



Virginia Information Technologies Agency

VITA Annual Report

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Joint Commission on Technology and Science
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Presentation Topics

- VITA Key Statutory Roles
- IT Partnership
- Data Centers and Facilities
- Financial Update
- Challenges



VITA Key Statutory Roles

- Statewide information technology services for government entities
 - 900 customers statewide
- E-911 support services for 137 local governments
- Statewide Geographical Information System for state agencies and local governments
- Security policy and standards for Executive, Judicial and Legislative Branches
- Project management oversight for all IT projects of more than \$100,000
- IT infrastructure modernization via PPEA agreement with Northrop Grumman



Goals of IT Infrastructure Partnership

- **Transform the IT Environment**

From multiple, incompatible systems, inconsistent standards, aged equipment and gaps in security to a modern, robust system that can facilitate government efficiencies

- **Keep Costs Consistent With Market**

Ensure competitive pricing for IT services going forward by leveraging at least two tools – a “most favored” contract clause and the ability to benchmark pricing when warranted

- **Achieve Results by Reinvesting Savings**

Finance the transformation process out of future savings at an annual cost no greater than the previous level of spending which bought only a 1980s infrastructure



State of Commonwealth Infrastructure Pre-VITA (2003)

Inadequate IT Expenditure Management

- ▲ Agency-centric technology expenses \$45 million higher vs. leveraged statewide contracts
- Only 25% of computer server capacity and 2% of printer capacity utilized
- ▲ No certified project managers overseeing billions in IT investments
- ▲ \$100 million in past systems development project losses (JLARC study)

Color Code

- ▲ Problem corrected
- Progress with more to do
- Planned resolution 2nd and 3rd year of partnership



State of Commonwealth Infrastructure Pre-VITA (2003)

- Almost no enterprise applications; \$556 million spent on individual agency financial applications over five years (APA study)
- ▲ Technology spend managed as a discretionary expense vs. planned and budgeted investments
- ▲ Minimal SWaM participation in technology spend

Color Code

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State of Commonwealth Infrastructure Pre-VITA (2003)

Aging, Inefficient Infrastructure and Support Functions

- 1980s technology environment
 - 60% of equipment eight to 10 years old
 - No maintenance on 1,000s of devices

- 42 separate help desk operations and dozens of agency specific e-mail systems

- Nine separate and incompatible telecommunications networks supporting Commonwealth emergency systems

Color Code

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State of Commonwealth Infrastructure Pre-VITA (2003)

The Commonwealth at Risk

- 72% of agencies with inadequate security
- ▲ Commonwealth's primary data center rated a security risk
- Inadequate disaster recovery
 - 2,000 independent agency sites with minimal capability to recover in a disaster
- ▲ Copyright software license violations on 1,000s of personal computers
- 90% of agency Web sites not in compliance with federal accessibility laws

Color Code

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Building a 21st Century Commonwealth Infrastructure

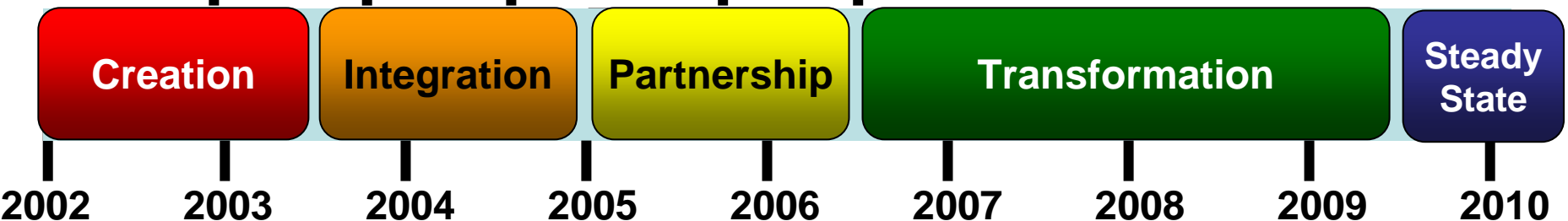
Jul 2003 - VITA created

Nov 2003 - First public/private partnership proposal received

Dec 2004 - Infrastructure staff and assets transition from 90 agencies to VITA

Nov 2005 - Entered partnership with Northrop Grumman

Jul 2006 - Transformation begins for 36 months



“Jump-Starting” Infrastructure Investments Through Private Partners

Messaging Services



Enterprise Exchange/Outlook E-mail
Enterprise Collaboration Tools
Active Directory, DNS
\$25M Investment

Desktop



Mass Desktop Refresh
Network Printer Consolidation and Refresh
Enterprise Desktop Management Systems
\$35M Investment

Help Desk



Enterprise Help Desk in Russell and Chesterfield
Field Based Agents and Technicians for Level 3
Enterprise Help Desk System (Peregrine)
\$10M Investment

Mainframe and Servers

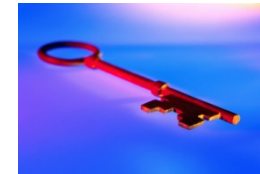


New IBM and Unisys Mainframes
Consolidation and Refresh of Servers
Migration of servers to the Data Center
\$50M Investment

Transformation

People – Process – Tools
Reliable, High-Performance,
Enterprise-Wide IT Infrastructure
\$270 Million Investment

Security



Enterprise Security Operations Center
Computer Security Incident Response Center
Secure Internet Gateway
\$10M Investment

Tier 3 and Tier 2 Facilities



New Data Center/Office Building in Chesterfield
New Disaster Recovery Center and Help Desk
in Lebanon, Russell County
\$60M Investment

Network



New Commonwealth-Wide MPLS Core WAN
LAN upgrades to Local Switches/Routers as Needed
Network Re-addressing of IP, DHCP
\$60M Investment

Voice / Video



Voice-Over IP Network Optimized for
Voice and Video Traffic
\$20M Investment



Commonwealth Enterprise Solutions Center



May 2006



Commonwealth Enterprise Solutions Center



June 2007

Photo: Whiting-Turner



Southwest Enterprise Solutions Center



November 2006



Southwest Enterprise Solutions Center



October 2007



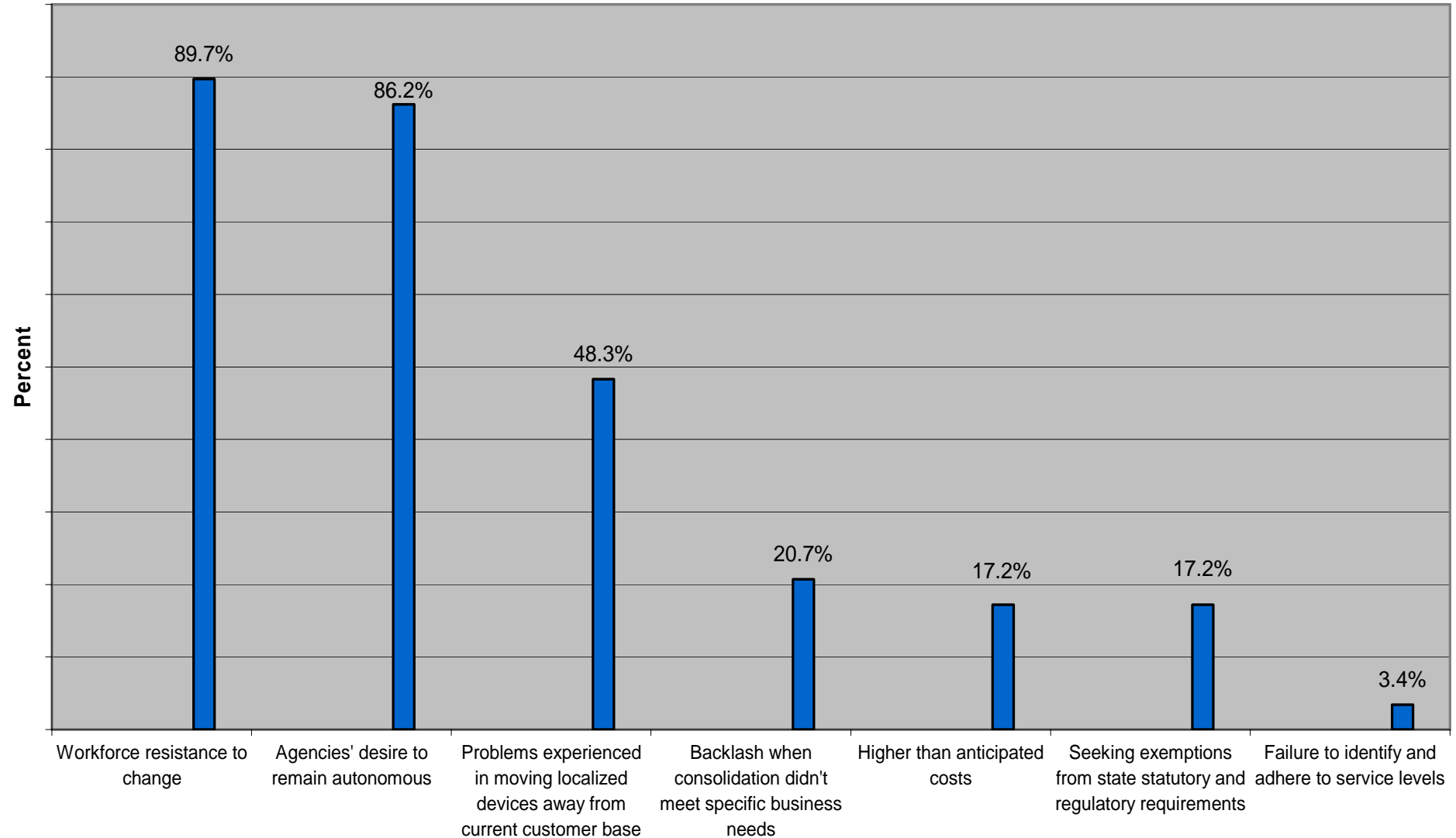


Southwest Enterprise Solutions Center

- Ribbon Cutting will be on December 12, 2007
- Creates more than 433 jobs in Russell County, rural southwest Virginia
- Will house
 - Primary statewide help desk = enhanced customer service
 - Backup data center = disaster recovery
 - Northrop Grumman's East Coast service delivery hub for IT operations
- Represents economic development, workforce and education investments of approximately \$40m

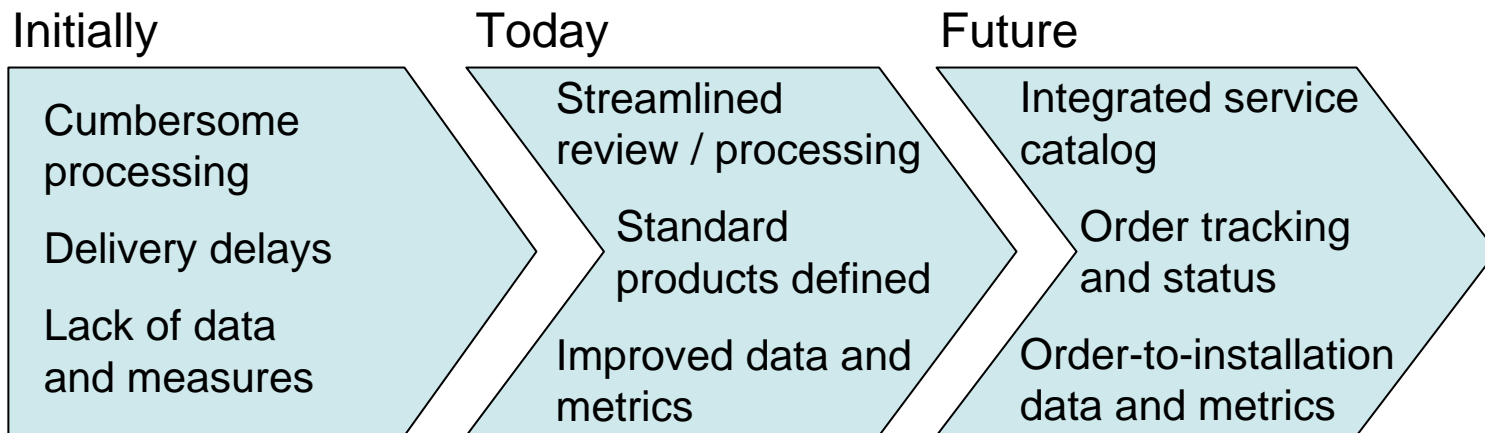
Obstacles or Challenges Experienced as a Result of Consolidation Initiatives of Various States

(Source: NASCIO's 2007 survey)



Customer Service Request Fulfillment

- Procure to Pay (P2P) is process customers use to order commodity goods and services (PCs or maintenance)
- Formed a workgroup of agency IT and procurement experts to help us address challenges
- Improvements made; more work underway





Financial Update - The Challenge for '08 Budget

- As was the case in FY07, the \$236m/year partnership spending cap remains the same and VITA service rates as approved by JLARC in December 2006 also have not increased
- Why are agencies experiencing cost variations?
 - New FY07 federal cost allocation mandate
 - VITA is a fee-for-service agency
 - Some General Fund programs transitioned to fee-for-service (i.e. security)
 - Historical practices of under-funding IT programs



Financial Update - Why Some Agency Spend Will Increase

- Under-funded IT programs = added risks/liability
 - Software license copyright violations on thousands of PCs
 - 60% of PCs and servers eight years old and older
 - 50% of hardware with no maintenance contract
 - 22 agencies with no technical support staff for over 1,000 computer devices
 - 72% of all agencies with inadequate IT security
- Correcting these irregularities costs an additional \$10 million annually
 - Budgets adjusted in FY07



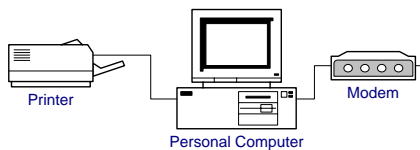
Financial Update - VITA Indirect Costs FY03-FY07

	FY03	FY04	FY05	FY06	FY07
% Indirect	15.6%	17.1%	12.1%	10.3%	9.5%
% Direct	84.4%	82.9%	87.9%	89.7%	90.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Challenge of Cost Comparisons

Home PC User

Typical Home PC User
21% of the standard VITA Support Costs

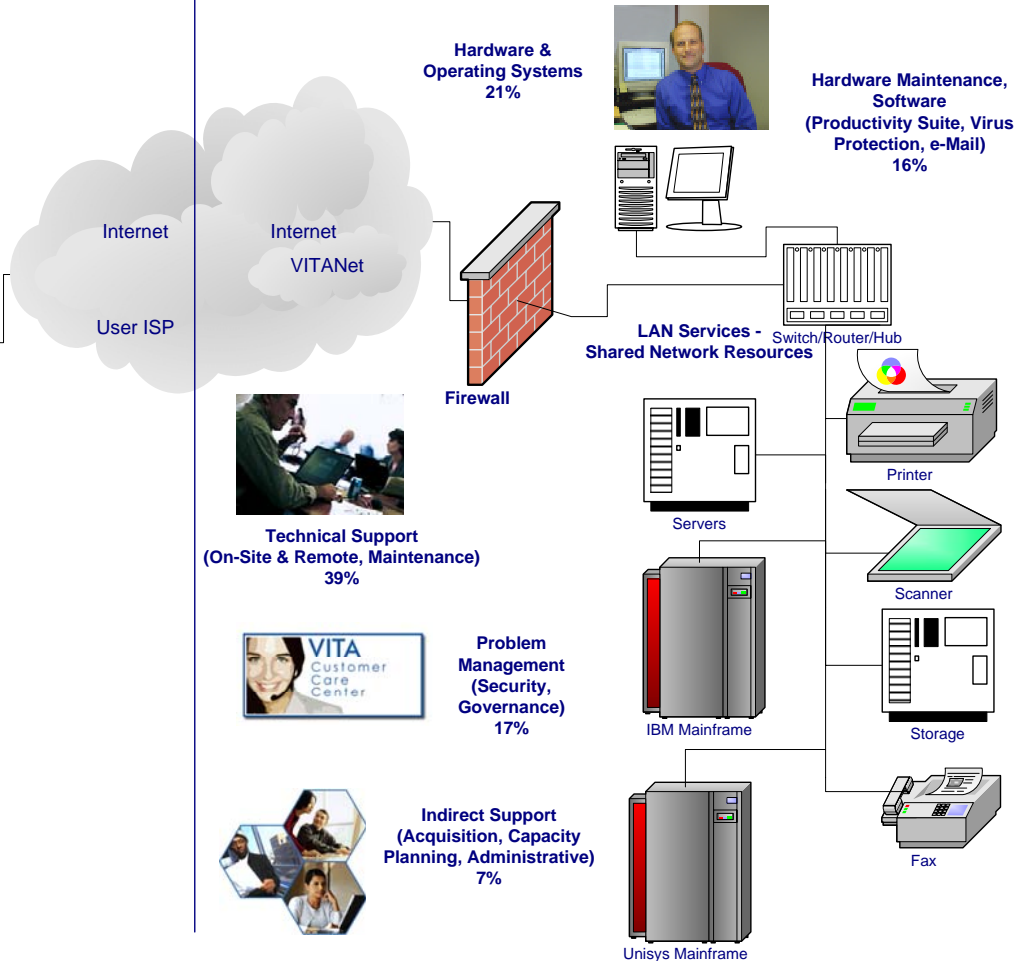


One-Time Purchases
Hardware & Operating Systems
100% of standard home PC costs
21% of standard VITA support costs



Desktop Services

Typical VITA PC User - \$85 to \$120/month
100% of the standard VITA support costs





Summary

- Significant progress has been made over the first 15 months in modernizing and correcting the deficiencies in the Commonwealth's IT infrastructure
- Commitment, cooperation and collaboration is required for success
 - This is painful, but necessary for the Commonwealth's future
 - It's no surprise there is resistance to change and complaints about increased costs to do business the right way
 - It's about leveling the technology program across all agencies
 - We have and will experience bumps along the way, and will work effectively to resolve issues



For More Information on VITA

www.vita.virginia.gov

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