

Minutes

Friday, December 12, 2014

Patrick Henry Building

Room 1006, Conference room 3

1111 East Broad Street, Richmond, VA 23219

Attendance

Members present

Sandra J. Adams
Anjan Chimaladinne
Secretary Karen R. Jackson
Clyde E. Cristman
Kent C. Dickey
David Ihrle
Monte Johnson
Dr. Ernest F. Steidle, Vice-Chair

Charlie Kilpatrick, P.E.
Sam Lupica
Kelly Thomasson Mercer
Judy Napier
John Newby, Chair
CIO Sam Nixon
Richard F. Sliwoski, P.E.

Members absent

David A. Von Moll

Others present

Janice Akers, VITA
Eric Link, VITA
Kimberly Sarte, JLARC
Mark Gribbin, JLARC

Anthony R. Bessette, OAG
Perry Pascual, VITA
Ashley Colvin, VITA
Joshua Heslinga, OAG

Call to Order

Secretary of Technology Jackson called the meeting to order at approximately 9:36 a.m. Secretary Jackson welcomed and thanked the members for attending the meeting and stated that she looked forward to the input that they will be providing in the future.

Ms. Jackson asked Ms. Akers to call the roll. Ms. Akers confirmed the presence of a quorum at 9:42 a.m.

Kelly Thomasson Mercer, Deputy Secretary of the Commonwealth, proceeded with the swearing in of the ITAC members. The members read the oath in unison and signed the official oath documentation.

The members to the Information Technology Advisory Council then introduced themselves. Appointed were:

- Sandra J. Adams, Commissioner, Virginia Department of Agriculture and Consumer Services
- Anjan Chimaladinne, Vice-President, Udyoga, LLC
- Karen R. Jackson, Secretary of Technology, Office of the Secretary of Technology
- Clyde E. Cristman, Director, Department of Conservation and Recreation
- Kent C. Dickey, Deputy Superintendent for Finance & Operations, Department of Education
- David Ihrie, Chief Technology Officer, Center for Innovative Technology
- Monte Johnson, Senior IT Consultant, Booz Allen Hamilton
- Charlie Kilpatrick, P.E., Commissioner of Highways, Virginia Department of Transportation
- Salvatore "Sam" Lupica, Chief Operating Officer and Acting Commissioner, Virginia Employment Commission
- Kelly Thomasson Mercer, Deputy Secretary of the Commonwealth, Commonwealth of Virginia
- Judy Napier, Commissioner, Virginia Department of Alcoholic Beverage Control
- John Newby, Commissioner, Department of Veterans Services
- Sam Nixon, CIO of the Commonwealth, Virginia Information Technologies Agency
- Richard F. Sliwoski, P.E., Director, Department of General Services
- Ernest F. Steidle, Chief Operations Officer, Department for Aging and Rehabilitative Services
- David A. Von Moll, State Comptroller, Virginia Department of Accounts

Mr. Nixon then commented that regarding the election of Chair and Vice-Chair that the code does not allow for the Secretary of Technology or the CIO of the Commonwealth to serve in that capacity. He then moved for John Newby to be elected as Chair for the ITAC. The board voted in favor of John Newby. Mr. Nixon then moved that Ernest Steidle be elected as Vice-Chair for the ITAC. The board voted in favor of Ernest Steidle. Ms. Jackson then passed the meeting to John Newby to lead.

John Newby accepted and thanked the ITAC for their support. He then followed the agenda and invited Anthony Bessette, Office of the Attorney General, to proceed with his presentation.

Office of the Attorney General

Anthony Bessette, OAG provided an overview of the legislation regarding advisory councils, purpose of advisory councils and legal considerations regarding transaction of advisory council business.

Mr. Bessette gave an overview of ITAC's statutory role. ITAC was created and given power in Virginia Code and is an "advisory council" and has no regulatory or role functions. Mr. Bessette reviewed elections, power and duties and the role of the Health Information Technology Advisory Council (HITSAC). He also gave brief overviews of the Virginia Freedom of Information Act (FOIA) and the Virginia Public Records Act (PRA).

Chief Information Officer Update

CIO Nixon began his presentation by thanking Mr. Newby and Mr. Steidle for assuming the leadership roles for the board. CIO Nixon gave the board a high-level overview of VITA. He began with level-setting of the technology pre-VITA in the state and why VITA was created and why it was outsourced.

He continued with VITA's mission and statutory roles before giving an overall IT Infrastructure footprint of the commonwealth. The transformation status was presented at 86 of 89 agencies having been transformed. Mr. Nixon outlined the major policy goals that VITA has achieved to date:

- Provide standardized infrastructure
 - *Reliable, secure, licensed, maintained*
- Curtail failed IT projects
 - *Consistent project management oversight*
- Enable data sharing across agencies
 - *Data standards & enterprise data services*
- Leverage buying power
 - *Over 100 statewide contracts*
- Enhance IT security
 - *Enterprise infrastructure protections*

Mr. Nixon also shared the FY 2014 accomplishments with the ITAC. They include:

- Met all FY 2014 financial targets
 - 4th & final payment toward line of credit
 - Rate stability
- Numerous technology upgrades
 - Windows 7 upgrades, ITSM, Disaster Recovery test
- VITA as a Service Organization
 - Functional re-alignment, removed silos
 - VITA Business Process Management Program
 - New Vision, revised Mission
- Transition to new contingent labor contract
 - SWAMs win 60 % of spend

- Received several national and state awards

Mr. Nixon then discussed IT spending averages at the agencies, and offered agencies savings opportunities, which include:

- Tier 3 storage lowers cost for archival data
 - Monthly cost of \$0.61 per GB
 - In contrast, Tier 2 storage is \$1.37 - 2.83 per GB
- Hosted mail archiving saves unlimited email for \$5.49/month per employee
- BYOD gives employees \$45 monthly stipend to use own device: saves agencies \$55
- Managed print contracts let agencies choose among vendors to find best value

He gave a snapshot of active major IT projects and commonwealth business needs how they drive the IT spend. Mr. Nixon moved to the topic of security and described the origins of attacks on the commonwealth and the security incidents from 2010-2014. He stressed that VITA does not own all security and that agencies are responsible for their applications. Furthermore, he said that to be successful we all have to have a leadership role in securing the network.

Mr. Nixon gave a brief overview of the prospective timelines for the IT services sourcing update that served as an introduction for Perry Pascual to begin his presentation on the topic.

IT Infrastructure Services Sourcing Update

Perry Pascual, VITA, gave the ITAC an IT infrastructure services sourcing update. As an overview, Mr. Pascual gave highlights of the Northrop Grumman contract for the council:

- 13-year term expires on July 1, 2019
- Focus since 2005 has been tactical:
 - Finish “transformation” of 89 agencies
 - Improve overall performance
- VITA requires new resources to maintain operations while addressing infrastructure services sourcing & disentanglement
- Feedback from policymakers & customers needed on next steps:
 - In-sourcing, out-sourcing, multi-sourcing

He noted that the commonwealth is eight and half years into the contract and we need to prepare and account for agency perspective before the expiration in June 2019. In addition, this will span multiple administrations and the commonwealth needs to prepare early. Mr. Pascual outlined the guiding principles that VITA is using as a starting point when beginning this process. They are:

- Maintain existing resiliency, reliability and industry best practices
- Maintain vigilance while continuously improving performance and security

- Leverage market and technology trends to promote agility in delivery and diversity in choices
- Ensure price competitiveness and financial flexibility

Mr. Pascual then moved to the key decisions that are needed by the end of CY 2015 and noted that the prerequisite activities must be completed during the McAuliffe administration. Broad questions surround this point and VITA need to answer- how to structure services, ensuring there is a solid pull of vendors and that decision points are outlined by the end of next year. He noted that three policy decisions were also on the table.

1. Policy decision: State data center?

- Will commonwealth want a dedicated state data center, located in Virginia?
 - Other states use multi-tenant and/or out-of-state data centers, potentially lowering costs
 - Use of in-state center ensures Virginia laws apply & supports economic development
- Use of public “cloud” services may lower costs, but may add complexity & hinder security of data
 - Northrop Grumman already provides private cloud to CoVA

2. Policy decision: Funding to buy assets?

- Outsourcing chosen in 2005 because state lacked capital
 - Northrop Grumman provided capital, which state is repaying
 - Cost to end contract early reflects this (\$318M in FY 2014)
- Will funding exist to buy Chester, VA data center & other IT assets?
 - 2013 assessed value of Chester, VA facility is \$38M
 - Contract stipulates *at least* \$47M cost for certain assets (mainframes, servers, PCs)

3. Policy decision: IT staff rehiring?

- More than 550 state IT staff became Northrop Grumman employees in 2006
 - Northrop Grumman now has 580 staff & contractors
- State may offer to hire Northrop Grumman staff & subcontractors
 - Offers must be made from Oct. 2018 – Sept. 2019
- In-sourcing will require substantial hiring
 - *At least* \$48M plus benefits

Mr. Pascual moved to the disentanglement with Northrop Grumman explanation to members. Overall, disentanglement associated with end of term begins no later than nine months prior (Oct. 1, 2018) and the length may vary. He stated that this is what VITA has to do when the contract expires. VITA has intent to go to market and make it seamless as possible for everyone. There has always been contract provision for non-exclusivity and sourcing strategy may suggest introducing alternate service models and providers in a staggered transition. The immediate next steps, Mr. Pascual noted, is that an award for a sourcing strategy advisor will be this month and the advisory engagement will begin in January. He expects that

this consultant will regularly engage with stakeholders, VITA and customers. He asked the ITAC members to think how the best way for the consultant to work with them as an advisory council. He also noted that the current trends in IT sourcing will be considered. Examples are:

- Shorter terms
- Shift from single vendor to best-in-breed vendor(s)
 - Use of multi-sourcing integrator (MSI) to support “plug-n-play”
- Staggered procurements vs. “big-bang”
- Cloud computing (no magic bullet)

Mr. Pascual moved to the proposed schedule of the stakeholder engagement and noted that a business readiness position to assure for open communications and change management was underway at VITA. He stressed that VITA’s intent is to regularly check in with ITAC and get a pulse on the project; and to make sure VITA is moving at a good cadence for the project. He encouraged members to let him know what information they want and need and what timing they expect.

JLARC Update

Ashley Colvin, VITA, gave the ITAC a brief update on the JLARC report on IT Governance. JLARC issued the report on *Virginia’s Information Technology Governance Structure* in September. The report included one recommendation for ITAC:

- The state Information Technology Advisory Council should develop, and VITA should implement, a specific proposal for involving agencies in planning for the expiration of the state’s contract with Northrop Grumman by April 2015

Mr. Colvin stressed that JLARC was very specific about the one goal and wanted to draw ITAC’s attention to it. He stated that agencies had some previous dissatisfaction with the process used in 2004-2005 and JLARC wanted to include more agency input this round. Mr. Colvin said VITA would work with ITAC and agencies to find the appropriate role.

New Business

Open Discussion

Mr. Newby kicked off the discussion and asked for several links to be sent to the membership to review. They included the CIA and amendments, IT Strategic Plan, ITAC site. He then asked Mr. Nixon what he would like to see the ITAC tackle as far as topics. Mr. Nixon responded that VITA has opportunities to help agencies at the business-level and we need to know what they need so VITA can put together the cost, options at an enterprise level.

Mr. Kilpatrick and Mr. Lupica brought up the need to look at the contractor options and Information technology Contingent Labor (ITCL) contract. Mr. Nixon responded

that VITA uses CAI, Inc. for our ITCL contract and that they have metrics that they could present to the ITAC at a future meeting. Mr. Christman asked that Commonwealth Security attend a meeting and give a briefing on what they do and give a breakdown on security. Mr. Ihrie asked about the governance piece of VITA and Mr. Nixon was able to address his concerns by explaining the best practices, standards and extensive metrics that VITA uses.

Mr. Steidle recommended that the IT Security Audit scorecard be added to the agenda when the topic of security is presented. He noted that the audit program is helpful. Mr. Nixon responded that only 30% of agencies have completed the audits and VITA needs help to get these completed. He encouraged the members to ask their agencies if they have completed or when they expect to complete them. Secretary Jackson stressed how important these are and encouraged agencies to be diligent in completing the audits. She said the ITAC can serve as the frontline in getting the message out to get completion.

Ms. Mercer asked about HITSAC and if the ITAC had to do anything regarding this group. Mr. Nixon answered that they have been an active committee since 2009 and they report to the ITAC now. He also commented that they are an outstanding group that serves and they have been focused on health IT standards.

Next Steps

Mr. Newby asked for an email distribution list to set-up for members. He also asked for a SharePoint site to be set-up for the members to review documents easily. He proposed that meetings be kept to two hours or less and that future meetings have two main categories. Those being: IT infrastructure services sourcing updates and the "Here and Now" topics (day to day activities) to give direct feedback to Sam Nixon.

Mr. Newby suggested that the next meeting (Feb. 2) include a background on the Northrop Grumman contract and level-set the members on the contract- where are we, what is going to happen in 2019, why? He also asked for a presentation on the COVA IT Strategic Plan and a link to the website to be sent in advance for members to review.

Mr. Steidle asked if VITA had business models to look at for disentanglement and give ideas how the commonwealth was going to get through it. Mr. Newby agreed this was important and suggested the agenda consider the impact to employees and money involved. Mr. Nixon noted the comments and added that it's important to recognize that the current contract does allow for the future timing to be put in place.

Mr. Christman asked for a tour of the Commonwealth Enterprise Services Center (CESC) to be included in a future meeting. Mr. Newby noted the request and agreed to add it in.

Proposed Meeting Dates

Mr. Newby asked that members review the proposed meeting dates and get back to him with their agreement to move forward with them. The dates for 2015 are Feb. 2, May 4, Aug. 3, and Nov.2.

Public Comment

Mr. Newby asked for public comment at 11:51 a.m. There was none.

Adjourn

Mr. Newby adjourned the meeting at 11:51 a.m.