



COMMONWEALTH of VIRGINIA

Virginia Information Technologies Agency

Lemuel C. Stewart, Jr.
Chief Information Officer
Email: cio@vita.virginia.gov

11751 Meadowville Lane
Chester, Virginia 23836-6315
(804) 416-6100

TDD VOICE -TEL. NO.
711

December 1, 2008

Mr. Philip A. Leone
Director
Joint Legislative and Audit Review Commission
General Assembly Building, Suite 1100
Capitol Square
Richmond, Virginia 23219

Dear Mr. Leone:

Thank you for the opportunity to comment on the draft, interim report *Interim Review of the Virginia Information Technologies Agency*. Moreover, I appreciate the thoroughness and professionalism of the Commission staff in preparing this report. I think the interim report fairly presents the brief history, goals, responsibilities, and formidable challenges which remain for the Virginia Information Technologies Agency (VITA) as it modernizes the Commonwealth's outdated information technology (IT) infrastructure.

I would like to offer a few brief comments. First and foremost, while the report provides an accurate recounting of VITA's establishment and history, it does not acknowledge the broader agency cultural context that I believe is necessary to best understand VITA. VITA has been tasked with the "merger" and consolidation of IT support services for nearly 100 state Executive Branch agencies. Commonwealth agencies possess diverse cultures and business practices. I hope you recognize and agree that merging such varied environments has been, and continues to be, a very significant challenge. I think we have made great progress in this area, and the report reflects that.

As a result of the Commonwealth's contract with Northrop Grumman Corporation, the update and standardization of the Commonwealth's IT infrastructure is well underway, and will continue over the next year. Under the contract Northrop Grumman is committed to invest more than \$270 million in upfront capital to replace the Commonwealth's inefficient, aging IT infrastructure with a common and secure IT platform. These efforts will result in greater government efficiency, significantly improved information security, job creation in southwest Virginia and cost savings, or perhaps more accurately cost-avoidance, over many years to come. Additionally, the cost of the state Executive Branch IT infrastructure will remain frozen at approximately 2005 levels for the duration of the 10-year contract, not including new system growth in agencies. In the interim, as a result of the Governor and General Assembly's visionary efforts, this private capitalization serves to greatly improve the Commonwealth's citizen services.

Mr. Philip A. Leone
December 1, 2008
Page Two

The interim report discusses a number of the challenges associated with costing and billing customer agencies for the services they receive. VITA operates as an "enterprise" agency. Like a private business, we pay our bills by way of charge-back to other agencies, but on a not-for-profit basis. Projecting revenues and expenditures for the past few years has indeed been a challenge. While our cost of direct services from Northrop Grumman is capped, the apportionment of costs among agencies is a work in progress, and frankly, we have had to learn on the job. There are many reasons for this, but lack of an accurate asset inventory is the most significant factor. Simply stated, since at least 2003 the inventory of state agency IT assets has been wholly inaccurate, despite several attempts to accurately capture the data. We are fixing this situation, but the challenge is considerable, with more than 220,000 IT assets located at more than 2,000 agency sites across the state and the dynamic nature of IT transformation. The actual inventory and use of services and equipment is what drives the charges to agencies going forward. In the coming months we anticipate completing a definitive inventory of IT assets in use by the agencies, and obtaining each agency's concurrence with their portion of the inventory. With this in mind, I expect our revenues and expenditures, based on actual utilization of assets, to be stable going forward.

Finally, let me turn to our efforts to respond to the diverse business climate of the many different state agencies. So we may better understand the business needs of every agency we serve, over the past year we have established more than a half-dozen customer councils. These councils, which meet regularly, serve as a constructive forum for state agencies to collaborate with VITA staff to address customer concerns. In addition, I personally meet each month with representatives of each and every agency we serve. I will continue to do so, with a goal of understanding their business needs and providing open lines of communication.

I again thank you for the opportunity to respond to this draft report, and look forward to working with you in the coming months.

Sincerely,



Lemuel C. Stewart, Jr.