Agenda

• Introduction / CIO’s background
  – U.S. Navy
  – Private sector
  – U.S. House of Representatives

• CIO’s focus and vision
  – Transformational
  – Build to adapt with control, transparency and cost-effectiveness

• IT sourcing
  – VITA is progressing with a methodical plan

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## IT Infrastructure footprint

<table>
<thead>
<tr>
<th>Computers</th>
<th>Communications</th>
<th>Printers</th>
</tr>
</thead>
<tbody>
<tr>
<td>59,374 PCs</td>
<td>55,000 desk phones</td>
<td>5,311 network</td>
</tr>
<tr>
<td>3,356 servers</td>
<td>6,100 handhelds (PDAs)</td>
<td>22,000 desktop</td>
</tr>
<tr>
<td>Mailboxes</td>
<td>11,000 cell phones</td>
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<tr>
<td>58,948 accounts</td>
<td></td>
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<tr>
<td>Data storage</td>
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<tr>
<td>1.5 petabytes</td>
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<tr>
<td>Mainframes (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBM</td>
<td></td>
<td></td>
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<tr>
<td>Unisys</td>
<td></td>
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<tr>
<td>Networks</td>
<td></td>
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<tr>
<td>2,039 circuits</td>
<td></td>
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<tr>
<td>Data Centers (2)</td>
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<td>CESC</td>
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<td>SWESCU</td>
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<tr>
<td><strong>2,247 Locations</strong></td>
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IT Infrastructure as a Shared Service

People, Process, Technology and Leadership

Hardware
- Acquisition
- Installation and Setup
- Planned PC Refresh
- Asset Tracking & Disposal

Software
- Windows
- Office
- Java/Adobe
- Browser Plug-Ins
- Antivirus

Security
- Automated Patching
- 24x7 Monitoring
- Firewalls
- SPAM Filtering
- Encryption
- Remote Access

Enterprise Services
- Email
- Internet Access
- Backups [file shares]
- Global Address List
- Network Connectivity

Management
- Agency Account Management
- Process Oversight
- Service Levels
- Technology Roadmap
- Vendor Management
- Planning

Support
- Helpdesk 24x7
- On-site Repair
- Remote Support
- Password Resets
- Account Administration
- Hardware Upgrades

Laptop: $116.87/month
PC: $98.06/month

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Northrop Grumman contract and next steps

- 13-year term expires on July 1, 2019
- Focus since 2005 has been tactical
  - Finish transformation of 89 agencies
  - Improve overall performance
  - Evolve current services
- Feedback from policymakers and customers needed on next steps
  - Insourcing, outsourcing, multisourcing
- VITA has redeployed resources to maintain operations while addressing IT sourcing and disentanglement

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**Current timelines**

**IT Sourcing**
- **Plan** 2014 - 2015
- **Procure** 2016 - 2018
- **Transition** NLT 2019

**Disentangle**
- **Plan** 2017 - 2018
- **Disentanglement** NLT Oct 2018

**Maintain**
- Operations, Security and Oversight
• Sourcing consultant contract awarded to Integris Applied
  – Competitive procurement; 11-month statement of work
    • Contract and pricing structure analysis
    • Analysis of current spending for market comparison
    • Marketplace research via request for information (RFI)
      • Final report due November
• Brings extensive experience in Texas and Georgia
• Iterative and collaborative “journey” that includes stakeholders
The Journey

1. Alignment
   - Goal Alignment
   - Constraints
   - Establish stakeholder teams

2. Situational Assessment
   - Services
   - Volumes
   - Quality

3. Cost and Contract Analysis
   - Market cost assessment
   - Pricing structure analysis
   - Contractual Terms

4. Assessment Report
   - Strengths
   - Gaps
   - Value Drivers
   - Options

5. Marketplace Options
   - Service Provider Capabilities
   - Market offerings and demarcations

6. Sourcing Options
   - Contractual Options
   - Procurement Process

7. Governance and Organization
   - Organizational Model
   - Governance Model
   - Staffing impact

8. Customer Impact Analysis
   - Agency and Enterprise Scenario Modeling
   - Investment reuse

9. Recommended Sourcing Approach
   - Strategic options
   - Benefits and risks

Execution

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Steering committee

- Jason Powell, SFC Legislative Fiscal Analyst
- David Reynolds, HAC Legislative Fiscal Analyst
- Neil Miller, Deputy Secretary of Finance
- Brian Logwood, DPB Assoc Dir, General Government
- Ernie Steidle, DARS COO
- Dave Burhop, DMV CIO
- Sharon Kitchens, TAX CTO
- Dana Smith, VITA Exec Dir of Administration and Finance
- Chad Wirz (Chair), VITA Exec Dir of Service Management and Delivery
Interviews, surveys with more than 60 agencies

Completion by Secretariat

<table>
<thead>
<tr>
<th>Secretariat</th>
<th>Complete</th>
<th>Did not participate</th>
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<tbody>
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<td>Admin</td>
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<td>VADA</td>
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</table>
Consultant’s observations and feedback

• Initial agency feedback
  – Infrastructure program has not demonstrated appreciation of agency business needs
  – Coordination across service areas must be improved

• Initial consultant feedback
  – Contractual model is dated
  – Commonwealth bears disproportionate risk
  – Current pricing structure inhibits new or evolved services and innovation
Goals for new sourcing model

Agencies
- Service delivery quality
- Ease of doing business
- Service flexibility
- Innovation and evolution
- Agency choice
- Service transparency
- Spend transparency

Enterprise
- Maintain cost competitiveness
- Management control
- Flexibility to evolve
- Supports VITA oversight functions
- Standardization
- Security
- Procurement and Transition

Consultants’ final recommendations will identify sourcing models that best address these goals
## Market has several sourcing models

<table>
<thead>
<tr>
<th>Prime with subcontracts</th>
<th>Multisourced</th>
<th>Insourced</th>
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<tbody>
<tr>
<td>• Most similar to the current model with Northrop Grumman</td>
<td>• VITA would contract with numerous providers</td>
<td>• VITA would need personnel, skill sets, and tools to manage multi-provider environment</td>
</tr>
<tr>
<td>• VITA would contract with single provider</td>
<td>• Service integration function would manage providers</td>
<td>• VITA would need resources to keep skills current</td>
</tr>
<tr>
<td>• Prime may bring various subcontractors</td>
<td>• Operating level agreements ensure service transparency</td>
<td></td>
</tr>
</tbody>
</table>
Current trends in IT sourcing

- Shorter terms
- Shift from single vendor to best-in-breed vendor(s)
  - Multisourcing integrator (MSI) to support multiple vendors
- Staggered procurements vs. single “big-bang”
- Cloud computing
RFI indicated marketplace options

• Agencies may have choices that don’t exist in current service model
  – Catalogue of approved suppliers and services
  – Choices where to run their applications: cloud, data center, hybrid
  – Multiple levels of service at different prices

• VITA will need to adapt
  – Frequent procurements and transitions
  – Align changes in service delivery model with statutory oversight responsibilities
Illustrative policy decisions

- **IT staff rehiring**
  - More than 550 state IT staff became Northrop Grumman employees in 2006

- **Purchasing assets and data center**
  - Likely to cost at least $87M

- **Location of data: within or outside Virginia**
  - Other states use cloud or out-of-state providers

- **VITA will continue engaging policymakers and market to answer these and other issues**

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IT sourcing next steps

• Consultant’s final recommendations in November
• Briefings at Nov. 9 JLARC, and legislative committees during 2016 session
• Prerequisite sourcing activities must be completed during this administration to reduce risk
  – Next governor takes office January 2018
  – Active procurements and disentanglement may be in progress
• Information: Link on right rail of the VITA website


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