

Grabbing the Reins:

When and How to Drive IT Consolidation

Moderator: Don Pearson

Exec. Vice President | e.Republic, Inc.

Group Publisher | Government Technology Media

State IT Landscape Today

- Dealing with the state fiscal crisis – cut costs
- Continued consolidation - IT infrastructure, services and more
- IT security and risk! Game has changed
- Living with the past - modernizing the legacy
- IT workforce: retirement wave, skills, recruiting
- Impact from federal laws, cost allocation...
- Need for innovation and best practices

State CIO Priorities: 2009

1. **Consolidation:** infrastructure, services, operations, resources,
2. **Shared Services:** sharing resources, services, infrastructure
3. **Budget and Cost Control:** managing budget reduction, cost savings
4. **Security:** Tightening security safeguards, enterprise policies,
5. **E-Records Management/Digital Preservation/E-discovery**
6. **ERP Strategy:** acquisition, implementation, expansion, upgrade
7. **Green IT:** policies, energy efficiency, power management, green procurement, e-waste
8. **Transparency:** open government, accountability, performance
9. **Health Information Technology:** Assessment, partnering, implementation
10. **Governance:** improving governance, data

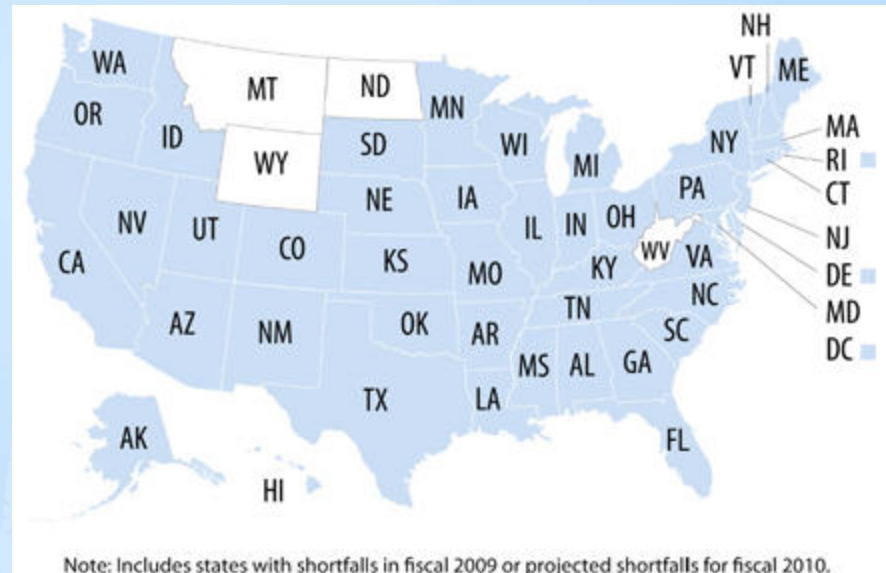
The State CIO POV

2009	2008	2007	NASCIO Priorities
1	1	2	Consolidation
2	6	3	Shared Services
3	--	--	Budget and Cost Control
4	2	1	Information Security
6	--	--	ERP Strategy
7	--	--	Green IT
8	--	--	Transparency



Widespread Revenue Distress

- **47 out of 50 states** faced or are facing shortfalls in their budgets for this and/or next year
- Many of these states have already cut spending, used reserves, or raised revenues to balance their budgets
 - Mid-year deficits are being reported due to unexpected decreases in tax revenue generation in the first quarter (July-Sept) of FY09
 - Budgets will continue to be affected even after the economy climbs out of recession



Source: Center on Budget and Policy Priorities, 2009

Data Center Consolidation

- 62% of states are implementing or planning data center consolidation
- 14% have completed consolidation initiatives
- Factors driving consolidation
 - Disaster recovery
 - Replication, redundancy and fault tolerance
 - Cost savings
 - Security
 - Access to new technologies for all agencies
 - Aging state facilities

Source: "Enterprise Data Center Consolidation in the States – Strategies and Business Justification," NASCIO, August 2007

Rationale for Consolidation

- Cost control & economies of scale
- Eliminate redundant business functions and systems
- Promote enterprise integration and applications
- Strengthen IT security
- Improved support for legacy systems
- Facilitate information sharing
- Improve disaster recovery/business continuity
- Energy efficiency

LEVEL OF ADOPTION OF SUSTAINABILITY PRACTICE BY STATE AND LOCAL GOVERNMENT

Steps in the Right Direction	Cities	Counties	States	State Mostly or Fully Aligned
Have established metrics & installed instruments to measure energy efficiencies	30%	31%	43%	61%
Data center consolidation & virtualization	66%	66%	98%	49%
Server consolidation & virtualization	86%	89%	98%	49%
PC, laptop and server refresh policies reflect energy efficiency best practices	69%	66%	81%	56%
Using e-waste recycling efforts & Earth-friendly disposal	77%	70%	86%	56%
Transparency about the resulting carbon footprint	5%	4%	14%	66%

“The current approach to managing IT is too complex, too difficult to maintain and impossible to keep secure.”



- Anne Margulies
Chief Information Officer
Commonwealth of Massachusetts

Challenges to Consolidation Initiatives

- Workforce resistance to change
- Agencies desire to remain autonomous
- Problems moving local devices away from the agencies
- Backlash when consolidation doesn't meet agency business needs
- Higher than projected costs
- Seeking exemptions from federal statutory and regulatory requirements

One Size Doesn't Fit All

States approach IT consolidation with different strategies, business drivers and models. There are variations on these themes depending on state culture, political will and the ability to absorb change.

- Enterprise IT centralization – big bang
- Federated – enterprise mandates with agencies retaining program autonomy
- Hybrid - enterprise/agency mix
- Outsourcing - selective and enterprise

Florida

- Enterprise IT Consolidation initiative in early stages
- Mandated in Statute, driven by legislature
- Current Enterprise projects include:
 - Data center consolidation
 - Enterprise Email
 - IT Security as a Service
- No funding, consolidation must fund itself
- Planned and governed by customer agencies

Massachusetts

- Launched in January 2009 via Governor's Executive Order
- “Hybrid Model” – The Executive Order requires each Cabinet Secretary to appoint an SCIO reporting jointly to the CCIO and Cabinet Secretary

Secretariat Services	Infrastructure Services
Desktop and LAN	Network
Help desk	Data Centers
Web Content	Web Architecture and platform
Agency & Secretariat Applications	Enterprise Applications (eg email)

- Funded through capital from an IT Bond Bill, chargebacks and budget appropriations

Massachusetts

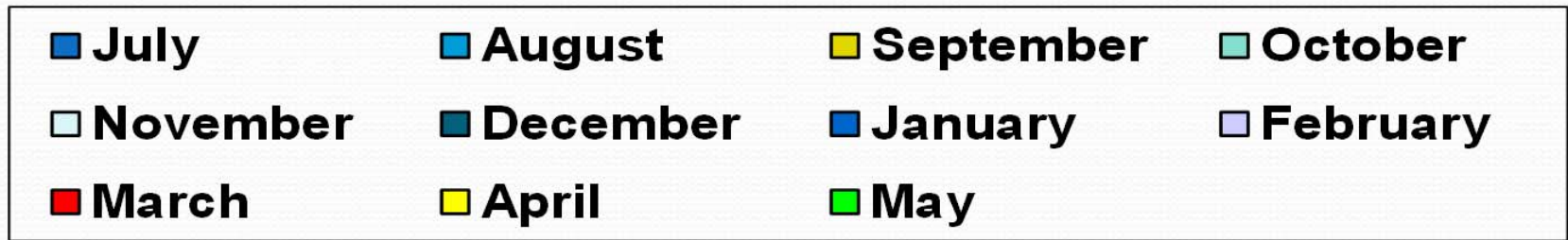
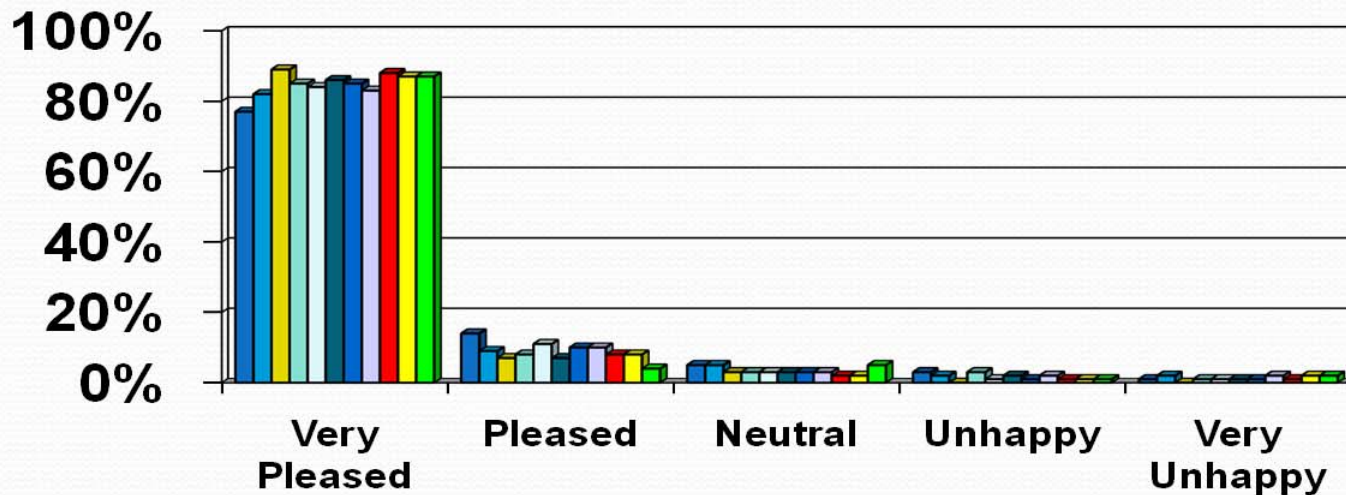
- **Goals:**
 - Create efficiencies and maximize resources
 - Align Secretaries' IT resources with their business strategies and priorities
 - Improve security of the State's digital assets
- **Progress to date:**
 - ~ 150 agencies IT budgets rolled up to 8 Secretariat Budgets
 - 8 SCIOs appointed and new Governance Model designed and implemented
 - Detailed Infrastructure Consolidation Plan completed
 - 8 Detailed Secretariat Consolidation Plans completed
 - Developed HR, Finance and Legal policies to support staff and resource transitions
 - First Wave of consolidation of 8 services underway...

West Virginia

- Mandated by the Governor, but without an Executive Order or legislation
- Consolidation/Standardization Objectives
 - Reduced Costs
 - Improved Customer Satisfaction
 - Increased System and Network Reliability
 - Enhanced end-user mobility
 - Reduced Risks
 - Modernize the technology

West Virginia Consolidation Results

Overall Customer Satisfaction over the past 12 months



Georgia

- Governor's decision based on GTA recommendation
- Thorough assessment found Georgia carrying too much risk
 - Aging infrastructure
 - Lack of skill sets to define sustainable solution
- Outsourced IT infrastructure services to IBM for 12 Executive Branch agencies representing 80% of state's technology spend (about \$249 million annually)
- Managed network services contract with AT&T replaced GTA's out-of-date "phone company" support model

Georgia

- **Infrastructure services include:**
 - Mainframe
 - Servers
 - Print
- **Managed network services include:**
 - Wide area network
 - Local area network
 - Voice
- Agencies made part of the solution by bringing them into the procurement process
- Implemented strong governance and continue to improve techniques