



SDC Rate Review

STATE DATA CENTER RATES FOR 2017/19

MAY 10, 2016

Agenda

- ▶ Rate Analysis Scenarios
- ▶ Overall Trends/Drivers
- ▶ Next Steps

LAN & Wireless LAN

- ▶ ETS has offered LAN & Wireless LAN services as a combined service offering
- ▶ Wireless LAN rate became uncompetitive
- ▶ 2017/19 separated the two services to address cost allocation for providing these services
- ▶ Result:
 - ▶ Wireless LAN went from \$101.92 to \$18.82 (82% decrease)
 - ▶ LAN went from \$101.92 to \$86.28 (15% decrease)
- ▶ What drove the shift in the rates?

LAN & Wireless LAN Rate Change Drivers

- ▶ Forecasted Budget:
 - ▶ 2015/17 \$17 million
 - ▶ 2017/19 \$15.7 million (7% decrease)
- ▶ Forecasted Usage:
 - ▶ 2015/17 167,000
 - ▶ 2017/19 178,000 (7% increase)
- ▶ Cost Allocation:
 - ▶ 2015/17 Combined
 - ▶ 2017/19 97% LAN, 3% Wireless LAN

Storage Back-up Side by Side Review

2015/17

- ▶ Compensation Costs \$250
- ▶ Hardware/Software \$223,666
- ▶ Maintenance/Support \$398,092
- ▶ DAS Transfers \$144,038
- ▶ TAM Professional Services \$1,531,015
- ▶ Server/RAM/CPU \$369,909
- ▶ Overhead \$386,581
- ▶ Other: \$0.00
- ▶ TOTAL \$3,053,552
- ▶ Usage: 170.5 million Gb
- ▶ Rate: \$.02

2017/19 ARB

- ▶ Compensation Costs \$1,112,298
- ▶ Hardware/Software \$385,168
- ▶ Maintenance/Support \$646,920
- ▶ DAS Transfers \$303,897 (Includes OSCIO)
- ▶ Professional Services \$399,277
- ▶ SDC Network & Voice Usage \$8,511
- ▶ Overhead \$0 (Assessment)
- ▶ Other: \$3,037,902 (See next slide)
- ▶ TOTAL \$5,893,973
- ▶ Usage: 159.3 million Gb
- ▶ Rate: \$.04

Storage Back-up Side by Side Review Cont.

- ▶ 2017/19 Other Storage Costs
 - ▶ Travel, Training & Office Expense \$41,840
 - ▶ Rent \$1,457,901 (Includes Montana)
 - ▶ 60 Days Working Capital \$357,479
 - ▶ 3% Salary Pot \$33,369
 - ▶ Beginning Balance Adjustment \$909,479
 - ▶ Other S&S \$5,200
 - ▶ CSL adjusting entry \$232,634
 - ▶ TOTAL \$3,037,902

Storage Back-up Rate Change Drivers

- ▶ Forecasted Budget:
 - ▶ 2015/17 \$3 million
 - ▶ 2017/19 ARB \$5.9 million (97% increase)
- ▶ Forecasted Usage:
 - ▶ 2015/17 170.5 million
 - ▶ 2017/19 ARB 159.4 million (6% decrease)
- ▶ Rates:
 - ▶ 2015/17 \$0.02
 - ▶ 2017/19 ARB \$0.04 (100% increase)
- ▶ Cost Allocation:
 - ▶ \$3 million increase in Other Costs

Enterprise Storage

- ▶ Enterprise Storage methodology has evolved from a variety of tiered rates to a single enterprise storage rate over the past several biennia.
- ▶ Changing methodologies and forecasted costs have caused rates to fluctuate in an environment where rate stabilization is preferred.

2013/15	2015/17	2017/19 ARB
Tier 1: \$.63 - \$.82 Tier 2: \$.53 - \$.69 Tier 3: \$.14 Forecasted Costs: \$24.9 million Usage: 12.3 million Gb	Enterprise Storage (Tier 1-3): \$.02 Forecasted Costs: \$525,000 after LFO adjustments for POPs Usage: 33.9 million Gb	Enterprise Storage (Tier 1-3): \$.20 Budget: \$8.8 million (\$6.1 sustainability) Usage: 44.3 million Gb

Mainframe TSO/Batch Side by Side Review

2015/17

- ▶ Compensation Costs \$2.2 million
- ▶ Hardware/Software \$740,000
- ▶ Maintenance/Support \$8.9 million
- ▶ DAS Transfers \$124,000
- ▶ TAM Professional Services \$68,000
- ▶ SGSC \$30,000
- ▶ Overhead \$2 million
- ▶ Other: \$98,000
- ▶ TOTAL \$14 million
- ▶ Usage: 468,000 CPU Minutes
- ▶ Rate: \$28.68

2017/19 ARB

- ▶ Compensation Costs \$2.4 million
- ▶ Hardware/Software \$1.3 million
- ▶ Maintenance/Support \$9.9 million
- ▶ DAS Transfers \$504,000 (Includes OSCIO)
- ▶ Professional Services \$169,000
- ▶ 60 Days Working Capital/Sal Pot \$1.9 million
- ▶ Overhead \$100,000 (Disaster Recovery)
- ▶ Other: \$124,000
- ▶ TOTAL \$16.5 million
- ▶ Usage: 344,866 CPU Minutes
- ▶ Rate: \$45.67

Mainframe Rate Change Drivers

- ▶ Forecasted Budget:
 - ▶ 2015/17 \$14 million
 - ▶ 2017/19 ARB \$16.5 million (18% increase)
- ▶ Forecasted Usage:
 - ▶ 2015/17 468,000
 - ▶ 2017/19 ARB 345,000 (26% decrease)
- ▶ Rates:
 - ▶ 2015/17 \$28.68
 - ▶ 2017/19 ARB \$45.67 (59% increase)
- ▶ Cost Allocation:
 - ▶ \$1.9 million increase due to 60 Days Working Cap/Salary Pot adjustment
 - ▶ \$600,000 increase in Hardware/Software
 - ▶ \$1 million increase in maintenance

Co-location Rate Change Drivers

- ▶ Forecasted Budget:

- ▶ 2015/17 \$1.35 million
- ▶ 2017/19 ARB \$1.69 million (25% increase)

- ▶ Forecasted Usage:

- ▶ 2015/17 218,448 (Includes internal sales of 213,456 sq ft)
- ▶ 2017/19 ARB 4,992 (98% decrease. Did not include internal sales for computing platforms on the raised floor)

Co-location Rate Change Drivers

- ▶ Rates:
 - ▶ 2015/17 \$6.19
 - ▶ 2017/19 ARB \$338.58
 - ▶ 2017/19 GRB \$7.75 approximation
- ▶ Cost Allocation:
 - ▶ \$9,000 increase in compensation costs
 - ▶ \$6,000 60 Days Working Cap/Salary Pot adjustment
 - ▶ \$14,000 Policy Option Package for Hardware, Software & Maintenance
 - ▶ **Should this be cost pooled to the X86 Infrastructure hourly rate which is sold to x86 Computing Services**
 - ▶ \$4,000 increase in projected facilities & maintenance
- ▶ 98% of the costs or \$1.65 million need to be moved to the assessment for computing. Estimated rate including the internal usage is approximately \$7.75.

X86 Servers

- ▶ Changing methodologies and forecasted costs have caused rates to fluctuate in an environment where rate stabilization is preferred.

2013/15 Actuals	2015/17 Forecasted	2017/19 Forecasted ARB
Personal Services \$5.6 million S&S \$13.5 million Cap Outlay \$2.2 million Total Costs: \$21.3 million	Personal Services \$7.1 million S&S \$4.6 million Cap Outlay \$6.2 million Forecasted Costs: \$17.9 million	Personal Services \$8.7 million S&S \$15.1 million Cap Outlay \$3.2 million Forecasted Costs: \$27 million Increases from 2015/17 Include: \$5.2 million Sustainability \$2.4 million Network/Voice \$1.2 million DAS Transfers

Appliance Hosting Rate Change Drivers

- ▶ Forecasted Budget:
 - ▶ 2015/17 \$25,409
 - ▶ 2017/19 ARB \$33,838 (34% increase)
- ▶ Forecasted Usage:
 - ▶ 2015/17 384
 - ▶ 2017/19 ARB 408 (7% increase)
- ▶ Rates:
 - ▶ 2015/17 \$66.17
 - ▶ 2017/19 ARB \$82.94 (25% increase)
- ▶ Cost Allocation:
 - ▶ \$ 5,000 increase in Compensation Costs
 - ▶ \$10,500 increase in Network/Voice Usage

Server Load Balancing Rate Change Drivers

- ▶ Forecasted Budget:
 - ▶ 2015/17 \$40,654
 - ▶ 2017/19 ARB \$85,124 (110% increase)
- ▶ Forecasted Usage:
 - ▶ 2015/17 672
 - ▶ 2017/19 ARB 672
- ▶ Rates:
 - ▶ 2015/17 \$60.60
 - ▶ 2017/19 ARB \$126.93 (109% increase)
- ▶ Cost Allocation:
 - ▶ \$22,000 allocated from X86 Infrastructure that was not allocated in 2015/17
 - ▶ \$16,00 for Network/Voice Usage
 - ▶ Compensation Costs and DAS Transfers made up the remaining increase

Server Clustering Rate Change Drivers

- ▶ Forecasted Budget:
 - ▶ 2015/17 \$60,981
 - ▶ 2017/19 ARB \$80,944 (33% increase)
- ▶ Forecasted Usage:
 - ▶ 2015/17 1,584
 - ▶ 2017/19 ARB 1,464 (7% decrease)
- ▶ Rates:
 - ▶ 2015/17 \$38.50
 - ▶ 2017/19 ARB \$53.55 (39% increase)
- ▶ Cost Allocation:
 - ▶ \$20,000 increase due to a combination of DAS Transfers, Network/Voice Usage, Compensation Costs, and 60 Days Working Capital Adjustments

Overall Global Drivers

- ▶ Sustainability – Approximately \$17 million
- ▶ Policy Option Packages - \$2.9 million
 - ▶ 5 FTE LD to Permanent
 - ▶ 6 FTE Growth
 - ▶ \$2 million Capital Outlay and Data Processing
- ▶ DAS OSCIO Transfer – New
- ▶ 60 Days Working Capital/Beginning Balance Offset
 - ▶ 2015/17 \$1,128,165 Rates, \$5,379,365 Assessment, Total \$6,507,530
 - ▶ 2017/19 \$9,555,860 Rates, \$1,277,226 Assessment, Total \$10,833,086
- ▶ Lack of Opportunity for Customer Review of Usage
- ▶ Rent in Rates rather than Assessment – See next slide

Rent to Assessment

- ▶ A large portion of SDC rent was inadvertently spread through rates rather than assessment:
 - ▶ Mainframe \$98,675
 - ▶ Midrange \$207,152
 - ▶ X86 Infrastructure \$1,668,677
 - ▶ Storage \$1,922,419
 - ▶ Storage Sustainability \$463,990
 - ▶ Back-up \$1,457,901
 - ▶ Network LAN \$659,473
 - ▶ Voice Support \$112,182
 - ▶ Total \$6,590,469

Rent in Assessment

- ▶ The following rent is currently in the assessment for ARB:
 - ▶ Administrative Supervision \$111,721
 - ▶ Business Services \$169,193
 - ▶ Voice Support \$999
 - ▶ Network WAN \$659,473
 - ▶ Business Relationship \$19,950
 - ▶ Project & Process \$19,370
 - ▶ Total \$980,706

Wrap Up

- ▶ Next Steps
 - ▶ SDC Management Review – Rate Analysis Components
 - ▶ Usage Modeling
 - ▶ Customer Usage Reviews
 - ▶ Early Submittal Agencies – ARB numbers due June 30th in ORBITS