



Virginia Information Technologies Agency



VITA Update

Nelson P. Moe

Chief Information Officer of the Commonwealth

Eric Link

Deputy Chief Information Officer

February 5, 2016

Senate Finance General Government & Technology
Subcommittee



Agenda

- Introduction / CIO's background
 - U.S. Navy
 - Private sector
 - U.S. House of Representatives
- CIO's focus and vision
 - Transformational
 - Build to adapt with control, transparency and cost-effectiveness
- IT sourcing
 - VITA is progressing with a step-by-step methodical plan



IT infrastructure footprint

Computers

59,374 PCs
3,356 servers

Mailboxes

58,948 accounts

Data storage

1.5 petabytes

Mainframes (2)

IBM

Unisys

Communications

55,000 desk phones
6,100 handhelds (PDAs)
11,000 cell phones

Networks

2,039 circuits

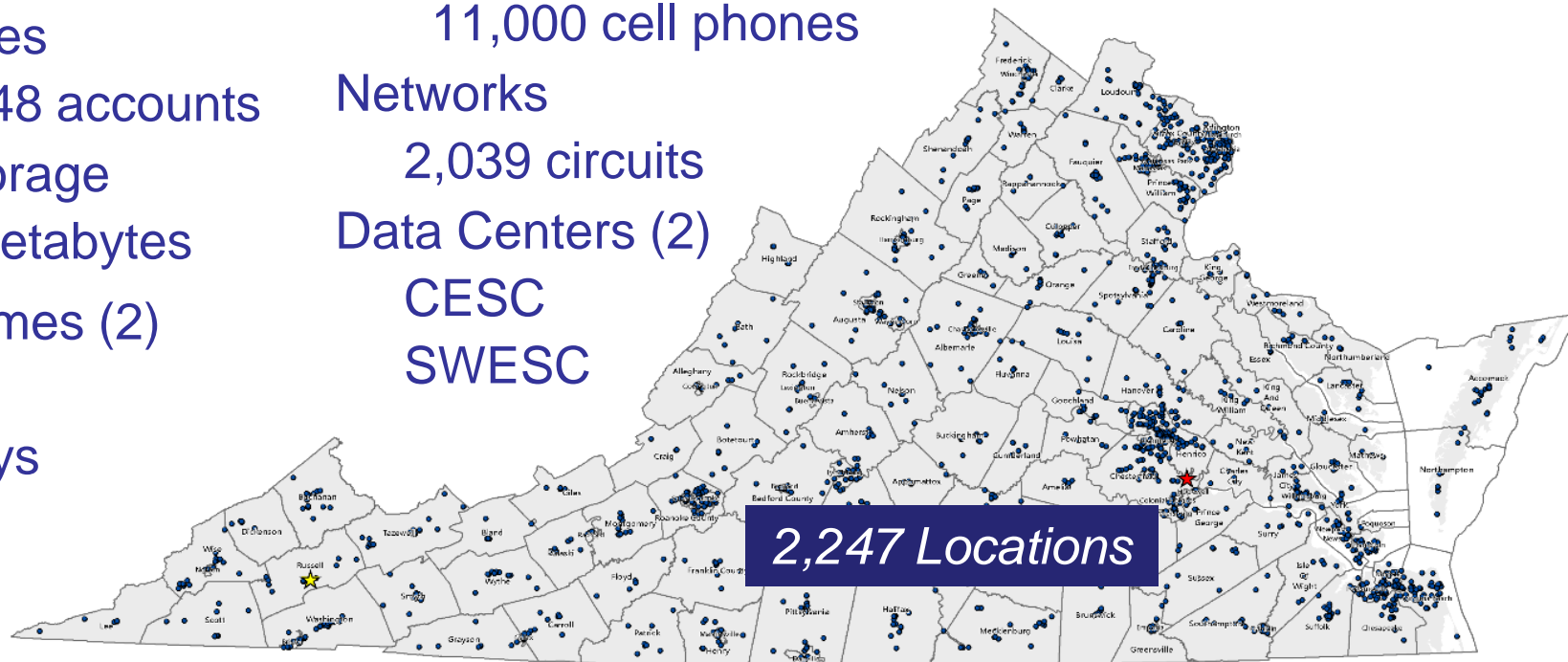
Data Centers (2)

CESC

SWESC

Printers

5,311 network
22,000 desktop





IT infrastructure as a Shared Service

People, Process,
Technology and Leadership



Hardware
Acquisition
Installation and Setup
Planned PC Refresh
Asset Tracking & Disposal

Software
Windows
Office
Java/Adobe
Browser Plug-Ins
Antivirus

Security
Automated Patching
24x7 Monitoring
Firewalls
SPAM Filtering
Encryption
Remote Access

Enterprise Services

Email
Internet Access
Backups (file shares)
Global Address List
Network Connectivity

Management

Agency Account Management
Process Oversight
Service Levels
Technology Roadmap
Vendor Management
Planning

Support

Helpdesk 24x7
On-site Repair
Remote Support
Password Resets
Account Administration
Hardware Upgrades



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

Plan
2014 - 2015

Procure
2016 - 2018

Transition
NLT 2019

Disentangle

Plan
2017 - 2018

Disentanglement
NLT Oct 2018

Maintain

Operations, Security and Oversight



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



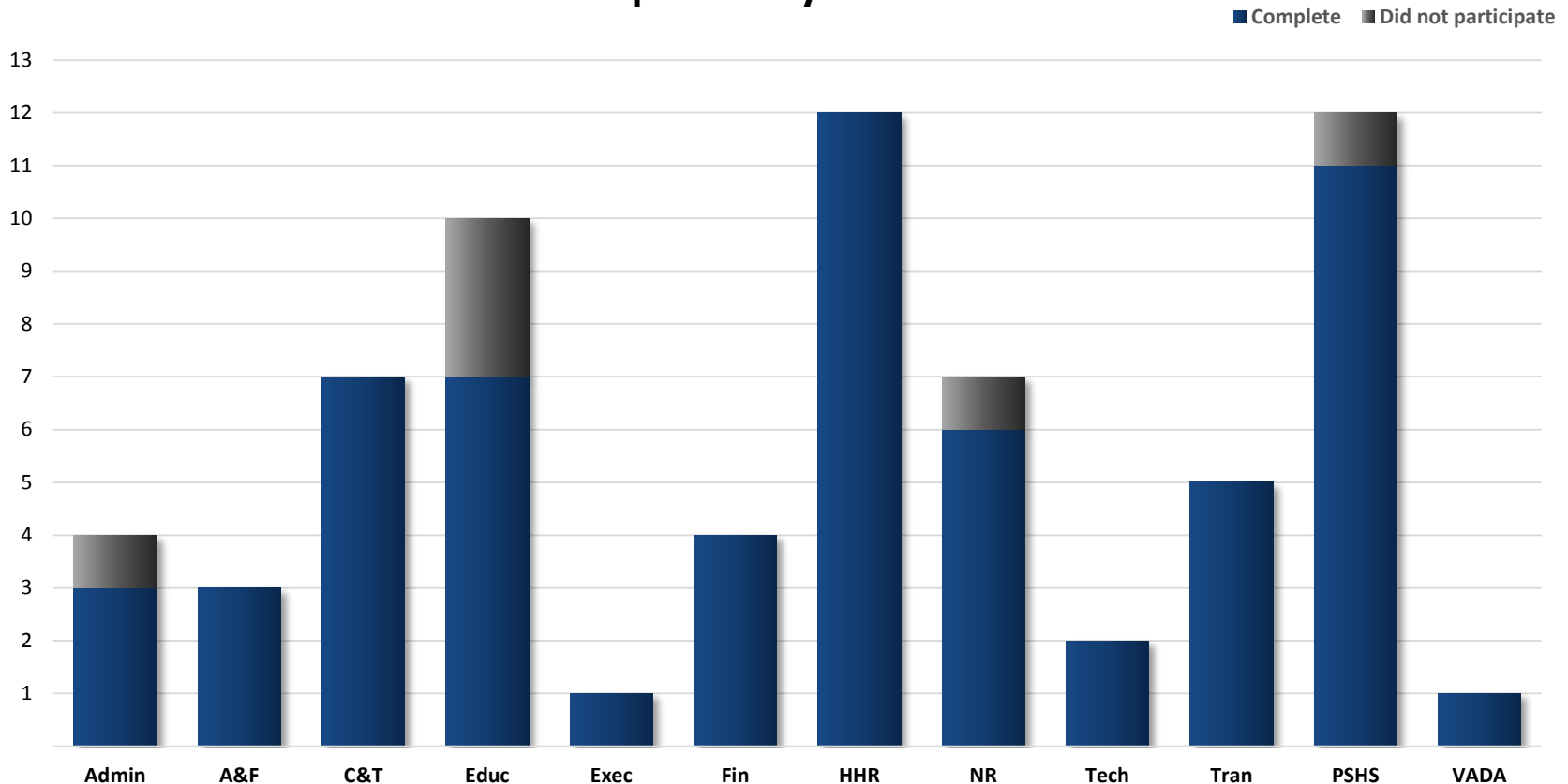
Steering committee

- 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



Interviews, surveys with over 60 agencies

Completion by Secretariat





Observations and feedback

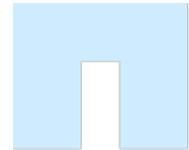
- Agency feedback
 - Infrastructure program has not demonstrated appreciation of agency business needs
 - Coordination across service areas must be improved
- Consultant feedback
 - Contractual model is dated
 - Commonwealth bears disproportionate risk
 - Current pricing structure inhibits new or evolved services and innovation



Virginia Information Technologies Agency



Cognizant





Current trends in IT sourcing

- Shorter terms
- Shift from single vendor to best-in-breed vendor(s)
 - Multisourcing service 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 Northrop Grumman
- 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 were used 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; mitigates operational and financial risk



Primary Alternatives	Agency	E'prise	Notes
1a. Rebid full scope at term with all services outsourced to a prime contractor with its own subcontracts.	2.4	3.0	<i>A prime-sub arrangement is most similar to current-state. Although some improvements to the contract terms are likely in a new agreement, the model will not meet the flexibility, competitiveness, transparency, and innovation goals of the future.</i>
1b. Rebid full scope at term with towers outsourced to multiple suppliers, but service integration built internally.	3.3	3.1	<i>Simultaneously rebidding multiple towers creates operational and negotiating risk. Building internal service integration function requires hiring and investment in internal capabilities and tools.</i>
1c. Rebid full scope at term with all services, including service integration, outsourced to multiple suppliers	4.3	3.4	<i>Although future operating model is likely to meet needs, simultaneously rebidding multiple towers creates operational and negotiating risk.</i>
2a. Rebid in waves for all services, including service integration, to multiple suppliers.	4.3	3.9	<i>This operating model is likely to meet needs, but limits flexibility because it lacks competitive towers. Complexity of change exists, but is mitigated by staggered procurements.</i>
2b. Rebid in waves for all services, including service integration but towers may be sourced as multiple competitive contracts	4.7	4.1	<i>This operating model is likely to meet needs, and would provide agency flexibility through competitive towers. Complexity of change exists, but is mitigated by staggered procurements.</i>
3a. Full Insource in waves with all services insourced. Change program occurs over time.	2.4	2.4	<i>Full insourcing would require COVA to invest in internal capabilities. Capital outlay would be required to buy equipment. This scenario will not meet the flexibility, competitiveness, transparency, and innovation goals of the future.</i>
3b. Partial Insource in waves with many services insourced, including service integration. Optionally outsource some towers. Change program occurs over time.	2.9	2.6	<i>Building internal service integration function requires hiring and investment in internal capabilities and tools. Outsourcing towers selectively could provide some flexibility. Sustained integration capability and innovation will require continuous investment.</i>



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
- Continue disentanglement discussions with Northrop Grumman
- Sourcing activities must be completed during this administration to reduce schedule risk and facilitate methodical transition to services under new contracts
 - Next governor takes office January 2018
 - Active procurements and disentanglement may be in progress



Overall program sequence

Wave	Annual Spend	Service	Future Key Issues	Launch Date	NG Termination, New Services Commence
1	15%	chargeback applications	VITA staffing levels (MEL)	Jan 16	TBD
		IBM mainframe	declining volumes	Jan 16	NLT end FY17
		messaging	agency migration speed	Jan 16	NLT end FY17
		Microsoft licensing	pricing transparency	Jan 16	TBD
2	85%	data / voice networks	align telco strategies	TBD	
		desktop	asset ownership		
		facilities	location / ownership		
		security	transition sequencing		
3		server / storage	asset ownership		
		service integration / service desk	transition sequencing / cost extraction		



Resources

IT Infrastructure Sourcing

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



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

- Feedback and questions
infrastructuresourcing@vita.virginia.gov



Questions?

Nelson P. Moe

nelson.moe@vita.virginia.gov

(804) 416-6004

Eric Link

eric.link@vita.virginia.gov

(804) 416-6879