

South Carolina Department of Administration

South Carolina's Program Management Office and Governance Structure



NASCIO STATE IT RECOGNITION AWARDS INFORMATION

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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 decision in South Carolina to adopt an IT shared services approach, 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.

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 were directed to begin the process of using 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.

The transformation of the state's information technology environment could not take place in a vacuum, but instead 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.

To help manage and direct the activities needed to accomplish these directives, two key entities were established.

- ▶ An **IT Shared Services Governance Structure**.
- ▶ A **Program Management Office (PMO)** designed to support the transition by helping execute, monitor and implement the program and governance framework.

The transition to the IT Shared Services model has already provided South Carolina with 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 this effort can be attributed in part to the collaborative and unified effort provided through the IT Shared Services Governance process, as well as the support and guidance offered through the Program Management Office.

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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.

Gubernatorial and Legislative Directives

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 directives, agencies were instructed to use shared services for such areas as application hosting, servers and storage, disaster recovery, mainframe, network and desktop services. In addition, 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.

- ▶ 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 [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 included; 1) advance information SECURITY and 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

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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 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 resulted in duplication of efforts and increased costs compared to peer states. This approach also made it difficult to understand the state's true technology costs, increased 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 state's numerous data centers and server rooms as a major risk.
- ▶ In February 2015, the State of South Carolina Disaster Recovery Strategy Assessment identified 619 critical state applications as essential to citizen health and well-being. Of these, 92 percent lacked a full disaster recovery plan and 70 percent had no such capability. 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 DTO. When compared against peer benchmarks/metrics, 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

The transformation of the state's IT environment from a decentralized approach to a shared services model could not be accomplished 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. To ensure the successful development and implementation of the IT Shared Services model, two key entities were established.

▶ **IT Shared Services Governance Structure**

A defined IT Shared Services Governance Structure was established to ensure the transformation is a collaborative and unified effort among South Carolina's state agencies. This structure includes the creation of 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.

▶ **Program Management Office**

The Program Management Office (PMO), operating under the auspices of the South Carolina Department of Administration, was created to support the IT shared services transformation by helping execute, monitor and implement the program and governance framework.

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These two entities, operating in conjunction with one another, have achieved a great deal of success in helping to usher in the IT Shared Services model and position South Carolina to realize the expected benefits and advantages. Such successes and accomplishments include the following.

Established IT Shared Service Governance Groups

Governance groups play a key role in the IT Shared Services transformation. These groups meet on a regular basis and represent a diverse group of state agencies in both size and scope. Governance groups established 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 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 business 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 initial drafting of IT standards.

Governance groups review and advise on a variety of key decision points regarding IT shared services. During governance meetings, information, ideas and recommendations are openly discussed, and serve as an ideal forum to make decisions, provide recommendations, and have in-depth conversation regarding complex topics. To ensure a collaborative approach, governance groups are comprised of members representing diverse agencies – in scope and size – and consist of individuals with business and technology backgrounds. 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.

IT Shared Services Catalog Established

An integral part of the IT Shared Services model was the development of the [IT Shared Services Catalog](#). This catalog, available on [Admin's website](#), provides a comprehensive and user-friendly look at the 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. Such information contained in the catalog includes service descriptions and summaries, benefits, responsibilities, rates, detailed service notes, related services and contact information.

Annual IT Data Collection Effort

The PMO leads an annual proviso-mandated IT data collection effort for state agencies. This effort provides the opportunity to better understand the state's current and future IT spend across all agencies. Review of the data collected allows the state to evaluate opportunities to leverage resources collaboratively and take advantage of potential cost savings and efficiencies. In 2018, as part of the

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revamping of the state IT planning function, the PMO developed a new web-based IT Data Collection and Planning System for use by agencies and higher-education institutions throughout the state.

Agency Transitions to the IT Shared Services Initiative

Data gathered during the IT Data Collection effort allowed the PMO to develop a risk-based matrix – based on reported IT assets, personnel information and process maturity – to rank agencies for transition to the State Data Center. To date, five agencies have transitioned all or part of their infrastructure in the areas of desktop support, network support, compute and storage, and firewalls. Such agencies include the SC Commission for the Blind; SC Commission on Indigent Defense; SC Department of Health and Environmental Control; SC Department of Probation, Parole and Pardon Services; and the SC Department of Social Services. The SC Commission on Higher Education and the SC Department of Juvenile Justice have begun their transitions, while the SC Department of Health and Environmental Control and SC Department of Social Services are transitioning additional infrastructure.

Development of IT Standards

The development of statewide IT standards for shared services begins with the initial draft developed by technology-specific sub-groups of the Security and Architecture Review Board (SARB). These drafts are reviewed, revised and advanced through the full SARB, the Technology Work Group, Agency Work Group, then finally to the Executive Oversight Group. Standards have been created for end-user computing devices and draft standards are being developed for other areas including 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.

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:

- ▶ 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 in identifying emerging interagency needs and strategic initiatives.
- ▶ Work with partners to identify/document IT shared service delivery, performance and value.
- ▶ Work with partners 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 PMO, was developed to provide a forum to review and discuss the delivery of IT shared services to agencies. Comprised of 10 members representing a diverse group of agencies, this effort, allows members to provide input on shared service

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delivery and overall agency experience. The ARM Board meets on a quarterly basis, during which time, 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 Strategic IT Plan, IT Shared Services governance process, the Office of Technology and Information Services (OTIS), PMO and agency partners.

Established a Project Portfolio Management Tracking System

A Project Portfolio Management tracking system was implemented by the Program Management Office to provide oversight and tracking of agency projects identified as critical to the success of the IT Shared Services initiative. Such tracking information – pertaining to scope, size, schedule and budget – is shared with agency directors through the existing governance structure. To date, 158 projects are currently tracked through this system.

Renewed Focus on Information Technology Planning

Agencies are required to create IT Plans for technology purchases that exceed \$50,000 (and all telecommunications purchases) and submit them through the IT Planning System to the PMO. These plans, designed to ensure compliance with the Statewide Strategic IT Plan and defined standards, are reviewed on a weekly basis by the PMO's IT Planning team. On average, over 300 IT plans are reviewed each fiscal year as part of this process.

Service Level Agreement and Tracking Initiative

The Program Management Office, in conjunction with Gartner Consulting, conducted a feedback session with participating ARM Board members regarding the development and implementation of defined service levels for IT Shared Services. As part of this initiative, four select ARM Board agencies were chosen to pilot the first service level agreements for the Office of Technology and Information Services.

Improved Performance Management Tracking and IT Cost Transparency

Several data input updates associated with the South Carolina Enterprise Information System (SCEIS) and new IT and DTO benchmarking have allowed the state to begin capturing true performance indicators and costs.

CONCLUSION

The decision to transition to an IT Shared Services model 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 this effort can be attributed to the truly collaborative and unified effort provided through the IT Shared Services Governance process as well as the support and guidance offered through the Program Management Office.