

IT Optimization Savings

Today's Landscape:

- ▶ 83 of 88 agencies migrated to centralized email platform – reduced to 2 email platforms from 19
- ▶ Agencies under-reported server count by 30%. Identified additional 1,500 servers as possible candidates for virtualization
- ▶ SOCC Remediation is underway – 2nd floor cleared out to reconfigure to house computing environments; ground breaking for new powerhouse has occurred
- ▶ IT Workforce Plans developed which will help identify opportunities to share resources and reduce the need to backfill positions

Benefits

- ▶ Mainframe - processing time improvement
- ▶ Storage Virtualization - improved data audit and security
- ▶ Software licensing – improved volume discounts, promotes standardization
- ▶ Email migration – enhanced communications, eDiscovery platform
- ▶ Data Center Consolidation – EPAs relocation to the SOCC ensured system availability when power was lost to previous site months later

IT Optimization Savings

Tactical IT Optimization efforts have been underway providing benefits and cost savings to agencies across the enterprise.

- ▶ **Email Migration:**
 - Annual savings - **\$2.7M** once complete (Ex. ODOT \$800K and DPS \$1M)
- ▶ **Mainframe Consolidation:**
 - BWC projected 5 year savings of **\$13.6M**
- ▶ **Storage Virtualization:**
 - Taxation mainframe storage consolidation - Annual savings of **\$500K**
 - Increased volume lowered storage rate - **\$290K** enterprise savings
- ▶ **Server Virtualization:**
 - DRC established a development environment-Infrastructure cost avoidance of **\$1.2M**
 - Right-sizing of OIT virtual environments - Annual savings of **\$123K**
- ▶ **Software Licensing:**
 - Consolidated Microsoft Client Access Licensing - Annual savings of **\$548K** for 7 agencies
 - ODOT leveraged DAS' Kronos license saving **\$1M** in licensing costs
 - Negotiated ServiceNow per seat license resulting in 42% savings per seat or **\$28.8K** in first 6 months
- ▶ **Maintenance Agreement:**
 - Consolidated Cisco maintenance - Annual savings of **\$1.5M** for participating agencies.
 - Migrated mainframe software platform - Annual savings of **\$900K**
 - Telecommunications – Enterprise hosted VoIP contract at \$13 for basic service (compared to current Centrex service is \$18-\$22) - Estimated annual savings over **\$2M**
 - Eliminated .05 cent charge for 2 million local calls a month equating to an estimated **\$1.2M** in annual cost savings
- ▶ **Telecom Contracts:**
 - Established OARnet as State's Internet Service Provider - Annual savings of **\$200K**
 - Rate reductions for connectivity services with AT&T and Time Warner Cable - Annual savings of **\$500K**
 - Reduced Ohio.gov network backbone rate Annual savings of **\$600K**

Total Annual Savings – \$17.8M

IT Optimization

State Audit Committee

Stu Davis, State CIO

Ohio Department of Administrative Services

December 9, 2013

Bringing Value to Ohio

Key Ways IT Transformation will Bring Value to Ohio

Cost Reduction/Cost Avoidance	<ul style="list-style-type: none"> • IT Cost Reductions - 15 to 25% • Workforce Reduction - approximately 400+ FTE through attrition/retirement • Cost Avoidance by leveraging existing resources, assets and past investments
Value Add Focus	<ul style="list-style-type: none"> • Focus on proprietary business applications that support employees & constituents
Quality & Process	<ul style="list-style-type: none"> • Adoption of standard policies, practices & procedures • Result - fewer disruptions in service, faster resolution times & better internal controls
Security	<ul style="list-style-type: none"> • Reduce # of devices, facilities, systems to patch & external access points • Build confidence that state is a trusted custodian of confidential & business data
Scalability	<ul style="list-style-type: none"> • Private cloud environment ensures scalability & flexibility through peaks & troughs of computing resource demand
Enterprise Automation Tools	<ul style="list-style-type: none"> • Leverage enterprise automation tools • Greater efficiency in IT operation, reduces manual error rates & enhances system availability
Skill Development	<ul style="list-style-type: none"> • Pulling IT expertise from across the state will result in cross training opportunities & skill development • Allow the state to replace long-term, high cost contractors with existing staff
Best Practices	<ul style="list-style-type: none"> • Adopt a standard set of industry best practices • Allows comprehensive market analysis & improves IT business decision making
Vendor Management	<ul style="list-style-type: none"> • Consolidation of contracts & technologies allows Ohio to leverage economies of scale

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

Proposed Projects Services

A lot of great ideas submitted to the Core Team for review....

Detailed Review of Transformation Plans

30+ Projects Proposed, 40+ Services Proposed

BRM Proposed Projects:

- Establish BRM Office
- Service Request Models for Catalog
- Service Level Targets & Performance Metrics

DCO Proposed Projects/Services:

- Migrate agency services to new service
- Move agency equipment to center
- Mainframe Consolidation
- Storage Consolidation
- VMware Cluster Consolidation
- DR Second Site
- Virtual Server, Cloud, Mainframe, Storage & DR Services

EAP Proposed Projects/Services:

- Enterprise Application Organization Build
- SOA/Enterprise Service Bus
- Portal
- ERP, BI & HHS

EPSVM Proposed Projects:

- Entp. IT Strategic Planning
- Entp. IT Smart Sourcing
- Entp. IT Service Portfolio Mgt.

FM Proposed Projects:

- IT Cost Recovery Model
- IT Asset Mgt. Plan
- IT Expenditure Model
- IT Reinvestment Model

NOP Proposed Projects/Services:

- WAN Core Implementation
- Data Center/LAN Implementation
- One Network

UCIA Proposed Projects/Services:

- Identity Management
- VDI
- SharePoint
- Mobile Strategy
- Integrated Eligibility
- DODD Imagine Initiative

SEC Proposed Projects/Services:

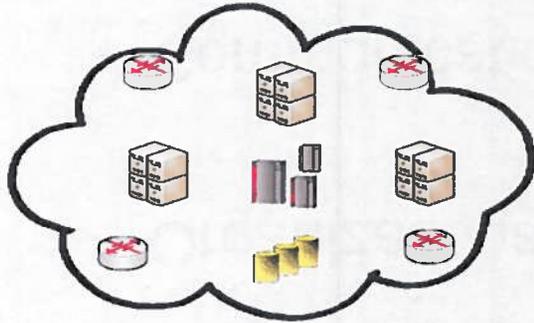
- Intrusion Protection System
- Web Application Firewall
- Internet Filtering
- End Point Protection
- SEIM
- Data Loss Prevention (DLP)
- Vulnerability & Threat Management
- Security Program Management
- IR & Forensics
- Privacy Management & Consulting
- Privacy & Architecture
- Security & Privacy Training & Awareness

WT Projects:

- Project Employee Agreement
- Staffing Plan Template & Instructions
- Staffing Plan Instructions OWA Addendum
- Quick Win Training Letter
- Technology List

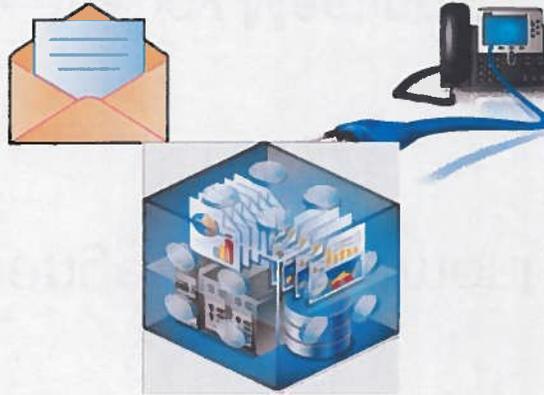
IT Optimization INCREASE EFFICIENCY · IMPROVE SERVICE REDUCE COMPLEXITY · REALIZE SAVINGS Three Focus Areas...

Ohio's Private Cloud



- Consolidate, standardize & integrate State's technical infrastructure
- Re-focus resources on applications that directly serve Ohio's citizens and businesses
- Work well underway...
 - SOCC Remediation
 - Ohio One Network
 - Storage & Server Virtualization
 - Storage & Server Consolidation
 - Mainframe Consolidation

Enterprise IT Shared Solutions



- Address common technology needs
- Provide tools & application platforms for collaboration, communication & data analysis
- Provide a platform for consumer specific application development
- Work well underway...
 - OAKS
 - Ohio Shared Services
 - MARCS
 - E-mail Consolidation
 - VoIP
 - E-Licensing Platform
 - BI Platform
 - SharePoint Platform

Online Services



- Provide easy to use, accessible & secure online services
- Deliver reliable and cost effective solutions
- Expand the scope of online services
- Work well underway...
 - OBG
 - Ohio Benefits
 - MyOhio

- Next Steps:
 - Finalize Implementation Plan
 - Plan the Work ... Work the Plan
 - Organizational Change Management in place
 - Communications
 - Weekly emails & Agency Meetings

Tactical Initiatives Status

INITIATIVE	STATUS
eMail Consolidation	In progress – 86 of 88 agencies, boards & commissions migrated – JFS and DYS planning and scheduled to begin January. Antivirus/Antispam & eDiscovery enhancements in place. \$2.7M/annual savings
Mainframe Consolidation	Complete - BWC experiencing processing improvements as well as estimated \$13.6M/5 years in operations cost avoidance
Network Consolidation	14 distinct networks with annual spend of \$52M. New ISP agreement with OARnet reduced costs. NOC consolidation beginning January with OARnet. Microwave point to point solution deploying
Network Aggregation	Contract alignment/requirements based
Procurement Reform & Streamlining	Implementing process changes to integrate IT planning, project management, IT procurement and strategic sourcing opportunities

IT Optimization Tactical Initiatives Status

INCREASE EFFICIENCY. IMPROVE SERVICE
REDUCE COMPLEXITY. REALIZE SAVINGS

INITIATIVE	STATUS
Enterprise Planning	Launching Application/project Lifecycle Planning System (ALPS) system with application lifecycle focus. Will identify target systems to migrate platforms
Identity Management	Id.ohio.gov enabled for Enterprise Shared Services, OAKS, Email, SharePoint and Lync. Supports single sign on/shared service approach. Working with I.E. w/citizen facing enterprise initiatives
Server Virtualization/ Consolidation	Capacity available for 1,000 virtual servers. School Facilities, EPA/GIS, DNR completed, DRC established a dev environment resulting in \$1.2M cost avoidance.
Storage Virtualization	Upgraded storage environment including data encryption. PS and DOT migrated. Taxation estimates annual savings of \$500K . Economies of scale results in rate reduction and enterprise savings of \$290K
Virtual Desktop Infrastructure	Agencies benefitting from DODD implementation experience and shared infrastructure.

Tactical Initiatives Status

INITIATIVE	STATUS
Integrated Eligibility	Streamlining Medicaid eligibility process
Medicaid Elevation	Supporting establishment of standalone agency. Specific IT functions provided by DAS/JFS/MCD
Multi-Agency Radio Communications System	\$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. Currently 10 month ahead of schedule
ePayment engine migration & enhancements	Complete
eLicensing 2.0	Moving forward with Boards and Commissions
Future of Ohio Business Gateway	Stakeholders convening to determine future direction. Proto-type under development
Mobile Application Platform	Multi-agency team developed RFP for enterprise strategy.

Tactical Initiatives Status

INITIATIVE	STATUS
Mobile Device Management	Enterprise deployment in process. 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	Relocation for EPA \$500K in cost avoidance. DNR 100+ servers migrated to SOCC Shared Infrastructure from Morse Road. Health server platform migrated to second floor.
SOCC Remediation	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 new tenant on 3 rd Floor
Hosted VoIP Solution	Approximately 12,000 phones migrated from Centrex to VoIP. Requires front-end investment but will yield significant savings - \$1.2M/annually in costs for local service and \$2M/annually (current Centrex \$18-\$22/line and VoIP \$13-\$15)