



# Information Technology Consolidation

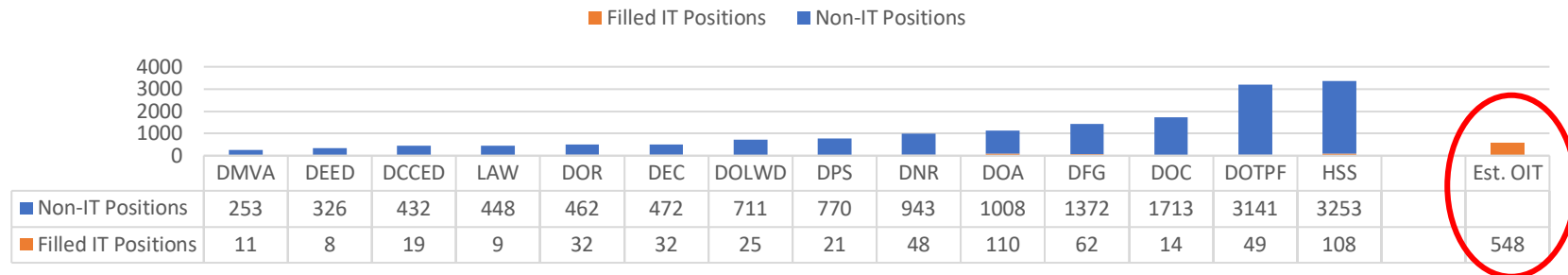
Bill Smith, Chief Information Officer

March 4, 2021 | House Finance Committee Presentation

# Information Technology Consolidation: Background

- Administrative Order 284 (April 25, 2017) was designed to address a lack of scale and coordination that led to inefficient IT spend and performance. It established the Office of Information Technology (OIT) within the Department of Administration (DOA) as well as the position of Chief Information Officer.
- During the initial implementation attempt in 2018, the planned wave in of PCN transfers was not completed. Currently, OIT has an approved PCN count of 240 positions (compared to the initially estimated requirement of 548).

SOA Executive Branch Filled Positions (FY17)



OIT Presentation (January 2018)



# Information Technology Consolidation: Initial Results

- The current statewide IT operating model does not reflect the intent of Order 284, nor do the organization structure, resource deployment or process capabilities enable efficient consolidation adoption.
- Adoption of IT consolidation services has been inconsistent across State Agencies. Conflicting priorities have delayed the adoption and implementation of standard technology and process, resulting in service shortfalls and cost inefficiencies.
- Despite limited implementation, initial consolidation work has provided benefits:
  - 2018 first attempt at statewide IT spend monitoring
  - Annualized savings growing year over year (>\$1M in 2020)
  - >\$1.9M saved with purchase of standard computers in 2020
  - Rapid launch of Microsoft Teams collaboration software statewide
  - Rapid launch of DocuSign electronic signature software statewide



# Information Technology Consolidation: AAPEX Project

- The Department of Administration initiated the Alaska Administrative Productivity and Excellence (AAPEX) project to independently assess the IT Environment, recommend a path to complete the implementation of AO 284 and execute the plan.
- ‘Outside in’ assessment conducted by Alvarez & Marsal, a recognized management consulting firm with turnaround experience in the public sector, specifically centered around shared services and technology.

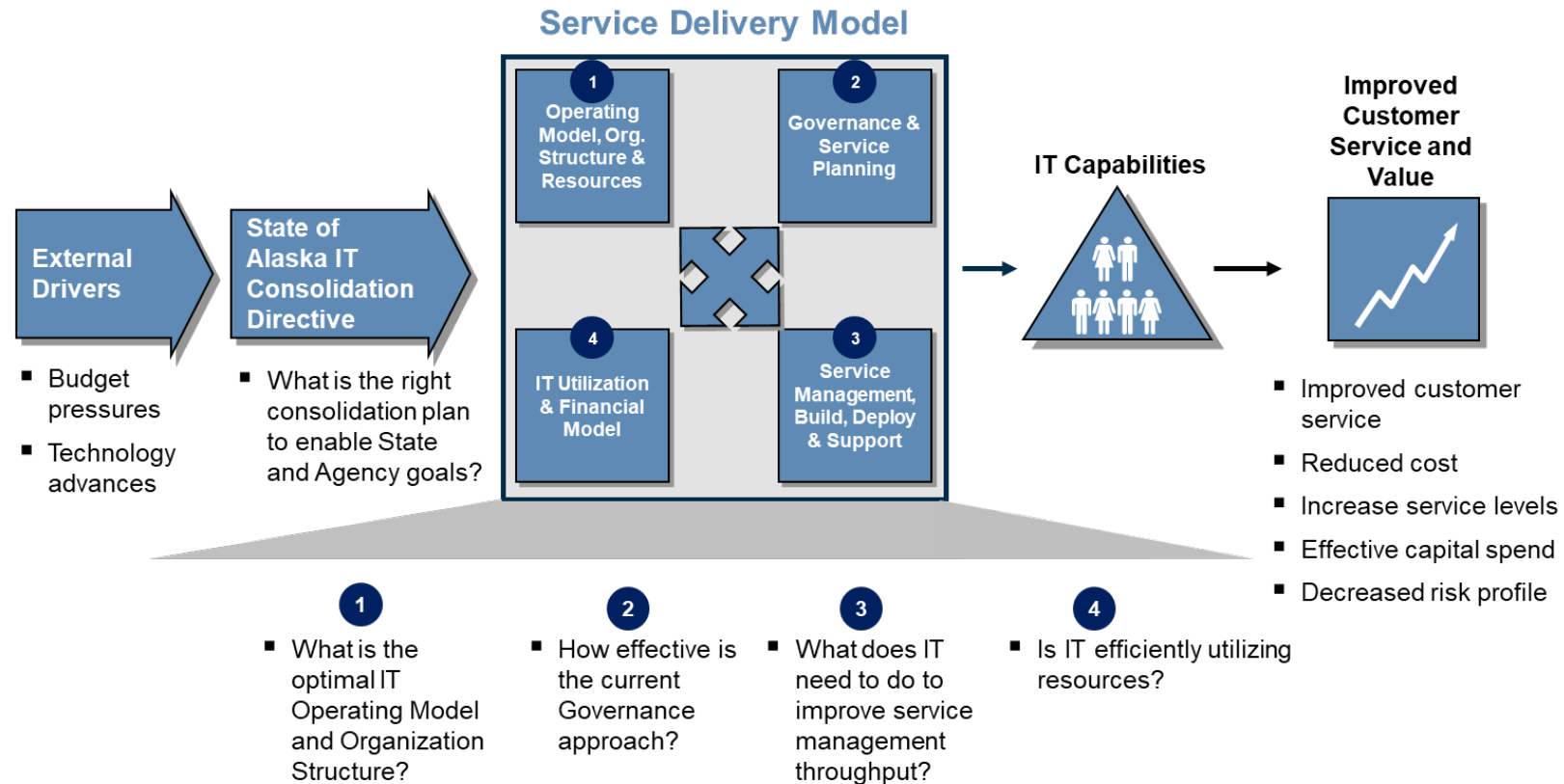
## Alvarez & Marsal Experience

Client	Project Description	Information Technology	Centralized Procurement	Travel Administration	Finance & Accounting	Leasing	Centralized Mail and Print
City of Seattle	IT consolidation and effectiveness assessment, back-office shared services performance improvement	✓	✓	✓	✓		
State of Wyoming	Statewide Efficiency Study, including IT and shared services workstreams	✓	✓	✓	✓		✓
State of Kansas	Efficiency study and business process review, including IT and administrative back-office functions (e.g., procurement, real estate and leasing, etc.)	✓	✓		✓	✓	✓
Major Toy Retailer	Implementation of IT shared services center	✓	✓		✓		



# Information Technology Consolidation: Assessment Framework

- Assessment utilized a standard framework – Control Objectives for Information Technology (COBIT)



# Information Technology Consolidation: AAPEX Assessment

- Based upon interviews across the departments, empirical analysis and other reviews several factors were identified that contributed to substandard IT performance and cost inefficiencies.

## Organizational Realities

- 700 state-wide headcount PCNs
- 280 (42%) in DOA; 420 (58%) in Agencies
- 8-10 Reporting variations between OIT & the 15 agencies
- 68 Job Titles – not uniformly skilled across IT
- 153 people moved to OIT; Most still taking direction from their home agency

## Technical Complexities

- 1,713 Business Application
- 894 Custom Applications (known)
- 3,464 Databases
- 77 Development Platforms
- 2,526 Infrastructure Assets

## Resource & Skill Gaps

- 20% of budgeted positions are unfilled statewide; while demand for services is unchanged
- Ticket resolution delayed by random skill assignment
- IT Architecture roles are unfilled for OIT
- No formal training programs in place

## Governance & Controls

- Unclear responsibilities across agencies & OIT; no RACI or charter documents found
- No statewide IT strategic planning processes, policies or procedure documents
- No common statewide IT project investment and control process
- No understanding of state-wide total IT spend

## Process Deficiencies

- 37 IT processes evaluated; 100% rated below average
- Most IT processes require ad-hoc skills handling to compensate for process shortcomings
- No formal architecture guidelines
- No project lifecycle processes
- No portfolio management standards



# Information Technology Consolidation: AAPEX Implementation

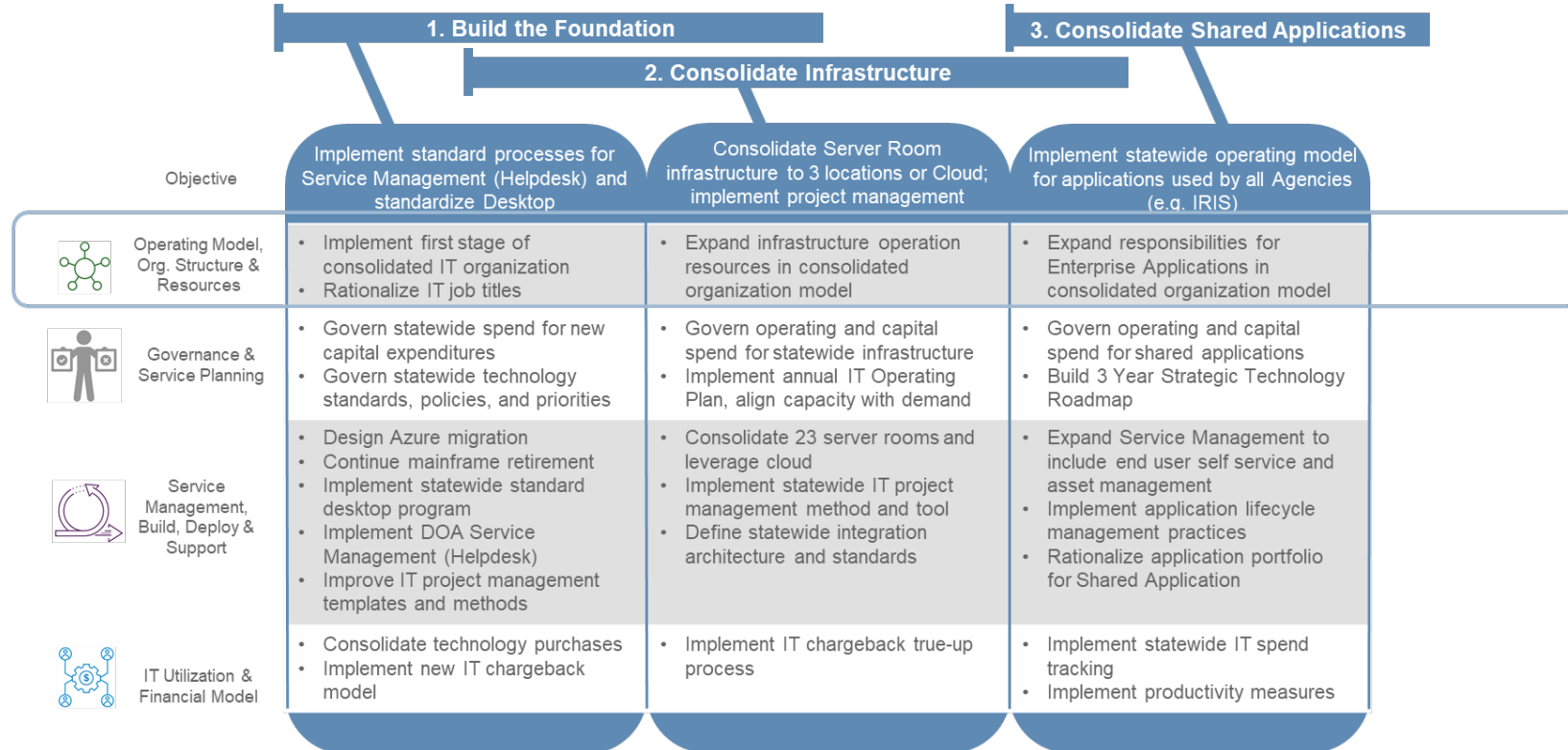
- Current assessment drove a planning phase and roadmap generation presented in March 2020.
- The AAPEX portfolio calculated an investment of \$16.5M to implement the suite of 23 recommendations with a projected \$33.8M net statewide IT run rate reduction over 5 years.
- In May, facing competing pandemic priorities, 4 foundational projects moved forward with implementation.

Implement Consolidated IT Organization  
Implement Technology Governance & Key Working Groups  
Implement a Desktop Service and Standardization Program  
Implement New Rate Calculation Methodology



# Information Technology Consolidation: Consolidated IT Organization

- Prerequisite to consolidate infrastructure and applications. Includes aligning IT skills with job titles and filling key skill gaps.





# Information Technology Consolidation: Way Ahead

- DOA is evaluating resources and sequencing for remaining projects, and the planned projects will move.

October Draft  
(currently under review)



Focus Area	Project ID	Project Description	FY 2020		FY 2021				FY 2022				FY 2023	
			Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec
Operating Model & Organization Design	ORG-001	Implement the Consolidated OIT Organization (by Stage)		Stage 1				Stage 2		Stage 3				
	ORG-002	Implement IT Staffing Capacity Planning Capability												
	ORG-004	Implement OIT Communication Capability												
	ORG-007	Define and Implement Statewide IT Communities of Practice												
	ORG-008	Migrate Statewide Shared Applications Responsibilities to OIT												
Governance & Service Planning	GOV-012	Build the Strategic Technology Roadmap												
	GOV-033	Define and Implement the Annual Operating Plan												
	GOV-034	Implement Technology Governance & Key Working Groups												
Service Management	SVM-002	Establish & Update an OIT Service Catalog & SLAs	Standard				Update							
	SVM-020	Implement DOA Service Management Capability (ServiceNow)												
	SVM-027	Implement Self Service & Knowledge Management Capability (ServiceNow)												
	SVM-036	Implement Asset & Configuration Management Capability (ServiceNow)												
Infrastructure	INF-001	Continue Mainframe Retirement												
	INF-004	Implement a Desktop Service and Standardization Program												
	INF-007	Consolidate Server Rooms												
	INF-008	Retire OIT Enterprise Applications												
	INF-009	Azure Design												
Portfolio & Project Management	PPM-005	Implement Portfolio & Project Management Capability												
	PPM-024	Define Requirements & Implement IT Time & Expense Tracking Capability												
IT Utilization & Financial Model	FIN-001	Participate in Statewide Procurement Consolidation												
	FIN-003	Implement New Rate Calculation Methodology												
	FIN-004	Implement Chargeback True-up												
	FIN-005	Implement Statewide IT Spend Tracking												



The seal of the State of Alaska is faintly visible in the background, centered behind the text. It features a circular design with the words "SEAL OF THE STATE OF ALASKA" around the perimeter. The center contains a shield with various symbols, including a ship, a bear, and a landscape with mountains and a sun.

# Department of Administration

Championing improvement in the State's performance and results.

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