To: The Honorable Ralph Northam, Governor of Virginia
The Honorable Luke E. Torian, Chair, House Appropriations Committee
The Honorable Janet D. Howell, Chair, Senate Finance and Appropriations Committee

From: Nelson Moe, Chief Information Officer of the Commonwealth

Report background

Pursuant to item 84.30(D) of the Appropriation Act, the Virginia Information Technologies Agency (VITA) respectfully submits this report, which provides for quarterly updates "on progress toward transitioning to new information technology services that will replace the information technology services currently provided by Northrop Grumman under the Comprehensive Infrastructure Agreement" and related costs. This report is current as of May 2020.

In addition to this formal report, VITA continues to report in detail through both executive reporting and ongoing oversight by Joint Legislative Audit and Review Commission (JLARC) staff.

Summary

In March, the previous iteration of this report summarized the executive branch's information technology (IT) infrastructure transition over the past few years.

This report summarizes the tremendous progress that the multi-supplier model has made over the last year. All signs point to a stabilizing multi-supplier model that delivers benefits for the Commonwealth's IT infrastructure, the agencies that rely directly on that infrastructure, and in turn, the public. VITA's transition to the multi-supplier model also has passed a financial milestone, in that VITA has finished repaying the line of credit used for transition expenditures and one-time implementation costs.

State government has faced unprecedented challenges posed by the ongoing state of emergency due to the novel coronavirus. VITA and its suppliers have met those challenges successfully, rapidly expanding network services and implementing new services to enable remote work on a broader scale than ever seen before in Virginia state government. The successful technology response to the COVID-19 emergency illustrates the benefits of a multi-supplier model.

In the upcoming months and years, VITA will partner with existing and new suppliers to continue driving improvements, new services implementation, cost savings and efficiencies, and complete upcoming transitions addressed briefly below.

Report

Supplier performance and accountability

At this point in 2019, suppliers were not yet being held accountable to many of the contractual measures, and data was not being used to manage the multi-supplier model and operations of the IT infrastructure. Neither VITA nor the multi-sourcing integrator (MSI), SAIC, had visibility into service level agreements (SLAs) across the IT infrastructure ecosystem – initial SLA submissions by the MSI to VITA included only 74 out of 248 SLAs. Enforcement of SLAs and critical deliverables had not yet begun, and contractual credits for suppliers' failures to meet SLAs or to submit deliverables were not yet being collected. At the time, VITA lacked consistent measurement of performance issues, from incident management to service requests. Few operating level agreements (OLAs) – which define the expected level of service between suppliers in areas where suppliers interact – were in place, creating increased friction and risk.

In late 2019, VITA began holding suppliers accountable to SLAs and critical deliverables, and that continues to this day. As of March 2020 supplier performance data, VITA and the MSI now have 231 out of the 248 SLAs reporting, with consistent improvement in the accuracy of the measures and reports.

SLAs and CSLs Reporting As Intended
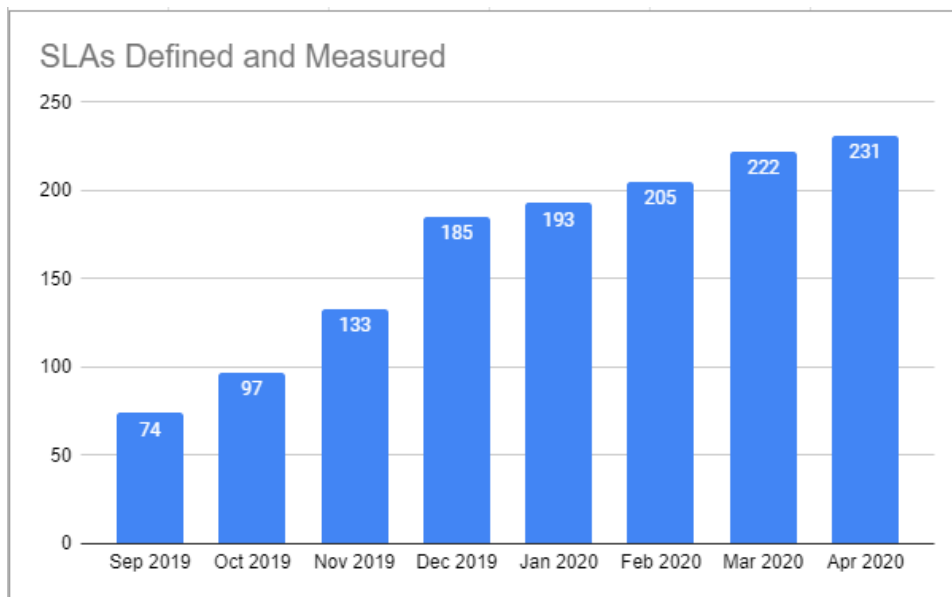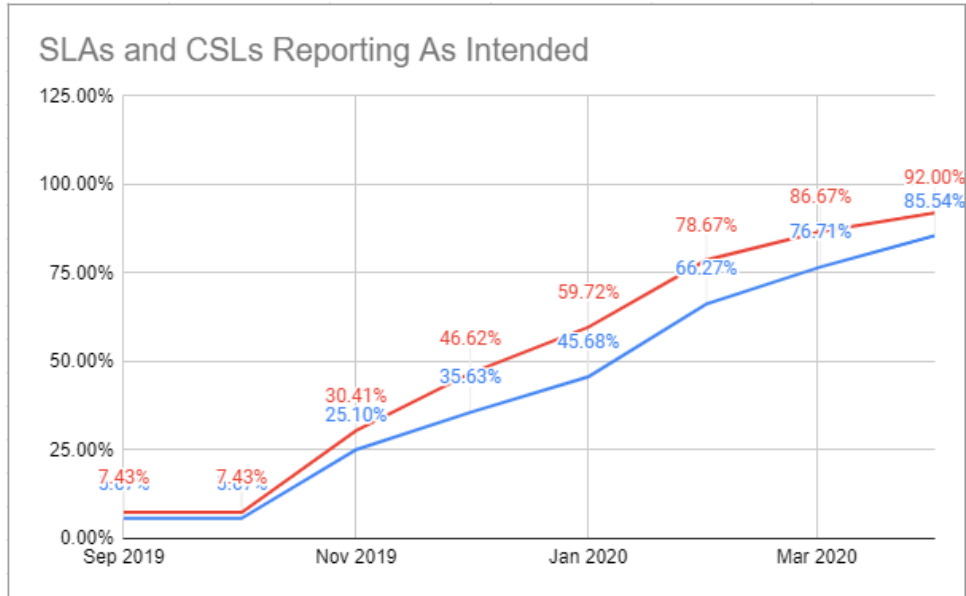
(CSLs = critical service levels)

The number of OLAs has jumped dramatically with improved supplier accountability:

OLAs Accounted for
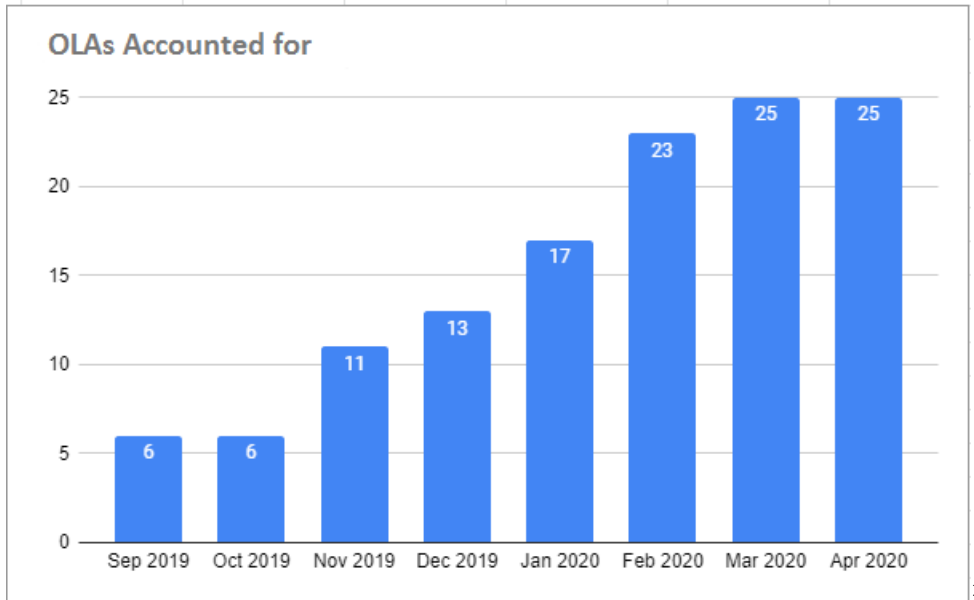
As of April 30, the Commonwealth has received $3.1 million of SLA credits and approximately $1.04 million in recurring critical deliverable (RCD) credits. VITA's focus remains on driving service improvement and other positive performance outcomes, rather than merely recouping a portion of costs when problems occur. Enforcing SLA and

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[1] This reflects completed and approved OLAs and approved exceptions. Where the suppliers and the MSI agree there are no known dependencies between suppliers, OLA exceptions can be requested from VITA. VITA has approved 6 exceptions, in cases where VITA agrees with the suppliers and MSI, while reminding suppliers that they bear the risk of interdependence not documented in an OLA and that VITA may reconsider the need for OLAs as necessary.

deliverable credits has been an essential tool and a significant success story. Remediation and service improvement plans, as needed, also have helped address issues with supplier projects and performance.

VITA is using contractual mechanisms to review SLAs and critical deliverables going forward and has improved efficiency for both VITA and suppliers significantly by eliminating deliverables that are no longer needed. That rationalization process has brought the number of recurring critical deliverables (RCDs) down to 210, a 38% efficiency improvement. At the same time, suppliers have improved their RCD submissions, as illustrated in the following table:

Month due	Number of deliverables submitted late or not submitted
October 2019	11
November 2019	10
December 2019	1
January 2020	2
February 2020	1
March 2020	0
April 2020	0

VITA's MSI, SAIC, is building out a deliverables and obligations tracking system, which is expected to launch this summer and should further improve management of those contractual items.

Last but not least, VITA's operations and management of the IT infrastructure platform now focuses on data, incorporating accurate performance metrics and enabling data-based reporting and decision-making.
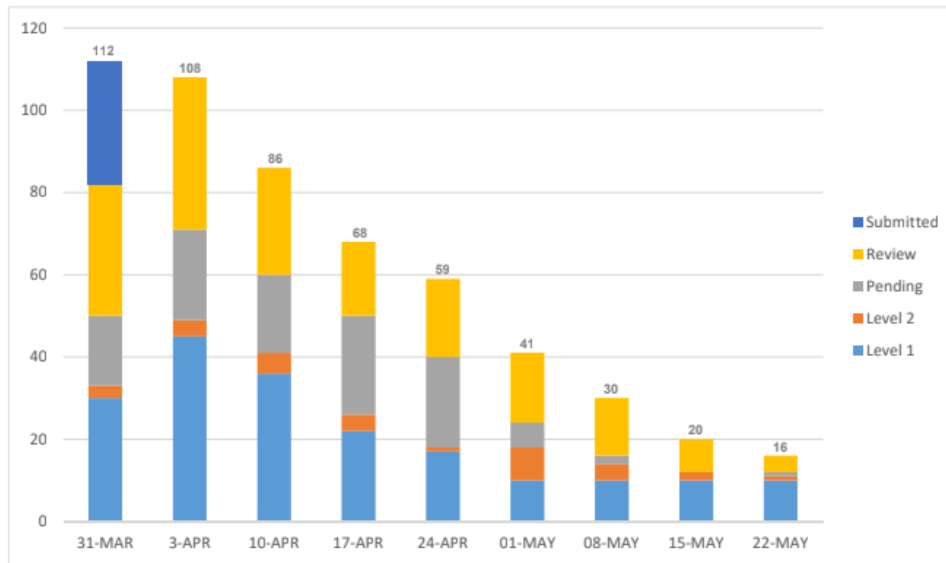
Platform governance

At this point in 2019, the processes that govern the multi-supplier model were not operating consistently. Platform operation issues were not being resolved in a timely manner or escalated when unresolved, and documentation defining the priority levels of issues had not been completed.

Today, governance has improved dramatically. Documentation, including for issue prioritization, has been developed. Issues with a "Critical" or "High" priority now escalate automatically if unresolved, which drives proper disposition and reduces risk. Issue closure and responsiveness has improved – for example, the average number of days required to close issues logged in the Relationship Management Committee (RMC) (a forum in which VITA and its suppliers can brief and receive input from our client agencies) has decreased from 86.7 days in September 2019 to 45.2 days in March 2020, a 48% improvement.

Finance

Work continues on the Information Technology Financial Management (ITFM) system, but great progress has been made. Customer invoicing is stabilized, and invoice disputes are rapidly reaching closure. Last year, there was a significant backlog of unresolved disputes, but there are less than 20 aged disputes now, and VITA anticipates closure of those in June.

Total Disputes Backlog - by State and Week

A stacked bar chart titled "Total Disputes Backlog - by State and Week" showing totals by week: 31-MAR: 112, 3-APR: 108, 10-APR: 86, 17-APR: 68, 24-APR: 59, 01-MAY: 41, 08-MAY: 30, 15-MAY: 20, 22-MAY: 16. Legend categories: Submitted, Review, Pending, Level 2, Level 1.

VITA and SAIC also have made significant strides in ITFM services implementation. VITA resolved issues concerning implementation of Voice Data Network (VDN) chargeback, which went live in January. With respect to budgeting and forecasting, the rate engine went live in February, and it is central to drive the budgeting and forecasting process. SAIC is expected to deliver an initial forecast in July.

COVID-19

When the state of emergency was declared in March due to the novel coronavirus, VITA was able to swiftly and effectively respond thanks to the multi-supplier model. Improvements over the last year provided unparalleled integration and partnership abilities that accelerated expansion and delivery of services.

Specifically, VITA expanded virtual private network (VPN) capacity by 700% (from 5,000 to 35,000 concurrent connections) in just over a month, implemented a cloud-based VPN alternative rapidly for large agencies with particular need, scaled up help desk support staff to address a surge in call volumes and VPN access requests, surveyed agencies and obtained a supply of thousands of laptops sufficient to meet all identified remote work needs, created an option to take a desktop computer to a remote location for work, enhanced the frequency and detail of communications about operations, worked with the Department of Human Resources Management (DHRM) to develop guidance for telework, and addressed nearly all agency one-time requests in an expedited manner.

VITA also played a critical IT support role in the Administration's Unified Command Task Force (UCTF). In this role, VITA proactively reached out to those agencies tasked with mission critical functions (*e.g.*, VDH, VSP, VEC, VDEM, DSS, DMAS) to make sure their COVID related needs were addressed. For example, VITA assisted VDH in finding and vetting suppliers with Contact Tracing capabilities, and VITA ensured VEC had sufficient technology support to process the unpreceded amount of unemployment insurance claims.

With a multi-supplier model in place, VITA and its suppliers have been able to ensure that the Commonwealth's critical services remained continuous even in a rapid transition to remote work. That transition to remote work also would not have been possible without VITA's transition in 2018 of email, calendaring, and related messaging services to a modern, cloud-based system.

The VITA team is thrilled to have been able to help state agencies use technology to continue performing their essential operations for citizens of the Commonwealth. Agency staff are gratified by the positive feedback received from partners and customers.

Unfortunately, COVID-19 has caused delays for some ongoing modernization efforts and projects, due to supply chain disruptions and agency office closures. The most notable examples of this delay are the network modernization project, the PC refresh program, and Windows upgrade services. VITA is working with agencies, Verizon (its VDN supplier), and IronBow (VITA's end user services (EUS) supplier) to address the delays, and VITA will be closely monitoring these important efforts.

Update on VITA's line of credit

VITA's line of credit, fixed at $165 million in the 2019 Appropriation Act (2019 Va. Acts ch. 854 § 3.2-03) was critical to financing the transition. (The previous iteration of this report detailed the transition costs paid with that line of credit.) VITA is pleased to report that, as anticipated, repayment of the transition expenditures and one-time implementation costs is now complete. FY21 rates include a decrease reflecting that repayment.

As noted in the prior iteration of this report, continued use of the line of credit may be necessary for costs associated with the transition out of the Commonwealth Enterprise Solutions Center (CESC)[2]; unplanned, one-time operating expenses; and, on an ongoing basis, costs related to further transitions (as suppliers and/or supplier contracts are replaced) and implementation of new services. VITA's finances are currently stable, and future costs are expected to be more predictable and manageable.

Update on upcoming transitions

As previously noted, further key IT infrastructure transitions will occur in the near future.

First, VITA has begun a new IT infrastructure procurement and contracts cycle, starting with the messaging tower (which includes email and related services). The current contract for messaging expires in 2021, and VITA anticipates releasing a request for proposals (RFP) in the months ahead for a new messaging services contract.

Second, in accordance with Executive Order 19 (Sept. 17, 2018) (EO19), the Commonwealth is embracing cloud technologies (such as virtual servers and cloud storage) for both new uses and migration of existing, on-premises infrastructure. Cloud services are now available in the VITA service catalog, and VITA has established processes to review and govern cloud implementations.

Third, as noted above, the Commonwealth is transitioning out of CESC. The CESC lease ends on June 30, 2022, and VITA's goal remains transitioning out of CESC by the end of 2021. The transition out of CESC involves both a move of VITA personnel and offices and a

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[2] CESC, located at 11751 Meadowville Lane, Chester, VA 23836, is VITA's headquarters and also has been the primary state data center prior to the current transition.

migration of infrastructure hardware, applications, and Commonwealth data to other datacenter locations and, in accordance with EO19, to the cloud. Data center migration overview sessions have been held this spring, move event schedules have been communicated, and individual planning and meetings with agencies will continue.

Conclusion

VITA continues to appreciate the direction and support it receives from executive and legislative branch policymakers. The team looks forward to continued opportunities to discuss and document the significant, multi-year transition to modernize the Commonwealth's IT infrastructure and technology delivery platform and the agency's efforts to deliver cost-effective services with an optimum level of return on investment and a focus on customer service.