

Teale



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James P. Mayer
Executive Director
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Dear Mr. Mayer:

Thank you for the opportunity to testify at the public hearing regarding the Governor's Reorganization Plan to create a Department of Technology Services.

This proposal presents an exciting opportunity for the State of California to enhance its business systems and by so doing, enhance the service that is delivered to its citizens.

For many months, key stakeholders have been engaged in the initial preparation and planning for consolidation, including the establishment of advisory committees and working groups. Much work has been done to analyze the three existing organizations and their functions in order to build initial project concepts, plans, and schedules. We look forward to building upon this existing work and executing the remainder of the project.

The strategic and historical underpinnings for the consolidation initiative come primarily from the Legislative Analyst Office, California Performance Review recommendations SO 1, SO 2, and SO 3, Governor Arnold Schwarzenegger's August 24, 2004, Executive Order S-13-04 and the November 2004 California Information Technology Strategic Plan (CAITSP) published by the State Chief Information Officer (CIO). In February 2005, a "Consolidation Approach" document outlining the Project strategy was delivered to key stakeholders including: Executive Sponsors (BTH/HHS/SCS Agency Secretaries, State CIO), the Data Center Consolidation Steering Committee, the Technology Advisory Peer Group, and HHSDC/Teale Directors. This document describes the background, approach, schedule, and next steps required to establish the State

Department of Technology Services. It is these documents that provide the basis for the responses below:

Question # 1: Who are the customers of the Teale Data Center? What major benefits have you identified for specific customers that could not otherwise be captured except by this consolidation?

Response: Teale is California's largest multi-purpose government data center and currently provides data processing services to over 250 customers, some of which provide the most critical services to the citizens of California: the Department of Motor Vehicles, California Highway Patrol, Department of Transportation, Department of Finance, Secretary of State, Department of Corrections, Board of Equalization and the State Controller's Office. Some of the major programs supported by the Data Center include Drivers' Licensing and Vehicle Registration; California Government Payroll; Parolee Database, to name a few.

Teale has a proven track record in supporting the mission-critical nature of the programs of our customers who must have their automated systems available 24 x 7 to ensure peace officer, citizen and inmate safety, as well as supporting the budgetary processing of the State of California. The daily work performed by our customers touches the lives of nearly every Californian – from transportation information, business licenses and automobile registration – to air quality standards, health care databases and much more. A complete list of our customers is attached.

It is Teale's objective that costs of operating the data center and benefits derived from the activities of the data center be shared equitably among our customer community. Hence, there are no particular benefits to one customer that are not equally provided to all customers.

Consolidation will allow the creation of a single, more nimble, organization which can leverage existing strengths to deliver reliable, timely, cost effective and efficient telecommunication and technology services statewide so California residents will receive government services when and where needed. As noted in the "Consolidation Approach" document, the new organization will:

- Be more responsive to customer needs.
- Promote more effective and efficient management of the state's operations.
- Eliminate duplication of services and infrastructure within the state's data centers.
- Provide economy of operations and improve service delivery capacity greater than that provided by the separate structures.
- Improve the security of the state's information systems.

We feel these benefits naturally flow from a simpler management structure, reducing duplication of administrative activities and leveraging economies of scale.

Question # 2: What risks or adverse outcomes have you identified for specific customers of the Teale Data Center? What steps will be taken to mitigate these risks and outcomes?

Response: The consolidation of the State's two existing data centers and the transfer of the Department of General Services' Office of Network Services (DGS ONS) into a single organization is a complex effort. One of the goals of consolidation is to provide seamless, continued services to all customers. The consolidation will occur while each organization maintains the existing level of service required by their respective clients. In addition, the impact on the personnel of the organizations must be considered. To ensure decision making during the consolidation effort takes into consideration these primary stakeholders and their requirements, the following Consolidation Principles, as stated in the "Consolidation Approach" document, will be adhered to:

- Do no harm during or as a result of the consolidation - All services to clients of both data centers remain at contractual service levels or better.
- Execute the consolidation with absolute integrity and appropriate transparency.
- Maintain open two-way communications with all stakeholders.
- Newly designed processes will be based on industry best practices.
- Consider risk and quality when deciding to consolidate similar systems.

Additional safeguards against potential risks will be provided by the establishment of the Consolidation Management Office. As defined in the "Consolidation Approach," this group will provide a coordinated, independent and objective approach to manage the data center consolidation project.

The CMO will supply the focused leadership required for the success of the consolidation project, and an independent, objective approach to its management. The CMO will provide the essential: leadership and planning; project management and organization; risk, issue and quality management; communications and change management; and, stakeholder relationship management.

The CMO will be centered on a highly skilled team committed to managing the initiative's complex issues and demands. Each team member will specialize in the most critical areas of policy, governance, organization, finance, technology, data center operations and customer service.

Question # 3: How will existing staffing at the Teale Data Center be impacted by this consolidation?

Response: The consolidation effort encompasses the merging of the HHSDC, Teale, and the DGS ONS. Consolidation is defined as an integration of organizational and technical functions. It does not imply a physical move of staff and equipment to a single data center facility. Likewise, it should be understood that it is neither an acquisition of one organization by another nor an attempt to downsize the state's technology infrastructure. On the contrary, one of the stated goals of the

November 2004 California Information Technology Strategic Plan (CAITSP) published by the State Chief Information Officer is to rebuild and modernize the state's technical workforce. The shortage of skilled technicians in state service is well documented, as is the ongoing loss of staff to retirement. We feel strongly that the State of California needs more expert technical staff, not less.

It is anticipated that after the merger the majority of the staff will be performing the same job functions for much the same customer base as today. As the new DTS organization takes on greater workload and more ambitious projects, this will in turn provide greater opportunities to individual employees. Also, as the new organization embraces new technologies, the need for cross-training increases and new career paths will emerge.

Question # 4: When will the transition for this reorganization be completed?

Response: As stated in the March 2005, "Consolidation Approach" document, the Consolidation Project consists of two stages: Merge and Integrate.

The Merge stage concentrates on quickly establishing the DTS by focusing on the consolidation of functionally similar organizations under a single organizational structure. This process moves the functions under the same management structure and allows them to function in the same manner as before the Merge. Upon completion of the Merge stage, there will be a Teale and HHSDC substructure under each merged Division. The DGS ONS will move intact and report to a single DTS executive.

The Integrate stage completes consolidation by creating a single functional organization within DTS. Each Division will be organized without duplicate sub-functions. The organizations become one, functionally and organizationally.

The primary advantage of this approach is to establish the DTS organization as quickly as possible and undertake the more complex functional integration while DTS continues to deliver services to its customers.

The activities described above are expected to take two years and are scheduled to begin July 1, 2005. Thank you for the opportunity to discuss our new structure and direction.

Sincerely,

ANN BARSOTTI
Acting Director

Attachments: Biography for Ann Barsotti
Customer List