



*Virginia Information Technologies Agency*

# VITA Status Report

Implementation of the Comprehensive Infrastructure Agreement with Northrop Grumman

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CIO of the Commonwealth

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House Appropriations Committee

October 15, 2007





## VITA Key Statutory Roles

- Statewide information technology services for government entities
  - 900 customers statewide
- E-911 support services for 137 local governments
- Statewide Geographical Information System for state agencies and local governments
- Security policy and standards for Executive, Judicial and Legislative Branches
- Project management oversight for all IT projects of more than \$100,000
- IT infrastructure modernization via PPEA agreement with Northrop Grumman



## Goals of IT Infrastructure Partnership

- **Transform the IT Environment**

From multiple, incompatible systems, inconsistent standards, aged equipment and gaps in security to a modern, robust system that can facilitate government efficiencies

- **Keep Costs Consistent With Market**

Ensure competitive pricing for IT services going forward by leveraging at least two tools – a “most favored” contract clause and the ability to benchmark pricing when warranted

- **Achieve Results by Reinvesting Savings**

Finance the transformation process out of future savings at an annual cost no greater than the previous level of spending which bought only a 1980s infrastructure



## State of Commonwealth Infrastructure Pre-VITA (2003)

### Inadequate IT Expenditure Management

- ▲ Agency-centric technology expenses \$45 million higher vs. leveraged statewide contracts
- Only 25% of computer server capacity and 2% of printer capacity utilized
- ▲ No certified project managers overseeing billions in IT investments
- ▲ \$100 million in past systems development project losses (JLARC study)

**Color Code**

- ▲ Problem corrected
- Progress with more to do
- Planned resolution 2<sup>nd</sup> and 3<sup>rd</sup> year of partnership



## State of Commonwealth Infrastructure Pre-VITA (2003)

- Almost no enterprise applications; \$556 million spent on individual agency financial applications over five years (APA study)
- ▲ Technology spend managed as a discretionary expense vs. planned and budgeted investments
- ▲ Minimal SWaM participation in technology spend

**Color Code**

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## State of Commonwealth Infrastructure Pre-VITA (2003)

### Aging, Inefficient Infrastructure and Support Functions

- 1980s technology environment
  - 60% of equipment eight to 10 years old
  - No maintenance on 1,000s of devices
  
- 42 separate help desk operations and dozens of agency specific e-mail systems
  
- Nine separate and incompatible telecommunications networks supporting Commonwealth emergency systems

**Color Code**

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## State of Commonwealth Infrastructure Pre-VITA (2003)

### The Commonwealth at Risk

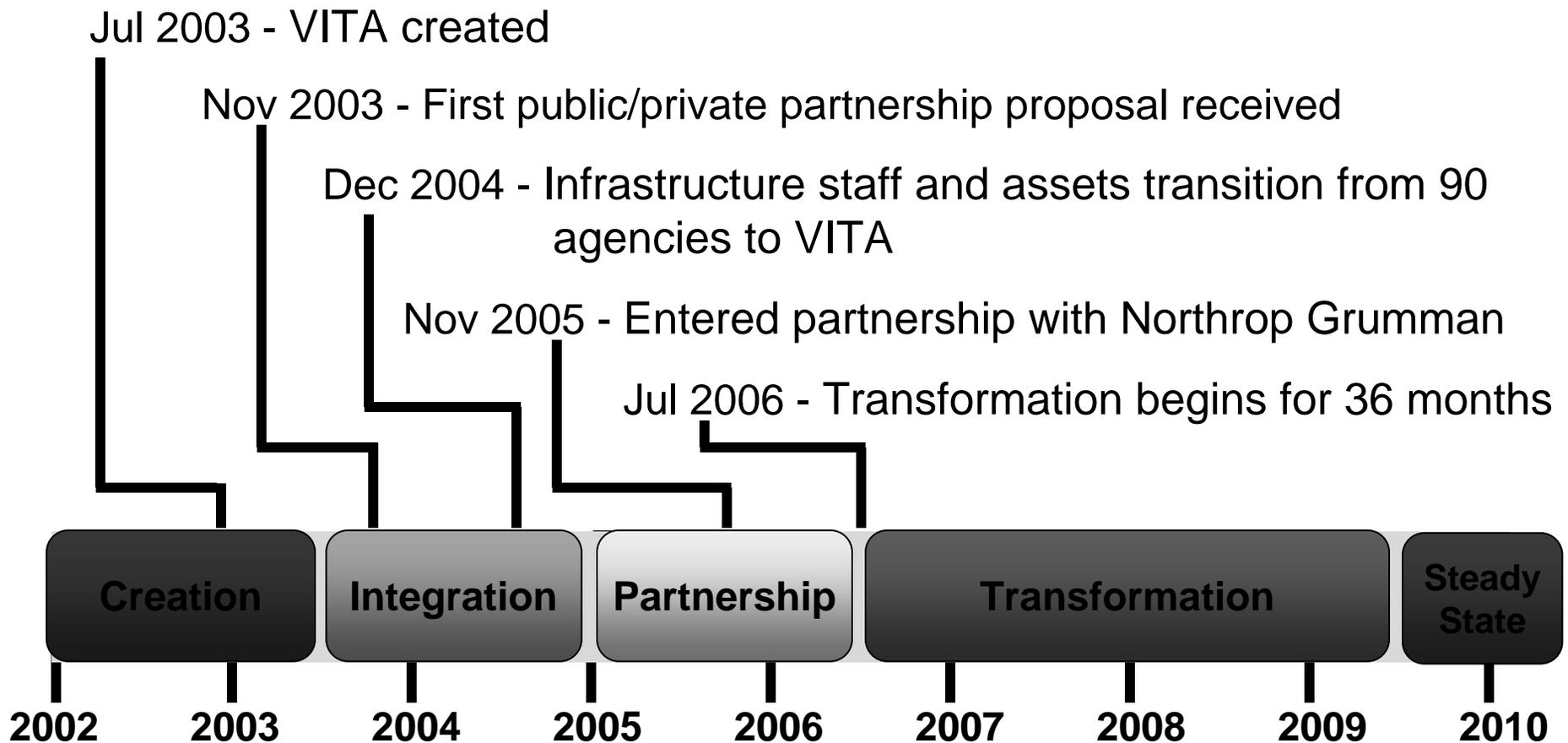
- 72% of agencies with inadequate security
- ▲ Commonwealth's primary data center rated a security risk
- Inadequate disaster recovery
  - 2,000 independent agency sites with minimal capability to recover in a disaster
- ▲ Copyright software license violations on 1,000s of personal computers
- 90% of agency Web sites not in compliance with federal accessibility laws

#### Color Code

- ▲ Problem corrected
- Progress with more to do
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## Building a 21<sup>st</sup> Century Commonwealth Infrastructure



# “Jump-Starting” Infrastructure Investments Through Private Partners

## Messaging Services



Enterprise Exchange/Outlook E-mail  
Enterprise Collaboration Tools  
Active Directory, DNS  
**\$25M Investment**

## Desktop



Mass Desktop Refresh  
Network Printer Consolidation and Refresh  
Enterprise Desktop Management Systems  
**\$35M Investment**

## Help Desk



Enterprise Help Desk in Russell and Chesterfield  
Field Based Agents and Technicians for Level 3  
Enterprise Help Desk System (Peregrine)  
**\$10M Investment**

## Mainframe and Servers



New IBM and Unisys Mainframes  
Consolidation and Refresh of Servers  
Migration of servers to the Data Center  
**\$50M Investment**

# Transformation

**People – Process – Tools**  
Reliable, High-Performance,  
Enterprise-Wide IT Infrastructure  
**\$270 Million Investment**

## Security



Enterprise Security Operations Center  
Computer Security Incident Response Center  
Secure Internet Gateway  
**\$10M Investment**

## Tier 3 and Tier 2 Facilities



New Data Center/Office Building in Chesterfield  
New Disaster Recovery Center and Help Desk  
in Lebanon, Russell County  
**\$60M Investment**

## Network

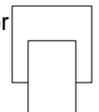


New Commonwealth-Wide MPLS Core WAN  
LAN upgrades to Local Switches/Routers as Needed  
Network Re-addressing of IP, DHCP  
**\$60M Investment**

## Voice / Video



Voice-Over IP Network Optimized for  
Voice and Video Traffic  
**\$20M Investment**





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## Commonwealth Enterprise Solutions Center



**May 2006**



Virginia Information Technologies Agency



## Commonwealth Enterprise Solutions Center



**June 2007**

Photo: Whiting-Turner



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## Southwest Enterprise Solutions Center



**November 2006**



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## Southwest Enterprise Solutions Center



October 2007



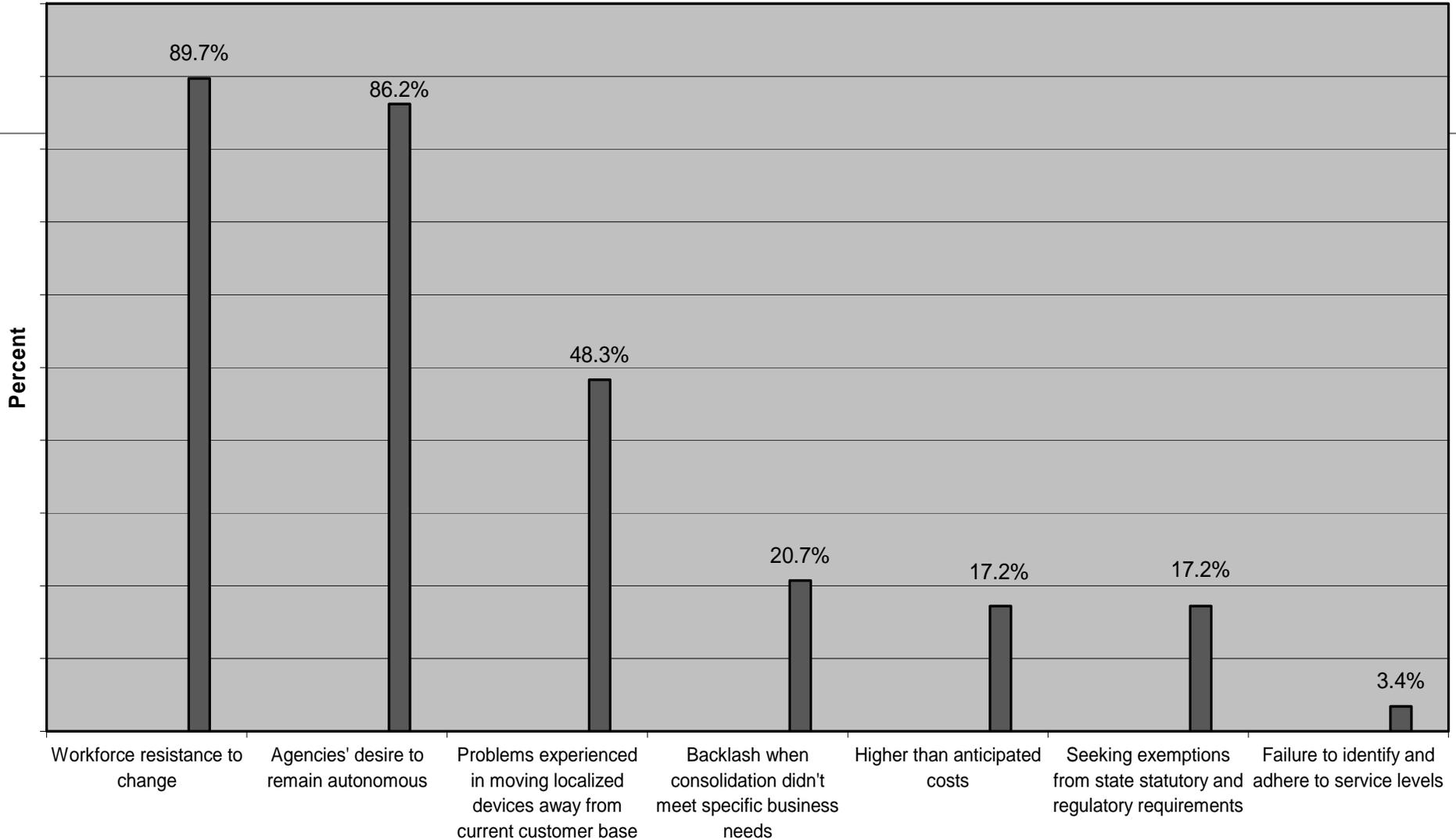


## Southwest Enterprise Solutions Center

- On track for opening November 2007
- Creates more than 433 jobs in Russell County, rural southwest Virginia
- Will house
  - Primary statewide help desk = enhanced customer service
  - Backup data center = disaster recovery
  - Northrop Grumman's East Coast service delivery hub for IT operations
- Represents economic development, workforce and education investments of approximately \$40m

# Obstacles or Challenges Experienced as a Result of Consolidation Initiatives of Various States

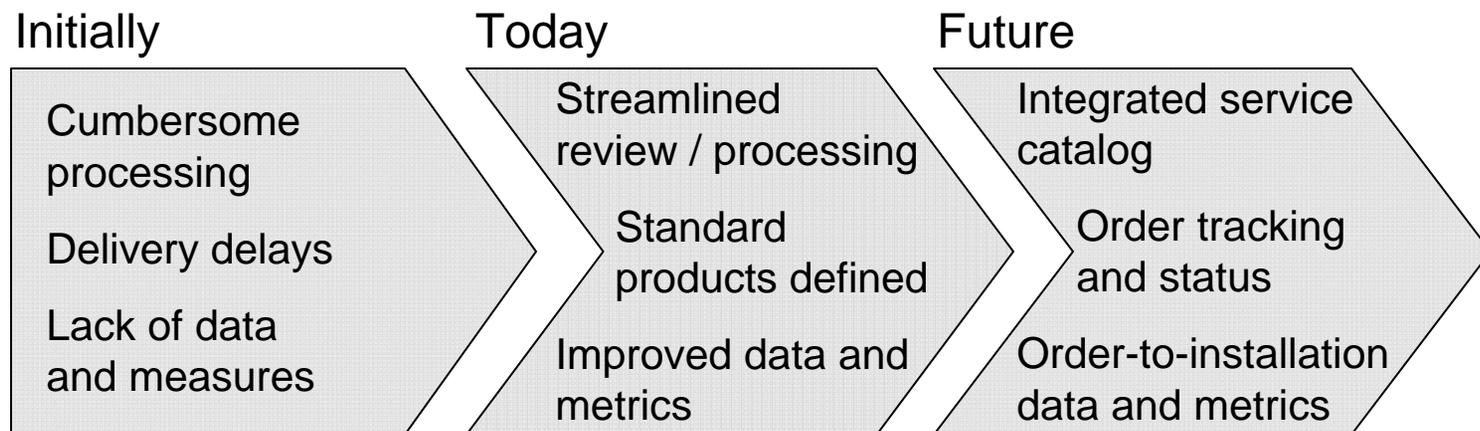
(Source: NASCIO's 2007 survey)





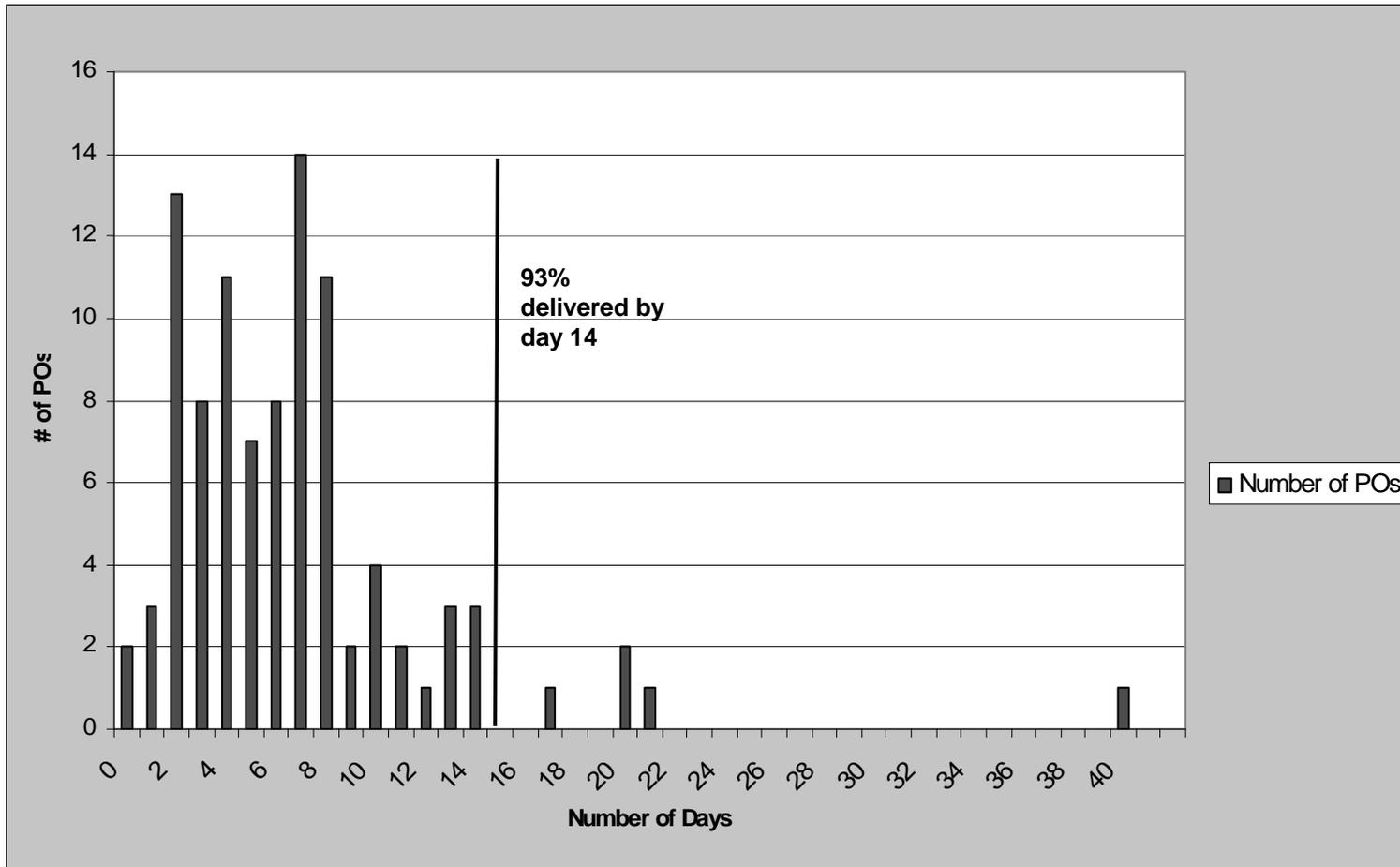
# Customer Service Request Fulfillment

- Procure to Pay (P2P) is process customers use to order commodity goods and services (PCs or maintenance)
- Formed a workgroup of agency IT and procurement experts to help us address challenges
- Improvements made; more work underway





# Time From Northrop Grumman PO Completed to Delivery – Standard Products – September





## The Challenge for '08 Budget

- As was the case in FY07, the \$236m/year partnership spending cap remains the same and VITA service rates as approved by JLARC in December 2006 also have not increased
- Why are agencies experiencing cost variations?
  - New FY07 federal cost allocation mandate
  - VITA is a fee-for-service agency
  - Some General Fund programs transitioned to fee-for-service (i.e. security)
  - Historical practices of under-funding IT programs



## Why Some Agency Spend Will Increase

- Under-funded IT programs = added risks/liability
  - Software license copyright violations on thousands of PCs
  - 60% of PCs and servers eight years old and older
  - 50% of hardware with no maintenance contract
  - 22 agencies with no technical support staff for over 1,000 computer devices
  - 72% of all agencies with inadequate IT security
- Correcting these irregularities cost an additional \$10 million annually
  - Budgets adjusted in FY07



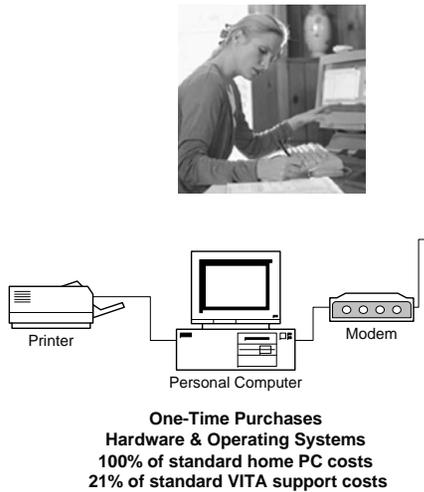
## VITA Indirect Costs FY03-FY07

	FY03	FY04	FY05	FY06	FY07
% Indirect	15.6%	17.1%	12.1%	10.3%	9.5%
% Direct	84.4%	82.9%	87.9%	89.7%	90.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

# Challenge of Cost Comparisons

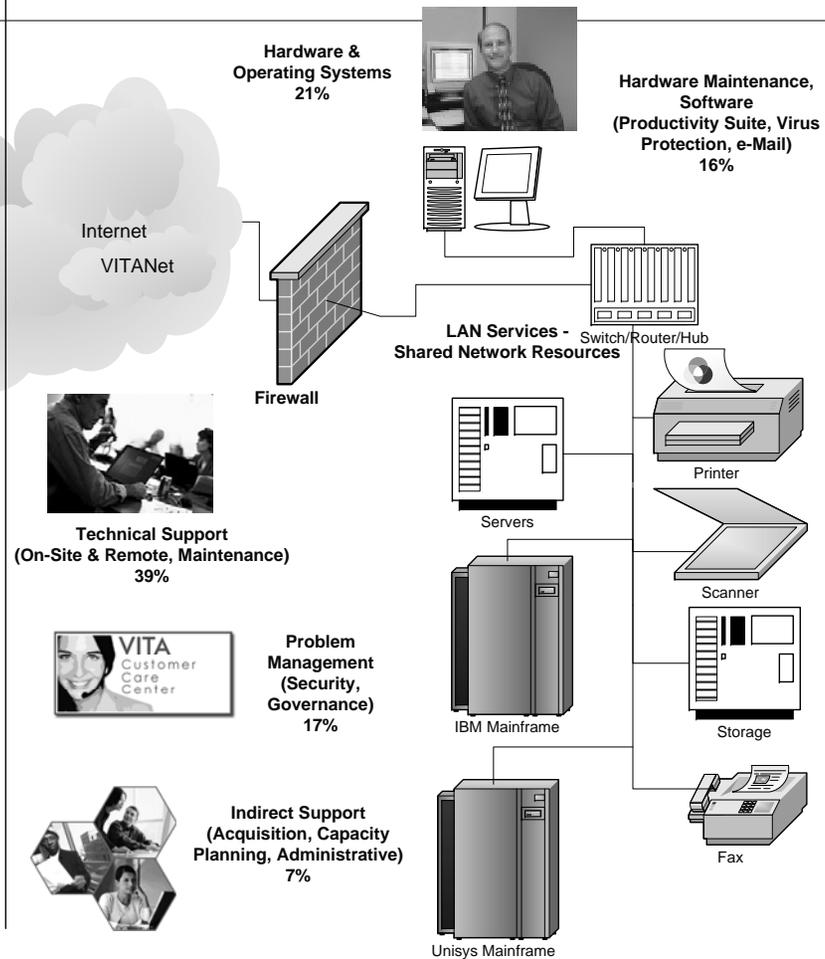
## Home PC User

Typical Home PC User  
21% of the standard VITA Support Costs



## Desktop Services

Typical VITA PC User - \$85 to \$120/month  
100% of the standard VITA support costs





## Summary

- Significant progress has been made over the first 15 months in modernizing and correcting the deficiencies in the Commonwealth's infrastructure
- Commitment, cooperation and collaboration is required for success
  - This is painful, but necessary for the Commonwealth's future
  - It's no surprise there is resistance to change and complaints about increased costs to do business the right way
  - It's about leveling the technology program across all agencies
  - We have and will experience bumps along the way, and will work effectively to resolve issues