



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

August 3rd, 2020

The Honorable Maggie Hassan
Ranking Member, Federal Spending Oversight and Emergency Management Subcommittee
Senate Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Ranking Member Hassan:

Thank you for your inquiry dated June 3rd, 2020 regarding information technology modernization at the U.S. Small Business Administration. Below are our responses to your questions.

We look forward to working with you and the Subcommittee on these matters in the future.

Question

1. Does your agency have a comprehensive IT modernization plan?
 - a. If so, please attach it to your response.
 - b. If not, please provide a comprehensive IT modernization plan for your agency.

Response

Please see Appendix A: Comprehensive IT Modernization Plan.

Question

2. What are the top five modernization priorities for your agency? For each, please provide or describe:
 - a. the modernization plan for the priority;
 - b. the expected cost of modernization and any anticipated cost-savings as a result of modernization;
 - c. the expected completion date of the modernization; and
 - d. the reason(s) for any schedule delays or cost overruns to date.

Response

As the SBA is still currently responding to the COVID-19 emergency, our priorities have shifted dramatically to respond to our new requirements from Congress, the sudden influx of new loan and grant requests, as well as enabling remote work capabilities for SBA employees. As a result, the following are the most current priorities for modernization.

Disaster Credit Management System (DCMS)

This system manages the SBA's disaster assistance programs. This application is currently being replaced with a new, Salesforce-based platform. This is a large system of many components, which the SBA is modernizing in a phased approach: the Disaster Loan Assistance Portal (DLAP) will launch in August, with the final residual modules of Disaster Management and Disaster Survey modernizing in Q1 FY21. The modernization of DCMS is anticipated to be complete by Q2 FY21, although ongoing product enhancements may occur in the future based on evolving mission needs.

The DCMS Ledger DME budget for FY2020 is \$5.6M for DCMS 2.0, and \$3.2M for DLAP for a total spend of \$8.8M. The SBA does not expect to see any cost savings as a result of this modernization activity.

Capital Access Financial Management System (CAFS)

This financial system manages the SBA's capital access program and the CARES Act programs. Although one of the oldest systems at the SBA, improvements continue to be made. Hardware continues to be refreshed on a regular basis, and was updated within the last six months, and additional compute resources were procured at the beginning of the COVID-19 emergency to help with the additional load.

As the SBA Administrator testified, as of July 10, the PPP has resulted in over 4.9 million loans, made by over 5,400 lenders, and totaling over \$517 billion. The PPP has supported the employment of over 50 million American workers and greater than 80 percent of the small business payroll across the country.

The CAFS Operational budget for FY2020 totals \$9.8M and the COVID-19 budget totals \$9.6M for a total spend of \$19.4M. The SBA does not expect to see any cost savings as a result of this modernization activity.

SBA Insight: Customer Service Hub

The SBA has created an enterprise customer relationship management system for responding to the unprecedented volume of customer service inquiries due to COVID-19. This solution has implemented Microsoft Dynamics 365 to handle over three million customer cases. Ongoing development and iterative releases in the coming weeks will deliver additional capabilities, including a customer self-service portal that allows customers to search the SBA Knowledge Base and check the status of their loan applications.

The Customer Service Hub budget for FY20 is \$4.6M. The SBA does not expect to see any cost savings as a result of this modernization activity.

PPP and EIDL Intake Systems

The SBA has created new cloud-based systems for intake of loan and grant applications. These systems are being integrated with existing backend services to provide additional capacity dealing with the COVID-19 emergency.

The cost to develop SBA's cloud-based intake portal for PPP loan applications was \$280,537.45. The SBA does not expect to see any cost savings as a result of this modernization activity. As these are new systems, there have not been any overruns to report.

Employee Remote Connectivity Improvements

As many SBA employees have moved to telework during the COVID-19 emergency, the SBA has prioritized several interrelated projects to improve employee remote connectivity. This includes accelerating the agency migration to Microsoft Teams, implementation of cloud-based VPN capabilities, usage of cloud-based virtual desktops (versus issuing physical laptops), and other similar features.

The SBA expects to realize a savings of \$450,000 each year from migrating to VoIP phones once that migration is completed. Our move to replace expensive conference call services with cloud-based services is estimated to save approximately \$1.5-2.0 million per year. The migration away from our current telephone service has been significantly delayed by our telecom vendors as they have been slow to resolve issues with porting of existing phone numbers.

Question

3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?

Response

The legacy system identified by GAO, System 9, has been replaced by a successor system. However, because System 9 is a component of other SBA systems, System 9 will be completely decommissioned once other SBA systems have been modified to integrate into System 9's successor. Those modifications are scheduled to be complete in the first quarter of FY 2021.

Question

4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?

Response

The SBA has been implementing the Application Rationalization Playbook created by the CIO Council¹ as a framework for analyzing the proper disposition of all applications and systems. This six-step process is a structured, iterative approach to application rationalization, overseen by the Office of the Chief Information Officer in coordination with program offices. This process considers a variety of factors including the total cost of ownership of the system as well as the support status of the various components.

¹ <https://www.cio.gov/assets/files/Application-Rationalization-Playbook.pdf>

Question

5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.

- a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
- b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?

Response

The SBA has leveraged FITARA to improve communication and oversight between the CIO and CFO. Through the SBA Business Technology Investment Council (BTIC) of which the CIO and CFO are both chairs and other processes, all investments over \$50,000 are reviewed for alignment to agency priorities and enterprise-wide goals for both technology and cost savings and must be approved by the CIO. SBA's current CIO and CFO cowrote the SBA FITARA implementation plan in 2015 which demonstrates the close relationship between the CFO and CIO, which helps to ensure coordination on IT spending..

Question

6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

Response

The SBA appreciates support from Congress and its interest in modernizing its IT systems. While oversight and legislative mandates are critical components in helping the SBA focus its IT resources on modernization, funding remains paramount in advancing modernization work. In that respect, Congress has provided a couple of useful tools: the funds available in the Technology Modernization Fund (TMF) and the flexibility provided by the ability of the SBA to create its IT Working Capital Fund (ITWCF). Expanding both, and fully funding the TMF per the President's budget request, will accelerate modernization efforts.

Congress can also help facilitate modernization efforts by balancing the burden placed on the SBA to respond to oversight reporting requests with staff time devoted to improving IT security and capabilities. Data-driven analyses of the SBA's IT portfolio, rather than time-intensive narrative reports or one-off data calls, would result in more meaningful, informative, and timely oversight information.

Sincerely,

Keith Bluestein
Chief Information Officer

Tami Perriello
Chief Financial Officer

cc: The Honorable Rand Paul, Chairman

Appendix A: Comprehensive Modernization Plan

The SBA, like many Federal agencies, maintains a large portfolio of individual systems. Over the last several years, the SBA has aggressively modernized systems and moved much of its on-premises applications to virtual or cloud-based services.

Current law defines a legacy IT system as “an outdated or obsolete system of information technology.”² Many of the SBA’s systems may be older but are not yet outdated or obsolete and support mission-critical business functions. As much of the SBA’s mission involves financial management, its technology posture remains similar to large private sector financial institutions: utilizing modern cloud systems for customer-facing services, while continuing to maintain older “cannot-fail” applications on modern hardware for systems of record.

The following systems and tools are currently identified for modernization over the next few years. All timelines assume sufficient resources and funding for these projects. Note: the ongoing COVID-19 pandemic has impacted the estimated completion dates. As the emergency response is consuming large amounts of agency resources, and many of these projects require staff and contractors to be on-premises, timelines will continue to be adjusted as the situation unfolds.

Project Name	Description	Program Office	Start Date	Projected End Date	Progress To Date
Windows Server Upgrades	Upgrade all servers (on-prem and cloud) to the latest OS (Win 2019).	OCIO / Enterprise-wide	Q1 2019	Q4 2021	95%
%Windows Desktop Upgrades	Migrate enterprise laptops/desktops/tablets to Windows 10.	OCIO / Enterprise-wide	Q4 2019	Q2 2020	100%
Microsoft Teams Migration	Skype for Business EOL is July 2021, the SBA will follow the migration path to Teams. This project includes firmware updates for VOIP phones, phone number porting, etc.	OCIO / Enterprise-wide	Q1 2019	Q1 2021	90%
Fileserver Migration	Move all on-prem file servers to cloud storage	OCIO / Enterprise-wide	Q1 2018	Q1 2021	95%
SD-WAN Implementation	Using the Enterprise Infrastructure Solutions (EIS) contract vehicle, move from traditional LAN/WAN to software-defined WAN (SD-WAN).	OCIO / Enterprise-wide	Q2 2019	Q4 2021	25%

² Public Law 115-91, Sec. 1076 (<https://www.congress.gov/115/plaws/publ91/PLAW-115publ91.pdf>)

Project Name	Description	Program Office	Start Date	Projected End Date	Progress To Date
Modernize VPN	Leveraging the same solutions being employed for SD-WAN, move from our traditional VPN to a modern cloud-based secure connection tool.	OCIO / Enterprise-wide	Q3 2019	Q4 2020	75%
PIV Upgrade	Expect to only issue PIV 8 secure access cards by July 2021, full phase-out expected by 2024.	Facilities / OCIO / Enterprise-wide	Q4 2019	Q3 2021	0%
Disaster Credit Management System 2.0	Replace DCMS 1.0 application with a new, Salesforce-based platform. This is a large system of many components, which the SBA is modernizing in a phased approach.	ODA	Q3 2018	Q4 2021	85%
SBA Insight: Customer Service Hub	Enterprise customer relationship management system for responding to an unprecedented volume of customer service inquiries due to COVID-19. This solution has implemented Microsoft Dynamics 365 to handle over 1 million customer cases. Ongoing development and iterative releases to develop new capabilities, including a customer self-service portal that allows customers to search the SBA Knowledge Base and check the status of their loan applications.	OCIO / ODA	Q2 2020	Q2 2020	100%
SBA Insight: Loan Review Tool	Application to manage the 7a and 504 loan review process, standardize complex loan reviews across examiners, and sufficiently reduce costs to bring the review function in-house.	OCIO / OCA	Q3 2019	Q2 2020	100%

Project Name	Description	Program Office	Start Date	Projected End Date	Progress To Date
SBA Insight: Entrepreneurial Development Management Information System - Next Generation	Replace end-of-life ColdFusion system with "Next Generation" low-code/no-code platform (EDMIS-NG).	OCIO / OED	Q1 2020	Q1 2021	90%
SBA Insight: Integrity System	An enterprise management system for managing external OIG and GAO active audits, OCFO internal control audits, and agency-wide progress toward audit resolution.	OCIO / Enterprise-wide	Q3 2020	Q4 2020	25%
SBA Insight: Certify - Phase I	WOSB/EDWOSB certification platform. Replace legacy ColdFusion HUBZone "HCTS" system with a modern portal and management app. Deploy a unified external customer portal and internal SBA employee management application for all certification programs.	OCIO / GCBD	Q4 2019	Q4 2020	90%
SBA Insight: Certify - Phase II	Migrate and re-platform the incomplete "8a Certify" custom legacy application on a unified certification portal for cost-effective maintenance, cross-program data integration, and ongoing modular development.	OCIO / GCBD	Q1 2021	Q4 2021	0%
Financial System Upgrades	EBS 12.2.9 Upgrade and Oracle 19c Database Upgrade planned. Note: waiting on QSMO (Dept. of Treasury) before moving forward with any additional modernization work.	OCFO	Q1 2020	Q4 2020	100%
Entrepreneurial Learning	Launch new ASCENT website with resources for women entrepreneurs.	OED	Q1 2020	Q3 2020	95%

Project Name	Description	Program Office	Start Date	Projected End Date	Progress To Date
Initiative (ELI) - Ascent					
Capital Access Financial Management System	Update on-premises hardware to add capacity. Note: Further hardware purchased for COVID-19 response.	OCA	Q4 2019	Q4 2020	85%
PPP Loan Application Intake System	Cloud-based system stood up in response to COVID-19 surge.	OCIO / OCA	Q2 2020	Q3 2020	100%
EIDL Application Loan Intake System	Cloud-based system stood up in response to COVID-19 surge.	OCIO / ODA	Q2 2020	Q3 2020	100%
Capital Access Login System	CLS has adopted dual factor authentication and continues to be enhanced to handle the massive surge of users participating in the Cares Act Programs	OCIO	Q1 2019	Q4 2019	100%
SBA.gov	SBA.gov's legacy Content Management System is being replaced with a current version	OCIO / OCPL	Q4 2016	Q3 2020	95%