July 1, 2007, through June 30, 2008

The Virginia Information Technology Infrastructure Partnership

Annual Report

Improving Technology and Wiring Virginia for the 21st Century

INFRASTRUCTURE PARTNERSHIP

VITA Virginia Information Technologies Agency

NORTHROP GRUMMAN

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Leadership Message

Since the $2 billion, 10-year Virginia Information Technology Infrastructure Partnership got under way two years ago, the Virginia Information Technologies Agency (VITA) and Northrop Grumman have partnered closely with agencies and others to transform state government's information technology (IT) infrastructure. Some of the significant achievements include:

- Constructing and opening two custom-built, secure, reliable data centers with robust disaster recovery capabilities (the Commonwealth Enterprise Solutions Center in Chesterfield County and the Southwest Enterprise Solutions Center in Russell County)
- Consolidating or relocating 806 servers, related data and processing
- Migrating more than 850 agency sites to a secure network with two secure Internet gateways
- Replacing more than 23,000 personal computers, including desktops, laptops and tablets, that have standard licensed software, adequate security protection and full lifecycle support
- Transitioning 61 agencies to a central help desk and common incident management tool
- Making improvements in Virginia's IT security, coordinating security across agencies and implementing an enterprise security operations center
- Creating jobs in economically challenged Southwest Virginia and supporting education in the region

Over the past year, VITA and Northrop Grumman have focused on this expansive technology transformation while preparing for the transition to managed services. During the next year, we will focus on finalizing technology transformation activities at remaining agencies and transitioning to managed services so that we can get to steady state operations.

As we look at the first two years of this unique public-private partnership, we see that we have been building the capability to monitor, troubleshoot and resolve IT challenges faster and more reliably. While we have made significant progress, we acknowledge that we have encountered challenges and have more to do to improve service and support to our agency customers.

As we enter the third year of this innovative transformation, our mission remains the same — to provide a common, steady state IT infrastructure that enables government to better serve the public. That promise guides VITA and Northrop Grumman as we implement this bold vision.

This annual report — our second — provides an overview of our accomplishments in the past year and sets the standard for our performance in carrying out next year's activities and initiatives. We hope it conveys the sense of pride and accomplishment we feel as we continue to transform the Commonwealth's IT infrastructure.

Commonwealth Chief Information Officer
Lemuel C. Stewart

Northrop Grumman IT Commercial, State and Local Group President
David W. Zolet

VITA Service Management Organization Director
Fred Duball

Northrop Grumman Vice President, VITA IT Partnership
Doug McVicar

A New Business Model

The transformation of technology is highly visible in some instances – such as replacement of personal computers (PCs) – and behind the scenes in other instances – such as enhanced security. The transition to managed services is similar – in many instances, services and support will evolve behind the scenes, while improved services, workforce alignment and regular reporting of service delivery metrics will be visible to customers.

The new managed services environment, which began July 1, 2008, is a business model that provides a measured approach to the delivery and support of the IT infrastructure with the goal of improving functionality and maintaining current costs for existing services. Northrop Grumman is providing these managed services to the Commonwealth under the direction of the Information Technology Investment Board (ITIB) and VITA.

In this managed environment, customer agencies buy more than just a PC. They buy a service that includes hardware and software, updates, security, server space and management, 24x7 monitoring, virus protection, backup and disaster recovery services, and more – it is an integrated service, not just a piece of equipment. Part of the transition to managed services is the implementation of service level agreements (SLAs). The SLAs define the scope, manner and timeframe in which services are delivered and the measures for services. Customer agencies are the beneficiaries – the IT infrastructure is available and reliable, permitting agencies to focus on their core missions.

Managed Services Areas

Service	Before	After
Messaging (e-mail Systems)	More than 40 e-mail systems and address lists across the state	Enterprise-wide standard messaging services include: ▪ Microsoft Outlook e-mail ▪ Access to statewide address list and interagency file sharing ▪ Automatic anti-virus, spam blocking and enhanced security
Data Network	Fragmented and slow networks with more than 85 connections to the Internet and security risks	State-wide high-speed voice, video and data network offers: ▪ 24x7 central monitoring and improved security ▪ Back-up data network for reduced downtime
Desktop	A hodge-podge of outdated desktops, many requiring on-site attention and maintenance	PCs and laptops are standard across agencies with: ▪ Refresh service every four-five years ▪ Wireless technology (laptops) supporting telework ▪ Asset management system
Help Desk	Multiple agency help desks, many lacking problem diagnosis and response tools	24x7 help desk offers access to IT support with: ▪ Centralized problem tracking and resolution ▪ Web enabled self-help support and end user account administration ▪ Desktop remote control capability
Data Center (Mainframe/ Server)	Three mainframes and more than 3,000 servers with significant unused capacity across the state	New mainframes and servers located in Chesterfield County include: ▪ Remote server administration tools ▪ Centralized administration and monitoring ▪ Capacity and storage management, enhanced security and disaster recovery
Voice and Video	Varying cost and inconsistent telephone systems	Voice and video services include: ▪ Voice over Internet Protocol (VoIP) phones ▪ Enhanced audio and data conferencing
Security	A mixed bag of security systems with varying levels of protection	Consistent and enhanced security services provide: ▪ Ongoing monitoring and prevention ▪ Significant improvements to security of citizen information and Commonwealth assets ▪ Ability to respond quickly and effectively in the event of a security breach

An overview of managed services areas depicts the benefits of the future state.

The Right Mix of Talent, Practices

A project of this magnitude requires seasoned leaders from Northrop Grumman who can ensure success. This past year, David W. Zolet took over as President of Northrop Grumman Information Technology's Commercial, State and Local Group with responsibility for the project. Douglas J. McVicar became Northrop Grumman Vice President, VITA IT Partnership.

The Commercial, State and Local Group led by Zolet is Northrop Grumman's center of excellence for managed IT services. Zolet has held several other leadership positions within Northrop Grumman. He has more than two decades of experience in engineering, strategic planning, business development, government relations and general management.

"Northrop Grumman is proud to be partnered with Virginia and VITA to deliver on this vision -- and this commitment, too, runs through all levels of our executive management and organization," Zolet said.

McVicar is responsible for overall program management, deliverables and customer relationships for the partnership. McVicar previously served as Northrop Grumman's Director of Business Development of the Defense Group and Executive Director for Development and Implementation of the Defense Integrated Military Human Resources System. He has more than 25 years experience in leading delivery of IT solutions and services for government and commercial customers worldwide. McVicar is focusing on five key areas:

- IT service delivery to 80+ agencies
- Technology transformation in eight service areas
- Service transformation
- Workforce transformation
- Customer service

"Coming in new to the program, I took a hard look at the organization to see where we could get better, leverage the best resources and make sure we are set up to run in an optimum way," said McVicar. "I can assure you that Northrop Grumman is dedicating the resources and the organizational 'might' to deliver on our mission - providing a resilient technology infrastructure that will greatly improve security and reliability for state agencies to serve Virginia citizens."

In addition to having the right talent at the top, staff must be aligned to meet the needs of customer agencies. As Commonwealth agencies experience the benefits of transformed and standardized technologies, staff realignments are being made to provide consistent service supporting agencies and their business needs. Staff realignment is by geographic region instead of individual agency. Sharing skilled staff across state agencies provides access to a support team that is knowledgeable, flexible and skilled. If a problem cannot be solved remotely, technicians will respond to the agency site. With a regional service support model, all agencies benefit from the talent offered by trained technicians familiar with standard systems.

Tamara Green receives Northrop Grumman's Circle of Excellence Award from Vice President Doug McVicar at a beach-themed employee event.

Transforming the Infrastructure

VITA and Northrop Grumman continue to make considerable progress in transforming and modernizing the IT infrastructure for the Commonwealth.

Northrop Grumman's upfront capital investment of more than $270 million in new facilities and infrastructure already is paying dividends. Following are some of the significant accomplishments:

PC refresh objective: Customer agency employees have standardized, modern desktops, laptops and tablets.

Status: More than 23,000 PCs have been replaced. Work is complete at 56 agencies and in progress at 29 agencies.

Network objective: There is one multi-service network that is more robust, reliable and secure. The network can adapt to increased technology demands, be scalable as technology needs grow and change, and will be the backbone of the infrastructure. Internet connections will be consolidated, secure and reliable.

Status: More than 850 agency sites have been migrated to the network and now are centrally managed.

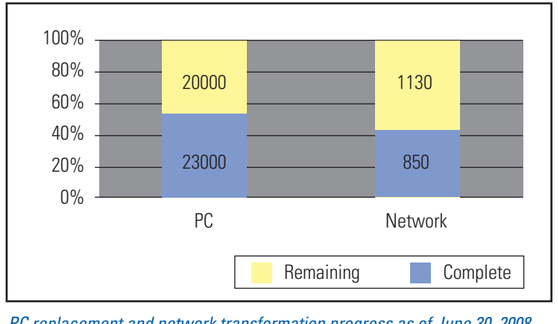
Help desk objective: There is one centralized help desk that uses a new incident management system to report, log, track, resolve and prevent computer problems. The help desk operates out of the Southwest Enterprise Solutions Center (SWESC) in Russell County, creating jobs in the region.

Status: Migration to the centralized VITA help desk has occurred at 61 agencies. Sixteen new employees were hired in June at SWESC to staff the help desk, bringing the total number of employees at SWESC to more than 50.

Server objective: There will be fewer and more modern servers with remote, centralized administration and back-up.

Status: Of the 3,000 existing servers with significant unused capacity, more than 800 have been consolidated or relocated. Over the next year, server consolidation will be complete, reducing the number to fewer than 1,000. Part of this effort includes Internet protocol readdressing for agency applications that allows partnership employees to better understand infrastructure dependencies, allocate resources and improve focus on critical infrastructure components.

PC Replacement



PC replacement and network transformation progress as of June 30, 2008.

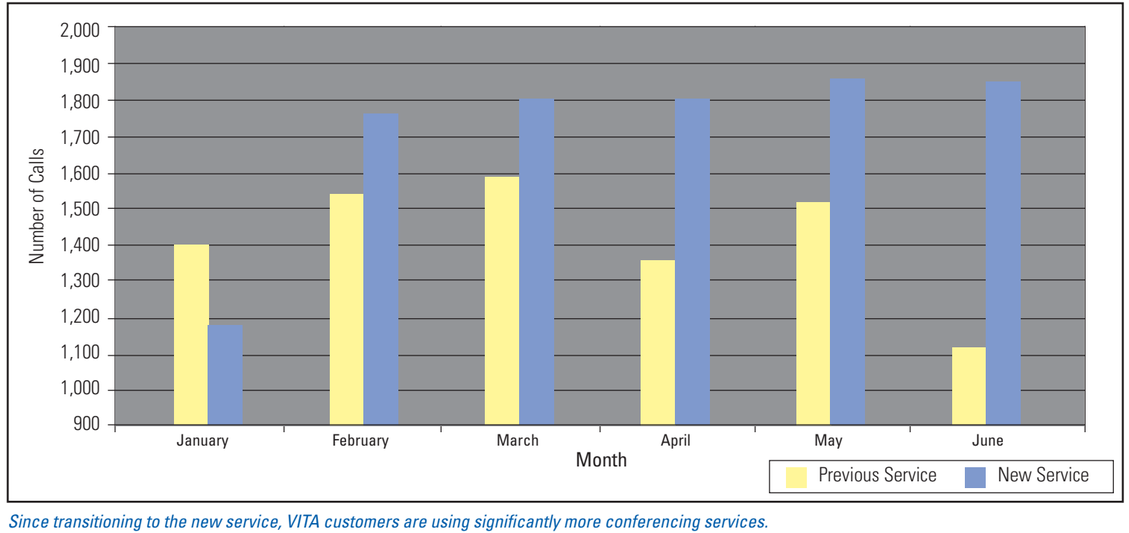
Security objective: There will be consistent and standard security services statewide that are centrally managed. A highly trained, centralized incident response team is in place. Two protected Internet gateways enhance security and reduce the threat of cyber attacks.

Status: New security and incident management systems and a secure Internet gateway are in place at most customer agencies. Incidents for those agencies are managed at the Enterprise Security Operations Center at the Commonwealth Enterprise Solution Center (CESC) in Chesterfield County.

Audio and data conferencing objective: Enhanced, interactive audio and data conferencing services provide more reliable, flexible and easy-to-use functions. The service supports the use of slides and presentations, Web tours, application sharing and other features.

Status: The new service has been rolled out. Customers are able to access more features that help facilitate meetings and presentations. Plans are under way to add new service features, including live, interactive Web-based training.

Number of Conference Calls Per Month



Since transitioning to the new service, VITA customers are using significantly more conferencing services.

Customer Service

One of the top priorities that VITA and Northrop Grumman are striving to achieve is excellence in customer service. New engagement programs were implemented and existing programs strengthened during the past year to gain input from customers about how VITA and Northrop Grumman can improve service.

VITA's customer councils matured and netted valuable information and interaction. The councils include agency representatives who meet with their counterparts at VITA to discuss and resolve issues and make improvements. VITA provided opportunities for agencies to give input about their IT needs in meetings with cabinet members, agency heads and their direct reports, and in other face-to-face sessions. Customer Account Teams were re-established to play strategic and tactical roles in addressing customer needs. Specifically, the teams have focused on examining future customer requirements, identifying trends and communicating regularly with agencies.

Ongoing monthly sessions with Agency Information Technology Resources and those involved with information security provided two-way communication and information sharing.

Customer relationship management training was provided to VITA and Northrop Grumman staff members to help them better service customer agencies. VITA Customer Account Management Director, Debbie Secor, believes these sessions also helped those serving agencies better define their specific roles and how they can better work together.

VITA and Northrop Grumman partnered with *Governing* magazine for breakfast sessions to permit national and state public and private sector leaders in the IT industry to share information.

VITA and Northrop Grumman began work with the John F. Kennedy School of Government at Harvard University to conduct a customer insight survey. Survey results are under review and follow-up programs and actions will be developed.

VITA Director of Customer Account Management Debbie Secor

Vendor Relationships

Small, women and minority-owned (SWaM) businesses are critical to the success of the partnership. Both Northrop Grumman and VITA have programs to provide opportunities for SWaM businesses. In fiscal year 2008, the IT Infrastructure Partnership spent more than $81 million with SWaM businesses, representing more than 40% of its total subcontracting spend, helping VITA significantly exceed its $50 million targeted SWaM spend for 2008.

Milestones

Significant milestones were achieved in the past year that will help VITA and Northrop Grumman provide a common, steady state IT infrastructure that enables government to better serve the public. Following are some of the most noteworthy.

Connections to the old mainframe in downtown Richmond were shifted Dec. 15-16, 2007, to the new mainframe at CESC. As a result, data and data processing now are in an environment that is more reliable, redundant and has advanced performance and security monitoring. It was the largest move of data and data processing in Virginia state government history. Extensive preparation, planning, around-the-clock testing and monitoring were required for the cutover and the move. The dedication and hard work of agency, VITA, Northrop Grumman and vendor staff members made the migration – a critical step in transforming the Commonwealth's IT infrastructure – possible.

The move was widely recognized as a success. The General Assembly has recognized efforts in achieving the major milestones. A resolution was adopted "Commending the Information Technology Investment Board, the

Just a few of the people who made the mainframe data and data processing move a success: front row, left to right: Gary Esslinger, Susan Stanley, Suzanne Isaacs, Karen Lusk, Joyce Smith, Veda Crawley, Charlean Murray; second row: Tim Salley, John Kunkel, Braxs Glasper, Al Clark, Alfred Brown, Brad Bolt, Larry Chamberlain, Ken Zhang, Steve Bradbury; third row: Tim Hopper, Alan Cobb, Blaise Gregory, Alvin Hunter, Bryan Drake, Frank Pitera, Cindy Bryce, Dave Matthews, Steve Hellams, Danny O'Brien; fourth row: Gene Greenwood, Arthur Isley, Rich DeLauder, Ted Atkinson, Bob Baird, Evan Evans, Lance Higley, Rich Eberheim, Sam Murdock, Maury Harris, David Kies.

Virginia Information Technologies Agency, Northrop Grumman Corporation, and the agencies and vendors for successfully moving the Commonwealth's computing and network processing center."

SWESC Opening

VITA and Northrop Grumman opened SWESC in Lebanon, Russell County, to public fanfare in July 2007, because of the importance of job creation in the region. Governor Timothy M. Kaine, former Governor Mark R. Warner and other dignitaries joined in cutting the ribbon. SWESC serves as the primary help desk and back-up data center for the IT Infrastructure Partnership and supports Northrop Grumman's internal IT operations. The facility has additional capacity for growth to accommodate future customers. More than 50 employees have been hired and already are on the job at SWESC. Approximately 400 employees eventually will be hired to staff the facility. These are much-needed jobs in Southwest Virginia. Some of these new employees have returned to the region, which is conducting a "Return to Roots" program, after having left to find jobs or to obtain college degrees. Others are finding they are able to stay in their hometowns and do not have to leave the region to find work.

Participating in the SWESC ribbon cutting are, left to right, Virginia Coalfield Economic Development Authority Executive Director Jonathan Belcher, Lebanon Mayor Tony Dodi, Russell County Supervisor Danny Brown, CIO Stewart, former Governor Mark R. Warner, former Northrop Grumman IT President James O'Neill, Governor Tim Kaine, Senator Phillip Puckett and Russell County Industrial Development Authority Executive Director Harry Rutherford.

Disaster Recovery

More than 135 personnel from 19 state agencies participated in the annual IT disaster recovery exercise, which was held in April 2008 for the first time at the newly opened SWESC. The tests simulated what could transpire in a disaster and allowed employees from state agencies, VITA and Northrop Grumman to work together to ensure that important information held by the state is secure and accessible in the event of a disaster.

"The Commonwealth is better served as a result of this disaster recovery test," CIO Stewart said. "In the event a disaster does happen, we are prepared to promptly restore critical systems and data for most state Executive Branch agencies that we serve. This should provide peace of mind to citizens and businesses relying on the Commonwealth for services."

Community Partners

Community involvement is a priority for both VITA and Northrop Grumman. The partnership supports community activities and educational programs across the state. As the partnership continues to grow and evolve, the responsibility to serve communities and help those in need grows.

Backyard Economic Summit

The second Backyard Economic Summit was held May 13, 2008, at SWESC. Panelists and attendees celebrated the region's economic successes and talked about future expansion opportunities.

Food Banks

One of the cornerstone community projects of the partnership is the effort to help stamp out hunger in Virginia. VITA and Northrop Grumman support Southwestern Virginia's Second Harvest Food Bank by holding food drives. Employees at CESC held food drives to benefit the Central Virginia Food Bank. In addition to organization contributions, VITA and Northrop Grumman employees contributed their own time and money to the drives.

VITA and Northrop Grumman employees deliver food to the Southwestern Virginia Second Harvest Food Bank.

American Cancer Society

The third annual VITA/Northrop Grumman Invitational Golf Tournament raised $19,950 to benefit the American Cancer Society. The tournament was held on June 11, 2008, in Williamsburg.

CVC

VITA raised more than $36,000 during the 2007 Commonwealth of Virginia Campaign (CVC) and was honored with the Shining Star Award for exceeding the total dollars raised the previous year and the Platinum Award for tops in the agency size category. Northrop Grumman employees showed support by participating in fund-raising events. The state employee-run program supports a diverse range of charities, including volunteer fire departments, animal shelters, a cancer center and environmental organizations.

Virginia Blood Services

VITA conducted blood drives for Virginia Blood Services, literally giving "the gift of life" to help others.

Recognition

Both VITA and Northrop Grumman find it gratifying when the work of the partnership and those customer agencies served by the partnership are honored. Some of the recognitions received in fiscal year 2008 include:

Virginia received the top score in the Government Performance Project's "Grading the States 2008" report, the nation's only comprehensive, independent analysis of how well each state performs in serving the public. Virginia achieved an overall grade of A- for performance and an A in the information category, which encompasses information technology.

The state's official Web site, www.virginia.gov, managed by VITA, was recognized as third best in the nation in the 2007 Best of the Web.

Digital Government Achievement Awards from the Center for Digital Government honored three agency projects submitted by the CIO from the Council on Virginia's Future, Department of Transportation and Department of Mines, Minerals and Energy.

After being submitted by the CIO as an entrant, the Virginia Department of Forestry garnered a national first place win in the Information Communications Technology Innovations category from the National Association of State CIOs (NASCIO) in 2007.

The CIO also submitted winning national entries for other customer agency IT projects in 2007. The Department of Mines, Minerals and Energy and Virginia Performs received Digital Government Achievement Awards from the Center for Digital Government. The Department of Aging's "No Wrong Door" project was awarded a 2007 Intergovernmental Solutions Award by the American Council for Technology (ACT).

Commonwealth Chief Information Security Officer Peggy Ward

Commonwealth Chief Information Security Officer Peggy Ward was recognized as one of only two national finalists in the government category for the 2007 Information Security Executive (ISE) of the Year Awards.

The Greater Richmond Technology Council (GRTC) presented VITA with the IT Builders Award, which recognizes the provider that demonstrates an outstanding ability to deliver technology-enabled business transformation to its customers. The award is significant because it represents the endorsement of Richmond's technology community and citizens.

Northrop Grumman was ranked 33rd in the Richmond Times Dispatch's annual survey of the area's 50 largest private employers. With a 66 percent increase in local employment, primarily ramping up for the VITA program, Northrop Grumman made the list for the first time. The company employs 1,038 full-time workers in the Richmond area on the VITA project and for Northrop Grumman's IT Solutions and Mission Systems sectors.

VITA, Northrop Grumman and the IT Infrastructure Partnership were featured during the third annual "Beyond the Beltway" conference. Practical lessons learned from Virginia's IT Infrastructure Partnership were featured at the "Governing Live: Managing Technology 2008" conference and the "National Association of State Auditors, Comptrollers and Treasurers" 2008 annual meeting.

www.vita.virginia.gov • www.northropgrumman.com

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