VITA Update

Nelson Moe
Chief Information Officer of the Commonwealth

Eric Link
Deputy Chief Information Officer

Joint Legislative Audit and Review Commission
November 9, 2015
Agenda

• Introduction / CIO’s background
  – U.S. Navy
  – Private sector
  – U.S. House of Representatives

• CIO’s focus and vision
  – Transformational
  – Build to adapt with control, transparency and cost-effectiveness

• IT sourcing
  – VITA is progressing with a methodical plan
**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

**Data storage**
- 1.5 petabytes

**Mainframes**
- (2)
- IBM
- Unisys

**Networks**
- 2,039 circuits

**Data Centers**
- (2)
- CESC
- SWESC

**2,247 Locations**
IT infrastructure as a Shared Service

People, Process, Technology and Leadership

**Hardware**
- Acquisition
- Installation and Setup
- Planned PC Refresh
- Asset Tracking & Disposal

**Enterprise Services**
- Email
- Internet Access
- Backups [file shares]
- Global Address List
- Network Connectivity

**Software**
- Windows Office
- Java/Adobe
- Browser Plug-Ins
- Antivirus

**Management**
- Agency Account Management
- Process Oversight
- Service Levels
- Technology Roadmap
- Vendor Management Planning

**Security**
- Automated Patching
- 24x7 Monitoring
- Firewalls
- SPAM Filtering
- Encryption
- Remote Access

**Support**
- Helpdesk 24x7
- On-site Repair
- Remote Support
- Password Resets
- Account Administration
- Hardware Upgrades

**Bundled Services**

**Laptop:** $116.87/month

**PC:** $98.06/month

www.vita.virginia.gov
Northrop Grumman contract and next steps

- 13-year term expires on July 1, 2019
- Focus since 2005 has been tactical
  - Finish transformation of 89 agencies
  - Improve overall performance
  - Evolve current services
- Feedback from policymakers and customers needed on next steps
  - Insourcing, outsourcing, multisourcing
- VITA has redeployed resources to maintain operations while addressing IT sourcing and disentanglement

www.vita.virginia.gov
Current timelines

IT Sourcing
- Plan 2014 - 2015
- Procure 2016 - 2018
- Transition NLT 2019

Disentangle
- Plan 2017 - 2018
- Disentanglement NLT Oct 2018

Maintain
- Operations, Security and Oversight
**IT sourcing consultant**

- Sourcing consultant contract 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 November
- Brings extensive experience in Texas and Georgia
- Iterative and collaborative “journey” that includes stakeholders

www.vita.virginia.gov
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
- Dr. Jeffrey Stern, VDEM agency head
- Dana Smith, VITA Exec Dir, Administration & Finance
- Chad Wirz (Chair), VITA Exec Dir, Service Management & Delivery
Interviews, surveys with over 60 agencies

Completion by Secretariat

- Complete
- Did not participate

Admin  A&F  C&T  Educ  Exec  Fin  HHR  NR  Tech  Tran  PSHS  VADA
Observations and feedback

• 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
  – Commonwealth bears disproportionate risk
  – Current pricing structure inhibits new or evolved services and innovation
Current trends in IT sourcing

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

• Agencies may have choices that don’t exist in current service model
  – Catalogue of approved suppliers and services
  – Choices where to run their applications: cloud, data center, hybrid
  – Multiple levels of service at different prices

• VITA will need to adapt
  – Frequent procurements and transitions
  – Align changes in service delivery model with statutory oversight responsibilities

www.vita.virginia.gov
Market has several sourcing models

<table>
<thead>
<tr>
<th>Prime with subcontracts</th>
<th>Multisourced</th>
<th>Insourced</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Most similar to current model with NG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• VITA would contract with single provider</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prime may use various subcontractors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• VITA would contract with multiple providers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Service integration function would manage providers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Operating level agreements ensure service transparency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• VITA would need personnel, skill sets, and tools to manage multi-provider environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• VITA would need resources to keep skills current</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sourcing models can generate multiple scenarios (strategies), including combinations of models
Goals for new sourcing model

**Agencies**
- Service delivery quality
- Ease of doing business
- Service flexibility
- Innovation and evolution
- Agency choice
- Service transparency
- Spend transparency

**Enterprise**
- Maintain cost competitiveness
- Management control
- Flexibility to evolve
- Supports VITA oversight functions
- Standardization
- Security
- Procurement and Transition

Consultant’s final recommendations will identify sourcing **scenarios** that best address these goals.
Scenario evaluation approach

- VITA and Integris Applied have engaged agencies and stakeholders to identify goals
- Sourcing models used by consultants to generate several future-state scenarios
  - Scenarios are evaluated for likelihood of meeting agency and enterprise goals
- Extending Northrop Grumman contract is not viable
  - VITA has exercised all contract extensions
  - Acting before contract ends addresses current issues and mitigates risk

www.vita.virginia.gov
| 1a. | Rebid full scope at term, with all services outsourced to prime contractor |
| 1b. | Rebid full scope at term, using multiple suppliers and insourced service integration |
| 1c. | Rebid full scope at term, using multiple suppliers for all services including service integration |
| 2a. | Rebid in waves, using multiple suppliers for all services including service integration |
| 2b. | Rebid in waves, using multiple suppliers for all services including service integration, and multiple competitive contracts for certain services |
| 3a. | Full insource in waves, with all services insourced |
| 3b. | Partial insource in waves, with many services insourced including service integration |
Illustrative policy decisions

- IT staff rehiring
  - More than 550 state IT staff became Northrop Grumman employees in 2006
- Purchasing assets and data center
  - Likely to cost at least $87M
- Location of data: within or outside Virginia
  - Other states use cloud or out-of-state providers
- VITA will continue engaging policymakers and market to answer these and other issues

www.vita.virginia.gov
IT sourcing next steps

• Continuing briefings to legislative committees during and after 2016 session
  – Prerequisite activities initiated before session to maintain pace
  – VITA will continue to engage legislature before RFPs issued or contracts signed

• Sourcing activities must be completed during this administration to reduce risk
  – Next governor takes office January 2018
  – Active procurements and disentanglement may be in progress
• Information: Link on right rail of the VITA website


• Feedback and questions: infrastructuresourcing@vita.virginia.gov
Questions?

Nelson Moe  
nelson.moe@vita.virginia.gov  
(804) 416-6004

Eric Link  
eric.link@vita.virginia.gov  
(804) 416-6879