TOPIC: Unlocking Government Efficiency Through IT Modernization

Chairwoman Mace, Ranking Member Brown and honorable committee members, thank you for the opportunity to speak with you today.

I am Suzette Kent. I served as the Federal Chief Information Officer during President Trump's first term and have spent over thirty years in the private sector building, deploying and operating technology capabilities for many of the world's largest companies.

It is also an honor to address you beside these two women with whom I worked closely and very much appreciate their expertise and many years of dedicated government service.

Ms. Roat covered the importance of approaching government modernization as an enterprise and the connected nature of technology and data across agency missions and services. She shared some successes, and highlighted barriers.

Ms. Graves shared the impact and importance of the technology modernization fund as a tool to eliminate the barrier of single year funding. She also summarized the steps we took in previous Administrations to drive to common technology for common services. She shared some progress, yet there is still much to be done.

To address today's topic, I'd like to build on their comments and share why we can get over this legacy technology hurdle. In the Office of the Federal Chief Information Officer, we used the language of OMB management memos and the expectations of law to define technology efficiency goals. In critical topic areas, much of the needed frameworks of policy and law are already in place to define goals:

- Eliminating inefficiency, fraud and waste (Example: EO-Stopping Waste, Fraud, and Abuse by Eliminating Information Silos)
- Achieving security and resiliency in all mission spaces *Examples: Law-Federal Information Security Modernization Act, EO 14028-Improving the* Nation's Cybersecurity, *Policy: OMB M-22-09, Moving the U.S. Government Towards Zero Trust Cybersecurity Principles*)
- Common government tools for common processes (Example: Policy-OMB M-19-16, "Centralized Mission Support Capabilities for the Federal Government)

- Prioritizing use of scalable, security-hardened commercial solutions (*Example: EO-Ensuring Commercial, Cost-Effective solutions in Federal Contracts*)
- Use of data and advanced technologies to eliminate manual activities (Example: OMB M-25-21, "Accelerating Federal Use of AI through Innovation, Governance, and Public Trust, OMB M-19-18, "Federal Data Strategy - A Framework for Consistency")
- Deployment of digital solutions for critical government services (Example: Law: 21st Century Integrated Digital Experience Act (IDEA))

So, if we know the goals, how do we get there? As we consider this question, there are two things that are game changers for the modernization journey:

- 1.) The vision and commitment this Administration and Congress are demonstrating to modernizing technology and actively eliminating the barriers of the past. The actions being taken through Executive Orders, the streamlining of acquisition at GSA, proposed policy changes, and the new laws being introduced loudly signal that it is understood that achieving efficiency and delivering effective mission outcomes requires modern technical capability.
- 2.) The extraordinary advancement (over the last two years) of the tools to drive modernization efforts. I work directly with many companies who build and use code translation tools, deploy automation at scale, and leverage large language models to unlock the power of data. These companies have unleashed new accelerators that are re-defining the expectations of time, effort, risk and costs of modernization. This is not hype or promise of what is to come, these results are real and repeatable. A study (see link to McKinsey study noted below) published in December of 2024 looked at across businesses to estimate that the use of AI tools not only accelerated the achievement of the targeted business efficiency goals but also decreased spending for modernization efforts from 40%-50%.

We can find examples of modernization successes in both public and private sector. I have included only a few recent examples for reference, but the data and case studies that are publicly available for review are prolific.

Representative private sector examples:

- A McKinsey study in December of 2024 used case studies from private sector companies to estimate that use of AI tools could deliver cost decreases of more than half, as well as decrease spending for modernization efforts from 40%-50%. <u>https://www.mckinsey.com/capabilities/quantumblack/our-insights/ai-for-it-modernization-faster-cheaper-and-better</u>
- Klarna had an existing information architecture consisted of thousands of SaaS applications. Using an AI-powered solution built on a Neo4j knowledge graph database model, integrated with local large language models (LLMs) they were able to sunset approximately 1200 legacy applications. <u>https://neo4j.com/customer-stories/klarna/</u>
- Zillow leveraged Windsurf (*Formerly Codieum*) to accelerate development and developer onboarding. With tools like Windsurf, current market experiences point to a single engineer being able to accomplish the work volume of 10-15 engineers using the tools available four to five years ago. <u>https://windsurf.com/blog/zillow-codeium-case-study</u>
- JPMorgan used of AI to identify situations of fraud, and the model reduced false positives by 50% and detected fraud 25% more effectively. <u>https://medium.com/@jeyadev_needhi/how-ai-transformed-financial-fraud-detection-a-</u> case-study-of-jp-morgan-chase-f92bbb0707bb

Selected government reference examples:

- In recent years, The Department of Housing and Urban Development (HUD) moved from legacy COBOL applications to a more modern code base. With the tools available 6 years ago, that process took multiple years and cost over \$5 million dollars. The HUD effort defined a path forward but today, we can travel that path in months versus years with a tenth of the price tag because of the advancement of available code assistance tools. <u>https://tmf.cio.gov/investments/#hud-unisys</u>
- CBP had a 30-year-old mainframe system through which the government tracked and processed imported and exported goods. They took on a multi-year transformation and recently celebrated the retirement of that outdated system. Their efforts helped pinpoint the types of roadblocks that need to be eliminated to modernize faster. <u>https://tmf.cio.gov/investments/#dhs-cbp</u>
- Both Ms. Roat and Ms. Graves referenced an effort taken on by 4 agencies to share data. That initiative was a catalyst to finding additional efficiencies when agencies share data and tools. <u>https://tmf.cio.gov/dol-case-study/</u>

Today modernization success can be unlocked for every agency across government. Systematic elimination of the legacy process barriers and automation of critical processes combined with leveraging commercially proven tools makes modernization less complex, less costly, and lowers the risk profile of modernization efforts.

There is one additional piece of the modernization puzzle that should be considered. To sustain a leaner, highly efficient operating environment agencies require people who understand new technology and data. Investments in upskilling the federal workforce and establishing expectations for continuous skills advancement are connected to how government gets the maximum value from the technology it implements. This last piece of the puzzle is critical to sustaining efficient operations.

In closing, the keys to unlocking government efficiency through technology are in our hands. By making modernization a visible priority and by embracing commercial modernization tools Congress and the Administration can open the door to a new reality for achieving government efficiency.

Thank you for your consideration of my comments.