



# COMMONWEALTH of VIRGINIA

## Virginia Information Technologies Agency

Samuel A. Nixon, Jr.  
CIO of the Commonwealth  
E-mail: [cio@vita.virginia.gov](mailto:cio@vita.virginia.gov)

11751 Meadowville Lane  
Chester, Virginia 23836-6315  
(804) 416-6100

TDD VOICE -TEL. NO.  
711

June 10, 2010

The Honorable Robert F. McDonnell  
Governor of Virginia  
Patrick Henry Building, 3<sup>rd</sup> Floor  
1111 East Broad Street  
Richmond, Virginia 23219

The Honorable James D. Duffey, Jr.  
Secretary of Technology  
Patrick Henry Building, 4<sup>th</sup> Floor  
1111 East Broad Street  
Richmond, Virginia 23219

The Honorable Charles J. Colgan  
Chairman, Senate Finance Committee  
Chairman, Joint Legislative Audit  
and Review Commission  
10660 Aviation Lane  
Manassas, Virginia 20110

Mr. Daniel Timberlake  
Director  
Department of Planning and Budget  
Patrick Henry Building, 5<sup>th</sup> Floor  
1111 East Broad Street  
Richmond, Virginia 23219

The Honorable Lacey E. Putney  
Chairman, House Appropriations Committee  
Post Office Box 127  
Bedford, Virginia 24523

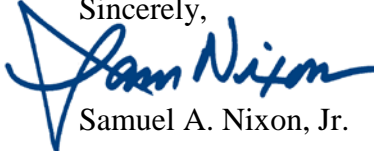
Gentleman:

In accordance with Section I of Item 434 of Chapter 872 of the Acts of Assembly of 2010, I am pleased to present this report on the activities, progress and performance related to the operational and contractual changes as outlined in Amendment 60 of the Comprehensive Infrastructure Agreement between the Virginia Information Technologies Agency (VITA) and Northrop Grumman.

As you are aware, Amendment 60 addressed a number of previously outstanding issues in the areas of performance, accountability, operational efficiencies, and finance. As outlined in this report, together with our partner Northrop Grumman, in the seventy days since the amendment went into effect we have made significant progress in each of these areas. Significant work remains to complete IT infrastructure transformation and to fully implement the improvements begun in the last two months. With the clarity and focus to our partnership efforts provided by Amendment 60, I am confident that we will be successful in those efforts.

I look forward to providing you future updates on our progress. Until then, please contact me if you have any questions about this report or any aspect of the VITA and Northrop Grumman partnership.

The Honorable Robert F. McDonnell  
June 10, 2010  
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Sincerely,  
  
Samuel A. Nixon, Jr.

- c: The Honorable Kathy J. Byron  
Chairman, House Science and Technology Committee
- The Honorable Mamie E. Locke  
Chairman, Senate General Laws and Technology Committee
- The Honorable Joe T. May  
Chairman, Joint Commission on Technology and Science
- The Honorable Yvonne B. Miller  
Chairman, Senate Finance General Government/Technology Sub-Committee
- Ms. Lisa Wallmeyer, Esq.  
Executive Director, Joint Commission on Technology and Science

# Report on Amendment 60

## Comprehensive IT Infrastructure Agreement Activities, Progress and Performance



Virginia Information Technologies Agency



**June 10, 2010**

**Samuel A. Nixon Jr.**  
Chief Information Officer  
of the Commonwealth

**Section I of Item 434 of Chapter 872  
of the Acts of Assembly of 2010**

*I. Fifteen days prior to the June 25, 2010, and December 31, 2010, milestones of the comprehensive infrastructure agreement, the Chief Information Officer shall provide to the Governor, the Chairmen of the Senate Finance and House Appropriations Committees, the Secretary of Technology, the Department of Planning and Budget, and the Joint Legislative Audit and Review Commission a report on activities, progress and performance related to the operational and contractual changes as outlined in Amendment 60 of the comprehensive infrastructure agreement.*

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## Contract Amendment Highlights

Governor Bob McDonnell announced on April 6, 2010, the successful conclusion of contract revisions to the Comprehensive Infrastructure Agreement (CIA) between the Commonwealth and its private sector IT infrastructure partner, Northrop Grumman. These contract changes -- referred to herein as Amendment 60 to the CIA -- are intended to provide improved performance to the Virginia Information Technologies Agency (VITA) customer agencies, provide greater accountability and operational efficiencies for the services provided, and resolve outstanding financial issues. Key features of this contract revision under each of these three major areas are as follows:

### **Performance improvements**

- Expedite service and response
- Provide agencies with greater flexibility over administrative tasks
- Improve speed and quality of procurement and service requests
- Overhaul help desk services
- Add new services and pricing options
- Move desktop upgrades forward

### **Accountability and operational efficiencies**

- Consolidate and strengthen Service Level Agreements (SLAs)
- Increase SLA penalties by 15%
- Create a clear, faster dispute resolution process
- Establish three-month review period to ensure performance

### **Financial**

- Extend contract three years
- Allow billing from a rebaselined inventory
- Provide for more detailed billing

Per the provisions of the Appropriation Act, activities, progress and performance related to key points of Amendment 60 are reported on the following pages.

## Operational Improvement Program

As a complement to Amendment 60, Secretary of Technology James Duffey and Northrop Grumman Vice President Thomas Shelman executed a Memorandum of Agreement outlining an Operational Improvement Program with seven distinct service improvements to be undertaken by Northrop Grumman as part of the VITA/Northrop Grumman IT Infrastructure Partnership (i.e., the partnership). The objective of each of these initiatives, accomplishments and expectations for the next six months are summarized below.

### **Rapid Response Team**

The rapid response team, comprised of Northrop Grumman key technical leads and a VITA operations manager, is intended to provide timely and knowledgeable support resources to agencies in responding to high priority service incidents. To date:

- The rapid response team has been formed.
- Rapid response team procedures have been implemented. These procedures have facilitated better communications with agency customers and provided regular status on the most serious (severity one and severity two) incidents.
- In its first 60 days, the team has handled more than 10 incidents, ensuring quick response and timely incident resolution to agency incidents. Example responses are shown on the next page.

In the coming months, revised incident management procedures will facilitate better communication with customers and decrease resolution timeframes across the program. Severity one and severity two incidents will be resolved faster. Customer agencies also should see an improvement in delivery times for outage notifications.

### **Agency Tech Lead Empowerment**

This initiative is intended to provide greater authority for agencies to conduct certain administrative procedures associated with use of their supporting desktop and server infrastructure. To date:

- The process for requesting server administrative access has been implemented and communicated to agency customers. A similar process for desktops currently is under technical review and pilot.
- Communications for obtaining administrative rights for both servers and desktops are in the process of being distributed to agencies.

When fully implemented, this initiative will mean agency staff members will have the necessary administrative rights to make the required desktop and server changes to support their agency business needs.

## Examples of Rapid Response Team (RRT) Engagements

- **Monday May 17, 2010, at 12:20 p.m.**
  - Incident IM7785507-2-VA/SHHR/DSS
  - Description: Department of Social Services is experiencing very slow response times when attempting to access or save to a few of our network drives.
  - Actions: After one hour and forty-five minutes of the RRT's engagement, the issue was pinpointed to an Altiris push [software patch remote download]. A workaround was quickly put in place and the issue resolved.
  
- **Friday May 21 at 10:23 a.m.**
  - Incident IM792360-1-VA/STO/VDOT
  - Description: The Virginia Department of Transportation is down due to multiple server failures. The headquarters for the agency is experiencing a power failure that is causing the servers to lose power. The VMWare servers are experiencing issues with booting up.
  - Actions: The technicians advised that the power issue experienced was due to a breaker being tripped. The power has been restored and the VMware servers are currently being brought back up. The RRT team server technicians worked with VMWare support to assist with bringing the servers online. RRT engaged for four hours.
  
- **Monday May 24 at 12:54 a.m.**
  - Incident IM790214-VA-SPS/DOC
  - Description: Cisco Voice-over-Internet Protocol (VoIP) phones assigned to the security area are displaying a blank screen. This is the Department of Corrections Honaker Detention Center. The site had experienced weather-related power issues earlier in the evening.
  - Actions: The Network Operations Center Tier II reset and reloaded switch two. Once the switch was reloaded all VoIP telephones came up. RRT engaged 1 hour and 45 minutes.
  
- **Tuesday June 4 at 4:11 p.m.**
  - Incident IM798479-2-VA/SOA/DVS
  - Description: Network issues -- Multiple agencies throughout the state are unable to access the Internet
  - Actions: The Security Operations Center discovered errors on one of the firewall servers. Internet services were restored within 30 minutes of RRT engagement. The security team is working on root cause analysis.



### **Laptop/Desktop Depot Service**

Northrop Grumman now maintains a supply of desktops, laptops and other personal computer (PC) hardware to replace refreshed PCs that cannot be quickly repaired. This supply depot enables employees to resume job functions without excessive downtime. The objective is for the replacement PCs to be provided within 24 hours in the metro Richmond, Hampton Roads and Northern Virginia areas. PCs at other sites where hardware cannot be repaired will be replaced within 48 hours. Both are in support of existing 18-hour return-to-service service level agreement (SLA) already in place. To date:

- The types and quantities of machines to be housed at depots have been determined.
- The depot began functioning on a limited basis ahead of schedule, but will be fully operational as required by June 15, 2010.
- Communications to agencies have been drafted and are ready for distribution.

### **Work Request Process and Technology Architecture/Solutioning Re-Design**

The work request (formerly request for service or RFS) is the procedure by which an agency requests new services, such as a new office location, new business software application, etc., from the partnership. This initiative involves re-designing the work request and its supporting solution management process to ensure timely and effective solution proposals are delivered to the customer.

- The RFS backlog is being mitigated. However, a significant backlog remains.
- Northrop Grumman has synchronized back office resources to ensure accuracy of work requests delivered to customer.

Among other process improvements, Northrop Grumman and VITA staff members are working to identify and standardize the most frequently requested services as standard products that can be offered to customer agencies from a service catalog. This is expected to significantly reduce the time and effort currently needed to respond. For example, individually developing designs and specifications for each request can be avoided. As specified in the contract amendment, the new work request and enhanced ordering processes will be fully developed and all supporting forms and templates in place by August 15, 2010.

### **Inventory/Billing Disputes**

The accuracy of Northrop Grumman's bills to VITA, and VITA's corresponding invoices to its customer agencies, depends on the accuracy of Northrop Grumman's inventory of infrastructure components upon which the bills and invoices are based. Both VITA and Northrop Grumman recognize the need for significant improvement in this area. Steps are being taken to re-engineer the process and systems to eliminate known deficiencies and improve customer satisfaction with the process.

A revised process is operational that formalizes the request, routing and resolution of billing disputes. Additional Northrop Grumman staff members have been trained in the dispute resolution process.

## **Help Desk Re-Design**

To provide continued improvement in services provided by the help desk -- the VITA Customer Care Center (VCCC) -- and address opportunities to upgrade service offerings, VITA and Northrop Grumman will examine changes that can be made to staffing models, procedures and in other areas. The objectives are to 1) decrease the number of misrouted and re-worked help desk tickets and 2) improve the quality of ticket resolution, including increased first-call resolution. Thus far, the following changes have been made:

- The partnership previously rolled out a self service (automated) option for users at customer agencies to reset passwords and make other service requests. In response to efforts to re-design the VCCC, a report has been produced on the use by agency of the self-service option. This report will be used to promote additional use of the automated option by customer agency employees. The automated option provides faster service to agency employees and reduces the number of calls to the VCCC.
- An increased number of calls and tickets are being reviewed by the VCCC quality assurance team to identify areas to enhance online staff training and knowledge.
- Skill sets for those who staff the VCCC have been re-aligned.

Additional self service tools are planned that will allow agency employees to check the status of their VCCC tickets via the Web and use more self-service password functionalities.

## **Password Reset Service Levels**

User requests to reset their passwords are the most frequent single category of help desk requests. New SLAs ensure expedited ability to handle password resets and assignment to proper queues if an agency ticket assignment is required. Accomplishments to date:

- An inventory of applications and support documentation for the password resets is in use and the SLA is being measured.
- Two additional password SLAs (Commonwealth of Virginia -- COV -- domain password and encryption password resets) are ready to be reported.

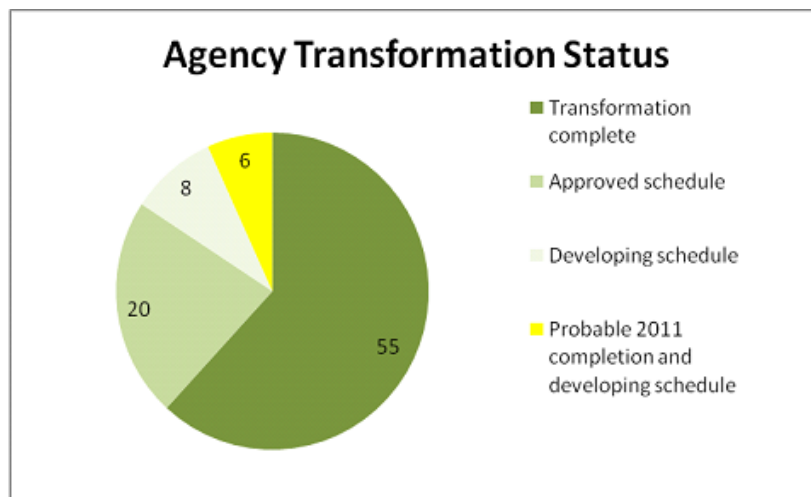
Northrop Grumman will continue to monitor and report to VITA on these three SLAs to ensure committed service levels are met.

## Transformation Status

Of the 89 agencies in scope to the partnership, 55 have completed transformation activities. Of the 34 remaining agencies, 20 have agreed to transformation schedules and 14 have schedules being developed.

It is projected that six agencies will have transformation work that will extend into calendar 2011. Per the contract amendment, transformation activities extending into 2011 may incur additional financial obligations for the Commonwealth. Such additional Northrop Grumman charges to state agencies could include time and material costs for transformation efforts above and beyond that currently budgeted for these agencies and/or legacy rates for the additional costs of continuing to maintain the agencies' non-transformed infrastructure environment.

Progress on transformation work plan development for three of the six agencies (Taxation, Forensic Sciences and Fire Programs) indicates that such additional charges may not be an issue for those agencies. However, for the other three agencies (State Police, Emergency Management and Employment Commission) the deviations from the standard enterprise infrastructure requested thus far by those agencies will incur additional transformation charges, as well as additional ongoing operational charges.



Two other measures of completion still in force from the original CIA are worthy of note here. Of 72 contractual milestones in the CIA, 70 have been delivered and accepted by VITA. In addition, 41 of 59 schedule infrastructure projects are complete, representing 98% of the total Northrop Grumman effort on all infrastructure projects.

## Rebaselining/Interim Rates/Upcoming Rates Request

### Rebaselining

Under the CIA, VITA and Northrop Grumman must update and agree upon the products and services covered in the contractual cap including the baseline quantities to be billed and the prices at which those quantities will be billed. Rebaselining was completed and the results were included in Amendment 60. VITA will use the quantities and prices outlined in the contract as the foundation for a complete update of its rate structure.

### Interim Rates

At its May 10, 2010, meeting, the Joint Legislative Audit and Review Commission (JLARC) reviewed VITA's request for interim rates. In early June, VITA retroactively billed its customers for services covered under this rate request. The interim rates:

- Discontinue virtual private network (VPN) fees, saving \$64,785 across agencies
- Discontinue legacy data center network port charges, saving \$334,464 across agencies
- Reduce the personal computer encryption fee, saving \$246,683 across agencies
- Expand the definition of server disk storage to include direct attached storage, increasing costs \$1,525,431 across agencies
- Bill equitably for backup of data on virtual servers (already billing for backup of data on physical servers), increasing costs \$1,049,710 across agencies
- Add a managed router Internet access fee totaling \$78,589 for use at local Social Services offices that will be offset by a reduction in PC support at local agencies

These rates are temporary while VITA works to develop a permanent rate structure. Information regarding the temporary rate changes was shared with finance and IT staff at agencies.

### Upcoming Rates Request

VITA is developing a complete set of permanent rates based on services rendered to agencies and charges by Northrop Grumman for those services as outlined in modifications to the IT infrastructure agreement. The permanent rate structure is expected to increase costs to agencies.

The rates package will be delivered to JLARC with a request for JLARC review at its July 12, 2010, meeting. If the rate review is successful, the new rates will be effective retroactive to July 1, 2010. Again, these new rates will result in an increase in charges to agencies for IT services. Additional information will be shared with agencies and others as soon as practicable.

## Performance Reporting

Among the significant changes in Amendment 60 were performance reporting and measurements (service level agreements or SLAs). The original CIA contained 193 SLAs, along with a detailed procedure whereby VITA periodically amended a list of between eight and 20 SLAs against which penalties for non-attainment would apply.

Under Amendment 60, the number of SLAs has been consolidated from 193 to 49 to provide more focus on measures considered most important to infrastructure operations. In addition, all SLAs now carry penalties, and penalties have been increased by 15%, placing greater importance on the achievement of all SLAs.

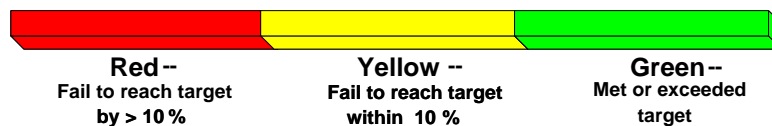
Of the 49 SLAs in Amendment 60, 18 of those SLAs of most interest to agencies now are available as agency-specific data. These include reports, for example, on issue resolution time, and network and server availability. Other measures that are shared across the environment, such as VCCC responsiveness, e-mail availability and security, are available to agencies at the enterprise level.

To measure progress on the seven initiatives in the Operational Improvement Program, VITA and Northrop Grumman collaboratively have developed 11 key performance indicators. The first monthly report on these indicators will be provided by Northrop Grumman in mid-June for May 2010.

### Service Level Dashboard

	February	March	April
<b># SLAs Reporting</b>	193	49	49
<b>Green</b>	91%	94%	94%
<b>Yellow</b>	3%	4%	2%
<b>Red</b>	6%	2%	4%

Legend



## Enhanced Security

One attack method used to infect personal computers with malicious software (viruses, spyware, etc.) is to covertly use the access rights of the logged-in user to install such software and/or modify system settings. The review of these user rights is the scope of the partnership's Local Accounts Rights (LAR) project.

The LAR project entered the implementation stage in May 2010. The project involves systematically reviewing existing desktop/laptop user privileges with each agency, documenting each user's needed privileges, assisting the agency in obtaining needed security exceptions, reducing privileges at the direction of the agency, and establishing an ongoing method to review and modify as needed each user's right on a reoccurring basis not to exceed yearly. Over the next three months, each agency Information Security Officer (ISO) will receive a report on all users in their agency and the access levels currently granted. The ISO then will provide direction to partnership staff and obtain any needed documentation. User rights will be adjusted accordingly.

This will standardize privileges, allow agencies to understand their current risk profile, mitigate risks as possible, and formally accept any residual risk in accordance with their business objectives.

## Change Management

Recognizing the significance of the contract modifications contained in Amendment 60, VITA has been working diligently to communicate the intent and implications of these changes to all stakeholders. Such change management communications have included:

- As soon as the contract modifications were signed and announced, the Governor's press release and the full text of the amendments were posted prominently on the VITA Web site.
- A joint half-day session to explain the highlights of the amendments was conducted by those involved in the negotiations for VITA and Northrop Grumman leadership.
- At the April 15, 2010, Agency Information Technology Resources (AITRs)/CIO Communications Exchange meeting, a presentation was made to representatives of agencies regarding the contract amendments and a question-answer session provided additional detail. Information regarding progress and requirements will be provided at each upcoming meeting, scheduled every other month.
- On May 3, 2010, the CIO attended the Governor's Cabinet meeting and provided information on the modifications.
- At the May 11, 2010, meeting of the CIO Council an update on the contract modifications was provided. Information regarding progress and requirements will be provided at each CIO Council meeting as scheduled every other month.
- On May 17, 2010, as required by HB29 Item 434, the CIO and the Secretary of Technology reported to the Senate Finance Committee details of the modifications to the CIA. The report included the fiscal impact.
- An update for the House Appropriations Committee has been scheduled for June.
- VITA's monthly e-newsletter, *Network News*, targeted at agency business and IT leaders, provided updates on the contract modifications in the May and June issues. The Leadership Communiqué from the Governor's Office to Cabinet Secretaries and agency heads suggested in the May 28 issue that they subscribe to *Network News* to receive information.
- VITA's *Service Bulletin*, targeted to localities, has provided information and links to additional information regarding the contract modifications.

Details and requirements of the contract modifications have been and will continue to be distributed by customer-facing employees of VITA to agencies as appropriate.

Aggressive change management will be required around several actions, most prominent are the new rate structure, modernization of voice services (Unified Communication as a Service or UCaaS), tiered services, rapid response team, PC depot, etc. VITA will continue to communicate change through the CIO Council meetings, CIO/Agency Information Technology Resources (AITR) Communications Exchange meetings, face-to-face meetings between agency representatives and Customer Service Leads, Web site postings and e-newsletters.

## Upcoming Significant Dates

Amendment 60 contains several milestone dates in the next six months:

- Amendment 60 establishes a three-month window to review performance. As part of that window, June 25 marks the expiration for written notice of partial cancellation. If delivered by either party in its sole discretion, Amendment 60 survives, except for:
  - The three-year extension of the contract period
  - The shortened formula for contract year 10 cost-of-living adjustment
  - Changes to resolution fees and disentanglement fees
  - The mutual release of claims
- On July 1, 2010, payment of just over \$10 million is due Northrop Grumman. This payment represents the balance of withholds net accumulated service level performance credits and the \$5 million payment paid in April.
- Also on July 1, Northrop Grumman is to provide its deployment plan for Unified Communication as a Service (UCaaS), which is intended to be the Commonwealth's primary Voice over Internet Protocol (VoIP) solution going forward. The first six months of the plan are targeted for core infrastructure installation, testing and preparation for service offerings. UCaaS should be ready for agency deployment starting January 2011.
- By August 15, 2010, VITA and Northrop Grumman are to complete their jointly developed enhanced ordering processes, including but not limited to:
  - Delineation of responsibilities and timelines for completing each step within the enhanced processes
  - Standard templates and forms to be used
  - Mandatory and regularly scheduled reviews and checkpoints for each step
- Also by August 15, VITA and Northrop Grumman will exchange lists of potential additional operational improvements
- From September 15 to December 31, 2010, VITA and Northrop Grumman are to meet for up to five business days to consider their respective suggestions and to propose to one another any further adjustments to the CIA as they may feel warranted.

HB1034/SB236 (2010 session) also requires that by September 1 of each year VITA submit biennial projections of future revenues and expenditures for each internal service fund and estimates of any anticipated changes to fee schedules to JLARC and the Department of Planning and Budget, so that the impact of the rate changes can be considered for inclusion in the executive budget to be submitted to the General Assembly for the following legislative session.