



COMMONWEALTH of VIRGINIA

Philip A. Leone
Director


Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building, Capitol Square
Richmond, Virginia 23219

(804) 786-1258

May 30, 2006

MEMORANDUM

TO: Internal Service Fund Subcommittee

FROM: Glen S. Tittermary 

SUBJECT: VITA Rate Request

The Virginia Information Technologies Agency (VITA) has requested approval of service rates for its new "Dashboard" service. This service is a centrally hosted application that will permit customer agencies to track various financial and operational measures for management control and decision making. The dashboard service will capture and analyze data from Virginia Excels, the State accounting system (CARS), the procurement system (eVa), and other sources to provide standard reports on performance. It can also be used to report on agency procurement performance related to small women and minority-owned businesses. Use of the dashboard system by agencies is optional.

The charges for the service are based on VITA cost experience with its own internal dashboard application. However, since there is no cost history of this particular service with customers and the number of customers likely to use the service is an estimate, the VITA proposed rates should be considered preliminary. VITA proposes three charges for the service: \$1,042 for a one-time startup charge, \$75.77 per month for the agency, and \$16.53 per month for each user (individual employee) account. VITA reports that it expects many agencies to have one or two users for the system. When fully implemented it appears the service would cost recover about \$95,000 to \$100,000 annually from customers. A typical customer could expect to pay about \$1,300 to \$1,700 annually for the service, depending on the number of users.

The VITA request, which includes a spreadsheet showing its calculation of the rates, is attached. Please call me at (804) 819-4589 if you have any questions.

gst



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Virginia Information Technologies Agency

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Lemuel C. Stewart, Jr.
CIO of the Commonwealth
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May 1, 2006

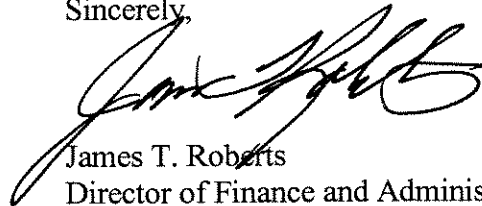
Mr. Phillip A. Leone, Director
Joint Legislative Audit and Review Commission
Suite 1100
General Assembly Building
Richmond, Virginia 23219

Dear Phil:

I am submitting this package to request JLARC approval of rates associated with a proposed new dashboard service. The attached narrative document further discusses the service, customer benefits and proposed rates. An Excel worksheet is also provided that identifies the costs associated with developing the service and used in developing the proposed rates.

We will be happy to meet with you and your staff to review any of this material, and will look forward to hearing from you. If you have any questions, please do not hesitate to contact me.

Sincerely,



James T. Roberts
Director of Finance and Administration

Attachments

cc: Mr. Glen S. Tittermary
Mr. Lemuel C. Stewart, Jr.

Proposed New Service Narrative

Generic Enterprise Information Dashboard (eVA, CARS, VA Excels)

A. Background Information

The VITA implementation of Dashboard was customized to track key financial, human resources, and operations data including revenue/expense, billings, collections, asset management, procurement (order/purchase/delivery/payment efficiency, supplier performance, SWAM, eVA), operations, service delivery, human resources, IT projects portfolio, and Virginia Excels.

Due to the success of the VITA dashboard project and the proven value of an executive dashboard to tighten management control and improve decision making, VITA desires to offer a ‘Generic’ Dashboard, to be centrally hosted, at a substantial cost savings over a standalone solution. By designing the base module to minimize the initial set up costs, reduce the time to deploy, and leverage economies of scale through sharing of on-going costs across the enterprise, VITA can make it possible for every agency, regardless of size or budget constraints, to realize the benefits of a robust performance based management tool.

B. Product Recommendation

VITA desires to offer a ‘Generic’ Enterprise Information Dashboard (“Dashboard”) which contains agency specific information about their eVA, CARS and VA Excels activities. While the ‘Generic’ Dashboard will be limited to these systems, it can be customized (at agency expense) to access other systems. Such customization is not included in the ‘Generic’ version of the Dashboard.

The ‘Generic’ Dashboard would introduce agencies to this management tool and enable them to derive value immediately by allowing users to actively manage supply chain responsiveness by measuring purchase efficiency, suppliers’ performance, and SWAM metrics. Beyond these uses, Dashboard presents key business data from DOA (CARS), DGS (eVA), and Virginia Excels systems as available. Dashboard enables all agencies and institutions to measure, analyze and share standard reports of management performance and core service delivery in accordance with Virginia Excels.

C. Agency Benefits

1. Cost of entry and monthly recurring costs to agencies is minimal for the standard base module.
2. VITA has a centralized, shared hosting environment in place for Dashboard.
3. Unit costs to agencies for on-going maintenance and managed hosting service costs are significantly reduced through enterprise licensing and shared platform.
4. The base module can be used “as is” or customized (at agency expense) to meet the business requirements of the agency. The generic tool will gather agency specific eVA, CARS, and Virginia Excels data, analyze and create a wide variety of reports for management and external stakeholders.

D. Proposed Service Rates

One-Time charge per customer	\$	1,042	
Recurring Monthly charge per customer			\$ 75.77
Recurring Monthly charge per user			\$ 16.53

Dashboard Rate Calc Worksheet

VITA Base Expenses attributable to Customer Dashboard preparation

<u>Direct Expenses</u>	<u>1 Time</u>	<u>Annual</u>	<u>For Customer Percentage</u>
Facilities (space)		\$ 3.54	10%
Electrical		\$ 147.99	10%
Cooling		\$ 35.85	10%
Personnel	\$9,199	\$2,999	10%
Misc. Expenses	\$ 68,668.69	\$ -	10%
Hardware	\$ 8,150.20	\$ -	30%
Software	\$ 15,905.12	\$ -	10%
Sub Total Direct Expense	\$ 101,923.09	\$ 3,186.71	

Other Expenses

Indirect on one-time costs	\$ 9,071.15		
Indirect on recurring costs		\$ 1,484.41	
Rated Services		\$ 2,407.44	10%

One Time Costs

\$ 110,994.24

60% of one-time costs for one-time bill **\$ 66,596.55**

Annual Recurring costs

\$ 7,078.56

40% of one-time costs spread over 5 years

\$ 8,879.54

Total annual recurring cost to recover

\$ 15,958.10

Customer portion recurring monthly costs (VITA base)

\$ 1,329.84

Incremental Expenses per Customer

Personnel	\$83.58	\$464.76
Indirect on one-time costs	\$7.44	
Indirect on recurring costs		\$216.49
Total Incremental Cost	\$91.02	\$681.25

Incremental Expenses per User

Personnel	\$38.56	\$129.61
Indirect on one-time costs	\$3.43	
Indirect on recurring costs		\$60.37
Total Incremental Cost	\$41.99	\$189.98

\$8.40

\$198.38

Projected number of customers

70

One-Time charge per customer	\$ 1,042	
Recurring Monthly charge per customer		\$ 75.77
Recurring Monthly charge per user		\$ 16.53

***** End of Worksheet *****