



General Government Subcommittee
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Peggy Feldmann
Director, VEAP
3 December 2008

Agenda

As-Is and To-Be Application Strategy

Answer the question: “Where are the savings?”

- What is a Shared Service?
- What is Enterprise Content Management (ECM)?
- Where is the value?
- How is it funded?
- How is it different from Infrastructure?

APA report

Commonwealth Applications Vision

“AS-IS”

Enterprise Applications			
FM	Payroll	Procurement	HR
Shared Services			
HR	Payroll	PR	
Agency Applications			
eSignature	Portals	TREDS	iFile
			Human Resources
			Time-Attendance
			Financial Mgmt
ePayment	Licensing	Medicaid	
		Business Intelligence	
		Content Mgmt	

“TO-BE”

Enterprise Applications			
FM (Core)	Payroll (Core)	Procurement (Core)	HR (Core)
Shared Applications & Services			
eSignature	Portals	Enterprise Content Management	Human Resources
			Time-Attendance
			Financial Mgmt
ePayment	Licensing		Va.gov
		Development Support	
		Business Intelligence	
Agency Applications			
Medicaid			iFile
TREDS			

Basic Shared Services Concept

What is a Shared Service?

- A single solution/platform utilized by multiple governmental entities
- Participants share in the use of the hardware, software, and support resources
- Agencies pay on a per user basis for use of the service, not the IT infrastructure

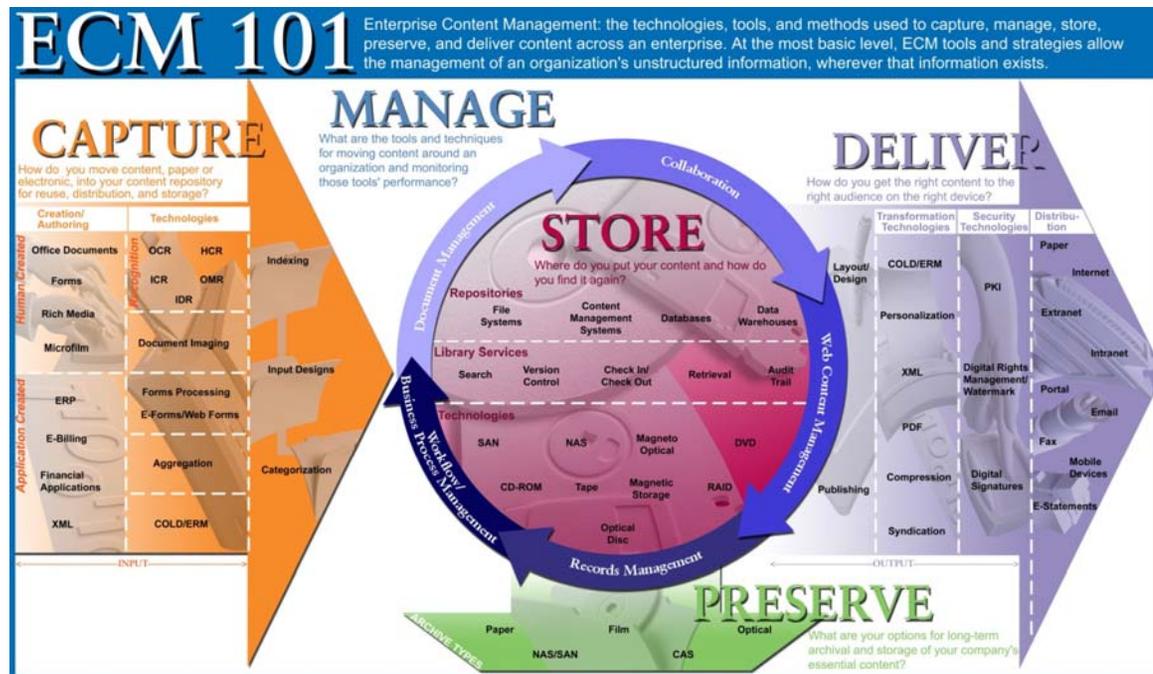
Why does the Commonwealth need Shared Services?

To provide a cost effective way for Commonwealth entities to benefit from a solution:

- Small- to medium-sized agencies that cannot justify the cost of their own solution
- Larger agencies that pilot solution functionality before expanding to their own platform

What is ECM?

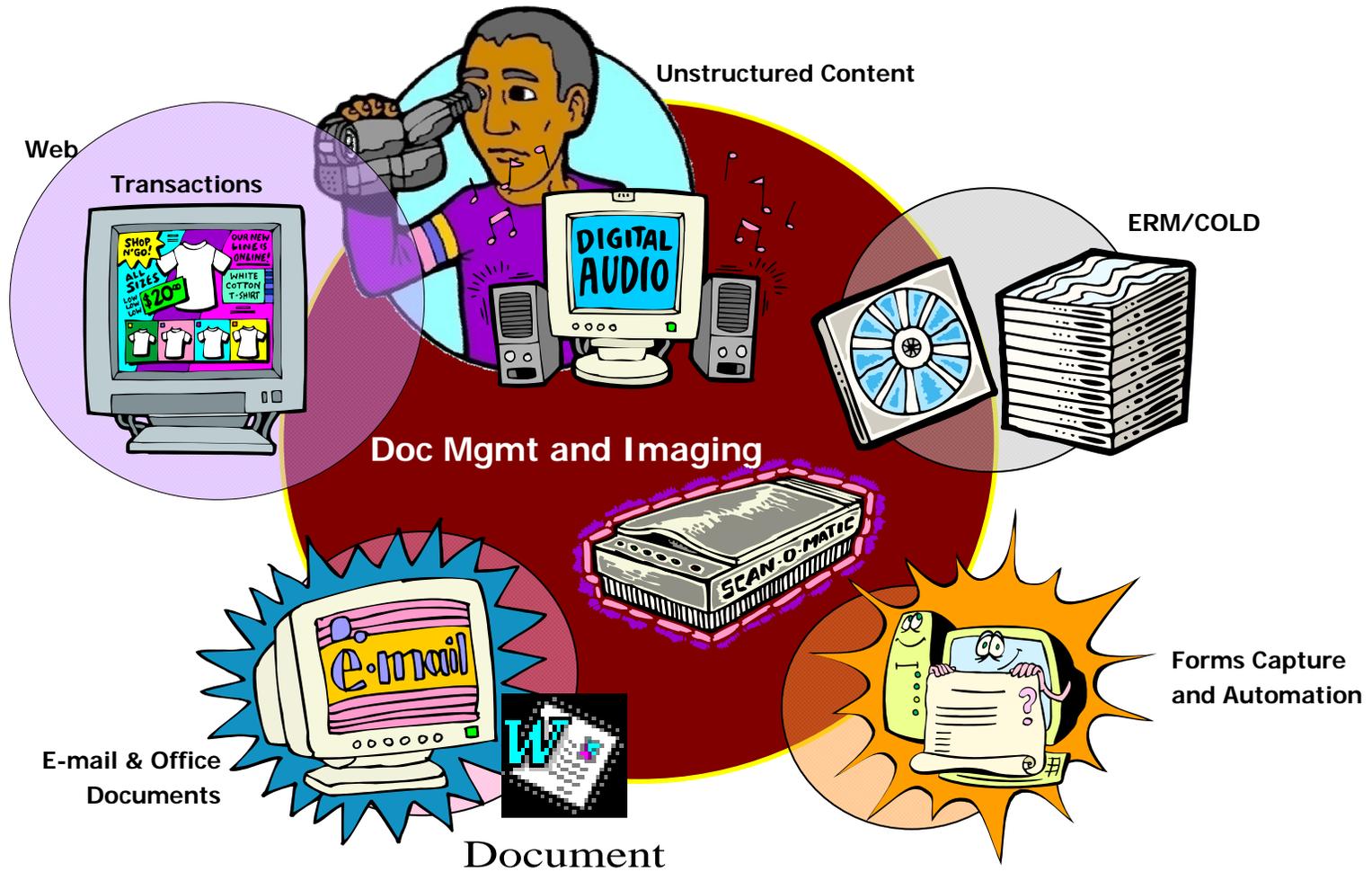
- Enterprise Content Management (ECM) is the technologies used to capture, manage, store, preserve, and deliver content and documents related to organizational processes. ECM tools and strategies allow the management of an organization's information.







Content Types Managed by ECM



What is the value of ECM?*

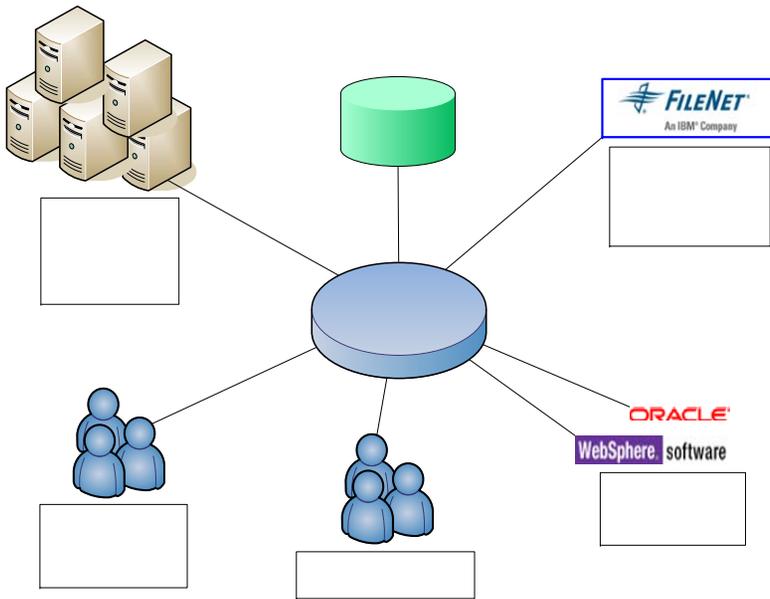
- Reduce operating costs
 - In both the public and commercial sectors, *15-20% of an organization's revenue* or funding is spent creating, managing and distributing documents
- Do more with less
 - Reduce need to hire new employees as the workforce ages/retires
- Reduce risk
 - Aging population will increase demand for services
 - 67% of US workers are in positions where "*knowledge*" is the product
 - Assists in attracting young workforce by transforming image of state government as "paper pushers"
- Manage FOIA requests better
 - The average worker spends 50-80% of his/her time looking for information
 - PC users spend 7.5% of their time seeking misplaced files – at \$60K (\$30/hr.) annual compensation is *\$4,500 per person*
- Share information (collaborate)
 - 90% of a business's information is in documents, not database – or, '*90 % of an organization's memory is on paper*'
 - 80% of digital documents are stored on local hard drives
 - 60% of people's "*time*" is spent working with documents



*Based on multiple industry sources, e.g. Gartner, PC Magazine, and Gimmel

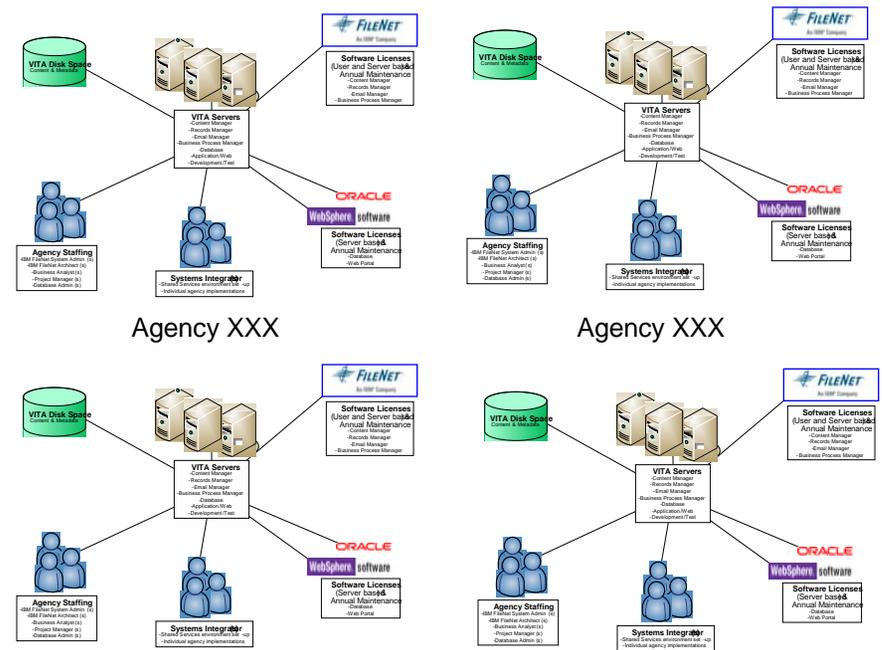
How do Shared Services Create Efficiencies

Components of ECM (Shared Service Model)



Shared Services reduces licensing, servers, databases, support & management overhead.

Components of ECM (Agency Deployment Model)



VITA Disk Space
Content & Metadata

Software Licenses
(User and Server based) &

ECM Working Group Estimated Participation ~4,200 users

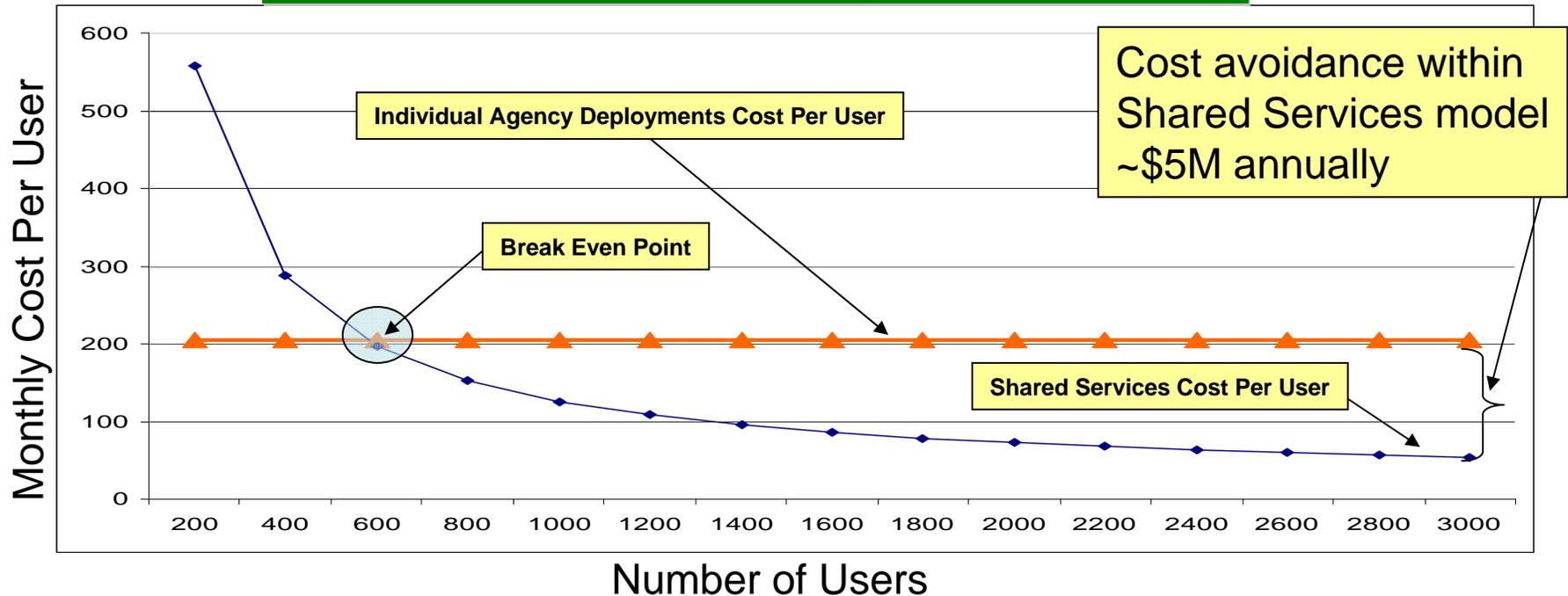
- Local Social Services
- Transportation
- Agriculture and Consumer Services
- Juvenile Justice
- Social Services
- Corrections
- Library of Virginia

- Business Process Manager
- Database
- Application/Web
- Development/Test

ECM
Shared Services

Where are the Efficiencies?

Shared Services vs. Agency Solution



Assumptions

- Based on simple “Scan, Store, Retrieve” scenario with in-house scanning and 200 users per agency
- Figures are estimates – not all costs can be fully validated at this time
- Large agencies with significant customization, complex workflows, and integration should implement their own solution

Agencies improve efficiencies through ECM Shared Services participation

What are the Benefits?

Agencies / Localities

- Avoid costs through participation in Shared Services
- Greater agency population can benefit from Shared Services
 - Smaller agencies cannot afford implementations on their own
- Shared Services provides enhanced ROI and cost avoidance directly to agencies

VEAP

- VEAP fills the role required for facilitation and collaboration
- VEAP efforts and resources allow agencies to realize the benefits of Shared Services

Case Study – Norfolk Human Services

Estimated Existing Paper Costs (\$242K)

- 10/1/07 to 9/30/08 – 45K intake activities – 1.8M pages (40 pages per)
- Costs (supplies only)
 - \$180K per year for printing/copying @ 10 cents per page
 - \$22K per year for folders @ 50 cents per folder
 - \$40K per year for renewals @20K cases @ 20 new pages @ 10 cents per page

Estimated Shared Services Costs (\$195K)

- ECM Shared Services Cost – approx. \$190K per year for 300 users
- Upfront SI costs – approx. \$5K
 - Note: Total SI costs are \$80K to \$140K, but costs are shared across approx. 30 local agencies

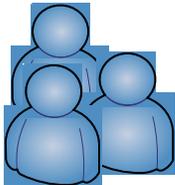
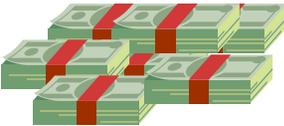
ECM Shares Services pays for itself on supply costs alone...

How are Shared Services Funded?

Internal, e.g. Business Intelligence, ECM, Licensing



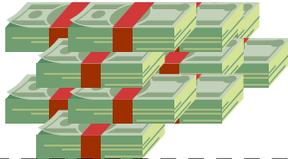
Provides up front capital



Agencies purchase services as they go



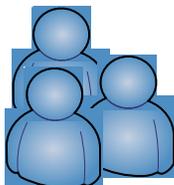
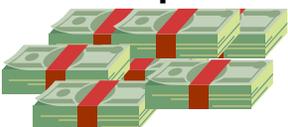
Agency fees are used to replenish VEAP investment



External, e.g. Business One Stop



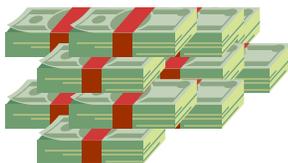
Provides up front capital



Citizens purchase services



Citizen fees are used to replenish VEAP investment



How is VEAP different from VITA?

VEAP

- Services are business process based
- Voluntary
- Related to costs historically viewed as non-discretionary
- Agencies develop cost models and services

VITA

- Services are infrastructure based
- Mandatory
- Related to costs historically viewed as discretionary
- VITA/NG develops cost models and services

APA Report

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- APA found COVA received value from the original products produced under the partnership with CGI
 - APA provided three recommendations:
 - #1: Clearly document and communicate VEAP plans and strategies
 - VEAP is currently developing the COVA Strategic Plan for Applications, a necessary pre-cursor to the VEAP strategy.
 - #2: Evaluate long term need for VEAP
 - VEAP supports alternative 2, the strategic plan is under development.
 - #3: Develop methods to provide alternative funding
 - The SoF is working with DOA, DGS and DMAS on alternative revenue streams. The shared services model provides yet another revenue stream. CGI and TAX are reviewing the current tax revenue agreement.

Questions & Comments



Why Shared Services (Licensing Example)

- **600,000 licenses across 8 agencies:**

- Department of Health Professions - ~300,000 licensees
- Department of Education - ~200,000 licensees
- Department of Criminal Justice Services - ~40,000 licensees
- Board of Accountancy - ~20,000 licensees
- Department of Agriculture, Consumer Division - ~20,000 licensees
- Board of Towing and Recovery Services - ~5,000 licensees
- Racing Commission - ~5,000 licensees
- Charitable Gaming - ~600 licenses

- **Current IT Partnership Infrastructure:**

- Each agency pays maintenance and infrastructure fees as separate entities
- The minimum infrastructure for an agency to operate the MyLicense Office (MLO) system is 6 servers:
 - (1) Application server
 - (1) Expressions Server
 - (1) Document Management Server
 - (1) Database Server
 - (1) Inside Web Server
 - (1) Outside Web Server

**8 agencies x 6 servers
each = 48 Servers at a
cost of \$509,640**

- **Shared Services Infrastructure:**

- VEAP pays maintenance and infrastructure fees as one entity, agencies purchase licensing service from VEAP as needed
- Total number of servers required to support the shared service:
 - (3) Application Servers
 - (2) Expressions Servers
 - (3) Document Management Servers
 - (6) Database Servers
 - (3) Inside Web Servers
 - (2) Outside Web Servers

**8 agencies sharing 19
servers at a cost of
\$298,909**

Why Shared Services (ECM Example)



- **Servers:**
 - ECM Shared Service for 7 agencies - 12 for production and 4 for dev/test (16 servers)
 - Agency Implementation - min 4 servers each x 7 agencies (28 servers)
- **Support Staff:**
 - ECM Shared Service - 5 core staff
 - Agency Implementation - 1.5 core staff each x 7 agencies
- **Storage** - our model assumes 3TB for ECM Shared Services and 1TB for an agency implementation
- **Infrastructure software** - IBM FileNet requires database and app server software. It is possible that we will require 1 server license of each for Shared Services and an agency implementation would also require 1 license each
- **System Integrator** - there are two components to this - standing up the environment and then adding an agency
 - With Shared Services, the cost to stand up the environment is paid once; leaving only the cost to add an agency
 - With an agency implementation, the agency is responsible for the total SI cost