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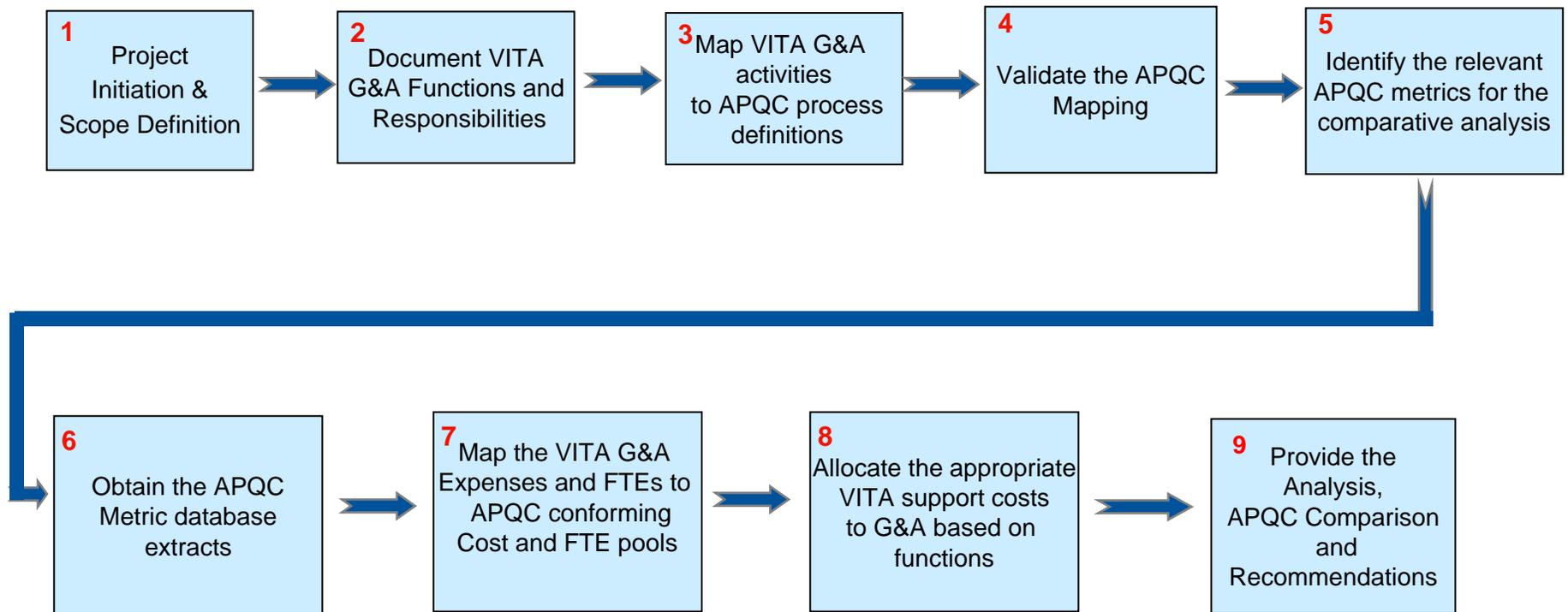
General & Administrative (G&A) Cost Analysis and Comparison

Final Report
Presented to the ITIB
January 17, 2008

Gartner[®]

Gartner Methodology

Comparative Analysis Steps



APQC / Process Classification Framework

About American Productivity and Quality Center (APQC)

A global resource for process and performance improvement, APQC discovers improvement methods, identifies benchmarks and best practices, disseminates findings and connects individuals. Spearheaded by APQC, the global Open Standards Benchmarking Collaborative (OSBC) research helps executives benchmark comparable business processes. Founded in 1977, the member-based nonprofit serves more than 500 organizations.

About the Process Classification Framework (PCF)

APQC and its members developed the Process Classification Framework (PCF), which is updated by a global advisory council of industry leaders. As a common language, the PCF allows organizations to see and discuss their activities from an industry-neutral viewpoint. Regardless of size, industry or geography, organizations can use the PCF to benchmark and improve processes. It is updated twice per year to ensure relevancy and continuous improvement.

APQC's Process Classification Framework - Definition of G&A

- **Gartner used the APQC definitions from the Process Classification Framework (PCF) to define G&A for purpose of comparison**
 - Within the PCF, generally functions that relate to delivery of IT services are not (as used here) considered G&A
 - Using the PCF definitions, some dollars were excluded from the G&A analysis for VITA in the following areas:
 - Portions of Service Management Organization (SMO)
 - E911
 - Portions of IT Integration and Enterprise Services (ITIES), and Finance and Administration (F&A)
- **The resulting costs, defined as G&A in the analysis using the PCF, are different than those typical considered within VITA and the Commonwealth**
 - VITA has operational terms for “overhead” (keyed to support functions) and “indirect costs” (keyed to funding sources) – these are not the same as “G&A” (as used here)
 - Gartner has used “G&A” as defined by APQC, to permit an apples-to-apples comparison of like functions with the companies in the APQC database

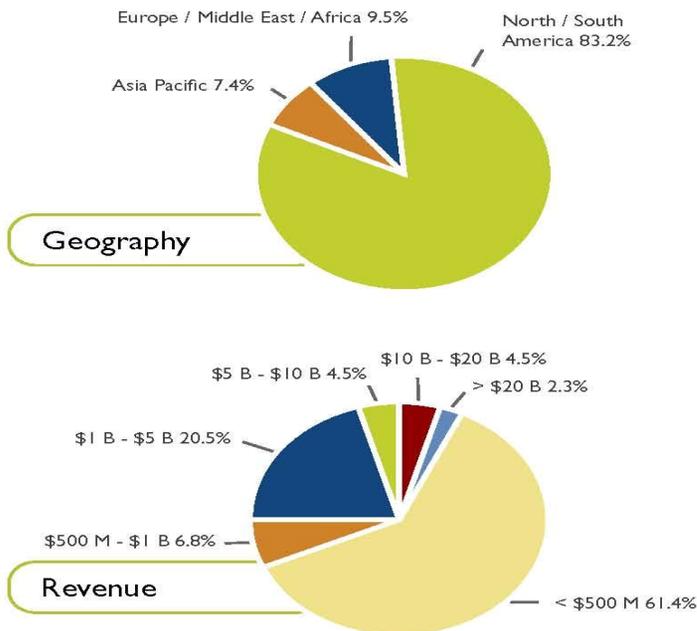
Overview of the APQC Database

APQC.

osbc research

Database Demographics

Information Technology



Industry

Services	22.1%
Consumer Products/Packaged Goods	18.9%
Industrial Products	8.4%
Retail and Wholesale	7.4%
Automotive	6.3%
Petroleum/Chemical	6.3%
Utility	6.3%
Distribution / Transportation	5.3%
Electronics	4.2%
Financial Services/Banking	4.2%
Insurance	4.2%
Government/Military	2.1%
Pharmaceutical	2.1%
Agriculture	1.1%
Non-Profit	1.1%
Aerospace	0.0%
Media and Entertainment	0.0%
Telecom	0.0%

N = 95 thru July 2007

The APQC Comparative Data

- **Metric Selection**

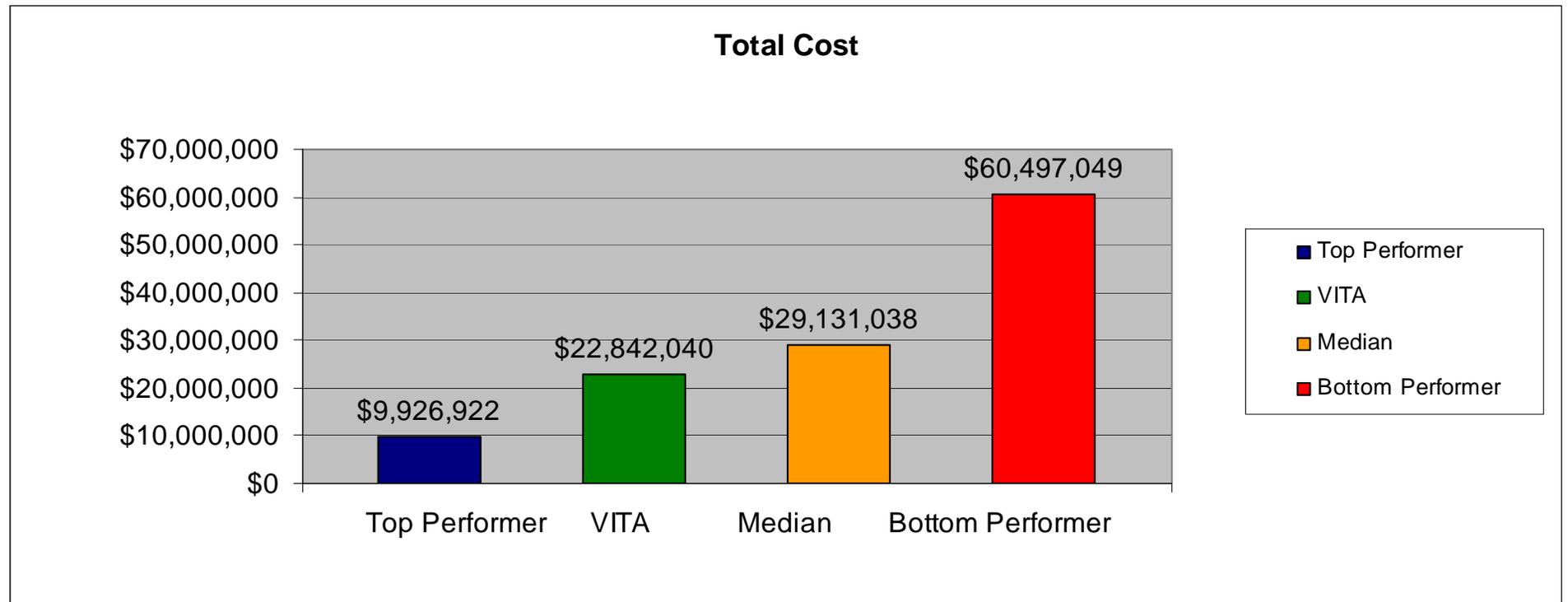
- Once the high level comparison results were analyzed, Gartner selected additional metrics in order to drill down into areas of interest
- Based on activity mapping of VITA G&A, we selected comparable cost and FTE metrics in order to do a high level comparison

- **The APQC database extracts used in the analysis had the following characteristics:**

- The number of data points (observations) for the metrics selected for this analysis ranged from a low of 13 to a high of 158, depending on the specific metric selected
- No additional selection criteria were used to reduce the database sample size by metric for this analysis (i.e. industry, size)
- The database observations come from a wide spectrum of companies or IT departments of companies across industry, non-profits and government

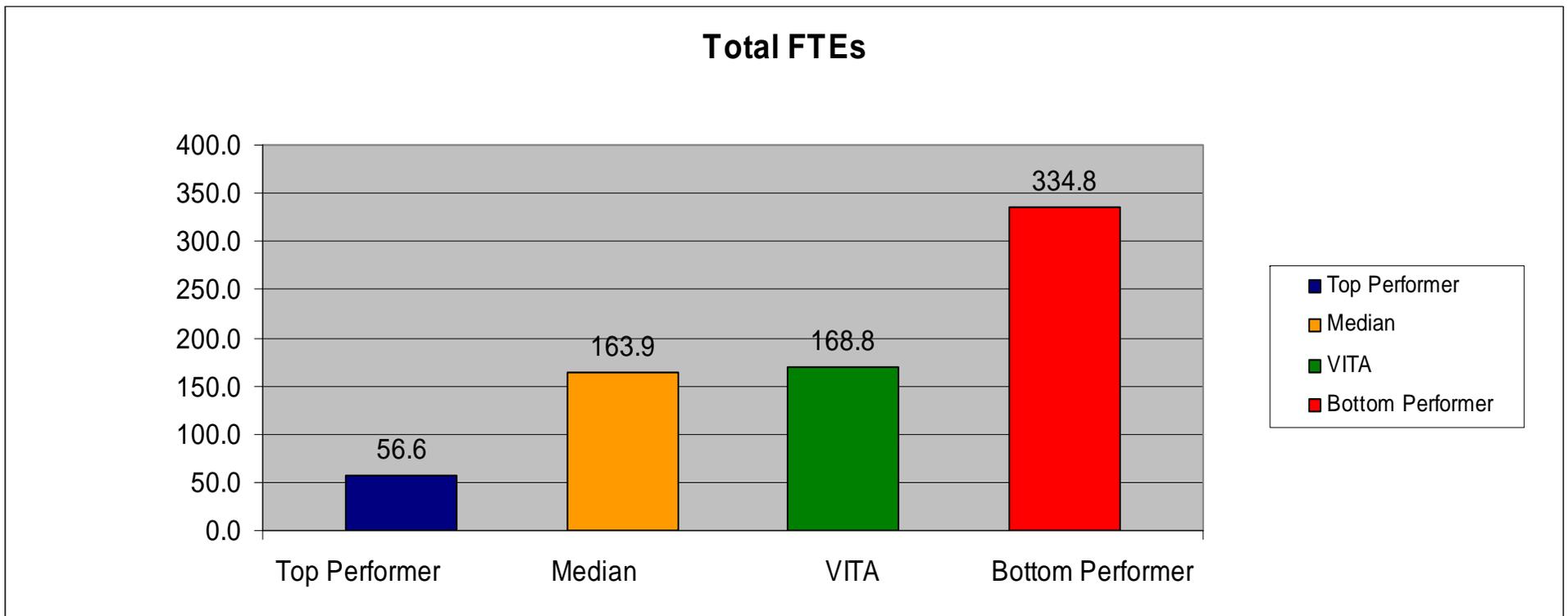
VITA G & A

Total G&A Cost Comparison



VITA G & A

Total G&A FTE Comparison



Conclusion

- **Gartner was engaged to conduct a comparative analysis of the General and Administrative (G&A) expenses of VITA**
 - The question to be answered for the ITIB was “how does VITA’s G&A expense compare?” to other entities
- **Based on the results of the comparative analysis, we find that VITA’s G&A expenses and G&A related FTEs are within the range anticipated for IT organizations performing similar functions**
 - Total expense performance is better than median performers in the database data
 - Total FTEs are in line with median performers in the database data

