

State Audit Committee

Stu Davis, Assistant Director and
State Chief Information Officer

June 20, 2013

IT Optimization **Current State**

INCREASE EFFICIENCY . IMPROVE SERVICE
REDUCE COMPLEXITY . REALIZE SAVINGS

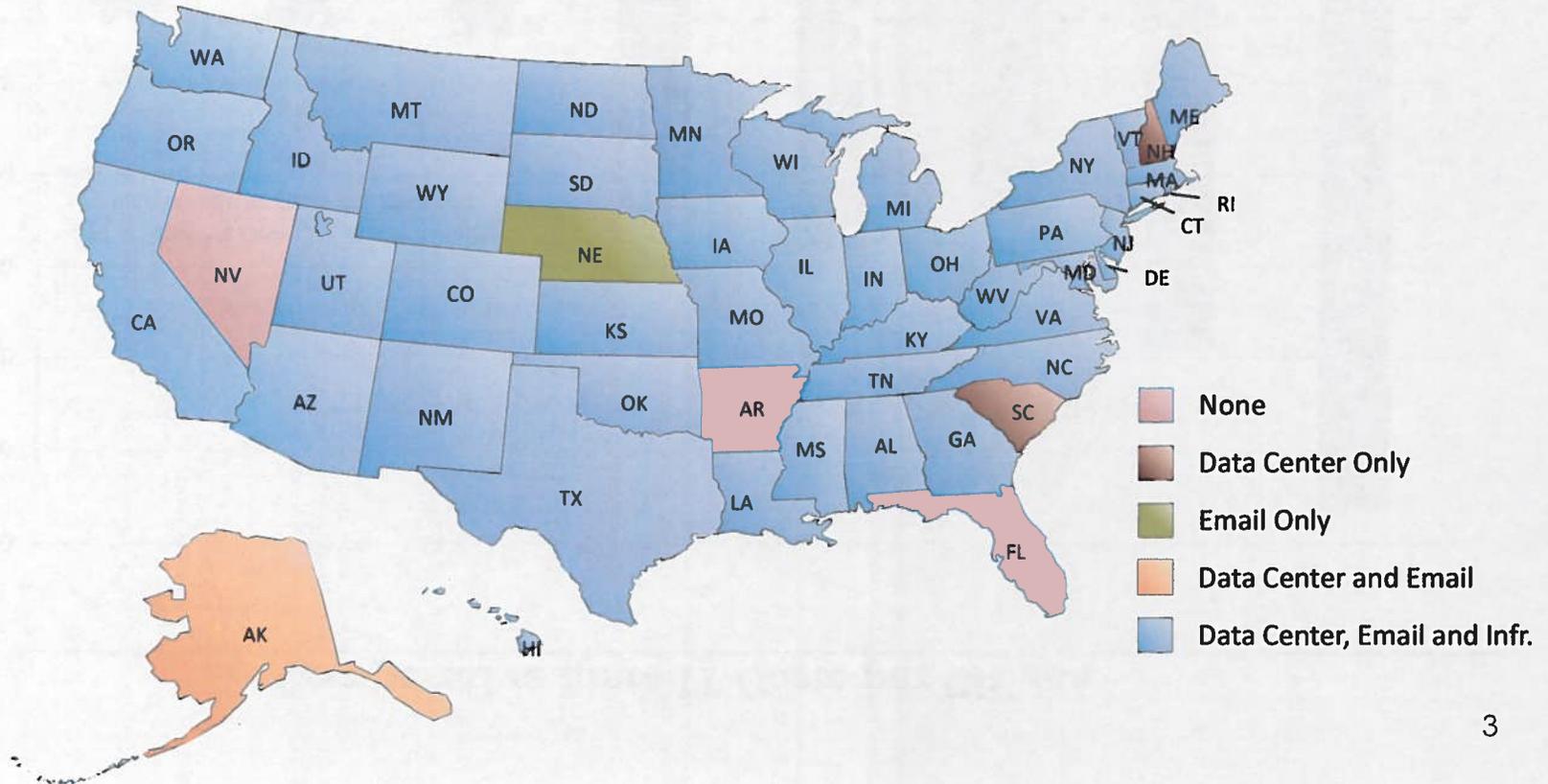
- Federated, decentralized IT environment is not sustainable
- FY12 IT spend of more than \$830 million
- More than 5,000 servers in more than 30 data centers
- More than 1,600 applications
 - 20% more than 10 years old
 - 54% more than 5 years old
- Aging legacy systems (10-20yrs) are more expensive to maintain
- 14 separate statewide networks, \$53M annual contract spend
- 2,500 IT professionals supporting duplicative IT functions
- 32% of IT workforce eligible for retirement
- Competing projects distracting Agency focus and resources supporting infrastructure

Major Consolidation: All States

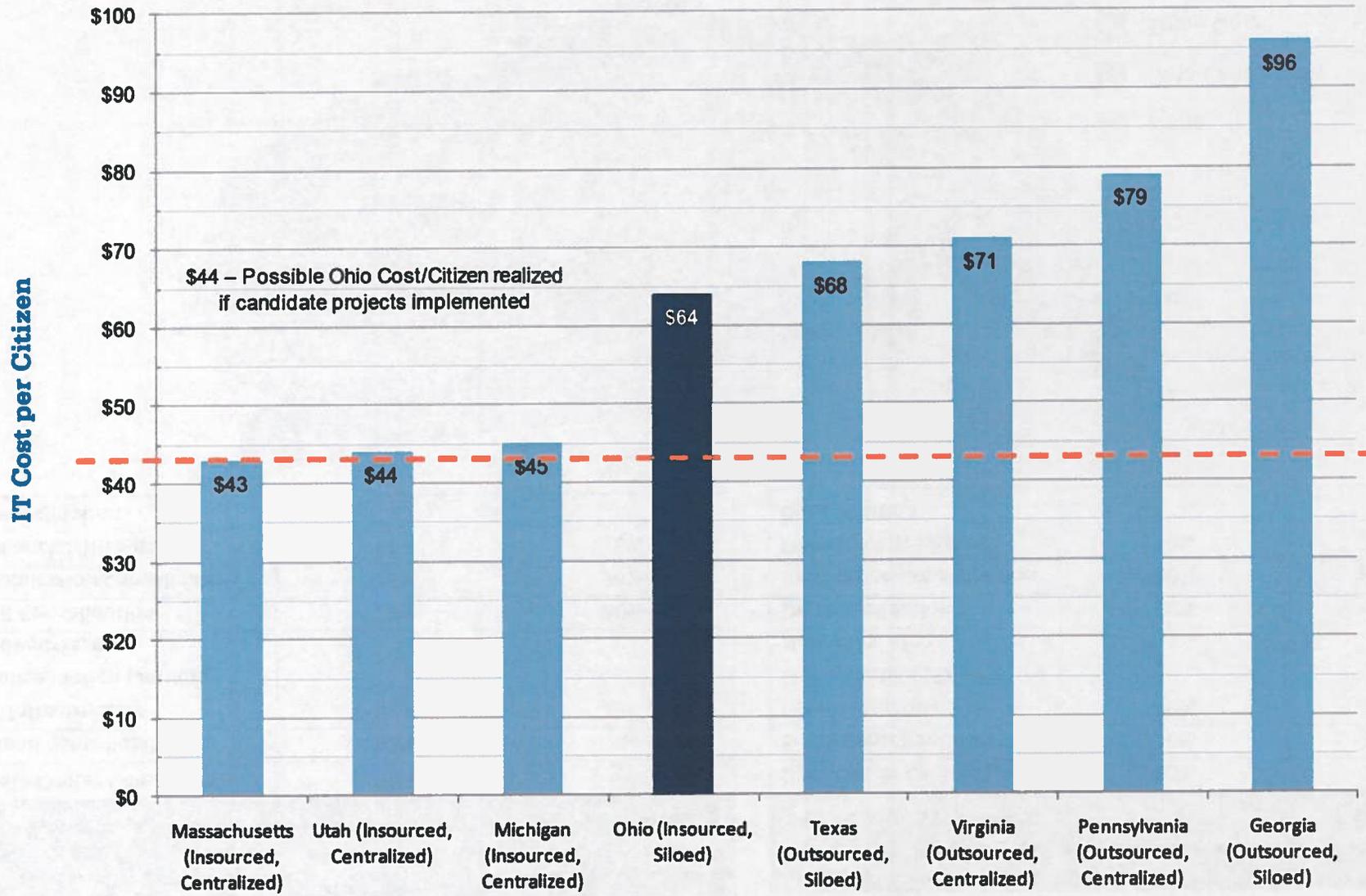
Consolidation Initiatives	Underway (Planning, In Process or Complete)	No Consolidation Underway
Data Center Consolidation	94%	6%
Email Consolidation	92%	8%
IT Infrastructure Consolidation (Servers, Networks, etc.)	88%	12%
DR Consolidation	70%	30%
Application Consolidation	26%	74%
Financial/HR System Consolidation	82%	18%

Major Consolidation: Top 10 States

Consolidation Initiatives	Underway (Planning, In Process or Complete)	No Consolidation Underway
Data Center Consolidation	90%	10%
Email Consolidation	90%	10%
IT Infrastructure Consolidation (Servers, Networks, etc.)	90%	10%
DR Consolidation	60%	40%
Application Consolidation	20%	80%
Financial/HR System Consolidation	70%	30%



Comparative State IT Costs per Citizen



December 2010 IT Statement of Direction

- State IT Landscape
- Opportunities for Smart Consolidation
- Challenges (legacy systems, culture, aging workforce, etc.)

January 2012 IT Strategic Plan

- Goals for IT Optimization
 - Increase Efficiency
 - Improve Service
 - Reduce Complexity
 - Realize Savings

December 2012 IT Transformation Plan

- Transition to Enterprise IT

Targeted Cost Savings

Target areas for cost reduction through IT Optimization

Target Area	Annual Cost	Conservative Savings			
		Estimate		Optimistic Savings Estimate	
		%	Amount	%	Amount
Internal Labor**	\$277,800,000	15	\$41,670,000	25	\$69,450,000
Contract/Consultant	\$178,700,000	20	\$35,740,000	30	\$53,610,000
OIT billed Excluding Labor	\$74,600,000		\$0		\$0
Maintenance/Lease/Rent/repair	\$70,500,000	15	\$10,575,000	25	\$17,625,000
Hardware/Software Cost Avoidance*	\$70,400,000	15	\$6,315,000	25	\$10,525,000
Misclassified	\$64,500,000		\$0		\$0
Network	\$46,100,000	20	\$9,220,000	30	\$13,830,000
Exempt Agency Direct	\$15,500,000		\$0		\$0
Desktop Related	\$14,000,000		\$0		\$0
Mainframe Exp	\$12,100,000		\$0		\$0
Telecommunications	\$7,900,000		\$0		\$0
misc	\$5,600,000		\$0		\$0
Total***	\$837,700,000		\$103,520,000		\$165,040,000

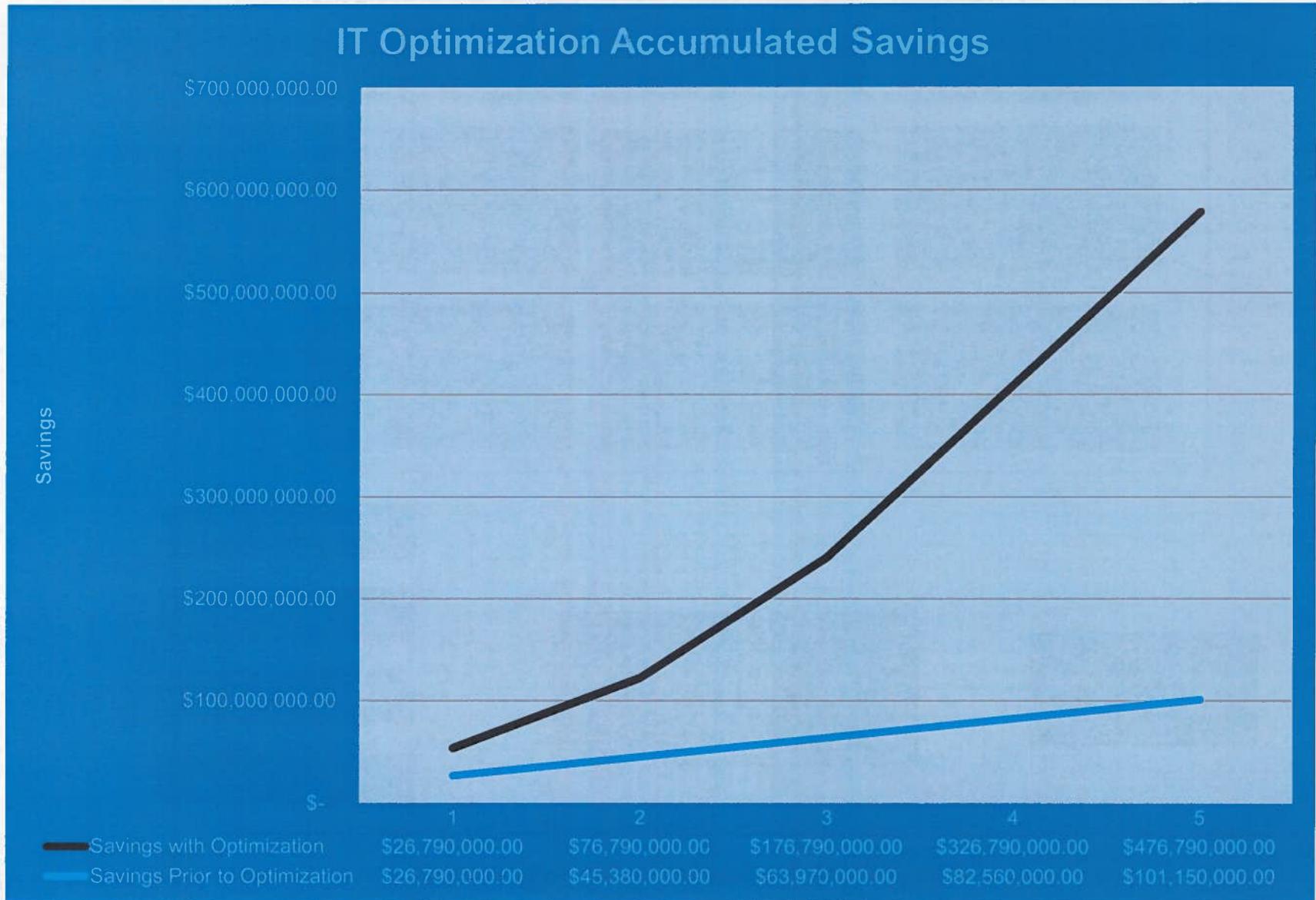
* Assumes that 60 Percent of hardware and software can be optimized

** This would require a workforce reduction of between 380 and 650 respectively

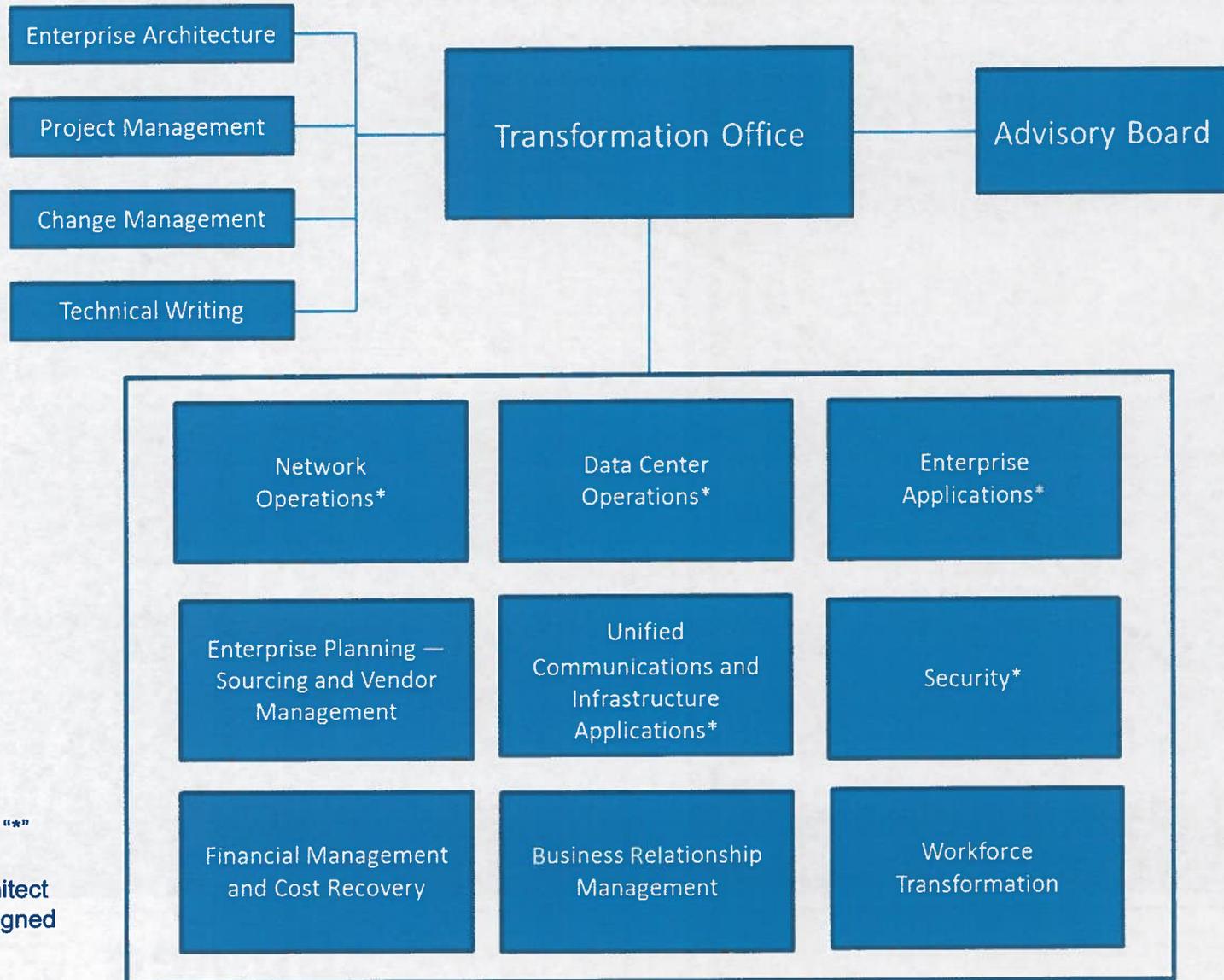
*** Total does not include COPS

IT Optimization Savings

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Executive Governance Committee



Boxes with an “*” indicate that a Solutions Architect should be assigned to the team.

- **To Date:**
 - Transformation Office established and functioning 1/15/13
 - Transformation Team established and functioning 1/28/13
 - Representatives of enterprise program PMOs engage in discussion and outline of framework
 - Draft roadmap plans submitted 3/31/13
 - Weekly meetings for each of the 9 functional areas

- **Next Steps:**
 - Final work plans and schedule in late June 2013
 - Plan the Work ... Work the Plan – start date July 2013
 - Organizational Change Management
 - Communications
 - Weekly emails & Agency Meetings

IT Optimization Tactical Initiatives Status

INCREASE EFFICIENCY. IMPROVE SERVICE
REDUCE COMPLEXITY. REALIZE SAVINGS

INITIATIVE	STATUS
eMail Consolidation	In progress – 80 of 88 agencies, boards & commissions migrated – complete by August - Antivirus, Antispam & eDiscovery enhancements. ODOT (\$800K) and DPS (\$1M) cost avoidance.
Mainframe Consolidation	Complete - BWC experiencing processing improvements as well as estimated \$13.6M/5 years in operations cost avoidance
Network Consolidation	In progress – 14 distinct networks with annual spend of \$53M. New ISP agreement with OARnet reduced costs. NOC consolidation opportunity with OARnet. Microwave point to point solution in development
Network Aggregation	In progress – Contract negotiations
Procurement Reform & Streamlining	In progress - Implementing process changes to integrate IT planning, project management, IT procurement and strategic sourcing opportunities

IT Optimization **Tactical Initiatives Status**

INCREASE EFFICIENCY · IMPROVE SERVICE
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INITIATIVE	STATUS
Enterprise Planning	In progress – Launching Application/project Lifecycle Planning System (ALPS) system with application lifecycle focus
Identity Management	In progress – Id.ohio.gov enabled for DAS SharePoint, Lync and Email. Supports single sign on/shared service approach. Working on release 2.0 integration w/citizen facing enterprise initiatives
Server Virtualization/ Consolidation	In progress – Capacity available for 1,000 virtual servers. DRC established a development environment resulting in \$1.2M cost avoidance.
Storage Virtualization	In progress – Upgraded storage environment including data encryption. Taxation estimates annual savings of \$500K . Economies of scale results in rate reduction and enterprise savings of \$290K
Virtual Desktop Infrastructure	In progress – Agencies benefitting from DODD implementation experience and shared infrastructure.

Tactical Initiatives Status

INITIATIVE	STATUS
Integrated Eligibility	In progress –Streamlining Medicaid eligibility process
Medicaid Elevation	In progress – Supporting establishment of standalone agency. Specific IT functions provided by either DAS, JFS or MCD
Multi-Agency Radio Communications System	In progress - \$90M system upgrade to IP based platform and support expanded customer base - potential cost savings/avoidance of \$.7B for local government while enhancing public safety and emergency responder communications
ePayment engine migration & enhancements	Complete
eLicensing 2.0	In progress – Moving forward with Boards and Commissions
Ohio Business Gateway	In progress – Stakeholders to convene and determine future direction
Mobile Application Platform	In progress – Multi-agency team established to develop enterprise strategy.

IT Optimization **Tactical Initiatives Status**

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INITIATIVE	STATUS
Mobile Device Management	In progress - Piloting service to manage contracts and onboarding/off boarding of mobile devices. Consolidating data plans and pooling of minutes for the State... not just by divisions within agencies.
Data Center Consolidation	In progress – SOCC Remediation will allow for future consolidation of the more than 30 data centers in use by State agencies. Recent relocation resulted in EPA \$500K in cost avoidance
SOCC Remediation	In progress – Increasing power/improving heating and cooling, shifting IT assets to 2 nd Floor, moving non-essential staff out, establishing co-managed approach to services and allowing for possible new tenant on 3 rd Floor
Hosted VoIP Solution	In progress –Agencies migrating under new contract. Requires front-end investment but will yield significant savings - \$1.2M/annually (current Centrex \$18-\$22/line and VoIP \$13-\$15)

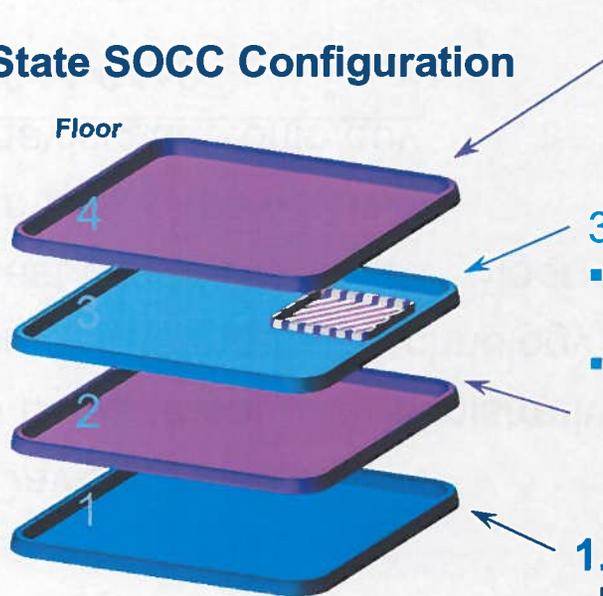
SOCC Remediation - Overview

- The State of Ohio Computer Center (SOCC) is a secure and reliable facility with custom-based infrastructure providing full uninterruptable power supply (UPS) for computer systems.
- The SOCC is a 358,000 square foot, four-story Tier III capable data center that was opened in December 1991. The facility was an example of a cutting edge data center at that time.
- Over the past twenty years, the SOCC's mission has been to remain continuously operational 24x7x365.
- 17 SOCC Based Agencies including DAS and the Ohio Supercomputer Center
- Approximately 3,000 distributed systems (Windows/Unix) maintained by SOCC based Agencies (~60% of State systems)
- 400+ SOCC Based State personnel
- All major telecommunication carriers terminate in the SOCC including OARnet

SOCC Remediation: End-State

End-state of SOCC remediation process will be a consolidated computing center on the 2nd Floor with requisite power, cooling and security features

End-State SOCC Configuration



4. Mixed Use

13,500+ sq ft Ohio Supercomputer Center
4,990+ sq ft MARCS
39,000+ sq ft Data Center essential personnel

3. Available Data Center Space

- 75,000+ sq ft Data Center (57,213 sq ft raised floor) – tenancy under evaluation
- 8,000+ sq ft Unified Network (State retained)

2. State Computing Center

Computing, Storage, Mainframes, Networking Devices
Network Operations Center

1. General and Mixed Use

Mechanical (UPS, Telecom, Controls)
Administrative (meeting space, building management)
Common (atrium, restrooms)

Foundational Concepts

- State use of the facility will move from current 70 ft²/computing image to less than 5 ft² (industry standard is between 0.3 and 1 server/ft²)
- The 3rd FL of the building will be vacated and made available for potential sub-lease tenants
- The current market for fully conditioned and powered data center floor space is on the order of \$24-32 ft² per month
- Personnel who, in the course of normal job functions, do not physically interact with IT infrastructure devices will be relocated to Agency locations in early FY15

Thanks for your time...

Questions?

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