

**State of California  
Little Hoover Commission  
Public Testimony  
on the  
Governor's Reorganization Plan  
for the  
Consolidation of Statewide Information Technology Functions**

P.K. Agarwal  
Director, California Department of Technology Services  
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I want to thank the Little Hoover Commission for inviting me to submit testimony on the Governor's Reorganization Plan for the consolidation of statewide information technology (IT) functions under the Office of the Chief Information Officer (OCIO). I had the rare opportunity to be a party to, and successfully bring about, the first round of IT consolidation in California state government. This led to the creation of the Department of Technology Services (DTS) on July 9, 2005, and involved two of the State's largest data centers and the Department of General Services' Office of Network Services. It should be noted that the Little Hoover Commission was instrumental in making this consolidation happen.

Under the State and Consumer Services Agency direction, the consolidation yielded a savings of \$44 million during the first two years. These savings were passed on to the departments of the State of California as reduced rates. Further, as a result of the consolidation, DTS absorbed considerable new workload while reducing staff positions by 11. These efficiencies were feasible because a data center business is akin to a utility and, thus, the resulting economies of scale. DTS was also able to launch new statewide services, including email, and expand other services such as web design and hosting without adding new resources. A major lesson learned was that such consolidations are more a people, process and communication challenge, and less a technology challenge. This process was complicated by the fact that the three entities being consolidated were, to some degree, competitors of each other.

The proposed plan to consolidate additional IT functions is likely to yield even greater benefits as it further leverages the economies of scale, increases the speed of deployment, and reduces the risk to IT projects. The statewide plans and architecture being developed by the OCIO will streamline technology-related processes, thus reducing the cost and increasing the speed of the delivery of IT services. The evolution of common solution architecture will lead to the reduction of risk in IT projects while improving the quality of infrastructure services provided by DTS.

The proposed consolidation also provides greater integration of DTS into the State IT development and deployment process. It should result in greater specialization of DTS staff and; therefore, increase productivity of state resources. Unlike the previous consolidation, this is being viewed very positively by DTS staff as there is clear value for them. In addition, the consolidation should lead to a broader range of career enhancement opportunities for most DTS staff.

Let me conclude by summarizing that this proposed consolidation is a necessary second step in the evolution of IT in the State of California. It should lead to improved services for the State's constituents and businesses, while better utilizing scarce resources and leveraging lessons learned to make this consolidation even more successful.