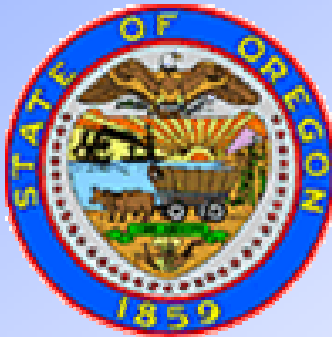




State of Oregon

Computing and Networking Infrastructure Consolidation (CNIC)



Agency IT Staff Presentations



Enterprise IRM Strategy (August 2002)

■ Strategies

- Establish and maintain an integrated voice, video and data network architecture and infrastructure
- **Consider some form of Consolidation of the State's computing infrastructure based on a sound business case**
- Where feasible, standardize the State's:
 - development environment,
 - network hardware and software, and
 - centralized computing hardware, software and processes

Two years ago, ITEC - Agency Heads and CIO's - recommended that the State develop a consolidation strategy

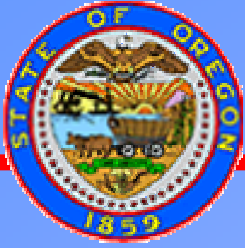


Over a Decade of Consolidation Experience

When faced with economic crisis, both public and private enterprises have chosen consolidation over cutting core programs to achieve required cost reductions

- Nearly three out of five IT organizations in the world's 3,500 largest companies are centralized
- Consolidation in various forms pursued by Federal government and at least a dozen states
- Both Public and Private sector organizations chose consolidation strategies to achieve:
 - Significant reduction in operating costs - savings between 30 and 50 percent that includes a
 - Census reduction between 10 to 20 percentWhile maintaining or improving service levels

**Consolidation is commonplace in both the public and private sector
Significantly reduces operating costs while maintaining or improving service**



Consolidation in Public Sector

- Federal Government push for consolidation began in 1995-1996
- Consolidation Activity at the State Level:
 1. Arizona - 2000
 2. California – 1997 & 2003
 3. Connecticut – 1997 - 2004
 4. Florida – 2001 - 2004
 5. Georgia – 2000 & 2002
 6. Illinois – 2004
 7. Iowa – 2001 - 2004
 8. Michigan – 1995 - 1997
 9. Missouri - 1995 - 1996
 10. New Mexico - 2004
 11. New Jersey - 1998
 12. New York - 1996 – 1998 & 2004
 13. Pennsylvania –1996 - 2001
 14. South Carolina – 1996 - 1999
 15. Texas 1993-1994
 16. Virginia - 2002 – 2004
 17. Wisconsin - 2000



State of Oregon

Current Environment Overview

- Profile of State's computing and networking infrastructure
 - 32 data centers/computer rooms and 14 data networks exist with 30 located in Salem
 - 12 largest data centers and 8 associated data networks which account for 80% of state's executive branch computing are located in Salem
- Fragmentation/Scale Issues
 - 3 largest data centers combined equal 60% of 1 medium center
 - Next 9 Centers combined equal 16% of 1 medium center
 - All 12 centers combined equal 75% of 1 medium center
- Proximity of the largest centers
 - Vast majority of State agency computing power located on the Capitol Mall
- Excess Redundancy: Each of the 32 data centers and 14 networks requires separate staff, facilities, and maintenance of systems
- Expectation: Consolidation of Oregon's computing and networking infrastructure is likely to yield significant cost reductions

Three factors - Statutory direction, ITEC consolidation strategy recommendation, and inefficiency of state's current computing environment – drive the decision to pursue the \$1.7M planning and assessment phase of the Governor's Consolidation Initiative

Computing and Networking Infrastructure Consolidation Overview

Phase I – Planning and Assessment (\$1.7 M)

- Contractor: Accenture
- Focused on 12 largest data centers and 8 associated data networks
- Project Scope:
 - Includes:
 - Data Center – mainframe, midrange and server infrastructure and associated facilities and staff
 - Network – routers, switches, hubs and associated facilities and staff
Focused on data transport to and from data center locations
 - Does not include
 - Voice network, application development, LAN/desktop operations or associated staff
 - Consideration of outsourcing

Computing and Networking Infrastructure Consolidation Overview

■ Phase I – Planning and Assessment

• Key Milestones

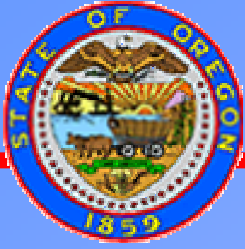
- 03/15/04 Start Date
- 04/30/04 Inventory Completion
- 06/15/04 Implementation Strategy & Business Case
- 09/2004 If Business Case approved - detailed Implementation Plan and final Business Case

■ Primary decision criterion for Phase II – Compelling Business Case

- Significant operating cost reduction
- Maintain or improve service level

■ Phase II – Implementation

- Cost and schedule based on Phase I Business Case and Implementation Plan



Participating Agencies

Agency	Governing Board Member
Administrative Services	Theresa McHugh
Consumer & Business Services	Cory Streisinger
Corrections	Max Williams
Education	Mike Greenfield
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

Governing Board

■ Membership

- Comprised of Participating Agency Heads

■ Roles/Responsibilities

- Major Milestone Reviews
- Policy and business decisions
- Agency CIOs will vet technical issues and advise Governing Board

Agency Heads will play the same role collectively at the enterprise level that they would play individually in leading and overseeing a major consolidation initiative within their own agency

Preliminary Staff Impact Estimate

- Total IT staff in participating agencies: 1,209
- Number which may be impacted by consolidation: 283
- Potential position reduction: 75-95
- Current IT vacancies in participating agencies: 107

Staffing impacts may be mitigated through vacancies and attrition

Human Resource Issues

■ Loss of Positions

- The same work can be done with fewer people

■ Mitigations

- DAS Director commitment to “Best Possible Effort” regarding zero net loss of staff
- Retraining, redeployment, outplacement
- Retirements
- Current Vacancies in participating and other agencies

Human Resource Issues

- Staff Selection Criteria
 - Internal competitive process
 - Job related skill sets
- Employee Issues
 - Seniority as a factor
 - Potential relocation
- New Data Center
 - Representation issues
 - Training