



Virginia Information Technologies Agency

Infrastructure Services Sourcing

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House Appropriations General Government &
Capital Outlay Subcommittee



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



Current timelines

IT Sourcing



Disentangle



Maintain





IT sourcing consultant

- Sourcing consultant contract awarded to Integris Applied following a competitive procurement
 - 2015: 11-month statement of work
 - Contract and pricing structure analysis
 - Analysis of current spending for market comparison
 - Final recommendations delivered in November
 - 2016: 6-month statement of work
 - RFP planning, support and execution
 - Disentanglement support
- Iterative and collaborative “journey” that includes stakeholders



Steering committee

- Jason Powell, SFC Legislative Fiscal Analyst
- David Reynolds, HAC Legislative Fiscal Analyst
- Skip Maupai, HAC
- 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
- Adam Thiel, Deputy Secretary of Public Safety and Homeland Security
- Dr. Jeffrey Stern, VDEM agency head
- Dana Smith, VITA Exec Dir, Administration & Finance
- Chad Wirz (Chair), VITA Exec Dir, Service Management & Delivery



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



Virginia Information Technologies Agency



Cognizant



NetApp





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

Market has several sourcing models

Prime with subcontracts

- Most similar to current model with NG
- VITA would contract with single provider
- Prime may use various subcontractors

Multisourced

- VITA would contract with multiple providers
- Service integration function would manage providers
- Operating level agreements ensure service transparency

Insourced

- VITA would need personnel, skill sets, and tools to manage multi-provider environment
- VITA would need resources to keep skills current

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 identified sourcing **scenarios** that best address these goals



Scenario evaluation approach

- VITA and Integris Applied engaged agencies and stakeholders to identify goals
- Sourcing models used by consultants to generate several future-state scenarios
 - Scenarios were 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



Seven strategic sourcing scenarios

- | |
|--|
| 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 |



IT sourcing next steps

- Continuing briefings to legislative committees during and after 2016 Session
 - Prerequisite procurement activities initiated before Session to maintain pace
 - VITA plans to conduct at least two procurements during first half 2016
 - VITA will continue to engage legislature before RFPs issued or contracts signed
- Initiate disentanglement discussions with Northrop Grumman now
- 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



Resources

- Information
[vita.virginia.gov](http://www.vita.virginia.gov) at this icon

IT Infrastructure Sourcing



<http://www.vita.virginia.gov/default.aspx?id=6442473400>

- Feedback and questions
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Questions?

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