VITA in Review

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House Appropriations Committee
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Virginia national recognition in 2008

- Virginia's security program rated #1 in the nation
  - National Association of State CIOs (NASCIO)

- Virginia's infrastructure partnership rated #1 in the nation
  - NASCIO

- Virginia moved from an A- to an A for "Information"
  - Government Performance Project

- Virginia's Web site ranked #1 in the nation
  - Center for Digital Government

- Virginia ranked #3 in the nation for all aspects of technology
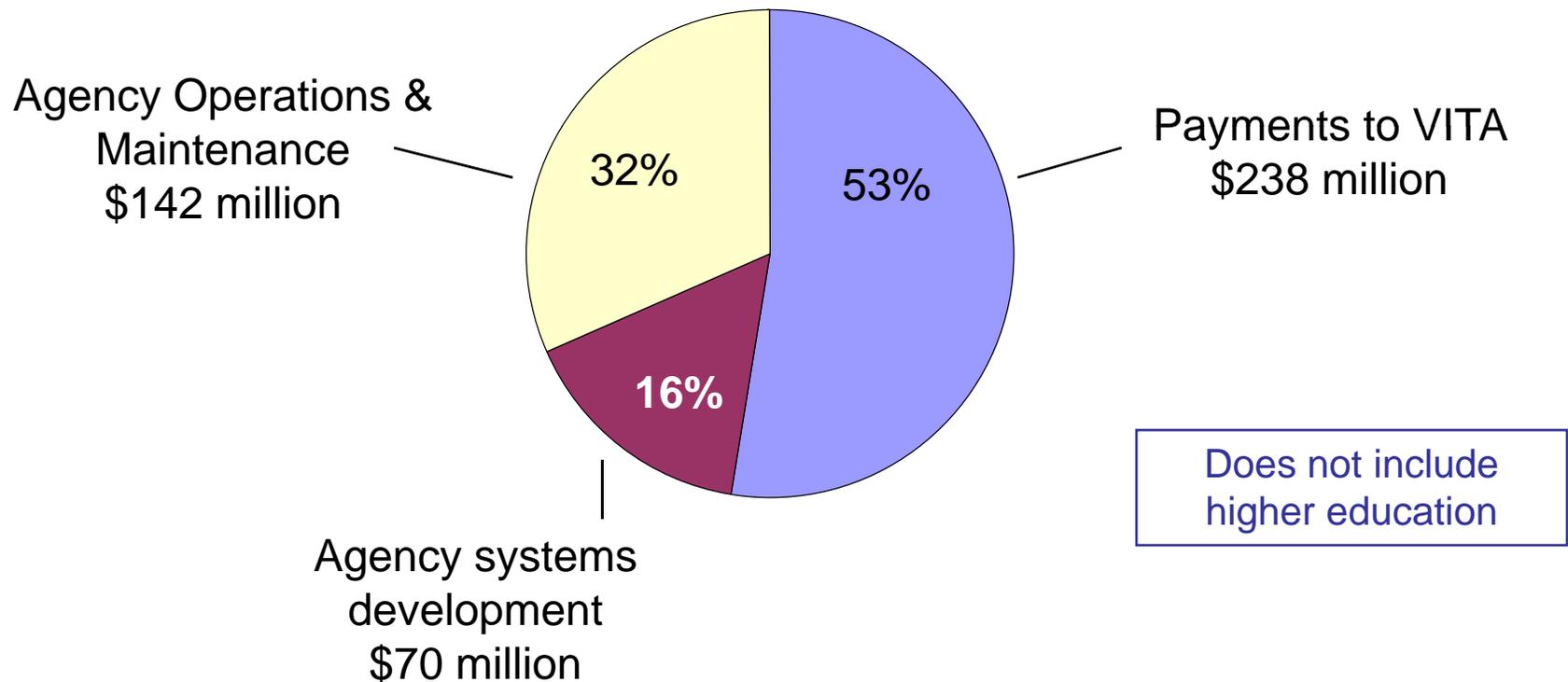 - Center for Digital Government

Perception:

VITA is responsible for all IT in the Commonwealth

VITA is responsible for about half of Virginia's Executive branch IT spend

Agency Operations & Maintenance
$142 million

32%

53%

Payments to VITA
$238 million

16%

Agency systems development
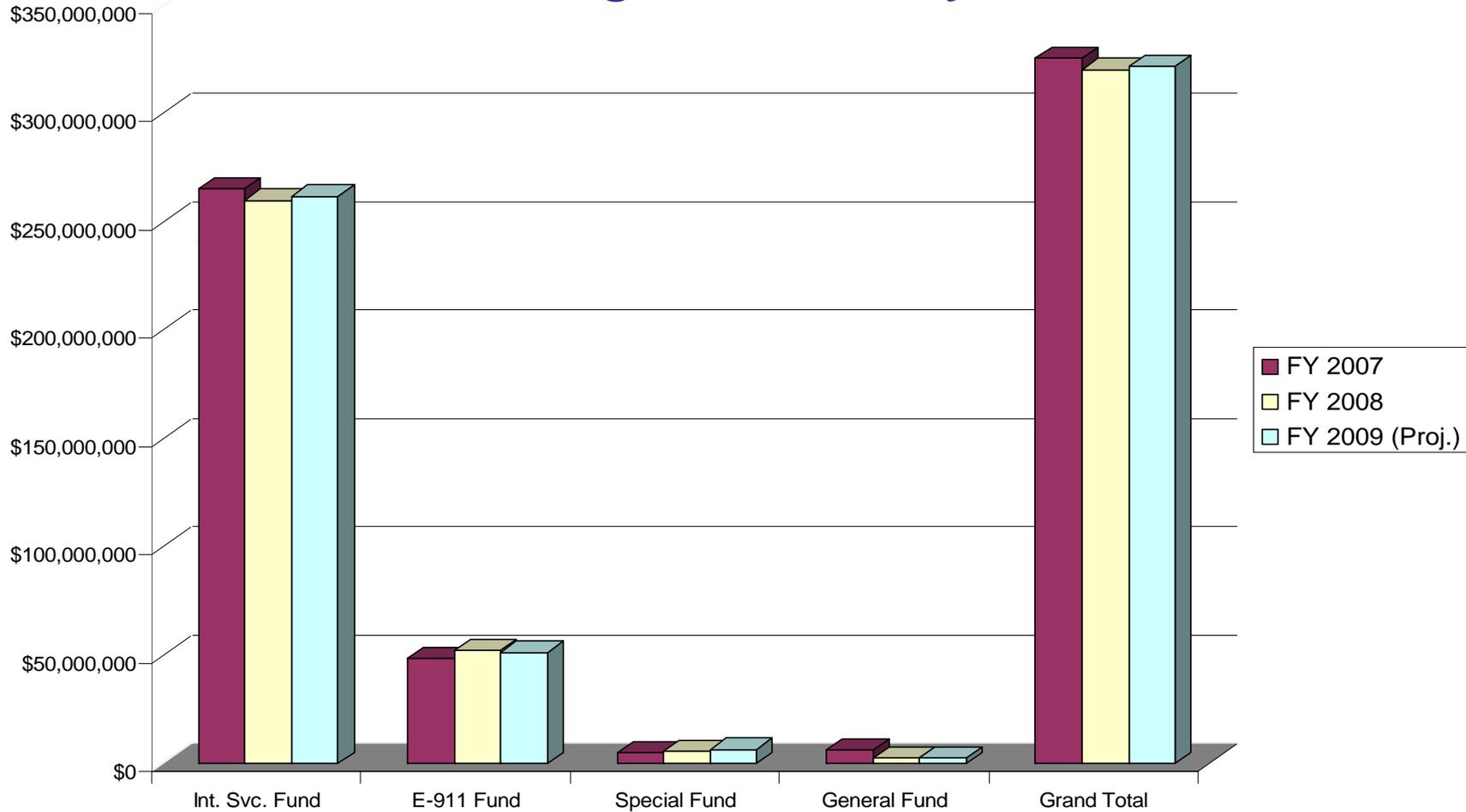$70 million

Does not include higher education

Source: APA, January 2009, *Revised Information Technology Governance*

Perception:

VITA's costs
are too high

VITA's charges virtually are flat

VITA's overhead costs have decreased steadily since 2004

	FY04	FY05	FY06	FY07	FY08
% Overhead	17.1%	12.1%	10.3%	9.3%	9.0%

How does that compare to our peers?

VITA's overhead costs are lower than average among public and private sector organizations
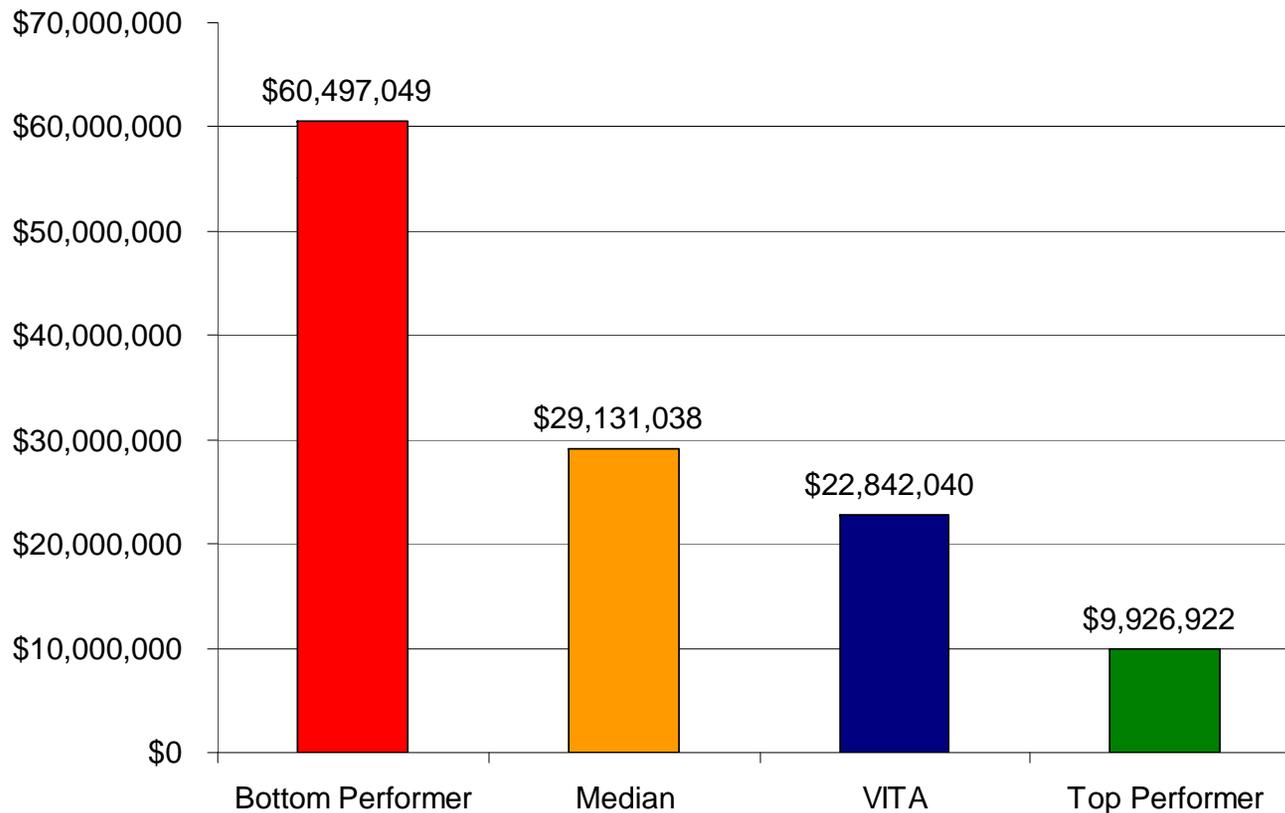
Source: Gartner, January 2008, General and Administrative (G & A) Cost Analysis and Comparison

VITA

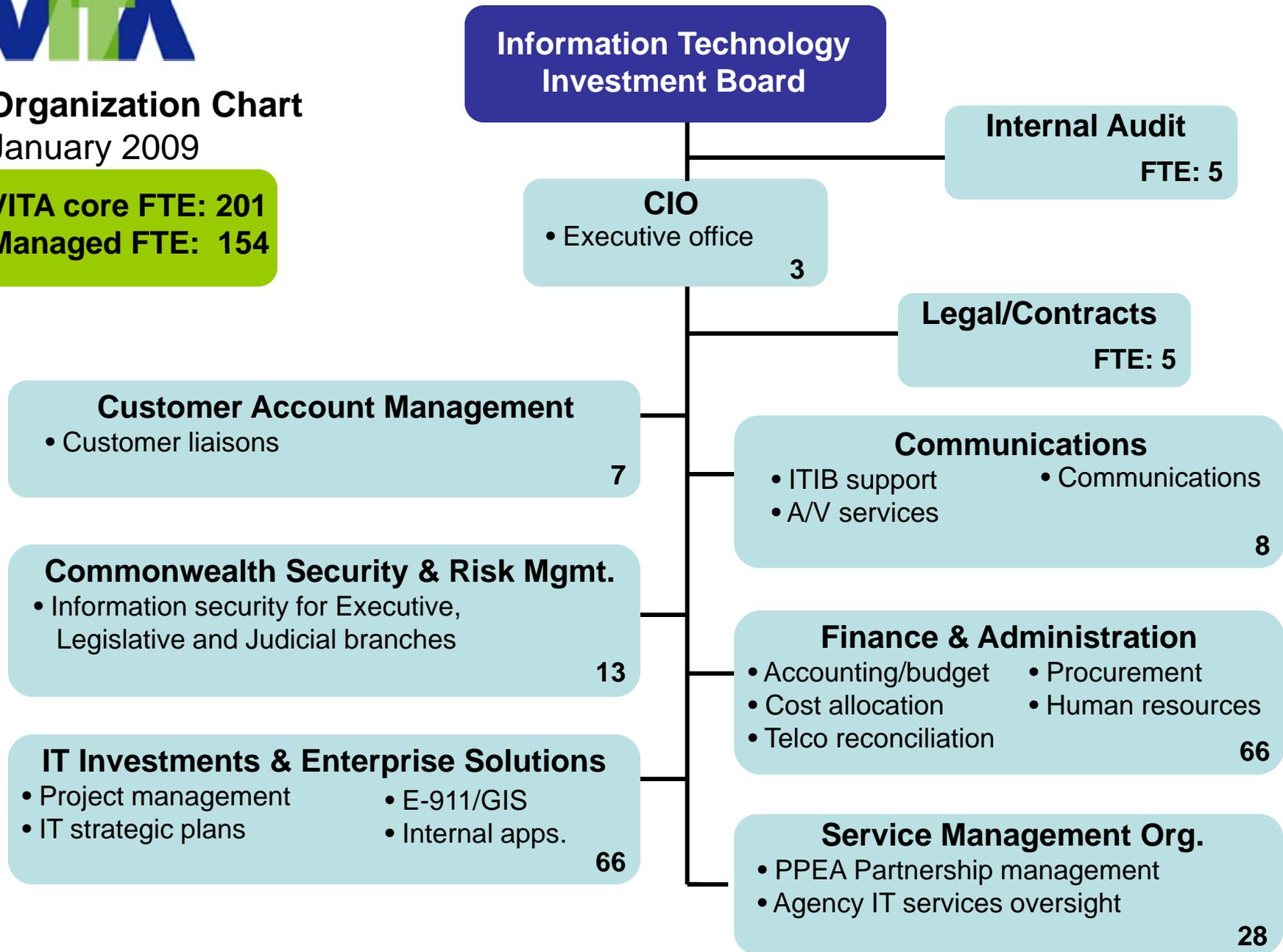## Organization Chart
January 2009

VITA core FTE: 201
Managed FTE: 154

Information Technology Investment Board

Internal Audit
FTE: 5

CIO
• Executive office
3

Legal/Contracts
FTE: 5

Customer Account Management
• Customer liaisons
7

Communications
• ITIB support • Communications
• A/V services
8

Commonwealth Security & Risk Mgmt.
• Information security for Executive, Legislative and Judicial branches
13

Finance & Administration
• Accounting/budget • Procurement
• Cost allocation • Human resources
• Telco reconciliation
66

IT Investments & Enterprise Solutions
• Project management • E-911/GIS
• IT strategic plans • Internal apps.
66

Service Management Org.
• PPEA Partnership management
• Agency IT services oversight
28

VITA is doing more with less

- VITA has 20% fewer FTEs than in July 2006
- VITA delivered $1.2 million in rebates to customer agencies in FY07
- There have been no net base service rate increases since VITA was founded in 2003
- VITA's rates are 15 to 55 percent LOWER than federal rates for comparable services

VITA's rates are a good value

Service	VITA rate	HHS rate	% Difference
Desktop PC	$131	$293	55.2%
Handheld devices	$87	$176	50.7%
Network printer	$132	$255	48.3%
Network printer (Color)	$351	$640	45.1%
Laptop PC	$180	$317	43.3%
Server (Small)	$1,078	$1,667	35.3%
Server (Medium)	$1,559	$1,916	18.6%
Server (Large)	$2,297	$2,716	15.4%

Source: U.S. Dept. of Health & Human Services, Oct. 2008, OS Policy & Procedure for Providing IT Services

So… with these facts:

1. Charges virtually <u>are flat</u>
2. VITA has <u>reduced overhead</u> costs
3. VITA has <u>rebated money</u> to agencies
4. Net base <u>rates have not increased</u> in six years
5. VITA's <u>rates are lower</u> than those of our federal counterparts

Why is there noise about costs?

Because beneath the calm "enterprise" surface, individual Agencies experienced cost increases and decreases

Why Agency costs increase

- Agency-initiated growth
- Under-funded and subsidized IT programs
- Disaster recovery
- General Assembly directed the transition of General Fund services to fee-for-service
- Corrections to asset inventory
- Federal cost allocation methodology

Why Agency costs decrease

- Leveraged buying power
- No more subsidies of "have nots"
- Staff shared across agencies
- Reduction of equipment and services
- Corrections to asset inventory
- Federal cost allocation methodology

Perception:

There haven't been
any financial benefits
to the Commonwealth

Financial value to the Commonwealth

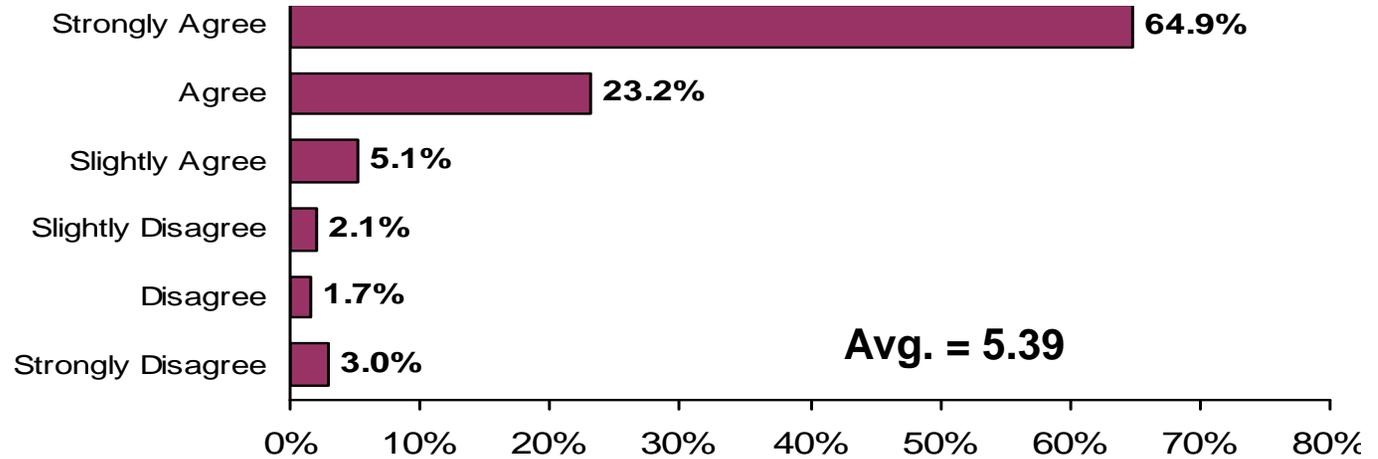| Cost Savings/Avoidance and Investments	Amount
Centralized procurement – contract reductions/discounts (FY04-FY05)	$59,700,000
Project management – no major IT project failures (FY03-FY08)	$75,000,000
Investments in Southwest Virginia	$60,000,000
IT transformation – after $270M investment is paid back	$27,000,000
Energy efficiencies – deploying energy-efficient equipment (FY10)	$11,800,000
Total	$233,500,000

Other significant benefits to the Commonwealth

- Vastly improved information security
- Creating 370 high-tech jobs in Southwest Virginia
- Increased annual SWaM spend from $4M to $80M
- Established affordable Internet access for 35 school districts and library systems
- Constructed two modern data center facilities
- Replaced much of the state's outdated infrastructure
- Improved citizen accessibility to agency Web sites and online services
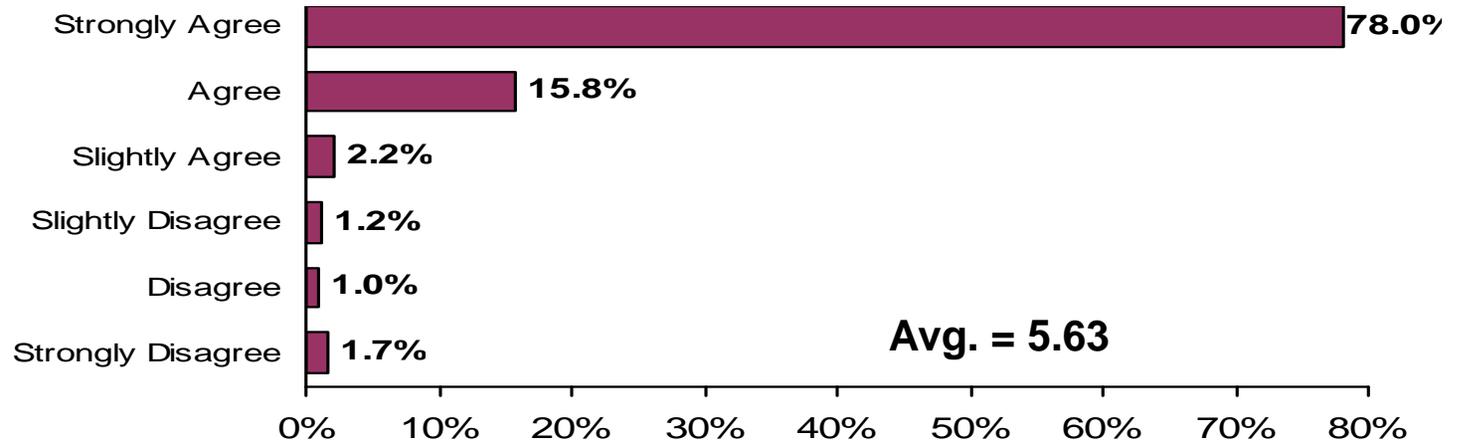- Earned 24 national awards and honors for Virginia

![Virginia Information Technologies Agency]

Customer satisfaction surveys are consistently, strongly positive

Help Desk Support
Overall Satisfaction

Strongly Agree	64.9%
Agree	23.2%
Slightly Agree	5.1%
Slightly Disagree	2.1%
Disagree	1.7%
Strongly Disagree	3.0%

Avg. = 5.39

0% 10% 20% 30% 40% 50% 60% 70% 80%

Desktop Support
Overall Satisfaction

Strongly Agree	78.0%
Agree	15.8%
Slightly Agree	2.2%
Slightly Disagree	1.2%
Disagree	1.0%
Strongly Disagree	1.7%

Avg. = 5.63

0% 10% 20% 30% 40% 50% 60% 70% 80%

There are real challenges

- Cultural resistance to change
- The economy
- Aggressive transformation schedule
- Antiquated applications environment
- Asset inventory

VITA is addressing these challenges

- Collaborating with agencies and Governor's Office to reach transformation goals

- Focusing on most critical transformation priorities

- Working with agencies to improve service delivery

- Added resources to address inventory

Actual payments to Northrop Grumman were below the cap
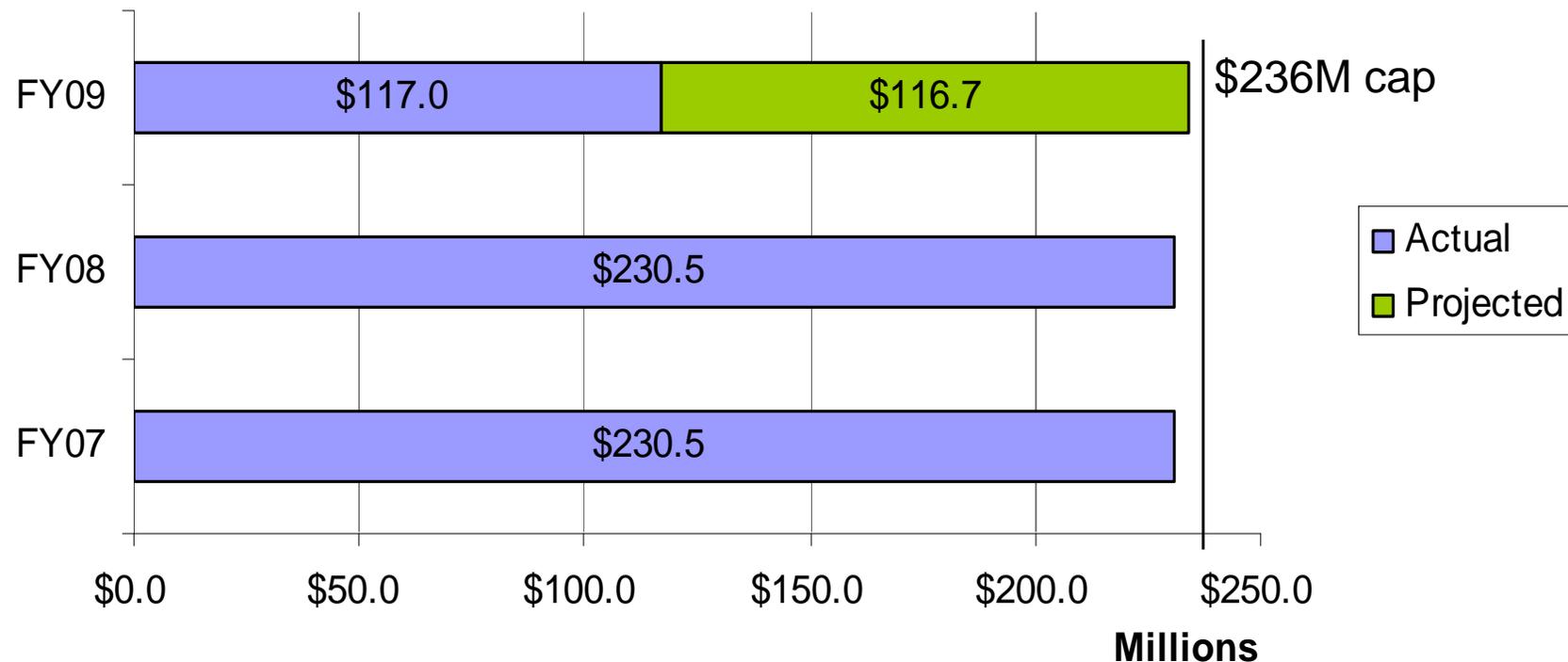
The cap can exceed $236M
- Workload growth
- Out-of-scope work
- Cost-of-living adjustment

The cap can drop below $236M
- Non-appropriations
- Reduction in services (unit driven)
- Government restructuring
- Contract renewal ($27M)

Questions?

National rankings

- #1 in information security
- #1 in enterprise IT management
- "A" in information, Best Managed State
- #1 in digital government
- #3 in overall technology use

Supporting materials

Energy Consumption Efficiencies

- Consumption efficiencies realized through hardware and best practices (i.e. ENERGY STAR compliant hardware components and configuration settings)
- Servers operate primarily in a 24/7 active mode; consumption efficiencies best gained by consolidation and virtualization
- Approximately 350 servers consolidated through virtualization yielding anticipated energy savings of $83,000/yr
- Approximately 30,709 PCs have been refreshed with ENERGY STAR rated devices

Projected Energy Cost Estimates for Workstations and Monitors (60,000 Workstations and 60,000 Monitors)

Refresh Begins →

Legacy Workstation Trend

~$8M annual cost savings*

Energy Efficient Workstations

Legacy CRT Trend

~$3.8M annual cost savings*

Legacy Monitors

- Estimated Energy Costs per Year Using Current ENERGY STAR Efficient Workstations
- Estimated Energy Cost per Year for Legacy Workstations
- Estimated Energy Costs per Year Using Current ENERGY STAR Efficient LCD Monitors
- Estimated Energy Cost per Year for Legacy CRT Monitors

*Estimated annual cost savings anticipated after refresh (July '09)

Calculator: U.S. EPA and U.S. DOE energy savings calculator