



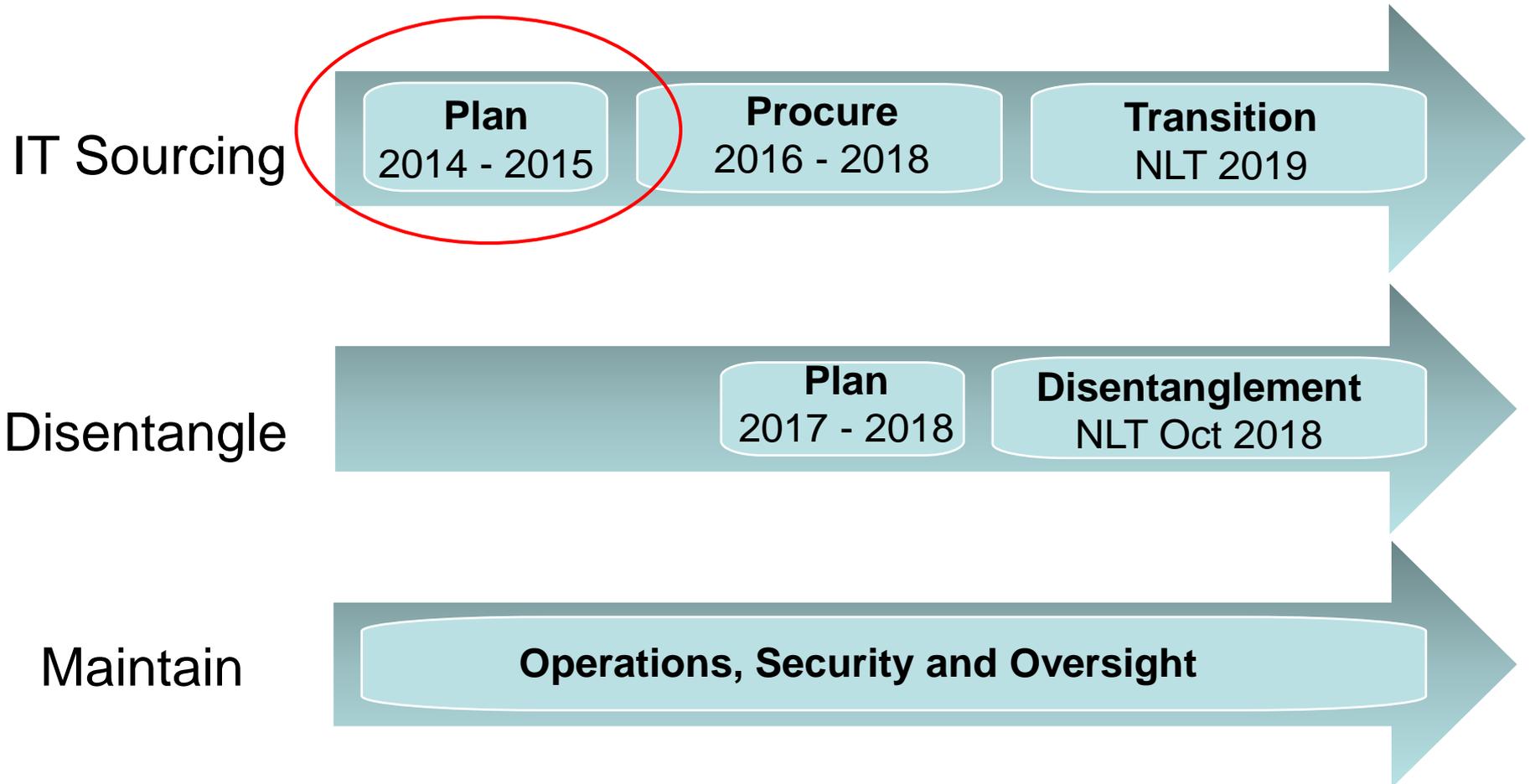
# Infrastructure Services Sourcing Update

**Perry Pascual**  
Director, IT Sourcing Strategy

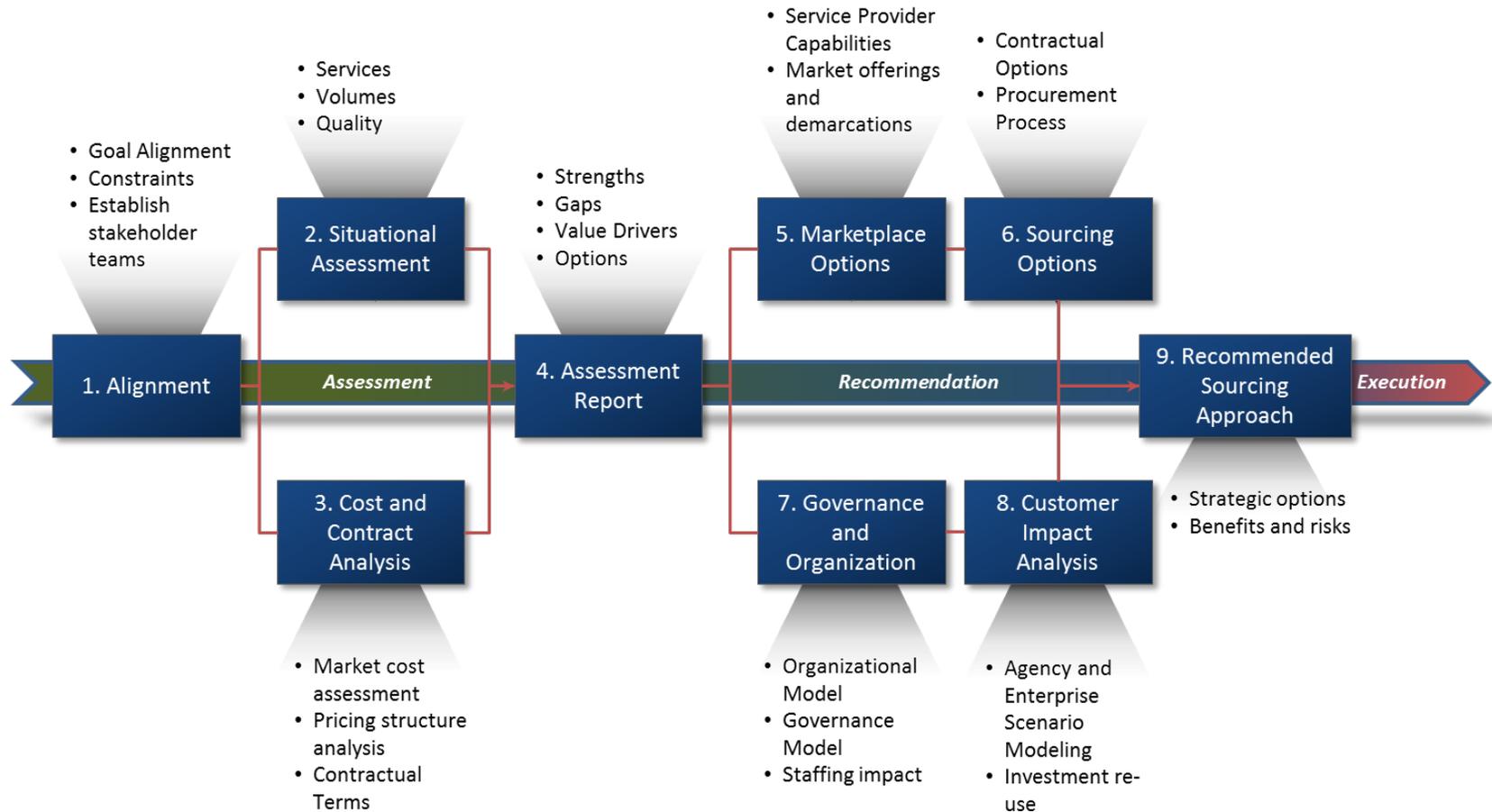
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Information Technology Advisory Council  
October 26, 2015

# Current timelines



# The journey





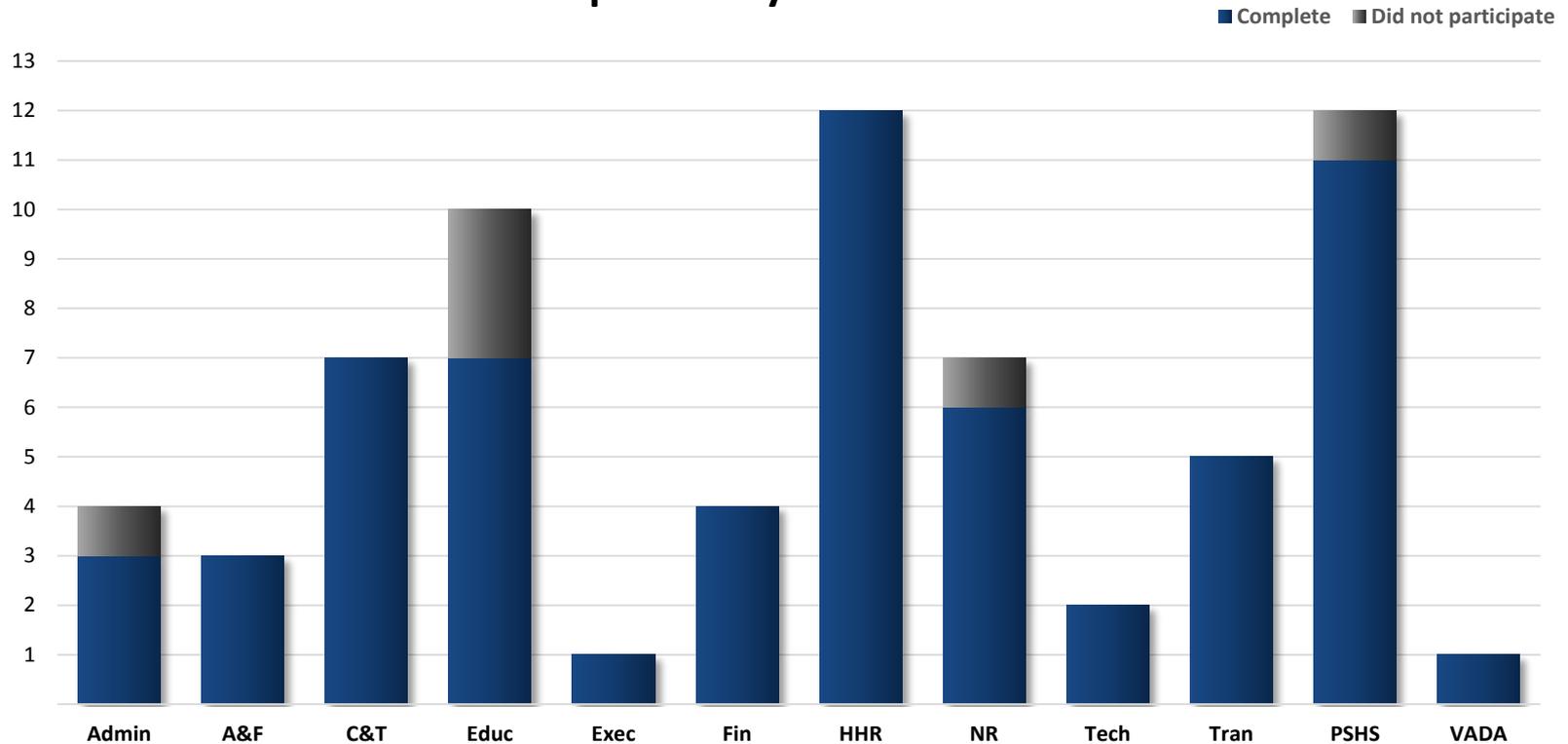
## Steering committee

- Dave Burhop, DMV CIO
- Sharon Kitchens, TAX CTO
- Ernie Steidle, DARS COO
- Neil Miller, Deputy Secretary of Finance
- Brian Logwood, DPB Assoc Dir, General Government
- Jason Powell, SFC Legislative Fiscal Analyst
- David Reynolds, HAC Legislative Fiscal Analyst
- Dana Smith, VITA Exec Dir of Administration and Finance
- Chad Wirz (Chair), VITA Exec Dir of Service Management and Delivery



# Interviews, surveys with more than 60 agencies

### Completion by Secretariat





## Observations and feedback

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



## 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 will identify sourcing models that best address these goals

## Market has several sourcing models

### Prime with subcontracts

- Most similar to the current model with Northrop Grumman
- VITA would contract with single provider
- Prime may bring various subcontractors

### Multisourced

- VITA would contract with numerous providers
- Service integration function would manage providers
- Operating level agreements ensure service transparency

### Inourced

- VITA would need personnel, skill sets, and tools to manage multi-provider environment
- VITA would need resources to keep skills current



# Virginia Information Technologies Agency



Cognizant



NetApp





## Current trends in IT sourcing

- Shorter terms
- Shift from single vendor to best-in-breed vendor(s)
  - Multisourcing 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



## Illustrative policy decisions

- IT staff rehiring
  - More than 550 state IT staff became Northrop Grumman employees in 2006
- Purchasing assets and data center
  - Likely to cost at least \$87M
- Location of data: within or outside Virginia
  - Other states use cloud or out-of-state providers
- VITA will continue engaging policymakers and market to answer these and other issues



## IT sourcing next steps

- Consultant's final recommendations in November
- Briefings at Nov. 9 JLARC, and legislative committees during 2016 session
- Prerequisite sourcing activities must be completed during this administration to reduce risk
  - Next governor takes office January 2018
  - Active procurements and disentanglement may be in progress



# Resources

- Information: Link on right rail of the VITA website

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

- Feedback and questions:  
[infrastructuresourcing@vita.virginia.gov](mailto:infrastructuresourcing@vita.virginia.gov)

