



THE STATE
of **ALASKA**
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Department of Administration

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Memorandum

To: Representative Neal Foster, Co-Chair House Finance Committee
Representative Jennifer Johnston, Co-Chair House Finance Committee

Cc: Members of the House Finance Committee

From: Bill Smith

Date: January 15, 2020

Subject: OIT Savings

Pursuant to legislative intent in the Fiscal Year (FY) 2020 Operating Budget (HB39), the Office of Information Technology (OIT) is providing the following information on past and future savings resulting from consolidation efforts.

Outlined below are the estimated savings achieved through the consolidation efforts led by the Department of Administration (DOA) and OIT. The bulk of the savings for OIT were realized in the last two calendar years.

OIT and the Shared Services of Alaska are currently engaged in the Alaska Administrative Productivity and Excellence (AAPEX) initiative set forth by Commissioner Tshibaka. This initiative could impact OIT's organizational structure and budget in the future, but those discussions and decisions will be made as the calendar year 2020 progresses.

AAPEX is designed to achieve peak performance of the State's centralized administrative and IT services. It aims to achieve centralized services that are effective and cost-efficient and result in improved customer satisfaction. Within the next year, OIT will incorporate the recommended changes from the AAPEX contractor, which could impact a wide array of services we offer.

Realized Savings

Initiative	Cost Savings	Cost Avoidance
Microsoft <ul style="list-style-type: none"> - With the consolidation statewide, we now have access to catalog and inventory licenses for Microsoft. We reduced the license numbers, which will increase savings over the previous 3-year agreement - Setup to convert costs to cloud infrastructure - Negotiated two true down options up to 10% - Moved to user vs device based licensing 	\$222,000 annually	
Oracle Platform <ul style="list-style-type: none"> - Centralized service saves about \$1 million over 4 years - Improve performance and reduce cost for statewide systems like ALDER, and agency systems within Retirement & Benefits and F&G 		\$250,000 annually
Adobe Savings <ul style="list-style-type: none"> - With the consolidation statewide, we had access to catalog and inventory licenses for Adobe products resulting in a reduction of licenses for agencies 	\$16,000 annually	\$172,000 annually
Application Servers <ul style="list-style-type: none"> - The State of Alaska (SOA) is starting to see cost savings as a result of centralizing application hosting infrastructure through maximizing SOA investments and delaying or eliminating the need for additional server purchases 		\$500,000 annually
Rural bandwidth initiative <ul style="list-style-type: none"> - This project will improve internet and network access to state and local government employees in rural locations around the state and reduce cost by moving from dedicated circuits to commercially available connectivity 	\$300,000-\$500,000 annually	
Optimize Microsoft O365 Licenses <ul style="list-style-type: none"> - Central management of Microsoft licenses and related management of efficiencies resulted in supplementary savings without needing to purchase additional licenses. 		\$40,000 annually
Retire Exchange 2010 environment <ul style="list-style-type: none"> - Through statewide consolidation, we deprovisioned Legacy Email Servers - This will save us money by reducing our infrastructure cost 		\$165,000 annually
ACS Contract Extension <ul style="list-style-type: none"> - OIT extended our internet services for 1 year and negotiated a 15% reduction in the price. 	\$144,000 annually	
GCI Contract Extension <ul style="list-style-type: none"> - OIT extended our video services for 1 year and negotiated a 25% reduction in the price 	\$150,000 annually	

Address Verification Software <ul style="list-style-type: none"> - Child Support Services Division was looking to purchase their own software and OIT informed them that we already had software that they could use 		\$40,000 annually
Cisco SmartNet <ul style="list-style-type: none"> - With the consolidation statewide we now had access to catalog and inventory licenses for Smartnet resulting in a reduction of licenses for agencies. 		\$500,000
Call Center Consolidation <ul style="list-style-type: none"> - Eliminated two positions from the call center. 		\$200,000 Annually

Planned Savings

Initiative	Cost Savings	Cost Avoidance
Enterprise Endpoint Management Solution Project <ul style="list-style-type: none"> - OIT is in the process of consolidating endpoint management. As a result of collapsing 15 department solutions onto one enterprise solution, we expect to achieve significant savings in the following ways: <ul style="list-style-type: none"> o Fewer resources needed to manage endpoints o Lower licensing and maintenance costs o Faster endpoint deployment and updates o Enhanced endpoint security 	\$500,000-\$1,000,000 annually	
Laptop Bulk Purchasing (Statewide) <ul style="list-style-type: none"> - OIT is in the process of setting enterprise pc standards and centralized purchasing. We expect to achieve significant savings in the following ways: <ul style="list-style-type: none"> o Savings in volume purchasing o Savings in staff time deploying and maintaining endpoints o Reduce cost and effort for replacement 	\$1,000,000+	
Enterprise Backup <ul style="list-style-type: none"> - OIT is in the process of rolling out a centralized backup solution. - This solution provides backup, restore and replication functionality for virtual machines, as well as cloud-based workload - Centralizing backup allows scaling as the demand increases and reduces redundant cost associated with each department trying to solve this issue independently 	\$500,000+ potential annual	
DocuSign <ul style="list-style-type: none"> - OIT is in the process of rolling out DocuSign to the executive branch 	\$100,000-\$1,000,000 annually	

<ul style="list-style-type: none"> - Provides cloud-based, legally-binding digital signature capabilities that support electronically sending and signing documents and document packages - The State of Alaska can achieve hard-cost savings with as few as 50,000 DocuSign signed documents per year 		
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Through consolidation and integration, OIT will realize future savings with many of our current initiatives. Those initiatives include softphone development, laptop bulk purchasing and deployment, improved data backup solutions, and our e-signature program DocuSign. Once attained, those savings will be submitted in an updated report.

All questions should be directed to the Chief Information Officer. Thank you.

Bill Smith
Chief Information Officer
Office of Information Technology