IT Consolidation

Joint Legislative Oversight Committee on
Information Technology

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- What is consolidation?
- A little history
- A new focus
- Issues
- Next steps

What is Consolidation?

- Combining common facilities and functions into shared services for use by multiple agencies or constituencies
- Goal is to strike a balance between decentralized IT organization (redundant and expensive) and centralized (unresponsive and inflexible)
- Common practice in public and private sectors
  - Consolidation top priority of state CIOs in 2011 survey by National Association of State CIOs
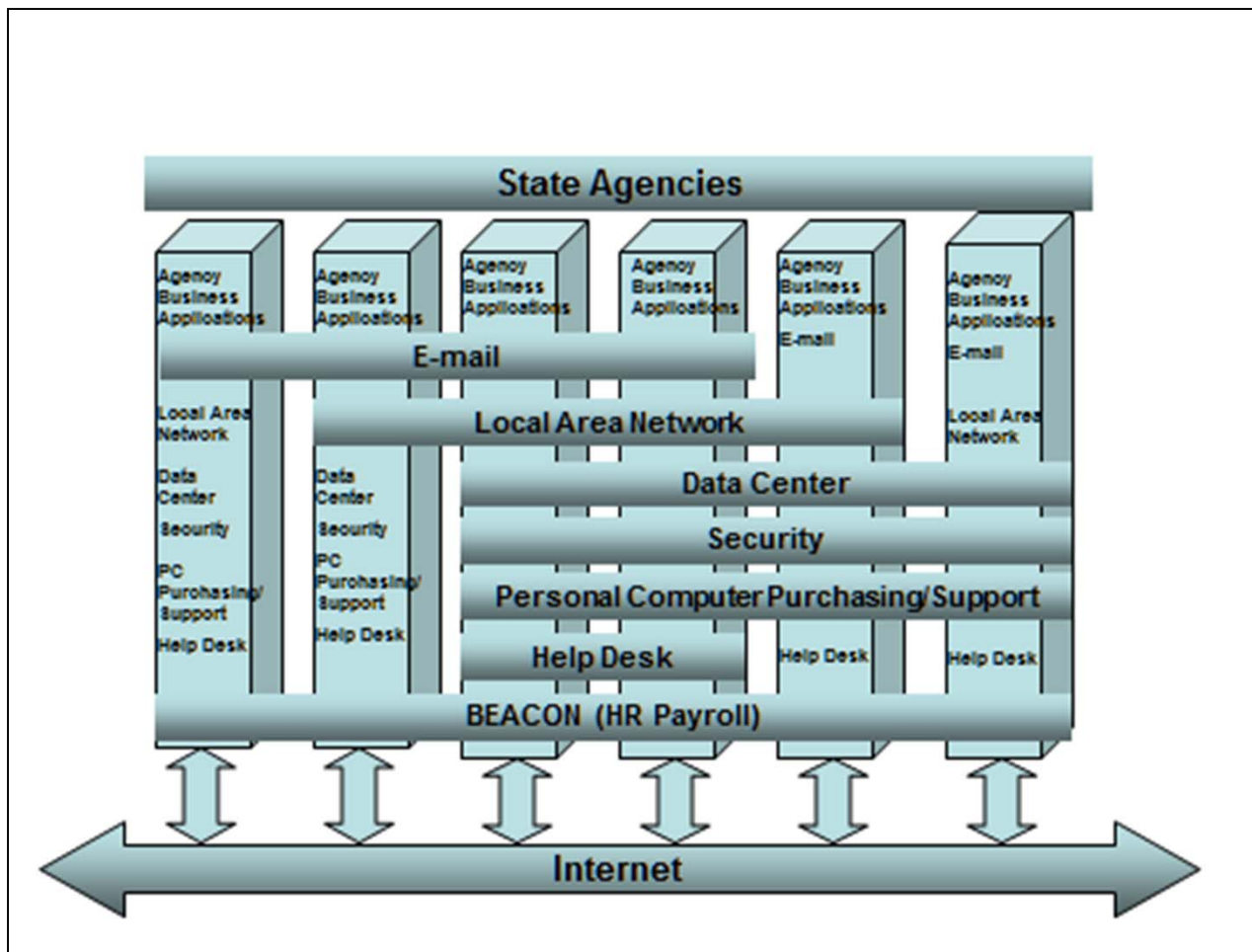
Consolidation in NC

- Initially focused on infrastructure
  - Data centers, laptops and personal computers, networks
  - Security and business risk primary concerns
- Since 2005, consolidation was agency-by-agency
  - "Vertical" consolidation
  - IT infrastructure consolidated in numerous agencies and offices, including the Department of Administration and the Office of State Budget and Management
- ITS supports all IT infrastructure in consolidated agencies

- ITS also provides services to non-consolidated agencies
  - Roughly 85 percent of Executive Branch employees
  - 50,000 utilize the state's centralized e-mail system
- Other efforts under way in applications
  - Grants and case management
  - Licenses and permits

- Budget provision in 2009 directed OSBM and State CIO to set consolidation priorities and target infrastructure that:
  - Posed significant risk to agency operations or data or
  - Provided opportunities for immediate cost savings
  - Provision and budget conditions prompted ITS to move away from agency-wide infrastructure consolidation

- Consolidation became more selective and strategic
- DENR approached OSBM and ITS to consolidate its server farms that would move to Green Square
- Server inventory reduced from 240 to 69
- More than 200 servers retired that were old, out of support, or failing at an increasing rate
- Consolidated network and telephone systems for Green Square and Archdale, creating a new modern "campus" environment that enhances productivity
  – Replaced old, failing equipment and wiring in the Archdale building

- Continue targeted, selective consolidation of infrastructure and applications across agencies – more horizontal approach
- Refocus consolidated IT management from service-provider structure to <u>service management</u>
- Service management organization (SMO)
  - Governance and decision-making
    - what services to retain
    - what services should be outsourced
  - Performance management (*right work -- done right*)
  - Financial management (*validate and manage costs*)
  - Relationship management (*vendor and customer*)
  - Contract management (*compliance and legal review*)
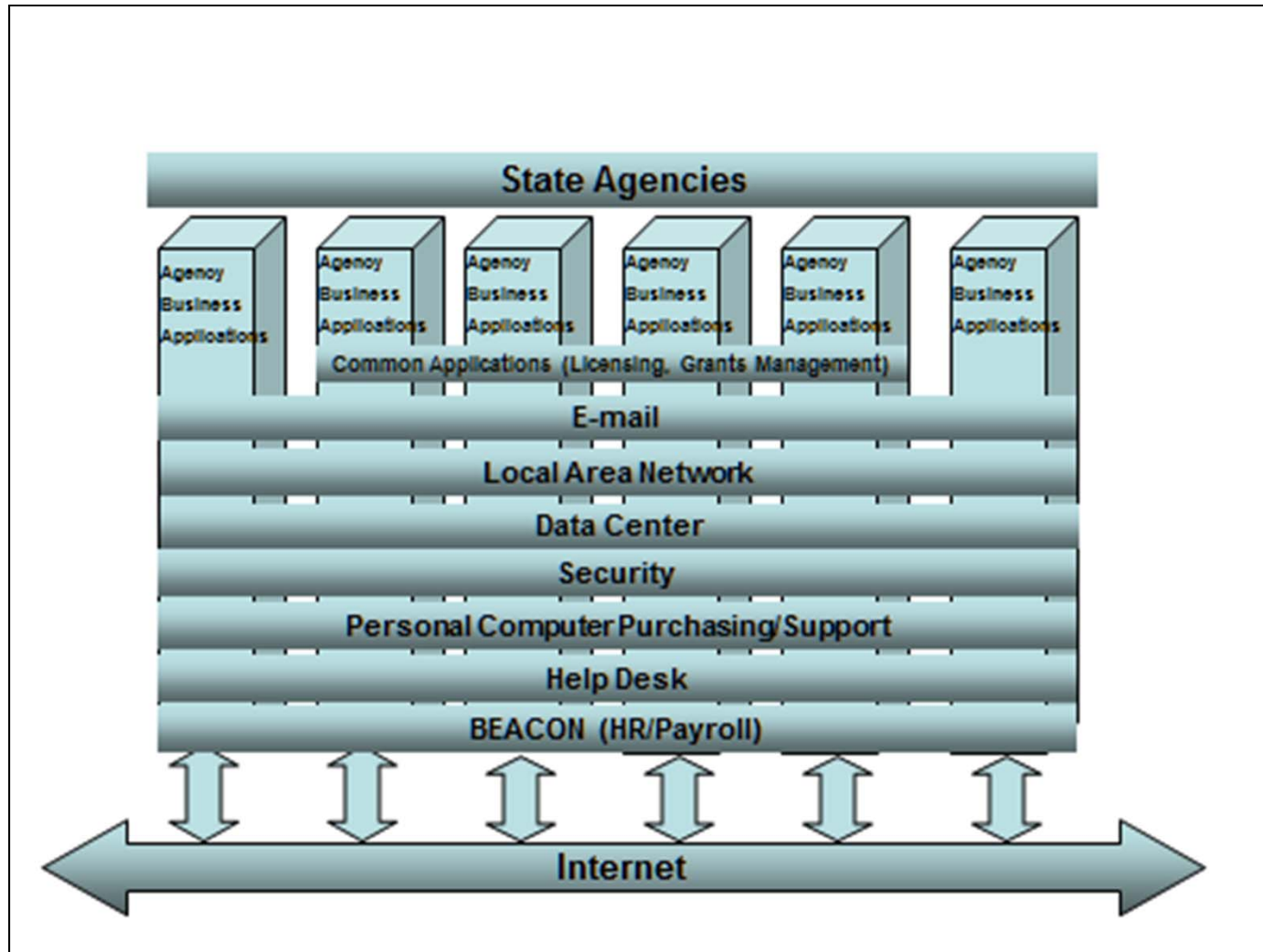
Issues

- **Different job skills needed**
  - Contract management
  - Negotiation skills
  - Vendor management

- **Proper balance**
  - Economies of scale and standardization but one size does not fit all

- **Governance**
  - Most important
    - General agreement across levels of government
    - Buy-in from those involved

- Continue targeted consolidation of infrastructure within limited resources

- Pursue strategic outsourcing opportunities where feasible and relatively low risk

- Identify more existing best practice applications and contracts that can be leveraged across multiple agencies

- Develop more comprehensive plan as part of Statewide IT Plan due next year

Conclusion

- Full report available on State CIO web site
- https://www.scio.nc.gov/
- Questions?