



Virginia Information Technologies Agency

Joint Legislative Audit and Review Commission

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CIO of the Commonwealth
June 14, 2004

expect the best



Integration Efforts to Date

- Integration Status and Schedule
 - Small Agency Status
 - Medium & VDOT Integration – July 1
 - Remaining Large Agencies – Jan 1



Integration Stage: The Size of the Matter

- Over the course of Integration, VITA will be responsible for supporting:
 - 90 Organizations at 1,497 locations
 - 60,000+ end users
 - 3,000+ servers
 - 12,500+ telecommunications devices
 - 1,286 employees
 - \$230 million annual spend





VITA Under Review

- APA Special Report—December 15, 2003
 - 26 item VITA action plan
 - 16 items complete, 9 items active, one referred to ITIB—all on schedule with plan
 - Actions also consistent with JLARC recommendations
- DHRM Classification Study
 - Requested by VITA
 - Phased reports, based on transitions
 - First report expected this month



VITA Savings/Cost Avoidance—as of 5/04

	FY 04	FY 05	FY 06	Six-Year Baseline Benefit
Gross Savings— Seven Initiatives	\$ 2.97 M	\$ 5.67 M	\$ 5.67 M	\$ 31.33 M
Cost Avoidance— Four Initiatives	\$ 9.79 M	\$13.54 M	\$ 13.16 M	\$ 75.96 M
TOTALS	\$12.76 M	\$19.21 M	\$ 18.83 M	\$107.30 M



JLARC Request: Direct Bill

- Proposed Rate Structure
 - Direct Bill Methodology for Integration
 - Agency direct IT cost plus 5.52% administrative fee – \$6.7M
 - Averages 0.1% of agency's total budget
 - Worst case is 0.7% of agency's total budget



Integration Costs

- Administrative Fee – major categories
 - Human Resources \$ 330K
 - Finance \$1,440K
 - Procurement \$1,499K
 - Customer Support \$1,709K
 - Security \$ 185K
 - Audit \$ 151K
 - Facilities/Other \$1,418K
 - Total 5.52% \$6,732K



Integration: “Quick Wins”

- Objective: savings (at minimum) to offset agencies’ administrative fees during FY 05 (\$6.7M)
- Initial candidate projects identified
- Projects to be pursued by joint VITA/agencies teams
- Projects will promote move to “shared services”



Savings Summary: New FY05 Opportunities

ID	Project Name	FY05	FY06	Six-Year Baseline Benefit	Provides FY05 Cost Savings	Achieves Consolidation & Future Positioning	"Easy" to "Medium" Difficulty
1	Local phone service consolidation	XX	XX	XX	●	●	●
2	Standard core desktop bulk licensing	XX	XX	XX	●	●	●
3	Small server consolidation	XX	XX	XX	●	●	●
4	Contractor conversions	XX	XX	XX	●	●	●
5	VITA Host web based business licensing apps	XX	XX	XX	●	●	
6	Relocate/consolidate mainframe print site	248	1,235	10,995	●	●	
7	Restructure operations shifts & coverage	193	232	1,353	●	●	●
8	Mainframe upgrades	XX	XX	XX	●	●	●
9	Oracle Financials application consolidation	182	516	3,234	●	●	
10	Migrate customers to CoVaNet	170	432	2,825	●	●	●
11	Operations automation - prod control	122	500	3,474	●	●	●
12	ImagePort broadcast fax (VDH)	XX	XX	XX	●		●
13	Relocate 411 to Richmond Plaza	60	147	795	●		●
14	Board of Elections lines consolidation	22	44	242	●	●	●
15	Offsite storage contracts consolidation	XX	XX	XX	●	●	●
	Total Savings/Avoidance	7,492	11,025	66,083			
	Cost Avoidance	785	1,306	7,331			
	Cost Savings	6,707	9,719	58,752			

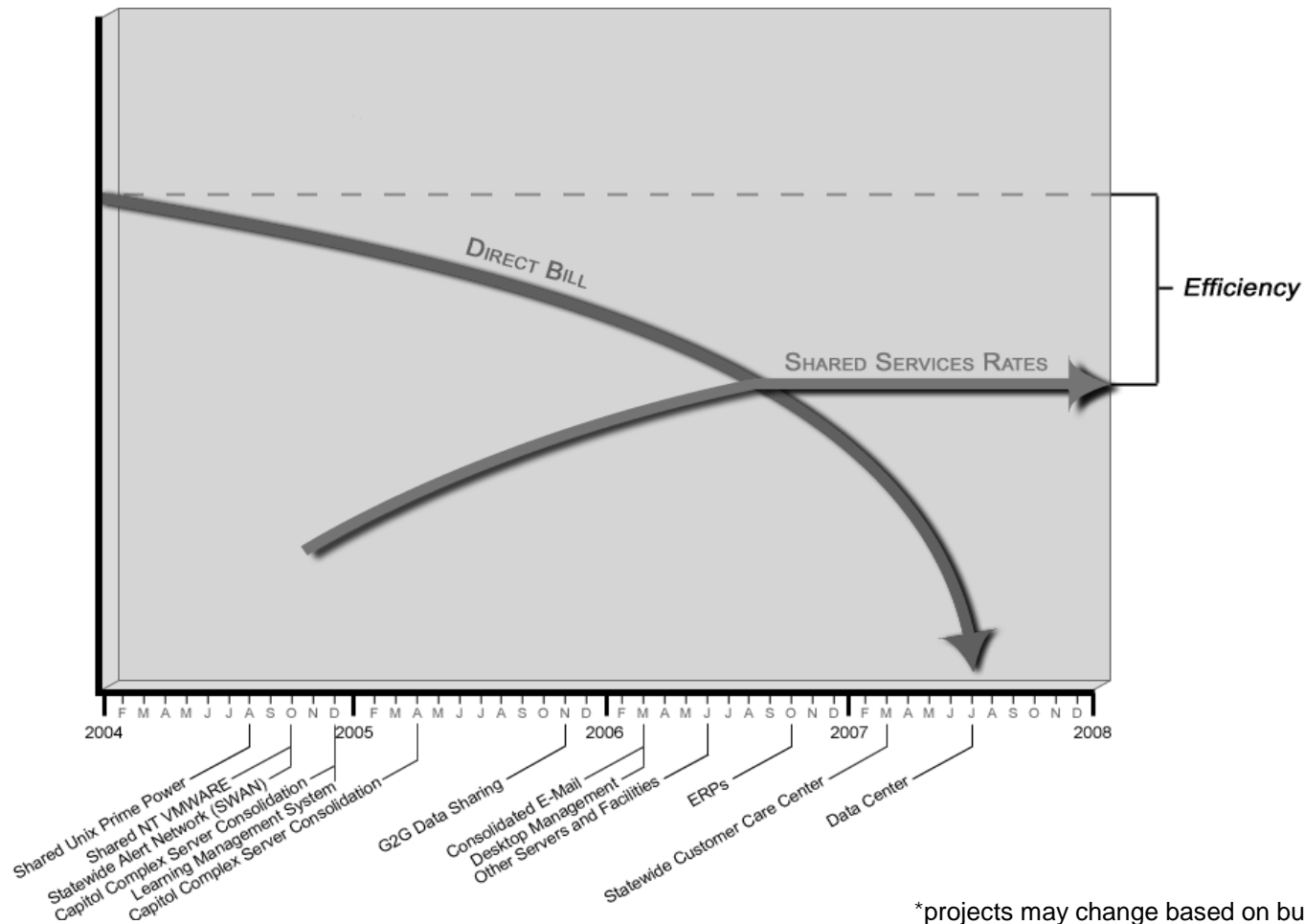


JLARC Request: Shared Services Rates

- Shared Services Rate Methodology
- Migration Strategy
 - Decrease Direct Bill Volume
 - Aggressive Pursuit of “Quick Wins”
 - Shared Services and Rates
- Migration Timeline



Transition: Shared Services*



*projects may change based on business requirements



Strategic Savings Opportunities

Major Re-engineering Initiatives

- State-of-the-art Data Center with disaster backup
 - Enterprise Desktop Management
 - Enterprise Messaging
 - Enterprise Customer Care Center
 - Electronic Government & Business Transformation
 - Comprehensive Statewide Network Services
 - Enterprise Systems, Process, and Application Management
- >estimated total \$100M - \$165M savings over 6 years<



Transformation: Long-Term

- PPEA process continues through 2004
- Posting June 1, 2004 (as per HB 29)
- Posted attributes will frame initiatives & prospective partnerships
- Comprehensive communications plan for each stage in PPEA process



VITA PPEA Governance Organizations

**Commonwealth IT
Investment Board**

Membership Established in *CODE*

**Review & Decision
Authorities**

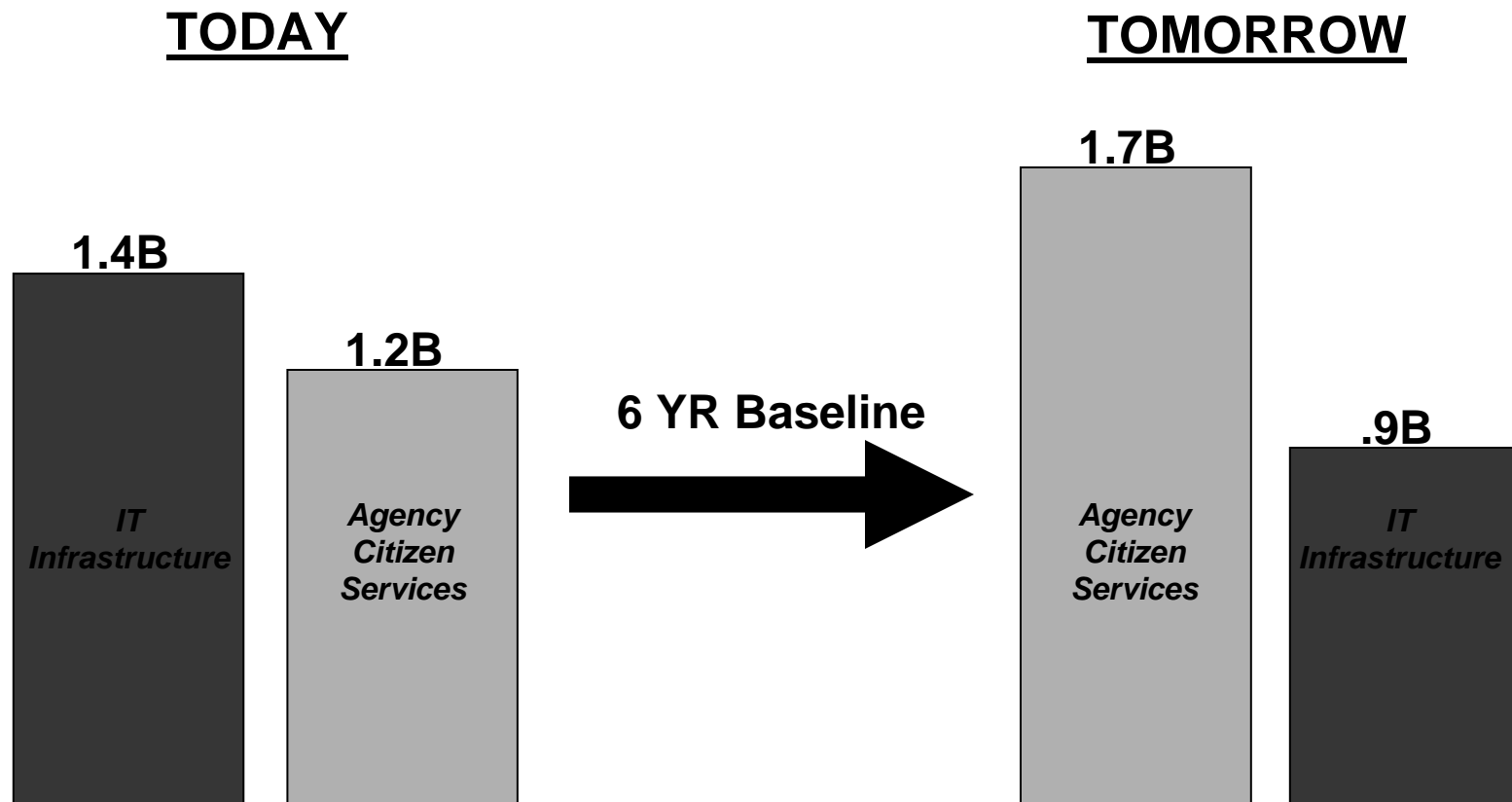
ITIB
Secretaries of Tech., Fin., Admin., Com. & Trade
Treasury Board OAG

**VITA PPEA Review
Committee**

Selected VITA, DGS, OAG, DPB, DOA, DHRM &
Treasury Staff
Invited Participation: ITIB & Selected Agencies



The Value Picture



“Best Quality Service & Best Value”



JLARC Request

- Request for Approval
 - Direct Bill Methodology and Rate
 - Shared Rate Development Methodology
 - Interim Approval by JLARC Staff
- Third Quarter FY04 Financials



For More Information on VITA

www.vita.virginia.gov

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