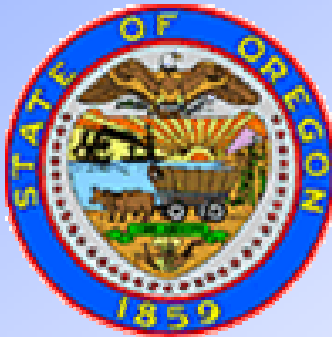




Computing & Networking Infrastructure Consolidation

CNIC Governing Board's Findings and Recommendations



July 15, 2004

CNIC Governing Board

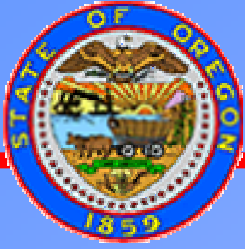
■ Membership

- Comprised of Participating Agency Heads or their designees

■ CNIC Project Roles/Responsibilities

- Major Milestone Reviews
- Policy and business decisions
- Agency CIOs vet technical issues and advise the Governing Board
- Additional subcommittees advise the Governing Board on Finance, Facilities, Human Resources and Communications

Agency Heads perform the same role collectively at the enterprise level that they perform individually within their own agencies



Participating Agencies

Agency	Governing Board Member
Administrative Services	Theresa McHugh
Consumer & Business Services	Cory Streisinger
Corrections	Max Williams
Education	Vickie Fleming
Employment	Deborah Lincoln
Forestry	Clark Seely
Housing & Community Services	Bob Repine
Human Services	Gary Weeks
Oregon State Police	Ron Ruecker
Revenue	Elizabeth Harchenko
Transportation	Bruce Warner
Veterans' Affairs	Jim Willis

Computing & Networking Infrastructure Consolidation Overview

■ Phase I – Planning and Assessment

• Key Milestones

- Spring 2004 Start Assessment
- Spring 2004 Inventory Completion
- Summer 2004 Implementation Strategy & Business Case
- Fall/Winter 2004 Detailed Implementation Plan & Final Business Case

■ Primary decision criterion: **Compelling Business Case**

- Significant operating cost reduction
- Maintain or improve service level

■ Phase II – Implementation

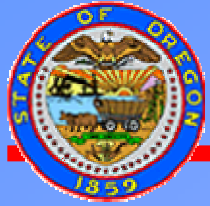
• Key Milestones

- Fall/Winter 2004 Begin Facility Construction
- Spring/Summer 2005 Begin Consolidation



Business Case Key Findings

- The business case is compelling
- Consolidation allows the state to:
 - Achieve savings
 - Correct deficiencies and mitigate risk
 - Position government for future initiatives
 - Demonstrate accountability
- Board Recommendation: **Proceed with detailed implementation planning phase**



Achieving Savings

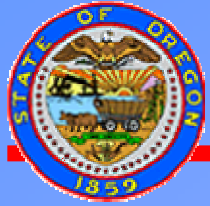
- **Estimated 16 percent statewide operating cost reduction***
- **Estimated 55 months to recover one-time costs**
- **Savings continue in perpetuity following ROI**
- **Analysis assumed most conservative scenarios**

* Savings estimates are conservative – actual savings could be higher



Correcting Deficiencies and Mitigating Risk

- **Consolidated infrastructure enables the state to:**
 - **Achieve higher levels of service**
 - 7x24 operation
 - Managed service levels
 - Best in class tools and processes
 - **Address critical risk issues**
 - Make State's computers and networks more secure
 - Deploy better and more reliable technology
 - Improve ability to recover from disaster



Positioning Government for the Future

- **Consolidated infrastructure lays the foundation for the following:**
 - **Standardization**
 - **Additional consolidation**
 - **Greater economies of scale**
 - **System and data integration**
 - **Technology-enabled business processes**
 - **More transparent and accessible government**



Demonstrating Accountability

- **Consolidation shows that state government can:**
 - **Work effectively on enterprise strategies**
 - **Overcome institutional barriers to change**
 - **Resolve complex business and technical issues**
 - **Produce the same or better service at lower cost**
 - **Be accountable to taxpayers**

Next Steps

- Proceed with detailed implementation planning
- Set performance expectations for implementation
- Resolve remaining HR and Facilities issues
- Establish:
 - Implementation phase contract
 - Operational governance model for shared service
 - Charge-back system to meet business requirements
 - Service level management processes and agreements
 - Process for capturing savings
- Finalize business case in planning process