



Virginia Information Technologies Agency

VITA Update

Nelson Moe

Chief Information Officer of the Commonwealth

Eric Link

Deputy CIO

**Joint Legislative Audit and
Review Commission**

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IT Sourcing Guiding Principles (2016)

- Transition all services from Northrop Grumman (NG) contract by June 2019 (term)
- Conduct multiple waves of procurements to mitigate implementation, operational and transitional risk
- Include agencies in request for proposal (RFP) development and negotiation
- Create competition within service towers whenever possible



Current IT Sourcing Activities (2016)

- Starting to build multi-supplier model, including a services integrator
- Preparing for service transition
- Working with Customer Advisory Council to enhance agency involvement
- Adjusting VITA organization to support these changes



Transition/Disentanglement Summary

- VITA remains committed to managing NG to the contract
- Total amount withheld to date: \$25.8 million
- Declared NG in breach (4 times) and default (1 time) on August 25, 2016
- Transition is behind schedule
- Disputes with NG and NG delays and refusal to perform have caused delays and costs, and have required revisions to service transition plans
- Litigation may affect transition to new suppliers



Transition Update – Wave 1

- Unisys termination
 - Service terminated March 31
 - No more CoV customers
- IBM mainframe transition
 - DXC assumed service provision June 3
 - Anticipate transition of service from CESC to DXC's Clarksville, VA, facility this fall
- Messaging transition
 - Still stalled
 - Will not be complete in 2017



Transition Update – Wave 2

- Multi-sourcing Services Integrator (MSI)
 - Contract award: August 31
 - Science Applications International Corporation (SAIC)
 - Services commencement: October 2017

- Managed security
 - Contract award: Fall 2017
 - Services commencement: TBD



Transition Update – Wave 3

- Wave 3 services:
 - End-user services, hardware, and print
 - Network, voice, and video
 - Server, storage, and data center



Transition Update – Wave 3 cont.

- VITA is finalizing a revised transition plan that will achieve transition to new service providers by the June 30, 2019 expiration of the contract with NG
- CoV must proceed with preliminary steps for Wave 3 transitions as soon as possible to exit the CIA by June 30, 2019 (less than two years)
 - Some terms for current services are affected by contract expiration
 - NG's past and ongoing conduct raises doubts about NG's cooperation after contract expiration



Transition Update - MSI

- An MSI coordinates and integrates service delivery in an environment that uses multiple external service providers for the delivery of IT and business process services
- MSI will provide benefit:
 - MSI helps reduce financial unknowns by performing third party assessment of assets and software, which is essential in RFP process, and critical for transition success
 - MSI can augment VITA resources, especially in planning and coordination of transition in light of incumbent recalcitrance
 - MSI can augment VITA resources, especially in planning and coordination of transition in light of incumbent's refusal to cooperate



Transition Update - MSI

- Going forward, an MSI will provide VITA and its customers with extensive data on individual supplier performance
- Although MSI will integrate services and assist VITA in managing service providers, VITA will have direct contractual relationship with every supplier
- NOTE: MSI is incapable of replacing NG by itself, but they are a condition precedent to transitioning all remaining services away from NG



Litigation Update

- NG filed suit on May 26, 2017
- VITA filed counter-suit on June 21, 2017
- VITA filed for injunctive relief on July 24, 2017
 - Parties settled IBM Mainframe disaster recovery matter prior to judicial hearing
 - Judicial hearing on messaging motion has not been set; parties working through procedural disputes on that motion, as they also work to try to resolve the issues without a hearing



Litigation Update cont.

- Preliminary discovery is underway
- There is currently no set timetable for litigation; parties could settle disputes or litigate at a future date
- Litigation will impact VITA in different ways, but it is separate from operations, and will influence, but not dictate, transition



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Questions?

Nelson Moe
Chief Information Officer of the
Commonwealth
nelson.moe@vita.virginia.gov

Eric Link
Deputy CIO
eric.link@vita.virginia.gov