



STATE OF UTAH
Department of
Technology Services

J. STEPHEN
FLETCHER

CIO
Executive Director

JON M.
HUNTSMAN, JR.
Governor

GARY R.
HERBERT
Lieutenant Governor

DTS Background and Overview

Introduction

The Department of Technology Services (DTS) was formed by Governor Jon M. Huntsman, Jr. and the State Legislature with the passage of H.B.109 (Utah Information Technology Governance Act) in 2005, calling for a major restructuring of the state's Information Technology (IT) services throughout the Executive Branch. Since that time, under the State's Chief Information Officer (CIO), DTS has embarked on an unprecedented consolidation of all IT resources and services for the State of Utah into one department to reduce costs, increase services to taxpayers, and more closely align IT with the business needs of the State of Utah.

The CIO and DTS now have greater ability to address IT initiatives from an Enterprise perspective – where a greater scale of efficiency can be achieved by sharing IT resources and strategies across Agency boundaries and effectively monitoring performance.

IT Challenges before Utah Information Technology Governance Act (HB109)

- Persistent management issues in use of technology in State Government
- Perceived lack of alignment between IT investments and the priority business needs of the State
- Inconsistent service offerings between the agencies
 - 369 “standard” desktop configurations
 - 38 data centers for 22 agencies and 22 help desks
 - 22 versions of word processing software in use
- Changing IT industry developments (e.g., trend toward shared services) were not being exploited in an organized manner
- Inability to focus and align IT resources on urgent business activities
- IT costs viewed by many as being too high, not competitive
- Information stove-piping common – data not readily shared between agencies
- Enterprise standards and oversight were limited or nonexistent
- New mandates (e.g., information security) required a more coordinated focus
- Skilled IT workforce with many service awards, but not adequately meeting business needs

Utah Information Technology Governance Act (HB 109) Overview

- Combined all 900+ IT employees in 24 agencies into one IT department
- Flexibility in deployment of staff and resources to rapidly adjust to new business requirements
 - 91% of DTS employees voluntarily converted from “merit” (schedule B) employment status to “at-will” (AT) status



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- Appoint a Chief Information Officer's (CIO) whose role and responsibilities include management and oversight for all aspects of IT
- Provide cost-effective and efficient information, systems, and resources
- Achieve economies of scale through enterprise procurement capabilities
- Reduce costs through process efficiencies and broader accountability for IT state-wide
- Standardize and consolidate the IT infrastructure
- Improve resource allocation by applying industry best-practices
- Enhance ability to report progress and measure results
- Improvements to services without major disruptions
- Establishes mechanisms to maintain accountability and transparency
- Establishes first statewide IT Strategic Plan
- Develop statewide rates for IT products and services

Utah Department of Technology Services Brief

The Utah Department of Technology Services (DTS) was officially established by Governor Jon M. Huntsman, Jr. and the State Legislature with the passage of the Utah Technology Governance Act (H.B.109) in 2005, calling for a major restructuring of the State's Information Technology (IT) services. Since that time, under the State's Chief Information Officer (CIO), DTS has embarked on a transition to consolidate all IT resources and services for the State of Utah's executive branch into one department to improve accountability, reduce costs, increase services to taxpayers, and more closely align IT with the business needs of the State of Utah.

Components and Rationale of IT Consolidation

Re-define role of the CIO

Prior to the Utah Technology Governance Act, the role of the State Chief Information Officer was advisory to the Governor. Now, the CIO is also the Executive Director of DTS. The CIO oversees all IT resources including:

- Managing and overseeing all aspects of IT within the State
- Providing cost-effective and efficient information, communication systems, and resources
- Achieving economies of scale and reducing costs through process efficiencies and broader accountability for IT state-wide
- Standardizing and consolidating IT infrastructure
- Standardizing guidelines and processes for Application Development, Project Management, and Enterprise Security
- Improving resource allocation by applying industry best-practices
- Enhancing ability to quickly align IT resources with State's changing business requirements
- Measuring results and reporting progress
- Creating a flexible, nimble organization that is responsive to agency requirements
- Achieving economies of scale through enterprise approach (i.e. procurement)

Rationale of Consolidation

- Realize IT economies of scale and reduce costs
- Help bring about improved business and functional processes State-wide
- Standardize, integrate, and optimize technical infrastructure
- Improve reliability of IT support
- Provide greater predictability of IT costs year-to-year
- Implement and utilize best practices, process efficiencies, and constructive discipline when delivering IT services and support
- Improve quality of State information management
- Improve service delivery of all IT products and services

Results: Cost Efficiency and Service Improvement

In a collaborative effort, DTS has established a close working relationship with its stakeholders to ensure that the state's IT organization is responsive, accountable, and well-aligned to the business needs of the State of Utah. DTS has also established a performance-based strategy to provide ongoing alignment to business requirements defined by DTS customers. This strategy has presented DTS with opportunities to supportively partner with other agencies to improve performance across state government. DTS has established an enterprise planning group that works in conjunction with the Governor's Office of Planning of Budget to coordinate enterprise planning based on scorecards, communities of interest, and transition reviews in order to determine opportunities for optimization and best practices. Through its enterprise approach to IT service, DTS has realized several efficiencies:

- Through IT consolidation, DTS has reduced operation employees by 56.
- The implementation of the IT enterprise methodology has reduced Mainframe operating expenses by 25%.
- Enterprise Rural IT support has reduced travel costs at an estimated 20% and reduced agency downtime due to quicker DTS response time.
- The consolidation has allowed a conversion from people-based services to product-based services to provide an increase in level of service and the ability to apply resources where needed.
- The development of rates based on cost enables DTS to measure and address the cost of each service and product, allowing DTS to optimize the IT services provided.
- Reduction of servers by a factor of 4 to a centralized location improves management of IT assets and reduces support costs by 33% to agencies.
- The optimization of organization operations has allowed DTS to add new services without increasing cost (enterprise security, enterprise infrastructure support, and increased network bandwidth by 650% along Wasatch Front).
- Cost efficiencies have been realized through economies of scale from enterprise purchasing capabilities, including savings of \$3.5 million annually in PC purchasing cost.
- Service Level Agreements between DTS and Agencies define the relationship between cost and service, providing for the first time in the State a common understanding of services provided and metrics for support.
- The new organization has introduced an enterprise approach to combine services across agencies, giving DTS the opportunity to share information across organizations (eRep, Budget Prep and eWarrant).
- The State of Utah's Web Portal, utah.gov, provides 830+ services to Utah citizens providing the flexibility to address energy savings initiatives (4 day work week).
- Through the organizational structure, DTS has been able to coordinate activities to oversee all State emergency communications.
- Through the methodologies and metrics that have been implemented, IT projects are now within 90% of budget and completion time and Project Managements has an increased success rate.

There is no shortage of demand for IT services from state agencies to offer more IT solutions which help government operate more efficiently. By driving enterprise efficiencies DTS embodies the charge given by legislators and the governor to 'do more with less'. Through this transition, DTS has built an organization that is better-equipped to meet new demands while maintaining our current services. By working as strategic collaborators with Agency leaders, we are finding new ways to share resources, collaborate on an Enterprise level, and better manage our IT resources within state government.

Lessons Learned

Utah chose to use a phased approach for the IT consolidation. The consolidation has taken 3 years to reach the final phase, Continuous Improvement. Utah has defined a strategic plan, established organization structure, established processes and budget procedures, and implemented performance metrics. DTS has been able to manage activities, with a solid method and process in place, which have changed the organization and have made IT management more productive while minimizing the impact to the business.

In order to make the most impact, the CIO must have total oversight of all IT resources. The CIO must have the ability to facilitate, coordinate, and control all IT functions in order to maximize resources and optimize the consolidation. If not, it is possible that the organization will fragmentize and dilute efficiencies.

Any major enterprise transformational effort involves uncharted waters because all environments are different. In addition, the transformation challenge never ends because conditions change and new challenges appear. Therefore, hard-earned lessons learned must be documented and used as guideposts to the future. The major lessons learned are summarized below.

- Define vision and strategic plan in order to achieve clear goals and objectives
- Define roles and responsibilities for accurate process and procedure documentation
- Team with business owners to work an aggressive but viable vision while continuously communicating
- Importance of stakeholder communications cannot be overstated (formal and informal, using various methods and forums)
- Target near-term gains as a way to maintain morale and retain buy-in of staff
- Celebrate successes
- Address governance from Day 1 (structure, roles/responsibilities, processes)
- Governance structure must establish and sustain a guiding coalition of key stakeholders from Day 1 forward
- Gradual process establishes critical transformational changes first (e.g., basic charters, policies, structures, vision, etc.), then allows time for less critical processes and details to be planned and implemented
- Do not allow problems or issues to take hold (including problems caused by those who do not want to buy into the transformation); solve them and move on
- Use qualified external consultants in a focused, judicious way

Looking Forward

As noted above, the transformation process is ongoing. Already as the CIO and his team look ahead, they know they have to build on the transformation results to date to ensure a similar record of success as they face the next wave of challenges. Some of the more important challenges are summarized below.

- Continue to seek optimization opportunities in order to improve operations
- Continue to consult with business leaders to apply IT tools to the business for optimal efficiency in operations
- Assist agencies in collecting information for use in their business operations (Balanced Score Card)

California IT Consolidation

Utah's experience with IT consolidation can be scaled to fit in California. However, the CIO must be enabled to make important business decisions. One size does not fit all, and the CIO must be able to make decisions for the entire IT enterprise.

Governor Schwarzenegger's IT plan must enable the CIO to reorganize IT resources. In order to make a significant change in an organizational structure, the CIO must be able to align and assign IT resources where needed.

IT personnel must be considered throughout the optimization. If a reduction in servers of 50% is achieved, a business decision must be made to determine the elimination or re-allocation of personnel resources.