

## Office of Information Technology Fiscal Year 2009 OLS Budget Question Responses

### Question #39

***Please provide an update on the status of the Statewide Information Technology Strategic Plan. Has it been completed? If so, please provide a copy of it. By which date does OIT anticipate to implement the new plan?***

Beginning in the fall of 2006, OIT implemented a comprehensive IT strategic planning process that included a tactical planning component. As a result, the State has approximately 25 individual agency IT Strategic Plans, all newly created over the past 18 months. These were done under the leadership of OIT, which defined a single IT Strategic Planning methodology to be followed by all agencies. Incorporated in the methodology is a Tactical Plan for each agency that drills down and details the costs and benefits for new IT Initiatives. Details for each initiative include priority ranking, funding sources, business needs, limited ROI information, hardware and software items with costs, and project management strategy for projects over \$50,000.

From the agency planning process, a Statewide Information Technology Strategic Plan for fiscal years 2008 - 2010 was developed and is included in Appendix A. This comprehensive plan is the result of joint planning by agency IT organizations within the Executive Branch and OIT. The plan supports several of the Governor's priority areas, such as efficiencies within state government, children and families, and public health and safety. On-going IT strategic planning is fostering an environment that facilitates the sharing and maximization of limited resources, joint planning, and the implementation of comprehensive statewide policies and procedures while improving our IT service offerings. By implementing the plan, we expect to see a reduction in the cost and improvements in the delivery of services and strengthen the trust of the public that we serve.

The Plan's focus is on supporting secured self-service e-Government services, implementing IT solutions that can be used by multiple-agencies, fostering data sharing, and leveraging limited IT resources to achieve greater efficiencies in areas such as records management, imaging technologies and IT procurements.

The Plan sets forth six Enterprise IT Goals for the use and management of IT. These goals are Governance, Statewide Efficiencies, Enterprise Architecture, e-Government, Information Security and IT Workforce Management. Many of the Plan's initiatives supporting these goals are underway.

As part of the Governance goal, we have institutionalized an IT strategic planning in the executive branch and will look to improve the process as we move forward. With the second phase of agency IT planning completed, we are in the process of developing the next phase where we transition to Affinity group-based IT strategic plans. The four appointed Deputy CTOs are taking the lead in the IT planning process and are involved in many of the IT management activities, such as project and procurement reviews and approvals. OIT's Program Management Office (PMO) is in the planning stage of implementing a Quality Assurance function for IT projects and adopting a framework for instituting best practice processes to facilitate the delivery of high quality information technology (IT) services. We are in the process

of updating and developing several statewide IT policies, standards and procedures and plan to institute compliance monitoring where feasible.

As a part of achieving greater statewide efficiencies, we are in the process of implementing a single e-mail platform for the executive branch. This will allow us to leverage license costs and staff support. We are also developing a comprehensive IT assets database that will capture information from procurement through disposition. This information will also assist the State in identifying opportunities for savings in the area of redeployment of IT assets and negotiating savings on maintenance contracts. OIT is in the process of consolidating print-to-mail operations into a new facility that will free up the more costly data center floor space for the consolidation of the data centers. The Plan also looks at other areas where the State can realize savings through consolidation, such as consolidating certain types of call centers. In addition, OIT is building a relationship with the county CIOs to identify areas where the State and counties can leverage resources.

There are other Strategic Plan initiatives that have been started, such as the expansion of the Electronic Cost Accounting and Time-Sheet system (eCATS) to all of the Executive Branch agencies. This system will replace the antiquated time keeping system currently used by many of the State agencies. OIT is redesigning its Voice and Video Telecommunications network utilizing Fibre Optic technology that will improve Internet response time and accommodate the many services that will be delivered via the Internet.

In addition to the Statewide IT Strategic Plan, we have also included several documents that were not mandated under P.L. 2007, c.56, but nevertheless are critical to clarifying the State's IT direction moving forward. They are: The State's Shared Infrastructure Document, Appendix B, and OIT Availability and Recovery Site (OARS) Status Report, Appendix C.

***Into how many Service Level Agreements has OIT entered with client agencies? Please submit copies of all Service Level Agreements with the Department of the Treasury and the Board of Public Utilities.***

OIT has researched and developed two versions of Service Level Agreements (SLAs) that it intends to utilize within the Executive Branch to set expectations and identify responsibilities in the delivery of IT services. For the larger agencies there is a comprehensive version of the SLA and for the smaller agencies, where demand for OIT services are less, there is a modified version.

The SLAs cover the services to be provided by OIT, the primary jobs to be performed, the responsibilities of each party, how those services will be delivered, the problem resolution process, the limitations of service support levels, and details of service reporting.

Once the SLA template and process are finalized (a draft is available in Appendix D), OIT will meet with each agency to understand their business requirements and service level metrics. This is critical to quantifying the level of effort, both human and capital, required to meet agency expectations and manage infrastructure demand. The process will begin with agencies where consolidation would result in the highest payback/impact while at the same time helping those agencies deal with internal and external business pressures.

Our goal is to begin that process during FY-2009 once we have a better understanding of budget cuts and potential reduction in force. Until then, our support model gives priority to public health and safety and "best effort" for all other agencies.

***Please describe the analytical method OIT uses in determining whether an information technology process should be consolidation in OIT or left with an individual agency. Have information technology responsibilities been shifted to or from OIT following the start of the reorganization? If so, which responsibilities have been transferred and according to which rationale? Has the office defined specific information technology tasks that should generally stay with individual agencies? If so, what are the information technology functions that should remain with the agencies?***

OIT had constituted a cross-agency team to plan for the consolidation of the IT services as called for under P.L. 2007, c.56. As a result of that workgroup, it was determined that the centralization model should be that of a 'utility services model.' The services recommended for consolidation were: networks (both wide area and local area), automated document services, enterprise services (e-mail, archiving, enterprise and multi-agency applications, portals), communications, security, disaster recovery, storage, IT field support, service desk, desktops and data centers (servers and storage).

### **Status of Implementation**

In light of the State's fiscal situation, we had to modify our consolidation strategy and place greater focus on activities that would produce immediate impacts and/or savings. This phased approach to consolidation is as follows:

- Phase 1 – Physical co-location of mission critical IT equipment to reduce number of data centers and energy consumption, and improve the State's recoverability effort.
- Phase 2 – Optimization of the IT infrastructure through platform consolidation or virtualization (ideally, this is done prior to any planned replacement cycle).
- Phase 3 – Service integration across affinity groups to improve service delivery to citizens as well as internal processes.

The focus for the past 6 months has been on Phase 1. The majority of mission critical systems are located within the two data centers managed by OIT. Smaller data centers do exist outside of OIT's control. We expect to regain 8,000 to 10,000 square feet of valuable data center footprint once we move out the printing/sealing function out of OIT's primary data center. This will allow us to consolidate the remaining agencies under one physical data center.

While that process is taking place, we rely on the procurement review process to target opportunities for platform consolidation, Phase 2.

While OIT's primary focus is to maintain an efficient and cost-effective shared infrastructure, individual agencies will focus on specific business applications to meet their day-to-day business needs. Over time, we expect a shift in application development from OIT to either the affinity group level or to individual agencies. Best practices show that when agencies are directly responsible and accountable for business applications, the results are more productive and quicker than if managed by a central organization.

Standards will be a key enforcement tool to ensure that we are striking the right balance and alignment between what the central and individual agencies are doing. Agencies who show responsible management and track record for success will gain a measured level of autonomy. At the same time, additional oversight by the OIT may be required for agencies whose track record shows otherwise.

**What was the actual total amount of State information technology spending in FY 2007?  
What is the projected total amount of State information technology spending in fiscal  
years 2008 and 2009?**

| Fiscal Year          | Executive Branch Spending* |
|----------------------|----------------------------|
| 2006                 | \$ 550 million             |
| 2007                 | \$ 520 million             |
| 2008 (as of 1/31/08) | \$ 440 million             |
| 2009 (projected)     | \$ 420 million             |

\*Spending includes telecommunications, salaries, maintenance contracts, hardware, software and consulting services.

#### Question #40

***Has OIT fully implemented the new governance structure? If not, which of its components have experienced delays and what factors have accounted for the delays? What have been OIT's experience with the new governance model to date? Has the model worked as intended? Has OIT faced any unforeseen glitches in transitioning to the new governance structure. If so, what were the complications and how has OIT mitigated them?***

Pursuant to P.L. 2007, c.56 OIT has implemented a governance structure that factors in three key levels of accountability – the Technology Governing Board, the restructuring of the IT community into affinity groups, and an Interim Project Review Board.

The six-member Technology Governing Board, chaired by Hank Uberoi, held its first board meeting in February 2008 and is responsible for setting the overall direction, standards and priorities for the IT community and for reviewing and approving the annual budget request of OIT. Board members currently include:

- Hank Uberoi, Chair
- Lisa Jackson, DEP Commissioner
- David Socolow, DLWD Commissioner
- Jennifer Velez, DHS Commissioner
- Steven Goldman, DOB&I Commissioner
- Adel Ebeid, CTO.

In an effort to focus the IT community on shared and consolidated services/operations and improving the delivery of services to citizens and businesses, the IT community was re-organized into four Affinity Groups. Each group is a natural community of interest that combines the efforts of several agencies where common processes and interests exist and is managed by a Deputy CTO. The four Affinity Groups are:

- Administrative Services;
- Health, Education, and Social Services;
- Public Safety; and
- Business and Community.

Additionally, 400 OIT employees in the Application Development and Maintenance Division were re-aligned to support the newly created Affinity Groups. Although the Deputy CTOs have been in place for less than six months, our experience with this model has been very positive and we are committed to evolving this model to the next level which would require individual agency IT Directors to be accountable to the DCTOs. We anticipate this change to take place during the remainder of calendar year 2008.

***Has the Interim Project Review Board been converted into a permanent body? If so, please explain its composition, indication how many members the board has and which entity each member is representing. What constitutes board approval? Is the board approves a project, is it assumed to receive funding or do the Office of Management and Budget and the New Jersey Office of Information Technology Commission on Capital Budgeting and planning still have to make a determination thereon after board approval?***

The Interim Project Review Board (PRB), which now reports into the Governing Board and has representatives from Treasury, Procurement, and OIT, is charged with reviewing, approving and monitoring large-scale IT projects. In most cases, Commissioners and/or their Chiefs of Staff are invited to present their agency initiatives. A similar review process, SAR, is also in place for smaller projects that while important don't warrant the full review or scrutiny normally provided by the Project Review Board.

A list of projects that have come before the Board is included in Appendix E. To determine if a project is eligible for review and oversight, the PRB takes several factors into consideration: implementation cost; project size, duration, and complexity; impact on enterprise; high visibility; etc. Usually, projects that exceed \$1 million trigger the review process.

To determine if a project should move forward, the Board looks for how an agency, project sponsor, responds to the following questions:

- What are the business drivers behind this project?
- What are the benefits to be gained as result of moving forward with this project?
- What cost/benefit and/or return-on-investment analysis have been performed to support this project?
- What is the project management framework and who are the major stakeholders?
- How is the agency plan to balance existing projects with new initiatives?

The Board holds each Agency Commissioner, who is presumably the executive sponsor, accountable for his/her individual agency projects.

Ideally, a determination by the Project Review Board would trigger the next sequence of events: resource allocation, funding, etc. Most projects that have been reviewed to date have already secured funding commitments either through OMB or federal partners. Since the planning and conceptual design for most of these projects began in 2003 to 2005, in most cases, a competitive bidding process was pursued to secure the services of a professional contractor to develop the system. Long term, we have every intention of placing the Project Review Board at the beginning of the conceptualization and planning cycle so that the Board can influence priority setting, funding, and resource allocation.

The combination of Technology Governing Board, Affinity-based DCTOs, and Project Review Board reinforce five (5) overarching goals for IT in the State.

1. Create cost savings in IT by implementing efficiencies in our operations as well as securing and simplifying the State's technology infrastructure.
2. Expand e-Government or "self-service" applications to improve service to citizens and businesses.
3. Establish an enterprise architecture, supported by meaningful standards, across state government to maximize opportunities for data sharing and integration.
4. Gain full visibility of all major technology projects throughout the State and provide monitoring and oversight where appropriate.
5. Intelligent re-organization of the IT community to improve operations and achieve the goals listed above.

**Question # 41**

***What level of spending does OIT project for information technology purchases under the direct State Services budget category in FY2009? What cost savings does OIT anticipate to achieve in fiscal years 2008 and 2009 from the moratorium on such spending?***

The moratorium process involves a collaborative effort between OIT and OMB which includes final review by OMB for all state funded procurements and all non-state funded items over \$100,000. We anticipate that technology purchases under the direct State Services budget category will remain flat going into FY-2009.

OIT has not received revised FY2009 IT budgets that reflect agency recommended cuts that were incorporated in their budget submissions, nor additional cuts that were incorporated in the Governor's recommended budget.

***Is OIT aware of specific examples of ways in which the moratorium has adversely affected the quality of services provided by State agencies?***

Although OIT has not been notified of any significant failures due to the moratorium, there are continued problems through the state with aging equipment that is being used beyond its recommended commercial or useful life. This is especially true for agency infrastructure environments that are funded by direct state services. The inability to upgrade aging/obsolete equipment will, in time, have a significant and visible effect on agencies' ability to deliver services to their clientele.

***Does OIT intend to maintain the moratorium on procurements for information technology consultant services? If not, why has the moratorium been lifted? If so, what have been the savings in this area since FY 2007 and what amount of savings does OIT expect to realize by continuing the moratorium in FY 2009?***

Yes. It's important to note that the moratorium is in place to not only achieve reductions in spending but to also maintain a manageable level of structured growth and force a priority-setting process within each agency. The unstructured growth of technology projects during 2002 and 2005 resulted in the individual build-out of infrastructure capacity within each agency. The State's fiscal climate cannot sustain this level of build out which is why the IT moratorium was put in place by Governor Corzine in December 2006.

Technology-related consulting service under the Body Shop contract (aka T-0817) is less than \$3 million during FY-2008. This number represents a significant drop from prior years where the annual spend was between \$18 and \$22 million per year.



**What was the value of approved information technology consulting services procurements in FY 2007? What is their projected value in fiscal year 2008 and 2009?**

|                           | FY2007            | FY2008           |
|---------------------------|-------------------|------------------|
| Agriculture               |                   | 135,400          |
| Casino Control Commission | 49,000            | 36,000           |
| Children And Families     | 337,500           | 107,308          |
| Community Affairs         | 247,200           | 86,400           |
| Corrections               | 33,334            | 0                |
| Education                 | 100,700           | 40,000           |
| Health & Senior Services  | 72,180            | 631,520          |
| Human Services            | 5,420,111         | 743,918          |
| Labor                     | 657,271           | 50,112           |
| Law & Public Safety       | 2,036,702         | 297,903          |
| Motor Vehicle Commission  | 1,222,469         | 419,545          |
| NJ State Parole Board     | 97,825            | 7,312            |
| Personnel                 | 115,434           | 61,798           |
| Transportation            | 269,940           | 36,212           |
| Treasury                  | 536,408           | 144,912          |
|                           | <b>11,196,073</b> | <b>2,798,340</b> |

T0817 agency requests as of 3/2008

## Question # 42

***Please provide a complete list of toll-free phone lines maintained by the State in FY 2008, detailing: (1) the number of toll-free numbers in each department; (2) the entity responsible for its management; (3) the intended audience served by the toll-free access; and (4) whether each line has the capacity to provide TTD/TTY service in accordance with federal regulation. Per month, what was the frequency with which each phone line was used in FY 2008, and how much did the State spend to maintain each phone line from a telecommunications perspective? Has the number of phone lines, rates, or usage patterns changed over the last five years? If so, please explain.***

***Please comment on the personnel costs associated with the State's toll-free telecommunications network. How much does the State spend, from a personnel perspective, to maintain each toll-free phone line? If the information is not available, what precludes the OIT from determining personnel costs?***

***Please provide an update regarding the State's toll-free telecommunications contract. Has the monthly fee or per minute rate of either the traditional or TTD/TTY toll-free phone lines been altered since this time last year? How much is budgeted for State-wide toll-free telecommunications in FY 2009? What costs are included in that figure?***

The State's toll free numbers disseminate information on everything from drought emergencies to child abuse. Toll free service has been described as a vital conduit between New Jersey residents and State agencies as they disseminate information to the public. The oversight of each department's toll free numbers is done by the billed agency.

There is an estimated 600 toll free numbers currently utilized by various state agencies. All toll free numbers are provided by AT&T under a contract. The current rate per minute decreased for the majority of calls by an average of 40% from the original bid rate. This decrease is due to negotiations with the vendor at the time of contract extensions.

All lines, toll free or otherwise, have the capacity to provide TTD/TTY service in accordance with federal regulations. The State participates in a relay service that provides connectivity from anyone using TTD/TTY to any state, local, or municipal location using this service is without charge by dialing 711.

Under the current contract which went into effect at the beginning of this fiscal year, the State was charged an average in-state rate of 5.7 cents per minute for incoming calls. Based on these rates, it is projected that the State will spend roughly \$8 million each fiscal year if the number of lines and usage remain at current levels. The State does not pay any monthly fees for the maintenance of its toll free service, there is however a monthly service fee of \$25.00 per line.

Recently, we noticed a trend where more agencies are taking advantage of several optional automated advanced features such as call routing and call prompting which is provided under this contract. Using such advanced features allows calls centers to handle incoming calls in a variety of ways with fewer personnel.

OIT provides one part-time person for toll free service order processing and problem resolution. In addition, OIT provides a portion of the telephone billing staff (less than 10%) to process all telephone toll free related charges.

The charges associated with the State's toll free service are currently under contract negotiation with an expectation that there will be some decrease in cost associated with the extension of this contract.

Questions regarding dollars budgeted for Fiscal Year 2009 should be directed to Treasury administration or the Office of Management and Budget since OIT is not involved in that process. A complete listing of toll free number is included in Appendix F.