



Virginia Information Technologies Agency

VITA Update

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June 8, 2015

Joint Legislative Audit and Review Commission



IT infrastructure footprint

Computers

59,374 PCs
3,356 servers

Mailboxes

58,948 accounts

Data storage

1.5 petabytes

Mainframes (2)

IBM
Unisys

Communications

55,000 desk phones
6,100 handhelds (PDAs)
11,000 cell phones

Networks

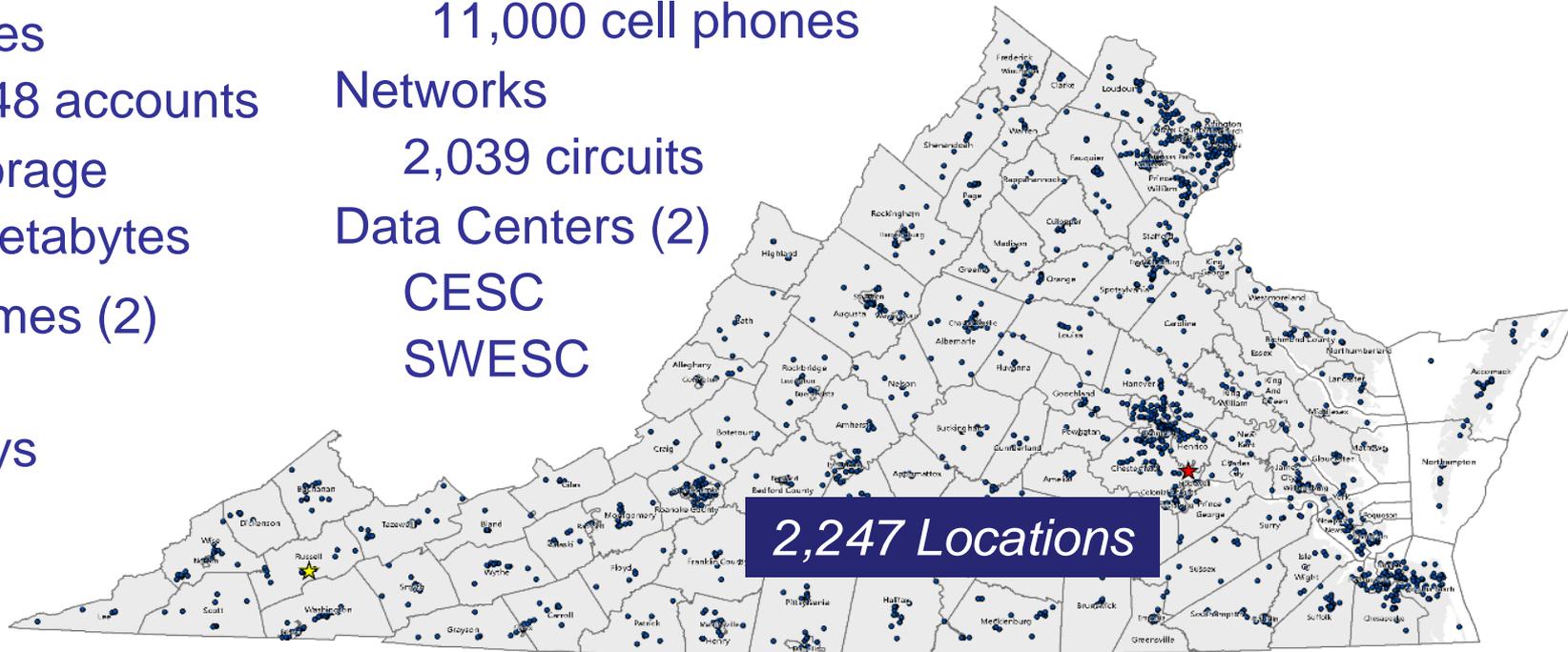
2,039 circuits

Data Centers (2)

CESC
SWESC

Printers

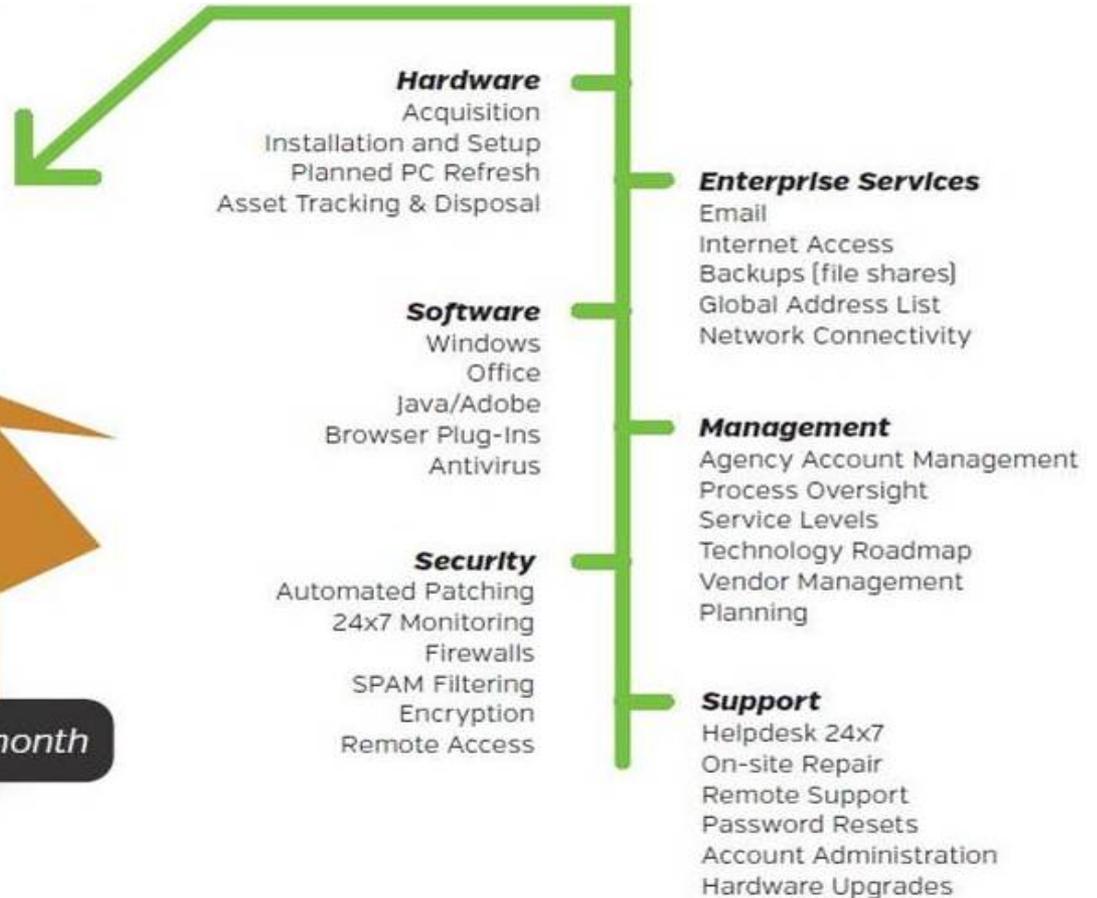
5,311 network
22,000 desktop





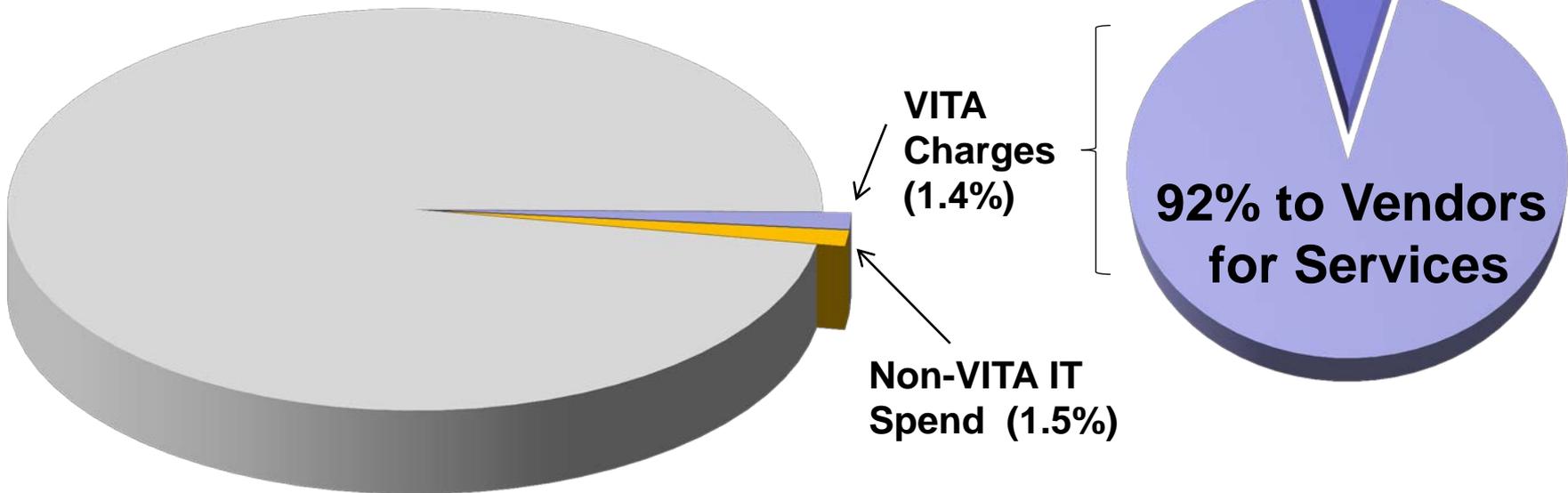
IT infrastructure as a Shared Service

People, Process,
Technology and Leadership



IT spending < 3 percent of budgets

Total FY 14 Expenditures by *In-Scope* Executive Branch Agencies*

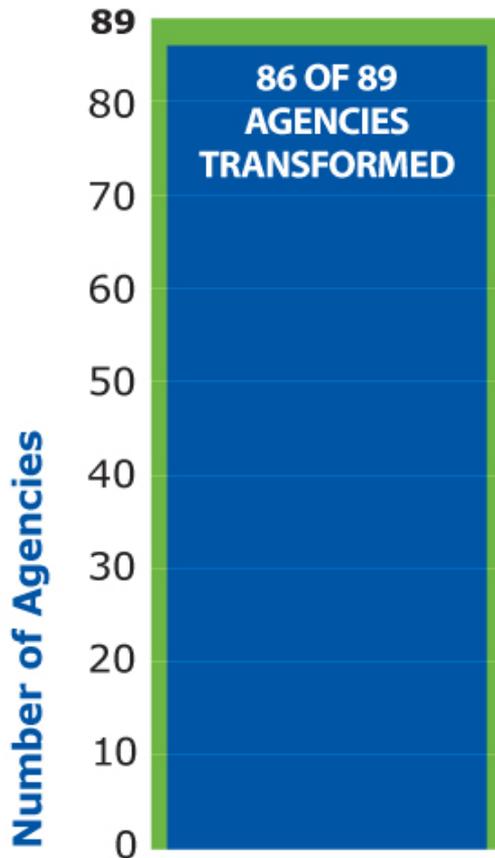


* Includes pass-through, excludes higher education

Sources: FY14 total expenditures from Commonwealth Data Point; FY14 Non-VITA spend & VITA charges from APA CARS extract.



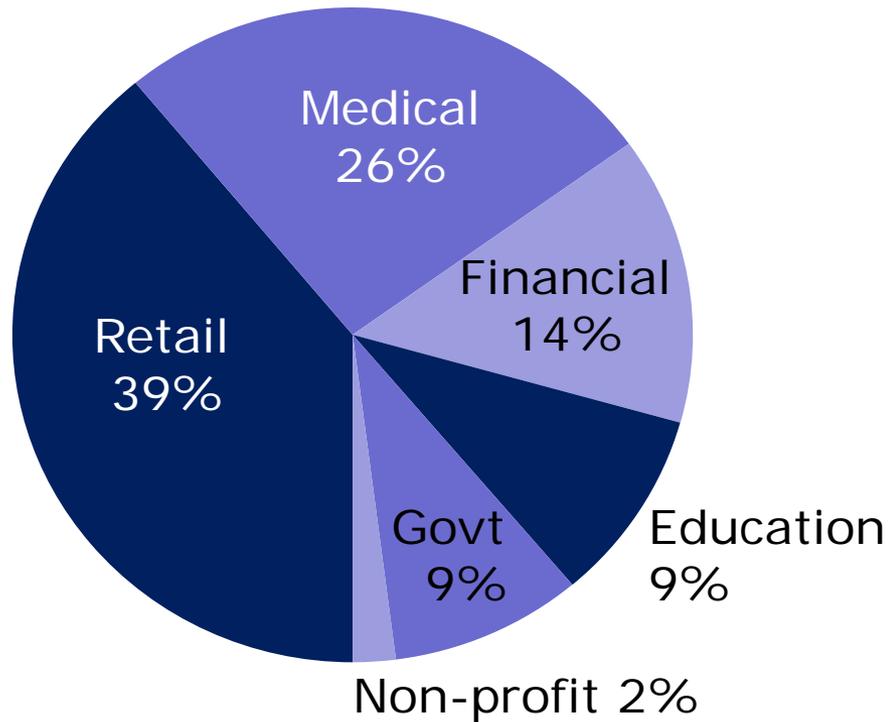
Transformation status



- Critical mass: standard, reliable and secure services
- Remaining agencies:
 - Virginia Employment Commission
 - Email, directory services and some server services remain
 - Virginia Department of Emergency Management
 - All but email remains
 - Virginia State Police
 - Continued uncertainty on status

Data breaches and attacks

Nationally



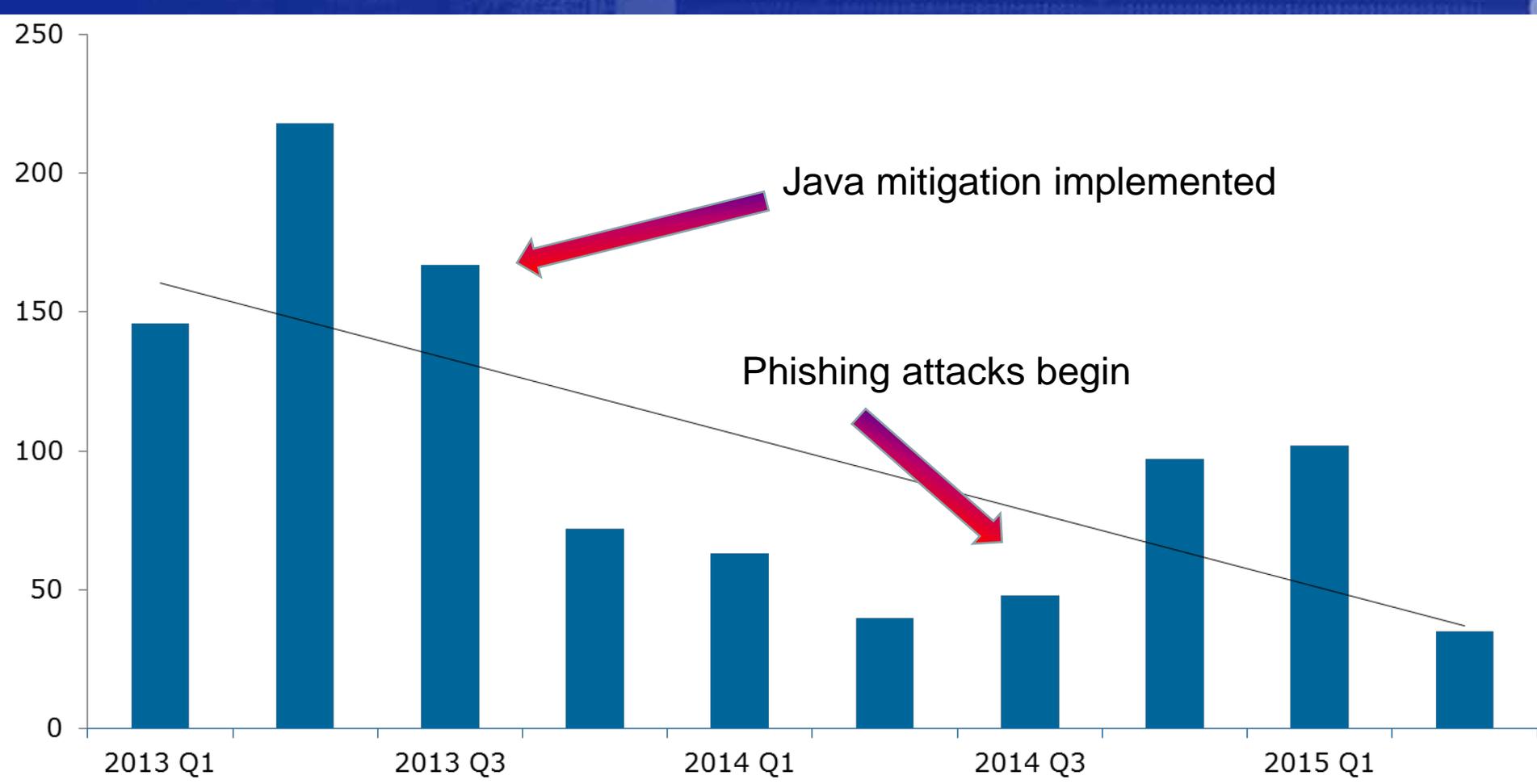
Transformed Agencies (CY 2014)

- 35,761,877 attacks
> 99,978 per day
- 455,117,558 spam messages blocked

Source: Privacy Rights Clearinghouse, *A Chronology of Data Breaches*, CY 2014

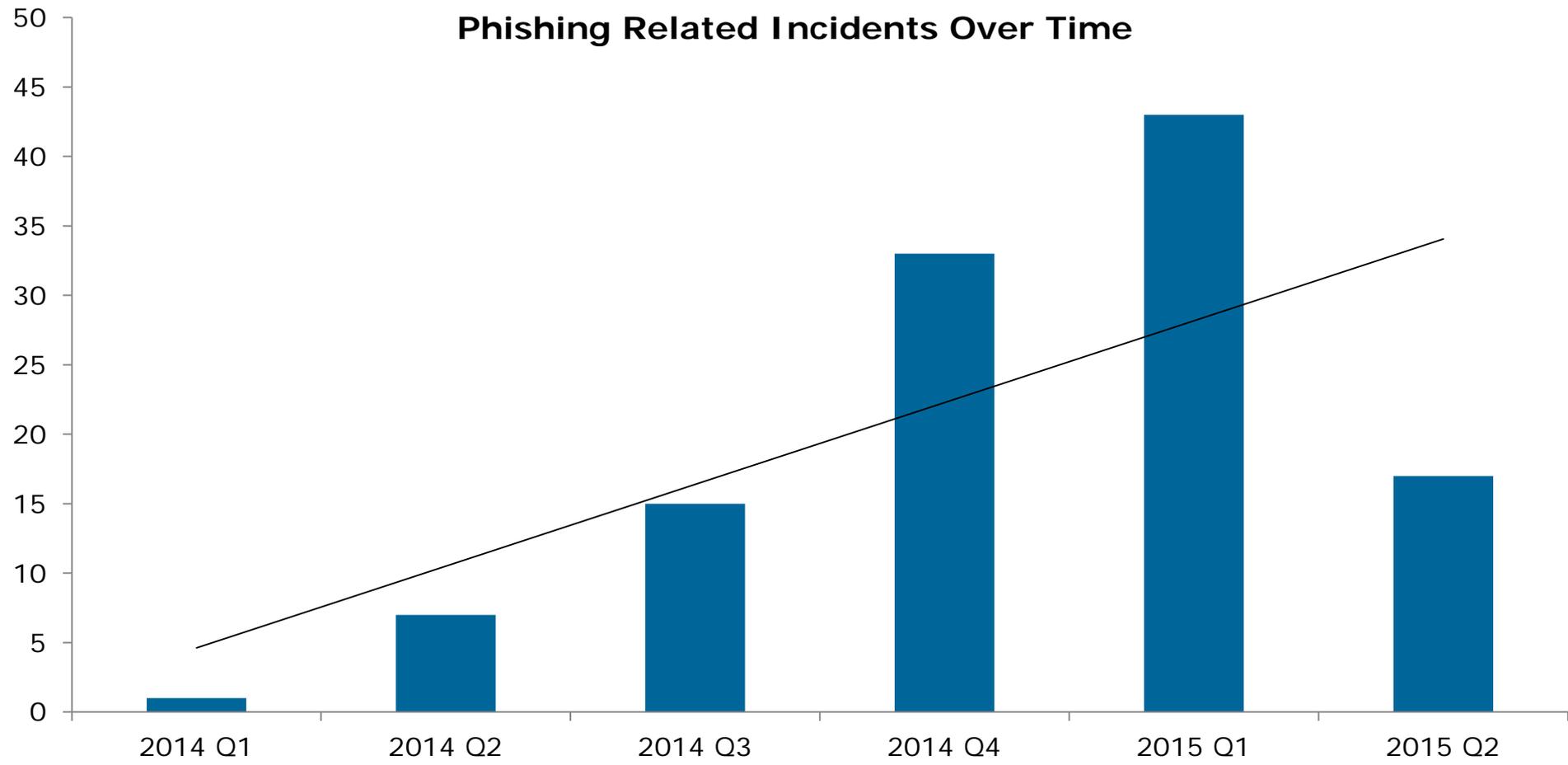


Cyber security incidents



Phishing incidents

Phishing Related Incidents Over Time





Contract with Northrop Grumman

- 13-year term expires on July 1, 2019
- Focus since 2005 has been tactical
 - Finish transformation of 89 agencies
 - Improve overall performance
 - Evolving current services
- Feedback from policymakers and customers needed on next steps
 - In-sourcing, out-sourcing, multi-sourcing
- VITA has redeployed resources to maintain operations while addressing the next generation of services provision and disentanglement



Current timelines

IT Sourcing



Disentangle



Maintain





Disentangling from Northrop Grumman

- Activities “to accomplish a complete, timely, and seamless transition”
- Disentanglement associated with end of term begins nine months prior (Oct. 1, 2018) and length may vary
 - Assumed a single, transition event
 - May take up to two years (March 2021)
 - Contract terms and conditions continue until disentanglement is complete
- Non-exclusivity and sourcing strategy may suggest introducing alternate service models and providers in a staggered transition



Guidance needed prior to procurement

- Prerequisite activities must be completed during Gov. McAuliffe's administration
 - Next governor takes office January 2018
 - Active procurements and disentanglement may be in progress
- VITA will be ready to engage 2016 General Assembly on key issues



Policy decision: state data center?

- Will Commonwealth want a dedicated state data center in Virginia?
 - Other states use multi-tenant and/or out-of-state data centers, potentially lowering costs
 - Use of in-state center ensures Virginia laws apply and supports economic development
- Use of public “cloud” services may lower costs, but may add complexity to security of data



Policy decision: funding to buy assets?

- Outsourcing chosen in 2005 because state lacked capital
 - NG provided capital, which state is repaying
 - Cost to end contract early varies based on circumstances
- Will funding exist to buy Chester data center and other IT assets?
 - 2015 assessed value of Chester facility is \$40M
 - Contract stipulates *at least* \$47M cost for certain assets (mainframes, servers, PCs)



Policy decision: IT staff rehiring?

- More than 550 state IT staff became Northrop Grumman employees in 2006
 - Northrop Grumman now has 580 staff and contractors
- State may offer to hire Northrop Grumman staff and subcontractors
 - Offers must be made from October 2018 to September 2019
- In-sourcing will require substantial hiring
 - *At least \$53M*



Current trends in IT sourcing

- Shorter terms
- Shift from single vendor to best-in-breed vendor(s)
 - Multi-sourcing integrator (MSI) to support multiple vendors
- Staggered procurements vs. “big-bang”
- Cloud computing



IT sourcing expertise

- Sourcing advisory consultant contract and statement of work awarded to Integris Applied
 - Competitive procurement; 11-month statement of work
 - Contract and pricing structure analysis
 - Analysis of current spending for market comparison
 - Marketplace research via request for information (RFI)
 - Final report due end of 2015
- Brings extensive experience in Texas and Georgia
- Iterative and collaborative “journey” that includes stakeholders



Steering committee

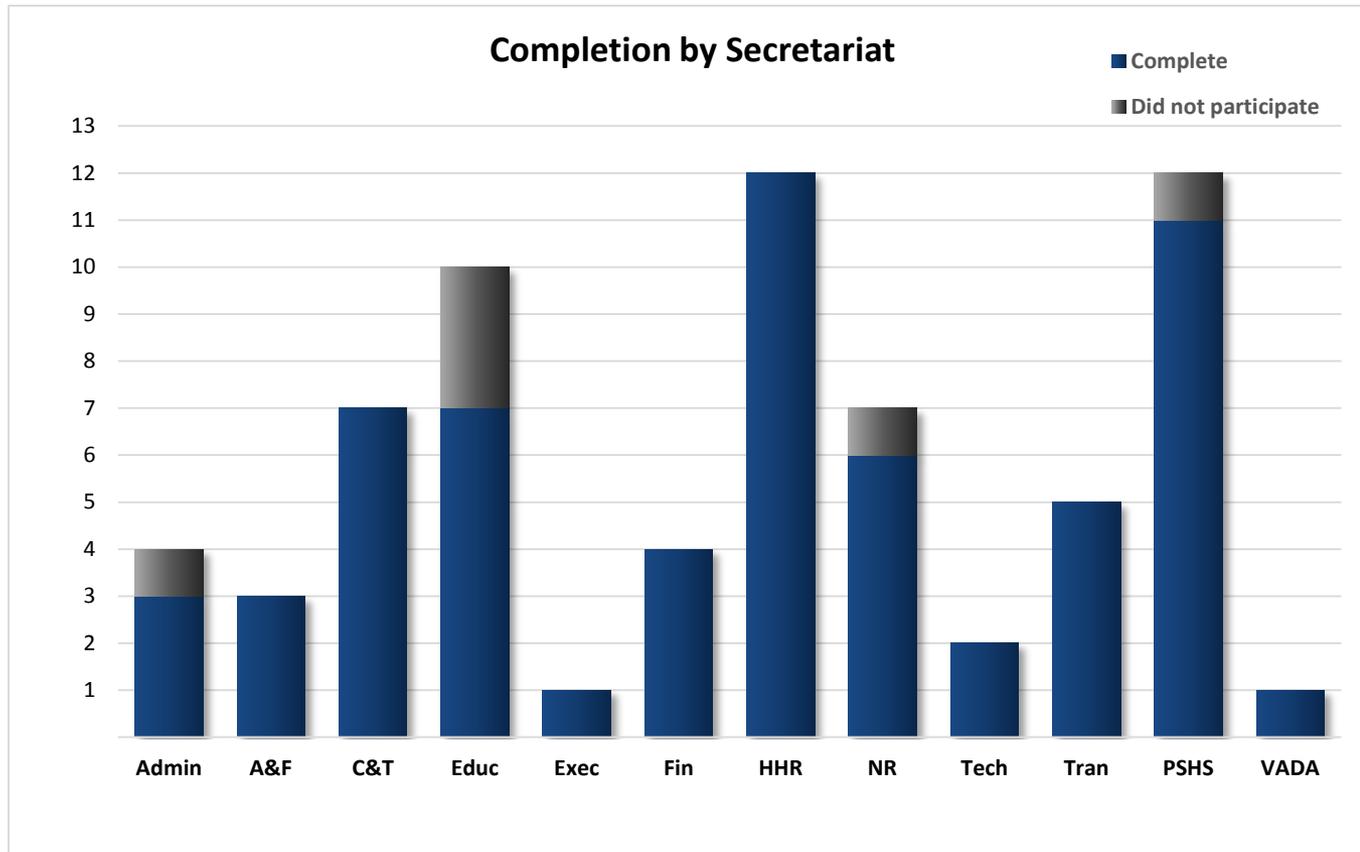
- Jason Powell, SFC Legislative Fiscal Analyst
- David Reynolds, HAC Legislative Fiscal Analyst
- Neil Miller, Deputy Secretary of Finance
- Brian Logwood, DPB Assoc Dir, General Government
- Ernie Steidle, DARS COO
- Dave Burhop, DMV CIO
- Sharon Kitchens, TAX CTO
- Dana Smith, VITA Exec Dir of Administration and Finance
- Chad Wirz (Chair), VITA Exec Dir of Service Management and Delivery



Governance

- Steering committee's charter
 - Guidance and input to reports and other deliverables
 - Representation of agency business needs
 - Input on financial and policy matters, technical and operational feasibility
 - Recommendation to the CIO on most suitable path(s) forward for IT infrastructure services

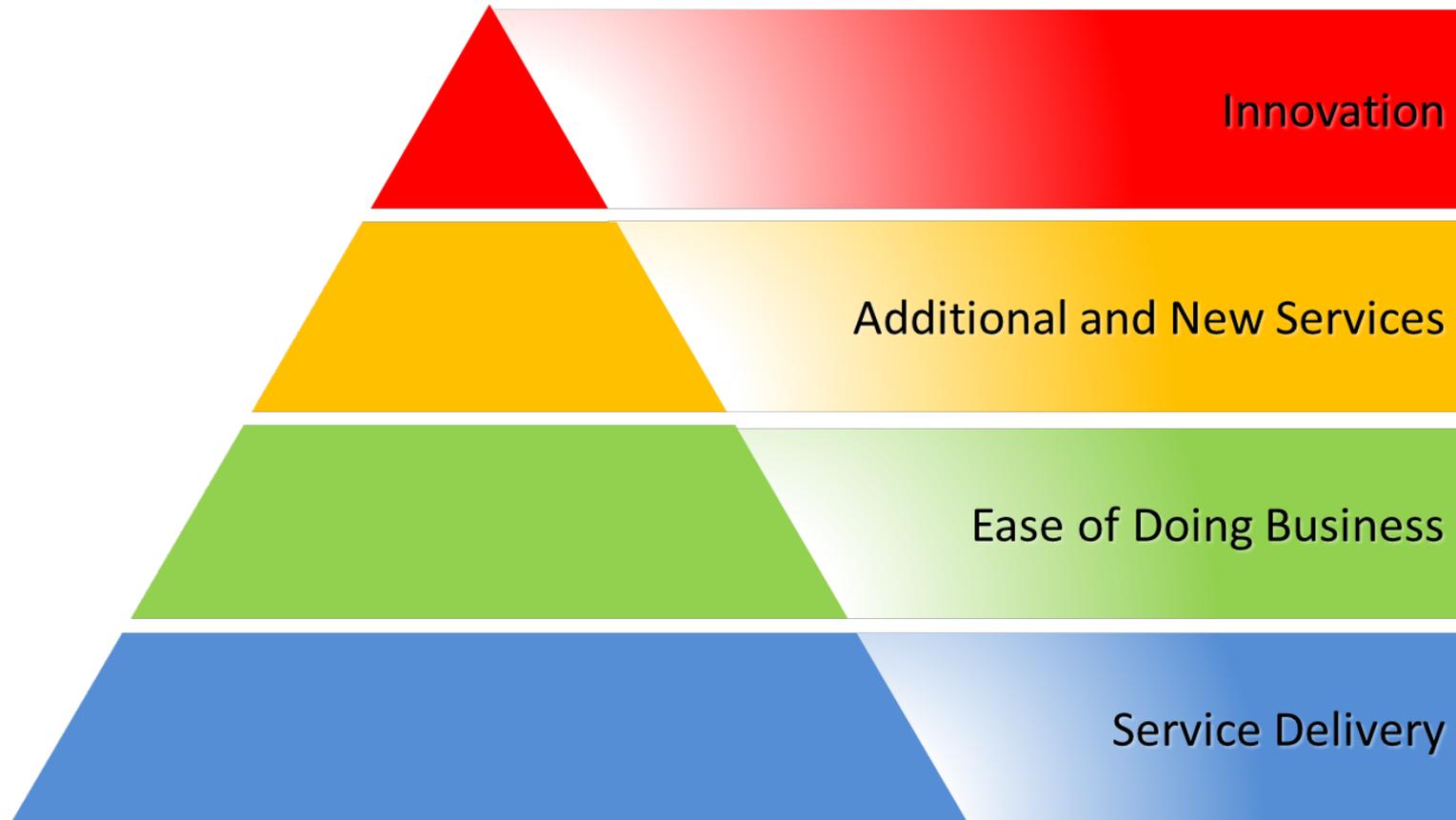
Agency interviews



Completed 60+ 90-minute customer interviews



Hierarchy of agency feedback





Observations

- Initial agency feedback
 - Infrastructure program has not demonstrated appreciation of agency business needs
 - Coordination across service areas must be improved
- Initial consultant feedback
 - Contractual model is dated
 - Risk is not shared equitably
 - Current pricing structure inhibits new or evolved services and innovation



Marketplace research RFI

- RFI exercise to better understand and familiarize stakeholders with market's potential and opportunities
- Project to the market an interest in:
 - Change: future strategy is coming
 - Collaboration: working with the market
- Not a solicitation for bids or proposals



RFI objectives

“In particular, VITA is interested in learning about current and potential industry/ marketplace solutions for the following challenges:

- Better meeting unique agency requirements while maintaining and improving an enterprise delivery model
- Improving the provisioning of new and innovative services
- Lower cost and increasing cost control
- Navigating compliance and security”



IT sourcing next steps

- Comprehensive situational assessment report
 - Agency interviews and surveys
 - Cost and contract analysis
 - Current spending analysis and market comparison
- Marketplace options
- Sourcing options
- Sourcing model governance
- Enterprise and agency impact analysis
- Overall recommendations



Challenges going forward

- Aligning commonwealth's business needs with technology
- Third wave of IT: cloud, mobile, social media
 - Citizen, agency and employee expectations
- Evolving and increasing cybersecurity threats
- Lingering resistance to shared services and oversight
- Balancing resources - IT sourcing, disentanglement, and daily operations



Questions?

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