NASCA

National Association of
State Chief Administrators

INNOVATIONS
IN STATE
GOVERNMENT

Commonwealth of Virginia

Virginia Information Technologies Agency (VITA)

2019 Innovations in State Government

Information Technology Infrastructure Sourcing Program (ITISP)

Innovations in State Government

Executive Summary (10 points)

The Commonwealth takes advantage of having a central, consolidated approach to providing IT services to its executive branch. The Virginia Information Technologies Agency (VITA) is charged with providing these services (e.g., email, servers, storage, and networking) to all of Commonwealth 63 executive branch agencies (e.g., DMV, VDOT, and Dept of Corrections).

This is a large, enterprise effort; the total IT spend annually is between $360M and $380M for infrastructure with another $400M on agency application level support efforts.

The Commonwealth of Virginia recently ended a long-term contract with one large supplier for all of the infrastructure services for the executive branch agencies, and became the first state in the nation to fully deploy a multi-supplier model for IT services. We call this effort the Information Technology Infrastructure Sourcing Program (ITISP).

There were extreme disadvantages with the single supplier model. The supplier was not performing to expectations and it was not keeping up with industry best practices. Costs were over industry norms. Equipment was aging and the Virginia Information Technologies Agency (VITA), did not have extensive insight into the supplier's activities due to the contract's nature. There was little to no innovation or injection of new technologies.

Now, in just three short years, the ITISP program has completed and the new multi-supplier environment is in place in the commonwealth. A Multi Sourcing Integrator (MSI) provides the central connection between seven service tower suppliers (STS). It does this by using Information Technology Information Library (ITIL) common service framework and by managing the integration points through Service Level Agreements and Operational Level Agreements.

The MSI and tower providers are contractually bound with the commonwealth to provide infrastructure services including, Mainframe, Messaging, Managed Security, Networking (Internet), Servers/Storage & Data Center, End User Support and Managed Printing.

In the first year alone, we expect to implement 40 new IT services with an expected reduction of at least ~6% annual reduction in overall costs (~$20M/yr). The new services model has much more visibility and has the ability to inject innovation built in.

The Commonwealth planned, executed and delivered its vision for the next generation of public-private model for IT as an enabler of digital government by first seeking expertise in the market to assess current conditions at the time - the capabilities, politics and will of the relevant stakeholders.

Innovation (30 points)

The path to success had to overcome a monumental obstacle of ending the contract relationship with the incumbent. Our original plan followed best practices and contemplated three waves of transitions. These were to start in the spring of 2017, but leaving our incumbent did not go as planned.
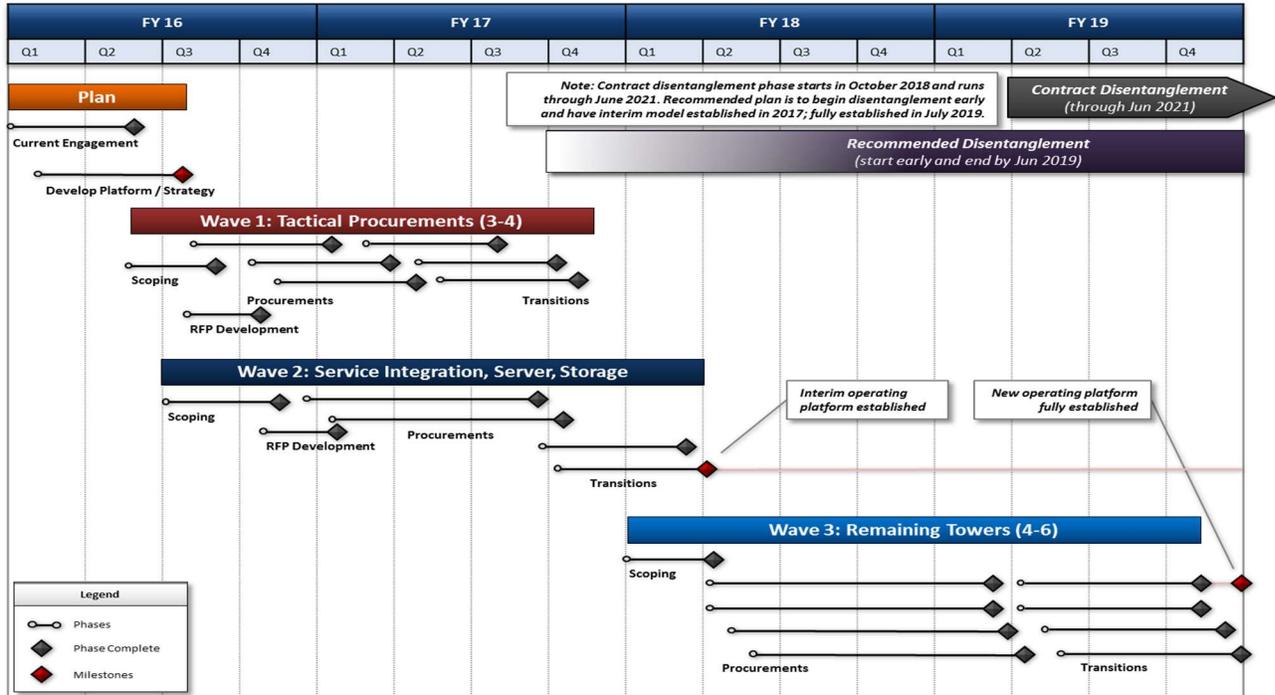
In spring 2018, we chose to facilitate our separation from our incumbent supplier once it became obvious that the entire plan was at risk and they were not going to disentangle services into our new model. We were at loggerheads and the disagreement came to multi-million dollar litigation but we were committed to ending the contractual relationship with the incumbent before the end of the single supplier contract (July 2019).

So we terminated that contract in August 2018 and utilized SAIC as a bridge to the multi-supplier model. This innovative Walk-In-Take-Over (WITO) approach resulted in a compressed 6 month schedule for our new suppliers, with many of them attempting to implement new solutions while taking over legacy systems. Full modernization will take time but will eventually blend into a standard equipment refresh process.

As you can see from this next diagram, all infrastructure suppliers have begun providing services under their respective contracts by June 2019.
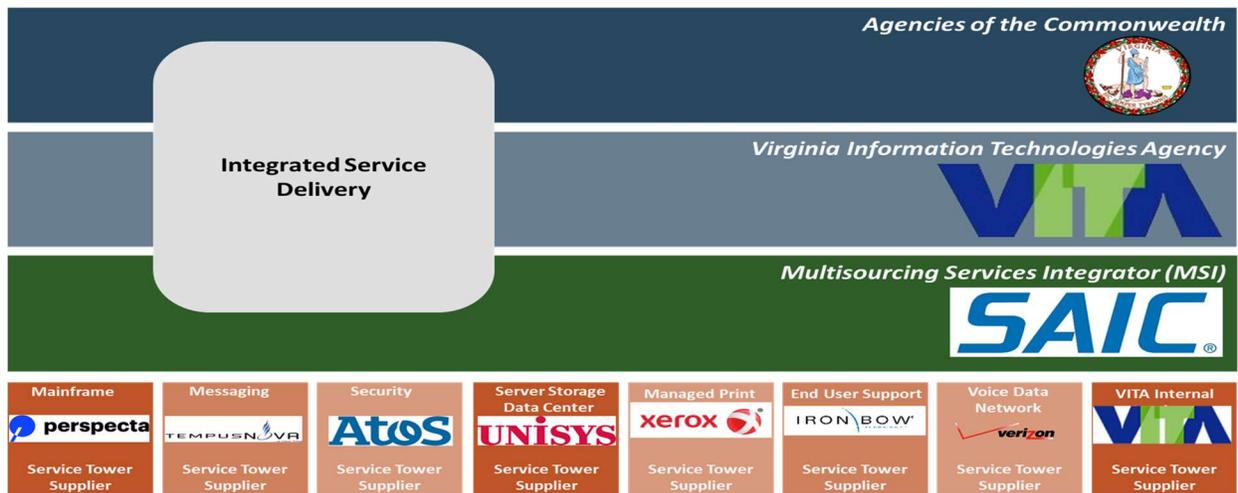
Transferability (30 points)

This project is directly aligned with the concept of the state CIO as an IT services Broker Model being explored by states across the nation at a national level and can be used by any state pursuing a multi-supplier approach.

The National Association of State CIO's 2018 State CIO Survey highlights the changing focus of the state CIO. Most notably the leadership role of the technology function in state government is expanding. State CIOs must be able to communicate, lead change, and cast a vision that stakeholders can believe. The state CIO "operating model" addresses these questions by providing a framework for communicating to stakeholders, establishing the groups and forums necessary to navigate an enterprise, and establishing the organizational capabilities necessary to create a "brokerage" model for service delivery and evolution.

According to NASCIO, four states are operating using the broker of services model and all states see multi-sourcing as the operating model of the future. Bottom line is Virginia can transfer to interested states its many lessons learned in being the first one in the nation to fully deploy a multi-supplier model for IT services.

Efficiencies Created (30 points)

The final financial business case is a positive one for the Commonwealth. The overall costs of our final contracts generally did not differ from our initial business case even after multiple years and extraordinary complicating circumstances.

Even accounting for program delays, scope changes, and the litigation, the final business case is projected to outperform the prior contract model by $114M over eight years. This is because it employs a market-based services delivery model that results in reduced monthly run charges versus the original vendor's contract spend.

New services are being added and old services are improving as our suppliers are becoming familiar with the particular IT needs of the commonwealth. Over the next fiscal year, VITA expects to make available to its customers more than 40 new and improved IT services. In summary, the Commonwealth's IT enterprise has achieved a transformative, innovative achievement.

We executed to the overall strategy while making adjustments necessitated by the reality of the situation. We maintained services, disentangled from the incumbent, finished the IT sourcing procurements, and transitioned all of the services to the new suppliers.