

South Carolina Department of Administration

South Carolina's IT Shared Services Initiative



NASCIO STATE IT RECOGNITION AWARDS INFORMATION

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NASCIO State IT Recognition Award Submission

South Carolina's IT Shared Services Initiative

EXECUTIVE SUMMARY

In 2016, South Carolina began an effort that has fundamentally transformed the way in which information technology (IT) is acquired, consumed and managed by agencies throughout the state.

This effort, a historic undertaking in South Carolina, began with an executive order issued by Governor Nikki Haley requiring state cabinet agencies to begin implementing a shared services approach to information technology. Six months later, the South Carolina General Assembly adopted a proviso broadening the directive to include all state agencies. With these actions, South Carolina's Information Technology Shared Services Initiative was born.

Prior to these actions, the state of South Carolina's information technology was highly decentralized. In most cases, agencies operated in their own individual silos which resulted in duplication of efforts and increased costs when compared to peer states. This decentralized approach also made it difficult to understand the state's true technology costs, and, more importantly, increased the IT security risks and made economies of scale virtually impossible to achieve.

With the gubernatorial and legislative directives, agencies across the state were directed to begin the process of utilizing shared services for such areas as application hosting, servers and storage, disaster recovery, mainframe, network and desktop services. In addition, the state of South Carolina was tasked with the development and implementation of a shared services governance structure, the creation and adoption of technology standards and a statewide enterprise architecture.

Since the IT Shared Services Initiative was launched in 2016, tremendous progress has been made in transforming South Carolina's information technology landscape and culture. These successes, detailed further in this submission, include:

- ▶ Establishing a defined governance structure
- ▶ Establishing multiple governance groups
- ▶ Establishing statewide IT standards
- ▶ Establishing an IT Shared Services Catalog
- ▶ Establishing an Agency Relationship Management team and board
- ▶ Establishing an IT Shared Services Quarterly Update newsletter
- ▶ Migrating agency infrastructure to a centralized State Data Center

The implementation of the IT Shared Services Initiative and the transformation of the state's information technology environment could not take place in a vacuum. Achieving these goals could only be accomplished by bringing agencies together to collaborate and partner to identify needs from a statewide perspective and improve the services South Carolina provides its citizens in the most secure, efficient and cost-effective manner.

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PROJECT NARRATIVE

In 2016, South Carolina began an effort that has fundamentally transformed the way in which information technology is acquired, consumed and managed by agencies throughout the state.

Birth of South Carolina's IT Shared Services Initiative

In January 2016, Governor Nikki Haley issued [Executive Order 2016–07](#) requiring cabinet agencies to use shared services through the implementation of the [2015-2018 South Carolina Strategic Information Technology \(IT\) Plan](#) for meeting agency IT needs. The goal of the plan was to enhance the services agencies provide to citizens, through the adoption of more efficient, cost-effective, innovative and secure methods.

Six months later, the South Carolina General Assembly adopted [Proviso 117.133](#) of the 2016–2017 General Appropriations Act, which required all state agencies to use shared services as they become available and in a sequence determined by the [South Carolina Department of Administration's](#) (Admin) Division of Technology Operations (DTO).

With these gubernatorial and legislative directives, South Carolina's Information Technology Shared Services Initiative was born. As a result, agencies were directed to use shared services for such areas as application hosting, servers and storage, disaster recovery, mainframe, network and desktop services. In addition, the state of South Carolina was tasked with the development and implementation of a shared services governance structure, the creation and adoption of technology standards and a statewide enterprise architecture. A summary of the directives is provided below.

Executive Order 2016–07 and Proviso 117.133 Summary

- ▶ Agencies must use the IT Shared Services model to include mainframe services, application hosting, servers, storage, network services, desktop services and disaster recovery services.
- ▶ Agencies will comply with governance, standards and enterprise architecture.
- ▶ Agencies will participate and comply with decisions made by governance groups.
- ▶ Agencies will submit IT budget requests to the Executive Budget Office and DTO.
- ▶ Agencies must create IT plans for purchases (\$50,000+) in consultation with/approved by DTO.
- ▶ Agencies must develop a three-year IT strategic plan to be approved by the state's CIO.
- ▶ Agencies must enter IT costs into the South Carolina Enterprise Information System (SCEIS), the state's enterprise accounting system, as directed by DTO and SCEIS.

The [2015-2018 Statewide Strategic Information Technology \(IT\) Plan](#) was developed with input from many of the state's agency and technology leaders. This plan identified major goals, priorities and actions, while helping set the direction for the development and implementation of the IT Shared Services initiative.

The primary goals of the transition to the IT Shared Services model, as identified in the South Carolina Statewide Strategic Information Technology Plan, included; 1) advance information SECURITY and

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accessibility; 2) improve RELIABILITY of state system; 3) evolve CITIZEN ACCESS to government services; 4) institute DATA-DRIVEN decision making; 5) lead in TECHNOLOGY INNOVATION.

In the three years since the report was published, the state of South Carolina has made tremendous progress in transforming its information technology via shared services, including cost reductions and realizing improved economies of scale. However, there is still much to be done. Efforts are currently underway to take stock of the advances made, apply lessons learned and set the direction for the next two years by publishing the 2018-2020 Statewide Strategic Information Technology Plan.

South Carolina's Previous Decentralized Approach

To fully understand the significance of this endeavor, we must first look at the highly decentralized approach South Carolina had historically taken regarding its information technology. In most cases, agencies operated in their own individual silos, which often resulted in duplication of efforts and increased costs when compared to peer states. This decentralized approach also made it difficult to understand the state's true technology costs, and more importantly, increased the state's IT security risks and made economies of scale virtually impossible to achieve.

When compared against key metrics and benchmarks, data indicated the state had a larger number of IT employees than peer government organizations and overspent in many IT areas. Evidence of these inefficiencies from various statewide reviews and from benchmarking comparisons are noted below:

- ▶ In December 2014, the [State of South Carolina Information Security and Privacy Final Report](#) identified the numerous data centers and server rooms managed by agencies as a major risk and challenge to be addressed by the state.
- ▶ In February 2015, the State of South Carolina Disaster Recovery Strategy Assessment identified 619 critical state applications as being essential to citizen health and well-being. Of these applications, 92 percent lacked a full disaster recovery plan and 70 percent had no disaster recovery capability at all. This included applications that ensure basic citizen needs are met and the threat of loss of life is mitigated during times of disaster.
- ▶ The FY14-15 South Carolina Appropriations Act, proviso 117.132, required agencies to report IT information and costs to the Division of Technology Operations. When compared against peer benchmarks and key metrics, the reported costs indicated the state spends approximately \$46.4 million more in data center costs and \$8.9 million more in network services.

Reshaping South Carolina's IT Approach and Culture Through Collaboration

The implementation of the IT Shared Services Initiative and the transformation of the state's information technology environment could not take place in a vacuum. To be successful in this transition – and equally important, in changing the culture and mindset of agencies – could only be accomplished by bringing agencies together to collaborate and partner to identify needs from a statewide perspective while improving the services South Carolina provides its citizens in the most secure, efficient and cost-effective manner.

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Since the IT Shared Services Initiative was launched in 2016, tremendous progress has been made in transforming South Carolina's information technology landscape and culture. These successes have been achieved in a variety of areas while helping to position the state of South Carolina to realize the many expected benefits and advantages associated with this model.

These activities and accomplishments, made through the collaboration of agencies throughout the state, are detailed in the sections below.

Establishment of a Defined Governance Structure

A defined IT Shared Services Governance Structure was established to ensure the transformation is a true collaborative and unified effort among South Carolina's state agencies. This structure includes the creation of several governance groups ranging in scope and composition, a process for migrating agencies to a centralized State Data Center, as well as an identified path for the development of IT standards.

Establishment of IT Shared Service Governance Groups

The establishment of governance groups plays a key role in the IT Shared Services transformation and are designed to ensure a collaborative approach is maintained throughout the process. Governance groups meet on a regular basis and consist of members representing diverse agencies – in scope and size – from across the state, while assuring agencies have a constant voice and input on key decisions. These groups consist of individuals with business and technology backgrounds, and are designed to be a resource for agencies to capture and represent the thoughts, interests and concerns of staff. Agencies are invited to connect with group members to more closely engage with the governance process and reach out to the PMO with questions or concerns. Established governance groups include the following.

- ▶ **Executive Oversight Group** – This group, comprised of executive directors from a variety of agencies, establishes the IT shared services direction for the state, and is accountable for oversight of the delivery of all IT shared services and resolves escalated issues.
- ▶ **Agency Work Group** – This group, comprised of senior management from a variety of agencies, is charged with assessing the business needs of state agencies to ensure IT shared services provide business value and meet the expectations of both partner agencies and customers.
- ▶ **Technology Work Group** – This group, comprised of IT directors from a variety of agencies, evaluates technology services that address the needs of state agencies and ensures compliance with all security and regulatory standards.
- ▶ **Security and Architecture Review Board** – This group, comprised of technology staff from a variety of agencies, provides subject matter specifics and is responsible for the drafting of IT standards.

Governance groups review and advise on a variety of key decision points surrounding the advancement of the IT Shared Services Initiative. During the governance meetings, information, ideas and recommendations are openly discussed in a roundtable setting, and serve as an ideal forum to make decisions, provide recommendations, have in-depth conversation regarding complex topics, and discuss insights gathered from peers within and across agencies.

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Agency Transitions to the State Data Center

South Carolina's state agencies are transitioning infrastructure services to a centralized State Data Center as part of the integration of the IT Shared Services Initiative. This effort results in decreased duplication of efforts while allowing for greater economies of scale when compared to the state's previous decentralized approach. A risk-based matrix – based on agency's reported IT assets, personnel information and process maturity – was developed to rank agencies for this transition. To date, five agencies have migrated all or part of their infrastructure (over 100 servers) in the areas of desktop support, network support, compute and storage, and firewalls. Such agencies include the South Carolina Commission for the Blind; South Carolina Commission on Indigent Defense; South Carolina Department of Health and Environmental Control; South Carolina Department of Probation, Parole and Pardon Services; and the South Carolina Department of Social Services. The South Carolina Commission on Higher Education and the South Carolina Department of Juvenile Justice have begun their transitions, while the South Carolina Department of Health and Environmental Control and South Carolina Department of Social Services are transitioning additional infrastructure.

Development of IT Standards

A key component of the IT Shared Services Initiative is the development and implementation of statewide IT standards. A process for this effort has been designed and approved through the defined governance structure. The development of these standards begins with a draft being developed by technology-specific sub-groups of the Security and Architecture Review Board (SARB). These subgroups consist of IT personnel familiar with the given technology and represent a diverse group of agencies. Standards are reviewed, revised and advanced through the full SARB, followed by the Technology Work Group, Agency Work Group, then finally to the Executive Oversight Group. Once approved, the standards are published and expected to be followed by all state agencies. An exception process has been established for instances when circumstances necessitate the need to depart from a given standard. Exception requests are not guaranteed to be approved, and are considered and processed through the governance process. To date, standards have been created for end-user computing devices and are being developed for email, hyper-converged computing and cloud services. Since the development of the [End-User Computing Devices Standard](#) in 2017, the state has saved over \$650,000.

IT Shared Services Catalog Established

An integral part of the IT Shared Services Initiative was the development of the [IT Shared Services Catalog](#). This catalog provides a comprehensive and user-friendly look at available shared services, while offering the necessary level of detail to help agencies make informed choices and find the right IT services to meet their current and future needs. Information contained in the catalog includes service descriptions, summaries, benefits, responsibilities, rates, detailed service notes and contact information.

Established the Agency Relationship Management (ARM) Team

The PMO established the Agency Relationship Management (ARM) team, which is responsible for building and maintaining agency partner relationships with IT Shared Services customers throughout state government. The ARM team is focused on providing a bridge and clear path of communication between agencies and IT shared service providers. ARM efforts include:

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- ▶ Establish agency relationships to align business requirements with technical solutions.
- ▶ Advocate for and act on behalf of customers to advance key projects and engage resources to ensure accurate and timely responses to agency needs and requests.
- ▶ Inform and participate in governance groups to assist in the prioritization of enterprise projects, technology standards and IT procurements.
- ▶ Assist shared service specialists, PMO and leadership in identifying emerging interagency needs and strategic initiatives.
- ▶ Work with partners to identify and document IT shared service delivery, performance and value.
- ▶ Work on behalf of partner agencies to remediate service performance issues by ensuring effective two-way communication and decision input.

Established the Agency Relationship Management (ARM) Board

The Agency Relationship Management (ARM) Board, led by the Program Management Office, was developed to provide a forum to review and discuss the delivery of IT shared services to agencies in South Carolina. Comprised of 10 members representing a diverse group of state agencies, this effort, affords members the opportunity to provide input on shared service delivery and the overall agency experience. The ARM Board meets on a quarterly basis, although ad hoc meetings are called as needed. Participants offer input on such topics as current and emerging shared services, upcoming contracts, data collection efforts and a new billing system. Services and initiatives reviewed by the ARM Board are identified collaboratively through the Statewide IT Strategic Plan, the IT Shared Services governance process, the Office of Technology and Information Services (OTIS), the PMO and agency partners.

IT Shared Services Newsletter

A quarterly electronic newsletter has been developed to keep state agency's IT personnel informed regarding IT Shared Services Initiative happenings. This newsletter, the IT Shared Services Quarterly Update, offers a high-level overview of activities related to the shared service transformation and provides regular updates on key areas such as news, events, governance group meetings, new services, service spotlights, agency transitions and success stories. Currently, the newsletter is distributed to agency directors, IT directors, information security and privacy personnel, governance group members and other state employees who have asked to be included on the distribution list.

CONCLUSION

The decision to transition to an IT Shared Services model has provided the state of South Carolina with a unique opportunity to examine its information technology functions using a statewide perspective, and has fundamentally transformed the way in which IT is acquired, consumed and managed by agencies throughout the state. This transition has already led to increased efficiencies and cost savings not possible through the previous decentralized approach, and is expected to continue exponentially in years to come. Much of the early success of the IT Shared Services Initiative can be attributed to the truly collaborative and unified effort provided by each of South Carolina's state agencies.