Forward

“The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you, and you may not even be aware of the extent to which this is happening” - Louis V. Gerstener, Jr. former Chief Executive Officer for IBM.

Information technology can focus resources on one of three different areas: operations; enhancements; or projects. Operations is defined as the activities required to keep the lights on and fix the things that are broken. Enhancements are continuous improvement efforts applied to processes, software, or hardware solutions currently in production. Projects are larger initiatives that are focused on strategic improvement to the business. Our consolidation effort would fit the definition of a project.

After two years of focusing on consolidation we are in the process of making several organizational and tactical changes at ISD to pivot toward operations. The implementation of these changes is being accelerated as we pass the halfway point of consolidation. Currently, 87% of all agencies use some shared IT service, and over half of the agencies receive all of their IT services from ISD. We believe these changes will increase customer satisfaction without slowing down the completion of consolidation. The allocation of resource is a never ending balancing act, and cultural change is difficult and takes time. I want to thank all the employees, vendors, and our partner agencies who have helped us achieve what we have achieved in just three and a half years.

Alex Z. Pettit
Chief Information Officer
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1 Summary of Consolidation Progress

This quarterly report will present what was accomplished in FY 2013, what our plans are for FY 2014, and an update to our standard reporting models and tables.

The updated annual spending on IT is presented in Figure 1 starting with 2009 and updated with the most current numbers from the general ledger. IT spending has reduced by $115 million over this period of time. Figures 1a and 1b represent graphically this information. Figure 1c is the supporting data for Figure 1b.

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>FY12 Total</th>
<th>FY13 Total</th>
<th>Increase/Decrease</th>
<th>% of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oklahoma Aeronautics</td>
<td>$34,264.43</td>
<td>$59,932.42</td>
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<td>Construction Industries Board</td>
<td>$179,650.40</td>
<td>$130,344.01</td>
<td>$6,306.34</td>
<td>6.97%</td>
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<tr>
<td>Uniform Building Code Commission</td>
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<td>$8,337.61</td>
<td>297.85%</td>
</tr>
<tr>
<td>Agency Name</td>
<td>FY12 Total</td>
<td>FY13 Total</td>
<td>Increase/Decrease</td>
<td>% of Change</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>----------------</td>
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<td>--------------</td>
</tr>
<tr>
<td>State Arts Council</td>
<td>$32,871.21</td>
<td>$25,869.73</td>
<td>-$7,001.48</td>
<td>-21.30%</td>
</tr>
<tr>
<td>Department of Education</td>
<td>$8,659,474.50</td>
<td>$6,029,832.30</td>
<td>-$2,630,896.83</td>
<td>-30.50%</td>
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<tr>
<td>OK Comm for Teacher Prep</td>
<td>$41,179.13</td>
<td>$78,793.17</td>
<td>-$753.27</td>
<td>-1.83%</td>
</tr>
<tr>
<td>Physician Manpower Trng Comm</td>
<td>$8,203.59</td>
<td>$11,252.64</td>
<td>$3,049.05</td>
<td>37.17%</td>
</tr>
<tr>
<td>Center for Advancement of Science/Tech</td>
<td>$172,631.17</td>
<td>$85,706.70</td>
<td>-$15,590.88</td>
<td>-22.64%</td>
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<td>Teachers Retirement System</td>
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<td>$808,251.22</td>
<td>-$76,745.23</td>
<td>-8.67%</td>
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<td>Ethics Commission</td>
<td>$16,297.28</td>
<td>$17,691.62</td>
<td>$1,394.34</td>
<td>8.56%</td>
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<td>Office of Personnel Management</td>
<td>$180,418.07</td>
<td>$137,126.15</td>
<td>-$40,514.02</td>
<td>-22.81%</td>
</tr>
<tr>
<td>Dept of Central Services</td>
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<td>$728,613.41</td>
<td>-$562,708.47</td>
<td>-44.30%</td>
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<td>State Treasurer</td>
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<td>$1,071,313.32</td>
<td>-$435,513.80</td>
<td>-29.02%</td>
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<td>Employees Benefits Council</td>
<td>$1,238,542.82</td>
<td>$1,006,345.00</td>
<td>-$232,197.82</td>
<td>-18.77%</td>
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<tr>
<td>Tobacco Settlement Endowment Trust</td>
<td>$146,935.41</td>
<td>$131,539.16</td>
<td>-$15,396.25</td>
<td>-10.48%</td>
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<tr>
<td>Office of Disability Concerns</td>
<td>$16,132.19</td>
<td>$15,099.19</td>
<td>-$1,033.00</td>
<td>-6.40%</td>
</tr>
<tr>
<td>Okla. Human Rights Comm.</td>
<td>$37,044.30</td>
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<td></td>
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</tr>
<tr>
<td>Commercial Pet Breeders Board</td>
<td>$10,434.52</td>
<td>$911.73</td>
<td>-$9,522.79</td>
<td>-91.26%</td>
</tr>
<tr>
<td>Interstate Oil Compact Comm</td>
<td>$8,315.32</td>
<td>$11,750.87</td>
<td>$3,435.55</td>
<td>41.32%</td>
</tr>
<tr>
<td>Dept of Tourism &amp; Recreation</td>
<td>$1,030,088.45</td>
<td>$1,699,541.78</td>
<td>$669,453.33</td>
<td>65.21%</td>
</tr>
<tr>
<td>Oklahoma Accountancy Board</td>
<td>$166,198.50</td>
<td>$59,196.09</td>
<td>-$12,933.39</td>
<td>-14.99%</td>
</tr>
<tr>
<td>State Banking Department</td>
<td>$169,723.78</td>
<td>$65,152.72</td>
<td>$21,845.94</td>
<td>26.14%</td>
</tr>
<tr>
<td>Liquefied Petroleum Gas Bd</td>
<td>$16,002.85</td>
<td>$18,709.63</td>
<td>$2,706.78</td>
<td>16.91%</td>
</tr>
<tr>
<td>Marginally Prod Oil &amp; Gas Wells</td>
<td>$28,043.67</td>
<td>$46,789.64</td>
<td>-$18,746.07</td>
<td>-67.26%</td>
</tr>
<tr>
<td>Okla Motor Vehicle Comm</td>
<td>$16,517.12</td>
<td>$8,566.75</td>
<td>-$7,950.37</td>
<td>-48.09%</td>
</tr>
<tr>
<td>Bd of Exam for Long Term Care Admin</td>
<td>$16,044.02</td>
<td>$13,635.17</td>
<td>-$2,408.85</td>
<td>-15.11%</td>
</tr>
<tr>
<td>Oklahoma Board of Nursing</td>
<td>$190,784.85</td>
<td>$219,832.89</td>
<td>$29,048.04</td>
<td>15.87%</td>
</tr>
<tr>
<td>Board of Exam in Optometry</td>
<td>$7,963.69</td>
<td>$6,582.79</td>
<td>-$1,380.90</td>
<td>-17.34%</td>
</tr>
<tr>
<td>Prof Engineering &amp; Land Surveyors</td>
<td>$27,384.24</td>
<td>$65,549.93</td>
<td>$38,165.69</td>
<td>58.68%</td>
</tr>
<tr>
<td>OK State Board of Lic Social Workers</td>
<td>$48,733.46</td>
<td>$8,908.67</td>
<td>-$39,824.79</td>
<td>-81.90%</td>
</tr>
<tr>
<td>Comm on Consumer Credit</td>
<td>$204,974.01</td>
<td>$162,464.98</td>
<td>-$42,509.03</td>
<td>-20.63%</td>
</tr>
<tr>
<td>Oklahoma Abstractors Board</td>
<td>$12,055.83</td>
<td>$8,991.08</td>
<td>-$3,064.75</td>
<td>-25.44%</td>
</tr>
<tr>
<td>Capitol Improvement Auth</td>
<td>$10,132.78</td>
<td>$1,906.11</td>
<td>-$8,226.67</td>
<td>-80.99%</td>
</tr>
</tbody>
</table>
Figures 2a and 2b present the updated consolidated project savings to date. These projects represent specific activities undertaken to replace inefficient or more expensive IT systems with more efficient or less expensive systems. Each chart represents a different category of project savings.

Figure 2a presents the direct estimated dollar reduction in spending resulting from a specific project. To illustrate, when the individual disaster recovery plans and supporting services for DHS and OMES were combined, the amount spent by both agencies was reduced by over $200,000 per year.

Figure 2b is the estimated cost avoided had the project not been completed. The best examples of this are the enterprise-wide IT software licensing agreements, where agencies would run older copies of software and would eventually be faced with a higher expense to upgrade their applications when they went to update their desktops or laptops.

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>FY12 Total</th>
<th>FY13 Total</th>
<th>Increase/Decrease</th>
<th>% of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>$41,827.79</td>
<td>$48,943.98</td>
<td>$5,844.95</td>
<td>14.28%</td>
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<tr>
<td>State Fire Marshal</td>
<td>$94,211.73</td>
<td>$103,506.47</td>
<td>$9,294.74</td>
<td>9.87%</td>
</tr>
</tbody>
</table>

Reduce the Size of Government - APPROACH

Approach: Identify and Implement Projects that Reduce Information Technology Operational Cost (Consolidation Projects)

Metric: Estimated Savings and Net Present Value Based on Standard Cost Benefit Analysis

All Consolidation Projects Require Cost Benefit Analysis
We Do Not Quantify Most Cost Avoidance Projects

Types of Operational Cost Savings

Estimated Cost Reduction  

Estimated Cost Avoidance
Figures 3 and 4 identify each specific cost reduction or cost avoidance project and how much they have and will reduce the IT costs by each year. This is the detail which supports the graphically presented information in Figures 2a and 2b.

### Consolidation Project Savings

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>Status</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIICM</td>
<td>Completed</td>
<td>$34,311</td>
<td>$48,511</td>
<td>$41,411</td>
<td>$41,411</td>
<td>$41,411</td>
<td>$41,411</td>
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<tr>
<td>Banking Dept</td>
<td>Completed</td>
<td>$7,251</td>
<td>$7,251</td>
<td>$7,251</td>
<td>$7,251</td>
<td>$7,251</td>
<td>$7,251</td>
</tr>
<tr>
<td>Board of Nursing</td>
<td>Completed</td>
<td>($15,543)</td>
<td>($9,745)</td>
<td>($15,245)</td>
<td>($15,245)</td>
<td>($15,245)</td>
<td>($15,245)</td>
</tr>
<tr>
<td>Capitol Improvement Auth</td>
<td>Completed</td>
<td>($1,601)</td>
<td>($1,052)</td>
<td>($1,052)</td>
<td>($1,052)</td>
<td>($1,052)</td>
<td>($1,052)</td>
</tr>
<tr>
<td>Dept of Central Services</td>
<td>Completed</td>
<td>$37,194</td>
<td>$9,054</td>
<td>$14,554</td>
<td>$9,054</td>
<td>$9,054</td>
<td>$3,554</td>
</tr>
<tr>
<td>Dept of Corrections HCM</td>
<td>Completed</td>
<td>($132,472)</td>
<td>$93,753</td>
<td>$234,892</td>
<td>$234,892</td>
<td>$234,892</td>
<td>$234,892</td>
</tr>
<tr>
<td>Dept of Tourism</td>
<td>Completed</td>
<td>$93,607</td>
<td>$94,407</td>
<td>$93,727</td>
<td>$93,727</td>
<td>$93,727</td>
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<tr>
<td>Disaster Recovery Services</td>
<td>Completed</td>
<td>$247,344</td>
<td>$419,245</td>
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<td>$203,524</td>
<td>$203,524</td>
<td>$203,524</td>
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<tr>
<td>Employee Benefits Council</td>
<td>Completed</td>
<td>$150,115</td>
<td>$214,084</td>
<td>$208,584</td>
<td>$208,584</td>
<td>$208,584</td>
<td>$214,084</td>
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<tr>
<td>Office of Personnel Mgmt</td>
<td>Completed</td>
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<td>$70,746</td>
<td>$70,746</td>
</tr>
<tr>
<td>Dept of Education</td>
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<td>$1,098,231</td>
<td>$1,054,231</td>
<td>$960,731</td>
<td>$1,054,231</td>
<td>$1,435,231</td>
<td>$1,435,231</td>
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<tr>
<td>Dept of Education Managed Print</td>
<td>Completed</td>
<td>$200,251</td>
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<td>$279,251</td>
<td>$279,251</td>
<td>$279,251</td>
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<tr>
<td>Services</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Treasurer</td>
<td>Completed</td>
<td>$277,473</td>
<td>$277,473</td>
<td>$277,476</td>
<td>$277,476</td>
<td>$277,477</td>
<td>$277,477</td>
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<td>VoIP OKC County Health Dept</td>
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<td>($11,794)</td>
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<td>$41,814</td>
<td>$41,814</td>
<td>$41,814</td>
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<td>CareerTech Position Consolidation</td>
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<td>AG HelpDesk Transition</td>
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<td>$3,241</td>
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<td>$3,573</td>
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<tr>
<td>Consolidation</td>
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<td>COMIT Telemanagement Billing Module</td>
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<td>$123,925</td>
<td>$123,925</td>
<td>$123,925</td>
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<td>Fiber – Classen Buildings</td>
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<tr>
<td>Fiber – LandMark Tower</td>
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<td>$14,821</td>
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<tr>
<td>Fiber – Prof Engineers &amp; Land Surveyors</td>
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<td>Labor Dept</td>
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<tr>
<td>Agency Name</td>
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<td>FY2013</td>
<td>FY2014</td>
<td>FY2015</td>
<td>FY2016</td>
<td>FY2017</td>
</tr>
<tr>
<td>------------------------------------------------</td>
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<td>Wheat Comm</td>
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<td>Children &amp; Youth Commission</td>
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<td>Mines Dept</td>
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<td>Scenic Rivers Commission</td>
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</tr>
<tr>
<td>SDE Child Contract Consolidation</td>
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<tr>
<td>SDE Child Nutrition Contract Consolidation</td>
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<td>DEQ Position Cost Savings</td>
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<td>Pharmacy Board Consolidation</td>
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<td>$88,500</td>
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<td>Dentistry Board Consolidation</td>
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<td>Vet Board Consolidation</td>
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<tr>
<td>Chiropractic Examiners Consolidation</td>
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</tr>
<tr>
<td>Psychologists Examiners Consolidation</td>
<td>Completed</td>
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<td>$(1,408)</td>
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<tr>
<td>Pre-Surplus Clearing House</td>
<td>Completed</td>
<td>$173,446</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Eliminate Unused Software – Shared Services *</td>
<td>Completed</td>
<td>$125,204</td>
<td>$128,960</td>
<td>$132,829</td>
<td>$136,814</td>
<td>$140,918</td>
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<tr>
<td>DOC Re-organization</td>
<td>Completed</td>
<td>$140,570</td>
<td>$140,570</td>
<td>$140,570</td>
<td>$140,570</td>
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<tr>
<td>Conservation Commission Consolidation</td>
<td>Completed</td>
<td>$14,575</td>
<td>$14,575</td>
<td>$14,575</td>
<td>$14,575</td>
<td>$14,575</td>
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</tr>
<tr>
<td>Medical Examiners Consolidation</td>
<td>Completed</td>
<td>$13,932</td>
<td>$8,432</td>
<td>$13,932</td>
<td>$8,432</td>
<td>$13,932</td>
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<tr>
<td>SDE – CAS Contract Consolidation</td>
<td>Completed</td>
<td>$20,000</td>
<td>$21,000</td>
<td>$21,000</td>
<td>$21,000</td>
<td>$21,000</td>
<td></td>
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<tr>
<td>SDE Scrantron Contract Consolidation</td>
<td>Completed</td>
<td>$140,548</td>
<td>$147,575</td>
<td>$147,575</td>
<td>$147,575</td>
<td>$147,575</td>
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<tr>
<td>ODOT Video Editing System</td>
<td>Completed</td>
<td>$29,670</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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</tr>
<tr>
<td>Agency Name</td>
<td>Status</td>
<td>FY2012</td>
<td>FY2013</td>
<td>FY2014</td>
<td>FY2015</td>
<td>FY2016</td>
<td>FY2017</td>
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<tr>
<td>------------------------------------------------</td>
<td>---------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
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<tr>
<td>Employee Benefits Div – VM Ware</td>
<td>Completed</td>
<td>$5,357</td>
<td>$5,357</td>
<td>$5,357</td>
<td>$5,357</td>
<td>$5,357</td>
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<tr>
<td>Health Department Network Consolidation</td>
<td>Completed</td>
<td>$1,822,537</td>
<td>$1,437,627</td>
<td>$1,437,627</td>
<td>$1,437,627</td>
<td>$1,437,627</td>
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</tr>
<tr>
<td>ODVA Network Consolidation</td>
<td>Planning</td>
<td>$33,817</td>
<td>$33,817</td>
<td>$33,817</td>
<td>$33,817</td>
<td>$1,017,517</td>
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<tr>
<td>OKDHS Printer Optimization *</td>
<td>Planning</td>
<td>$135,000</td>
<td>$160,000</td>
<td>$160,000</td>
<td>$160,000</td>
<td>$160,000</td>
<td></td>
</tr>
<tr>
<td>Agriculture Printer Optimization *</td>
<td>Planning</td>
<td>$62,579</td>
<td>$87,579</td>
<td>$87,579</td>
<td>$87,579</td>
<td>$87,579</td>
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<tr>
<td>DEQ Printer Optimization *</td>
<td>Planning</td>
<td>$90,470</td>
<td>$115,470</td>
<td>$115,470</td>
<td>$115,470</td>
<td>$115,470</td>
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<tr>
<td>Dept of Libraries Consolidation</td>
<td>Execution</td>
<td>$130,167</td>
<td>$130,167</td>
<td>$124,667</td>
<td>$124,667</td>
<td>$130,167</td>
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<tr>
<td>OSSEGGIB Consolidation</td>
<td>Execution</td>
<td>$515,053</td>
<td>$610,159</td>
<td>$610,159</td>
<td>$610,159</td>
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<tr>
<td>Shepherd Mall Network Consolidation</td>
<td>Execution</td>
<td>$9,825</td>
<td>$38,257</td>
<td>$38,257</td>
<td>$38,257</td>
<td>$38,257</td>
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<tr>
<td>Health Dept Consolidation</td>
<td>Execution</td>
<td>$436,970</td>
<td>$276,770</td>
<td>$441,770</td>
<td>$276,770</td>
<td>$276,770</td>
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<tr>
<td>SDE – Decommission HP NonStop (Mainframe) *</td>
<td>Execution</td>
<td>$191,242</td>
<td>$385,939</td>
<td>$393,566</td>
<td>$401,422</td>
<td>$409,513</td>
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<tr>
<td>Security as a Service – Phase I</td>
<td>Execution</td>
<td>$57,542</td>
<td>$723,798</td>
<td>$723,798</td>
<td>$723,798</td>
<td>$723,798</td>
<td></td>
</tr>
<tr>
<td>Statewide Mainframe Consolidation</td>
<td>Execution</td>
<td>$1,769,151</td>
<td>$2,162,249</td>
<td>$2,838,061</td>
<td>$2,838,061</td>
<td>$3,623,315</td>
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</tr>
<tr>
<td>Telecom Expense Management *</td>
<td>Execution</td>
<td>$2,680,000</td>
<td>$3,426,000</td>
<td>$3,426,000</td>
<td>$3,426,000</td>
<td>$3,426,000</td>
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<tr>
<td>Pardon &amp; Parole Board Consolidation</td>
<td>Execution</td>
<td>$51,082</td>
<td>$52,515</td>
<td>$62,474</td>
<td>$59,304</td>
<td>$61,704</td>
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<td>Real Estate Commission Consolidation</td>
<td>Execution</td>
<td>$118,756</td>
<td>$118,756</td>
<td>$118,756</td>
<td>$118,756</td>
<td>$113,056</td>
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<tr>
<td>Boll Weevil Consolidation</td>
<td>Execution</td>
<td>$60,090</td>
<td>$60,090</td>
<td>$60,090</td>
<td>$60,090</td>
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<td>Dept of Commerce Consolidation</td>
<td>Planning</td>
<td>$289,035</td>
<td>$39,035</td>
<td>$33,535</td>
<td>$33,535</td>
<td>$33,535</td>
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<tr>
<td>Dept of Human Services Email to the Cloud</td>
<td>Planning</td>
<td>$351,018</td>
<td>$218,481</td>
<td>$225,874</td>
<td>$233,489</td>
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<td></td>
</tr>
<tr>
<td>Mental Health Network Consolidation</td>
<td>Planning</td>
<td>$90,806</td>
<td>$50,809</td>
<td>$50,809</td>
<td>$50,809</td>
<td>$50,809</td>
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</tbody>
</table>
### Agency Name

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decommission</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unused Software – Infrastructure</td>
<td>Initiation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>pSeries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL ANNUAL SAVINGS</td>
<td>$4,403,598</td>
<td>$15,088,204</td>
<td>$17,917,700</td>
<td>$18,357,458</td>
<td>$18,313,506</td>
<td>$20,463,971</td>
</tr>
</tbody>
</table>

Savings Over 6 Years  
\[\text{\$84,271,474}\]

**NOTES:** 1 FY12 plus NPV of savings achieved in FY13 – FY17

### Consolidation Project Cost Avoidance

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Status</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISD Procurement</td>
<td>Completed</td>
<td>$81,654</td>
<td>$81,654</td>
<td>$81,654</td>
<td>$81,654</td>
<td>$81,654</td>
<td>$81,654</td>
</tr>
<tr>
<td>Statewide IT Contracts</td>
<td>Completed</td>
<td>$920,266</td>
<td>$1,679,846</td>
<td>$1,679,846</td>
<td>$1,679,846</td>
<td>$1,679,846</td>
<td>$1,679,846</td>
</tr>
<tr>
<td>SSL Certificate Savings</td>
<td>Completed</td>
<td>$7,888</td>
<td>$7,888</td>
<td>$7,888</td>
<td>$7,888</td>
<td>$7,888</td>
<td>$7,888</td>
</tr>
<tr>
<td>Microsoft Enterprise Agreement</td>
<td>Completed</td>
<td>$1,778,419</td>
<td>$1,778,419</td>
<td>$1,778,419</td>
<td>$2,047,273</td>
<td>$2,047,273</td>
<td>$2,047,273</td>
</tr>
<tr>
<td>Microsoft EES Statewide Contract</td>
<td>Completed</td>
<td>$1,139,031</td>
<td>$1,139,031</td>
<td>$1,139,031</td>
<td>$1,139,031</td>
<td>$1,139,031</td>
<td>$1,139,031</td>
</tr>
<tr>
<td>Health Network Consolidation</td>
<td>Completed</td>
<td>$1,822,538</td>
<td>$1,437,628</td>
<td>$1,437,628</td>
<td>$1,437,628</td>
<td>$1,437,628</td>
<td>$1,437,628</td>
</tr>
<tr>
<td>TOTAL ANNUAL SAVINGS</td>
<td></td>
<td>$2,788,227</td>
<td>$6,509,376</td>
<td>$6,124,466</td>
<td>$2,298,774</td>
<td>$2,298,774</td>
<td>$2,298,774</td>
</tr>
</tbody>
</table>

Savings Over 6 Years  
\[\text{\$20,607,682}\]

**NOTES:** 1 FY12 plus NPV of savings achieved in FY13 – FY17

As of July 2013, 87% of the executive branch agencies receive some information technology services from the shared services center and over half of the executive branch agencies receive all IT services from the shared services center. Additionally, over 80% of all the IT endpoints are secured through the centrally managed security operations center. Figures 5, 6 and 7 represent our updated agency-by-agency, service-by-service or service-by-agency progress as we continue to transform the agencies IT services from stand-alone to the shared services model.
Agency-by-Agency Consolidation Approach

Figure 5

<table>
<thead>
<tr>
<th>Steady State</th>
<th>Transition</th>
<th>Transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership</strong></td>
<td><strong>Team</strong></td>
<td><strong>Approve</strong></td>
</tr>
<tr>
<td><strong>Common Vision</strong></td>
<td><strong>Formation</strong></td>
<td><strong>Business Case</strong></td>
</tr>
<tr>
<td><strong>Standard Process</strong></td>
<td><strong>Metrics</strong></td>
<td><strong>Transform</strong></td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td><strong>Performance Reviews</strong></td>
<td><strong>Detail Plan</strong></td>
</tr>
<tr>
<td><strong>Customer Relationship</strong></td>
<td><strong>Refined Business Case</strong></td>
<td><strong>Health Dept</strong></td>
</tr>
<tr>
<td><strong>Conservation</strong></td>
<td><strong>EGID</strong></td>
<td><strong>Real Estate</strong></td>
</tr>
<tr>
<td><strong>Pardon &amp; Parole</strong></td>
<td><strong>Execution</strong></td>
<td></td>
</tr>
</tbody>
</table>

Phase Key: Concept, Initiation, Planning, Execution, Close

Agency-by-Agency Completion

| Abstractions Board | Disability Concerns | Long Term Care Admin Bd |
| Accountancy Board | Education Dept | Marginal Well Commission |
| Aeronautics Comm | Employees Benefits Council | Medical Examiners |
| Agriculture | Ethics Commission | Merit Protection Comm |
| Anatomical Board | Finance Authority | Mines Dept |
| Arts Council | Fire Marshal | Motor Vehicle Comm |
| Banking Dept | Governor | Multiple Injury Trust Fund |
| Bond Advisor | Human Rights Comm | Native American |
| Building Bonds Comm | Interstate Oil Compact | Cultural & Educ Auth |
| Capital Investment Board | Comm | Nursing Board |
| Capitol Improvement Auth | Industrial Finance Auth | Optometry Board |
| Ctr f/Advancement of Science & Tech (OCAST) | Judicial Complaints | Personnel Mgmt Office |
| Central Services – DCS | Council | Pet Breeders |
| Children & Youth Comm | Labor Dept | Pharmacy |
| Chiropractic | Lic Social Workers Bd | Physician Manpower |
| Construction Industries Bd | Liquefied Petroleum | Training Comm |
| Consumer Credit | Gas Board | Private Voc Schools Bd |
| Dentistry Board | | |
| | | |

Prof Engineers & Land Surveyors Licensure Bd
Psychologists
Scenic Rivers Commission
Science and Math
Sorghum Comm
State Treasurer
Teachers Prep Comm
Teachers’ Retirement Sys
Tobacco Settlement
Endowment Trust
Tourism & Recreation
Uniform Building
Code Comm
University Hospitals Auth
Veterinary Medical Exam
Wheat Commission

* = No IT Services

HB 1304 Quarterly Progress Report on Consolidation
July 31, 2013 – No. 7
Service-by-Service Consolidation Approach

- Antivirus / Spam / Encryption Pilot
- COMIT Tele-management Billing Module
- Microsoft Enterprise Agreement
- People Move 2012
- PPM Tool Pilot
- Pre-Surplus Clearing House – 2012 Cost
- Savings Idea

Service-by-Agency Consolidation Approach
The risk a project presents is a significant factor when determining if the reward for doing it is worth the chance that something may go wrong. Our updated risk matrix appears in Figure 8, completed projects have been removed and projects in execution have been updated to reflect changes to the risk/reward analysis. Even after expanding the scope, the proposed IBM pSeries consolidation still has a negative NPV and will be removed by the next quarterly report.

**Consolidation Portfolio**

![Consolidation Portfolio Diagram]

Figure 9 outlines the currently active projects (projects which are underway but have not completed) and are expected to reduce the IT spend. The project name, the phase the project is in, the forced risk rating, the expected savings it will produce (indicated by the Cost Benefits Analysis Net Present Value, or CBA NPV column), and the total estimated cost of the project are presented. These projects are in our portfolio management tracking system, and updates can be found online at [www.cio.ok.gov](http://www.cio.ok.gov).
## Consolidation Portfolio Active Projects

### Agency-by-Agency Projects

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Project Name</th>
<th>Project Phase</th>
<th>Risk Rating</th>
<th>CBA NPV</th>
<th>Total Forecast Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>30236</td>
<td>EGID Consolidation</td>
<td>Execution</td>
<td>14</td>
<td>$3,107,091</td>
<td>$222,966</td>
</tr>
<tr>
<td>30235</td>
<td>Health Dept Consolidation</td>
<td>Execution</td>
<td>22</td>
<td>$1,877,595</td>
<td>$145,000</td>
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</tbody>
</table>

### Service-By-Service Projects

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Project Name</th>
<th>Project Phase</th>
<th>Risk Rating</th>
<th>CBA NPV</th>
<th>Total Forecast Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>32531</td>
<td>Printer Optimization – Dept of Human Services</td>
<td>Planning</td>
<td>10</td>
<td>$814,703</td>
<td>$25,900</td>
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<tr>
<td>31212</td>
<td>Printer Optimization – Agriculture Dept</td>
<td>Planning</td>
<td>10</td>
<td>$435,064</td>
<td>$26,100</td>
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<tr>
<td>31929</td>
<td>Printer Optimization – Environmental Quality</td>
<td>Planning</td>
<td>12</td>
<td>$581,270</td>
<td>$25,000</td>
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<tr>
<td>30979</td>
<td>Printer Optimization – Health Dept</td>
<td>Planning</td>
<td>18</td>
<td>$1,438,759</td>
<td>$50,000</td>
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<td>30846</td>
<td>SDE Mainframe Decommission Planning</td>
<td>Planning</td>
<td>22</td>
<td>$1,900,546</td>
<td>$377,029</td>
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<tr>
<td>30846</td>
<td>Dept of Veterans Affairs Network Consolidation</td>
<td>Planning</td>
<td>10</td>
<td>$954,706</td>
<td>$241,385</td>
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<tr>
<td>30982</td>
<td>Network Consolidation for Agencies at Shepherd Mall</td>
<td>Execution</td>
<td>18</td>
<td>$142,976</td>
<td>$28,433</td>
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</table>

### Service-by-Service Projects

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Project Name</th>
<th>Project Phase</th>
<th>Risk Rating</th>
<th>CBA NPV</th>
<th>Total Forecast Cost</th>
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</thead>
<tbody>
<tr>
<td>32779</td>
<td>pSeries Consolidation</td>
<td>Initiation</td>
<td>16</td>
<td>($1,442,308)</td>
<td>$1,500,000</td>
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<tr>
<td>30224</td>
<td>Email Consolidation</td>
<td>Initiation</td>
<td>20</td>
<td>$8,464,762</td>
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<tr>
<td>30566</td>
<td>Telecom Expense Management (TEM)</td>
<td>Execution</td>
<td>24</td>
<td>$14,534,636</td>
<td>$1,120,000</td>
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<tr>
<td>30237</td>
<td>Statewide Mainframe Consolidation</td>
<td>Execution</td>
<td>22</td>
<td>$12,287,476</td>
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<tr>
<td>30238</td>
<td>Security as a Service – Phase 1</td>
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<tr>
<td>30881</td>
<td>Enterprise Agreement – Adobe Products – 2012 Cost Savings Idea</td>
<td>Execution</td>
<td>18</td>
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<tr>
<td>30824</td>
<td>Statewide Portfolio and Project Management</td>
<td>Execution</td>
<td>22</td>
<td>-----</td>
<td>$375,400</td>
</tr>
</tbody>
</table>
Our updated consolidation plan detailing which agencies we will work with in FY 2014 are presented in Figure 10. Agency names appearing in blue indicate that they are already in progress, and the Health department has been carried forward from FY 2013 for completion. Fourteen agencies are expected to be completed in FY 2014, which will keep us on track for transformation to be completed by FY 2017. Figure 11 illustrates our progress towards this goal.

### Accelerated IT Consolidation Plan

#### Year 0 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016 FY 2017
- Aeronautics
- Construction Industries
- Arts Council
- Physician Manpower
- Of for Advancement of Science & Technology
- Teacher’s Retirement
- Disability Concerns
- Human Rights
- Ethics Comm
- Tobacco Settlement
- Interstate Oil
- Fire Marshal
- LP Gas
- Marginal Wells
- Motor Vehicle
- Long Term Care
- Prof Engineers & Land Surveyors
- Lic Social Workers
- Consumer Credit
- Abstractors Board
- Governor’s Office
- Uniform Building Code
- Teachers Prep
- Optometry Board
- Accountancy Board
- Treasurer
- Education
- Tourism
- Employees Benefits Council
- Dept of Central Services
- Personnel Management
- American Indian Cultural Ctr & Museum
- Nursing
- Banking
- Capital Improvement
- Commercial Pot Breeders
- Building Bonds
- Multiple Injury Trust Fund
- Capital Investment Board
- Arbitrational Board
- Agriculture
- EGIS
- OBPPS
- Labor
- Pardoned and Parole
- Medical Examiner
- University Hospital Authority
- Mines
- Judicial Complaints
- Wheat
- Conservation Comm
- School of Science and Math
- Sciencetown
- Development Finance Authority
- Children and Youth Commission
- NPC
- Security Commission
- Bond Advisor
- Industrial Finance Authority
- Chiropractic Board
- Dentistry Board
- Pharmacy Board
- Psych Board
- Vet Board
- Health
- Health Care Auth
- Commerce
- Libraries
- Real Estate
- Railroads
- CareerTech
- ODOT
- 6 Small
- 1 Grant
- 6 Large
- 14 Small and Medium Agencies
- 1 Grant
- 2 Large
- 12 Small and Medium Agencies
- 15 Small and Medium Agencies

* = Not IT Services
* = 2013 Exposed
BLUE = IN PROGRESS

### Consolidation Acceleration Plan vs Actual

![Consolidation Acceleration Plan vs Actual](image-url)
2 Statewide Mainframe Consolidation

The Office of Management and Enterprise Services (OMES) has been identifying and prioritizing IT consolidation projects for the State of Oklahoma. Previously, the state used multiple mainframe computers for its administrative and business functions. This resulted in higher operating and maintenance costs for agencies.

The mainframe still plays a crucial role delivering applications to citizens of Oklahoma and handling other government’s business. The 2011 annual expense to provide these services was $14.9 million which included hardware, software, personnel and consulting costs, or about $89.4 million over 6 years.

IBM partnered with the state on developing the mainframe target architecture, establishing a high-level roadmap, performing a detailed analysis of the IT infrastructure and opportunities to consolidate mainframe computing capacity, storage, network and backup capabilities. This ensured the delivery of technology services would be more effective and consistent in the new environment.

The return on investment (ROI) estimate was based on the state’s historical spend on the zSeries platform going back 5 years. This spend was isolated to hardware investments (e.g. upgrades, new boxes, storage, memory) and software investments (typically upgrade charges for new versions and/or operating licenses for larger platforms). The historical average was $2.5MM per year. Cost avoidance (costs which would have been incurred had the consolidation of mainframes not happened) on mainframe investments are estimated at $2.5MM annually or $12.5MM total over the next 6 years.

Ultimately, consolidation of five mainframe platforms to one yielded significant savings in support costs and a reduction in software licensing costs from over-provisioned and redundant software. The Net Present Value (NPV) of the statewide mainframe consolidation project is $14,964,684.

The statewide mainframe consolidation project has one objective:

“To reduce the state cost of ownership for mainframe technology and support”
Goals of the mainframe project are to:

- Retain state intellectual capital;
- Sustain the technology environment to support business needs;
- Identify mainframe key performance indicators for increased accountability;
- Reduce the cost of ownership for mainframe technology and support;
- Assist in providing agencies with timely transparency reporting;
- Provide opportunities for post consolidation optimization and future cost reductions; and
- House the equipment at the state’s only tier 3 data center.
Project Overview

In August of 2012, the Information Services Division (ISD) of OMES embarked on a journey with Oklahoma Department of Human Services (OKDHS), Oklahoma Department of Transportation (ODOT), Department of Public Safety (DPS) and Oklahoma Tax Commission (OTC) to consolidate the state’s five mainframes onto one mainframe by combining multiple mainframes, service centers, resources support and the associated hardware and software.

With the completion of this project state agencies will share cost for a shared mainframe service. Over the next six years, the state will save $15 million. The state’s savings are in mainframe hardware maintenance, centralized support reduction and software licensing costs supporting specific business functions in state agencies.

Project Planning

Three options were identified to execute the project (Figure 13). Depending on the option selected the investment and savings would vary.

<table>
<thead>
<tr>
<th>Option</th>
<th>Risk</th>
<th>ROI (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Moderate (aging equipment)</td>
<td>19</td>
</tr>
<tr>
<td>2</td>
<td>Minimal (aging tape equipment)</td>
<td>22</td>
</tr>
<tr>
<td>3</td>
<td>Lowest (minimizes upgrade cost)</td>
<td>25</td>
</tr>
</tbody>
</table>

With a new EC12 mainframe and storage, the state mainframe has scalability, reliability, availability and serviceability and “data at rest” encryption capabilities. OMES moved forward with the execution of option 2 and developed the transformation schedule (Figure 14).
Transformation Schedule

Planning for transformation for each of the participating agencies consisted of developing a detailed agency implementation plan, providing a timeframe for verification and validation testing of agency specific mainframe applications and interfaces, and a conversion plan for transformation to steady state.

2013 – 2014 Transformation Schedule

Infrastructure architecture (hardware and software), organizational design (centralized support) and establishing a mainframe service rate are the three milestones for project completion.

Project Execution

In January 2013, the new IBM EC12 mainframe was “powered-on” and the project completion was at 60% by June 30, 2013. OMES, OKDHS and ODOT mainframe environments and secure interfaces are sharing hardware, centralized support and software services. DPS was migrated on July 20, 2013, bringing the project completed status to 80%. OTC transformation to the EC12 is currently scheduled for February 2014.

The project transformation schedule has provided the following project outcomes:

Infrastructure

- March 23, 2013 – the mainframe transition team began shutting down the OMES old mainframe; and within 8 hours OMES mainframe environment had been transformed onto the unified EC12 mainframe.
May 4, 2013 – Oklahoma Department of Human Services (the largest mainframe environment of all the participating agencies) was migrated. The transition team worked for 14 hours to successfully complete OKDHS transformation to the unified EC12 mainframe.

June 22, 2013 – Oklahoma Department of Transportation’s mainframe environment migration was completed in less than 17 hours. This has decreased the backup time by 20% and improved user performance.

July 20, 2013 – Department of Public Safety was migrated to the unified EC12 mainframe. Users noticed a significant performance improvement.

By August 31, 2013 – Oklahoma Tax Commission’s detailed mainframe transformation plan should be completed and schedule implementation confirmed.

Organization Design

OMES Human Capital Management team developed the organization design transition plan providing the project team a phased approach to continue the continuity of mainframe support for each of the participating agencies while retaining state intellectual capital. At the onset of the project, 93 people were identified as mainframe skilled personnel. The phased organization design transition plan achieved a reduction of 50% in mainframe support staff.

All people participating in the organization design transition plan received a steady state position or selected the voluntary buyout offering. Sixty-six (66) people participated in the organization design transition plan in June of 2013. Forty-six (46) individuals retained a steady state mainframe position, 11 individuals were hired into other ISD positions and 9 individuals accepted a voluntary buyout offering (VOBO). Additionally, there were 27 people that retired or accepted a new job before the completion of the organization design transition plan.

Mainframe Service Rate

Mainframe service rate and metrics are defined as the actual usage and direct rate charged. Rates based on consolidated costs of operating the mainframe are broken out by the chargeback solution developed during consolidation. An accounting (chargeback) methodology shall determine the operating costs to be allocated to each agency and support any requirements for reporting and supporting current federally funded programs.
During Transformation:
- Agencies use their own costing methodology on the historical costs, paid as a contract payment to OMES rather than to vendors.
- Invoices may be broken out to accommodate an agency’s specific cost allocation method.

Steady State:
- Rates based on consolidated costs of operating the mainframe are broken out by the chargeback solution developed during consolidation.
- Necessary data will be provided to support new costing model and allow agencies to appropriately allocate their costs.

Post Consolidation - Mainframe Optimization
Mainframe optimization will further reduce costs for providing mainframe services to state agencies by providing opportunities for post consolidation optimization and further cost reductions with process improvement and software standardization.

- Move the Tivoli storage manager (TSM) software off the EC12 mainframe onto another hardware platform;
- Perform process improvement to automate operational support by implementing standard scheduling software for all mainframe LPARS;
- Provide participating agencies with timely performance and usage reporting;
- Remove duplicate software residing on different LPAR’s mainframe environments;
- Assess and align the multiple mainframe environments; and
- Unify all disaster recovery and business continuity requirements for all participating agencies.
3 Legislative Summary

The consolidation of state information technology and telecommunication resources began with an idea cultivated in 2009 and has continually developed as successive legislative sessions have further refined and augmented the process to achieve the objectives of reducing the size of government through efficient use of state resources, improving transparency related to funds spent on information technology and telecommunications, and increasing accountability regarding the resulting cost savings. Set forth below is a cumulative summary of legislation which shaped the consolidation process.

**House Bill 1170 (2009)**

Oklahoma’s information technology and telecommunication consolidation effort originated in 2009, with the passage of the Oklahoma Information Services Act through House Bill (HB) 1170, which created the new position of Chief Information Officer (CIO). HB 1170 provided the CIO exclusive responsibility for information technology and telecommunication procurement for executive state agencies and set forth duties of the CIO to develop a shared services model and a consolidation plan to implement the model which would achieve a 15% cost savings to the state by the beginning of Fiscal Year 2013. The duties of the Information Services Division (ISD) were expanded as well to develop, implement and manage components of the consolidation plan.

**House Bill 1304 (2011)**

Subsequent to the appointment of the CIO in 2010, HB 1304, also known as the Information Technology Consolidation and Coordination Act, was passed. The bill mandated accountability through quarterly reporting of consolidation progress and an annual assessment of the implementation of the consolidation plan. HB 1304 also required that information technology assets and positions be transferred to ISD, with certain agency-specific exceptions, and designated ISD as the exclusive provider of shared services to executive state agencies. Additional provisions were added to existing statutes, clarifying the role of the CIO as the Information Technology and Telecommunications Purchasing Director, as established in HB 1170.

**House Bill 1601 (2011)**

HB 1601 established the Oklahoma State Government Business Licensing One-Stop Program which required that real-time licensing and permitting services be made available to the public online at business.ok.gov. The 2nd Century Entrepreneurship Center, which was to offer the business licensing
framework, and its corresponding assets and personnel were transferred to ISD.

**House Bill 1086 (2011)**

The Transparency, Accountability and Innovation in Oklahoma State Government 2.0 Act of 2011 established several initiatives aimed at increased transparency to the public of government functions by posting information on documents.ok.gov; forms.ok.gov; and maps.ok.gov and expansion of the website related to state revenue and expenditures and the data.ok.gov website.

**House Bill 2939 (2012)**

The passage of HB 2939 further refined the statewide consolidation process by making various changes related to procurement and transfer of information technology assets and positions by changing the shared services billing model to a typical customer-provider arrangement. ISD was required to publish a schedule of costs for shared services and enter into an agreement with each agency for the provision of these services. This arrangement allowed each agency to allocate its budget resources as necessary for the services provided by ISD.

**House Bill 2062 (2013)**

HB 2062, which took effect May 29, 2013, tweaked the accountability of ISD and state agencies by enacting a requirement that from beginning of fiscal year 2013 through the end of implementation of the consolidation plan, the state will realize an annual reduction of 3% in the aggregate by all consolidated state agencies in operational information technology and telecommunications expenditures and required that the aggregate cost of shared services will be budgeted as a separate line item through each state agency. To facilitate the Open Range initiative endorsed by Governor Fallin, certain existing provisions related to procurement by public agencies were amended to offer cost saving opportunities to public agencies by expanding the definition of “public agency”. The expansion of the definition resulted in allowing additional government entities to utilize state information technology and telecommunications contracts in lieu of normal bidding procedures. In addition, a new section of law enacted through HB 2062 established the Oklahoma State Government Security Breach Transparency Initiative and required that the CIO maintain an online web presence at security.ok.gov for the transparency of information related to security breaches in instances in which notification may be required of any state agency.
Figure 15 provides a snapshot of applicable legislative mandates and the status of each, with respect to the information technology and telecommunication consolidation of executive state agencies:

### At-A-Glance Status Recap of Consolidation Legislation

<table>
<thead>
<tr>
<th>Bill #</th>
<th>Summary</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB 1170</td>
<td>CIO to develop a shared services model and consolidation plan of action to implement the model</td>
<td>Completed</td>
</tr>
<tr>
<td>(2009)</td>
<td></td>
<td>CIO has exclusive responsibility for information technology and telecommunication procurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15% cost savings to state, as a result of consolidation, to be realized by beginning of FY2013</td>
</tr>
<tr>
<td>HB 1304</td>
<td>CIO to provide quarterly reporting of consolidation progress</td>
<td>Ongoing</td>
</tr>
<tr>
<td>(2011)</td>
<td></td>
<td>CIO to provide annual assessment of implementation of consolidation plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transfer of information technology assets to ISD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transfer of information technology positions to ISD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ISD is the exclusive provider of shared services to executive state agencies</td>
</tr>
<tr>
<td>HB 1601</td>
<td>Required that real-time licensing and permitting services be made available to the public online at business.ok.gov under responsibility of ISD</td>
<td>Completed</td>
</tr>
<tr>
<td>(2011)</td>
<td></td>
<td>Transferred 2nd Century Entrepreneurship Center, its assets and personnel transferred to ISD</td>
</tr>
<tr>
<td>HB 1086</td>
<td>Increase transparency of government by establishing online locations at which government records may be available for public access at documents.ok.gov and forms.ok.gov and expand the OpenBooks website related to state revenue and expenditures and the data.ok.gov website.</td>
<td>Completed</td>
</tr>
<tr>
<td>(2011)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill #</td>
<td>Summary</td>
<td>Status</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>HB 2939 (2012)</td>
<td>ISD to publish a schedule of costs for shared services</td>
<td>Completed</td>
</tr>
<tr>
<td></td>
<td>ISD to enter into an agreement with each agency for the provision of shared services</td>
<td>Completed</td>
</tr>
<tr>
<td>HB 2062 (2013)</td>
<td>State to realize an annual reduction of 3% in the aggregate by all consolidated state agencies in operational information technology and telecommunications expenditures</td>
<td>Ongoing</td>
</tr>
<tr>
<td></td>
<td>The aggregate cost of shared services will be budgeted as a separate line item through each state agency</td>
<td>New requirement as of May 29, 2013</td>
</tr>
<tr>
<td></td>
<td>To provide transparency of information related to certain security breaches, CIO to maintain an online web presence at security.ok.gov at which security breach information may be available for public access</td>
<td>New requirement as of May 29, 2013</td>
</tr>
</tbody>
</table>
4 Conclusion

This concludes the Fiscal Yearend 2013 quarterly report (No. 7) of progress on HB 1304 and IT transformation. The next report will be posted after October 31, 2013.

Please direct any questions regarding this report to Alex Pettit, Chief Information Officer, State of Oklahoma, at alex.pettit@omes.ok.gov.

The archive of the quarterly reports on IT consolidation can be found at:

http://www.ok.gov/cio/Policy_and_Standards/Progress_on_Consolidation_Reports.html
5 Appendix A: Chart Text Descriptions

Figure 1a: IT Costs

Total IT Costs

IT Cost without Major Capital Projects
- FY 2009 - $264,071,151
- FY 2010 - $238,782,093
- FY 2011 - $220,646,533
- FY 2012 - $219,835,724

IT Costs
- FY 2009 - $264,968,416
- FY 2010 - $249,193,573
- FY 2011 - $231,072,919
- FY 2012 - $230,142,576

Figure 1b: IT Cost for Consolidation Agencies

Total IT Costs

IT cost
- FY 2012 - $14,687,934
- FY 2013 - $11,565,550

IT cost including Capital Projects
- FY 2012 - $16,551,524
- FY 2013 - $12,901,589

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Figure 2a: Estimated Cost Reduction
Consolidation Project Savings
- Year 1, Jan. 2012 – $5,975,989
- Year 1, April 2012 - $13,869,057
- Year 1, July 2012 - $33,392,186
- Year 1, Oct. 2012 - $43,923,027
- Year 2, Jan. 2013 - $63,952,169
- Year 2, April 2013 - $77,851,944
- Year 2, June 2013 - $84,271,474

Figure 2b: Estimated Cost Avoidance
Consolidation Project Cost Avoidance
- Year 1, Jan. 2012 – $15,536,919
- Year 1, April 2012 - $20,607,682
- Year 1, July 2012 - $20,607,682
- Year 1, Oct. 2012 - $20,607,682
- Year 2, Jan. 2013 - $20,607,682
- Year 2, April 2013 - $20,607,682
- Year 2, June 2013 - $20,607,682

Figure 5: Agency-by-Agency Consolidation Approach
Transformation
- Leadership Common Vision
  - CareerTech – in concept phase
  - Dept. of Transportation – in concept phase
  - Six small agencies – in concept phase
- Team Formation
• Health Care Authority – in initiation phase
  • Project Scope and Plan
    o Water Resources Board – in initiation phase
  • Business Case
  • Approve
  • Detail Plans
    o Boll Weevil – in planning phase
    o Commerce – in planning phase
    o Libraries – in planning phase
    o Real Estate – in planning phase
• Transform
  o Health Department – in execution phase

Transition
• Refined Business Case
  o Conservation – in close phase
  o EGID – in close phase
  o Pardon and Parole – in close phase

Steady State
• Customer Relationship
  o Standard Process
  o Metrics
  o Governance
  o Performance Reviews

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Figure 6: Service-by-Service Consolidation Approach

Transformation
• Leadership Common Vision
• Team Formation
• Project Scope and Plan
pSeries Consolidation (on hold) – in initiation phase
  
  Business Case
  
  Approve
  
  Detail Plan
    
    EA for IT Advisory Services – in planning phase
  
  Transform
    
    Enterprise Agreement (Adobe Products) – in execution phase
    
    Project Portfolio Management Rollout – in execution phase
    
    Statewide Mainframe – in execution phase
    
    Telecom Expense Management – in execution phase
  
  Transition
    
    Refined Business Case
      
      Security as a Service – in close phase
    
  
  Steady State
    
    Customer Relationship
      
      Standard Process
      
      Metrics
      
      Governance
      
      Performance Reviews
    
  
  Return to Report

**Figure 7: Service-by-Agency Consolidation Approach**

Transformation

  Leadership Common Vision
    
    Printer Optimization – in concept phase
      
      Corrections
      
      Employment Security Commission
      
      OSEEGIB
      
      Tax
      
      Department of Transportation
Unused Software – in concept phase
  - Construction
  - Natural Resources

- Team formation

- Project Scope and Plan
  o Network Consolidation – in initiation phase
    - Environmental Quality
    - Mental Health
  o Printer Optimization – in initiation phase
    - Environmental Quality
    - Historical Society (on hold)
    - Public Safety
  o Unused Software (Infrastructure) – in initiation phase

- Business Case
- Approve
- Detail Plan
  o Printer Optimization – in planning phase
    - ODAFF
    - Health
    - Human Services
  o Decommission VA Network Consolidation – in planning phase

- Transformation
  o SDE Mainframe – in execution phase
  o Shepherd Mall Network (on hold) – in execution phase

Transition
- Refined Business Case

Steady State
- Customer Relationship
  o Standard Process
  o Metrics
  o Governance
Performance Reviews

Figure 10: Accelerated IT Consolidation Plan
Year 0 (totaling 25)

- Aeronautics
- Construction Industries
- Art Council
- Physician Manpower
- Center for Advancement of Science and Technology
- Teacher’s Retirement
- Disability Concerns
- Human Rights
- Ethics Commission
- Tobacco Settlement
- Interstate Oil
- Fire Marshal

LP Gas

- Marginal Wells
- Motor Vehicle
- Long Term Care
- Professional Engineers and Land Surveyors
- Licensed Social Workers
- Consumer Credit
- Abstractors Board
- Governor’s Office
- Uniform Building Code
- Teachers Prep
• Optometry Board
• Accountancy Board

FY 2012 (totaling 15)
• Treasurer
• Education
• Tourism
• Employees Benefit Council
• Department of Central Services
• Personnel Management
• American Indian Cultural Center and Museum
• Nursing
• Banking
• Capitol Improvement
• Commercial Pet Breeders (No IT services)
• Building Bonds (No IT services)
• Multiple Injury Trust Fund (No IT services)
• Capital Investment Board (No IT services)
• Anatomical Board (No IT services)

FY 2013 (totaling 24)
• Agriculture
• EGID
• OBPVS
• Labor
• Pardon and Parole
• Medical Examiners
• University Hospital Authority (No IT services)
• Mines
• Judicial Complaints (No IT services)
• Wheat
• Conservation Commission
• School of Science and Math
• Scenic Rivers
• Development Finance Authority
• Children and Youth Commission
• MPC
• Sorghum Commission
• Bond Advisor
• Industrial Finance Authority
• Chiropractic Board
• Dentistry Board
• Pharmacy Board
• Psych Board
• Vet Board

FY 2014 (totaling 14)
• Health – in progress (2013 carryover)
• Health Care Authority – in progress
• Commerce – in progress
• Libraries – in progress
• Real Estate – in progress
• Boll Weevil – in progress
• CareerTech
• ODOT
• Six small agencies

FY 2015 (totaling 21)
• One Giant Agency
• Six Large Agencies
• 14 Small and Medium Agencies

FY 2016 (totaling 15)
• One Giant Agency
• Two Large Agencies
• 12 Small and Medium Agencies

FY 2017 (totaling 15)
15 Small and Medium Agencies

Figure 11: Consolidation Acceleration Plan vs. Actual

2017 Planned – Totaling 129
- Small – 83*
- Medium – 33*
- Large – 10*
- Giant – 3*

2016 Planned – Totaling 114
- Small - 70*
- Medium - 38*
- Large – 6*
- Giant - 2*

2015 Planned – Totaling 99
- Small - 60*
- Medium - 34*
- Large - 5*
- Giant - 2*

2014 Planned – Totaling 78
- Small - 55*
- Medium - 18*
- Large - 4*
- Giant - 1*

2013 Actual – Totaling 64
- Small - 55*
- Medium - 6*
- Large - 3*

2013 Actual – Planned 56
- Small - 45*
- Medium - 7*
- Large - 3*
2012 Actual – Totaling 40
- Giant - 1*
- Small - 35*
- Medium - 4*
- Large - 1*

2012 Actual – Planned 36
- Small - 30*
- Medium - 5*
- Large - 1*

Year 0 Actual – Totaling 25
- Small – 24*
- Medium -1*

Year 0 Actual – Planned 25
- Small – 24*
- Medium -1*

*approximate totals

Figure 12: Current and Future Annual Totals
Current Annual Total = $14,907,397
- Hardware
  - No upgrade options or support as of June 2012
  - $1,020,227
- Software
  - Non-supported operating system levels and software
  - Duplicate software
  - $7,320,393
- Resources
  - Diminishing “Intellectual Capital”
o Professional Service Support
o $6,566,777

Future Annual Total

- Hardware
  - Four or more years of upgrade options and supportability
  - $431,871

- Software
  - Supported operating system levels and software
  - Standardize software
  - Enhanced data security
  - $6,737,646

- Resources
  - Growing and developing the State’s “Intellectual Capital”
  - 50% reduction in staffing needs
  - $3,676,815

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Figure 14: 2013-2014 Transformation Schedule

2013

- January
  - OMES

- February
  - OMES
  - OKDHS
  - Mainframe Service Rate

- March
  - OMES
  - OKDHS
  - Mainframe Service Rate
• April
  o Personnel Transition
  o OKDHS
  o ODOT
  o Mainframe Service Rate

• May
  o Personnel Transition
  o ODOT
  o DPS
  o Mainframe Service Rate

• June
  o ODOT
  o DPS
  o Mainframe Service Rate

• July
  o DPS
  o OTC z/OS 1.11
  o Mainframe Service Rate

• August
  o OTC z/OS 1.11
  o Mainframe Service Rate

• September
  o Freeze Period
  o Mainframe Service Rate

• October
  o Freeze Period
  o Mainframe Service Rate

• November
  o OTC z/OS 1.11
  o Mainframe Service Rate

• December
OTC z/OS 1.11
Mainframe Service Rate

2014

- January
  - OTC
  - Mainframe Service Rate

- February
  - OTC