



*Report on the Comprehensive Infrastructure Agreement
to the Virginia Information Technologies Agency – October 2015*

MARKETPLACE OPTIONS – FINAL REPORT



The Virginia Information Technologies Agency (VITA) provides IT infrastructure services to executive-branch agencies throughout the Commonwealth of Virginia, primarily through a contract with Northrop Grumman. In anticipation of contract expiration in 2019, and with recognition of the complexity of change in such a large shared services environment, VITA is currently evaluating sourcing strategies to better align with current best practices and future customer requirements. Toward that end, VITA has commissioned Integris Applied, an IT sourcing advisory firm with focus on the public sector and next-generation sourcing models, to assess the current environment and develop a long-term strategy.

This report is provided by Integris Applied to VITA, its customers, and the Commonwealth of Virginia at large. It describes marketplace options which may support COVA in the future, based on a Request for Information (RFI) process conducted under the facilitation of Integris Applied and with the participation of VITA subject matter experts and customer representatives. Future reports will complement these findings to provide a full assessment of the current situation and specific executable recommendations.



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1. Executive Summary

The Virginia Information Technologies Agency (VITA) has undertaken a comprehensive assessment program to develop recommendations for a next generation sourcing strategy in the Commonwealth of Virginia (COVA). With an intent to leverage the best practices of experts in the private sector, such a recommendation development requires a clear understanding of potential solutions in the marketplace. Toward that end, VITA conducted a Request for Information (RFI) effort to identify “the art of the possible”.

However, the RFI was intended to be more than a report on what the marketplace might offer to meet COVA’s challenges for a next generation sourcing model. Rather, like all activities in this assessment and recommendation, the process itself had purpose: signaling, educating, and consensus-building. The process demonstrates to potential service providers that a change is coming for the way in which VITA sources and delivers IT infrastructure services – and that any change will be conducted as collaboratively as possible with experts in the marketplace. Perhaps most importantly, the process shows stakeholders throughout the Commonwealth – customers, IT experts, and COVA leadership – that service providers are interested in doing business here, that they have creative ways to address the challenges at hand, and allows them to see first-hand the rigor of CoVA’s procurement process.

The RFI document was both broad and simple. It was intended to be accessible to providers of all types: full-scope services firms that might replace Northrop Grumman completely; niche players that might focus on specific towers or sub-components of services; integrators that might develop process improvements and coordination. Twenty-nine service providers responded to the RFI – and as anticipated – they came with a variety of perspectives. The message was clear: service providers are interested in supporting change in Virginia, and many options exist to create flexibility in the future.

An RFI Working Team (comprised of VITA subject matter experts and customer representatives) reviewed all responses and identified a sampling of providers to invite for Clarification Sessions. The committee scheduled four weeks of structured sessions and previewed the topics for discussion with each provider. Stakeholders, such as agencies and JLARC were invited to observe the sessions.

The 13 providers sent 100 executives for in-depth discussion in six topic areas; sourcing ecosystem, leveraging cloud, maintaining technical currency cost control options, quality management and security. Discussions included the increased role of multi-supplier environments, the need for integration of cross functional activities across providers and the impact of cloud alternatives. The RFI Working Team prepared observations in each topic area then developed the following conclusions.

- Providers are motivated to offer services to the Commonwealth.
- Services offered by the market are wide ranging and growing.
- Choice of specialized service providers is large.
- Agencies can anticipate more choice in the future.
- Agencies will need to manage their applications and data.
- Typically incumbent providers do not provide innovation.
- Technology cycles are faster and the increased use of cloud services will force on-going expenses to maintain technical currency.
- More choices and speed of change will force end users to have, or have access to, more IT expertise.

The results of the review of marketplace options will be used in the evaluation of sourcing alternatives and formulating the final recommendations of the ITS Sourcing Program.



RFI Process, Document, and Goals

1.1 Benefits of an RFI

A Request for Information (RFI) is a method to inquire of the marketplace – typically of its capabilities, but sometimes of its methods to address certain challenges. In support of strategic planning for public sector sourcing initiatives, an RFI can allow open communication with a wide variety of potential service providers. By comparison, a Request for Proposal (RFP) phase in public sector procurement releases a defined set of requirements, which each bidding service provider must attempt to address in a proposal. Communication between the buyer and all potential sellers must be consistent and fair, and the evaluation process objective. Once a procurement is underway, it is difficult for buyers to propose changes to the requirements or unusually creative ways to meet them – as such changes could make it difficult or impossible for the buyer to fairly evaluate proposals.

Therefore, public sector entities should maximize the possibility of completing open research prior to executing a procurement. Such research should be conducted with a high degree of fairness and openness – both because it mitigates concerns of unfair bias in later bidding, and because it is more effective in highlighting a wide variety of marketplace ideas.

Dr. Steve Kelmen, Professor of Public Management at Harvard University's John F. Kennedy School of Government and expert on public sector procurement and government organizational change, wrote in 2010 that: “When government doesn’t take advantage of [potential contractor] knowledge before issuing an RFP, it loses... lack of pre-RFP communication often leads to requirements that are unnecessarily expensive to meet but could have been made more economical with small changes.”¹

Additionally, the National Association of State Procurement Officers (NASPO) recommends that “open communication with potential vendors prior to issuance of a solicitation is an essential part of the procurement process,” and both NASPO and federal government procurement guidelines encourage “one-on-one meetings”² as ideal methods.

Some RFIs are conducted simply to demonstrate service provider capabilities – a “show us your wares” approach. This may be interesting and educational, but a much more effective approach asks providers how they might address certain challenges or answer certain questions about the environment.

These were the benefits that VITA had in mind when developing the RFI process – to include both written responses from a wide variety of potential service providers, and one-on-one Clarification Sessions with a subset of providers for additional dialogue.

1.2 Purposes of the VITA RFI

The VITA RFI had multiple goals. Of course, the most prominent (and stated purpose) of the RFI was:

As VITA seeks to evolve its business model in the coming years, it is interested in market insight on models to achieve its goals.

¹ Kelmen, Steve. “[Agencies should not fear talking to contractors.](#)” *FCW: The Business of Federal Technology*. 17-Feb-2010. Web retrieved 1-Jul-2015

² National Association of State Procurement Officials (NASPO). “[Effective Communication between State Procurement and Industry.](#)” White Paper. 2-April 2012. Web retrieved 1-Jul-2015



In other words, VITA was looking to marketplace experts as it considers a change program for the future.

There were multiple other reasons to conduct the RFI. Externally, the RFI communicated to the marketplace that change is coming and that the Commonwealth is seeking a change in a collaborative and creative manner. Some providers with close ties to Virginia may have been aware of the upcoming Northrop Grumman contract expiration and disentanglement phase, but a wide group of potential providers may not have been aware. Further, providers might not have been confident that VITA could be considering new sourcing models to address its challenges.

Internally, the RFI created exposure to stakeholders so that they see “the art of the possible” from the provider community – RFI Working Team participants, the Steering Committee for the IT Sourcing Project, and other VITA and customer stakeholders who are interested in the change program.

As importantly, it helps these stakeholders get a taste for what a procurement process is like. Although the RFI has less formality, is simpler, and is shorter than a full RFP, it has many of the same activities: writing and releasing a document to the public, reviewing responses, meeting internally to discuss themes, and preparing for and conducting meetings with service providers.

1.3 Teams and Roles

A team of individuals was identified to participate throughout the RFI process – from development to review to meetings to debrief. This team, named the RFI Working Team, was comprised of representatives from agency customers and subject matter experts (e.g., service delivery, architecture, security) from within VITA.

This team’s role was to draft the RFI, review all responses in detail, participate in group review meetings, select a sampling of providers to invite for Clarification Sessions, define topics and questions for the providers, lead conversation in the Clarification Sessions, and debrief together at the end of the phase. This was obviously a significant time and work commitment for these team members.

The participation of agency customers was especially important and appreciated – not only was it a significant workload, but their attention and interest reflects the anticipation of the larger community they represent.

Additionally the IT Sourcing Steering Committee had input on RFI goals and an opportunity to review the RFI document before release. They received updates on the process throughout. Members of the Steering Committee, and other stakeholders such as members of the Agency IT Representative (AITR) community, were invited to observe the Clarification Sessions.

1.4 Document Development and Plan for Clarification Sessions

With intent to encourage a wide variety of service provider participation, and in recognition that RFI responses become property of the Commonwealth and therefore subject to open records requests, the RFI document was intended to be broad enough that multiple providers could respond and would be willing to share freely. Additionally, focused dialogue regarding service provider ideas would be planned for a sampling of respondents in one-on-one Clarification Sessions.

The RFI document was built to minimize and simplify any administrative requirements. The providers only needed to submit a single document. Eight questions were asked, and a soft page limit of 30 pages was indicated for responses. Submissions were allowed via e-mail rather than hardcopy, which reduced service provider production time in addition to being more environmentally friendly.



Most important to the RFI were the statements of COVA's objectives, grounded in a description of the current environment. The eight questions allowed respondents to describe best practices they were seeing in the marketplaces, provide case studies, talk about pitfalls, etc. The RFI document is attached as Appendix A to this report.

Although the RFI document itself was developed long before the Clarification Session subjects were planned, understanding their purpose was key to preparing the RFI document itself. Whereas the RFI document was to be accessible for all potential respondents, the Clarification Sessions could be tailored to specific topic areas. While the Working Team was interested in diving deeper into many subjects, they recognized a need to keep the RFI document broad, and save detailed questions for the Clarification Sessions. The chart below indicates a framework for the purpose of each.

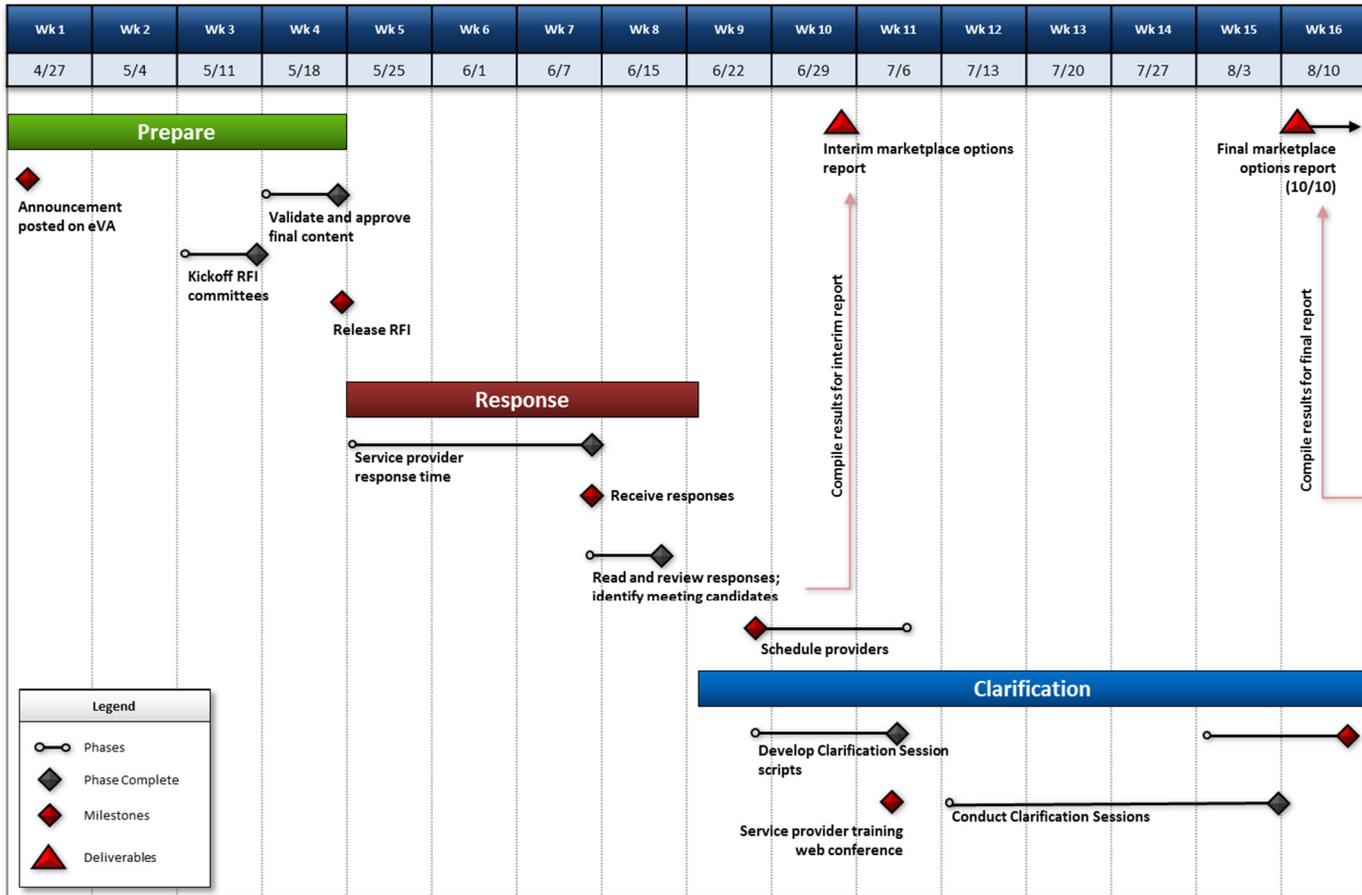
RFI Document	Clarification Sessions
<ul style="list-style-type: none">• General, high-level questions• Not specific to any service provider or solution• Easy for service providers to respond• Detailed enough to allow Working Team to decide whether to invite provider in for clarification• Format: response docs around 30 pages	<ul style="list-style-type: none">• May have different topics and questions for each service provider• Create an environment where providers are free to share• Allows Working Team to gain a more concrete understanding of provider ideas• Format: meeting 3-4 hours



1.5 Project Timeline

The chart below indicates the timeline for the RFI phase.

The project plan was aligned to the two reports that would be provided by Integris Applied. The first was the Interim Marketplace Options Report delivered earlier and which described only the initial RFI approach, the respondents, and the invitees. The Final Marketplace Options Report (this document) builds on the Interim Report to add a complete debrief of this phase of the overall project.



2. Respondents

2.1 Summary

RFIs can be difficult to predict. Some providers may submit a response, even though they are unlikely to bid in the future. Other providers, who may be ideal fits, may not respond for many reasons – perhaps due to uncertainty about whether their ideas would be maintained in confidence, the resource load (i.e., cost) to respond, other coincident obligations they may have, etc. The Working Team had hoped to receive 20-30 responses, with an anticipation to invite perhaps half that many to Clarification Sessions.



VITA received twenty-nine responses, across a variety of industry focus areas, as indicated below:



2.2 Self-stated Service Offerings

In the RFI document, service providers were asked to indicate a “List of primary service offerings (that might serve VITA)”. The table below quotes each provider’s list.

Company Name	Self-Stated Service Offerings
Amazon Web Services (AWS)	Backup, Storage, and Archiving; Websites and Applications; Business Applications
American Internet Services Network (AIS Network)	Managed hosting; Cloud hosting; HIPAA and FISMA compliant hosting; PCI Compliant Payment Portals; Disaster recovery services; Application vulnerability scanning and remediation; Application development; Application support; Operations and Maintenance; Microsoft Azure
Ampcus Inc.	Program and Project Management Services; Business Intelligence and Data; Warehousing; Infrastructure Management Services; Cloud Computing; ERP (SAP, Oracle, PeopleSoft; implementation/integration); Business Consulting; SharePoint Development; Mobility; Business Process Engineering; Testing and IV&V; Data Center Rationalization; Network Management; Systems Integration/Planning; Data/Analytics; System Design; Computer Programming; Managed Services – Software as a Service



Capgemini America, Inc.	Outsourcing Services, including IT Infrastructure Services and Service Integration ; Technology Services; Consulting Services; Local Professional Services
CapTech Ventures, Inc. (CapTech)	Transformation: Agile Transformation and Coaching; Organizational Change Management; Program Governance and Strategy; Business Process Management; IT Service Management // Application Development: Native & Mobile HTML5 Design & Development; Secure Web Services & API Development; Back-end and Cloud Integration; Content Management // Customer Engagement: Digital Strategy; UX Research and Design; Ad and Marketing Technology // Data and Analytics: Big Data; Visualization and Reporting; Hadoop and NoSQL Architecture; Analytics and Data Science; Data Governance
CGI Technologies and Solutions Inc.	We offer a full spectrum of services, solutions and industry know-how to accelerate business transformation including: Infrastructure services; Application development, management and maintenance; Systems integration experience; Business and IT consulting expertise; Business process services; 180 CGI-built business and IT solutions
Cognizant Technology Solutions	IT Professional Services, IT Managed Services, IT Consulting
Day1 Solutions	Professional Services for all things Cloud and Managed Services Support for Cloud Environments
Dell Marketing, L.P.	Hardware, Services and Support for Improved Enterprise Delivery Model
EMC Corporation	EMC Federation Solutions; EMC Cloud Service Provider Solutions; RSA Security Solutions
Ernst & Young LLP (EY)	EY will leverage our Service Management Integration (SMI) framework to provide seamless end-to-end services to the business. EY has an established, focused practice with flexible methodologies and tools to assist you in identifying existing or potential risks that could impact your IT sourcing Strategy.
FireEye Inc. also dba Mandiant	Cyber Security Products and Services
HP Enterprise Services, LLC (HPES)	Advisory Services: Advise clients on how best to deliver business outcomes leveraging our U.S. Public Sector and technical expertise. Transform Services: Develop and implement transformational roadmaps leveraging our experiences partnering with the largest and most complex enterprise environments in the world.



	<p>Manage Services: Manage clients' environment while they transform to evolved business models.</p> <p>HPES has comprehensive services for the following practice areas:</p> <ul style="list-style-type: none"> • Mobility and workplace solutions • Analytics and data management • Application Services and program excellence • Business process services • Enterprise security • Workload and cloud solutions
IBM Corporation	Cloud, Mobility, Networking, Outsourcing and Managed Services, Resiliency, Security, Facilities & Data Center, Systems, Technical Support, Business Analytics and Consulting.
Indra USA	Business Analytics, ERP, CRM, Oracle core technology, Security Software, E-government platform, Smart Cities, Transportation software solutions, Education software solutions
IPsoft, Inc.	IPCenter
Lexmark International, Inc.	Lexmark's products include laser printers and multifunction devices, dot matrix printers and the associated supplies/solutions/services including Managed Print Services (MPS), as well as Enterprise Content Management (ECM), Business Process Management (BPM), Document Output Management (DOM), intelligent data capture, federated search and web-based document imaging and workflow software solutions and services. Lexmark develops and owns most of the technology for its printing and imaging products and its software related to managed print services and content and process management solutions.
Microsoft	Establishment of TMO and ongoing operations support • Service Management Office Definition, Build Out and Operational Support • Program Management Office (PMO) Charter definition and ongoing support • Microsoft Cloud-Based (O365 and Azure) Design, Migration and Operational Support • Enterprise Mobility Architect design, test, deployment and operational support • Enterprise Architecture Consulting • Microsoft Operations Framework Training and Process Implementation Support • Level 1, 2 and 3 Help Desk Operational Support • Legacy System Modernization and Migration Support • Cyber Security Policy establishment, vulnerability assessment and remediation • Enterprise IT Health proactive monitoring support • Executive Business Intelligence (BI) dashboard metrics design and delivery • Identity Management design and deployment.
MicroTechnologies, LLC (dba MicroTech)	Professional Services, Managed Services, Storage Services, Telecom Services, Security Services, Product Fulfillment Services, Financial Services
Mission Metric Corporation	Organizational Performance Metrics, Lean Six Sigma, Governance



Mythics	Oracle database; other Oracle solutions
Navitas Business Consulting Inc.	Data Warehousing, Cyber security, Cloud computing, Software Development, Application Development, Networking and Data Security.
NetApp, Inc.	Data storage hardware, software and professional services
Networking Technologies and Support, INC (NTS)	IT Integration and Professional Services
Science Applications International Corporation (SAIC)	Cyber, Cloud, and Data Sciences Information Technology Managed Services; Hardware, Software, and Network; Integration Services; Training and Simulation Services; Logistics and Supply Chain Services
Verizon Enterprise Solutions	Premium Client Services – Service Program Management, Professional Services
VMware, Inc.	vCloud Air and vCloud Government Service (hybrid cloud), Horizon Air (desktops and apps as a service), vRealize Business (IT financial management), VMware NSX (network virtualization)
Wipro LLC	Cloud, Security, Managed Services, End User Service, Hosting, IT Optimization, Outsourcing
Xerox	<ul style="list-style-type: none"> • Data Center Services; • Managed Network Data and Voice Services; • Compute and Storage Services; • Cloud Services; • Cyber Security; • Disaster Recovery and Service Continuity; • Service Desk; • Cross Functional Services; • Messaging and Collaboration Services; • Application Management Services



3. Review Process and Invitees

The receipt of 29 responses totaling around 30 pages each meant that the Working Team had a lot of reading to do. The review phase included four days of personal reading time, followed by meetings over the next two working days to conduct a team review.

Following the individual reading time, the Working Team met over two days to discuss their findings and identify which respondents to invite for Clarification Sessions. Because this was not an RFP, there was not a formal “evaluation”. Rather, the review team determined which providers to invite for meetings. The purpose of this review was *not* to determine which providers might be better than others, which might be more interesting to work with, or which might likely bid or not in the future. Rather, the review team intended to learn about alternatives from a variety of perspectives. Therefore, they scheduled an interesting variety of providers for meetings, while recognizing natural constraints on the person-hours it would take to meet with 10-15 companies.

The purpose of this review was not to determine which providers might be better than others, which might be more interesting to work with, or which might likely bid or not in the future.

Rather, it was intended to learn about alternatives from a variety of perspectives.

On the first day, the team walked through the list of responses. Members asked questions of each other like: “what are the respondent’s thoughts on specific topics?” “Would you want to ask additional questions of this respondent?”, and of course, “do you want to invite this respondent for further conversation?”

On the second day, the team went back through the responses (in reverse order from the prior day). This review resulted in a full list of proposed invitees. The team also marked areas where topics of additional discussion might be merited (beyond the topics they might inquire of all providers). This helped to ensure that a variety of topical areas and perspectives would be covered.



Company Name	Functions for Additional Discussion					Notes and Themes
	Multitower Scope	Integration	Cloud	Process Improve d/or Consulting	Other	
Amazon Web Services (AWS)						Relevant experience with cloud services for government.
American Internet Services Network						Offer Infrastructure-as-a-Service; focus on CoVA understanding.
Capgemini America, Inc.						Have directly relevant experience in TX and GA. Offer multiple towers, including MSI.
CGI Technologies and Solutions Inc.					Applications	Offer infrastructure, especially cloud based. Interesting section on Security.
EMC Corporation					Storage	Focus on storage, back-up, cloud - potential key provider of storage services.
Ernst & Young LLP (EY)						Offer independent analysis and recommendations for risk mitigation and performance improvement. Response has interesting ideas to explore further.
HP Enterprise Services, LLC (HPES)						One of the big providers in this space. Have relevant experience when they took over in San Diego; elsewhere in large public sector change programs.
IBM Corporation						One of big providers in this space. They have some alternative views from experience in TX and GA. Specific experience in mainframe environment.
Indra USA						Multi-national technology company; limited ITO experience in USA. Offer different perspectives.
Microsoft						Have experience with cloud service for government entities.
Science Applications International						Lots of government experience; response has lots of content to discuss in more detail. Credibility and competence shown in comprehensiveness of response.
Verizon Enterprise Solutions					Network	Have alternate cloud experience from pure cloud providers; plus experience with networks to discuss unique to this provider.
Xerox						Have experience serving government entities and Texas in particular. Provide full range of tower services as ITO or multi-supplier.

Following the team review, the list of potential invitees was shared with the Steering Committee. In sharing with the Steering Committee, the message from the Working Team was

We felt that this list gave us the highest probability of getting most of our questions on the art of the possible addressed.



4. Clarification Session Planning

4.1 Topic Development

To organize the dialogue in the 3.5 hour Clarification Sessions, the RFI Working Team identified six summary topics. They represented a consolidation of topics represented in the first question of the RFI document (Figure 5-1).

These six topics provided a way to organize questions and prepare service providers.

The providers were not going to be given a list of questions in advance (to allow more of an open dialogue), but they needed to identify and send the correct personnel and expertise for the sessions.

The list of topical categories was as follows:

4. QUESTIONS

- Based on your experience in the marketplace, please describe how your clients are managing components of an enterprise service delivery model and evolving trends, such as:
 - Cloud services
 - Multiple suppliers
 - Cross-functional activities
 - Provisioning of additional services already used by the client (e.g., work requests, IMACs)
 - Keeping pace with technological change in the marketplace
 - Implementing innovative services and models
 - Supporting and increasingly mobile workforce
 - Managing security across the environment
 - Managing the needs of independent business units within an enterprise delivery model and contract.

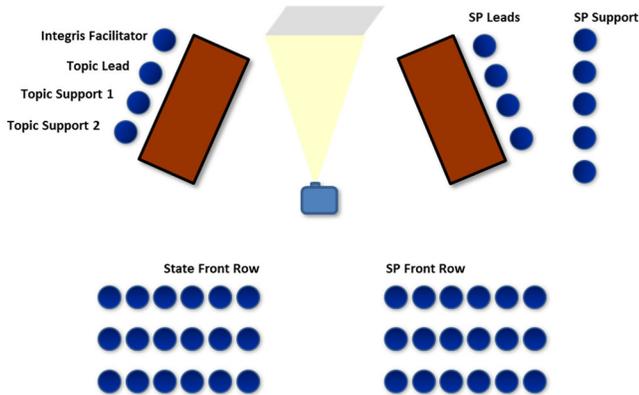
Figure 4-1: RFI Extract - Question 1





4.2 Service Provider Invitations and Training Conference

In advance of the Clarification Sessions, VITA and Integris Applied led a half-hour web conference which each of the service providers to explain the topic categories, room format, and other guidelines.



We informed the service providers of the agenda for the session, which allowed them to present a brief executive overview for around 20 minutes at the opening of the Clarification session, followed by the Commonwealth team asking questions across the six topics (at roughly a half hour per topic).

Providers were also given an overview of the room layout (as shown in Figure 5-2), ground rules, and Commonwealth invitees (as further described in Section 5.3 below).

Figure 4-2: Clarification Session Representative Room Layout

4.3 Commonwealth Extended Stakeholder Invitations

The RFI Working Team extended invitations for various other stakeholders in the Commonwealth (agency CIOs, AITRs, and members of the IT Sourcing Steering Committee) to observe the sessions from the audience. This allowed wider exposure to the process, without creating a public or uncontrolled forum.

All such attendees were invited directly, and upon their RSVP, all were given an overview of the session ground rules. The RFI Working Team led the conversation, and if an audience member had an interest in asking a question, he or she flagged a working team to insert their question into the session. The ground rules kept the sessions efficient and professional, and respectful of the service providers' significant investment in time and resources preparing for the conversations and making the trip to Richmond for four and a half hour sessions.



5. Results of the Sessions: Lessons Learned

5.1 Summary of Results and Approach

The results of the RFI were very positive. Team members learned a significant amount about marketplace capabilities and tradeoffs and are excited about the opportunities for the future. Many service providers responded, showing interest in working with the Commonwealth. Several commented on how valuable this RFI process was toward getting positive outcomes in future procurements. Clearly the objectives of learning the “art of the possible” and communicating interest to the market place were met.

The significance of the market response and the expertise gathered are represented in the statistics from the process indicated in Figure 6-1.

RFI Phase – <i>by the numbers</i>	
29	Providers submitted written responses
13	Providers invited for Clarification Sessions
100	Industry personnel attended - Senior executives, account leaders, subject matter experts - Experience represents numerous disciplines and clients in public and private sector
30	COVA stakeholders (in addition to RFI Working Team) attended as observers

Figure 5-1: RFI Statistics

The RFI Working Team debriefed during internal meetings spanning several days to consider the lessons learned over the course of the Clarification Sessions. They focused on identifying consistent themes across providers and some specific recommendations for the future. The team realized that that it was easy to cross the line from *actual messages heard* to *what we need to do about it*. Therefore, this report separates the findings into two parts:

- Section 6.2 (Service Provider Messages) describes the consistent themes the team heard from the providers.
- Section 6.3 (Takeaways – What It Means) covers the team’s response and interpretation of those messages.



5.2 Service Provider Messages

5.2.1 Sourcing Ecosystem



Sourcing Ecosystem

- **Ecosystem of multiple providers is typical nowadays**
 - All described the need for professional integration function
 - Several full-scope firms recommended a prime/subcontractor relationship, but most recommended having a separate integrator
- **Expect to have a hybrid infrastructure environment in the future**
 - All suggested multiple types of cloud services as well as on-premise services
 - COVA will continue to need datacenter space, but could be a much smaller, cheaper collocation facility.
- **VITA should be in the service business; not assets/real estate/staff**
 - Owning assets tends to create non-standardized environment and stifles evolution and innovation
 - May be sensible to create more choices; to buy end user devices; and consider leasing
 - “Friends don’t let friends build data centers”

5.2.2 Leveraging Cloud



Leveraging Cloud

- **Public cloud is a commodity service**
 - They have great efficiencies of scale and low prices, but do not tailor to specific clients
 - The great benefits of cloud are scalability, flexibility, speed to implement, and consumption-based pricing
 - It provides an excellent platform for development and test
 - Customers conform to cloud vendor requirements and must keep their applications current
- **Anticipate using multiple cloud services**
 - Hybrid cloud, public cloud, community (government) cloud, private cloud
 - Migration to cloud is not going to be a big-bang event
 - Many applications will not migrate to cloud for multiple reasons
 - Cloud will not completely replace on-premise services
- **Client expectations for cost savings are often too high (on a total cost of ownership basis)**



5.2.3 Maintaining Currency



Maintaining Currency

- We should move toward “portability” of applications in order to take advantage of virtualization and cloud options
- Consider using increased charges for out-of-maintenance systems to cover real costs and to incentivize users to update/replace systems
 - Does not resolve eventual problem of security and reliability risks of very old systems
 - Cloud environments will force users to maintain technical currency
- Provide a “sand box” (labs) to road test patches or new solutions
 - Cloud sand box is low cost, flexible and fast – offers an opportunity for innovation because cost barrier to test ideas is low

5.2.4 Cost Control and Options



Cost Control and Options

- Market can provide lower cost services if COVA allows data to reside anywhere in continental USA
- Stranded assets can be addressed with better planning, increased virtualization and building new applications for the cloud during the years before new sourcing model is in place
- Agency tools to manage cost include:
 - More choices for levels of service for business applications (e.g., silver, gold, platinum service levels)
 - Consumption pricing in the cloud
 - Competitive ecosystem allowing choice of solutions



5.2.6 Quality Management



Quality Management

- **Industry standard service level methodology works at the enterprise level**
 - Service level credits are still a significant motivator for providers
- **The service level methodology does not adapt well for use at the agency level**
 - Expanding service levels to agencies dilutes the credits of all service levels
 - Credits at agency level can be insignificant
- **Other processes can improve vendor responsiveness to agencies**
 - Agency level performance reports, root cause analysis, obligatory correction plans, SLA credits on correction plans, choice of levels of service (e.g., platinum, gold, silver)
- **An ecosystem with multiple vendors competing to provide the same service will motivate providers to keep end users happy in order to keep their business**

5.2.7 Security



- **Cloud provides security differently than non-cloud environments**
 - Cloud providers are motivated to put high premium on security: cloud environments are likely more secure than non-cloud environments
 - Standards are built into the infrastructure environment for all users
 - Services, including security, are not adapted to specific client needs
 - Providers don't see client data or applications; those are user responsibilities
- **Auditing is still adapting to cloud environments**
 - Emphasis on documenting procedures for entire cloud environment
 - Audits by authorities (e.g., IRS, FBI) are used in place of customer audits
 - Individual customer auditing, investigation or inspections are not supported
- **Identity management in multi-vendor/hybrid cloud environments is still immature**
 - Partial solutions/tools exist and new offerings are under development



5.3 Takeaways – What it Means

As stated in Section 6.1 above, the RFI Working Team quickly translated some of the service provider messages into what they might mean for the Commonwealth. The following list represents a distillation of the team's perspectives.

- **Providers are motivated to offer services to the Commonwealth.**
 - o The 29 RFI responses along with willingness of the 13 providers selected to meet with VITA to fly 100 executives from around the country both indicate serious interest in providing services to the Commonwealth.
- Services offered by the market are wide ranging and growing.
 - o The wide variety of service offerings, especially in newer technologies such as cloud based platforms and applications, demonstrated the extensive choices available in a future service delivery model.
- **Choice of specialized service providers is large.**
 - o Many providers have expertise focused in specific services. These providers are willing to contract directly with VITA or as subcontractors to a prime chosen by VITA.
- **Agencies can anticipate more choices in the future.**
 - o Anticipate multiple infrastructure choices and standardized levels of service (e.g., platinum, gold, silver); not complete buying freedom.
 - o Expect to order many services from approved service catalogue directly through a vendor supported portal.
- **Agencies will need to manage their applications and data.**
 - o Will need to analyze technical structure of applications and restrictions on data in the applications to know where they can run.
- **Typically incumbent providers do not provide innovation.**
 - o We must create ecosystems that encourage multi-supplier competition to get innovation.
- **Technology cycles are faster and the increased use of cloud services will force on-going expenses to maintain technical currency.**
- **More choices and speed of change will force end users to have, or to have access to, more IT expertise.**



Additionally, the team interpreted these findings further to translate them into a “glimpse of the future” as detailed in Figure 6-2 below.

Glimpse Into the Future

Agencies will have multiple choices that do not exist in the current one-size-fits-all model today

- A large service catalogue of approved suppliers and services
- Choices where to run their applications: public cloud, government cloud, private cloud or on-premise datacenter
- Must manage their application portfolio to take advantage of infrastructure choices
- Choice of competing providers for the same service
- Multiple levels of service at different prices (e.g., platinum, gold, silver, bronze)
- Able to order many services directly via a portal rather than a request to VITA

VITA will need to adapt

- Ecosystem management is ongoing; frequent procurements and transitions
- Turn VITA focus to merging IT trends with customer needs
- Depends on a high level of visibility into all aspects of the new ecosystem
- Adjust intersection of delivery changes with oversight responsibilities



6. RFI Phase Conclusions

The response from the marketplace reflects a high degree of interest in VITA's research for a new business model. VITA received 29 RFI submissions from providers. The 13 providers who were invited to Clarification Sessions brought 100 executives from around the country, as well as a few from overseas, to meet with VITA. In both the written responses and during live sessions, providers showed a strong interest in VITA's next generation service model. During the discussions providers indicated that virtually all modern IT environments are multi-supplier and thus the need for an integration function to coordinate cross-functional processes. In addition, they discussed at length the impact of cloud computing on provision of infrastructure services.

Specific provider messages in each topic area of discussion.

Sourcing Ecosystem: an ecosystem of multiple providers is typical nowadays; expect to have a hybrid infrastructure environment in the future and VITA should be in the service business, not assets/real estate/staff.

Leveraging Cloud: Public cloud is a commodity service; anticipate using multiple cloud services and client expectations for cost savings are often too high.

Maintaining Currency: VITA should move toward "portability" of applications in order to take advantage of virtualization and cloud options; consider using increased charges for out-of-maintenance systems to cover real costs and to incentivize users to update/replace systems and provide a "sand box" (labs) to road test patches or new solutions.

Cost Control and Options: The market can provide lower cost services if COVA allows data to reside anywhere in continental USA; stranded assets can be addressed with better planning, increased virtualization and building new applications designed for the cloud during years before new sourcing model is in place and there are several approaches that VITA can provide to help agencies control spending.

Quality Management: Industry standard service level methodology works at the enterprise level, the service level methodology does not adapt well for use at the agency level, there are other processes that can improve responsiveness to agencies, and an ecosystem with multiple vendors competing to provide the same service will motivate them to keep end users happy in order to maintain and expand their business.

Security: Cloud provides security differently than non-cloud environments; auditing is still adapting to cloud environments and identity management in multi-vendor/hybrid cloud environments is still immature.

Following the Clarification Sessions with providers, the RFI Working Team digested the messages from providers and developed some additional conclusions.

- Providers are motivated to offer services to the Commonwealth.
- Services offered by the market are wide ranging and growing.
- Choice of specialized service providers is large.
- Agencies can anticipate more choice in the future.
- Agencies will need to manage their applications and data.



- Typically incumbent providers do not provide innovation.
- Technology cycles are faster and the increased use of cloud services will force on-going expenses to maintain technical currency.
- More choices and speed of change will force end users to have, or have access to, more IT expertise.

The results of this review will be used in the evaluation of sourcing alternatives and formulating the final recommendations of the ITS Sourcing Program.



7. Appendices

7.1 Appendix A: RFI Document

VITA RFI 2015-15

Virginia Information Technologies Agency



Supply Chain Management (SCM)

COMMONWEALTH OF VIRGINIA

VIRGINIA INFORMATION TECHNOLOGIES AGENCY (VITA)

SUPPLY CHAIN MANAGEMENT DIVISION

11751 MEADOWVILLE LANE

CHESTER, VIRGINIA 23836

REQUEST FOR INFORMATION (RFI) 2015-15

FOR:

IT Infrastructure Services Market Research

Issue Date: May 22, 2015

Due Date/Time: June 12, 2015 at 4 pm EDT

Single Point of Contact: Mike Novak

Telephone: (804) 416-6168

E-mail Address: michael.novak@vita.virginia.gov

NOTE: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against a Supplier because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

VITA is committed to increasing procurement opportunities for small, women-owned, and minority-owned (SWaM) businesses, strengthening the Commonwealth's overall economic growth through the development of its IT suppliers.

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- 1. INTRODUCTION
- 2. PRESENT SITUATION
- 3. SUBMISSION PROCESS
- 4. QUESTIONS
- 5. CONTACT INFORMATION

1. INTRODUCTION

The intent of this Request for Information (RFI) is solely to gather information; it is not a formal procurement. Information received may be used for informational and planning purposes. Nothing in this RFI should be construed as intent, commitment or promise to solicit or procure a solution. Responding to the RFI is not a pre-requisite to submitting a proposal for any subsequent procurement should a formal solicitation be issued. Respondents should not provide any confidential or proprietary information. Information submitted in response to this RFI will become the property of the Commonwealth of Virginia.

VITA and the Commonwealth of Virginia will not pay for any information herein requested and provided by Supplier. VITA and the Commonwealth of Virginia will not be liable for any costs incurred by the Supplier related to this RFI. All such costs are Supplier’s sole responsibility. VITA is not at this time seeking proposals and will not accept unsolicited proposals. Supplier must not submit any pricing information for services described in these RFI responses.

Following receipt of responses to this RFI, VITA may contact some respondents to clarification meetings to gain additional understanding.

Purpose

As VITA seeks to evolve its business model in the coming years, it is interested in market insight on models to achieve its goals. This RFI will focus on service provider perspectives of service integration, cloud service management, multi-supplier environments, and balancing agency business needs with enterprise needs.

VITA sits at the center of the Commonwealth’s strategy to improve service delivery to citizens. As the agency responsible for providing the information technology and services that enable government to serve the citizens of the Commonwealth, VITA must keep pace with new technologies and how Virginians are using those technologies in their daily lives. VITA’s partnerships with the marketplace must provide transparency, flexibility and innovation, while meeting the needs of the agencies that sit on the front lines with citizens every day.



VITA RFI 2015-15

The current sourcing relationship and its service delivery model provided a significant step forward by providing consistent standards and security as well as modernizing the IT infrastructure. Technology has since evolved and citizens needs have changed significantly.

VITA must develop a sourcing strategy that balances the needs of Commonwealth agencies and the Commonwealth as a whole. This strategy must be developed in partnership with agencies and policy makers, incorporate marketplace capabilities and innovation, and consider short term and long term costs. The information received from RFI respondents will help in the development of VITA's sourcing strategy

In particular, VITA is interested in learning about current and potential industry/marketplace solutions for the following goals:

- Better meeting unique agency requirements while maintaining and improving an enterprise delivery model
- Improving the provisioning of services (e.g., adding capacity, introducing new solutions)
- Lowering cost and increasing options for clients to control costs
- Navigating compliance and security

2. PRESENT SITUATION

VITA's Mission and Vision

MISSION: To provide information technology and services that enable government to serve the citizens of the Commonwealth.

VISION: To be Virginia's "go to" government information technology partner.

As the Commonwealth's consolidated information technology organization, VITA's responsibilities fall into four primary categories:

- Governance of the Commonwealth's information security programs
- Operation of the IT infrastructure
- Governance of IT investments
- Procurement of technology services (including telecommunications services) on behalf of customer state agencies, state institutions of higher education and participating localities

Current Model – VITA Overview

VITA provides centrally managed shared services for statewide IT infrastructure through the Comprehensive Infrastructure Services Agreement (CIA) with Northrop Grumman Services Corporation. The services include data center, server and mainframe, data and voice network, desktop computing and software, enterprise email and office productivity solutions, help desk, security and monitoring, as well as disaster recovery. These services are provided to 60+ state agencies spanning over 2200 locations

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statewide, 59,000 PCs, 3300 servers, 2000 circuits, 1.5 petabytes of storage, 2 mainframes and 2 data centers. State agencies comprise diverse government services including public safety, transportation, health and social services, employment, revenue, administration, natural resources and education. The term of the CIA expires on July 1, 2019. Agencies will acquire these infrastructure services through VITA but will retain responsibility for their unique business applications.

The current relationship with Northrop Grumman provided a significant step forward in providing consistent standards and security as well as modernizing the IT infrastructure. Technology has evolved and citizens needs have changed significantly. Information technology requirements are already beyond the requirements that could have been imagined when the existing contract was conceived. VITA must develop a sourcing strategy that balances the needs of Commonwealth Agencies and the Commonwealth as a whole.

Additional information about VITA, the IT infrastructure services partnership and the CIA can be found at www.vita.virginia.gov

3. SUBMISSION PROCESS

Issue Date:	May 22, 2015
Due Date/Time:	June 12, 2015 at 4 pm EDT
Response Delivery Method:	E-mail attachment and CD or USB stick sent to Single Point of Contact. Note: e-mail must be received by the due date and time; CD or USB stick must be post-marked by the due date, but can be received later. E-mail attachments must be limited to 15 MB.
Single Point of Contact:	Mike Novak
Telephone:	(804) 416-6168
E-mail Address:	michael.novak@vita.virginia.gov
Mailing Address:	11751 Meadowville Lane, Chester, VA 23836
Pricing:	No pricing information should be submitted
Document Format:	Microsoft Word or Adobe PDF document addressing the questions in Section 4 below and with the contact information in Section 5 below.
Suggested page limit	While no responses will be rejected for length, we respectfully request a limit of 30 pages.



4. QUESTIONS

1. Based on your experience in the marketplace, please describe how your clients are managing components of an enterprise service delivery model and evolving trends, such as:
 - Cloud services
 - Multiple suppliers
 - Cross-functional activities
 - Provisioning of additional services already used by the client (e.g., work requests, IMACs)
 - Keeping pace with technological change in the marketplace
 - Implementing innovative services and models
 - Supporting and increasingly mobile workforce
 - Managing security across the environment
 - Managing the needs of independent business units within an enterprise delivery model and contract.
2. Please provide up to three client case studies to support your answer to Question 1. (client names can be withheld).
3. Please discuss the tradeoffs inherent in a consolidated enterprise business model and how you and your clients manage those tradeoffs? (For instance, enterprise SLAs might not meet SLAs required for an individual business unit or agency.) How are you building more flexibility into your delivery models and how would the approaches you are using in the market place help the Commonwealth meet the stated goals of:
 - Better meeting unique agency requirements while maintaining and improving an enterprise delivery model
 - Improving the provisioning of services (e.g., adding capacity, introducing new solutions)
 - Lowering cost and increasing options for clients to control costs
 - Navigating compliance and security
4. Please describe the pitfalls that the Commonwealth should avoid when developing a new delivery model that provides more flexibility for agency needs while preserving enterprise needs such as security and compliance management.
5. Please describe your approach to managed security services for an enterprise of the scope and scale of the Commonwealth of Virginia.
6. What do you need from your clients in a delivery model serving multiple agencies/business units with multiple service providers?
7. Based on your experience, what best practices would you recommend for working with your clients in an enterprise service model to deliver innovative solutions to complex business problems?
8. Please describe any additional recommendations and considerations for the Commonwealth in development of its new model.

5. CONTACT INFORMATION



VITA RFI 2015-15

Please provide your company's contact information.

Contact Information	<i>Enter your response in this table, pasting it into your submission document and enlarging the box as needed</i>
Company Name	
Company Mailing Address	
Company Website Address	
Name of Contact Person	
Contact Person E-mail Address	
Contact Person Telephone #	
List of primary service offerings (that might serve VITA)	
Years company has been in existence	
Headquarters location	

Thank you for responding to this Request for Information.



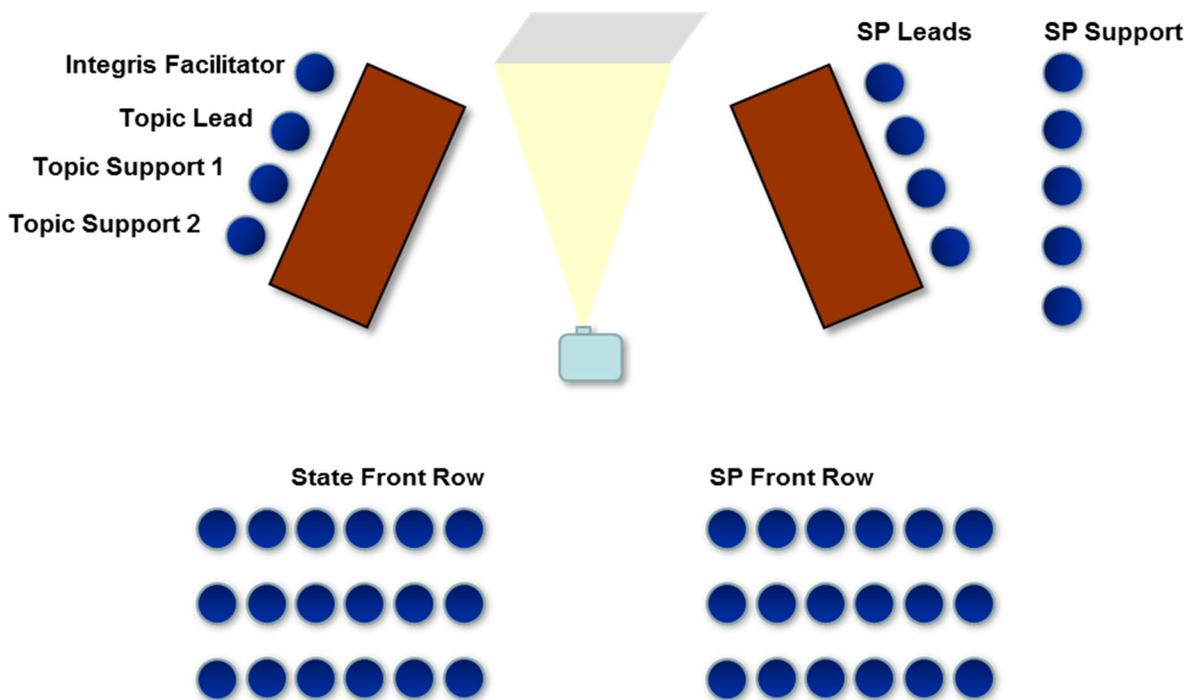
7.2 Appendix B: Sample Clarification Session Room Format

The Clarification Sessions were structured with a room layout similar to the figure below. It was provided for representative purposes, and VITA encouraged the providers to limit participants to no more than 10.

The room was structure to allow lead tables to communicate with each other, while audience members are able to observe.

Topics were led by CoVA personnel and facilitated by Integris – all seated at the lead table. Members of the audience was able to participate only if called upon by a lead table.

VITA encouraged customers to attend for observational purposes, but in some cases may need to limit audience due to room size, etc. These were not public meetings, and only reserved COVA participants were present.



7.3 Appendix C: Notification E-mails to Service Providers

On 29-Jun-2015, the following notes were sent to providers.

For those not invited:

Thank you very much for responding to the VITA IT Infrastructure Services Market Research RFI. Your response provided helpful insight and perspective for our teams to consider as we plan our change program.

The intent of the RFI process was to solicit a wide variety of perspectives from the marketplace, and to inform an internal audience of VITA and agency customer stakeholders about capabilities and trends. Your response was informative and helpful and will influence VITA's thinking as we evaluate options for a second generation sourcing strategy. An RFI Working Group took on the task of reviewing all responses received from the market. Based on the immediate needs of the Commonwealth's sourcing

strategy program, the Working Group has decided that at this time we have no further questions for you. Please know that we are grateful for your participation and that we now have a deeper understanding of your capabilities.

Again, thank you very much for your RFI response. We recognize that building these responses takes a lot of your time and effort and hope that you will participate in future CoVA procurement activities.

If you have any questions, please do not hesitate to contact me.

For those invited:

Thank you very much for responding to the VITA IT Infrastructure Services Market Research RFI. Your response provided helpful insight and perspective for our teams to consider as we plan our change program.

The intent of the RFI process was to solicit a wide variety of perspectives from the marketplace to inform an internal audience of both VITA and agency customer stakeholders about capabilities and trends. The RFI Working Group team has determined that we would like to meet with you for a clarification meeting. This meeting will occur in Richmond between July 13th and August 6th for approximately 3.5 hours. We would anticipate a service provider presence of no more than 10 persons (and less is fine). In order to provide additional information and logistics, we will have a service provider web conference (which will include all invitees) on Thursday, July 2 from 2:30 to 3:00pm. This web conference will provide initial grounding for invited service providers, and will be followed up with individual communications with you regarding the topics that we would like to discuss with you, scheduling, etc.

Again, thank you very much for your RFI response. We recognize that building these responses required a lot of your time and effort. We appreciate that you chose to respond and want you to be aware that your insights are valued. We also hope that you will participate in future CoVA procurement activities.

In response to this note, please confirm your availability for the web conference on Thursday, July 2. If you have any questions, please do not hesitate to contact me.

7.4 Appendix D: RFI Phase Conclusion Notification to Service Providers

Thank you very much for your participation in VITA's recent request for information process - RFI 2015-15, IT Infrastructure Services Market Research, and in particular, making the investment to bring your team to Richmond for the clarification session. The insights gained by the commonwealth were valuable in helping us learn about the "art of the possible" in the information technology (IT) market and sharing that message with our stakeholders. We are considering all of these findings as we build a next-generation IT infrastructure sourcing strategy.

We have concluded the RFI process and have no further questions for your company at this time. We hope that you will participate in relevant future sourcing initiatives. Although we do not have anything to announce at this point, we invite you to monitor our IT sourcing strategy website for updates.

Please relay my thanks to the rest of the team as well. If you have questions or comments, feel free to contact me at perry.pascual@vita.virginia.gov or Tim Ryckman at tim.ryckman@integrisapplied.com.