

State of Information Technology in the Commonwealth

2002

- Warner administration assessment
 - JLARC study documents \$100m in project failures
 - Infrastructure antiquated and fragmented

2003

- VITA created to implement recommendations
- Governor and GA: “No layoffs as a result of transformation”
- JLARC approves shared rate structure; introduced in 04-06 budget bill
- Cost of the plan was \$253m annually or \$17m higher than today's new rate plan of \$236m

2004

- CIO Deferred 2003 shared plan for 2 years and replaced with JLARC approved interim direct bill plan
- Aggressive campaign implemented by DGS and VITA to reduce the cost of IT via VA Partners in Procurement, contract consolidation, etc.
 - Outcome: \$26m annual reduction (local government receiving one half of that benefit)
- Additional infrastructure deficiencies identified
 - 50% of operational hardware has no maintenance contract
 - Old or no security on devices accessing sensitive information
 - Average life/replacement of equipment is 8 years with 72,000 devices over 8 years old and 6,000 over 10 years
 - Unlicensed software in use (violation of law & copyright)
 - 22 small agencies with no IT staff, but account for 1,000 PC and server devices

2005

- GA required PPEA competition for infrastructure and EA
- Proposals evaluated by over 60 agency representatives and awarded to NG and CGI-AMS and approved by Governor, Cabinet , ITIB, GA and participating agencies.
- NG contract capped at \$236m (\$17m lower than the approved 2003 shared rates structure of \$253m)
 - Contract requires NG to invest \$270m up-front to be amortized over 10 years and resolution of infrastructure deficiencies like security and maintenance

2006

- Partnership operational 7/06
- Feds rejected as non-compliant MOU plan and required implementation of a new plan: "Everyone must pay the same for services"
- New rate plan developed, approved by JLARC and HHS, consistent with contractual commitment not to exceed \$236m per year

2007

- Implementing the new federal rate structure; all must pay the same amount for service. This causes a redistribution among agencies of the same total dollars.
 - *Some pay more and some pay less*
- The \$236m NG contract requires the 2002/2005 IT operational issues to be resolved infrastructure findings (security, licenses, maintenance, refresh) - things we were not doing, but APA/JLARC/GA demanded we fix - as we should
- Correcting these irregularities cost an additional \$25m to \$30m annually. For example, to correct the 50% of our operational hardware with no maintenance represents a \$5m annual increased expenditure

WHY SOME AGENCY SPEND WILL INCREASE

- WE FOUND IN SOME AGENCIES
 - 1,000 devices and no support staff
 - 50% of hardware with no maintenance
 - Virus software not updated since 1997
 - PC's and Servers inventory 10 years and older
 - PC's to old to run current virus software
 - 76% of all agencies with inadequate security

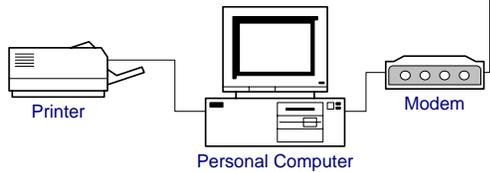
Summary

- We cannot return to the world of illegal licenses, no maintenance, inadequate security, limited preparation for disaster recovery, project failures, old equipment etc.
- Cooperation and collaboration is necessary
 - This is painful, but necessary. VITA cannot get the job done alone.
 - We will hear agency complaints on increased costs (PC cost example)
 - It's about leveling the technology program across all agencies
 - DPB and VITA are, and will, help all agencies all they can, but agencies also can help by revisiting how they operate their business (number of PC's, printers, desktop, and cell phones)
 - We are now also not alone. **SB 1029 (2007 session) extends governance requirements to both the legislative and judicial branches** to comply with VITA commonwealth security and risk management policies and standards

Home PC User

Typical Home PC User

21% of the standard VITA Support Costs



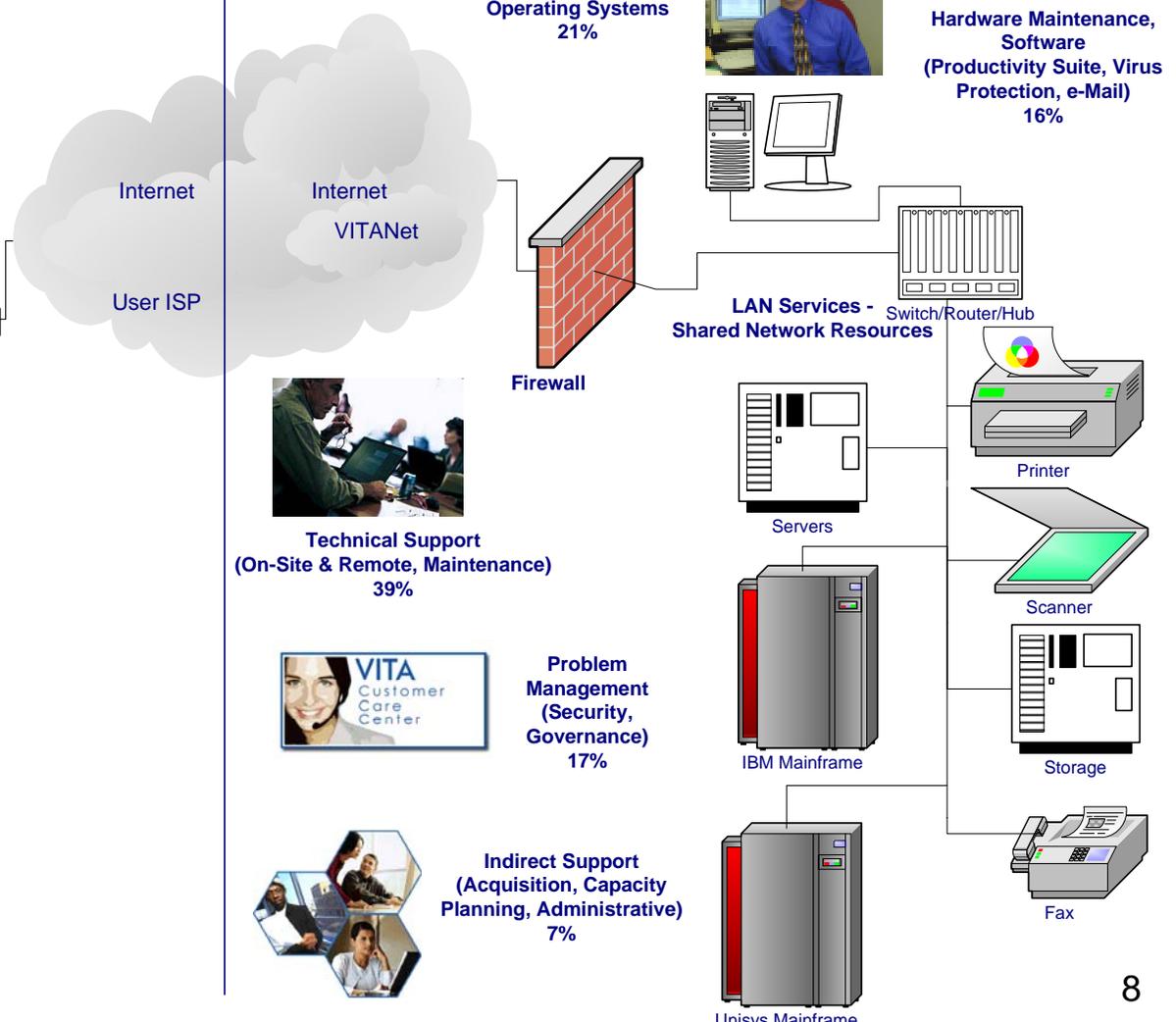
One-Time Purchases
Hardware & Operating Systems
 100% of standard home PC costs
 21% of standard VITA support costs



Desktop Services

Typical VITA PC User - \$85 to \$120/month

100% of the standard VITA support costs



Summary (Continued)

- Long-term benefits are far more than just infrastructure \$\$\$ efficiencies
- A seamless IT platform enables:
 - New/improved agency business applications
 - Quicker responses/shorter “time to market”
 - More cost-effective business solutions/quicker ROI
 - Agencies to focus on core competencies

Things we can do to make it work better.

- Communication through multiple Customer (agency) Councils now established by agencies and VITA
- Evaluate our IT operating environments (phones, desktops, printers) to have only what we need
- Improve the efficiencies and replace aging applications
- Work with VITA and DPB on state funding issues and develop a Commonwealth view of any federal funding issues
- Educate your agency on the topics today and that this is a Commonwealth program, not a single agency program

Customer Councils

We invite our customers in, and partner with them in a series of Customer Councils focused on specific areas and processes of the organization. **Listen – Take Action – Measure Strategy**

