



Draft Minutes v2

IT Infrastructure Committee

Wednesday, October 21, 2009

Commonwealth Enterprise Solutions Center (CESC)
11751 Meadowville Lane, Chester, VA 23836

Attendance

Members Present

Kenneth S. Johnson, Jr., Chairman
The Honorable Richard D. Brown
Hiram R. Johnson

Members Absent

James F. McGuirk

Others Present

Sam Abbate, Northrop Grumman
George Coulter, Chief Information Officer
Dr. Mary Guy Miller, ITIB
Debbie Secor, Virginia Information Technologies Agency (VITA)
John Westrick, Office of the Attorney General

Welcome and Call to Order

Chairman Ken Johnson called the meeting to order at 9:19 a.m. At the request of the Chairman, Ms. Secor called the roll and confirmed the presence of a quorum.

Approval of the Minutes

Chairman Ken Johnson introduced the draft minutes from the April 16, 2009, meeting. Mr. Hiram R. Johnson made a motion, seconded by Secretary Brown:

"I move the minutes as presented be approved."

The motion passed on a voice vote.

Modifications to the Comprehensive Infrastructure Agreement (CIA)

CIO Coulter reported that he plans to approve two engineering change proposals (ECPs) to the CIA with Northrop Grumman. The two ECPs deal with encryption and managed router/firewall/Internet. The third topic to be discussed is re-baselining of the contract. CIO Coulter noted that before modifications are made, there will be reviews by this committee, the ITIB, CIO Council, Governor's working group and the Office of the Attorney General (OAG) to ensure modifications preserve Virginia's rights.

Chairman Ken Johnson asked who serves on the Governor's working group. Secretary Brown said he served on the group with Craig Burns, Secretary of Finance's Office; John McDonald, Secretary of Technology's Office; and Dan Timberlake, Planning and Budget.

CIO Coulter noted that the two ECPs are for services currently being provided and billed to some customers.

Encryption

Mr. Coulter reported that the first ECP is encryption to protect sensitive information stored on desktops, laptops and tablet computers. He said encryption is a new, optional service offering that helps customers meet today's information security requirement and is necessary for some customers to meet Virginia security policy, standard for storing sensitive information. Encryption makes it difficult to retrieve data from lost, stolen or compromised PCs. CIO Coulter explained that the encryption service is in place today for approximately 2,168 computers. The largest customer is the Department of Corrections with approximately 1,500 computers. Health, Social Services and Taxation also use encryption.

CIO Coulter reported that the ECP provides technical requirements for deploying new service, provides a payment mechanism for billing/invoicing, and brings the contract up-to-date for the encryption service. He said customers currently paying for encryption will see a dramatic reduction in price, from \$18.83 to \$9.59 per PC per month as a result of negotiations with the vendor. There will be a one-time "out of cycle" installation charge of \$100.

Dr. Mary Guy Miller asked if encryption is a new service and above the \$236 million annual cap on the contract with Northrop Grumman. CIO Coulter said it is above the cap because encryption on PCs is not included in the contract. Ms. Cynthia Cordova-Edwards, VITA, noted that encryption is covered for data stored on the network but that this is very specific encryption that applies to PCs. Dr. Miller asked if new technology that becomes available is out of scope to the contract. Ms. Cordova-Edwards said there are clauses in the contract that require a review of offerings and pricing if there is a material shift in technology.

Chairman Johnson asked if service must be interrupted to place encryption on PCs. CIO Coulter said service would not be interrupted.

Mr. Hiram Johnson asked how many PCs require this encryption service. CIO Coulter said that is not known, noting that the current security policy states that if an agency deems the data on the PC is sensitive, the PC must have encryption. Mr. Don Kendrick, VITA, noted that the security standard prohibits the storage of sensitive data on PCs; however, the agency head and the information security officer (ISO) can make exceptions.

Secretary Brown made a motion reluctantly seconded by Mr. Hiram Johnson:

"I move we approve the encryption ECP and recommend approval by the ITIB."

The motion passed unanimously on a voice vote.

Managed Router/Firewall/Internet ECP

CIO Coulter said VITA currently "bundles" network services together. Those include the wide area network (WAN) or metropolitan area network (MAN) – Internet; local area network (LAN) – connectivity within customer agency; remote access – connectivity from outside of the office; and network security services – monitoring, responding to threats. He said while

this enterprise network service offering satisfies most customers, some need “unbundled” – or individual – network service options. Those include Social Services, which shares facilities with local government; Alcoholic Beverage Control stores; and potential customers, such as colleges and universities, K-12, localities, legislative and judicial branches of state government.

CIO Coulter said this ECP provides technical requirements for deploying services individually, provides a payment mechanism for billing/invoicing, allows customers to choose services that meet their needs, and brings the contract up-to-date with the service environment. He said the service for current customers is cost neutral but requires 36-month commitment to pay for the investment and for new customers offers a variety of service options at set rates.

Dr. Miller asked if the unbundled rate would not be more than the bundled rate. CIO Coulter said it would not be more. Dr. Miller asked about the 36-month commitment. Ms. Cordova-Edwards said the commitment is required to recover the cost.

Ms. Secor said some of the “unbundled services” already are in place. She said the managed router service was broken out of the bundle to accommodate ABC stores more than two years ago. She said VITA is responsible for the functionality up to the store and ABC is responsible on the other side of the firewall router. Ms. Secor added that ABC has been using this managed service successfully. She said DSS computers at localities were transitioned to VITA, but then DSS found that some localities have their own IT staff and support. VITA has been working with DSS to provide a managed router service to those localities at an unbundled rate.

Secretary Brown asked about the schedule for the ECPs. CIO Coulter said they will be shared with the full ITIB on an informal basis. Mr. Eric Link, VITA, agreed that the CIO could discuss ECPs informally with the ITIB via e-mail or wait until the next formal meeting. Chairman Johnson stressed that modifications cannot take place until the OAG approves the amendments.

Secretary Brown asked Mr. Westrick if there is a timeframe for review. Mr. Westrick said that varied depending on what is being reviewed. He said upon receiving final language, the OAG’s office could respond within 48 hours with a review timeframe. Secretary Brown asked Ms. Cordova-Edwards how long it would take to get the language to the OAG’s office. She said one week.

Secretary Brown made a motion, seconded by Mr. Hiram Johnson:

“I move we approve the managed router/firewall/internet ECP and recommend approval by the ITIB.”

The motion passed on a voice vote. Chairman Johnson said he would like staff to work with the OAG’s office in the future to get the approval and then bring contract changes to this committee.

CIA Re-Baselining Process

Mr. Coulter reported that re-baselining is a critical CIA contract update to replace 2005 inventory estimates with 2009 inventory data. Re-baselining should have been completed with transformation in July of this year but was pushed out because of inventory challenges. He said re-baselining is required to comply with federal cost mandates (and 50% of VITA’s revenue comes from federal funds) and VITA’s commitment to the Auditor of Public Accounts (APA). It will allow VITA to move to usage-based (managed services) billing where

the quantity of service x price will equal less than the \$236 million CIA contract cap. Re-baselining also is required in the contract.

Chairman Johnson asked about the accuracy of inventory. Ms. Secor said agencies and VITA are signing off on inventory once it is complete. She noted that there are some changes that are manual and VITA takes the risk on those. She said there is an install, move, add, change (IMAC) process that needs to be followed closely to keep inventory current once it is agreed upon. Mr. David Swynford, VITA, said the inventory is as accurate as it has ever been and that there is an asset dispute billing process that agencies can use, but that currently less than 1 percent of the assets are in dispute. Ms. Cordova-Edwards added that the outcome of re-baselining will require a contract modification to memorialize the adjusted baseline.

Chairman Johnson said changing the baseline appears to fly in the face of the five-year contract that Northrop Grumman accepted. Ms. Cordova-Edwards said when the contract was written, it established an initial baseline based on the inventory available at the time, and that re-baselining was built into the contract to include an accurate inventory. Chairman Johnson said re-baselining is a significant change. Ms. Cordova-Edwards agreed. He asked about the potential financial impact of re-baselining on each state agency. Ms. Cordova-Edwards said determining the financial impact is part of the re-baselining process. He asked why re-baselining is required now. Ms. Cordova-Edwards said the contract requires re-baselining and it is needed to adjust VITA rates to agencies with Northrop Grumman's bills to VITA. He asked if the \$236 million cap will be in jeopardy. Ms. Cordova-Edwards replied that the adjusted baseline will be within the \$236 million contract cap.

Chairman Johnson said the committee needs much more information to agree to re-baselining and a more comprehensive presentation about the contract changes in re-baselining needs to be made to the full ITIB.

Dr. Miller asked about the significant gap in the initial estimate and the actual amount of storage since that is up 1,200 percent. Ms. Cordova-Edwards said the JLARC report presented Northrop Grumman's position that storage has grown 1,200 percent. She said the increase includes network attached storage and direct attached storage. She said that is one of the issues between VITA and Northrop Grumman and must include discussion of direct attached, the implication of including direct attached storage in the inventory, the implication to the existing fees in the contract and the impact on the \$236 million cap.

Secretary Brown noted that VITA must go to JLARC after re-baselining for approval of rates charged to agencies. He asked the estimated time frame for that request. Mr. Swynford replied that the goal is to submit the information as soon as possible. He said VITA wants to take the rate request to JLARC at its February or March meeting but that depends on completion of re-baselining. Secretary Brown again noted that we need to know the financial impact on agencies. Mr. Swynford said that can be provided approximately one month after re-baselining.

Ms. Dana Smith, VITA, noted VITA has committed to the APA that it will complete re-baselining and provide a managed service bill to agencies. She added that federal auditors are concerned that VITA continues to use five-year-old cost pools to support its rate structure. She said re-baselining and then billing customers for actual usage will meet federal and APA requirements. When Northrop Grumman provides prices, VITA then will have the data it needs to examine its cost structure and establish new rates. She said it is VITA's intentions to complete this work in the next two weeks.

Chairman Johnson suggested adopting a formal process and sharing it with the full ITIB. He said VITA should keep its schedule, complete the review process and sit down with agencies to manage their expectations – particularly if a particular agency may see a significant

financial impact. Ms. Secor said VITA cannot develop impact statements for customers until Northrop Grumman provides pricing.

CIO Coulter said that additional contract modifications are expected for wireless, Microsoft licensing, voice over internet protocol (VoIP) telecommunications, disaster recovery, bandwidth and network redundancy, and virtual private network (VPN). He then thanked the committee members for coming together so quickly to meet.

Other Business

Chairman Johnson asked if there as any other business. There was none.

Public Comment

Chairman Johnson asked if there was any public comment. There was none.

Adjourn

Chairman Johnson asked for a motion, seconded by Secretary Brown:

“I move we adjourn.”

The motion passed on a voice vote. The meeting adjourned at 10:59 a.m.