



Virginia Information Technologies Agency

# VITA Annual Report

**Lem Stewart**

CIO of the Commonwealth

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Joint Commission on Technology and  
Science

December 12, 2006

**expect the best**



## Presentation Topics

- IT Partnership
- VITA Organization
- Financial Update and Service Charges
- Information Technology Investment Board (ITIB)
- Information Security
- Challenges



## IT Partnership - Highlights

- The Commonwealth will get a reliable and agile 21<sup>st</sup> century IT infrastructure for what it's paying to maintain a 1980s IT infrastructure
- The agreement is valued at \$1.98 billion over 10 years, with one three-year extension
- \$272 million total capital investment
  - New, state-of-the-art facilities in Chesterfield and Russell Counties
  - Self-funded model (savings & cost avoidances)
- Consistent and proactive technology refresh
- Significant job creation
- Commonwealth employees treated well



## IT Partnership - Employees

- Choice made by many VITA employees to join Northrop Grumman represents an early success for the IT Partnership
  - Number of VITA employees accepting job offers was the first significant success for the IT Partnership
    - 846 VITA employees received offer letters
    - 66.9% (566) accepted
  - Those declining the offer will remain VITA “managed employees,” receiving technical direction from Northrop Grumman



# IT Partnership – Recent Progress

## Service Commencement Date

- As planned, operational and technical responsibility for IT infrastructure was successfully assumed by Northrop Grumman on July 1

## Facilities

- Ground breaking for the Commonwealth Enterprise Solutions Center (CESC) facility in Chesterfield County on May 23
  - Scheduled for completion in summer 2007
  - 192,000-square-foot facility will house VITA headquarters in a high-security data center and network operations center
- Ground breaking for the Southwest Enterprise Solutions Center (SWESC) in Russell County on October 27
  - Scheduled for completion in fall 2007
  - 101,000-square-foot facility will house help desk and backup data center



Virginia Information Technologies Agency



# Commonwealth Enterprise Solutions Center





# CESC Progress





# Southwest Enterprise Solutions Center





## IT Partnership – Transformation Milestones

Milestone	Target Date
Begin desktop refresh	2007
Move into new Commonwealth Enterprise Solutions Center in Chesterfield	2007
Establish single, statewide, help desk	2007
Establish computer security incident response center	2007
Move into new Southwest Data Center in Russell	2007-2008
Complete initial desktop refresh	2009
Complete single enterprise e-mail	2009
Complete server consolidation	2009

# Transformation: The Whole Picture

## Messaging Services



- Enterprise Exchange/Outlook Email
  - Enterprise Collaboration Tools
  - Active Directory, DNS
- \$25M Investment*

## Mainframe and Servers



- New IBM and Unisys Mainframes in New Data Center
  - Consolidation and Refresh of Servers
  - Migration of servers to the Data Center
- \$50M Investment*

## Facilities Tier 3 and Tier 2



- New Data Center/Office Building in Chesterfield
  - New Disaster Recovery Center and Help Desk in Russell County
- \$60M Investment*

## Desktop



- Mass Desktop Refresh Projects
  - Network Printer Consolidation and Refresh
  - Enterprise Desktop Management Systems
- \$35M Investment*

## Help Desk



- Enterprise Help Desk in Russell and Chesterfield Counties
  - Field Based Agents and Technicians for Level 3
  - Enterprise Help Desk System (Peregrine)
- \$10M Investment*

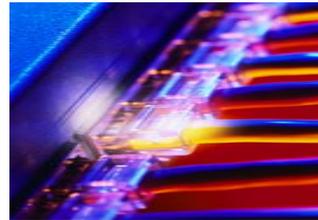
# Transformation

*\$270 Million Investment*

**Reliable, High Performance,  
Enterprise-Wide IT Infrastructure**

**“People – Process – Tools”**

## Network



- New Commonwealth-wide MPLS Core WAN
  - LAN upgrades to Local Switches/Routers as Needed
  - Network Re-addressing of IP, DHCP
- \$60M Investment*

## Security



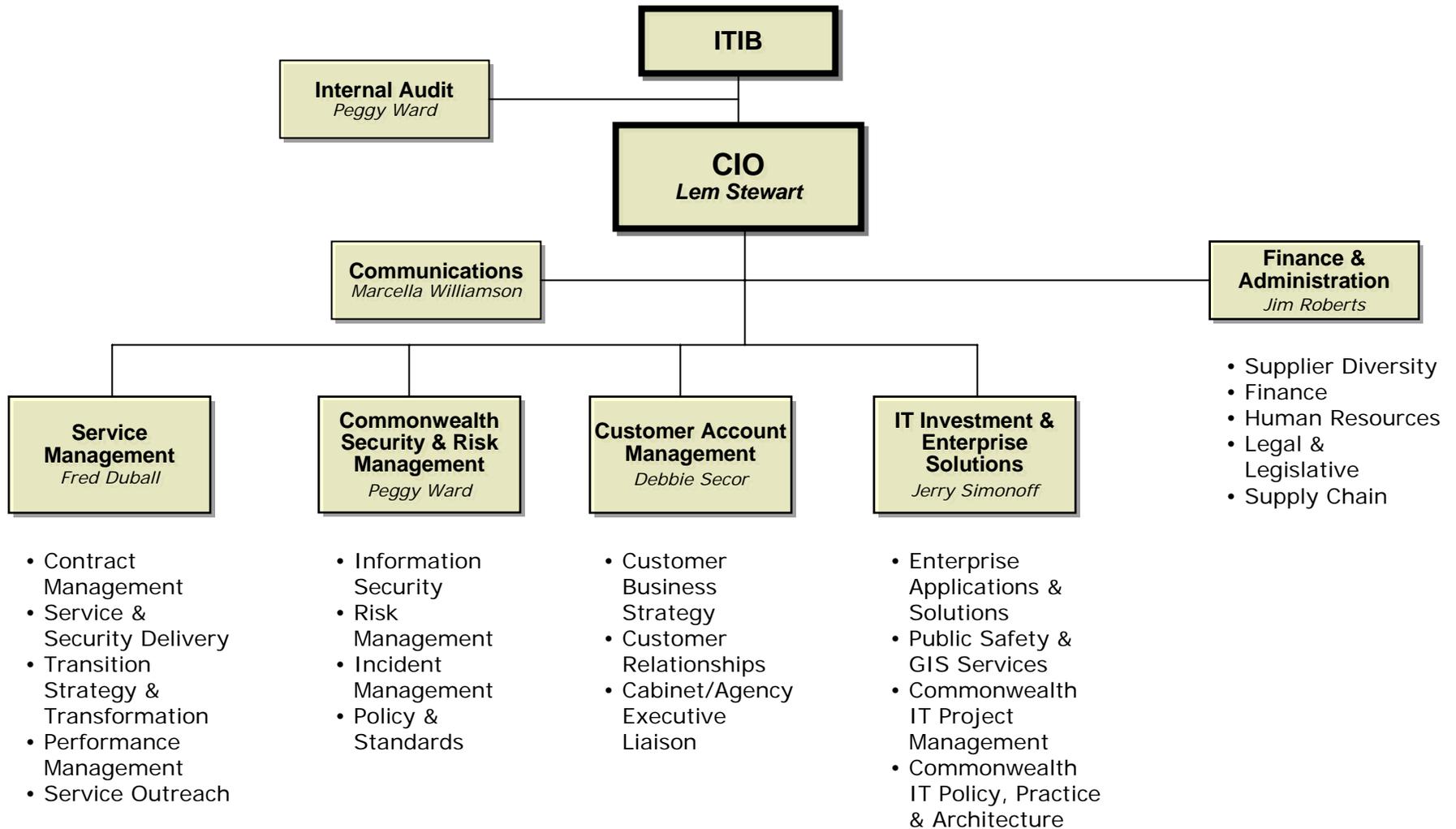
- Enterprise Security Operations Center
  - Computer Security Incident Response Center
  - Secure Internet Gateway
- \$10M Investment*

## Voice / Video



- Voice over IP Network Optimized for Voice and Video Traffic
- \$20M Investment*

# VITA Functional Organization





# VITA Indirect Costs FY03-07

	FY03	FY04	FY05	FY06	FY07
% Indirect	15.6%	17.1%	12.1%	10.3%	9.5%
% Direct	84.4%	82.9%	87.9%	89.7%	90.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%



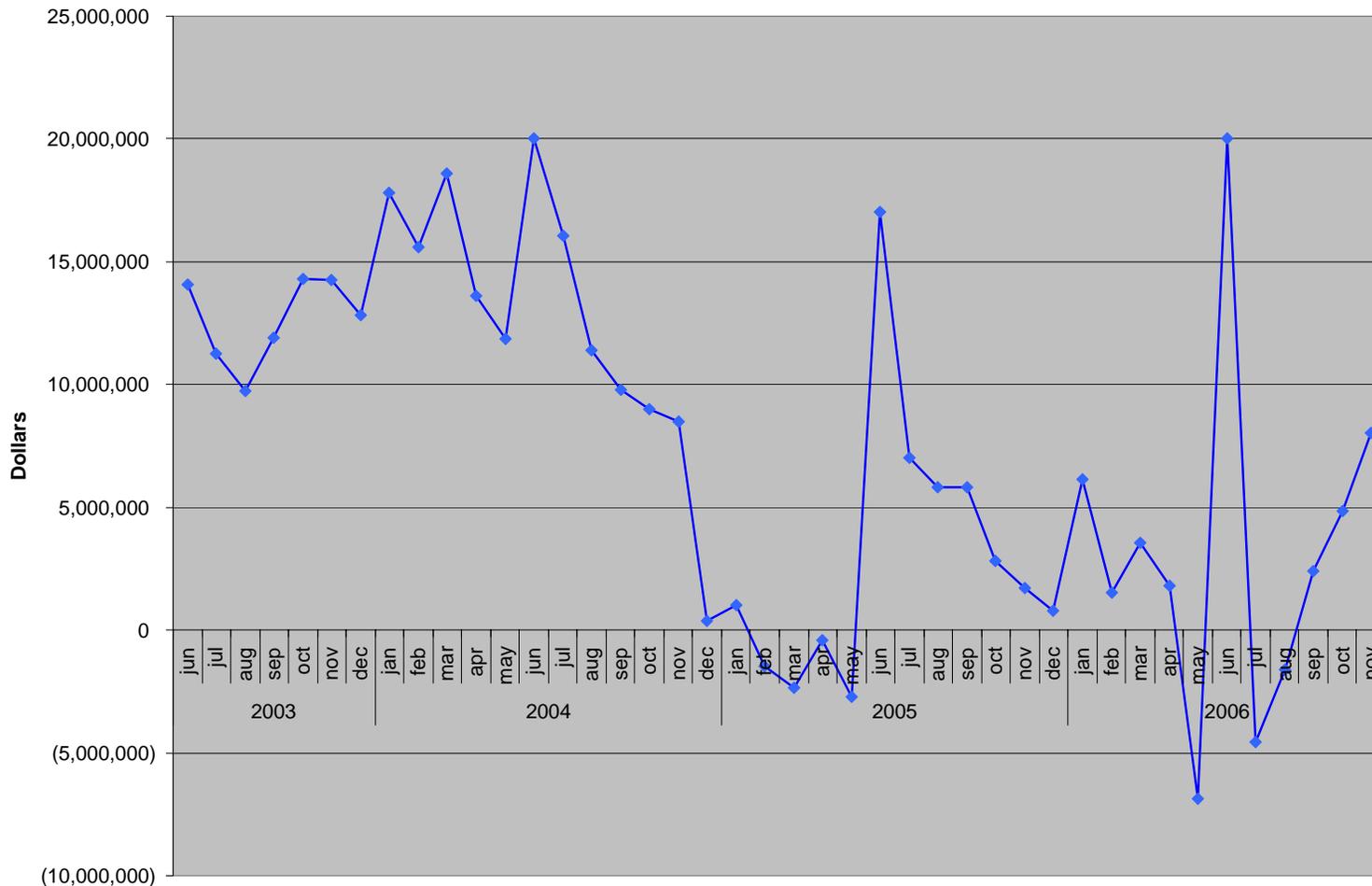
# FY 2006 Financial Results

	FY06 Budget	FY06 Actual YTD Results	Actual as % of Budget
Revenues, Including Transfers In	\$296,050,223	\$293,415,446	99%
Expenses, Including Transfers Out	294,043,960	291,386,884	99%
Net Change	2,248,388	2,028,562	
Retained Earnings, July 1	\$54,110,505	56,062,031	

As of June 30, 2006



# Internal Service Fund Cash Flow





## VITA's Service Charges - Background

- Internal Service Fund (ISF) agency
  - Budget is the fees VITA collects
  - Rates are approved by ITIB & JLARC
- VITA's current ISF's: security, project management, E-911 and GIS (pending ISF July 2007)
- VITA's service charge evolution
  - **Direct bill:** Charged from its inception in 2003 until July 2006
  - **Agency services:** Started charging in July 2006
    - Intended as a interim step to reduce impact on customer agencies
    - Based on each agencies' historic IT spend
    - Consistent vs. discretionary budgeting philosophy
  - **Decentralized services:** Planned for 2008
    - Based on service usage
    - Customers choose service levels
    - Consistent service levels at consistent costs



## VITA's Service Charges – Federal Review

- VITA annually submits its cost allocation and rate plan to U.S. Dept. of Health and Human Services (HHS) for review
  - VITA, and its predecessor entities, has had a federally approved rate plan for more than 20 years without any federal audit exceptions
- In October HHS notified VITA that the agency services rate “does not appear to be in compliance with” applicable federal regulations
- Virginia is not alone
  - VITA's research shows that at least four other states are in negotiations that involve similar IT transformation matters with HHS
  - Additionally, the letter highlights larger issues related to federal funding guidelines that are out of step with many states' efforts to innovate their IT environment



## VITA's Service Charges – What's Next

- VITA convened a work group to help develop a proposal acceptable to HHS that also would support transformation
  - Work group = Agency financial experts, representatives of the Department of Planning and Budget (DPB) and VITA staff
  - Initial indications are that the decentralized services rate VITA planned to implement in 2008 will be acceptable to HHS if it is implemented sooner than originally planned
- A proposal utilizing the decentralized services rate has been submitted to HHS
- JLARC and ITIB recently approved the proposal
- Upon final federal approval, it's expected that some agencies will see increased charges while others will see decreased costs
  - DPB and VITA will meet with agencies to work on implementation
  - In order to minimize the impact on agencies, DPB is taking the new decentralized services rate into account in preparing the Governor's proposed budget



## Information Technology Investment Board

- Information Technology Investment Board (ITIB) established pursuant to the same 2003 legislation creating VITA
- Consists of 8 non-legislative citizen members and 2 ex officio members
  - 4 members appointed by the Governor; 4 members appointed by the Joint Rules Committee
  - Ex officio members: Secretary of Technology (full voting privileges) and Auditor of Public Accounts (without voting privileges in most cases)
- “Responsible for the planning, budgeting, acquiring, using, disposing, managing, and administering of information technology in the Commonwealth.”
- The Board’s powers and duties include:
  - Appointment of the Chief Information Officer
  - Overseeing the operation of VITA
  - Approval of all major information technology projects
  - Approval of statewide technology policy and standards
  - Submission by September 1 of each year a list of recommended technology investment projects and priorities for funding to the Governor and General Assembly



# ITIB Recommended Technology Investment Projects

Secretariat	Recommended for Continued Funding		Recommended for Funding		Total Recommended Projects		
	No.	Project Cost	No.	Project Cost	No.	Project Cost	Percent of Cost
Administration	1	\$12,000,000	3	\$2,300,000	4	\$14,300,000	1.8
Agriculture & Forestry	1	\$1,075,532	0	\$0	1	\$1,075,532	0.1
Commerce and Trade	2	\$5,999,000	1	\$45,000,000	3	\$50,999,000	6.3
Education	6	\$47,313,709	4	\$18,180,124	10	\$65,493,833	8.2
Finance	0	\$0	1	\$11,000,000	1	\$11,000,000	1.4
Health & Human Resources	1	\$5,200,000	5	\$152,260,787	6	\$157,460,787	19.6
Natural Resources	0	\$0	1	\$2,200,000	1	\$2,200,000	0.3
Public Safety	2	\$382,900,000	9	\$28,850,000	11	\$411,750,000	51.3
Technology	3	\$7,220,599	3	\$15,800,000	6	\$23,020,599	2.9
Transportation	4	\$29,427,201	2	\$36,600,000	6	\$66,027,201	8.2
<b>Totals</b>	<b>20</b>	<b>\$491,136,041</b>	<b>29</b>	<b>\$312,190,911</b>	<b>49</b>	<b>\$803,326,952</b>	<b>100</b>



## ITIB Emphasis on IT Project Collaboration

- ITIB sought to identify agency collaboration opportunities for 2006 RTIP report
- Sharing technology across agencies addresses similar agency business needs while extending scarce Commonwealth resources
- ITIB intends to continue giving highest priority to IT projects that involve:
  - Collaboration among agencies
  - Potential for an enterprise solution
- ITIB has directed CIO to work with Cabinet to identify and cultivate future collaboration opportunities



# ITIB Role in Enterprise Applications

## Infrastructure

### **Business Owner**

IT Investment Board

### **Program Management**

CIO and VITA

### **Role of IT Investment Board**

As business owner, responsible for project oversight, management, Comprehensive Agreement recommendations; approve IT financial investments

## Enterprise Applications

### **Business Owner**

Secretary of Finance

### **Program Management**

Enterprise Applications Public-Private Partnership Project Office

### **Role of IT Investment Board**

Review and approval of implementation strategy with milestones, deliverables and funding requirements; approve use of appropriated funds



## Information Security / SJR 51

- SJR 51 directs the APA to report on the adequacy of the security of state government databases and data communications
- Review focused on documented security policies and procedures
- Results have been mixed, but not surprising, since APA has been reporting on weak security controls at several levels for years
- The SJR51 report is expected to reinforce APA's previously reported issues and highlight the fact that security in the Commonwealth continues to be at risk



## Information Security / SJR 51

Report is expected to highlight seven issues:

- Timeliness of standards
- Lack of expertise
- Security officer authority
- Role confusion
- Lack of security standards
- Transition to NG
- Enforcement



## Challenges

- IT Infrastructure Partnership implementation
- Public safety and emergency services solutions
- Telework
- Project management
- Lack of enterprise culture
- Implementation of new decentralized rates
- Agency relations through changes



## For More Information on VITA

[www.vita.virginia.gov](http://www.vita.virginia.gov)

**Lemuel C. Stewart, Jr.**

CIO of the Commonwealth

804.343.9002

[lem.stewart@vita.virginia.gov](mailto:lem.stewart@vita.virginia.gov)