Rightsourcing: The Answer to Outsourcing Confusion

Solutions like PITSS.CONverter point the way for significant ROI even as OMB sourcing mandates remain influx

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At least one thing became clear when the Obama Administration issued its recent budget guidelines for fiscal year 2011: questions surrounding how agencies can best comply with new OMB sourcing policies aren't going away anytime soon.

Acquisitions managers have been struggling for more than a year to understand evolving OMB policies about when it's appropriate to use in-house staff or outside contractors for important agency projects. The 2011 budget proposal reaffirmed the Administration's commitment to finding a money-saving balance between these sourcing alternatives. But agency managers must still figure out how today's mandates differ from the previous administration's competitive bidding rules and their bias for outside contractors. Is the procurement pendulum now swinging in the opposite direction, and if so, how far?

Having to read between the lines is always risky when it comes to interpreting government policies, but that's just one of the challenges acquisitions officials now face. The OMB says it wants agencies to keep work that's "inherently governmental" in house, but a clear definition of what that means is still being hammered out by the Office of Federal Procurement Policy.

So agencies are going slow before they completely revamp their acquisition activities. That's one reason why when the Government Accountability Office conducted in-depth interviews with nine civilian agencies last year, it found none had fully complied with OMB's deadlines for developing sourcing policies.

There's no sign that the confusion will end anytime soon, but that doesn't mean agencies must delay the cost savings envisioned by OMB. A "rightsourcing" approach tailored for well-defined IT projects, for example, can deliver a clear ROI. The best solutions benefit agencies no matter which acquisition path they choose--insourcing, outsourcing, or a blended "multisector workforce" strategy that combines private contractors and federal employees working together in cost-effective harmony.

Appropriately, the best way to achieve successful "rightsourcing" is by taking a cue from the OMB, which is calling on agencies to conduct comprehensive ROI assessments of new projects. With ROI analyses as a guide, agencies can decide on a project-by-project basis the right mix of in-house and outside resources. The end result is the chance to cut costs and improve efficiency, and that's something that insourcing and outsourcing advocates can all agree on.

Rebalancing Act

The Obama Administration has been signaling its desire to "rebalance" acquisition activities for months, particularly in a July 2009 memo that called on agencies to develop a multi-sector workforce. While contractors provide vital expertise, "agencies must be alert to situations in which excessive reliance on contractors undermines the ability of the federal government to accomplish its missions," OMB Director Peter R. Orszag wrote in the memo.

The latest budget proposal reiterates this goal by calling for $158 million for expanding acquisition staffing and training in civilian agencies, with an end result of reducing outside contractors in some cases.

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> **--Peter R. Orszag, OMB Director**

The extra help can't come soon enough for agencies feeling heat from sourcing-conscious lawmakers. The stakes recently became clear after Homeland Security Secretary Janet Napolitano responded to a request by the Senate Homeland Security and Governmental Affairs Committee for a headcount of DHS contractor employees. When she identified 200,000 contractors, or 12,000 more than the civilian staff, committee members blasted DHS for its "unacceptable, untenable and unsustainable" number of private contractors.

For DHS's part, it had already embarked on a strategy to add 3,200 internal positions and review recent contracts worth more than $1 million to make sure DHS was taking advantage of insourcing opportunities.

DHS isn't the only agency struggling with the shifting acquisition landscape. The nine civilian agencies recently studied by the GAO failed to meet the deadline for establishing their own insourcing guidelines because of "continued uncertainty as to what is meant by… OMB's criteria, such as 'inherently governmental,' 'mission-critical,' 'core competency,' and 'consideration' versus 'special consideration,' makes it difficult to address them in agency guidelines," the GAO report said.

The Payoff

But policy weary acquisitions officials can find relief by looking at the bigger picture—namely the potential financial benefits of solving the rightsourcing question for individual projects.

For example, a DHS spokesman told the trade publication *Federal Times* that a review of outside IT support contracts for the agency's Office of the Chief Information Officer has the potential of uncovering $90 million in savings.

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On a smaller scale agencies can benefit from rightsourcing's low-hanging fruit by identifying individual IT projects that will yield a significant ROI. For example, to upgrade from Oracle Forms 6i to 10g the U.S. Food and Drug Administration's Center for Drug Evaluation and Research (CDER) would have needed more than 187 man-days to manually convert 250 Forms and 150 Reports. Using PITSS.CON, a turnkey migration tool for modernizing Oracle Forms and Reports implementations, the agency completed the steps required for user acceptance testing in just three days, for a net savings of 184 man-days.

Oracle Forms upgrades done manually can be complex and time-consuming because of outdated code and poor documentation. PITSS.CON eases the upgrade pain with pre-built templates that eliminate the need for manually rewriting code and by automatically making the changes in a batch process. Most projects can be completed in a fraction of the time—days rather than weeks or months--compared to manual methods.

The U.S. Interior Department and the U.S. Department of Justice each discovered this during their recent migrations using PITSS.CON. The Interior Department estimated 225 man-days would be needed for manually converting 300 Oracle Forms and Reports from Oracle 6i to Oracle 10g. But the project took only five days with PITSS.CON. Similarly, the Justice Department converted 120 Oracle Forms and Reports in just three days versus 120 man-days for a manual solution.

The PITSS company offers additional capabilities beyond upgrading and migrating Oracle Forms and Reports applications. The PITSS approach begins by

first analyzing the existing Forms and Reports application, including all objects and code artifacts, to assess the complexity of the business logic. PITSS then prepares the existing application by removing unused or "dead" code and extracting the business logic from the Forms modules to the database. Organizations can then upgrade the application to Oracle Forms 11g or migrate the application to an entirely new software architecture, such as ADF, APEX, or standard Java EE. Thus, automated conversions with PITSS.CON allow developers to concentrate on fine-tuning and customizing the modernizations rather than manually re-creating every module and piece of business logic in the application.

Clear ROI

In addition to saving money PITSS.CON projects can help agencies take the first step toward formalizing OMB mandates that call for formal cost analyses to create "like comparisons" of costs. To do this, agencies start by first estimating the number of days required to complete an Oracle Forms and Reports 11g upgrade. Oracle advises agencies to schedule between ¾ to 1 ½ days per Form for manual upgrades.

Assuming an agency has to convert 1,000 Forms and has five developers to devote to the project, it will need a minimum of 750 man days to do the job. If each employee costs an agency $80,000 per year, the total manual upgrade would cost $230,769.23.

Next, agencies should compare PITSS.CON costs. The application is priced according to the number of Oracle Forms and users associated with the project, or $94,400 for a project with 1,000 Forms. Even after factoring in an additional four or five weeks of possible work after the automated conversion, the total PITSS.CON expense is only about $102,092.31, or a savings of $128,676.92 compared to a manual conversion project.

Numbers like these address the OMB's interest in upfront cost comparisons, but they don't tell the whole story. PITSS.CON isn't simply a migration tool; it also acts as an Oracle Forms and Report development resource. For example, using PITSS.CON's Application Analysis agencies can cut days or weeks typically spent researching the scope of a change to the Forms or Reports application. Similarly, the software's Maintenance and Development module creates accurate changes that can be applied across an application in minutes. Customers generally see a savings of 30 percent or more on their ongoing and future projects using PITSS.CON.

Using the same team of 5 developers, agencies could create an additional savings of $117,692.31 on ongoing maintenance and development projects, for a total one-year savings using PITSS.CON of $246,369.23. That comes to a savings of $2.61 per $1 spent.

By the Numbers

Conversion Time for 1000 Oracle Forms

Manual	PITSS.CON
¾ day per form	One day total

Migration & Post-Conversion Time

Manual	PITSS.CON
750 man-days	25 man-days

Total Cost

Manual	PITSS.CON
$230,769.23[1]	$102,092.31[2]

Cost Savings with PITSS.CON
$128,676.92

(1) Assumes a salary of $80,000 per year per developer
(2) Assumes $80,000 developer salaries and a $94,400 PITSS.CON license

In subsequent years, agencies may see additional savings. For example, if an agency continues to employ 5 developers, the ongoing cost would approach $120,000. The maintenance cost for PITSS.CON, based on 5 developers and 1,000 Forms, in subsequent years would be $14,400. That brings the total savings for year-two and afterwards to $105,600, or $7.33 per $1 spent.

Coping with Uncertainty
Solutions like PITSS.CON provide an answer to the volatility that exists in today's acquisition environment, as the OMB, agencies, and acquisition managers strive to gain a clearer understanding of the multi-sector workforce. PITSS.CON offers clear and concrete financial and manpower advantages for rightsourcing, whether an agency chooses insourcing, outsourcing, or a blend of the two for its Oracle Forms and Reports upgrades and modernizations.

PITSS.CON is available on the GSA Schedule exclusively from DLT Solutions.

About PITSS America

PITSS is the leading software supplier for managing Oracle Forms and Reports applications. The company deploys its innovative PITSS.CON software to help its customers analyze, upgrade, migrate, and maintain their Oracle Forms and Reports applications. Starting with any version of Oracle Forms (2.3, 3.0, 4.0, 4.5, 6.0, 6i, 9i, 10g) or Reports (2.5, 6i, 9i, 10g), customers can upgrade their Oracle Forms and Reports applications straight to the latest Oracle Forms version 11g. Customers can also migrate with PITSS.CON from Forms to ADF, Forms to APEX or Forms to Java EE or prepare and integrate their Forms applications with any other SOA enabled software architecture. PITSS.CON has earned a solid reputation around the globe through its high level of automation and performance. It enables companies to carry out migration and development projects while being very efficient, economical, and reliable. PITSS is an Oracle Certified Advantage Partner.

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About DLT Solutions

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agency missions. DLT was recently honored as number one in the Term Software License category in the *GSA IT Catalog* of Top IT Contractors on GSA Schedule 70.

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