



# VITA Update

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Chief Information Officer of the Commonwealth

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**CIO Council**  
May 16, 2012

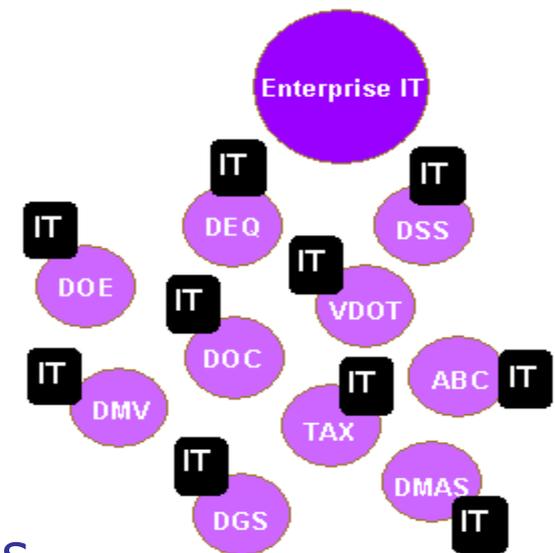


## Update

- CIO Council membership
  - Changes to take effect July 1
  - Will announce changes later this month
  - Thank you for your service!
- Annual rate adjustment
  - Dana Smith

# State of Technology, Pre-Consolidation

- 90+ independent, autonomous IT shops
  - Duplicative systems
  - Few metrics on performance & spending
  - Inability to leverage buying power or manage investments
- Aging, decades-old infrastructure
  - Inadequate security
  - Limited disaster planning
  - Obstacles to sharing data across agencies
- Millions \$ in failed IT projects
  - No project management
- Unsustainable





# Mandate for Change

- Executive and legislative branch leaders called for
  - ***Business-like approach to managing IT services across the enterprise of state government***
- Concept of "Shared Services" (cloud computing)
  - Statewide IT *infrastructure* for government entities
- Centralized oversight of IT projects, security, procurement, standards, policy and procedures
- Step 1: Virginia Information Technologies Agency
  - 2003, 2009 and 2010
- Step 2: IT partnership with Northrop Grumman
  - 2005, 2010
- Step 3: Enterprise Applications and Services
  - Performance Budgeting, Cardinal (II), eSOA, EDM, CAS



# CoVA IT Infrastructure

## Computers

57,347 PCs  
3,592 Servers

## Disk storage

1.4 petabytes

## Mainframes (2)

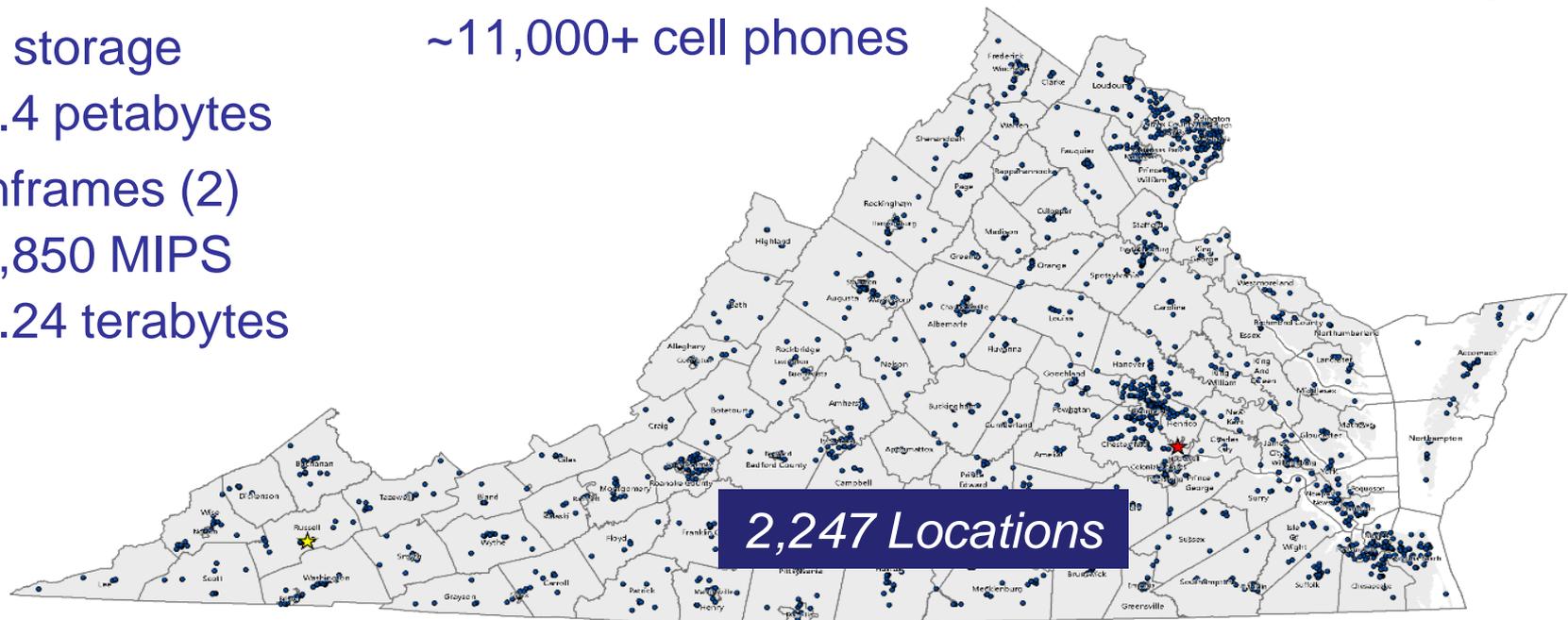
4,850 MIPS  
2.24 terabytes

## Communications

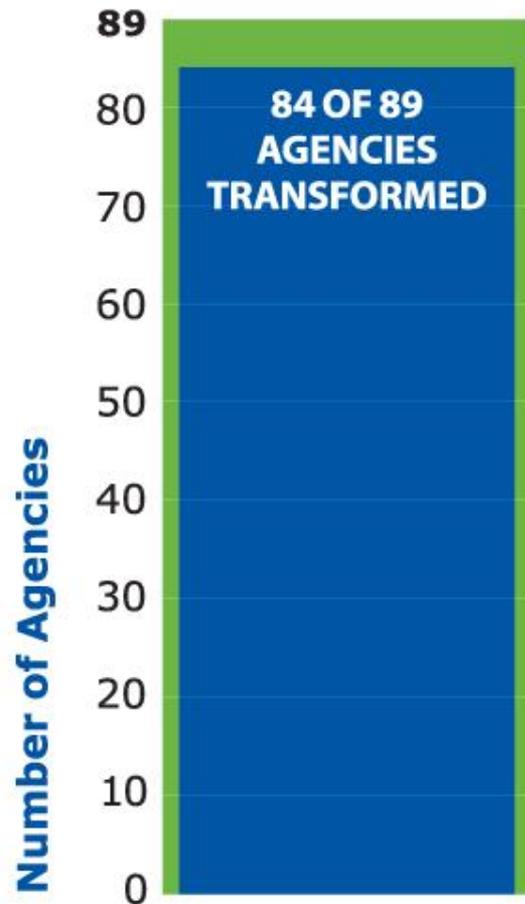
~55,000 desk phones  
~3,600 handhelds (PDAs)  
~11,000+ cell phones

## Printers

5,674 network  
22,000+ desktop



# Current State of IT Management



- Transformation status
  - Critical mass achieved
  - Standard, reliable and secure
  - Remaining agencies:
    - DOC, VDEM, DMAS, VSP, VEC
- VITA organization
  - Stable financials
  - Improved processes and metrics

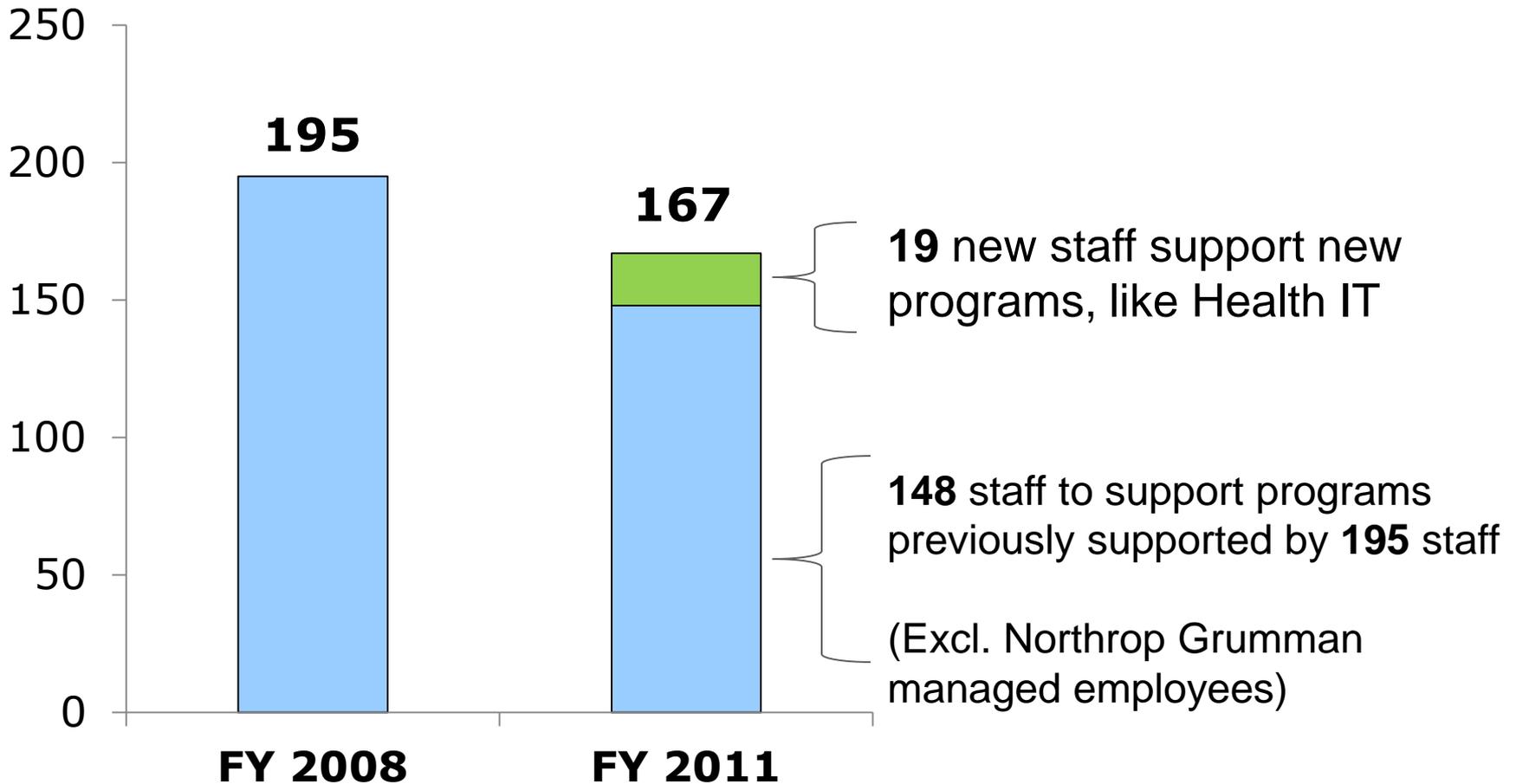


## VITA Retained Organization

- 15 percent cost reduction since June 2010
  - Primarily due to net staffing reductions
  - Agency personnel and other costs equal \$23 M
- HB 30 contains additional 6 percent reduction in VITA's costs
- VITA must pay down Treasury loan
  - \$6 M recovered annually through rates over four years
  - Represents 2 percent of VITA cost recovery

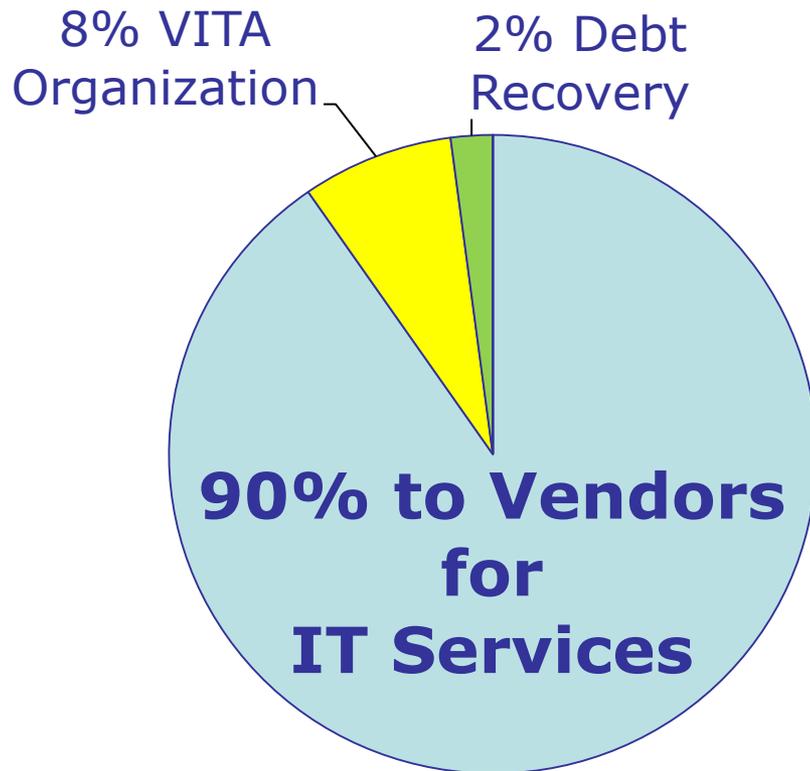


# VITA Staff 15 Percent Smaller As Programs Grew





# VITA Cost Recovery



- VITA is primarily an Internal Service Funded (ISF) agency
  - ISFs overseen by JLARC
  - >1 percent of VITA costs are general fund
  - Rates are adjusted annually
  - Audited by APA, reported to HHS



# VITA – Payments vs. Cost Recovery

The story behind VITA's path toward financial stability

| <b>FY</b> | <b>VITA Expenses<br/>90% Vendor<br/>payments<br/>(\$ millions)</b> | <b>VITA Cost<br/>Recovery<br/>(\$ millions)</b> | <b>Profit/Loss<br/>(\$ millions)</b> |
|-----------|--|---|--------------------------------------|
| 2010      | 289  | 257   | <b>-32</b>                           |
| 2011      | 298  | 304   | <b>6</b>                             |



# Components of VITA Cost Recovery

| Cost Component  | Amount<br>(\$ millions) |
|---|-------------------------|
| <b>Baseline IT services (2005 levels &amp; types)</b> | <b>236</b>              |
| Service Growth & Non-NG telco (Verizon, Sprint)       | 15                      |
| New services since 2005 (wireless, storage, etc)      | 11                      |
| Legacy fees for non-transformed agencies              | 4                       |
| Contractually-required COLA                           | 9                       |
| VITA organization costs (down 15% from FY10)          | 23                      |
| VITA Treasury loan payment                            | 6                       |
| <b>TOTAL Costs (FY 11)</b>                            | <b>304*</b>             |

\* Includes \$18 M in local govt. & higher ed. telco



# VITA Costs Are Typically 2 Percent of Budgets

| Top 3 Secretariats *     | FY11 Expenditures       | FY11 VITA Invoices   | VITA Invoices as % of Expenditures |
|--------------------------|-------------------------|----------------------|------------------------------------|
| Health & Human Resources | \$11,444,944,021        | \$94,620,395         | 0.83%                              |
| Public Safety            | 2,585,093,541           | 51,304,327           | 1.98                               |
| Transportation           | 4,356,739,370           | 77,077,875           | 1.77                               |
|                          | <b>\$18,386,776,932</b> | <b>\$223,002,597</b> | <b>1.21%</b>                       |

Sources: Commonwealth Data Point, VITA

\* Top 3 account for 74 percent of VITA invoices



## Enterprise Initiatives

- GOAL: *increase efficiency and productivity of state government*
- Enterprise applications and services
  - Enterprise ERP (Cardinal)
  - Performance budgeting
  - Time and leave (TAL)
  - Commonwealth authentication services (CAS)
  - Enterprise data management (EDM)
  - Enterprise service-oriented architecture (ESOA) platform



## Enterprise Services, Technology Roadmap

- New services
  - Collaboration (SharePoint)
  - Electronic workflow (CRM xRM)
  - Email archiving (Symantec)
  - Support for mobile computing (iPhones, Droids, other non-BlackBerry handhelds - Good Technology)
  - VoIP (UCaaS)
- Technology updates: Exchange 2010, Windows 07, desktop refresh, Office 2010
- Data center improvements: EMC, TimeFinder, NetQoS, more



## Cost Saving Initiatives

- Managed services program with Computer Aid Inc. (12% savings)
- Comprehensive Information Technology Assessments (CITA; Appropriation Act)
- Telephone expense management (TEM; estimated 8–12% savings)
- Procurement reforms (17–20% savings)
- Within VITA:
  - CITA, VGIN data, staffing



# Challenges

- IT security
  - Increased sophistication of cyber threats
- VITA business model
  - IT infrastructure as a fully-managed service, cost recovery
- Customer service
  - Work requests for custom services can lag
- Evolution of Northrop Grumman relationship
  - Technology innovation, continuous change to Northrop Grumman contract
- Enterprise apps
  - Standards needed for program management
- Aging “legacy” applications
  - CARS, PMIS, ADAPT, many others
- VITA organization



# Questions?

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