



# IT Infrastructure Services Sourcing

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**House Appropriations Committee**

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# VITA's Mission: Mandate for Change

- Executive & Legislative Branch leaders called for
  - *Business-like approach to managing IT services across the enterprise of state government*
- Use of "Shared Services" (cloud computing)
  - Statewide IT *infrastructure* for government entities
- Central oversight of IT procurement, projects, security, standards, policy and procedures, Wireless E-911, and contingent labor
- Modernization is a journey
  - Step 1: Creation of VITA & governance framework
  - Step 2: Transformation of infrastructure
  - Step 3: Focus on shared services across enterprise
  - Step 4: Northrop Grumman contract transition



## NG Contract

- 13-year term expires on July 1, 2019
- Focus since 2005 has been tactical:
  - Finish “transformation” of 89 agencies
  - Improve overall performance
- VITA requires new resources to maintain operations while addressing recompetete & disentanglement
- Feedback from policymakers & customers needed on next steps:
  - In-sourcing, out-sourcing, multi-sourcing



# 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

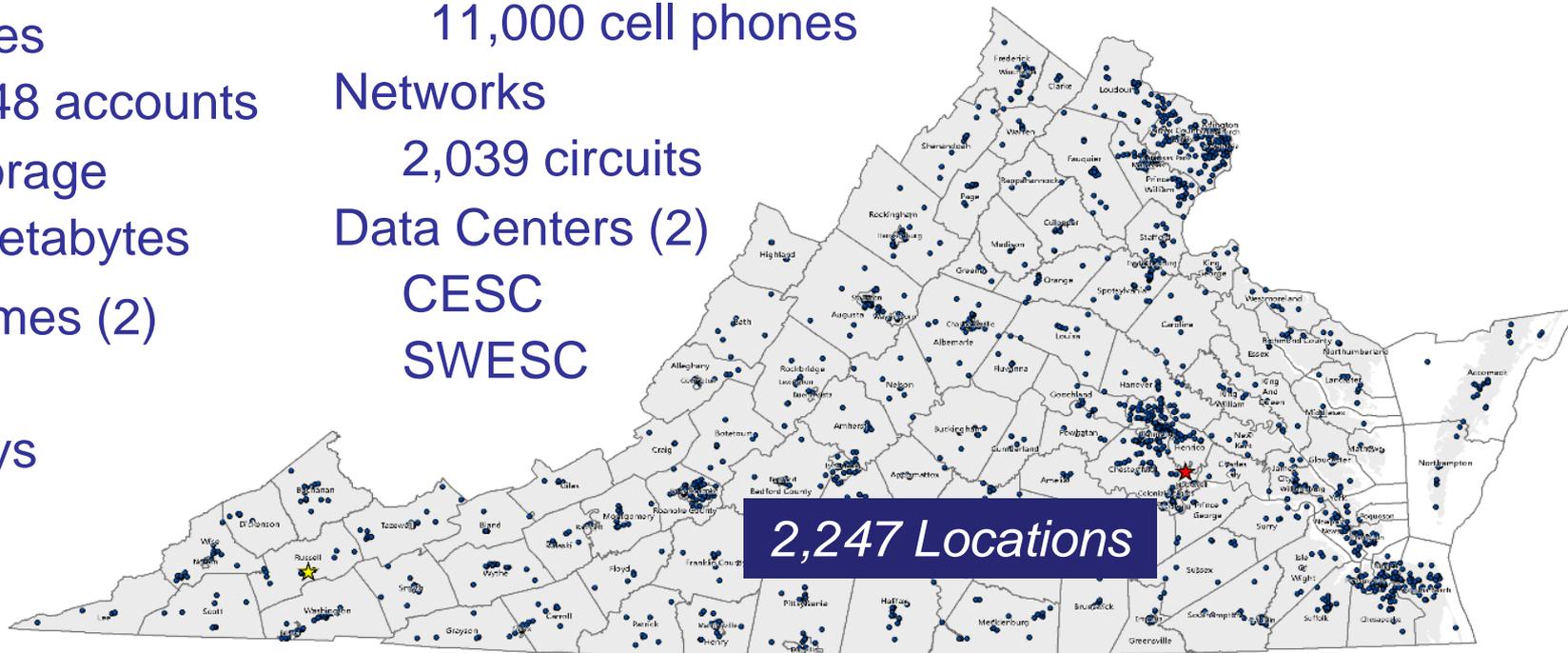
2,039 circuits

## Data Centers (2)

CESC  
SWESC

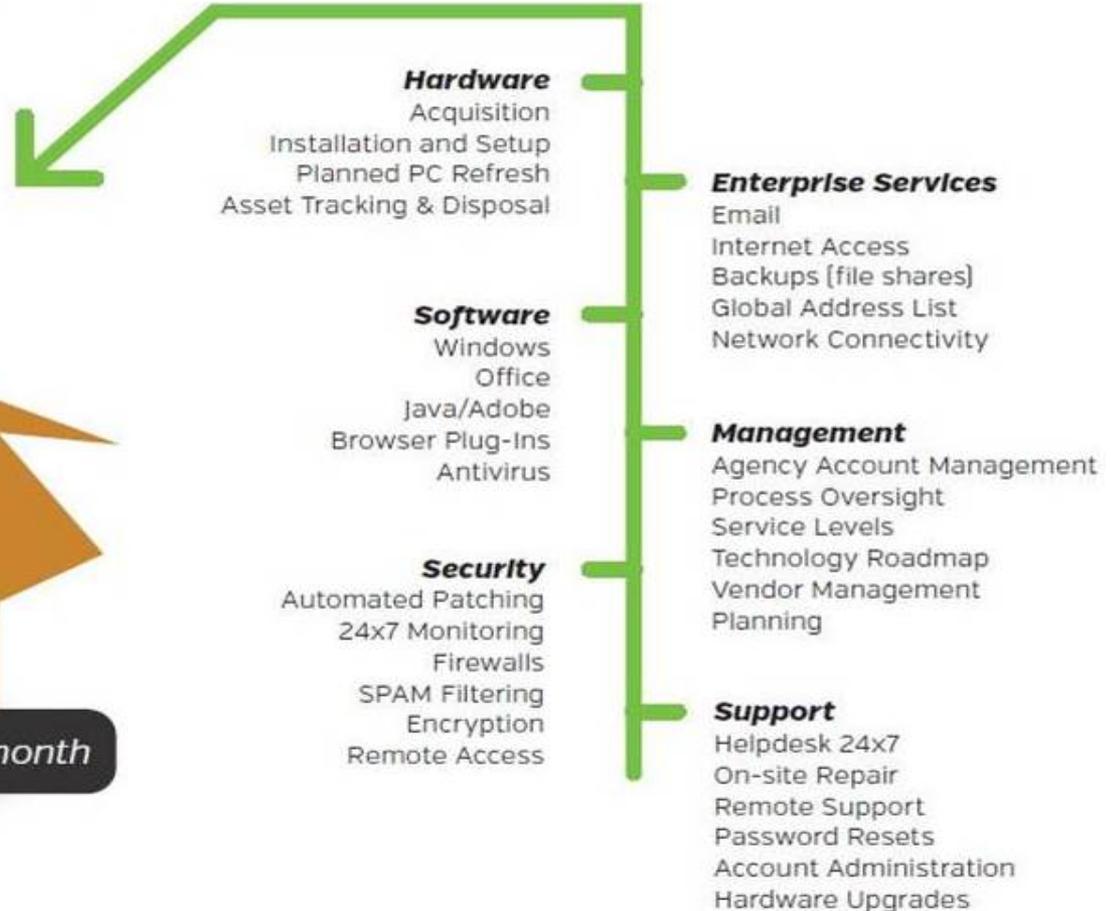
## Printers

5,311 network  
22,000 desktop



# IT Provided As a Shared Service

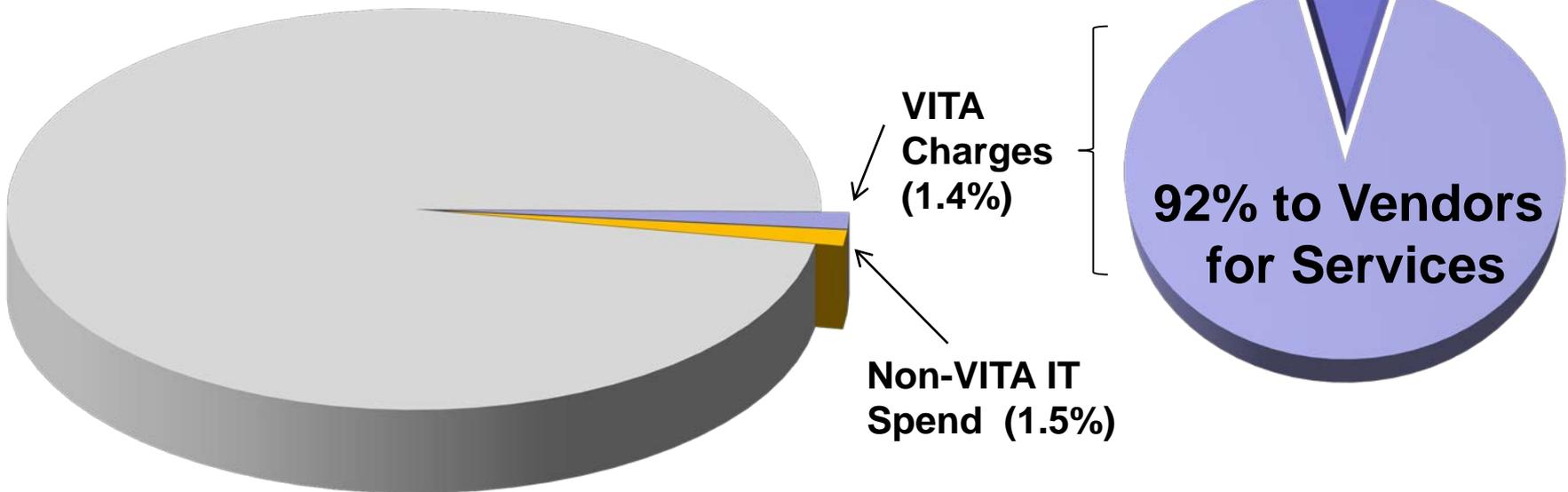
People, Process,  
Technology and Leadership



# All IT Spending Averages < 3% of Budgets

## Total FY 13 Expenditures by *In-Scope* Exec Branch Agencies\*

8% VITA Agency



\* Excludes higher education

Sources: FY13 total expenditures from Commonwealth Data Point; FY14 Non-VITA spend & VITA charges from APA CARS extract; vendor charges from VITA billing data.



# Prospective Timelines

Recompete



Disentangle



Maintain





## Guiding Principles

- Maintain existing resiliency, reliability and industry best practices
- Maintain vigilance while continuously improving performance and security
- Leverage market and technology trends to promote agility in delivery and diversity in choices
- Ensure price competitiveness and financial flexibility



## Key Decisions Needed by End of CY 2015

- Prerequisite activities must be completed during McAuliffe Administration
  - Direction needed from policymakers by end of CY 2015
- Options will also be affected by changes in provision & management of IT
  - Mobile computing, new contractual models, etc



## Policy Decision: State Data Center?

- Will Commonwealth want a dedicated state data center, located 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 & supports economic development
- Use of public “cloud” services may lower costs, but may add complexity & hinder security of data
  - NG already provides private cloud to CoVA



## 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 reflects this (\$318M in FY 2014)
- Will funding exist to buy Chester data center & other IT assets?
  - 2013 assessed value of Chester facility is \$38M
  - Contract stipulates *at least* \$47M cost for certain assets (mainframes, servers, PCs)



## Policy Decision: IT Staff Rehiring?

- More than 550 state IT staff became NG employees in 2006
  - NG now has 580 staff & contractors
- State may offer to hire NG staff & subcontractors
  - Offers must be made from Oct 2018 - Sept 2019
- In-sourcing will require substantial hiring
  - *At least* \$48M plus benefits



## Disentangling with NG

- Disentanglement associated with end of term begins 9 months prior (Oct 1, 2018) & length may vary
  - NG activities “to accomplish a complete, timely, and seamless transition”
  - Assumed a single, transition event
  - May take up to two years (March 2021)
  - Contract continues until disentanglement is complete
- Non-exclusivity and sourcing strategy may suggest introducing alternate service models and providers in a staggered transition



## Immediate Next Step: Industry Expertise

- RFP for advisory services
  - IT infrastructure services sourcing strategy & options
- RFP issued September 5
- Responses submitted by September 29
- Evaluation and negotiation September - October
- Planned award in November
- Begin advisory engagement in January



## Current Trends in IT Sourcing

- Shorter terms
- Shift from single vendor to best-in-breed vendor(s)
  - Use of multi-sourcing integrator (MSI) to support “plug-n-play”
- Staggered procurements vs. “big-bang”
- Cloud computing (no magic bullet)

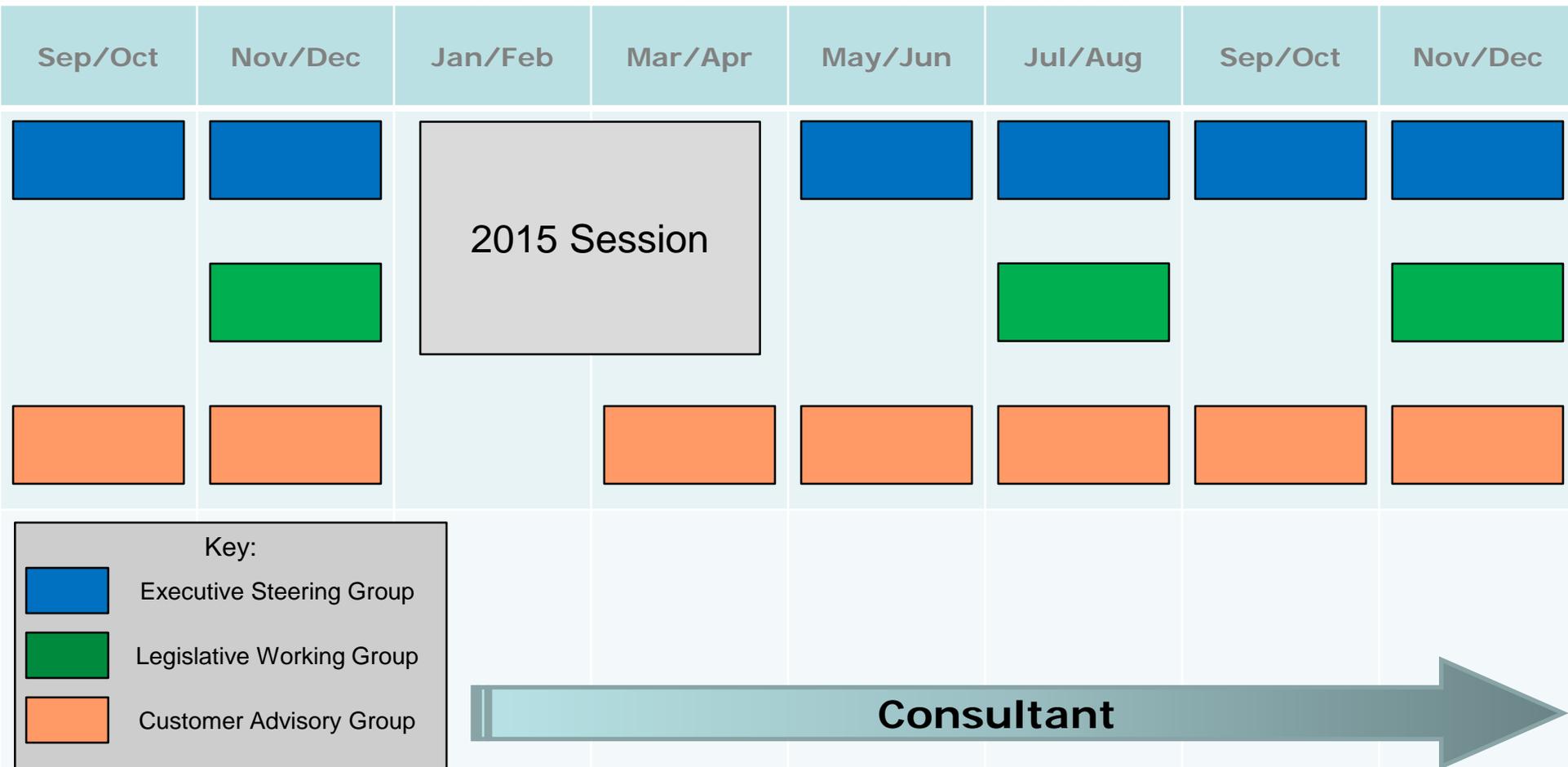


## Recompete Challenges, Look-ahead

- Aligning Commonwealth's business needs with technology
- Third wave of IT: cloud, mobile, social media
  - Citizen, agency and employee expectations
- Evolving & increasing IT security threats
- Lingering resistance to shared services approach & oversight
- Staffing - balancing (1) recompete, (2) disentanglement preparation & (3) daily ops
  - Responding to agency initiatives



# Proposed Schedule: Stakeholder Engagement





## 2005 Effort Involved Dedicated Staff

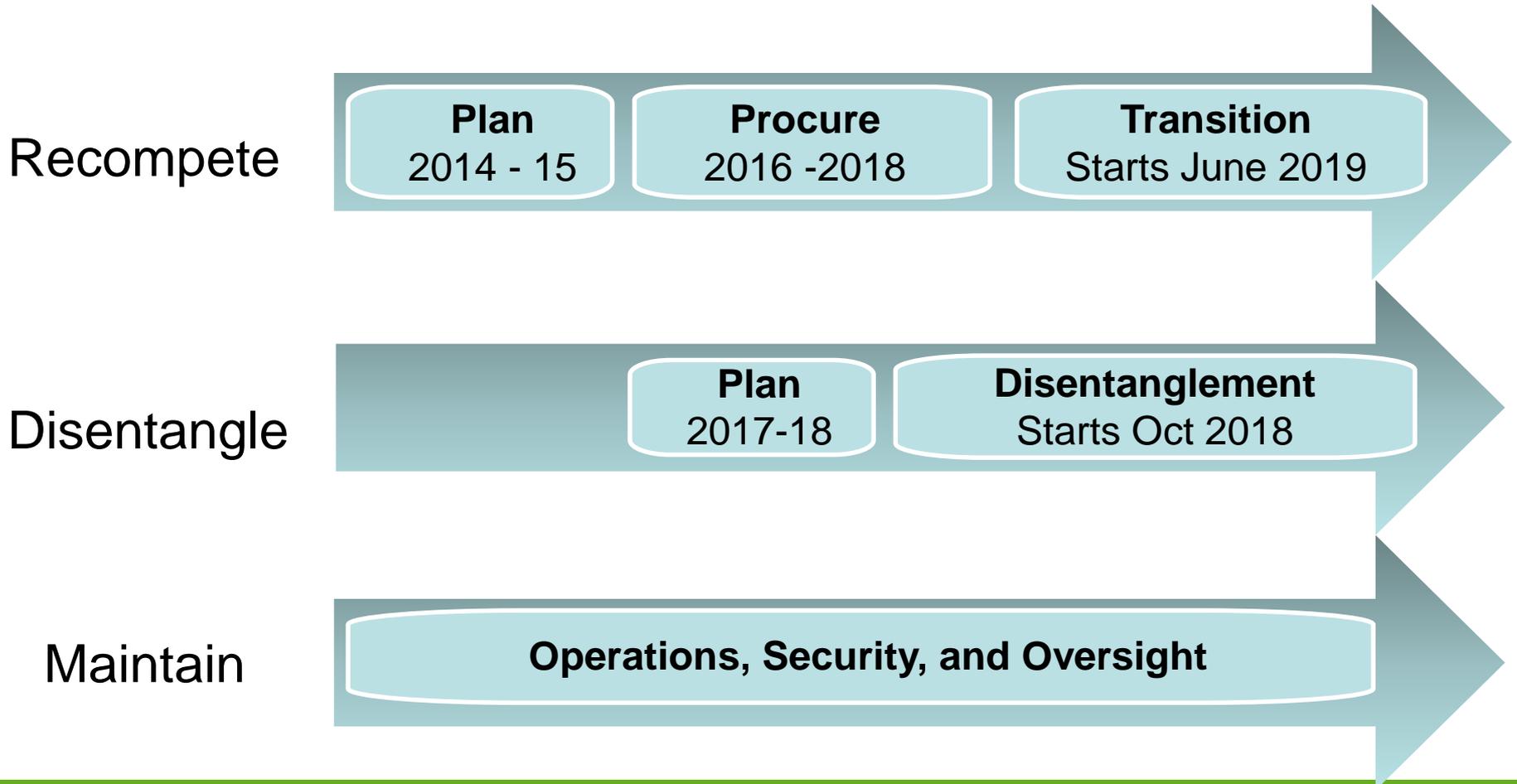


### Infrastructure PPEA—Participation

- Highly collaborative review
  - 60 individuals representing 14 agencies
    - 1 cabinet Secretary and 2 deputies
    - 2 IT Investment Board members and the CIO
  - Council on Technology Services Workgroup
    - Chaired by Dave Burhop of DMV
    - 9 members representing 7 agencies, including Judicial and Legislative branches, local government, and higher education
  - Independent review
    - Gartner
    - Gordon & Glickson
    - PA Consulting



# Prospective Timelines





# Questions?

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