ **Make It Fun!!!**



Confidence



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Questions?

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Contact:

Rick Townsend
AdvanTech, LLC
(208) 890-6959
rtownsend@advantechllc.com