

## MEMORANDUM

TO: CIO/CFOs of All State Agencies, Boards and Commissions

FROM: Stuart R. Davis, *State Chief Information Officer/Assistant Director* 

DATE: July 18, 2014

SUBJECT: Fiscal Year 2015 OIT Service Rates

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The Department of Administrative Services (DAS), Office of Information Technology (OIT) Service rates have remained constant the last two fiscal years while the OIT Optimization Plan was developed. The main objective of IT Optimization is to lower the State's total IT costs and redirect those savings into improved IT services and into programs and services that benefit Ohio citizens and businesses. IT Optimization has made significant progress during the year with the numerous strategic efforts that have been underway saving the State over \$27 million.

This centralization of IT will shift some costs from individual agencies to OIT however, total Enterprise IT costs will be reduced as the State of Ohio transitions services to the center. As the transformation progresses, additional economies of scale are anticipated and will be addressed in future rates analysis.

Fiscal Year 2015 will be a transition year of IT management and services. With these changes, the DAS/OIT rate structure must adapt and change as well. There will be several new services including Office 365, SSL Certificates, EPay transactions and LAN cabling. More information about these services can be found in the [DAS/OIT Service Catalog](#).

There will be multiple existing services where the rate will remain relatively unchanged or reduced. These services include:

- Helpdesk Application
- Exchange
- Centrex Support Services
- Enterprise Geocoding
- GIS Hosting
- Application Integration
- Mainframe Virtual Tape
- Client VPN
- Virtual Connection – Bandwidth
- Equipment Installation
- Network Equipment Administration
- LAN Connectivity
- Dedicated Network
- Secure Authentication Services

- Firewall Services
- Internet Bandwidth
- Disaster Recovery (mainframe)

FY15 will be the first full year of SOCC co-managed core infrastructure services. These services are designed to more effectively manage the facility while consolidating enterprise data center services. This initiative will provide a more predictable operating process for the IT infrastructure of the State that will result in substantially higher service levels (performance, utilization, availability). Since implementation precedes the increase in revenue from higher activity levels, the rate per unit of service is affected. Any rate increase is only necessary until the revenue generated from consolidated state volume exceeds costs. These transitional enterprise data center services include:

- Windows System Services
- Virtual Server Services
  - Virtual Server CPU Expansion
  - Virtual Server Memory Expansion
  - Virtual Managed Server
- Unix System Services
  - Unix MHz Charge
  - Unix Memory Expansion
- Linux System Services
- Performance Storage

There are no increases for the following enterprise data center services:

- General Purpose Storage
- Capacity Storage
- Backup and Archive

The remaining services have revenue challenges due to IT Optimization and normal cost/volume rate reconciliations. A transition has begun to move the Enterprise to Ohio's One Network. Under this concept, OARnet will be the long haul network provider in place of commercial carriers, merging with the existing Ohio.gov backbone function. In FY15 the Ohio.gov connection cost will no longer be a rated service as an interim step in implementing Ohio's One Network. There are also standard adjustments that occur each year where revenue, volume and costs are inconsistent with expectations and must be adjusted. These remaining rated IT services include:

- Shared File/Print Services
- Open VMS Management Services
- Social Security Verification
- Timekeeping Services
- MCD EDI Services
- Database Services
- Mainframe System Services
- Point of Presence (POP) space
- Connection Management

- Aggregated Port Management

We will continue to look at ways to reduce these rates as we move through FY15.

DAS understands and appreciates the temporary burden some agencies may incur with the IT Optimization initiative through this transitional year. While service consolidation does require a shift in agency resources to OIT, there are many other examples of FY15 reduced IT and non-IT agency disbursements. In many instances, the savings per agency is greater than the increase in OIT costs. DAS is committed to an IT Optimization funding strategy that will assure critical agency operations are not only maintained but bolstered during implementation.

The DAS/OIT Business Office staff is available to answer questions you may have with any of these service rates. Meetings will be requested with those agencies that have high volume service delivery needs that are the most significantly impacted. We will be reaching out to agencies to schedule these meetings in the near future. Information can be found regarding FY15 OIT Service Rates at the [OIT Business Office web page](#). If you have questions or need additional information, please contact the DAS/OIT Business Manager Stephen Boudinot at 614-466-9389 or at [stephen.p.boudinot@das.ohio.gov](mailto:stephen.p.boudinot@das.ohio.gov).