VITA Update

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**Senate Finance General Government /
Technology Subcommittee**
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State of Technology, Pre-Consolidation

- 90+ independent, autonomous IT shops
  - o Duplicative systems
  - o Few metrics on performance & spending
  - o Inability to leverage buying power or manage investments
- Aging, decades-old infrastructure
  - o Inadequate security
  - o Limited disaster planning
  - o Obstacles to sharing data across agencies
- Millions $ in failed IT projects
  - o No enterprise project management oversight
- *Unsustainable*
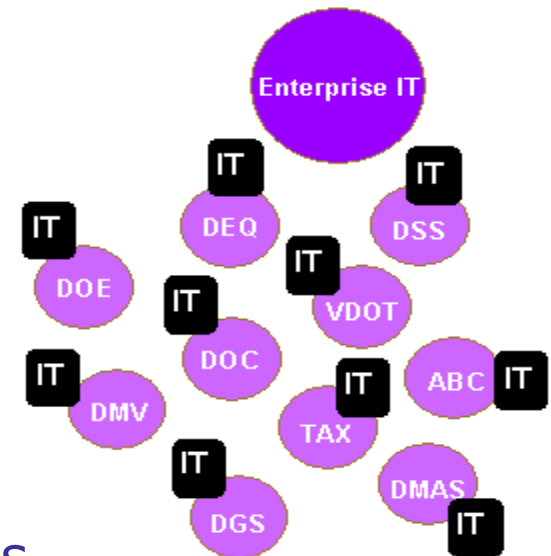
Mandate for Change

- Executive & Legislative Branch leaders called for
  - *Business-like approach to managing IT services across the enterprise of state government*
- Concept of "<u>*Shared Services*</u>" (cloud computing)
  - Statewide IT *infrastructure* for government entities
- Centralized oversight of IT projects, security, procurement, standards, policy and procedures
- Step 1: Virginia Information Technologies Agency
  - 2003, 2009 & 2010
- Step 2: IT Program with Northrop Grumman
  - 2005, 2010
- Step 3: Enterprise Applications

VITA's Mission

Provide a more business-like approach to the management of IT services across the enterprise of state government

VITA is a service organization

"We Enable the Business of Government."

VITA – Statutory Span of Control

- Infrastructure services

- Project oversight

- Information security

- Supply chain management

- Standards & best practices

- Enterprise applications

- Wireless E-9.1.1, VGIN, VI, contingent labor

CoVA IT Infrastructure

Computers

    52,155 PCs

    3,592 Servers

Disk storage

    1.4 petabytes

Mainframes (2)

    4,850 MIPS

    2.24 terabytes

E-mail

    58,886 mailboxes

Locations:

    >1,000

Communications

    ~55,000 desk phones

    ~3,600 handhelds (PDAs)

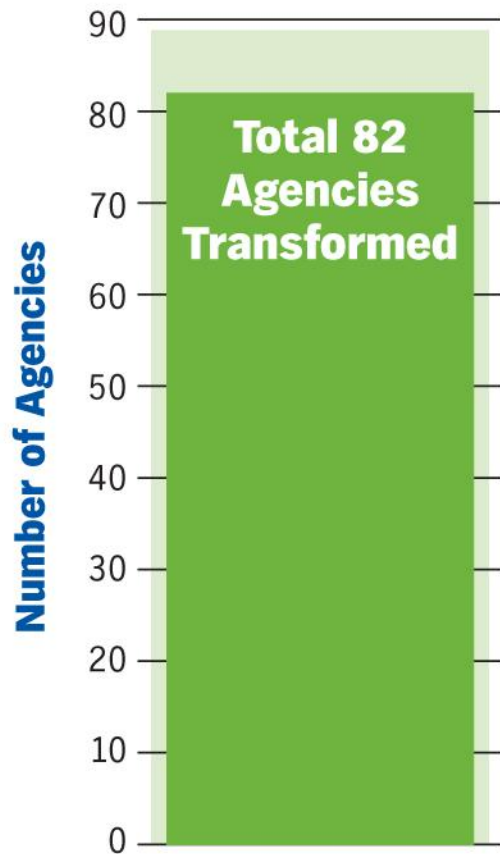   ~11,000+ cell phones

Printers

    5,674 network printers

    22,000+ desktop printers

Source: IT Asset Inventory, Dec.2011

Current State of IT Management

Total 82 Agencies Transformed

- Transformation
  - Critical mass achieved
  - Standard, reliable and secure
- Remaining agencies:
  - DOC, VDEM, DFS, DMAS, VDOT, VSP, VEC
- VITA organization
  - Stable financials
  - Improved processes and metrics
 - Favorable APA Audit

VITA and Technology Innovation

- Initiatives to reduce costs and improve productivity
  - Enterprise projects
  - Comprehensive Information Technology Assessments, cell phone usage audit
  - Solutions to increased productivity
  - Technology upgrades
  - Virginia.gov re-design
  - Governor's Reform Commission

VITA Cost Recovery in FY11

8% VITA Organization

2% Debt Recovery
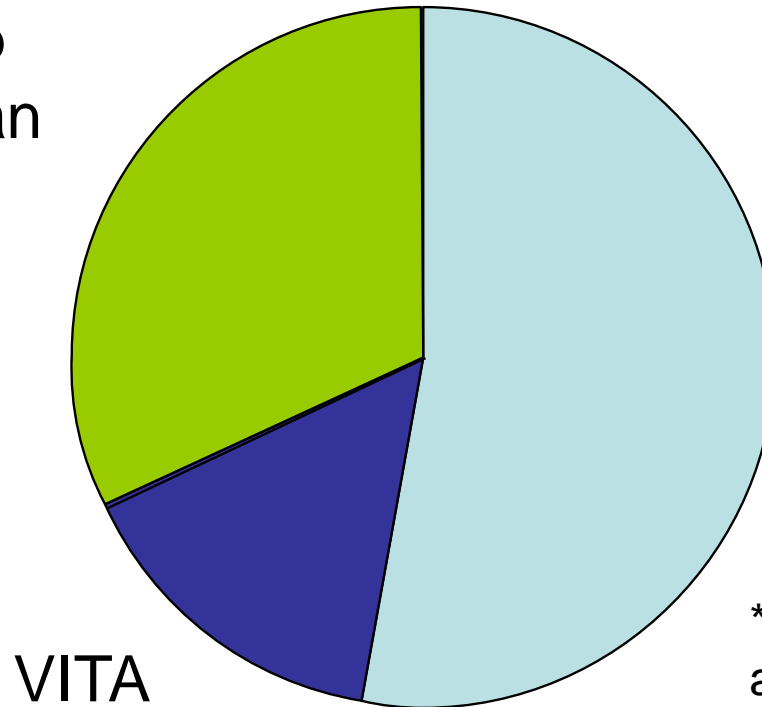
90% to Vendors for IT Services
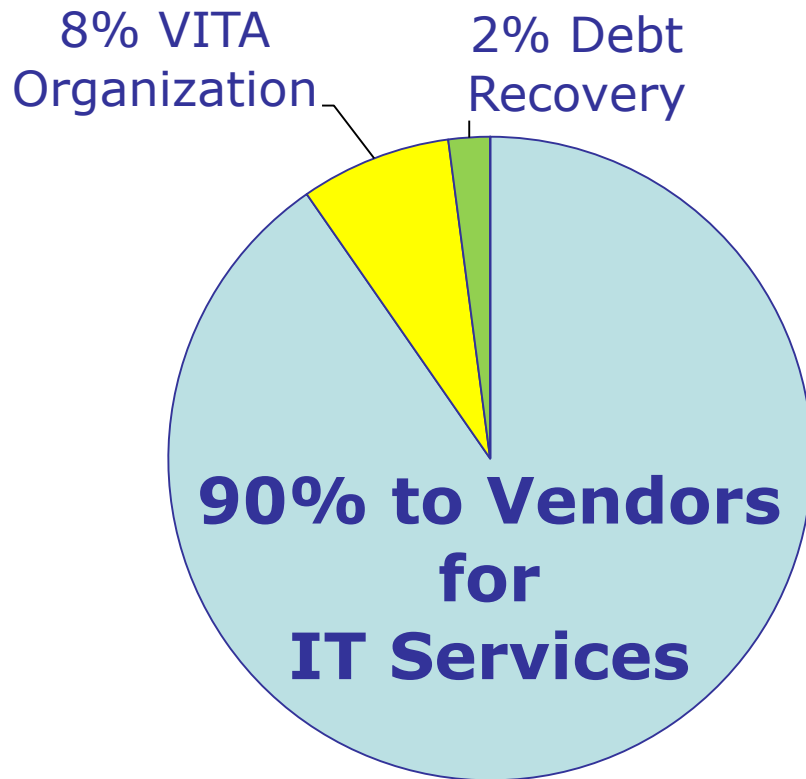
- VITA is primarily an Internal Service Funded (ISF) agency
  - ISFs overseen by JLARC
  - \>1% of VITA costs are GF

- 90% of cost results from use of IT by state agencies

Distribution of CoVA IT Workforce

Northrop Grumman

Executive Branch *
(excl. higher education)

VITA

*Agencies are responsible for applications and non-supported services.

VITA – Payments vs. Cost Recovery

The story behind VITA's path toward financial stability

FY	VITA Expenses *90% Vendor payments* ($ millions)	VITA Cost Recovery ($ millions)	Profit/Loss ($ millions)
2010	289	257	**-32**
2011	298	304	**6**

Components of VITA Cost Recovery

Cost Component	Amount ($ millions)
Baseline IT services (2005 levels & types)	**236**
Service Growth & Non-NG telco (Verizon, Sprint)	15
New services since 2005 (wireless, storage, etc)	11
Legacy fees for non-transformed agencies	4
Contractually-required COLA	9
VITA organization costs (down 15% from FY10)	23
VITA Treasury loan payment	6
TOTAL Costs (FY 11)	**304***

* Includes $18 M in local govt. & higher ed. telco

VITA Costs Are Typically 2% of Budgets

Top 3 Secretariats *	FY11 Expenditures	FY11 VITA Invoices	VITA Invoices as % of Expenditures
Health & Human Resources	$11,444,944,021	$94,620,395	0.83%
Public Safety	2,585,093,541	51,304,327	1.98
Transportation	4,356,739,370	77,077,875	1.77
	$18,386,776,932	**$223,002,597**	**1.21%**

Sources: Commonwealth Data Point, VITA
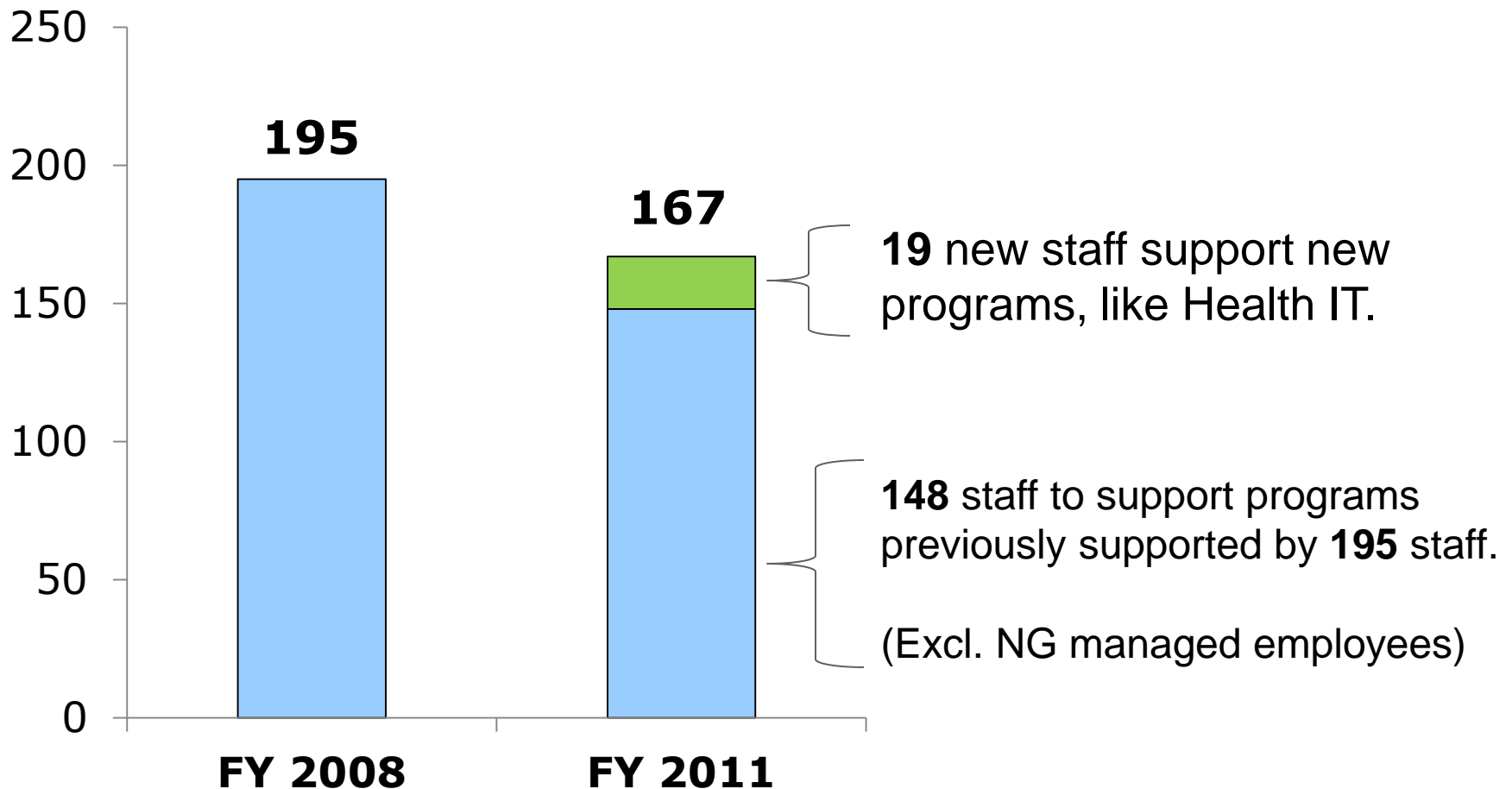
* Top 3 account for 74% of VITA invoices

VITA Retained Organization

- 15% cost reduction since June, 2010
  - Primarily due to net staffing reductions
  - Agency personnel & other costs equal $23 M
- HB 30 contains additional 6% reduction in VITA's costs
- VITA must pay down Treasury loan
  - $6 M recovered annually through rates over four years
  - Represents 2% of VITA cost recovery

VITA Staff 15% Smaller As Programs Grew

19 new staff support new programs, like Health IT.

148 staff to support programs previously supported by **195** staff.

(Excl. NG managed employees)

Agency IT Projects contribute to IT spend (Nov 2011)

Categories 1,2,3

51 projects
Value of $448,153,627

- **Project Initiation Approval**
  25 projects - Value of $338,614,018

- **Investment Business Case Approval**
  19 projects - Value of $72,183,359

- **Identified for Preliminary Planning**
  7 projects - Value of $37,356,250
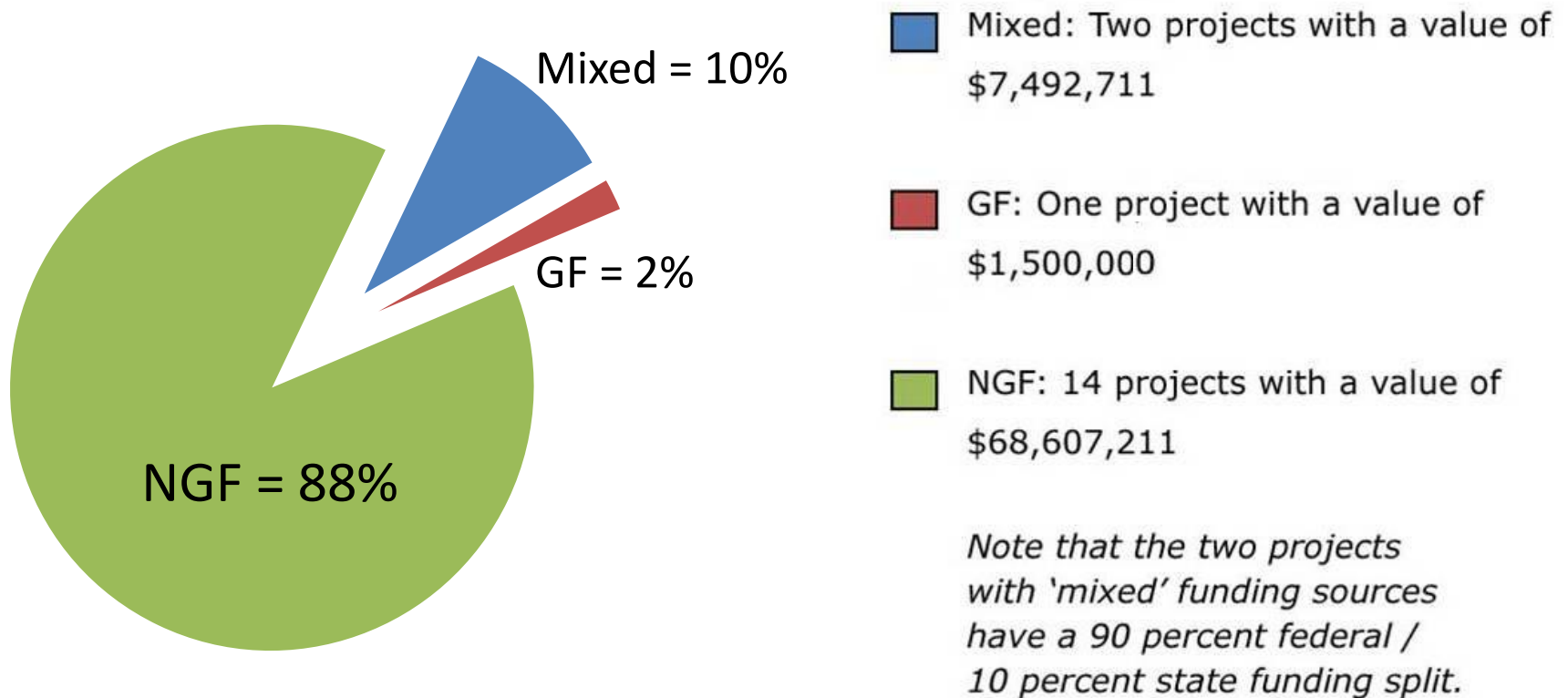
Category 4

153 projects
Value of $ 71,010,238

- **Approved for Development**
  40 projects - Value of $19,415,093

- **Approved for Planning**
  49 projects – Value of $21,057,093

- **Identified for Preliminary Planning**
  64 projects – Value of $30,537,780

Majority of New IT Projects Are NGF

Mixed = 10%

GF = 2%

NGF = 88%

Mixed: Two projects with a value of $7,492,711

GF: One project with a value of $1,500,000

NGF: 14 projects with a value of $68,607,211

Note that the two projects with 'mixed' funding sources have a 90 percent federal / 10 percent state funding split.

Source: RTIP Report, Sept.2011

Examples of Active Major IT Projects

Agency – Project Name	Amount
VEC - Unemployment Insurance Modernization	$58,540,155
VDOT - Cardinal Project (Phase 1)	$58,337,353
DOC - Phase 2 & 3 Correctional Info. Sys. (CORIS)	$23,093,458
DSS - Automated Child Care Subsidy Sys.	$20,364,802
DPB - Performance Budgeting	$15,000,313
DOE - State Longitudinal Data Sys.	$13,522,897

Challenges

- IT Security (121M attacks in CY 2011)
- VITA "mythology"
  - IT infrastructure as a fully-managed service, cost recovery
- Customer service
  - Perception vs. reality (work requests, help desk, SLAs)
  - Work requests for custom services can lag
- Evolution of NG relationship
  - Technology innovation, continuous change to NG contract
- Enterprise Apps – new need for program management
- Aging "legacy" applications
  - CARS, PMIS, ADAPT, many others
- VITA Organization

![VITA logo] *Virginia Information Technologies Agency*

Questions?

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