



Welcome

Sam Nixon
Chief Information Officer of the Commonwealth

CIO Council Meeting
July 13, 2011



Agenda

- Welcome – *CIO Sam Nixon*
- How to request service – *Chad Wirz, VITA*
- Windows 7 – *Steve Slight, Northrop Grumman*
- Security report – *Trey Stevens, Northrop Grumman*
- Verizon update, *Brian Snodgrass, Northrop Grumman*
- Reducing costs – *VITA and roundtable discussion*
- Memoranda of Understanding – *Chad Wirz, VITA*
- Review of issues and actions – *Chad Wirz, VITA*
- Roundtable – *CIO Council Members*



How to request service

Chad Wirz
Senior Service Delivery Manager, VITA

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Verizon update

Brian Snodgrass
Northrop Grumman

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Reducing costs

VITA

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Contents

- Commonwealth IT Rates
- Take Back Procurement
- Oracle Products/Managed Expenses
- Other Cost Reduction Initiatives



Commonwealth IT Rates

How they are constructed





About the rates

The rates include:

- Vendor costs
 - Direct, usage-based costs
 - Share of indirect (usually fixed) costs
- VITA services

$$\begin{aligned} & \textit{Vendor per unit charge} \\ + & \textit{ Vendor fixed fees allocation} \\ + & \textit{ VITA services} \\ = & \textit{ IT service rate} \end{aligned}$$



Guiding principles

- In accordance with state and federal guidelines, our rates should be:
 - Adequate to fully recover costs
 - Reasonable to recover only what is needed to support services
 - Equitable to be distributed fairly across customers based on usage, etc.

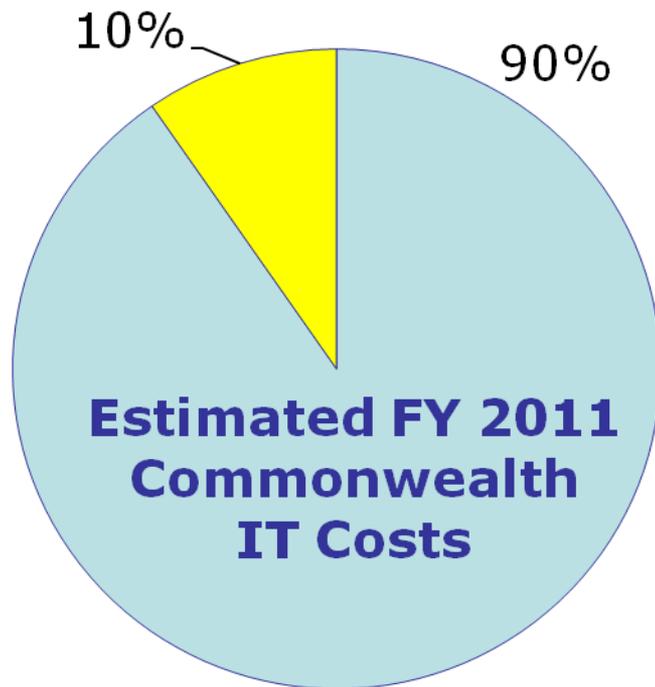


VITA's costs

- Represent less than 10 percent of chargebacks to agencies
- 15 percent reduction in retained costs from FY10 to FY11
- Headcount down from 210 in July 2009 to 172 in April 2011 (-38 positions, -18 percent)



Costs to recover in FY11



■ Vendor Expenses (per unit & fixed fees)

■ VITA Services



Take Back Procurement





Take Back Procurement

- Scope: most items currently procured incrementally by Northrop Grumman
- Agencies will now procure; do not have to V-code
- Savings include 5 percent tax, Northrop Grumman 7 percent +3 percent markup and VITA 5.43 percent markup; also expected to reduce procurement time
- On behalf of the Commonwealth, VITA also negotiated a modest reduction in fixed fees



Take Back Procurement, cont

- We are also providing guidance and clarity on printers, copiers and multi-function devices
 - Items provided through Northrop Grumman
 - Break/fix
 - Items delegated for agency procurement



Oracle Products/Managed Expenses





Oracle Products/Managed Expenses

- VITA procures maintenance renewals on selected Oracle products as a sub-contractor to Northrop Grumman
 - Considered 'managed expenses' and included in the Northrop Grumman rates
 - VITA receives a credit from Northrop Grumman for these procurements
- Amendment 60 provided for four named Oracle products



Oracle Products/Managed Expenses, cont

- On behalf of the Commonwealth, VITA has negotiated with Northrop Grumman to expand the list
 - Many products added
 - Expected savings to the Commonwealth of \$1M per year
 - Several items billed as incremental in FY11 will be \$0 in FY12 and beyond



Other Cost Reduction Initiatives





Other Cost Reductions/Savings

- Providing centralized IT contingent labor contracts
- Conducting wireless audits to help customers identify most cost effective cellular services
- Assisting agencies with mandated Comprehensive IT Assessment (CITA) review – intended to find, implement savings in wide variety of IT services



Memoranda of Understanding (MOU)

Chad Wirz
Senior Service Delivery Manager, VITA

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July 13, 2011



Status

- VITA, Northrop Grumman, PAC (predecessor to CIO Council) and Office of Attorney General input complete
- Updates made to reflect 2010 contract modifications
- Agency input from ORCA closed in October 2009
- Two of three documents under review by CIO
- Roles and responsibilities document being scrubbed
- Final document ready for agencies third quarter of 2011

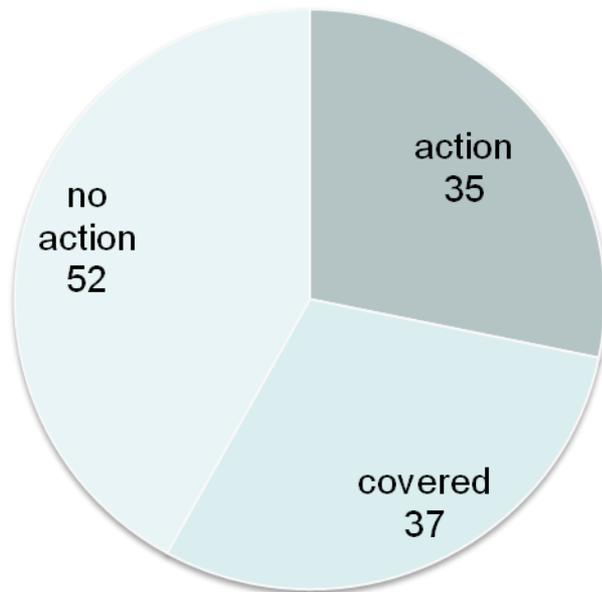
ORCA input overview

- ▶ 237 comments
- ▶ 17 authors

Main document

Common themes

Disposition of feedback



- Improve definitions - action
- Penalties on missed service level agreements – already covered
- More technical or procedural level detail – no action



Next steps

- Any additional agency feedback needed before MOU is finalized?
 - Another ORCA pass?
 - Review of the existing comments?
 - Another round of CIO Council input?
- Balance timing and thoroughness



Review of Issues and Actions

Chad Wirz
Senior Service Delivery Manager, VITA

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CIO Council Meeting

Roundtable



2011 CIO Council Meetings

- Sept. 14
- Nov. 9

AITR meetings -

Aug. 10, Oct. 12, Dec. 14