Strategic IT Plan Improves NYCHA Resident Services While Reducing Costs US$150 Million

Executive Summary

CUSTOMER NAME
New York City Housing Authority (NYCHA)

INDUSTRY
Public Sector

BUSINESS CHALLENGES
- Align business objectives and IT initiatives
- Develop comprehensive plan for funding IT initiatives
- Operate as a single, more cost-effective entity

SOLUTIONS
- Developed a five-year strategic IT plan
- Established and categorized goals; funded and implemented plan
- Consolidated services and costs by taking NVO approach

BUSINESS RESULTS
- Strategic IT plan will save more than US$150 million over 10 years.
- NYCHA is currently realizing 170-percent ROI with new enterprise resource planning (ERP) solution.
- Detailed, workable plan gives NYCHA executives confidence and peace of mind.

Facing a shrinking budget and increasing costs, NYCHA enlisted the aid of the Cisco® Internet Business Solutions Group (IBSG) to develop new business goals—and an IT plan to achieve them.

BUSINESS CHALLENGES
Develop Strategic IT Plan that Improves Services and Cuts Costs

Created in 1934, the New York City Housing Authority (NYCHA) provides decent and affordable housing in a safe and secure living environment for low- and moderate-income residents throughout the city. The largest public housing authority in North America, NYCHA employs 13,300 people and manages 181,018 dwellings and 3,600 residential buildings, which serve approximately 175,116 families and 417,328 authorized residents. To fulfill this mission, NYCHA must constantly improve services while preserving its aging housing through regular maintenance and modernization. Reductions in federal appropriations and the elimination of some state and city funding, however, required NYCHA to rethink its business objectives and develop a comprehensive information technology (IT) strategy that would help it achieve these goals while holding down costs.

"A big problem that existed in the Authority," says Avi Duvdevani, NYCHA CIO and deputy general manager of IT, "was a lack of coordination between our business needs and IT applications. In addition, we did not have a holistic plan for funding IT initiatives. Different departments installed a variety of platforms, which did not

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"KNOWING WE HAVE A DETAILED, WORKABLE ROADMAP THAT ALLOWS US TO INCREASE SERVICES TO OUR RESIDENTS WITH A REDUCED BUDGET BRINGS A LOT OF PEACE OF MIND. IN ADDITION, THE METHODOLOGY AND CHANGES THAT IBSG PUT INTO PRACTICE AT NYCHA CAN ALSO HELP OTHER CITY AND STATE ORGANIZATIONS WHEN THEY DECIDE HOW TO INVEST THEIR IT DOLLARS—AND HOW TO PROTECT THESE INVESTMENTS OVER TIME. I LOOK FORWARD TO CONTINUING OUR LONG-TERM RELATIONSHIP WITH IBSG."

Avi Duvdevani, NYCHA CIO and deputy general manager of IT

communicate with each other and were expensive to maintain. We needed to sit down and create a plan that would allow us to do more with less."

To help facilitate planning, NYCHA called on IBSG. "We already had an excellent working relationship with IBSG," continues Duvdevani, "going back to when Cisco Systems® helped us to formulate and implement the City of New York e-government initiative, which has been very successful. And at the time, we were currently working with IBSG on an IT project-management initiative. I saw this new project as a natural follow-up. Using proven best practices developed internally at Cisco, IBSG helped us to redefine our business goals and create the Authority's first five-year strategic IT plan."

SOLUTIONS
Apply Best-Practices Methodology
NYCHA IT's strategic five-year plan includes a broad overview of IT goals and a detailed roadmap that specifies how to implement its top-priority applications during the first two years. IBSG started the planning process by applying a four-step methodology.

Step 1: Establish Goals

The IBSG/NYCHA planning team began by extracting relevant business goals from NYCHA's "Five-Year Plan for Fiscal Years 2005–2009" and "Annual Plan for Fiscal Year 2005"—documents the Authority must submit to the federal Housing and Urban Development (HUD) agency. The team then met with NYCHA executives to include their input on the goals and establish criteria for ensuring their success. This included answering key questions such as: Which solutions will achieve the goals? Which resources are needed to develop the solutions? Which metrics will prove the goal has been met?

Step 2: Categorize Goals

Step 1 identified 60 business objectives, which the planning team sorted into six program areas:

- Compliance

- Cost takeout/employee productivity

- New partnerships

- New revenue

- NYCHA-wide initiatives

- Resident care

After further refinement of the goals, the planning team and NYCHA executives decided to create three workgroups to write guidelines for prioritizing the objectives.

Step 3: Address Financial Goals First

Based on the data gathered to this point, the planning team decided it had enough information to tackle the Authority's most pressing need first: financial stability. As a result, the team published "IT Strategic Plan v1.0," which outlines 26 programs to help NYCHA deliver improved services to its residents while working with a reduced budget.

Step 4: Fund and Implement the Plan

NYCHA's general manager developed a tiered approach to execute "IT Strategic Plan v1.0." Each of the 26 initiatives was placed in one of four tiers, which were implemented in order:

Tier 1: Top-Priority Business Initiatives (most critical and cost-effective initiatives)

Tier 2: Emerging Business Initiatives (initiatives that are still in development)

Tier 3: IT Infrastructure Initiatives

Tier 4: Future Initiatives

"What is unique about the strategic plan IBSG helped us to develop," explains Duvdevani, "is that it is not simply an exercise. It's a powerful mandate that I can use as CIO to create initiatives and implement them. In addition, if outside pressures change our business goals, the plan is flexible enough to change with them. IBSG delivered just what we needed to meet the considerable challenges we face now and in the future."

NYCHA's IT OPERATES AS AN NVO, CONSOLIDATING SERVICES AND COSTS

IBSG also helped NYCHA IT formulate its strategic goals by transforming it into a Networked Virtual Organization (NVO), which allows it to operate and deliver services as one entity. NVOs are built upon three principles:

Customer Centricity. Successful companies create policies and programs around their customers' needs. A resident-centric approach at NYCHA ensures a bidirectional relationship: the resident has one view of NYCHA and NYCHA has one view of the resident, which creates a deeper intimacy between the two parties.

Core versus Context. Organizations should focus their resources on activities that are "core" to their missions and out-task the "context" activities. Applying this principle, NYCHA reengineered two key business areas, eliminated duplicate functions in others, discovered skill sets no one knew existed, and identified new revenue opportunities.

Continuous Standardization. Standardizing IT processes, infrastructure, and data across the enterprise reduces costs and improves efficiency. By defining and enforcing IT standards, NYCHA lowered the total cost of ownership (TCO) for its enterprise network and created effective "partnership ecosystems" among its many departments.

"Operating as an NVO has produced substantial savings in time and money," says Bill Betz, NYCHA enterprise IT architect. "With IBSG's help, we were able to bring a number of NYCHA groups together and evaluate many technologies; the most useful were put into place. We have made a lot of headway in one year by working on an enterprise architecture, and expect the benefits to increase in the future."

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BUSINESS RESULTS
170-Percent ROI on ERP Initiative

NYCHA estimates that its "IT Strategic Plan v1.0" will generate more than US$150 million in savings over the next 10 years.

"We have already seen some real savings," notes Duvdevani. "After installing an enterprise resource planning solution to manage our business financials, we are seeing a 170-percent return on investment, and expect to see that same level of return over the next two-and-a-half years. But at this point, our biggest achievement is simply having this plan in place. Knowing we have a detailed, workable roadmap that allows us to increase services to our residents with a reduced budget brings a lot of peace of mind. In addition, the methodology and changes that IBSG put into practice at NYCHA can also help other city and state organizations when they decide how to invest their IT dollars—and how to protect these investments over time. I look forward to continuing our long-term relationship with IBSG."

MORE INFORMATION

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170 West Tasman Drive	Haarlerbergpark	170 West Tasman Drive	168 Robinson Road
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USA	1101 CH Amsterdam	USA	Singapore 068912
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Tel: 408 526-4000	www-europe.cisco.com	**Tel:** 408 526-7660	**Tel:** +65 6317 7777
800 553-NETS (6387)	**Tel:** 31 0 20 357 1000	**Fax:** 408 527-0883	**Fax:** +65 6317 7799
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LD/LW10426 02/06