Virginia Information Technologies Agency

VITA

VITA Quarterly Report
January 1, 2005

expect the best

October – December 2004

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Virginia Information Technologies Agency

Comments and recommendations on the Quarterly Report from all interested parties are welcomed and encouraged. Suggestions may be conveyed electronically to ContactUs@vita.virginia.gov.
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This report is available online at:
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About the Cover:

VITA equals people first, is customer-driven and customer-focused, and is committed to growing its people through ongoing training/re-training throughout their professional careers. In our logo, we highlight individuals of our agency that make VITA a success seven days a week, 365 days a year. We are currently featuring the following outstanding VITA employees in our logo (from left to right): David Jones, Mail and Supplies Coordinator; Brenda Cary, Systems Software Support; Susie Witter, Director of Human Resource Management Services; and Jeff Deason, Director of Security Services. Their combined state service represents more than 40 years of contributions to the Commonwealth.

Table of Contents

Quarterly Highlights

Final Phase of Integration Completed

Integration of 90 Executive Branch agencies was successfully concluded this quarter, in accordance with legislation mandating these agencies transition infrastructure equipment and associated support personnel to VITA prior to January 1, 2005. In the final phase of Integration, 17 large agencies (along with the seven small and medium agencies previously receiving IT support from among them) were transitioned to VITA support in three "waves" during the legislatively mandated July-December 2004 timeframe. This marks a major milestone in the Commonwealth Strategic IT Plan presented in September 2002.

Exhibit A
VITA Growth Through the Integration Stage

VITA Support Profile	Jan 1, 2004	July 1, 2004[1]	Jan 1, 2005
Organization Supported	35	60	90
Locations Supported	47	543	1,497
End Users Supported	669	1,6936	60,000+
Servers Supported	48	1,074	3,000+
Employees Transitioned[2]	6	262	760

[1] July 1, 2004 numbers include VDOT

[2] Includes vacancies, P14's, contractors. Excludes former central IT agencies' staffs (DIT, DTP, VIPNet) totaling 420.

With Integration complete, VITA will now focus on Transformation activities that will serve the Commonwealth, including: further reducing infrastructure costs through leveraging procurements, equipment and staffing; eliminating redundant infrastructure; strengthening IT investment management; redesigning business processes; and promoting collaborative programs—all with an emphasis on improving direct services to our citizens and those who do business with the Commonwealth.

Integration In Review

The Integration Stage provided for the assimilation on an "as-is;/where-is" basis of the personnel and infrastructure assets transitioning to the Commonwealth's newly formed IT utility. Establishing VITA's basic organizational structure and gaining an understanding of the state's existing IT asset base were key components of Integration, providing a foundation for the consolidation and modernization initiatives to be taken up in the next stage, Transformation.

Significant changes in the way the Commonwealth conducts its IT business were also important Integration activities, laying essential groundwork for the Transformation to follow. Among such significant accomplishments during the just-completed 18-month Integration stage were groundbreaking efforts in *procurement*, *governance and oversight*, *service improvements,* and *customer and local government outreach*, as highlighted below.

Procurement Initiatives

During Integration, VITA completed the centralization of Executive Branch IT procurement. Several major Procurement Reform initiatives were launched, including reverse auctions and commodity IT contracts. VITA is also increasing opportunities for Small, Women- and Minority-Owned (SWAM) businesses, including a target of $7.5 million in increased IT spending with SWAM firms as well as the hiring of a Supplier Outreach Coordinator.

Taking advantage of one of the Commonwealth's latest innovations in procurement, VITA is currently considering comprehensive unsolicited proposals for both IT infrastructure consolidation/modernization and enterprise applications under the Public-Private Educational Facilities and Infrastructure Act of 2002 (referred to as PPEA).

Governance and Oversight

A major impetus for the creation of VITA, its supervisory Information Technology Investment Board (ITIB), and the position of Commonwealth CIO was concerns regarding whether scarce IT dollars were being appropriately invested and the expected returns received. Studies by the Auditor of Public Accounts and the Joint Legislative Audit and Review Commission indicated hundreds of millions of dollars lost in failed projects, efforts that fell short of meeting business objectives, and duplicative systems.

The ITIB and Commonwealth CIO, with VITA staff support, have now created a more cohesive, business-oriented process for selecting and managing major IT investments, including a continuous evaluation of incoming project requests for collaboration opportunities. To complement monthly self-reporting by sponsor agencies, an Independent Verification and Validation (IV&V) program is currently being instituted for all major projects. A successful Project Manager Development Program has also been launched, with over 800 participants in its various components.

Service Improvements

Perhaps the biggest challenge in the Integration effort was accommodating the complex logistics of transitioning people and technology while still continually providing existing technology services on a day-in, day-out basis. It is a tribute to staff efforts within both VITA and its customer agencies that service commitments and deadlines were consistently met or exceeded throughout the Integration Stage.

While Integration emphasized a "same faces, same places" theme, it was about more than just maintaining the status quo. Opportunities for improving services in the near-term were actively pursued, both for their immediate value and to set the stage for longer-term Transformation activities. VITA was able to implement standard minimum compliance for security practices and software licensing across all transitioning agencies. The Commonwealth CIO and ITIB have also identified fourteen "quick win" savings initiatives

that will provide up to $6.7 million in FY 05 to offset the administrative fee VITA receives for providing Integration support.

Taking advantage of identified collaboration opportunities, VITA is also working with potential beneficiary agencies to implement several new "shared services". Collaboration efforts either in operation or under active development include:

- Enterprise Licensing System

- Government-to-Government Enterprise Systems Interface

- Enterprise Geographic Information System

- Statewide Alert Network

- Learning Management System

- Small Agency E-Mail Services

These efforts represent the initial steps in reversing the long-standing trend of spending scarce IT dollars on duplicative systems throughout the Commonwealth.

Customer & Local Government Outreach

In the 2004 Survey of Local Government Officials conducted by the UVA Weldon Cooper Center of Survey Research, senior local government officials across the state cited technology issues as three of the top 10 challenges facing local government. In the survey, these officials pointed to improved cooperation and communication between state and local government as an essential step to meet these challenges.

VITA has launched an outreach program to establish a dialogue with localities throughout the state and to develop strategic relationships. Presentations and discussions have been held with organizations representing the interests of local government including the Virginia Association of Counties, (VACo), Virginia Local Government Information Technology Executives (VaLGITE), Virginia League of Social Service Executives (VLSSE), Government to Government Virginia (g2g-Va.), and regional CIO councils.

In support of a strong positive relationship with localities, VITA has created a new executive position, Enterprise Service Director (ESD), to act as primary IT liaison between VITA and local government. VITA has also begun efforts to form a special local government advisory group to explore how state and local government can use technology to improve the delivery of services to the citizens, create cost effective shared computing environments, and provide enterprise solutions to common business problems.

Leveraging the buying power of state and local government through joint procurements and coalitions offers yet another opportunity for significant savings to localities in the purchase of technology goods and services. Examples include:

- Substantial cost savings have been reported recently by localities and public school systems that have purchased telecommunications services under new statewide contracts negotiated by VITA.

- VITA has CoVaNet circuits to 207 local entities across the state to enable the localities to have access to records stored on the VITA mainframes. In some cases these circuits also provide Internet access for the localities.

- VITA has established E-rate accounts under its MCI contract for school districts and library systems across the state, allowing the schools and libraries to benefit from the E-rate program for significant savings. VITA now has a total of 36 school districts and library systems taking advantage of this program for Internet and/or long distance services across the state.

- Under its new six year contract with Verizon, VITA has signed new agreements to expand the outreach program for local Centrex service to 12 localities and school districts, with significant associated savings.

In total, use of statewide services and contracts managed by VITA will save local governments an estimated $7.7 million in FY 05. VITA will continue to reach out to all Virginia cities, counties, towns, and school districts, and expects local use of its statewide services and contracts to increase significantly in 2005.

Transformation Begins

Transformation involves changing the way the Commonwealth conducts its business. Truly transforming initiatives bypass modest, incremental improvements to focus on breakthrough initiatives offering substantial returns on investments and/or landmark improvements in customer service.

In the state IT arena, Transformation takes on two essential directions:

- Modernizing the technology infrastructure, providing a cohesive, cost-effective, and scalable foundation for high capacity/high capability services where and when needed by the Commonwealth's lines of business; and

- Reengineering business processes to take advantage of that infrastructure in providing substantial value-add to Virginians and those who do business in the state.

Both directions optimize their potential by including within their respective scopes interoperability and collaboration with local governments and federal agencies. Both are also well-represented in VITA's near- and longer-term Transformation activities.

Priorities for 2005

To achieve the objectives of Transformation, the Information Technology Investment Board's and Commonwealth CIO's priorities for calendar 2005 are:

- Pursuing public/private partnerships, via PPEA, for the transformation of the state's IT infrastructure to a more efficient, effective and citizen-centric service environment.

- Encouraging the identification and development of enterprise-wide systems to capture economies of scale and improve service offerings.

- Recapitalizing IT in government, providing more cost-effective platforms from which to launch service improvements.

- Improving the reliability of agencies' cost savings/cost avoidance estimates, including achieving a better understanding of these terms among all stakeholders.

- Developing and supporting a strategic approach to IT investment management in the Commonwealth.

- Revising the Commonwealth's four-year Strategic IT Plan.

- Benchmarking the Commonwealth's performance relative to other states.

- Promoting collaboration among all levels of government to provide more rational, coherent delivery of citizen services.

- Expanding direct citizen services to accommodate a mobile population (i.e., E-Government).

- Improving citizen access to Web-based services by expanding broadband deployment throughout the state.

The Value of Transformation

Since July 2003, VITA has implemented numerous information technology initiatives that have resulted in savings or cost avoidance to Commonwealth agencies. Such initiatives range from improvements in statewide telecommunications contracts to several procurement reforms and initial near-term infrastructure consolidations. Other initiatives are planned as VITA moves into the Transformation Stage of the consolidation.

Exhibit B
Projected Value of Transformation
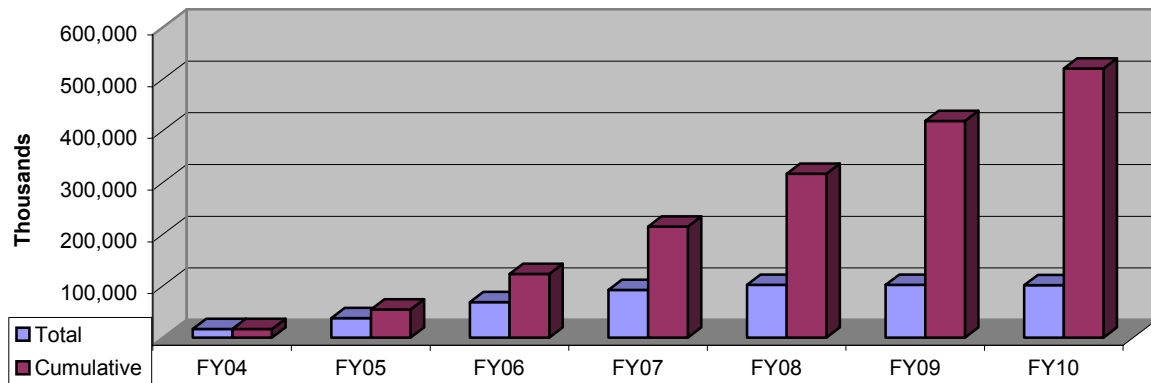
	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Cost Savings	15,665	25,431	51,743	69,954	74,757	75,321	74,620
Cost Avoidance	875	12,175	16,921	22,003	27,003	27,003	27,003
Total	16,540	37,606	68,664	91,957	101,760	102,324	101,623
Cumulative	**16,540**	**54,146**	**122,810**	**214,767**	**316,527**	**418,851**	**520,474**

These figures include calculated savings from a variety of sources including, but not limited to, federal funds, state general fund dollars, and special funds. A portion of the cost savings shown have been withdrawn from the agencies budgets for FY 05 and FY06 and are not reflected in years beyond FY06.

The projected seven-year financial impacts of these initiatives are shown by fiscal year in Exhibit B. It is important to recognize that to achieve these projections, upfront investments will be required. It is VITA's intent to use generated savings from such initiatives to fund continued Transformation activities.

Information Technology Investment Board Highlights

Board Meetings/Board Chair--During this quarter, the Information Technology Investment Board (ITIB) met on October 13 and December 8. At its October meeting, the Board elected The Honorable Eugene J. Huang, Secretary of Technology, as Board chairman. Previous chairman George C. Newstrom resigned effective October 1.

Audit Organization--At its October 13 meeting, the ITIB approved an Audit Charter to guide internal audit procedures within VITA and the role of the Board in those procedures. The ITIB also authorized the recruitment of an audit director, expanded the Finance Committee by two Board members, and renamed that committee the Finance and Audit Committee as a result of its added audit responsibilities. The committee is now in the process of interviewing finalists for the audit director position, with a target of having the position filled by mid-January.

Strategic Issues and Directions--With the ITIB's governance structure in place and functioning routinely, including Board/CIO operating relationships and reporting responsibilities, the Board and its committees have begun to address more strategic issues. Recent discussions at Board and committee meetings have dealt with a number of significant long-term issues, including:

- Determining and pursuing opportunities for enterprise systems on a proactive (vs. reactive) basis.

- Minimizing duplicative systems investments and eliminating major IT project failures.

- Effecting behavioral and cultural change to place greater emphasis on citizen-centric approaches to service delivery and on lowering costs for taxpayers.

- Focusing on the strategic redesign of business processes in state government, supporting transformations in other common operations in addition to technology.

- Leveraging technology investments to support economic development and the creation of new jobs in the Commonwealth.

As part of their respective statutory responsibilities, the Board in concert with the CIO will have the opportunity to more formally address these issues via their update of the Commonwealth's four-year Strategic IT Plan during 2005.

Other significant actions of the Board are included in relevant topic areas throughout this Quarterly Report. Future meetings of the Board for calendar 2005 are:

February 9	August 10
April 13	October 12
June 8	December 14

For additional information on ITIB actions and activities, visit
http://www.vita.virginia.gov/ITIB/ITIB.cfm.

The Council on Technology Services and Collaboration

One of the vehicles available to the Commonwealth CIO to foster IT collaboration is the Council on Technology Services (COTS). COTS was initially formed in 1998 to provide advice and assistance on enterprise IT issues. As a result of the creation of VITA and changes to the *Code of Virginia*, COTS was reconstituted and re-chartered to advise the Chief Information Officer (CIO) of the Commonwealth. The CIO appointed new members in November 2004, and the Council held its inaugural meeting on December 16.

COTS provides a forum to bring together business and technology leaders from all three branches of state government, institutions of higher education, and localities to identify collaboration opportunities, with the ultimate goal of improving citizen services and increasing efficiencies. For more information on COTS, visit http://www.vita.virginia.gov/cots. Future meeting dates for COTS for 2005 are February 16, April 20, June 15, August 17 and October 19.

VITA Performance Measures

VITA's Performance Measurement system was presented to the Information Technology Investment Board at its December 8 meeting. This system will provide performance information to VITA's management, employees, customers, stakeholders and other key groups. The planned timetable for the system's implementation is as follows:

December 2004 –	Establish CIO Enterprise Dashboard
January 2005 -	Receive data for all VITA measurements
February 2005 -	Establish agency Directorate Dashboards
Spring 2005 -	Prioritize agency functions for improvement

Agencies Service Survey

As directed by the Commonwealth CIO, VITA's Enterprise Service Directors (ESDs) conducted interview surveys with all in-scope agencies and their Secretariat management. This survey was conducted prior to the agency's major external customer survey, which is to be completed in the spring of 2005. The purpose of the ESD survey was to establish a customer service baseline with VITA's direct customers prior to the completion of Integration.

The interview-based survey was conducted with executive branch Agency Information Technology Resources (AITRs) and deputy cabinet secretaries. Respondents were asked to rate various VITA work units and activities on a 1 to 10 scale of customer satisfaction, with 10 indicating the highest satisfaction.

VITA's overall score of 7.1 can be viewed as very favorable as an initial benchmark, given the significant changes and requirements agencies have be asked to absorb in the relatively short timeframe of the past 18 months. Highlights of the survey show areas that touch customers on a regular basis, such as Desktop Support and ESD/SLD Support, receive high

marks. Areas showing room for improvement, such as Supply Chain Management and Strategic Management Services, will be further researched to fully understand the basis of concern, and appropriate plans will be implemented.

VITA is working with the University of Virginia's Center for Survey Research to conduct a more formal and extensive customer service survey in the spring of 2005.

Key Initiatives

Quick Wins

In June 2004, the Information Technology Investment Board approved fifteen "quick win" savings initiatives designed to provide cost savings of $6.7 million in FY 05. Six of these initiatives, with a value of $5.3 million, are complete and on target for realization of these savings amounts by the end of the fiscal year. These include the local phone service contract renegotiation, small server consolidation, contractor-to-employee conversions, restructuring VITA operations, and additional revenue generation. Another $1.2 million in initiatives are active and additional initiatives are under review. These savings will be used in FY 05 to offset the administrative fee VITA receives from agencies for providing Integration support.

Small, Women- and Minority-Owned (SWAM) Initiative

VITA is committed to strengthening the Commonwealth's economic growth through the use of entrepreneurial endeavors with its small, women-and minority-owned (SWAM) IT suppliers, which can often provide value-added IT goods and services not readily available through large corporations. VITA has taken steps during the last quarter of 2004 to operationalize this commitment and has set a goal to increase SWAM participation to 40% of SWAM-eligible expenditures ($7,004,500 direct and $400,000 indirect). VITA has also hired a Supplier Outreach Coordinator to work with these suppliers and facilitate access to IT procurement opportunities with VITA. The position also allows VITA to target opportunities for its SWAM suppliers through statistical data and market analysis.

Customer Service

Service Management

A Service Management program is being created as part of VITA's customer centric approach to service. Service Management will represent VITA services throughout the service lifecycle to ensure performance expectations are achieved and price-to-feature characteristics are competitive to the open market. This function, along with VITA's Enterprise Service Directors (ESDs--at the Secretariat level) and Service Level Directors (SLDs--at the customer agency level), will be VITA's primary customer interface, responsible for maintaining positive relationships and delivering services that meet business needs.

Exhibit C shows the Service Management role as the conduit between VITA internal operations and VITA's outward facing ESDs and SLDs. Staffing for the service management function is being drawn from three VITA directorates—Customer Operations, Data Center

Operations, and Telecommunications & Network Services—as part of ongoing initiatives to improve the customer focus of those activities.

Exhibit C
Service Management "Conduit" Role
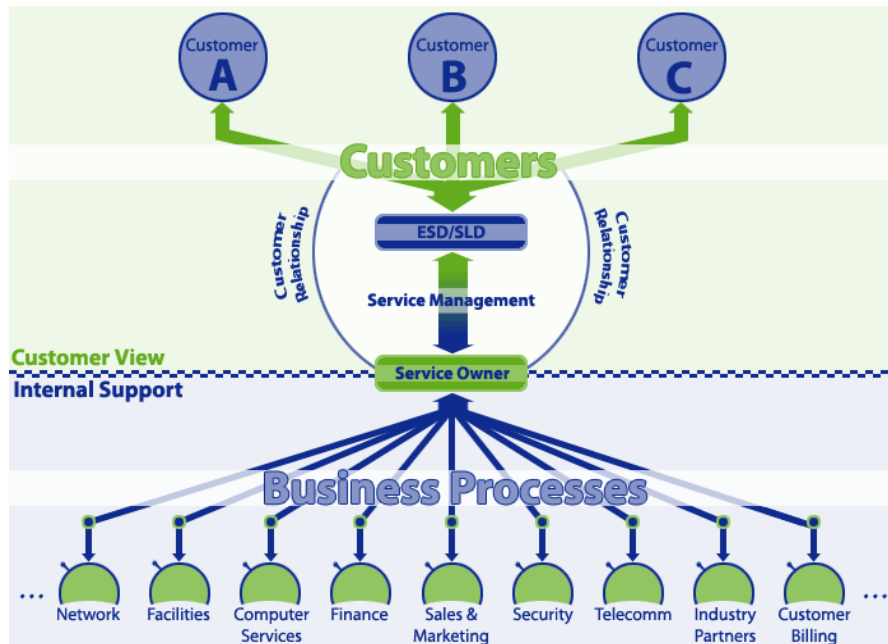
VITA Customer Care Center

The VITA Customer Care Center (VCCC) handles helpdesk services and service requests received by telephone and e-mail. The VCCC exceeds industry standards in terms of responsiveness and call resolution. Exhibit D illustrates VCCC goals and actual data from July through November 2004.

Exhibit D
VCCC Call Resolution

	Goal	Actual Q1	Actual October	Actual November
Answer incoming calls in less than 60 seconds	over 50%	89%	92%	93%
Incoming calls answered	over 94.5%	98.17%	98.03%	98.63%
Calls abandoned	under 5.5%	1.83%	1.97%	1.37%
Average wait time for abandoned calls	under 160 seconds	43 seconds	37 seconds	27 seconds

The VCCC has established internal performance measures and targets for response time and resolution time for desktop and server-related problems. Exhibit E shows the percentages of desktop/server targets achieved from April through November 2004.

Exhibit E
VCCC Call Resolution

Month	# of Inquiries	% closed in time
April	332	73%
May	1,854	83%
June	2,406	83%
July	2,510	85%
August	3,358	83%
September	3,384	81%
October	3,410	84%
November	3,401	85%

VITA Base Services

As can be seen in Exhibit F below, the VITA Operations Center continues to meet or exceed all of its performance availability targets. In this Dashboard, availability measures the percentage of time the production servers supporting the environment are available (excluding scheduled maintenance and downtime).

Exhibit F
Infrastructure Services Dashboard

| Description | Target | --------------Actual Period----------- | | | Status |
		Sept 2004	Oct 2004	Nov 2004	
Production Mainframes (MVS) Availability	99%	100.00%	100.00%	99.90%	Green
Production Mainframes (Unisys)	99%	99.99%	99.99%	100.00%	Green
Production VITA Central Data Center Unix Server Availability	99%	99.95%	99.62%	99.86%	Green
Production VITA Central Data Center Windows Server Availability	99%	99.47%	99.32%	99.40%	Green
Availability of VITA-installed COVANET Circuits	99%	99.30%	99.20%	NA	Green

■ Green: Meeting or exceeding	■ Yellow: Warning - consider corrective action to meet targets	■ Red: Problem - immediate corrective action required

The measurements reflect the status of servers and systems at the VITA central data center or controlled by the VITA network staff—servers and networks at agency locations will be

measured after the VITA Network Information Center (VNIC) and VITANet are installed and operational.

Capitol Campus Construction

VITA continues to take advantage of renovation and/or reconstruction of state buildings in and adjacent to Capitol Square in expediting the consolidation of IT infrastructure and improving services for affected customer agencies. In concert with the Department of General Services, VITA is upgrading and expanding Metropolitan Area Network (MAN) Services in the Richmond area to support such efforts. DGS servers were moved to the VITA Operations Center over the Columbus Day weekend in October. Further such moves are anticipated in future months as construction in the area and associated moves impact additional customers.

PPEA Opportunities

The Public-Private Educational Facilities and Infrastructure Act of 2002 (referred to as PPEA) continues to be a promising vehicle for approaching future Transformation initiatives. During the current quarter, VITA's PPEA Review Committee completed its review of four competing PPEA proposals and recommended a Course of Action to the IT Investment Board and the Secretary of Technology. Ultimately, the Governor approved the Course of Action, which calls for the establishment of two tracks for Detailed Review:

- An Infrastructure category, in which IBM and Northrop-Grumman will prepare detailed proposals; and
- An Enterprise Applications category, in which CGI-AMS and IBM will submit detailed proposals.

VITA will manage the Infrastructure category and will form an Infrastructure PPEA Steering Committee that, together with VITA's Program Management Office, will oversee the development of the proposals. The Secretaries of Administration and Finance will jointly oversee the Enterprise Applications track and will convene a Program Management Office and Enterprise Applications PPEA Steering Committee to support that role.

On the Infrastructure side, VITA intends to work jointly with the two proposers to perform a due diligence effort, baselining current assets, services, service levels and costs. Upon completion of that effort, VITA will engage each proposer separately to identify and detail the services and service levels that it seeks in a public-private partnership. The proposers will then document their final detailed phase proposals and submit them for review, which is expected to be completed by June 2005. If either or both of those proposals are selected, VITA and the proposer(s) will negotiate the terms and conditions to be incorporated into the Comprehensive Agreement for review and approval.

It is anticipated that the Detailed Review Phase on the Enterprise Applications track will be handled in a similar manner. VITA will provide Project Management Office-type support to the Enterprise Applications effort.

VITA did not receive any new PPEA proposals in this period. The agency did, however, initiate consulting support to the Department of Social Services (DSS), which received and posted a proposal for competition.

Collaborative Solutions

From its inception, the Information Technology Investment Board (ITIB) has focused significant attention upon the identification and pursuit of multi-agency and intergovernmental collaboration initiatives. Initially, the IT investment approval and project oversight processes, under the purview of the ITIB and the Commonwealth CIO, provided the primary opportunities for discovering such collaboration possibilities from among agencies' proposed projects and procurements. As the Board refines its IT Investment Management procedures, it is moving from a reactive to a more proactive mode in defining categories where such opportunities likely exist and then channeling agencies' attention towards them.

Outlined below are six such collaborative solutions, either already in operation or well along in their planning and development. As further collaborative solutions are identified and agencies' efforts marshaled around them, additional initiatives will be added to this growing list.

Learning Management System (LMS)

The enterprise Learning Management System promotes inter-agency sharing of training best practices and course materials and access to learning opportunities through a common portal. Employees across the Commonwealth will login and access Web-based training, enroll in instructor-led training, and access online libraries and references. The Department of Human Resource Management is the business owner, and VITA is the contract holder. Based on the updated implementation schedule provided by the application software vendor, the "go live" date for the eight agencies collaborating in the LMS effort is now set for January 2005.

Statewide Alert Network (SWAN)

SWAN is a secure, statewide alert notification system, providing automated alert messages to users through a variety of formats and media, such as telephone, fax, e-mail, pagers, and other wireless devices. The system is in active use at the Virginia Department of Health (VDH), and activities during this quarter have focused on deployment of additional SWAN Web portals for the Virginia Department of Emergency Management (VDEM) and All Virginia (a shared, non-agency specific portal). These deployments complete the initial procurement contract with the SWAN supplier.

Work has already started on two enhancements, an interface to a geographic information system (GIS) to allow graphical selection of alert recipients, and a volunteer management and alerting module. Though both were requested by VDH, the features will be available to all users of the SWAN system. Requirements for each enhancement have been provided to the system supplier, with planned deployment in the first quarter of 2005.

Enterprise Licensing

VITA and VIPNet continue to work with the Department of Professional and Occupational Regulation (DPOR) and other interested agencies on an enterprise licensing solution, based on System Automation's License 2000 product. Within the Commonwealth, there are 32 state regulatory entities tasked with providing professional/occupational licensing, permitting, certification, and/or registration services to approximately 1.5 million customers. Currently, only three agencies offer online licensing solutions.

The enterprise contract with System Automation was signed in October. DPOR is the initial agency to begin development, with a projected August 2005 implementation. DPOR's project charter has now been approved for development by the Commonwealth CIO, and the project kick-off was held on November 19.

Enterprise Geographic Information Systems (GIS)

Geographic Information Systems (GIS) has been designated as an enterprise application by the Information Technology Investment Board. During the quarter, Timmons Group, the consultant retained by VITA to develop an Enterprise GIS Business Plan, completed its work. Utilizing extensive survey information provided by 18 participating agencies, plus input and feedback obtained from six GIS "town halls" and an additional intensive work session, Timmons developed a plan that also incorporated best practices gleaned from other states' experiences in inter-agency and state/local GIS collaboration.

The Enterprise GIS Plan identifies the following offerings to be provided on a shared services basis:

- *Geospatial Data Library and Data Exchange Services*—Manages all GIS data exchanges via a Geospatial "One-Stop" Service. Data can be downloaded or transferred as needed. Data is updated in the Library based on an assessment of enterprise user needs. Extensive documentation on data layers (metadata) is also available through a Web-based search engine.

- *Internet Map Services*--Enables users to remotely access and use centrally-maintained digital data layers (i.e. imagery, roads and addresses, etc.), fully integrating those layers into their work, applications, and displays. For the vast majority of GIS user organizations, this service virtually eliminates the time, expense, and expertise required to set up and maintain their own local GIS capabilities.

- *Virginia Base Mapping Program (VBMP)*—Provides for the collection and maintenance of base map and other critical data (i.e., critical infrastructure data, multi-user data), streamlining data management (particularly with over 134 local government partners), and ensuring consistent, accurate, and current data that meets enterprise standards.

- *Geospatial Production Services*—Offers customized, on-demand geospatial services (for project-specific fees) including (1) analysis and mapping, (2) geospatial project management, (3) geospatial data collection and maintenance, (4) geospatial application development and hosting, and (5) geospatial consulting.

The plan projects positive "value-adds" back to the participating agencies under a wide range of assumptions regarding the costs of current and future GIS activities. Detailed implementation planning has already begun and will extensively involve customer agencies.

The target for having a pilot installation ready for demonstrations is March 2005, with routine operations, including approved service fees, anticipated to begin in July 2005.

Government to Government (G2G) Enterprise Systems Interface (GESI)

VITA continues its collaboration with localities and the Department of Social Services (DSS) to provide the Government to Government (G2G) Enterprise Systems Interface (GESI)--a secure server environment and technical infrastructure in which to host shared applications that facilitate data exchanges between localities and multiple state systems.

Service rates and service agreements continue under development for the pilot application to be hosted under GESI--the Human Services Interface (HSI). DSS is participating as the Commonwealth business owner and VITA as the service provider for the enterprise initiative. VITA expects the service to be available in February 2005.

E-Mail Consolidation

VITA is approaching the e-mail consolidation effort in three distinct phases:

- Phase 1 will create a centralized shared e-mail service for small agencies, offering advanced features many of them do not currently enjoy. Equipment to support this service is now in place, and initial customers will begin to use the service in January 2005.

- Phase 2 will be a detailed enterprise due diligence study to reveal specific attributes about the Commonwealth's current e-mail usage. A statement of work is completed and interviews for a project manager were conducted in December.

- Phase 3 of the e-mail consolidation project will consider the results of the Phase 2 study and select an implementation strategy for execution.

Strategic Planning and Portfolio Management

The *Code of Virginia* requires a process for the submission to, and Commonwealth CIO approval of, agency IT plans. The *Code* also calls on the ITIB to report its recommendations for funding priorities for major IT projects to the Governor and General Assembly every September 1.

On December 8, the current Recommended Technology Investment Projects (RTIP) structure and process was presented to the ITIB IT Project Review Committee (ITPRC) for review and discussion. The concepts of IT portfolio management were discussed to improve the understanding of the RTIP IT Investment Management process.

The next step in the RTIP process will be a January ITPRC workshop to define and establish the IT Portfolio analysis criteria and evaluation criteria, and to identify the desired outcomes for the 2005 RTIP reporting. The RTIP schedule will then be developed and submitted with the proposed criteria at the February Board meeting. Data collection via the IT Strategic Planning Process will begin once the RTIP requirements have been approved by the ITIB. The proposed timetable for the overall process is outlined in Exhibit G below.

As additional input to the RTIP process, the ITPRC is looking to improve its understanding of the business needs of state agencies via a series of cabinet secretariat presentations. The first such presentation, at the committee's December 8 meeting, was provided by Deputy Secretary of Public Safety Barry Green on behalf of his secretariat's agencies. The presentation addressed Public Safety agencies' lines of business, their critical business issues and priorities, and major technology initiatives. Similar presentations covering the other secretariats will be scheduled in the coming months.

Exhibit G
Proposed Major IT Projects Timetable

Milestone	Timetable
Present RTIP Structure and Process to the ITPRC for Review and Discussion	Completed
Conduct RTIP Development Workshop	January 2005
Approve RTIP Schedule and Criteria	February 2005
Approve RTIP Report and Content	April 2005
Deliver RTIP Draft Report for Review	June 2005
Approve RTIP Final Report	August 2005
Deliver RTIP Final Report	September 2005
Conduct RTIP Lessons Learned	October 2005

Commonwealth IT Project Portfolio

The Commonwealth IT Project Portfolio is a dynamic collection of proposed and active major technology projects. Exhibit H is a tabular depiction of the project portfolio showing the number of projects in, and dollar value of, each category.

Dividing the IT Project Portfolio into these categories facilitates tracking projects through the project life cycle and periodic reporting to the ITIB. The projects in the "Approved for Development" category are delineated separately to specifically highlight quarterly actions by the ITIB.

Exhibit H
Commonwealth Major IT Project Portfolio Summary
as of December 15, 2004

	No. of Projects	Project Cost (Estimate At Completion)
Identified for Preliminary Planning	7	$15,623,000
Recommended for Planning	0	$0
Approved for Planning (by CIO)	63	$355,938,592
Recommended for Development Approval (by Secretarial Oversight Committee & CIO)	0	$0
Approved for Development (by IT Investment Board)	0	$0
Active Projects	31	$758,599,531
Suspended Projects	0	$0
Completed Projects (previously Projects Pending Closeout)	6	$321,097,365
Cancelled Projects	0	$0
ITIB Terminated Projects	0	$0
Instructional/Research	9	$15,711,823
Commonwealth Totals	**116**	**$1,466,970,311**

Exhibit I provides summary statistics by category of changes to the IT Project Portfolio since the September, 2004 VITA Quarterly Report. One new project was approved for planning. Six active projects were completed. One suspended project was returned to active status. Funding was adjusted for several projects.

Exhibit I
Changes in the IT Project Portfolio
September 15, 2004 – December 15, 2004

Portfolio Category	Net Change in # of Projects	Net Change in $$ Value* (in millions)
Identified for Preliminary Planning	0	$0.00
Recommended for Planning	0	$0.00
Approved for Planning (by CIO)	1	+$2.73
Recommended for Development Approval (by Secretariat Oversight Committee & CIO)	0	$0.00
Approved for Development (by IT Investment Board)	-2	-$13.05
Active Projects	-3	-$302.11
Suspended Projects	-1	-$1.40
Completed Projects (previously Projects Pending Closeout)	6	+$321.10
Cancelled Projects	0	$0.00
ITIB Terminated Projects	0	$0.00
Instructional/Research	0	$0.00

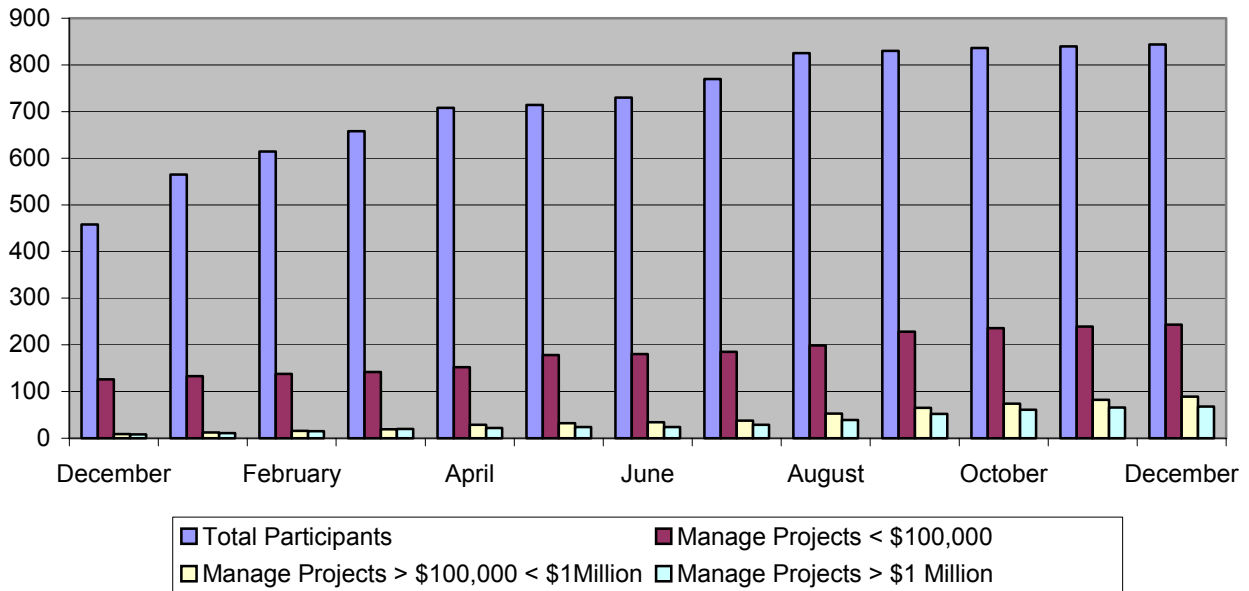* Change in Total Dollar Value of Project Cost (Estimated at Completion)

Program Management

Over the last quarter, VITA staff has continued to refine the various components of Program Management to meet specific *Code* mandates.

Participation in the Project Manager Development Program continues to grow steadily. Results to date, in terms of numbers of participants and those meeting qualification requirements for various levels of projects, are shown in Exhibit J. A similar growth pattern in meeting the various levels of qualification requirements is expected over the next quarter.

The *Commonwealth Project Management Standard* was promulgated in October 2004 with an effective date of November 1, 2004. The Project Management Standard establishes the required agency processes and documentation for all information technology (IT) projects in the Commonwealth of Virginia having a total cost greater than or equal to $100,000. The expected outcome or result of implementing this standard is increased IT project success through sound investment decisions, management commitment and oversight; implementation of a best practice based project management methodology; and defined processes that measure and evaluate project progress throughout the project lifecycle.

Exhibit J
Participation in the Project Manager Development Program

Legend:
- Total Participants
- Manage Projects < $100,000
- Manage Projects > $100,000 < $1Million
- Manage Projects > $1 Million

Implementation of this standard will ultimately achieve a higher return on investment by promoting the use of sound management practices appropriately scaled to fit each project. This standard uses a complexity rating to determine the degree of management and documentation required in detailed planning, execution, and closeout. The goal is to apply just the right amount of management control and documentation needed for a specific project to succeed.

Remaining Program Management milestones are listed in Exhibit K. As noted below, the timetable for achieving several milestones has been impacted by resource constraints, including both the availability of general funds and the assignment of personnel to high priority Integration and PPEA activities.

Exhibit K
Remaining Program Management Milestones

Milestone	Timetable
Publish Commonwealth Project Management Standard	Completed
Develop and Implement Web-based Project Proposal and Charter Submission process	TBD – Resource Constraints
Review and Revise PM Guidelines	Jan-05
Review and Revise PM Selection and Training Standard	Feb-05
Continue Development and Implementation of Information Clearing House:	
Deliver best practices and lessons learned capability	Completed
Deliver project manager bulletin board	Completed
Deliver PM news and recognition page	Completed

Milestone	Timetable
Deliver major projects information search capability	TBD - Resource Constraints
Deliver vendor information search capability	TBD - Resource Constraints
Deliver new developments page	TBD - Resource Constraints
Deliver project mentor page	TBD - Resource Constraints
Project Manger Development Program:	
Revise Commonwealth PM Overview Training	Completed
Provide Commonwealth PM Overview Training	Completed
Provide Revised Commonwealth PM Overview Training	Jan-05
Implement Project Mentorship Component of PMDP	TBD - Resource Constraints
Complete Phased Implementation of PM Selection and Training Standard	May-05

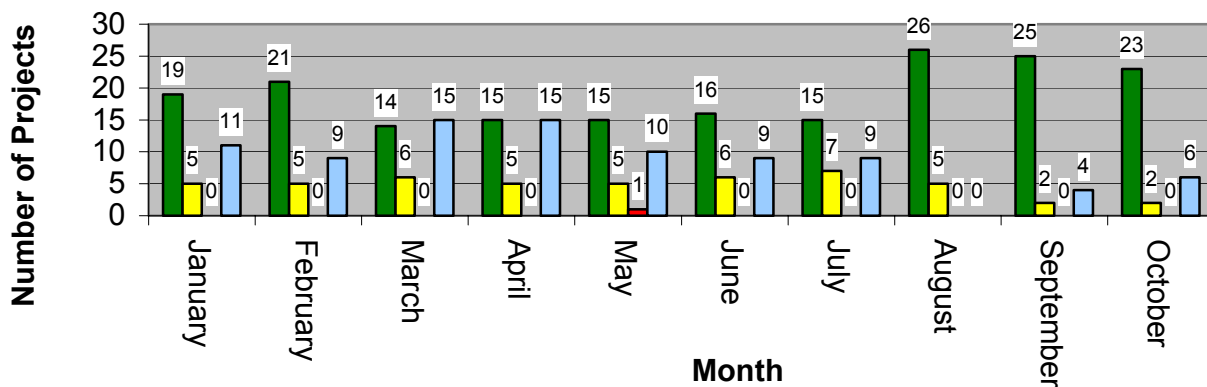# Project Oversight and Reporting

The Commonwealth Major IT Project Status Report Dashboard continues to be the primary management tool for supporting the oversight of major IT projects at all management levels. The Dashboard presents the CIO, sponsoring Secretariats, and proponent agencies with a succinct and timely summary of the status of their major projects.

Each month the overall status of a project is evaluated as either:

- Green: On Track
- Yellow: Warning—consider corrective action or monitor previous corrective action
- Red: Problem—immediate corrective action required
- Blue: Not Evaluated

Exhibit L indicates the status of Dashboard projects through the latest reporting period.

Exhibit L
Major IT Projects Status Dashboard Evaluation Summary

Independent Verification and Validation (IV&V)

As a key refinement in project oversight activities, the IT Investment Board has directed the development of a more consistent and comprehensive Independent Verification and Validation (IV&V) program for major IT projects. CACI, Inc. was retained to develop the procedures and templates for this program, including reviewer qualifications and reporting requirements.

The Commonwealth CIO has directed that all current major projects receive a review under these new procedures by January 12, 2005. Five teams, selected from four of the firms and associated subcontractors available under the current Advanced Services contracts, are in the process of conducting the initial IV&V reviews. Fifteen reviews were completed as of December 15. It is anticipated that this revised IV&V program will both reinforce and increase confidence levels in the timeliness and accuracy of Dashboard reporting.

November 2004 JLARC Submission

On November 8, the Joint Legislative Audit and Review Commission (JLARC) approved revisions to five rates for existing telecommunications and computer services provided by VITA. Effective November 1, 2004, the rate changes represent adjustments based on demands for and use of services. VITA is committed to providing competitive rates and meeting mandates to ensure rates are set at a level sufficient to recover costs and not generate surpluses. In addition, JLARC approved the establishment of rates for three existing services and two new services.

VITA periodically requests product line rate adjustments to meet these commitments. The total net impact to agencies for these changes and new services is $1.6 million, which represents a very small fraction of the total IT spend.

October 2004 Financial Results

Financial activity through the first four months of fiscal year 2005 in all funds, as shown in Exhibit M, was as expected. The FY 2005 approved budgets were adjusted where appropriate for changes occurring since that time. The large decrease from the Approved Budget results primarily from the reclassification of the Virginia portal program's (VIPNet) budget data.

Exhibit M
October 2004 Financial Results

	FY2005 Approved Budget	FY2005 Adjusted Budget	October 2004 Actual Results
Operating Revenues, incl transfers in	$291,643,258	$258,062,096	$63,306,736
Expenses, incl transfers out	295,155,701	261,828,742	65,269,426
Net Change	(3,512,443)	(3,766,646)	(1,962,692)
Retained Earnings, July 1	40,976,611	45,267,229	45,267,229
Ending Retained Earnings	$37,464,168	$41,500,583	$43,304,539

Financial Statements

Financial statements for the Virginia Information Technologies Agency as of October 31, 2004, are provided on the following pages:

- Combined Balance Sheet for Internal Service Funds—Exhibit N
- Combined Statement of Revenues, Expenses, and Changes in Net Assets for Internal Service Funds—Exhibit O
- Combined Statement of Cash Flows for Internal Service Funds—Exhibit P
- Combined Statement of Revenues, Expenses, and Changes in Net Assets for Enterprise Funds—Exhibit Q
- Combined Statement of Revenues, Expenses and Changes in Net Assets for General and Special Revenue Funds—Exhibit R

	Actual
Assets	
Current Assets:	
Cash with Treasurer of Virginia	9,026,533
Petty Cash and Travel Advances	8,000
Accounts Receivable	26,759,998
Due From Other Funds	
Due from Commonwealth of Virginia	
Prepaid Expenses	1,579,193
Total Current Assets	37,373,724
Noncurrent Assets	
Depreciable Capital Assets, Net	18,114,860
Total Assets	55,488,584
Liabilities	
Current Liabilities:	
Accounts payable	6,915,057
Notes Payable	6,551,366
Advances from Treasurer of Virginia	
Accrued Compensated Absences	1,723,294
Other Deferred Revenue	220,971
Due to Federal Government	311,953
Other Liabilities	
Total Current Liabilities	15,722,641
Noncurrent Liabilities:	
Notes Payable	7,910,388
Accrued Compensated Absences	1,582,644
Total Noncurrent Liabilities	9,493,032
Total Liabilities	25,215,673
Net Assets	
Investment in Capital Assets, Net of Related Debt	6,443,661
Unrestricted	23,829,250
Total Net Assets	30,272,911
Total Liabilities and Net Assets	55,488,584

Combined Statement of Revenues, Expenses, & Changes in Net Assets
Internal Service Funds
For the Period Ended October 31, 2004

	Actual
Operating Revenues	
Charges for Services	47,329,164
Total Operating Revenues	47,329,164
Operating Expenses	
Personal Expenses	15,911,999
Contractual Services	22,110,989
Supplies and Materials	155,486
Educational Assistance and Transfer Payments	386
Rent, Insurance & Other Related Charges	2,902,011
Depreciation	2,893,250
Expendable Equipment/Improvements	748,514
Total Operating Expenses	44,722,635
Operating Income (Loss)	2,606,529
Nonoperating Revenues (Expenses)	
Interest	(122,128)
Depreciation[1]	(28,508)
Reimbursement to Federal Government	
Revenue from the Sale of Recyclable Materials	510
Realized Gain – Assets	28,508
Proceed from Insurance Recoveries	
Sale of Surplus Property	
Loss on Fixed Asset Disposal	
Total Nonoperating Expenses	(121,618)
Income (Loss) Before Transfers	2,484,911
Transfers	
Transfers from Other Funds	
Transfers to the General Fund of the Commonwealth	
Transfers from the General Fund of the Commonwealth	
Total Transfers	
Increase (Decrease) in Net Assets	2,484,911
Total Net Assets, July 1	27,788,000
Total Net Assets, October 31	30,272,911

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[1] The Auditor of Public Accounts, the State Comptroller's Office, and VITA agreed that VITA would recognize a gain on the receipt of transferred assets equal to the amount of depreciation recognized on those assets.

	Actual
Cash Flows from Operating Activities	
Receipts for Sales and Services	1,873,706
Internal Activity – Receipts from Other Funds	34,316,760
Internal Activity - Payments to Other Funds	(1,163,310)
Payments to Suppliers for Goods and Services	(3,514,394)
Payments for Contractual Services	(22,110,989)
Cash Payments to Employees for Services	(16,948,142)
Other	
Net Cash Provided by Operating Activities	(7,546,369)
Cash Flows from Noncapital Financing Activities	
Transfers In from Other Funds	
Transfers Out to Other Funds	
Other Non-capital Financing Disbursements - Payment to Federal Government	(530,822)
Net Cash Used in Non-capital Financing Activities	(530,822)
Cash Flows from Capital and Related	
Financing Activities	
Proceeds from Sale of Equipment	
Acquisition of Capital Assets	(694,150)
Principal Paid on Notes Payable	(2,091,364)
Interest Paid on Notes Payable	(122,128)
Net Cash Used in Capital and Related Financing Activities	(2,907,642)
Net Increase (Decrease) in Cash	(10,984,833)
Cash, July 1	20,019,366
Cash, October 31	9,034,533

Exhibit Q
Combined Statement of Revenues, Expenses, & Changes in Net Assets
Enterprise Funds, For Period Ended October 31, 2004

	Actual
Operating Revenues	
Charges for Services	14,359,094
Total Operating Revenues	14,359,094
Operating Expenses	
Personal Expenses	153,516
Contractual Services	2,751,203
Supplies and Materials	4,672
Rent, Insurance & Other Related Charges	11,027
Depreciation	
Non-recurring Cost Estimate Payments to Providers	15,963,405
Expendable Equipment/Improvements	15,416
Total Operating Expenses	18,899,239
Operating Income (Loss)	(4,540,145)
Non-operating Revenues (Expenses)	
Receipts on behalf of others	9,760,850
Payments for receipts collected on behalf of others	(9,760,850)
Interest	
Expenses from Security Lending Transactions	
Loss on Fixed Asset Disposal	
Total Non-operating Expenses	-
Income (Loss) Before Transfers	(4,540,145)
Transfers	
Transfers to the General Fund of the Commonwealth	
Transfers from the General Fund of the Commonwealth	49,359
Total Transfers	49,359
Increase (Decrease) in Net Assets	(4,490,786)
Total Net Assets, July 1	14,403,865
Total Net Assets, October 31	9,913,079

The Enterprise Funds include E-911 and VIPNet services. The transfer from the general fund is for fourth quarter 2004 interest earnings. Non-operating receipts are from customers using Virginia's portal services and payments are to the state agencies that own the Websites accessed. June 30, 2004 statements are presented on an accrual basis for Commonwealth reporting purposes. All other monthly reports are presented on a cash basis.

Exhibit R
Combined Statement of Revenues, Expenses, & Changes in Net Assets
General and Special Revenue Funds
For Period Ended October 31, 2004

	General Funds	Special Revenue Funds
Revenues	2,380,324	573,273
Expenditures	778,454	718,463
Revenues Over (Under) Expenditures	1,601,870	(145,190)
Other Financing Sources/(Uses)		186,623
Transfers in/(out)		1,751
Net Change in Fund Balance	1,601,870	43,184
Fund Balance, July 1		3,075,365
Fund Balance, October 31	1,601,870	3,118,549

General fund revenues represent general fund appropriations in the 2004 Acts of Assembly, Special Session 1, Chapter 4.

The main components of the Special Revenue Funds are the IFA, PPEA, GIS, Virginia Technology Infrastructure and Federal funds with October 31 fund balances of $577,000, $181,000, 348,000, $300,000, and $1,484,000 respectively.