MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY COMMITTEE

The meeting was called to order by Chairperson Mike Burgess at 3:30 p.m. on Tuesday, January 31, 2012 in Room 546-S of the Capitol.

All members were present except:
> Rep. Steven Johnson - Excused
> Rep. John Grange - Excused
> Rep. Kelly Meigs - Excused
> Rep. Charles Roth - Excused
> Rep. Louis Ruiz - Excused

All Committee staff was present except Julian Efird.

Conferees appearing before the Committee:
> Anthony Schlinsog
>> Chief Information Technology Officer
>> Office of the Governor

Others in attendance:
> See attached list.

Chair Burgess asked if there were any introduction of bills. *The Chairman made a motion to introduce a bill on the generic subject of KansasMAP - One Map for Kansas with GIS provisions, Rep. DeGraaf seconded the motion, and the Committee unanimously voted to approve the motion.* The Chair asked if there were any other bills to be introduced, and there were none.

The Chair then introduced Anthony Schlinsog, newly appointed Chief Information Technology Officer, Office of the Governor. He gave some background indicating he had been with KDOT for three years, two years with Child Health Corporation of America, 13 years with the Government Employees Health Association, four years with William M. Mercer, and in the IT field all of his career.

Mr. Schlinsog gave a presentation on IT consolidation (Attachment 1). He noted that in 2010, Senate Bill 572 authorized Bill Roth, CITA, to conduct a feasibility study to evaluate information technology consolidation opportunities. The study was developed from June to October of 2010. A briefing on the initial findings of the study were made to the JCIT

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Committee on December 14 and to the Government Efficiency Committee on January 26, 2011.
The study was performed in a very short timeframe, and the scope included facilities, staff,
applications, network, etc. It was an excellent job. However, the findings were not met with
acceptance across the agencies. There were a lot of questions, more research was needed, and
there was no direct action on any of the recommendations coming from the study.

Last fall, the Governor issued an Executive Order 11-46 asking that all IT directors under all
Executive Branch agencies, departments, etc. report directly to the Executive CITO, who would
manage all IT systems. The spirit of the Executive Order matched the study done by the CITA.

Mr. Schlinsog then presented his personal beliefs on this consolidation. There needs to be
openness, honesty, and transparency particularly for the rates and rate structure. Services must
exist based on the value they deliver. There should be no sacred cows; this is not a DISC
takeover (monopoly). There needs to be a constant focus on driving costs lower while increasing
service levels. There needs to be a greater sense of customer service fostered across all IT; and
nothing is free.

The Office of Information Technology Services (OITS) was formed. What was formerly DISC
or Compact is now just the central office of a much larger organization. Staff worked with the
Revisor of Statutes to draft a bill separating OITS from the Department of Administration.

Communication is the key, and OITS staff will be working closely with the agency heads and
CIOs to plot the course. Mr. Schlinsog added that staff is committed to not create a bottleneck
during this transition, and everything continues as is for the short term. As we look forward,
consolidation needs to be well thought out and planned.

A number of staff forum groups will be created to ensure concerns of every facet of IT is heard.
Off-site meetings of agency CIOs and central office staff will be scheduled to jointly develop
short term initiatives and a long range plan for IT consolidation.

To get a better handle on all the IT requests, a single service desk software is needed. It is
unknown whether all agencies have a help desk ticketing system, which would help detect
problems as numerous tickets on the same thing are reported. The Service Desk Forum will be
responsible for making recommendations, and implementation will not be optional. A network
to Wichita is needed to make it an off-site data center and hot site. As e-mail is consolidated,
servers in Wichita could be running in a hot mode and systems would stay up. There is a great

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deal of engineering and planning work to do and until all of this happens, there are limited opportunities for consolidation.

Mr. Schlinsog covered the staffing needs that are planned and the need for budget by service line, the latter to determine which services are profitable, where core competencies exist, where to trim costs, etc. There are 20 to 30 different services provided to agencies across the state that didn't have a budget. Projections indicate a $3.2 million deficit at fiscal year end. After contacting other states, there are pros and cons for consolidating IT budgets or leaving the majority of IT budgets with agencies with staffing considerations weighing heavily.

Because there is a wide procurement power among the agencies, money could be saved in consolidating licensing so that the state, not agency, is the holder of the license. Better pricing no doubt exists with greater buying power and discounts on for instance, Microsoft and Oracle products. An Information Security Officer position will be established. One duty will be to work with the Security Forum to establish procedures for auditing across the agencies and to track licensing across the enterprise.

Some of the other challenges ahead will be meeting diverse needs of agencies, application spread across agencies, aging data centers, limited funding, maintaining skilled work force, etc.

Mr. Schlinsog then presented an executive summary on the State of Kansas e-mail and IT Help Desk Benchmarking and Sourcing Options Analysis performed by Gartner. Nine state agencies participated in the study. A summary of the results were: Cloud and other consolidation in the near term will be more expensive than the current working environment; there are risks to the state in the "as is" environment.

It was found the cost per e-mail box per month varies between $1.93 to $10.38 with an average of $4.91. Market ranges for cloud and fully outsourced options are greater than the state average, $10.43 for fully outsourced and $8.10 for cloud. Also, the cost per handled contact at the IT Help Desk ranges from $16.15 to $8.13, with $16.05 being the state average.

In response to questions, Mr. Schlinsog responded:

--E-mail and the help desks need to be consolidated now. The help desk consolidation is a prerequisite. As for e-mails, there are many URL's after the e-mail address for the many state agencies.

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--IT was separated from the Department of Administration as a matter of checks and balances. This is a block of work that fits into the IT central office.

--Mr. Schlinsog will furnish information on budget amounts from five years ago. He noted there was no budget along service lines.

--Many small agencies don't have money for in-house security staff, and there has to be funding to raise the minimum threshold to not leave networks vulnerable. We need to deal with service, cost, and best practices for agencies.

--In talking with other state CIOs, cloud providers are cheaper and many use them for the return on investment.

Chair Burgess thanked Mr. Schlinsog for his presentation and commended him for doing a great job in planning the IT consolidation.

The Chair asked if there was any other business before the Committee. There being none, the meeting was adjourned at 4:55 p.m.