



Office of the Secretary of Technology

Governor's Proposed Technology Initiatives ~ Remarks to the Senate Finance General Government Subcommittee



The Honorable Aneesh P. Chopra
Secretary of Technology

January 27th, 2009



Office of the Secretary of Technology

Kaine Administration Technology Strategy

Strengthening IT Governance– Operations and Economic Development

I

Simplify Government Operations

#IT Infrastructure: Establish a benchmark to achieve greater customer satisfaction with centralized IT infrastructure services
Lead: VITA

#Productivity Improvement: Lower operating costs, decrease constituent transaction time or advance key outcomes measures in selected government operations
Lead: DPB/VEAP

Today's agenda for discussion

II

Advance the Governor's Agenda

#Healthcare IT: Promote transparency and accountability in healthcare through IT
Lead: Office of Health IT

#Broadband Assistance and Telework Promotion: Enroll 20% of eligible state workforce in telework and ensure universal broadband access for business by 2010
Lead: Office of Telework/Broadband

#STEM Education: Support Governor's Career and Technical Academies to expand talent base for technology workforce
Lead: Workforce Advisor

III

Promote the Technology Economy

#Seed-Stage Capital Access: Double the number of innovative companies funded at the seed stage
Lead: ITA

#Industry-Sponsored R&D: Achieve \$1.2BN in public university R&D and leverage private investment for Commonwealth research funds
Lead: VRTAC

Today's agenda for discussion



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Budget Actions – VITA/VEAP

Partnership Approach to Fund Modernization, Streamline IT Oversight

- **Proposes Changes to Support IT Infrastructure Partnership**
 - Adjusts funding (**no new funds**) to address GF impact on de-centralized rates implemented after 2006 federal cost allocation intervention. For FY09, **\$13.0M(GF)**; FY10, **\$6.0M(GF)**
 - Directs the IT Investment Board to address any gap between budgeted funds and projected costs within affected agencies for decentralized services through changes in transformation planning, applications services, and information technology contractor support; **action requires expanding ITIB oversight authority to govern all IT spending in Commonwealth (HB2539)**
- **Carries Forward Governor's Budget Cuts, Introduces Targeted Reductions**
 - VITA and VEAP (combined) absorb overhead budget reductions commensurate with cuts announced in October. For each year, **\$500K**
 - Transfers unobligated E-911 Funds to support sheriff dispatchers. For each year, **\$6M(NGF)**
- **Consolidates IT Governance through Merger of VEAP, VITA; expands IT oversight**
 - Advances the Commonwealth's IT Modernization initiative by empowering the ITIB to govern all IT spend – applications, infrastructure, and contractor IT support



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VEAP ~ Path Forward

Enterprise Applications on Track for Development

- **Authorizes VEAP to invest in the Commonwealth's future with funds to continue significant enterprise shared services efficiency opportunities**
 - ITIB approved **\$11M** budget from working capital (4/08) and continues active oversight role to monitor collections and cost recoveries deposited into ITIB-governed Fund (“**VTIF**”)
 - APA Report on VEAP (9/08) disclosed priority initiatives:
 - **Planning:** Central Administrative Systems (Finance, HR)
 - **Procurement:** Performance-based Budget System, Business Intelligence
 - **Major IT Projects:** Enterprise Content Management Shared Service
 - **Minor IT Projects:** “One-Stops”, Digital Signatures, Web Services
 - **Applications Governance:** Implementation of the “CIO-CAO Operating Plan”
- **Finance Secretary actively pursuing collections and cost recovery revenue sources**
 - Initiated TAX cost recoveries program (4/08); determining historical return vs. CGI return to calculate share towards capital advance
 - Sec of Finance working with DOA and DGS on further cost recoveries
 - Budget language introduced includes DMAS equipment recoveries
- **VEAP Director establishing agency “MOUs” to “payback” capital advance**
 - Enterprise Content Management Shared Services Center the pilot collaboration applications and services model



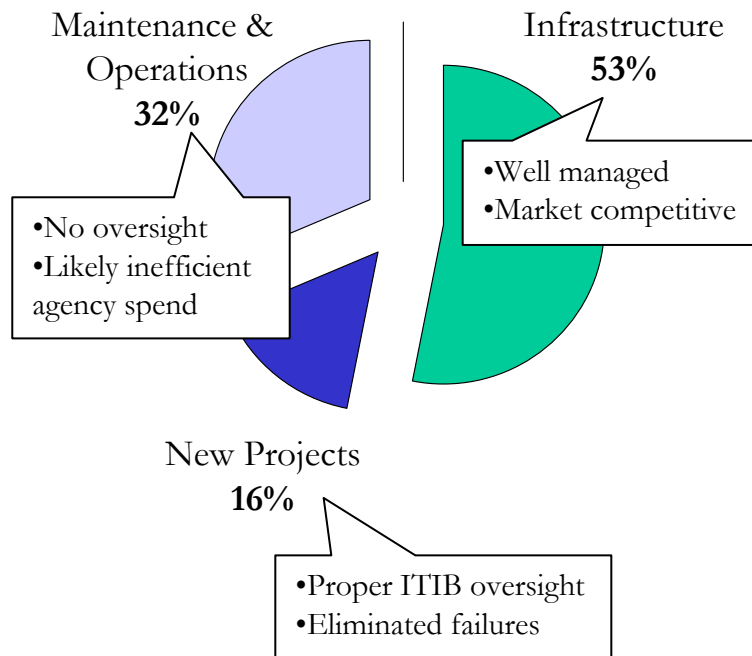
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IT Governance

Collaborative Effort to Address IT Governance Gaps

REVISED - APA IT Governance Report

*\$607M Spend - FY2007**



APA Select Recommendations

Proposed Legislative Approach

Recommendations	Concern	Response
#1,2 – Agency IT Budget Oversight, Reporting	Limited visibility on total IT spend across Commonwealth	Assign responsibility to VITA through Division of Enterprise Apps/CAO
#3,4,7 – Governance Funding, Shared Services, Project Mgmt	Inability to utilize infrastructure rates leaves function under-funded	ITIB to absorb VEAP office funding, restructure VITA
#5 – Establish Data Standards	Insufficient data standards likely increases project costs when sharing data across agencies	Assign responsibility to VITA through Division of Enterprise Apps/CAO
#6 – Budgeting for New Systems	Current approach blending operating and project costs limits ability to evaluate investment choices	Assign responsibility to VITA through Division of Enterprise Apps/CAO

*APA Estimate excluding Higher Education; Revised by Chief Applications Officer

Source: "Information Technology Governance," APA, November, 2007, Chief Applications Officer



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Budget Actions – ITA/VRTAC

Revitalize the Innovative Technology Authority through VRTAC Merger

- **Consolidates Governance to Steward Virginia’s Growing Innovation-Based Economy**
 - Proposes **“Innovation Center”** a public-private partnership to transform the current 25 acres at ITA into an integrated commercial and residential development; long-term, ITA seeks full-funding through lease revenue; For FY10, targeted reductions of an additional **\$458K(GF)**
 - Carries forward announced cuts for CIT’s services to VRTAC, CTRF but invites university consortium to leverage **\$75K** from CTRF to match new commercialization program; **action requires establishing merged “Innovation and Entrepreneurship Investment Authority” to govern R&D and high-growth entrepreneurship investments in Commonwealth (HB2201)**
- **ITA Negotiating CTRF Management by Virginia Innovation Partnership (SRI, UVA, VT)**
 - Research consortium (SRI, UVA, VT) responds to solicitation to manage CTRF, match **\$1M** investment to stimulate commercialization of the most promising university research across all public universities with focus on multi-disciplinary, multi-institution collaboration
 - Goal to enhance creation of new intellectual property at the rate of at least **20** new disclosures per year, with at least **50%** conversion to licensing transactions (an improvement on current program with no comparable metrics)

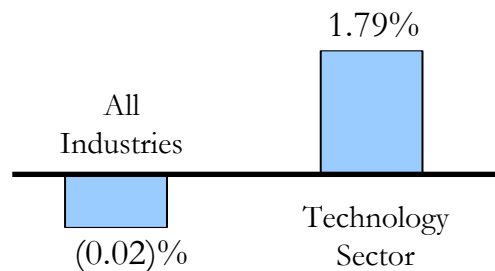


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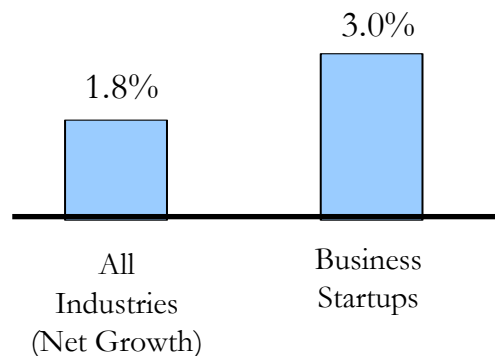
Economic Growth

Thriving Technology Sector a Key Pillar of Virginia's Competitiveness

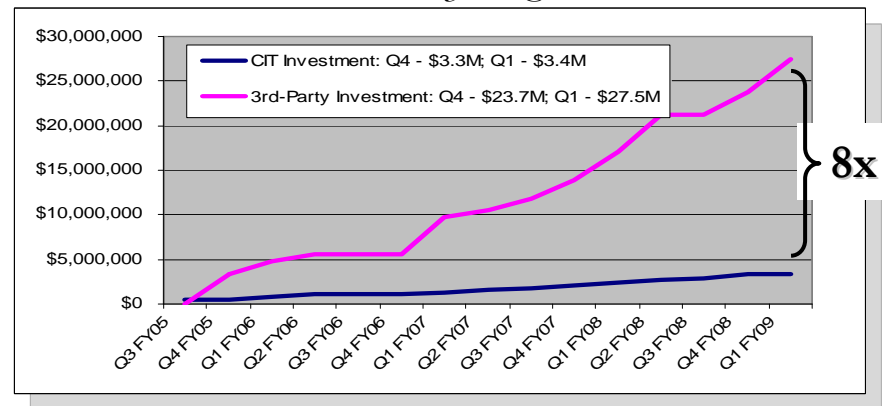
Virginia Employment Growth *2Q07 vs. 2Q08*



National Employment Growth *1980-2005 Data (Avg. Annual)*



CIT GAP Fund Results *Public-Private Early-Stage Investment*



University Commercialization Results *UVA-Virginia Tech Case Studies*

- **Case:** UVA invests **\$2.5M** across **16** biomed innovations as part of national commercialization research pilot (Coulter)
- **Results:** **42** patent disclosures, **50%** expecting commercial license deals (**3x**>Stanford); **4** spin-out companies attracting **\$5M** in investment capital
- **Case:** VT invests **\$10.5M** across **60** research projects through inter-disciplinary R&D center (ICTAS)
- **Results:** **\$66M** in external research awards