

April 13, 2005

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

Dear Mr. Mayer:

On behalf of Sun Microsystems, Inc. I am pleased to accept your invitation to testify at the public hearing of the Little Hoover Commission on April 28 on the Governor's Reorganization Plan to consolidate two major data centers and to create a new Department of Technology Services (DTS).

I am very supportive of the intention of the plan to create a "single synergistic organization" to manage the vast technology resources of the State of California. I am concerned that the plan does not go far enough in creating that synergy, leaving out key functions that are proposed to remain in the Department of General Services and the Department of Finance. The state has suffered from a lack of clear accountability for information technology efforts, resulting in some disastrous statewide procurements and poor oversight of large IT programs; this plan appears to leave an extraordinary risk that these problems will be repeated. For this reorganization to meet the goal of creating a single accountable organization, there must also be authority for areas such as portfolio management, procurement, project oversight, risk management and other IT governance roles that go unaddressed in the plan.

I am also concerned that the role of the CIO is largely ignored in this plan. The CIO must be accountable to both the Office of the Governor and the Legislature for information technology related policy, operations, strategy and architecture. The current CIO acts mostly through influence, past CIO's have suffered from lack of authority and from lack of accountability this plan does nothing to adress this issue.

With the CIO playing a tangental role in the management of the DTS i am concerned that there will continue to be a void in that crucial leadership function.

Regarding the consolidation of the state's Teale and HHS data centers and the voice telecommunications and data networking functions into a single management regime there is risk that what is proposed will result in no measurable savings or services improvement to the state. This plan leaves open the risk that all that will be accomplished is the colocation of the data centers into a single site without enjoying any of the benefits of consolidation. Due to the state's history of "stovepipe" projects and technical architectures there is significant inconsistency between the technical environments that exist today in the two data centers. There must be significant work to establish an

integrated architecture, once that effort is completed the state will have to undertake a difficult and potentially expensive process of consolidation and integration to impliment that "enterrpise architecture" before any savings from the consolidation could be realized. While such a project would be daunting in its complexity I strongly recommend that the state undertake such an effort. Existing technologies in both data centers, including dependence on mainframes, database management systems, and application architectures that do not exist in any leading public or private sector operations still are at the core of the state's IT architecture. Consolidation provides the opportunity for modernization. The same hold true for the voice and data networks. The state must modernize or the integration of this function will bring no measurable benefit to the state. To paraphrase our CEO, without modernization just putting colocating these functions could be like creating a new vehicle by smashing two vehicles together, leaving nothing but a big mess.

I am very supportive of the transfer of the administration of the health and human services functions from the HHSDC to the Health and Human Services agency (HHS), with some reservations. The HHSDCs particular expertise was in management of the delivery environment for systems. In most enterprise IT governance structures ownership of application development and design activities reside with the functional group, with delivery and operations under control of an IT function. This transfer brings the state into line with those general best practices. But the DTS should retain program management oversight, and must maintain an independence from the projects necessary for them to serve in a quality management process and oversight role which they must retain. DTS will be ultimately responsible for the successful deployment of the systems developed under the HHS agency leadership and has a vested interest in assuring the quality and reliability of those system. Therefore they are the perfect entity to provide independent oversight and on issues of quality and reliability.

Finally, I am somewhat disappointed in the fact that this proposal addresses only some portions of the IT governance, procurement and architecture issue facing the sate. The consolidation of data centers is potentially good first step, but there needs to be a more comprehensive proposal that addresses these issues in a more comprehensive manner before the state can expect to enjoy the promised benefits described in this proposal.

Again, thank you for the opportunity to testify before the Commission on April 28. If you have any questions of me in the meantime, I can be contacted at 650-786-8804.

Sincerely,

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