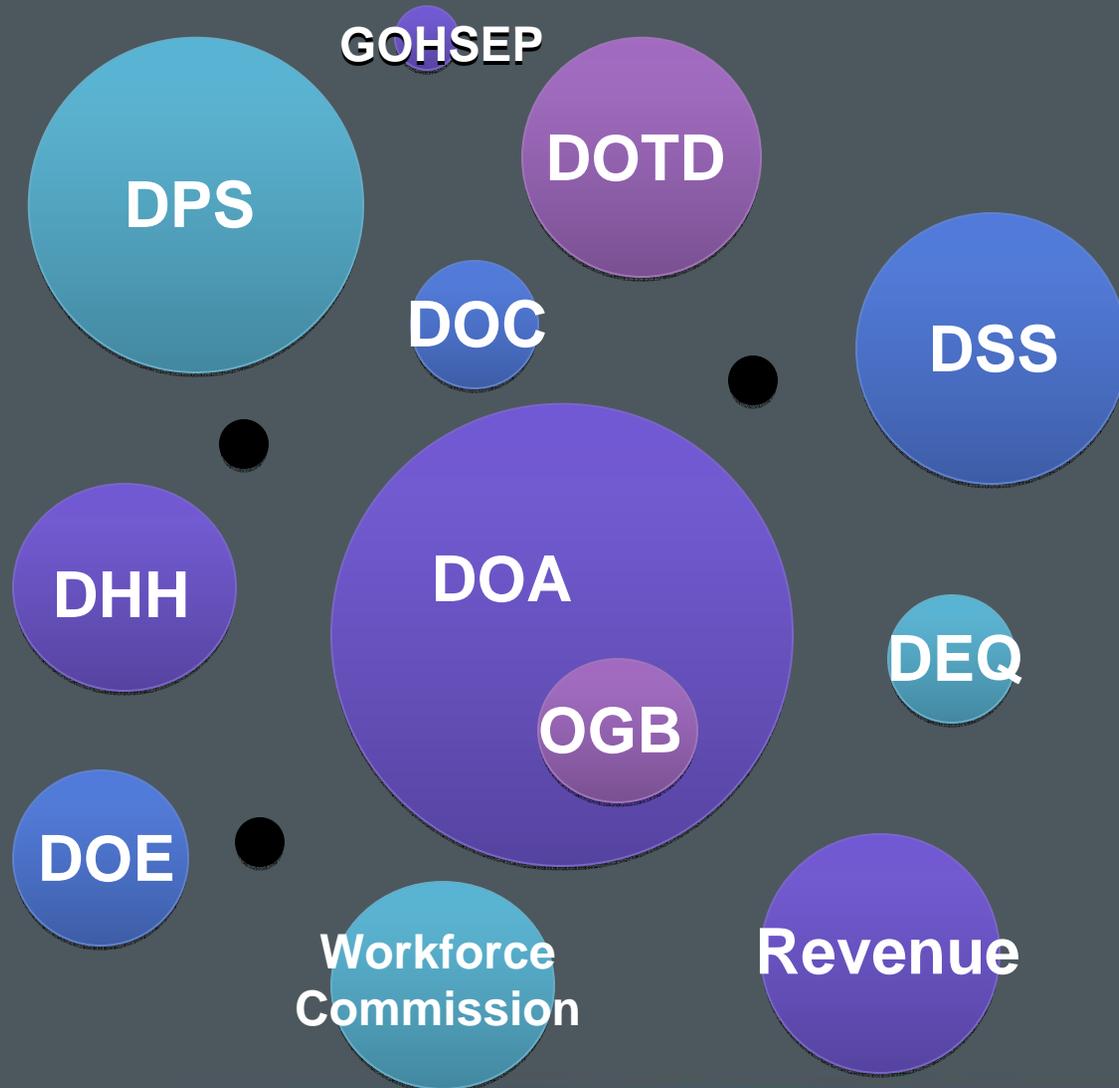




Streamlining Government Through IT Service Delivery



Current IT Environment



+/- 2100 IT Positions

\$519M/YR IT Spend

Limited Shared Services

Opportunities exist to enhance service delivery and reduce costs



Goal: Efficient and Effective IT Service Delivery

Possible strategies

- ✓ IT consolidation: taking existing organizations, services or applications and combining them into a single operation; typically mandated by executive order or statute
- ✓ Shared Services: focuses on the delivery of a particular service or services in the most efficient way (e.g., email and networks)



Shared Services

- ✓ Centralized service delivery possibilities
 - Infrastructure - email, network, portals, procurement, project management
 - System co-location
 - System or application hosting
 - Purchased services
 - Health Information Exchange

- ✓ Benefits of consolidation and shared services initiatives
 - Improved decision making
 - Resource savings
 - Reinvestment of funds
 - Continuing upgrade of infrastructure and equipment
 - Improved security



NASCIO Top Ten Initiatives

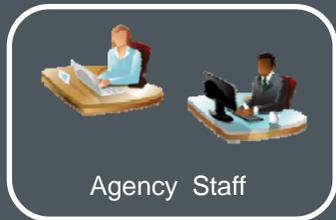
- Consolidation
- Shared Services
- Budget and Cost Control
- Security
- Electronic Records Management/Digital Preservation
- ERP Strategy
- Green IT
- Transparency
- Health Information Technology
- Governance



Typical Agency IT Arrangement



Agency Programmers



Agency Staff



Agency HQ



Agency Network



Agency Data Center



Agency Computer Resources



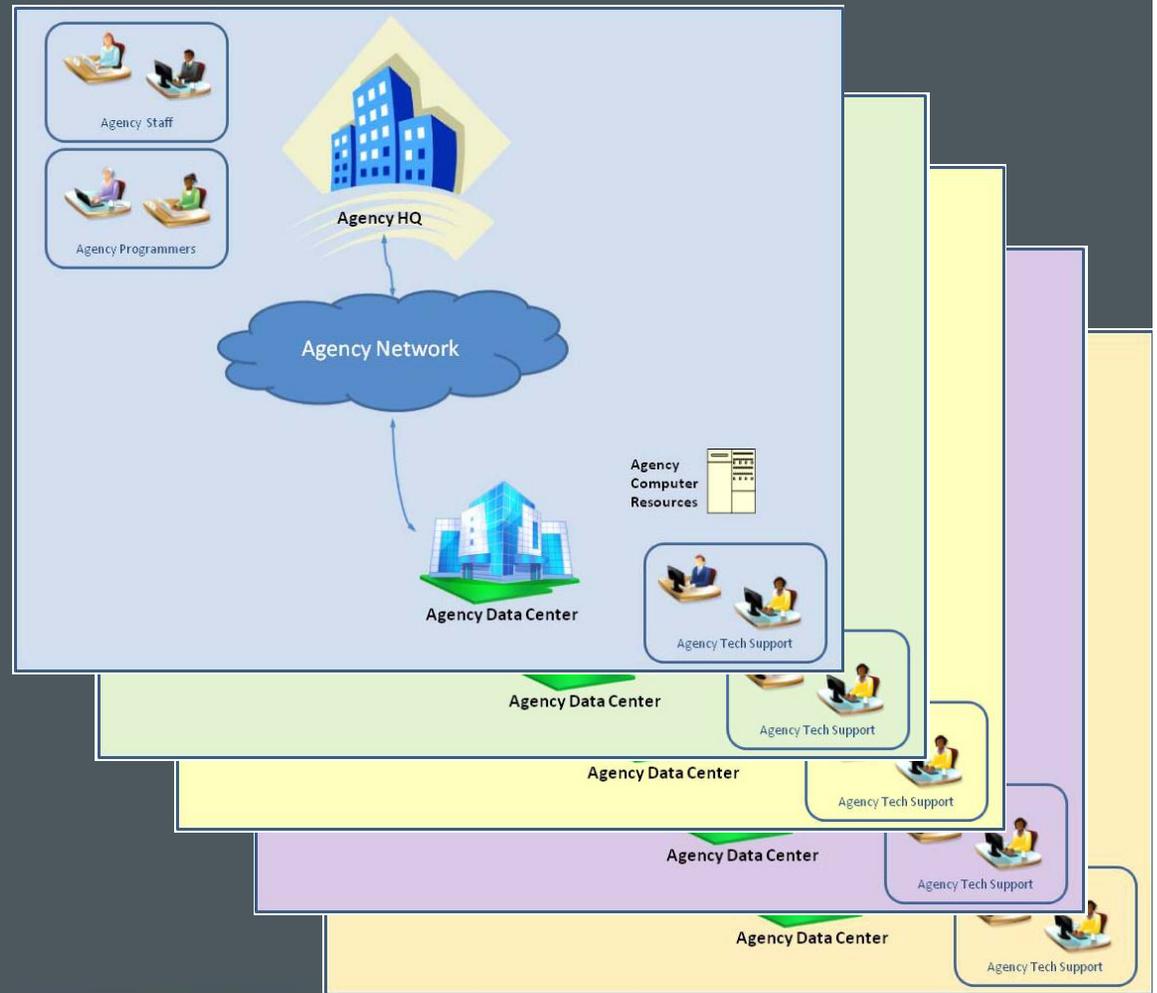
Agency Tech Support



De-centralized IT Operations

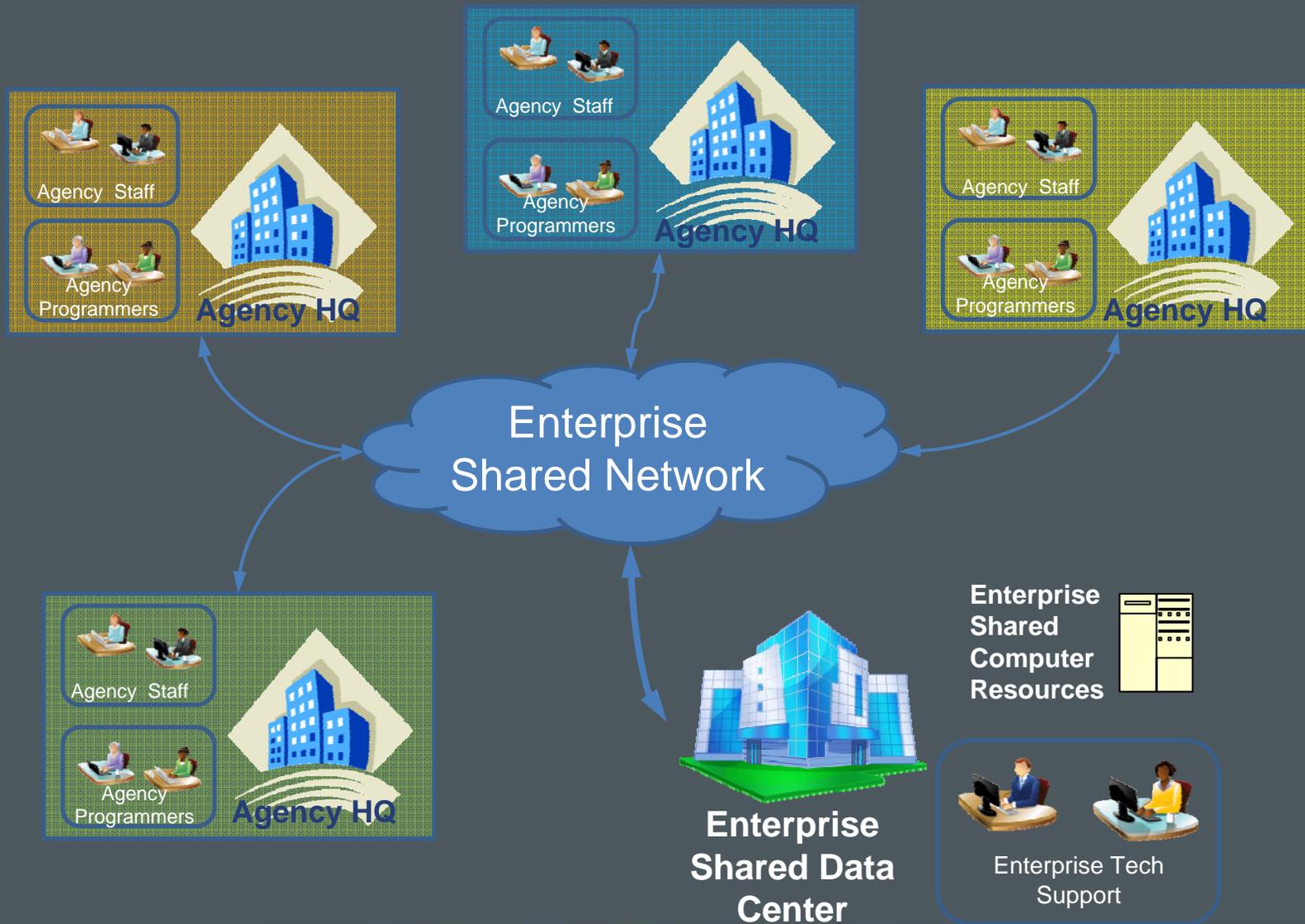
Duplication of:

- IT Tech Support
- Network Resources
- Data Center Resources



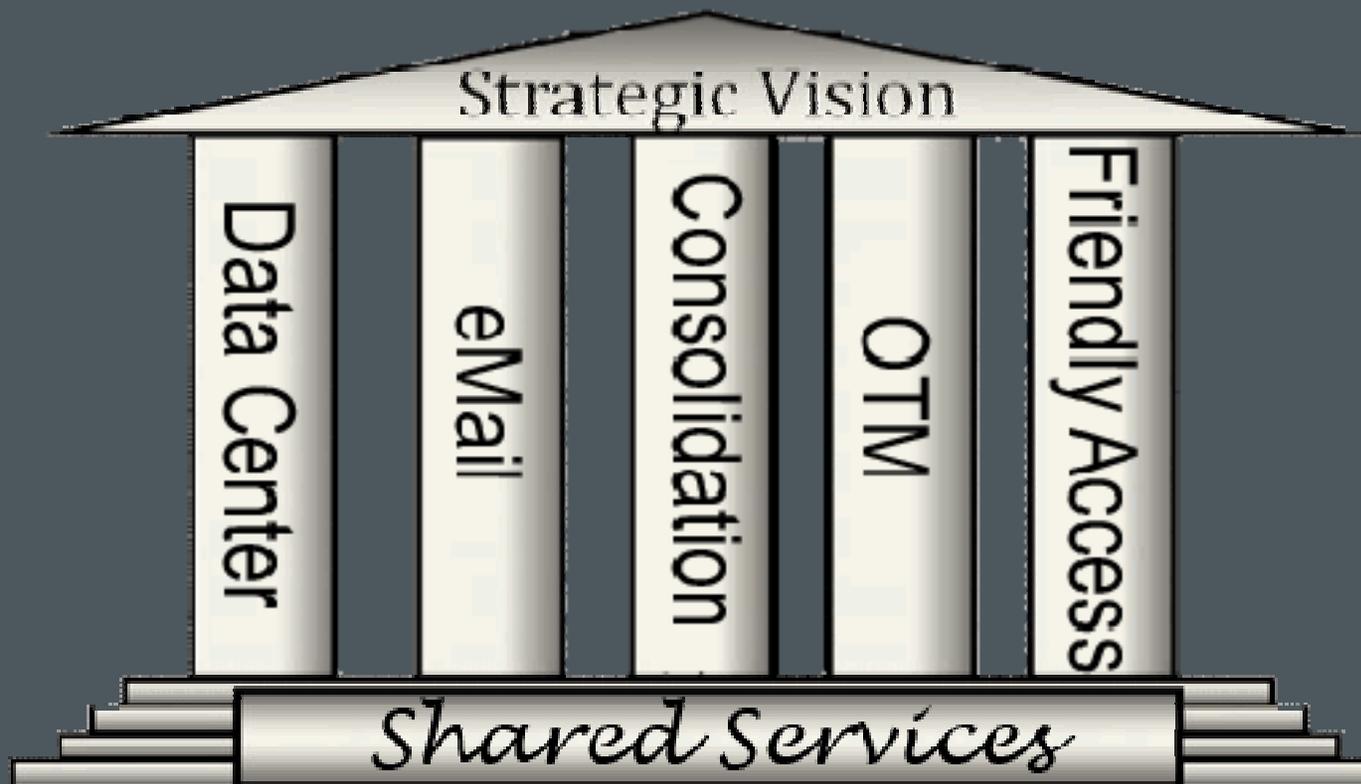


Enterprise Shared Services Model





Infrastructure Provide Shared Services Centrally



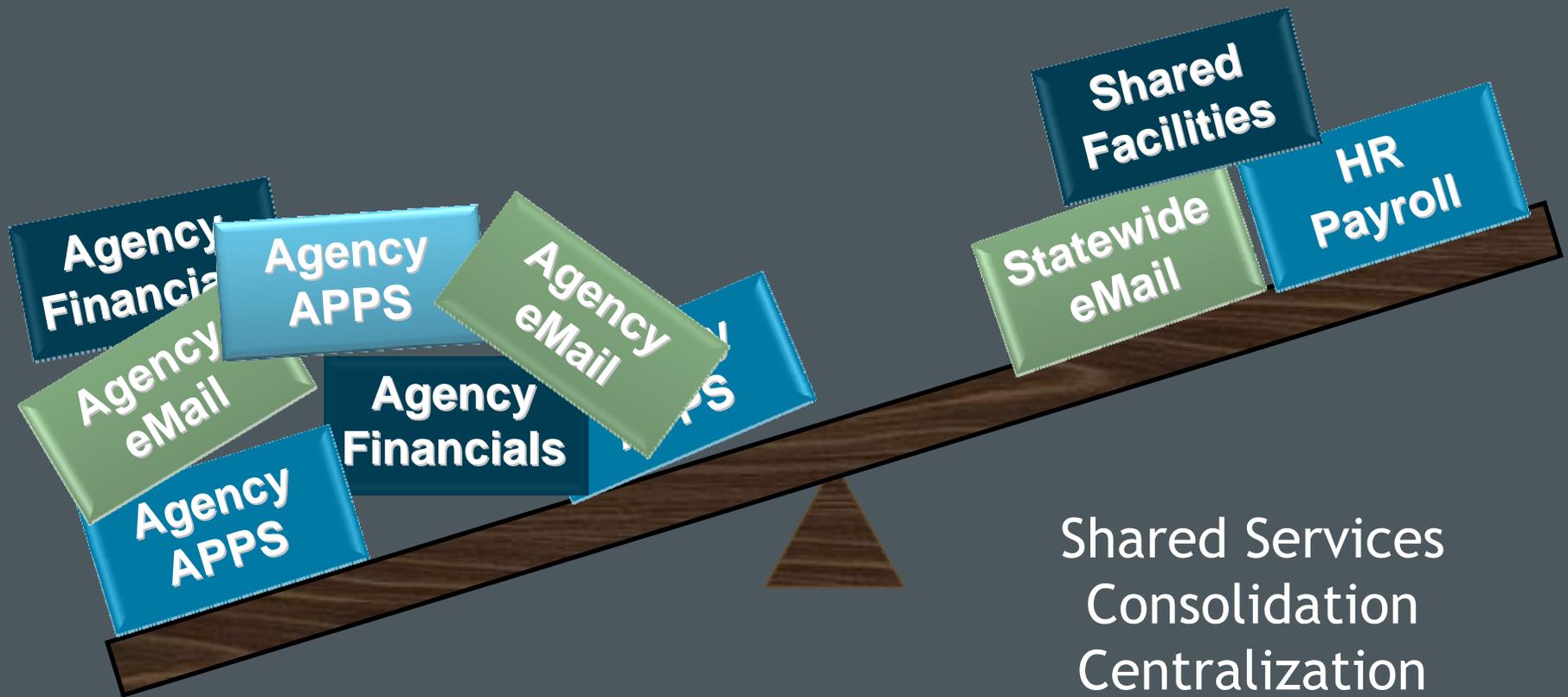


Consolidation and Shared Services is just one step forward in the evolution of the enterprise

- ✓ IT consolidation steps....
 - DHH
 - DHH/DSS
 - DHH/DSS/Labor
 - DHH/DSS/Labor/DPS
- ✓ After consolidation
 - Standardization
 - Economies of scale
 - Driving down cost per unit



A Better Balance Needs to be Achieved



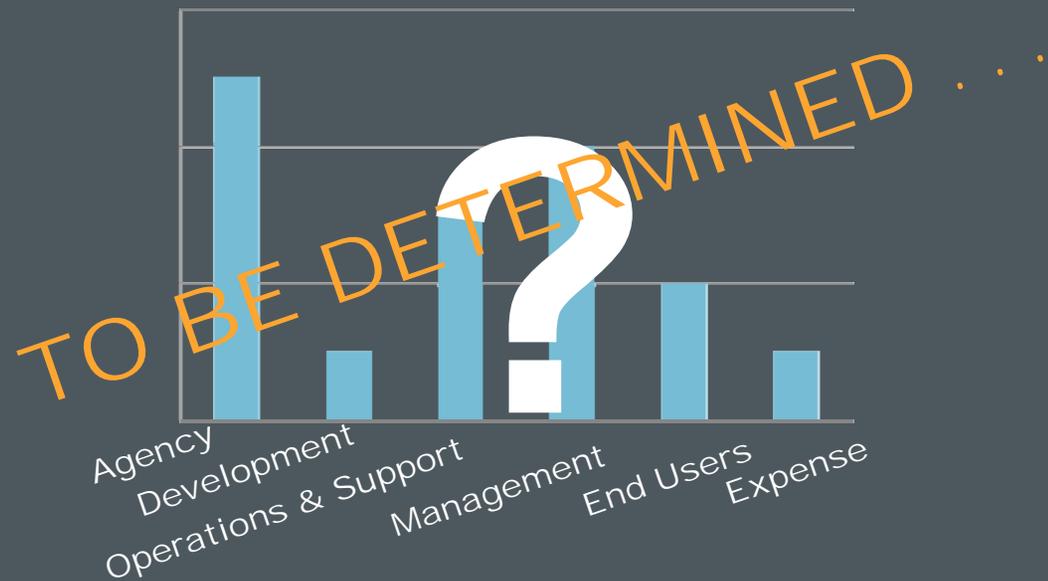
Agency Applications

Shared Services
Consolidation
Centralization

Opportunity: 10%-25%
of current IT Spend



IT Spend Analysis Needed



- Ensure consistent data collection
- Scrub data for accuracy
- Complete by December 2009



Information Technology Expense Budget





Efficiency and Effectiveness





Other Efficiency Ideas ...

- ✓ Outsourcing possibilities
 - Disaster Recovery/3rd data center
 - ERP production hosting and support
 - OTM outsources the non-strategic functions while retaining network planning
 - IT network infrastructure



Service Efficiency Initiatives

✓ Procurement

- Re-align IT procurement rules and practices
- Model procurement code
- Coordinated effort
- Bulk Purchases/Enterprise contracts

✓ Project Management Office

- Proactive
- Enterprise View
- Training
- High dollar/High risk
- Oversight
- No surprises





Infrastructure

Data Centers are Enterprise Assets

DPS
Additional Space



High Availability
Data Center



ISB



Enterprise Data Centers

- Leveraged investment
- Secure 24x7 high-availability
- Governance

Enterprise Network Infrastructure

- Plug and play for voice and data
- Restructure OTM lines of service
- Convergence of voice, data, and video
- Competitive, stable and predictable pricing
- Statewide Email
- Citizen friendly access to services



Potential IT Infrastructure Savings Summary

Area	Initiative	Benefit Savings	Investment Needed	Term	Comments
IT	Consolidate IT Infrastructure	\$50M - \$125M	Low	3 Years	Leave Applications Alone
IT	OTM Restructuring	High	Low	-	Strategic Lines of Business
IT	OTM-Rate Deduction	\$8M	-	1 Year	No Obstacles
IT	Continue Email Shared Service	-	Low	-	In-Progress
IT	Spend Analysis	-	-	-	Efficiency Scorecard
IT	Procurement Partnership Strategic Sourcing	High	Low	-	Investment
IT	Project Management Organization	High	Low	-	Requires Investment
IT	Software License Consolidations	High	Low	-	Cross Agency Participation
IT	HIE Single Infrastructure	High	Low	-	LAHIE & LARHIX
IT	Data Center Additional Space	High	Low	-	Solves Disaster Recovery Need

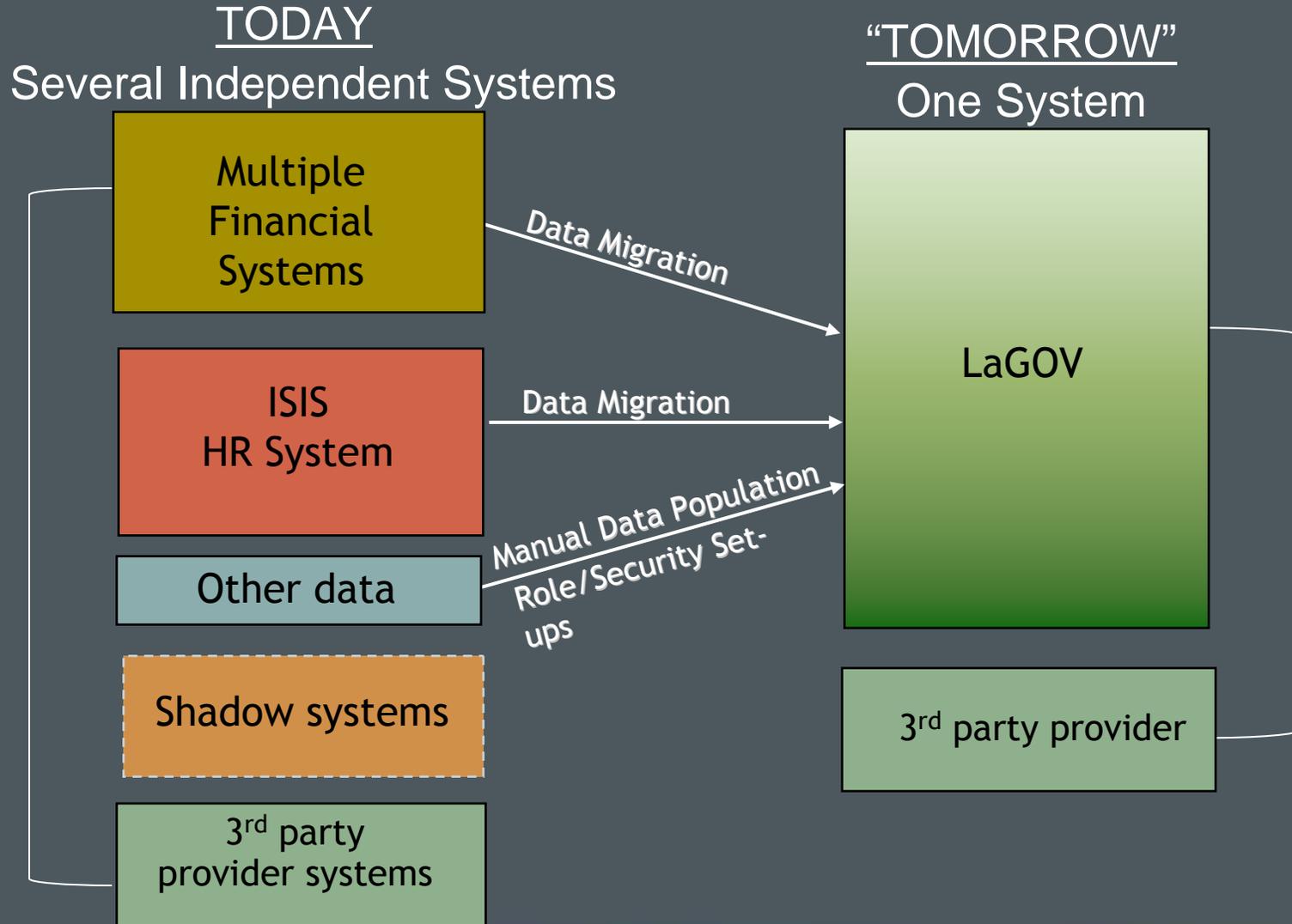


Consolidation of IT Infrastructure and Services Recommendation

For efficiency and effectiveness of IT service delivery, the State of Louisiana should consolidate the State's data processing assets and move to a centralized data environment. Applications would remain with the respective agencies, but the IT infrastructure in the State would be consolidated under the direction of the State Chief Information Officer.

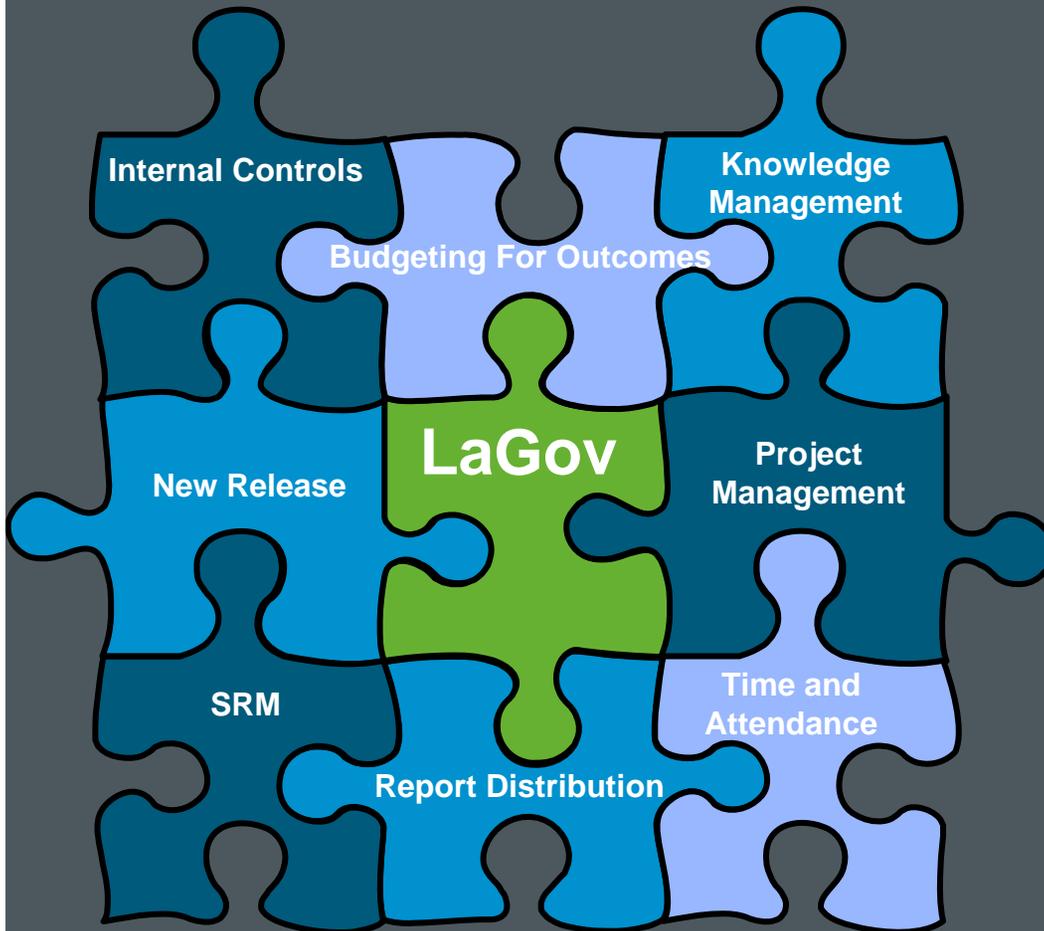


LaGov Application System Initiatives





LaGov Application Integration

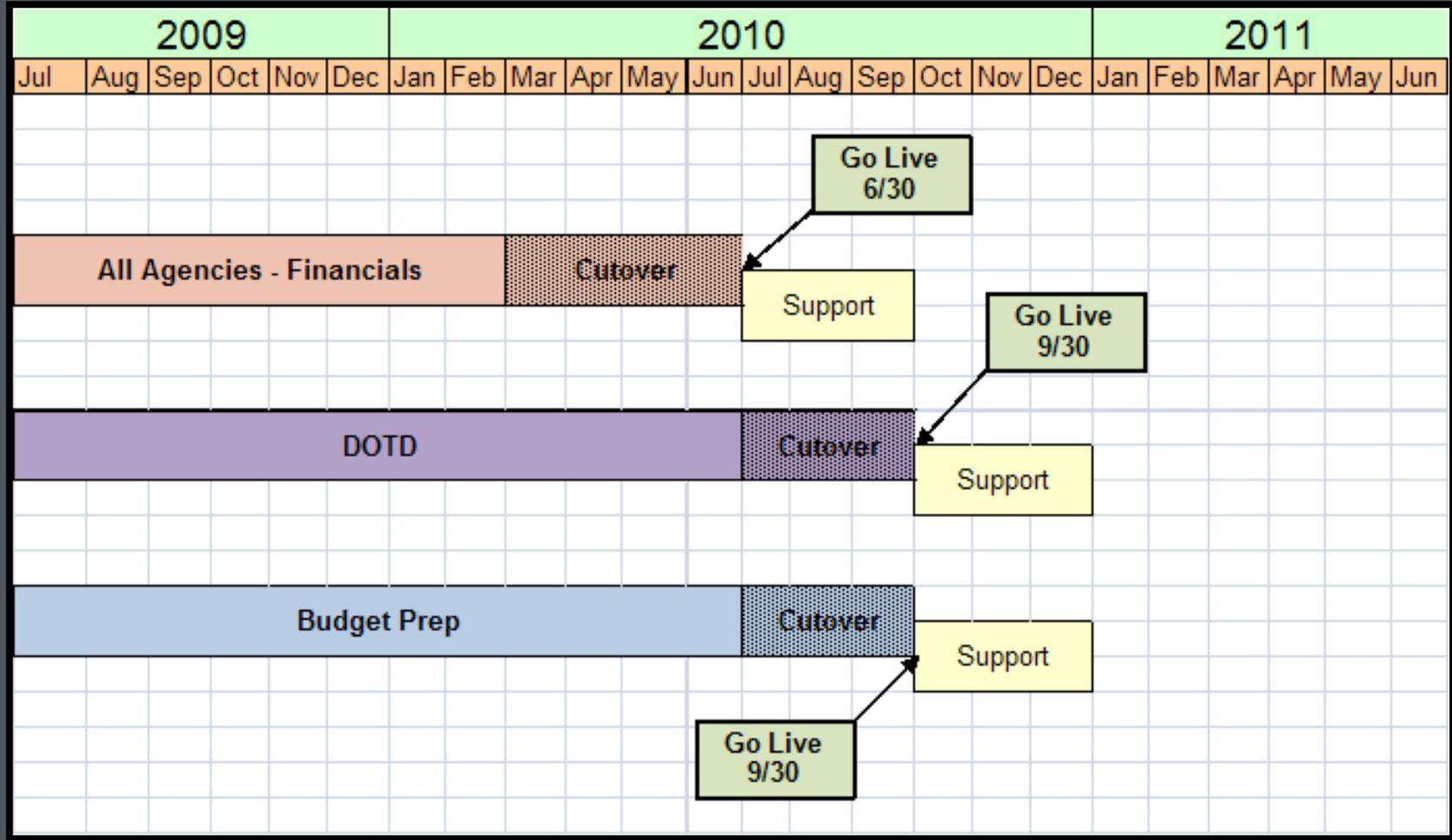


Business Process Efficiencies

- 1) Overhead allocations for Projects and Grants accomplished with standard functionality
- 2) Provide a more concise definition for revenues/expenditures for real time analysis and reporting
- 3) Ability to record expenditures by means of finance (MOF)
- 4) Consolidated 1099 reporting under a single Federal Employer Identification Number (FEIN)
- 5) Vendor self service to improve accuracy and reduce the State's administrative costs to maintain vendor data



LaGov Timeline





Problems Posed by System Customization

- Adds cost to the project
- Inhibits upgrades of future releases
- May lose support
- Gives reasons not to change (Make the new system just like the old)
- Customize only where absolutely necessary
- Reduces benefits



LaGov Facts

- System integrator was chosen through a competitive bid process
- Project development cost: \$100.8 million (not \$140 million - \$200 million)
- \$49.7 million (or almost half of the project development cost) has been spent to date
- \$18 million appropriated for FY 10; close to \$70 million total appropriated to date
- Project is on time, on schedule, on budget
- Aging legacy systems obsolete and require immediate attention, particularly DOTD



LaGov Facts Continued...

- Cost to Louisiana from system failure at DOTD: incalculable
- Benefits: Increased efficiency through redesign of more than 125 business processes
- Benefits for a state (Tennessee) implementing similar system: \$185.9 million savings over 10 years
- Estimate to deliver only DOTD SAP solution: \$89.7 million (\$49.7 million + \$40 million)
- Integrating Higher Education systems with LaGov would more than double project development cost
- Integrating Higher Education systems to the rest of the state at a later date cannot be done without first implementing LaGov



LaGov (ERP) Recommendation

In 2008, the State of Louisiana undertook an effort to implement an integrated Enterprise Resource Planning (ERP) System replacing technologically obsolete legacy systems. To date, \$49.7 million has been spent. Presently, the project implementation is 50 percent complete, on time, and on budget. It is strongly recommended the project be completed without delay.



TEAMWORK is the Road to Success

- Teamwork is about people, not quality or productivity
- Quality and productivity are by-products of people working well together
- Effective teams model trust

