



# State of New Jersey

Office of Information Technology

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Governor

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April 23, 2008

David J. Rosen  
Legislative Budget and Finance Officer  
State House Annex, PO Box 068  
Trenton, New Jersey 08625-0068

Dear Mr. Rosen:

In response to Assemblyman Joseph Cryan's budget hearing questions raised at the Assembly Budget Committee on April 15, 2008, please note the following:

- **Are there any State agencies which are reluctant to cooperate with OIT in its efforts to restructure the management of information technology in State government?**

While several agencies have extended outward cooperation in our responsibilities for consolidation of Information Technology resources and future responsibilities, we are encountering a number of obstacles in moving forward. As you might understand agencies take their individual responsibilities for supporting their operations seriously and are reluctant to make the transition to a centralized IT organization. They fear loss of control and ownership may lead to diminished service levels.

Agencies who are cooperating see consolidation as an opportunity for their agency to refocus their attention on business goals as opposed to managing an IT operation. Department of Transportation is a perfect example of an agency that has embraced consolidation and is working with us to reduce their technology footprint while maximizing the use of shared resources.

Some of the themes that generally emerge with agencies who are not cooperating are:

- **Funding source** – Each fiscal year, Congress appropriates funds for grants to state governments to further national goals and support delivery of federal programs. Unfortunately, the rules concerning the use of federal IT funds creates an impediment to breaking down the infrastructure "silos" that exist throughout the state. This is one of the foremost barriers to implementing an enterprise consolidation and shared services environment especially for agencies that fall within the Health and Social Services affinity group. Currently, the general guidelines attached to federal programmatic funding do not promote enterprise IT shared solutions, infrastructure optimization or the integrated channels of services sought by constituents and citizens. While the state IT

landscape has changed significantly, the federal grant funding guidelines do not reflect or support our desired end state – a consolidated IT infrastructure.

- **Public safety** – Agencies whose mission is centered around public safety and with authority enabled in statutes and/or regulations are not willing to delegate IT responsibility to an agency that is outside their sphere of control. These agencies are historically territorial with their IT operations and have rigid boundaries that only allow the transmission of information along strict vertical agency lines rather than a horizontal exchange of information across state organizational lines.
- **Civil Service rules** – Title structures and variations of title requirements from agency to agency vary greatly and make it very difficult to transfer and utilize in different capacities. Titles specifications are rigid and prohibit reassignment of duties to support a centralized model that is based on shared services. In many instances agency staff hold entirely unrelated non technical titles performing technical support functions. Merging these functions and titles under one organization is a major obstacle.

Everyday these thematic issues translate into impediments that slow down progress and result in missed opportunities.

- **Please indicate in which areas OIT expects the continuation of the moratorium on information technology procurements in fiscal year 2009 to adversely impact program performances and service delivery.**

The moratorium of these past 2 years has resulted in a significant slowdown in the purchasing of equipment and services. While this process has conserved on immediate expenditures we are approaching the point of diminishing returns. The following areas pose the greatest risk/impact in the next 18 to 24 months:

1. **High Risk – Core Infrastructure** – While we attempt to keep pace with the needs of the expansive growth of applications and the higher demand of email and internet services, we are nearing capacity of our core infrastructure. Our studies indicate that within the next 12 – 18 months we will need to do a major upgrade. We have paced our growth in this area to comply with the moratorium but we will need to make some major improvements in this area soon if we are to handle the projected growth in the network demands.
2. **Enterprise Servers and Storage** - OIT has traditionally been underfunded in the area of server and storage replacements. We continue to operate servers beyond their predicted useful life and only replace equipment when the equipment begins to fail more routinely. Many of our enterprise class servers are nearing end of life. OIT has limited funds to replace this equipment. We have normally shifted funds from our few discretionary accounts, but these have been depleted as efficiency reductions have been applied over the last two years.
3. **Agency Servers and PC's** - Over the past two years we have purposefully been extending the replacement cycles of OIT and agency servers and pc's in efforts to conserve funds and complying with the moratorium. In doing so, we have complicated the existing support models for this equipment resulting in higher maintenance and risk of failures. While this works for a period of time it eventually catches up with us and will ultimately present a timeframe where significant cost and effort will be needed to address

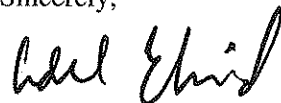
a much larger problem. Normally, we pace our replacement cycles to make it more manageable. Many desktop machines are past end of life and are now showing signs of failures and inability of running some of the new operating systems and applications. This ultimately impacts our business community. Many of our servers are in the same situation and failures will become more apparent over time again impacting our business community.

4. **Legacy Applications Development** – We are aware that many of our core backend business applications (payroll, financials, personnel) are more than 20 years old. We have made attempts to develop a strategy for replacement over the past several years. In all cases the cost of replacement has been prohibitive and routinely post-phoned. We need to work with the business community to seriously look at the situation and make long term commitments to a replacement strategy with corresponding funding. Our fear is that much of the institutional knowledge of how these systems operate will leave through attrition over the next three to five years leaving us with an even more difficult task.
5. **Email Archive and Records Retention** – We have been working with the State's legal community and agency representatives to better understand the impacts of email discovery from the courts. It is becoming apparent that an IT solution for the retention and searching of electronic records will be needed in the near future. This requires software solutions as well as expanded hardware platforms for the storage of large volumes of electronic data. There will be a significant cost to the solution which has not been funded.

Finally the physical consolidation of equipment is proceeding slowly due to lack of funding. In order to meet mandates we negotiate with agencies to discover funding for the movement of equipment and consolidation. OIT was not provided any funding to accomplish its mandate particularly in the area of planning and migration of equipment from existing locations to a central location. We work closely with candidate organizations to identify funding through a cooperative effort. Where funding is made available these move forward where it is not the initiative is either held or progresses very slowly. Currently we are working closely with DOT and MVC and have plans to migrate them to the OIT HUB over the coming months. Our progress is slowed due to funding requirements. We continue to work with the agencies to identify funding.

All of the items mentioned above will have implications moving forward. Our caution is that many of these will take significant time to implement even if the moratorium were removed today. Limited resources and budgets will also limit our ability to respond in any short order. If you have any questions on the material, please don't hesitate to contact me. Also, I am available to meet with you at your convenience to discuss these important issues.

Sincerely,



Adel W. Ebeid  
Chief technology Officer  
Office of Information Technology