



# Welcome

**Samuel A. Nixon Jr.**

Chief Information Officer of the Commonwealth

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CIO/AITR Communications Exchange Meeting  
July 7, 2010



- Welcome
- 90-day highlights
- June 28 agreement
- Operational improvements update
- Today's agenda



## 90-day highlights

- Successful disaster recovery test conducted
  - 12 agencies participated
  - Hurricane scenario with loss of CESC data center
  - Restored all critical systems in 24 hours and other less critical systems within 48 hours



## 90-day highlights

- Successfully completed IT work for VMFA opening
  - New data and VoIP infrastructure
  - Upgraded point-of-sale systems for restaurants, gift shop
  - Upgraded online event ticketing, museum catalog, membership, visitor's desk, restaurant reservation and art kiosk
  - Maintained and upgraded office systems
  - Never completely closing the museum



## 90-day highlights

- Implemented contingent labor contract with ZeroChaos



## 90-day highlights

- Completed transformation at six more agencies
  - 55 complete
  - 20 scheduled
  - 14 in discussion
  - Most complete in 2010; some carryover to 2011



## 90-day highlights

- Reported to the Governor, et. al.
  - Status of work under Amendment 60
  - The VITA Organization
- Initial enterprise information architecture (EIA) component of the Commonwealth's enterprise architecture was approved
- Blocked additional Internet sites (for World Cup) to reduce usage spikes



## June 28 agreement with Northrop Grumman

- Goal -- Enhance service
- Three additional initiatives
  - Measures related to billing disputes
  - Measures related to processing times for work requests and technical solutions
  - Assist with best practices to manage data storage costs



## June 28 agreement with Northrop Grumman

- Re-commits to the seven operational improvement initiatives
- All 10 initiatives complete by Jan. 1, 2011
- Adds potential penalties



## Status of original seven initiatives

- Rapid response team in place
- Admin rights to agency personnel
- PC storage depot service in place
- PC shipping asset for remote users
- Redesign of the request for service process under way
- Increasing resources and focus on inventory/billing issues
- Re-designing help desk processes



## Next steps

- Transformation
- Service catalog
- 27 active major projects
- Modernized voice system (UCaaS)
- COVITS – Sept. 8



# Proposed Commonwealth IT Rates *A Briefing to AITRs and Agency Financial Officers*

**Dana Smith**  
VITA Controller

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## For today's discussion

- Why new rates?
- Where are we in the process?
- Some details about the rates proposal
- Agency impact



## What isn't included today

- A specific list of rates
  - Pending JLARC review
- An estimated impact of how the new rates are expected to affect your agency's IT costs
  - Pending DPB review



## About the rates proposal

- Most significant revision of Commonwealth IT rates ever undertaken at one time
- Adjusts for re-baselining and revised contract with Northrop Grumman
- Rate structure aligns with vendors' rate structure
- Replaces current rate structure



## About the rates proposal

The new rates include:

- Vendor costs
  - Direct, usage-based costs
  - Share of indirect (usually fixed) costs
- VITA services
  - Reflects a 15% reduction in VITA's retained organization expenses



## Where we are

- Revised contract with Northrop Grumman signed (*March 31, 2010*)
- Draft of new rates and projected agency fiscal impacts prepared (*March 31 – June 21, 2010*)
  - Iterative process
  - Significant input from Secretary of Finance and JLARC staff
- Submission to JLARC and DPB (*June 21, 2010*)



## Next steps

- JLARC ISF Subcommittee Review (*July 8, 2010*)
- JLARC (full Commission) Review (*July 12, 2010*)
- Implementation
  - Billing system changes
  - Customer communications
- Submission of *Cost Allocation Plan* to the Department of Health and Human Services - Division of Cost Allocation

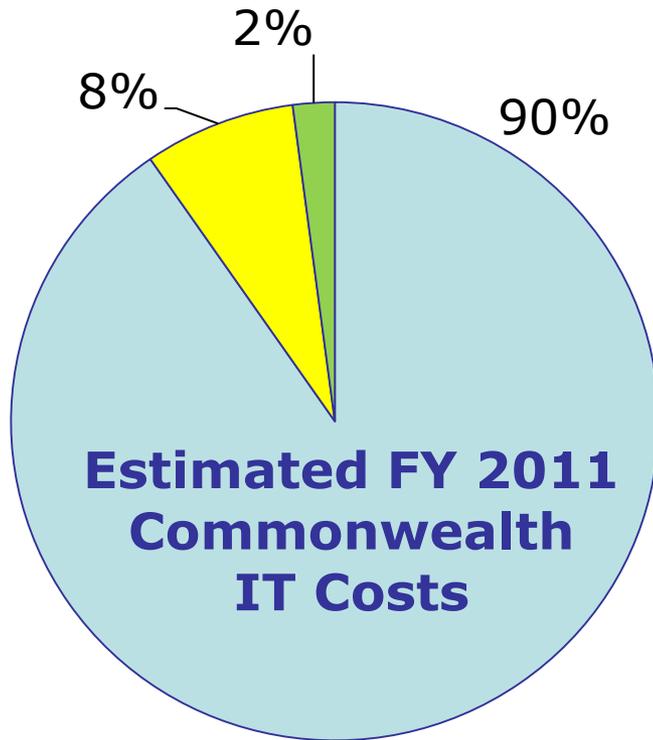


# Costs to recover in FY11

- Estimated at \$288 million, a 15% increase over FY10

	Vendor Expenses	VITA Services	Debt Recovery	Total
\$ in millions (estimated)	\$260.2	\$21.8	\$6.0	\$288
% of total	90.4%	7.5%	2.1%	100%

# Costs to recover in FY11



- Vendor Expenses (per unit & fixed fees)
  
- VITA Services
  
- VITA Debt Recovery (Annual share)



## How will we recover?

Through a series of approximately 300 rates, most constructed as follows:

$$\begin{aligned} & \textit{Vendor per unit charge} \\ + & \textit{Vendor fixed fees allocation} \\ + & \textit{VITA services, debt recovery} \\ = & \textit{IT service rate} \end{aligned}$$



## How will we recover?

- In accordance with state and federal guidelines, our rates should be:
  - Adequate to fully recover costs
  - Reasonable to recover only what is needed to support services
  - Equitable to be distributed fairly across customers based on usage, etc.



# Rate example #1

Stand-alone service: Tier 1 network printers

Service	Vendor Per Unit Charge	Allocation of Vendor Fixed Fees	VITA Services	VITA Debt Recovery (Short Term)	Total
Network printer – Tier 1	\$30.82	\$8.45	\$3.40	\$.91	\$43.58
<i>% of Total</i>	<i>70.7%</i>	<i>19.4%</i>	<i>7.8%</i>	<i>2.1%</i>	<i>100.0%</i>
	<i>Vendor 90.1%</i>		<i>VITA 9.9%</i>		



# Rate example #2

## Bundled service: Laptop computers

<u>Laptop Rate:</u> Service Components	Vendor Per Unit Charge	Allocation of Vendor Fixed Fees	VITA Services	VITA Debt Recovery (Short Term)	Total
Hardware & Software	\$35.75	\$18.27	\$4.67	\$1.25	\$59.94
E-mail - Messaging	\$10.38	\$2.86	\$1.15	\$0.30	\$14.69
Technical Support	\$21.14	\$5.83	\$2.33	\$0.62	\$29.92
Help Desk	\$9.48	\$2.62	\$1.05	\$0.28	\$13.43
<b>Total Laptop</b>	<b>\$76.75</b>	<b>\$29.58</b>	<b>\$9.20</b>	<b>\$2.45</b>	<b>\$117.98</b>
<i>% of Total</i>	65.1%	25.0%	7.8%	2.1%	100.0%
	<i>Vendor 90.1%</i>		<i>VITA 9.9%</i>		



## Projected agency impact

- Vendor costs in most categories will increase
  - Notable exception -- Mainframe services will be significantly reduced
- Charges for most agencies will increase
  - Average is 15%, but varies by agency depending on service offerings used



## Projected agency impact

- VITA staff have briefed:
  - House Appropriations, Senate Finance and JLARC staff
  - Secretaries of Technology and Finance
  - Department of Planning and Budget staff
  - Customer agency staff (today)



## Additional information

- Effective date of proposed rates is July 1, 2010
- Bills to agencies could be delayed slightly to accommodate programming changes
- IT rates, including legacy rates, to be published next week\*
- Agency impacts to be distributed next week\*

*\*If VITA rates approved by JLARC*



## Legacy rates

- Effective January 2011 for agencies that have not completed transformation
  - Server support
  - PC support (desktop, laptop, tablet)
  - Mailbox
  - Help Desk – per PC
  - Help Desk – per server
  - Wide Area Network (WAN)
  - Local Area Network (LAN)



## Contacts

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Your VITA Customer Service Lead (CSL):

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Jenny Hunter

Bobby Keener

John Kissel

Mike Melton

Zeta Wade

Anne Wingfield



# Questions



# Storage

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VITA Customer Service Project Management Organization

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## Overview

- Server, storage and backup costs have differed for data center and remote locations
- What's new?
  - Transitioning to a consumption-based cost model



## Storage offerings

- Six classes of storage service
- Service varies by class
  - Maintenance
  - Service level agreements (SLAs)
  - Backup
  - Refresh



## Tier 1

- Tier 1 is highly available, high-performance storage
  - High throughput – Input/output operations per second (IOPS) counts in excess of 15,000
  - End-to-end redundancy through storage frame
  - Remote administration
    - Automation in place
  - Provisioning changes are transparent
  - Proactive monitoring



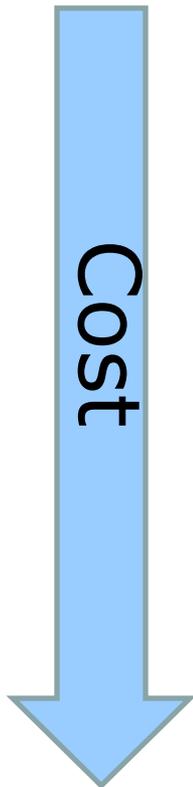
## Tier 2

- Tier 2 is highly available, scalable performance storage
  - End-to-end redundancy
  - Remote administration
    - Automation in place
  - Provisioning changes are transparent
  - Proactive monitoring

## DASD

- Direct attached storage device (DASD) is internal or external
  - Performance determined by attachment type
    - Small Computer System Interface (SCSI)
    - Serial Attached SCSI (SAS)
    - Internal disk etc.
  - Redundancy not always possible
  - Non-automated management
  - Provisioning changes require downtime and manual effort

# Six classes of service



Storage Service	Billing Unit	Storage Type	Replication Supported	Location
Tier 1 at CESC	Allocated space	High availability Network attached storage (NAS) or Storage area network (SAN)	Y	CESC/SWESC
Tier 2 outside of CESC	Allocated space	NAS or SAN	N	Customer site
Tier 2 at CESC	Allocated space	NAS or SAN	N	CESC/SWESC
DASD	Raw space	Physically attached storage	N	Any
Tier 2 at CESC no backup	Allocated space	NAS or SAN	N	CESC/SWESC
DASD no backup	Raw space	Physically attached storage	N	Any



## Next steps

- SAN storage at CESC will be moved to Tier 2 to reduce cost
- Practical how-to guidelines to help better manage storage consumption
- Webinars on managing storage consumption and selecting storage tiers
- Putting a team together to consider additional functionality needed for storage management (archiving, discovery, de-duplicate files, etc.)



## Contacts

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# Questions