

John Thomas Flynn, Vice President, Advisory Services, Center for Digital Government - Testimony to the Little Hoover Commission, April 28, 2005

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

Dear Mr. Mayer:

I am pleased to accept your invitation to testify at the Little Hoover Commission hearing on April 28, 2005 regarding the Governor's Reorganization Plan to transfer and consolidate the Stephen P. Teale Data Center and the Health and Human Services Agency Data Center functions along with the Department of General Services' telecommunications and data networking functions into a new Department of Technology Services. Having been the state's first CIO appointed by Governor Wilson in 1995, I am please to see that our plan developed in 1996 to consolidate these and other state data centers may now be finally coming to fruition, at least on a limited basis.

Your invitation contained several questions which I have been asked to address, and I have attempted to do so.

1. Is this plan consistent with the best practices for delivering data center and telecommunications network services? How has the use of technology changed since the data centers were established and the State completed the first CalNET procurement?

The short answer is yes. The very idea of having your network and data center management and infrastructures in separate agencies is illogical, imprudent, and wasteful. As a former President of NASCIO, the association of state chief information officers, I am quite familiar with IT operations and governance models across the country, and I know of no other state with similar organizational setup whereby these two functions are under separate agency organizations.

Technology has changed significantly over the last decade; however, most problems related to the public sector's investment in, and management of technology are not technology problems, they are management problems.

2. Do you believe the Technology Services Board is the best way to drive down costs and improve data center and telecommunications services? How could the State use market forces better to drive down its technology costs and improve service?

The creation of a TSB as envisioned by the Governor's Reorganization Plan is consistent with best practices in state government, and if its proposed membership including major

John Thomas Flynn, Vice President, Advisory Services, Center for Digital Government - Testimony to the Little Hoover Commission, April 28, 2005

state agency secretaries, the Director of Finance, State Controller CIO, and State CIO are ALL engaged it can improve services, and potentially make operations more efficient.

As to how the state can use market forces to drive down its technology costs and improve service, the way is very clear: use market forces. Competition in government services is critical to improved productivity. I am not talking wholesale privatization; I am talking about competitive government, allowing the private sector to compete against government in providing services particularly where these services are not core competencies of government. As former Indianapolis Mayor Steve Goldsmith use to say, "If you can find it offered in the Yellow Pages, we should open it up to competition." This is especially the case with data center operations. There are a dozen of underutilized private sector data center operations just around metropolitan Sacramento that would be eager to compete for this business.

3. What impacts and risks does this plan pose to the current CalNET procurement?

The current CalNET procurement appears to have significant problems unrelated to the reorganization plan. However, since the data centers appear to be the most significant users of the current CalNET contract, their closer involvement as a department within one agency should improve the procurement and subsequent contract rather than a have any deleterious impact.

4. What technology-related opportunities and risks do you believe are associated with this proposal?

Opportunities would include technology standardization, efficiencies of scale over a number of issues, improved disaster recovery plans, and a more coordinated strategic direction in the future. The risks are in allowing unnecessary, stovepiped, technology giants to continue their separate ways at the expense of these opportunities identified above.

I look forward to the opportunity to discuss these issues with the Commission later this month.

Best Regards,

John Thomas Flynn
VP, Advisory Services
Center for Digital Government
100 Blue Ravine Road
Folsom, CA 95630
916-932-1464 direct
916-712-3545 cell
916-932-1470 fax